



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

# Patching the Safety Net

Measuring the impact of Universal Credit on tenants  
and landlords - survey results 2019



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The NFA and ARCH would like to thank all the members who responded to the survey. Whilst all reasonable care and attention has been taken in compiling this publication, the authors, publishers and editorial team regret that they cannot assume responsibility for any error or omission that it contains.

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# Introduction

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The NFA and ARCH are pleased to publish the findings of this year's survey into the impact of Universal Credit (UC) on local authorities and ALMOs. This year, 39 organisations responded to our survey, managing over half a million social and affordable local authority homes. This makes it the largest survey of its type. We have also tracked the impact of UC over the years as the percentage of households on UC has risen sharply.

Overall, the results of this year's survey suggest that our members are starting to come to terms with the roll-out of UC and are managing the impact on tenants and rent accounts at a considerable cost to landlords. Despite a sharp increase of households on UC from around 4% in 2018 to 12% in 2019, arrears have remained broadly stable, and households in arrears have reduced for the longitudinal group. Considering the amount of resources that landlords and DWP have invested into making UC work, it would be worrying to have seen no improvement.

There are a number of factors which are having a positive impact on the situation:

- ◆ The time that many of these organisations have had to get to grips with UC and invest in technology, staff and systems to manage the transfer of tenants from HB to UC.
- ◆ Restructuring rent income collection teams and increasing resources in those teams.
- ◆ Changes made by the Government to UC, including the two-week run-on of HB.
- ◆ Investment by landlords in financial wellbeing services.
- ◆ The possible impact of some tenants gradually clearing their arrears after the initial reported 'spike'.
- ◆ The timely use of APAs to secure rental income for those who are vulnerable; and the ongoing positive impact of the Landlord Portal.

However, there is still a lot of work to do to make UC work for tenants and landlords. Tenants on UC are still considerably more likely to be in arrears and have higher arrears than those on Housing Benefit. Some of this debt is accrued in the period before a UC claim is made as circumstances change, but some is as a result of the design of UC with the five-week wait and payment timescales. It must also be viewed in the wider picture of other benefit changes, austerity and poverty, and people's ability to weather financial shocks.

Much of the work that landlords do consists of 'workarounds' and administrative, resource-heavy processes, which are not scalable as numbers of households on UC grow. There are also capacity and some competency issues within DWP which still cause problems for our members.

We have considerable concerns around piloting the Move to UC (formerly Managed Migration) and rolling it out before the current systems and processes are as good as they can be. Whilst the APA process is designed to support vulnerable claimants, it is still not fit-for-purpose. UC still does not seem to be working well for those on variable, seasonal or zero-hour contracts. The Landlord Portal is positively viewed by members, but its functionality is limited, and they have suggested a number of improvements.

Members also have doubts as to the effectiveness of the current Universal Support service, and how personal budgeting, digital support and on-going support to claimants will be provided. A number of members provided this service before it moved to CAB and there is considerable good practice which could be used by DWP to shape the service offer in the future. This is a vital issue under Move to UC where the cases are more likely to be vulnerable and complex.

## NFA and ARCH Asks

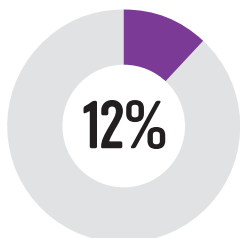
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1. Remove the 5-week wait and pay Universal Credit at the beginning of the claim.
2. Improve the functionality of the Landlord Portal.
3. Make the improvements to the APA system.
4. Fund effective on-going support for claimants, including personal budgeting and debt management advice.
5. Make sure that landlords are trusted partners in the Move to UC, including developing data and information sharing protocols and sharing timescales for the move of tenants.
6. Provide additional money to tenants to cover the 53 weekly rent payment year in 2019/20 and better align the monthly UC amounts with a weekly rent cycle so tenants receive their full housing entitlement.

# Executive Summary

## Overall survey (data at 31st March 2019)

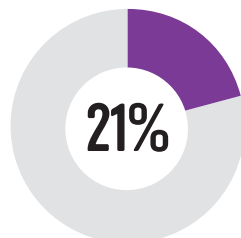
39 respondents managing over half a million social and affordable properties.



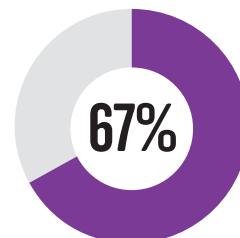
**12%** of households on UC, increased from 4% last year.



**30%** of households have arrears, owning an average of **four weeks** rent (£320)

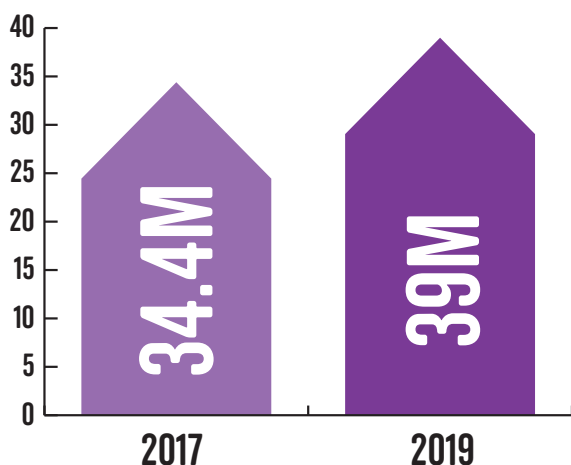


**21%** of households on HB have arrears, owing **three weeks** rent (£221)



**67%** of households on UC have arrears, owing **seven weeks** rent (£564)

## Tracking the situation for 24 organisations over the last 3 years



For these 24 organisations, the total amount of arrears debt has risen by 13% from £34.4 million in 2017 to £39 million in 2019.

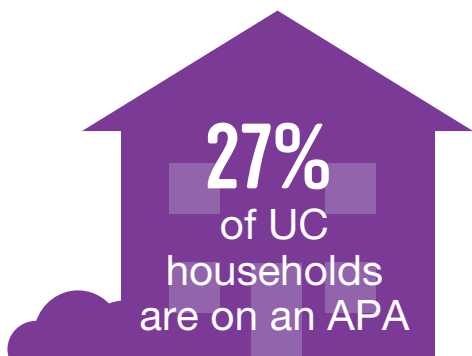
The percentage of households in arrears has increased by 2% from 2017 to 30% in 2019. The average amount owed has increased from £305 in 2017 to £313 in 2019

**30% of all households owe on average £313**  
**66% of households on UC owe £552**

The percentage of UC households in arrears has decreased from 76% in 2017 to 66% in 2019. The average amount owed has increased from £546 to £552 in 2019

Local authorities and ALMOs have invested a huge amount of time, money and staff into controlling the impact of Universal Credit on tenants and communities, and this is showing in the gradual reduction in arrears. However, currently much of the work that is being done consists of 'workarounds' and administrative, resource-heavy processes. This is neither scalable nor cost-effective as numbers of households on Universal Credit grows.





**27%** of UC households are on an APA. Although APAs are seen as a good way of safeguarding vulnerable tenants, they are still clunky and difficult to manage, causing unnecessary stress to tenants and landlords. On page 19 we summarise changes which will improve the APA process and ensure it is fit for purpose for the Move to UC.

**The majority of respondents view the Landlord Portal** positively, but its functionality is limited. On page 23 we summarise the additions and improvements which are desperately needed. We ask that DWP works on these improvements as a matter of urgency so that they are ready both for the continued natural migration and the Move to UC.

## What is causing arrears?

**32%** of UC households in arrears did not have arrears before moving to UC

- The impact of the 5-week waiting period
- Some tenants not using the advance to pay their housing costs, prioritising other debts
- Some reports of delays in making a claim
- Misunderstanding and poor communication between DWP and tenants
- How APAs are administered and paid
- Some errors and delays in payment

The payment of UC in arrears is a fundamental problem at the heart of the UC system, and it does not 'match the world of work' for the majority of tenants. Considering the willingness of DWP to pay advances to any tenant of 100% of their UC claim, and considering the problems this causes in terms of reducing subsequent payments and increasing debt, we urge the Government to look again at payment of UC in advance.

## Universal Support

54% of respondents provided Universal Support prior to the decision to give it to Citizens Advice Bureau. Only 5% of respondents felt that plans for Universal Support locally under CAB would be sufficient.

Concerns include: the lack of on-going support and personal budgeting support, geographic coverage, and the face-to-face nature of the service. For UC to work smoothly for tenants, there needs to be effective wrap-around support.

*There is considerable good practice in the Local Authority and ALMO sector which can be used to shape the future Universal Support model in partnership with CAB. This should be in place and tested prior to the rolling out of the Move to UC.*

## Move to UC

Our members have drawn on their experience of natural migration to pull out the barriers which need to be removed, and the areas of the UC process that need to be improved prior to the Move to UC page 28 Primary among these is involving Landlords in the migration process to enable them to support vulnerable tenants.

*The Government should ensure that the UC system is fit for purpose before moving across people from the legacy benefit system. This includes improving APAs, the Landlord Portal and DWP capacity.*

# Data

39 local authorities and ALMOs responded to the survey. In total, those organisations manage 522,253 social and affordable properties across England. This represents approximately 33%<sup>1</sup> of the total local authority stock.

On average these organisations have 12% of households that are in receipt of UC<sup>2</sup>. This is an increase from 4% in 2018 and 1.5% in 2017. Whilst the regional averages are similar, there is a range of levels of UC across the respondents, going from 5% to 28% of households.

The data has been taken at the 31st March 2019 to provide a snapshot picture. We have provided longitudinal analysis from March of previous years for 24 organisations who provided data in the years 2017, 2018 and 2019.

The median average is used unless otherwise stated.

| Region       | Number of respondents | Percentage of total | Total of social/ affordable properties managed |
|--------------|-----------------------|---------------------|--|
| North        | 11                    | 28%                 | 198,789  |
| Central      | 11                    | 28%                 | 167,330  |
| South        | 12                    | 31%                 | 94,214   |
| London       | 5                     | 13%                 | 61,920   |
| <b>TOTAL</b> | <b>39</b>             |                     | <b>522,253</b>                                 |

Table One: Overall dataset

| Region       | Total number of households on UC | Range           | Median organisational average for percentage of total households that are in receipt of UC |
|--------------|----------------------------------|-----------------|--|
| North        | 28,461                           | (1,007 – 6,345) | 14%  |
| Central      | 21,431 <sup>3</sup>              | (284 – 10,270)  | 9%   |
| South        | 10,861                           | (489 – 2,333)   | 12%  |
| London       | 4,247                            | (674 – 1,373)   | 9%   |
| <b>TOTAL</b> | <b>65,000</b>                    |                 | <b>12%</b>   |

Table Two: Data based on 37 organisations

<sup>1</sup> Local authorities owned 1.59 million dwellings, 98.9% are let at social rent. MHCLG Local Authority Housing Statistics, Year ending March 2018

<sup>2</sup> There were two organisations, one in the London region and one in the Southern region, that were unable to provide data at the time of the survey on the total number of households on UC. The median organisational averages exclude data from these organisations, but we have included their returns for the wider survey.

<sup>3</sup> As in previous years, just over half (51%) of the households in the Central region are from one respondent.



## Part One:

- 30% of all households are in arrears, owing on average £320 (4 weeks rent)
- 21% of households on HB are in arrears, owing on average £221 (3 weeks rent)
- 67% of households on UC are in arrears, owing on average £564 (7 weeks rent)

### i. Overall arrears picture

37 organisations provided data on their overall arrears position, managing a total of **495,364** social and affordable rented homes. The average percentage of households in arrears was **30%** owing **£320** or approximately four weeks rent.

| Region       | Average percentage of households in arrears | Average amount owed | Approximate number of weeks owed |
|--------------|---|---------------------|----------------------------------|
| North        | 34%   | £331                | 4                                |
| Central      | 26%   | £319                | 4                                |
| South        | 24%   | £293                | 3                                |
| London       | 37%   | £607                | 6                                |
| <b>TOTAL</b> | <b>30%</b>                                  | <b>£320</b>         | <b>4</b>                         |

Table Three: Overall arrears position. Data from 37 organisations

|  |               |
|--|---------------|
| <b>North (average North West, Yorkshire and Humber and North East)</b> | £74.10        |
| <b>Midlands (average East and West Midlands)</b>                       | £77.25        |
| <b>South (average South West, South East)</b>                          | £87.29        |
| <b>London</b>  | £106.60       |
| <b>England</b>   | <b>£86.61</b> |

Table Four: Average weekly local authority rents by region in England (2017-2018)<sup>4</sup>

<sup>4</sup> Averages from data from Average weekly local authority rents by region in England (2017-2018) Table 73a, Page 196, 2019 UK Housing Review, CIH and Heriot Watt University

There has been an increase in the percentage of households which are in arrears between 2018 and 2019, which is not unexpected considering the increasing numbers on UC, but the average amount owed has decreased:

|              | Average percentage of households in arrears |            |            | Average amount owed |             |             |
|--------------|---|------------|------------|---------------------|-------------|-------------|
| Region       | 2017 <sup>5</sup>                           | 2018       | 2019       | 2017                | 2018        | 2019        |
| North        | 32%   | 33%        | 34%        | £292                | £333        | £331        |
| Central      | 26%   | 26%        | 26%        | £441                | £347        | £319        |
| South        | 23%   | 21%        | 24%        | £312                | £303        | £293        |
| London       | 42%   | 37%        | 37%        | £533                | £541        | £607        |
| <b>TOTAL</b> | <b>31%</b>                                  | <b>26%</b> | <b>30%</b> | <b>£414</b>         | <b>£328</b> | <b>£320</b> |

Table Five: Analysis of overall household arrears from 2017-2019

## ii. Arrears for households in receipt of Housing Benefit (HB)

30 organisations provided data on households on HB, an average of 51% of their total households. **21%** of HB households were in arrears owing **£221**.

It is clear that households on HB which have not yet moved to UC are relatively stable – they have not experienced a change in circumstances which would trigger a move to UC, nor have they had the 5 week waiting period to their UC payment, and their rent is paid straight to their landlord which mitigates some of the issues with UC design. For this reason, we would expect to see lower arrears.

However, clearly there is still something fundamentally wrong with the broader process of natural migration, including how a UC claim is triggered, and how UC is paid in the initial period, which is leading to such a difference in rent arrears between households on UC and households on HB.



## Stoke-on-Trent

Stoke-on-Trent moved to UC Full Service from June 2018. As at March 2019, the organisation had 1,775 households on UC, 972 of them in arrears (55%). On average, these households owed £516. The approach to UC in Stoke has been part of a wider focus on 'back-to-basics' housing management. The Council did a lot of preparation with DWP and CAB prior to UC to ensure tenants were aware of the changes and what it would mean to them.

The organisation credits its strong arrears performance (reduced arrears by £146k) in part as a result of using the Landlord Portal as an 'early intervention' tool and a way of applying for an APA if appropriate at the earliest opportunity. Two additional administration roles have been established to monitor the portal and flag up to local housing officers when individuals are moving to UC. People with more complex needs receive support from Income Advice Officers. Further contact is made after a few weeks if there is no APA required to confirm the payment date for UC and to remind the tenant about the responsibility for paying rent when they receive their money and payment options available, such as any day direct debit in line with their payment date.

Direct debits can take payments on any day of the month, tenants can set these up online and they can link them to the day of the month they receive their wages or benefits.

<sup>5</sup> 2017 figures use mean average, 2018 and 2019 use median average, meaning 2017 figures are slightly inflated compared with 2018 and 2019 figures.

### iii. Arrears for households in receipt of UC

We received data on UC rent arrears from 36 organisations, managing 488,339 properties. An average of **67%** of households in receipt of UC were in arrears across the country, which compares with **74%** last year. Although this is an improvement, it is still considerably higher than both overall arrears and HB arrears figures.

**67% of households on UC were in arrears owing £564 (approximately 7 weeks)**

| Region  | Percentage in arrears (2018) | Percentage in arrears (2019) |
|---------|------------------------------|------------------------------|
| North   | 75%                          | 74%                          |
| Central | 76%                          | 60%                          |
| South   | 66%                          | 58%                          |
| London  | 78%                          | 76%                          |
| Overall | 74%                          | 67%                          |

Table Six: Percentage of UC households in arrears 2018 (35 respondents) and 2019 (36 respondents)

Households on UC owed an average of **£564** which is approximately **7 weeks rent**. This is a week higher than last year's average rent arrears of **£520**.

| Region  | Average arrears (2018) | Weeks in arrears | Average arrears (2019) | Weeks in arrears |
|---------|------------------------|------------------|------------------------|------------------|
| North   | £542                   | 7                | £604                   | 8                |
| Central | £488                   | 6                | £522                   | 7                |
| South   | £486                   | 5                | £543                   | 6                |
| London  | £1529                  | 14               | £1136                  | 11               |
| Overall | <b>£520</b>            | <b>6</b>         | <b>£564</b>            | <b>7</b>         |

Table Seven: Average amount owed for UC households in 2018 and 2019

Of these UC households in arrears, just over half (**52%**) owed more than a month/4 weeks' rent with an average debt of **£922 (about 11 weeks' rent)**. Whilst the percentage of those owing more than a month's rent is broadly the same as last year (55%), the average amount owed has increased from £794 (about 9 weeks' rent).

#### iv. Longitudinal analysis (2017-2019)

24 organisations have responded to our survey over the last three years, together managing 285,161 social and affordable rented homes. Looking at these organisations enables us to understand the trends over a period where the UC rollout has been speeding up, and the percentage of households on UC has risen from on average 1.5% to 12% of total households.<sup>6</sup>

| Percentage of households on UC |      |      |
|--------------------------------|------|------|
| 2017                           | 2018 | 2019 |
| 1.5%                           | 3%   | 12%  |

Table Eight: Percentage of households on UC

The total amount of arrears for these 24 organisations has risen by **13%** in the last 3 years going from **£34,402,665** in 2017 to **£39,012,174** in 2019.



Whilst this is a considerable – and increasing – amount of debt for these organisations to carry, they appear to have largely controlled the impact of UC on individual households over this period, with only a slight increase to the percentage of households in arrears and the amount they owe.

| Year | Total percentage of households in arrears | Average amount owed |
|------|---|---------------------|
| 2017 | 28%                                       | £305                |
| 2019 | 30%                                       | £313                |

Table Nine: Data for households in arrears from 20 organisations

Between 2017 and 2019, the percentage of households on UC that are in arrears has fallen from 76% to 66%. There has been a very slight increase in the average amount owed from £546 in 2017 to £552 in 2019.

| Year | Total percentage of households in arrears | Average amount owed per household |
|------|---|-----------------------------------|
| 2017 | 76%                                       | £546                              |
| 2019 | 66%                                       | £552                              |

Table 10: Percentage of UC households in arrears for 24 organisations who gave figures over the 3 years

**66% of UC households were in arrears owing £552 (approximately 6 weeks)**

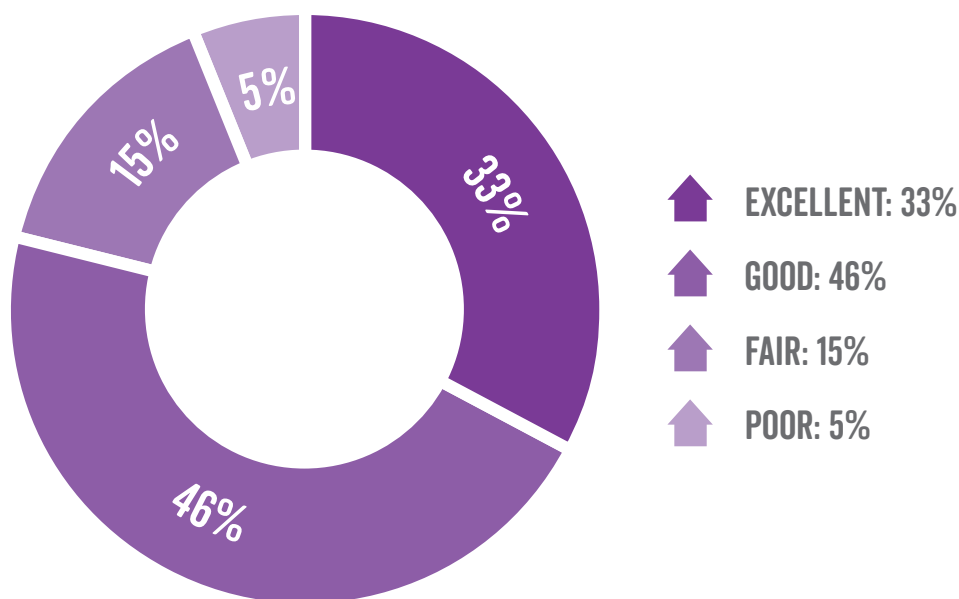
<sup>6</sup> There were 4 organisations which had been included in the longitudinal analysis for 2017 and 2018, but did not provide complete data sets this year. As a result we have recalculated the 2017 and 2018 averages for the 24 organisations.

There has been a very slight decrease in the percentage of households that have arrears totalling more than one month/ 4 weeks from 52% in 2017 to 50% in 2019 (based on data from 19 organisations).

We are pleased to see that the situation for these organisations appears to be stable and in some cases improving, although there is a considerable way to go. There are clearly a number of factors in play that are having a positive impact on UC arrears. Factors highlighted by respondents include:

- 🏠 The time that many of these organisations have had to get to grips with UC and invest in technology, staff and systems to manage the transfer of tenants from HB to UC.
- 🏠 Restructuring rent income collection teams and increasing resources in those teams.
- 🏠 Some organisations have had time to build up a buffer in rent accounts by asking for a rent payment in advance where tenants are able to pay this.
- 🏠 Investment in financial wellbeing services and support for both those on UC and HB.
- 🏠 The possible impact of some tenants gradually clearing their arrears after the initial 'spike'.
- 🏠 The use of APAs to secure rental income for those who are vulnerable; and the ongoing positive impact of the Landlord Portal.

Relationships between our members and local DWP officers and JCPs continue to be rated positively by respondents. 79% described their relationship as good or excellent, 15% as fair, and only 5% as poor.



## v. Government changes

We asked respondents whether they had seen an impact of the changes made to UC by the Government, including the two-week run-on of HB and advances. It is important to note that this analysis relates to the impact on rent arrears, not wider personal debt, which many of our respondents do not have sight of. For example, one respondent reported that they have seen “no difference in the demand for food packages/ gas and electric help, which suggests that people are still struggling during the waiting period.”

*“A qualified yes as any mitigations are to be welcomed but do not solve the underlying problems inherent in the UC scheme. E.g. with benefits so low and the value reduced by the freeze, it is easier to survive 3 days on JSA/ESA at the end of each fortnight with no money, than 10 days at the end of each calendar month on UC.”*

### Two-week HB run-on

- There was broad consensus from respondents. The two-week run-on of HB has had a positive impact on rent arrears<sup>7</sup>, as has the removal of the seven-day waiting period, although there are still concerns about the length of time that claimants have to wait for their first payment and an ongoing argument that UC should be paid in advance not arrears.

### Advances

- There is more ambiguity around the impact of the advance payment. Some organisations reported that claimants are not applying for an advance. There is also a considerable issue that advances are not always being used to pay housing costs, with other debts and costs being prioritised (such as food).
- The repayment of advances reduces a claimant's future income, is leaving them with a long-standing debt, and is making it harder for them to budget. This is especially apparent when the claimant has other debts being recovered at the same time, including rent arrears.

*“A positive impact is that the two-week HB run-on can help prevent or at least reduce levels of arrears while UC is assessed. Negative impacts for advances – the level of recovery and the time frame. General deductions from UC payments are leaving claimants well short in terms of budgeting for the month ahead. Amounts are too high and no prior warning is given until a customer receives their payment summary for that assessment period.”*

DWP has stated that around 60% of applicants for UC take an advance payment. Feedback from our members is that on top of that, there are those who should take an advance but do not for various reasons. This means that there is a really small number of claimants who can ‘afford’ to be paid in arrears as per the UC system. For this reason, we urge the Government to look again at the payment in arrears and five-week wait, and the erroneous argument that this matches the world of work for many tenants living in council housing.

<sup>7</sup> Except in those cases where individuals have an HB overpayment, since HB is used to clear their debt. It also does not apply to those who are not moving across from HB.

## vi. Local authority resources

Our members have invested a significant amount of resources into supporting tenants with the move to UC, as well as the wider welfare reforms. Any analysis of the cost/benefits of UC must include an estimate of these resources, since they are almost entirely funded by local authorities. They include:

- New IT systems;
- New staff posts, including Money Advisors, Income Assistants, staff to manage the Landlord Portal, welfare reform teams, Income Recovery Assistants;
- New financial wellbeing services;
- New ways of working, including tenancy sustainability services, case management;
- New training.

*Developed in-house a rent intelligence system to assist in managing accounts and prioritising tasks*

*Increased staff in team and recruited an additional officer to support UC tenants, and increased size of the Money Advice team*

*Increased the number of Income Assistants from 5 to 7 to cover the extra admin of UC. implemented 3 new IT systems*

*We have set up the Welfare Reform Team with 8 staff, appropriate IT and training courses*

*Created a tenancy sustainability service, increased income management staff*

*£35K per annum in staffing plus investment in our Housing System*

*Increased the team that manage the Landlord Portal on a daily basis*

*We have increased resources by employing 14 additional members of the rents team, we have also created a specialist Universal Credit team*

*The Advice and Support Team expanded from 4 to 10*

*The cost for the team since 2017 when UC began is £275k. We have increased our inclusion team from 3 to 5 officers. We have also invested in tablets*

*3 new staff dedicated to UC support consideration of UC demands in current new IT procurement*

*£222k on staff to collect rent and provide support to avoid rent arrears*



## Stockport Homes

Stockport Homes operates its own internal Money Advice service made up of a Team Leader, 5 Advisors and 2 Admin assistants. The team is focused on maximising income for customers. For the financial year 2018/2019, the team dealt with 1,953 referrals; supported a £4.1 million financial gain for customers; represented in 39 successful benefit appeals at first tier tribunal; prevented homelessness for 42 customers who had already had an eviction date set; and secured financial gains for 43% of those assisted.

Since November 2018, the service has also been focusing on supporting new UC claims through the existing staff structure. This looks to ensure new claims are managed intensively, with the team contacting all new claimants and offering full advice about UC. The objectives for the team mean that they are focused on getting the UC claim right, managing borrowing whilst waiting for the first payment, and getting the first payment for rent in. As at March 2019, 56% of UC households were in arrears, owing an average of £429.

## Cornwall Housing

Cornwall Housing has seen an increase in households on Universal Credit from 247 in March 2018 to 1,117 in March 2019. Although 64% of these households are in arrears, the total arrears at the end of the 2019 financial year were £51k less than what the organisation started with in April 2018

The organisation has invested considerably ensuring it is ready for Universal Credit. It has invested nearly £272,000 since 2017 in a team of 6 Inclusion Advisors who support tenants in arrears and claiming Universal Credit.

Part of their role is to support tenants to maximise income and help them manage rent payments, during 2018/19 Inclusion Advisors gained £715k in extra benefits, income and debt reduction for their tenants. The Inclusion Advisors aim to contact every tenant who makes a claim for Universal Credit to check that they have everything in place, offer advice if needed, and ongoing support if they are struggling to manage their rent. All Inclusion Advisors are in contact with DWP and the JCP, and regular meetings and training is in place.

The organisation has also re-written its arrears policy to enable the tackling of an arrear as soon as the tenant misses a payment, meaning the debt is small and manageable and tenants are more likely to engage. CHL noted a reduction in evictions between 17/18 and 18/19 of 23.5% with only 13 households being evicted, down on previous years. CHL's goal is to reduce arrears whilst creating & promoting tenancy sustainment.

## Homes in Sedgemoor

Our Mission Impossible for 2018/19 was “Zero evictions for rent arrears”. We had spent the previous couple of years honing the team’s skills through working with the Lean Partnership, a company specialising in supporting organisations to improve and maximise capability and capacity.

Through applying Lean principles to our work, we stripped out lots of wasteful process. This enabled us to focus on what is important to tenants – sustaining their tenancy - and created the capacity for our small team to do that. We’ve also created dashboards for weekly and monthly checking of where we are. We hold “huddles” to make sure everyone is right up to speed with what we said we would do, what we have actually done, and what we are going to do next.

As a result of our Lean work, we are now mature enough as a team to critically challenge each other. We ask “Is that good enough? Let’s try again to improve.”

We have moved from enforcement to engagement and involved the whole organisation in our work. The organisation is hugely proud of the outcomes it is achieving for tenants, itself and for Sedgemoor District Council.

We use Voicescape, an automated dialling system, which calls tenants in arrears we need to speak with, and which puts tenants through only if they say they want to talk to us. This saves time on outward-bound calls.

We work closely with DWP, a key partner in supporting tenants. That hasn’t always been easy, and both organisations had to “get over themselves” to deliver for tenants.

The results are outstanding. Homes in Sedgemoor have not evicted anyone for rent arrears since January 2018 to date (end June 2019). That’s a full 18 months. In addition, at the end of March 2019, we recorded our best ever arrears performance at 0.96%.

All of this has happened despite us having had full roll out Universal Credit (UC) since May 2016, and over 1100 households now getting this combined benefit.

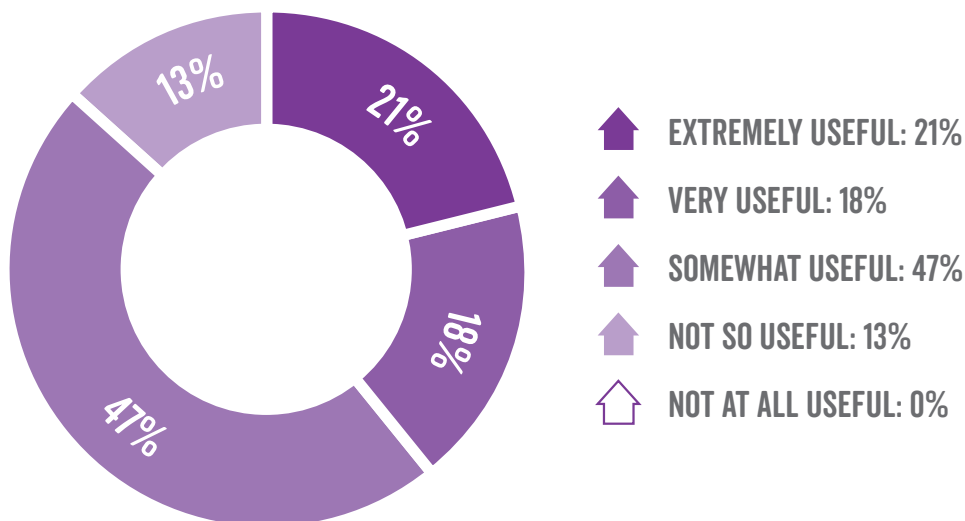
#GoTeamHiS

## vii. Alternative payment arrangements (APAs)

*"APAs are essential from a tenancy sustainment perspective. However, from a practical point of view, there is more work required by DWP to streamline and enhance the flow of information to remove the frustrations to customers and reduce the resources required by our organisation and DWP to manage these accounts..."*

An average of **27%** of households on UC are subject to an APA (based on data from 35 organisations). This compares with 29% in 2018.

39% of respondents found APAs extremely or very useful, while 47% rated them as somewhat useful, and 13% 'not so useful.'



Our members are keen to support tenants to manage their housing costs directly as far as possible. For this reason, respondents reported using APAs to support vulnerable tenants to sustain their tenancies and prevent evictions. However, there is a general feeling among many respondents that APAs are clunky and cause too much administration. Only 64% of respondents felt that the process for getting people onto an APA was working. 31% were not sure, while 5% thought not.

The issues flagged up by respondents are largely repeated from previous years, showing that whilst there may have been some improvements, there is a long way to go to make APAs fit for purpose.

Respondents highlighted:

- The fact APAs are still paid every 4 weeks rather than monthly, and that payments are made on a schedule which is out of sync with how housing costs are deducted from claimants. This makes it difficult to reconcile account balances for debt relief orders, court action, refunds, general accounting purposes and arrears calculations; as well as being generally just confusing and stressful for tenants.
- APAs are not useful for those on variable incomes or for those who have numerous payment streams each month. APAs are most useful in cases where the claimant is in receipt of 100% housing costs and this is not due to change. Where there are top-up payments to be made due to income, under-occupation charges, overpayments or non-dependent charges, these can cause confusion.
- The Landlord not being informed if an APA amount is less than expected, which can result in a delay in offering support to the tenant. More broadly, the Landlord not being provided with information about the APA, including the reasons for refusal of an APA.
- Ongoing delays in getting APA payments which result in rent arrears. There were also some concerns about how third-party deductions are working, and how 'untidy tenancies' are managed.
- Overall functionality of the Landlord Portal and usefulness in supporting APAs once they have been requested, and the fact so much is still done by email.

*"The APA process can be difficult. There are 2 ways that we can request an APA, either by UC47 form or using the online portal. The portal process is easier as you know that the request has been submitted and you usually receive an email notification advising you that the APA has been authorised. However, with your request via the UC47 form you are not always advised that the APA has been approved or denied, sometimes you have to request the APA on numerous occasions before it commences. We have also found that sometimes the APA stops for what seems like no reason, even if the claimant is not aware."*

*"In some cases, the tenant has been paid, their journal informs the tenant that the landlord has been paid, but in fact DWP missed the payment date for the landlord, therefore payment is delayed until the next payment date. Very confusing for the tenant, causing unwanted stress..."*

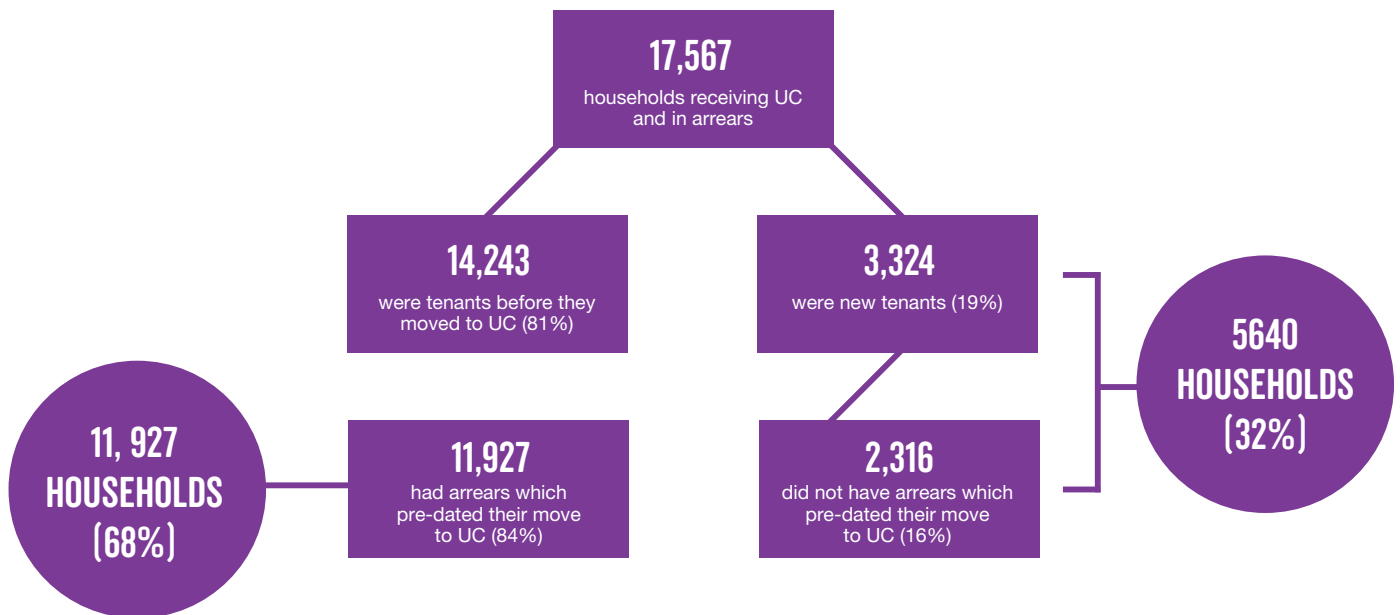
The following improvements would make a considerable difference to the usefulness of APAs:

|  |   |   |
|--|---|---|
| <b>Move to 12 payments paid every month (rather than four weekly)</b>  | <b>Pay on the same day as the UC payment is paid to the claimant (as it was in the live service) – remove the schedule.</b>                                     | <b>Speed up the process for approving and paying the first APA payment; and make the decisions around individual cases more consistent</b>            |
| <b>Better information to Landlords, including confirmation that an APA request has been received, authorised or refused with reasons; amount and start date; ongoing pay dates; notice of delay to payment; changes to circumstances; notification if APA has been cancelled</b> | <b>Since APAs are designed to be short-term, they should be reviewed jointly with the Landlord; and cancelling an APA should be as easy as applying for one</b> | <b>The Landlord Portal should have greater functionality to manage APAs; after which all communication should be done through the Landlord Portal</b> |

### viii. What is still causing rent arrears?

#### Former arrears

12 organisations could provide data on the arrears situation of households before they moved onto UC. Of all the households which were receiving UC and in arrears at March 2019, **nearly a third (32%)** did not have pre-existing arrears.



A number of landlords who have started to look at their data in more detail are seeing evidence that claimants are accruing debt prior to making a UC claim, which is then adding to the impact of the 5-week waiting period. We are aware that DWP is working with a number of social housing landlords to study this issue and we look forward to seeing the results of this research.

Considering the difference in arrears reported by respondents for households still receiving HB (21% at an average of £221) and UC (67% owing on average £564), the process of moving from HB to UC is clearly still causing arrears. This is likely to be for a mixture of reasons: the fact that some claimants are delaying making a claim, the process itself is not working as well as it could, the delay to the first payment, and the fact that those who move across are likely to be in more precarious circumstances; as well as the impact of wider welfare reforms.

As the NFA and ARCH have repeatedly said, a move to UC is triggered by a change of circumstances, and this is often negative – for example, relationship breakdown or job loss. In these circumstances, rent arrears can escalate quickly, especially if people are having to prioritise other debts over housing costs. This is compounded by the lack of visibility that landlords have under UC in comparison with the old HB system.

We asked respondents what was still causing arrears when tenants moved across to UC. Whilst the payment in arrears and five-week wait are still highlighted as a major cause of increased arrears, there are also other key factors which are contributing.

📌 **The five-week delay in receiving the first payment.**

Added to this, not all tenants wanted to take the advance because it is seen as additional debt which still needs to be paid back. The general consensus is that whilst tenants may have arrears, they quickly escalate in the five-week waiting period.

*"The time delay for claiming UC impacts on residents, although this has been reduced by the DWP to around 5 weeks, the time to process the claim and for the claimant to receive their money is still too long in comparison to a HB claim, this amounts to even longer if we have applied for the rent to be paid direct."*

📌 **Tenants do not always use the housing element of their advance to pay rent.**

This means that they are then having to pay rent, and rent arrears and the advance back, which can lead to arrears escalating. Respondents gave various reasons for this: job centre staff not explaining the advance properly; tenants not understanding – or sometimes accepting – that they are responsible for rent under UC unlike under HB; tenants struggling to budget; using the advance to pay off other debts and other financial commitments; not seeing rent as a 'priority' debt; already having arrears which escalate; and the general impact of low income.

*"A lack of understanding and confusing information from the job centre (e.g. whether advance payments are for housing costs)"*

*"DWP work coaches not being clear to tenants that advances include the Housing Element and therefore monthly rent should be paid from the advance and this rarely happens. If DWP are concerned that they shouldn't advise how money is spent, could DWP at least advise that the advance includes allowance for rent and warn against getting into rent arrears."*

*"Budgeting. Not using the housing costs allocated to pay rent. Not paying rent from the Advance Payment, then having advance repayment and rent and arrears to pay... Deductions for historic legacy benefits overpayments often being higher from UC than they were previously from the legacy benefits."*

📌 **Tenants delaying claims.** Some respondents reported that tenants were sometimes delaying making a claim, perhaps because media representations of UC had given them a fear of claiming, or they expected to get a job before UC was needed. This combines with the impact of the change of circumstances which is causing the move to UC in the first place. There were also comments about the impact of zero hours' contracts and changeable working hours on people's ability to manage budgets.

*"Fear of claiming so delays – media representations of UC and the mindset of 'I will get a job and be paid before I get UC, so no point.'"*

*"Zero-hour contracts have a massive impact on claimants' rent accounts. If their hours increase, then obviously the UC decreases, impacting on the claimant."*

■ **Misunderstandings between claimants and DWP.**

Clearly there is often a disconnect between the information provided to claimants and what claimants understand. In some cases, respondents blamed poor communication from Job Centres; in others, tenants not taking actions required by them such as updating their journal.

*"Tenants not being given enough advice on how to read their journal, particularly the payment section... From feedback and testimonials from members of staff attending with tenants at the JCP, the DWP are not giving out sufficient information regarding rent payments and their priority"*

*"We have many tenants who have not claimed council tax support, not realising that this is no longer tied in with the application for UC in the way that it was with the claim for housing benefit. Advice by the DWP to immediately claim CT support will avoid the scenario we are finding where rent arrears are accruing as UC claimants attempt to use their income to pay full CT liability when they needn't be."*

■ **There are still problems with how APAs are administered** (explored in more depth in the section on APAs) Some respondents report that they are using APAs less because they are difficult to administer and cause problems for tenants.

*"Length of time for APA/DSS to be agreed is sporadic. Sometimes missing the claimants' assessment period, and little to no confirmation that an APA has been stopped and relying on our arrears process to pick up on this."*

■ **Some respondents still reported errors and delays made by DWP at the beginning of a claim.**

Arrears then escalate quickly while the claim is being sorted.

*"Missing payments, paying the wrong landlord, missing landlords' payment dates..."*



## ix. The Landlord Portal

The NFA and ARCH have been working with members and DWP to support the further development of the Landlord Portal, which is used by social housing organisations to share information with DWP. All of the organisations which responded to our survey are Trusted Partners with the Landlord Portal. 65% of respondents find the Landlord Portal very useful or useful, while 32% find it quite useful.

Our members have provided feedback on a broad range of areas which would make the Landlord Portal more effective, the main changes are summarised below – further detail is available on request. Considering the longer timeframes for the Move to UC (Managed Migration), this is an excellent opportunity for DWP to focus resources on ensuring the Landlord Portal is working as well as possible prior to the Move to UC.

|  |   |   |
|--|---|---|
| <p><b>Untidy tenancies</b> – need to be managed electronically through the Landlord Portal, including reporting and verification.</p>  | <p><b>Develop a visible record of activity</b> on the Portal which tracks all actions for that claim, e.g. SRS submitted, status of claim, outcomes, verifications, APA, arrears deductions requests etc.</p> <p><b>Allow amends, edits and corrections</b> to be made through the Landlord Portal.</p>   | <p><b>There needs to be better two-way communication between landlords and DWP.</b></p> <p><b>Provision of a General Notes Box</b> (free text) which will allow the Landlord to provide notes, comments, queries, and would remove the need to send information in a separate email.</p> <p><b>Have a ‘live chat’ or instant messaging function</b> on the Portal to discuss cases, leave notes for DWP or obtain quick answers.</p>                  |
| <p><b>Enable bulk updates of annual rent changes</b> to avoid duplication and the considerable amount of resources that go into manual verification. General modernisation of the system with more processes automated.</p> <p>At the same time, need robust processes for managing fraud and vulnerable people.</p> | <p><b>More information on the Portal,</b> including: Claim received, date assessed, payment due, what payments have been issued for the Housing Element of the claim, payment dates and amounts.</p> <p>Whether a claim is still live, when the UC claim starts and ends, when cases are cancelled, or the housing element has been removed due to a change in circumstances.</p> <p>A flag/marker on the system if there has been a change reported during the assessment period which may affect the managed payment/ arrears deduction amount.</p> | <p><b>Better systems for managing APAs,</b> including:</p> <p>The ability to make amendments to APAs through the portal, and cancel them via the portal.</p> <p>More information about APAs 3rd party deduction requests, court arrangements.</p> <p>Indicators to show APAs are still ‘live’ and an ability to view payments for APAs on the Portal.</p> <p>System for telling landlords if an APA is not going to be paid or if paid, how much.</p> |

## **x. Issue of 53 Mondays for rent payment year**

UC is paid on a monthly cycle rather than a weekly one like HB. Council tenants have weekly rents and will therefore have to make either 4 or 5 rent payments in any one month. However, because of the way in which DWP currently calculates the housing element of UC (using 52 weeks a year and dividing it up to monthly payments) they are effectively underpaying tenants their housing entitlement because there is actually 52 weeks and a day in a normal year and 2 days in a leap year.

In the current system with the mismatch between weekly rents and monthly payments this becomes apparent every 5 or 6 years when councils charge an additional week's rent to catch up but unlike under the Housing Benefit system, UC does not provide the resources to the tenant to pay it.

DWP has recognised that there is an issue with regards to the way the calculation in the UC regulations converts a weekly liability into a monthly allowance but has not provided any solution to it so far.

2019/20 is the first year this will be a problem for tenants on UC and we are urging the Government to make extra payments to tenants in this year to allow make up for the days not covered by UC every year and avert further rent arrears.

There are different ways in which this can be achieved but one of the simplest in future would be to use 52.18 weeks a year so at least the tenant gets more of their entitlement over the 5-6 year period and is then responsible for paying the rent as charged weekly.

Tenants need a solution and the additional money which they are entitled to by the end of March 2020 at the latest, so we urge Government to make this a priority for this year.

Of those organisations which could tell us about their plans, 87% were planning to charge tenants for the 53rd Monday but were expecting to see this reflected in higher rent arrears. These organisations were still providing additional support and assistance, and repayment arrangements, for example increased payments to make a buffer or repayment over the whole financial year.

13% of organisations were covering the 53rd week, for example through an additional rent-free week or making up the payment for those who are financially vulnerable. Organisations are also looking at the potential for DHP applications and a Hardship Fund through their HRAs.

## xi. Enforcement action and eviction

### Nottingham City Homes

Nottingham City Homes established an Eviction Prevention Protocol in November 2017 in order to help more tenants to sustain their tenancies. This was signed by NCH, Nottingham City Council's Children's Services, Homeless Services, and Housing Benefit. Representatives from all these areas meet regularly to review cases and ensure that all appropriate support is in place. This increased partnership working has enabled the reduction in the number of rent evictions over the past 12 months by a third.

Local authorities and ALMOs are walking a difficult path between protecting and supporting vulnerable tenants, and managing non-payment of rent, and UC has made this more difficult.

We are seeing considerably more notices seeking possession (NOSPs) being served for households on UC, as well as increased court action. This is, however, not translating into significant increases to evictions, although they are still higher for households on UC compared with those on housing benefit. Tenancy abandonments are also higher, something which should be looked into further.

| Year                          | UC Households <sup>a</sup> | HB Households |
|-------------------------------|----------------------------|---------------|
| NOSPs per 1,000               | 222                        | 47            |
| Court action per 1,000        | 40                         | 11            |
| Evictions per 1,000           | 2.7                        | 0.9           |
| Tenancy abandonment per 1,000 | 1.6                        | 0.1           |

Table: NOSP and Court action data from 9 organisations, eviction and tenancy abandonment data from 16 organisations.

The table above shows NOSPs for households which were on UC at March 2018 or who moved across in the year to March 2019. The staggering difference between UC households and those who are still on HB can be seen as a symptom of the wider failures in the move from HB to UC. Households are reaching a level of housing debt much faster which is, for some respondents, formerly triggering a notice or repeat notices before an APA can be put in place.

However, members have told us that they are investing considerable resources into the beginning of the process to support tenants so that they do not reach formal enforcement stage, including through pre-tenancy work, tenancy sustainment and financial advice.

### Derby Homes

Derby Homes operates a dedicated Welfare Reform Team which conducts a telephone interview with every tenant that moves onto Universal Credit. This includes confirmation of claim, payment dates, amounts of rent due, APAs and direct deductions, council tax support claims, SDA and local assistance, food vouchers, referrals to money advice and welfare rights, advice about advance payments. They do not apply for evictions if an APA covers the rent due and direct deductions are in place. They apply for suspended possession orders at court in order to give the tenant every opportunity to stay in their home. They offer money advice and other help including negotiating with creditors on their behalf at every opportunity, and seek opportunities to prevent homelessness right up and until the execution of eviction warrants, utilising the skills and expertise of dedicated homelessness advisors.

## Basildon Borough Council

Basildon Borough Council operates a rents team that includes officers who are reactive (dealing with pre-court cases up to eviction) and officers that are proactive (dealing with early intervention, assisting vulnerable customers early on, engaging with tenants within the community, and pro-active campaigns regarding the importance of paying rent). The whole team engages with and signposts to colleagues in the DWP and Citizens Advice, who are based within the same building and Peabody (for Floating Support). They also have a Specialised Welfare Benefits Liaison Officer to assist tenants with HB/UC issues, engages with joint working with stakeholders, and is pro-active with assisting customers to make applications for Discretionary Housing Payments.

## East Kent Housing

East Kent Housing contacts each new tenant within 2 weeks of the tenancy start date. This allows the Income Recovery Officer to introduce themselves, give direct contact details and create an approachable and supportive relationship with tenants. They also promote rent in advance and Direct Debit take-up. At this point, the tenant will be referred to the sustainment team for further support if they identify as vulnerable or needing support.

As soon as the organisation is aware that the tenant is claiming UC, they contact them within 5 days to provide all the information they would need to ensure their rent is paid and how UC works. Tenants are encouraged to set up a direct debit. At this point, any support needs are identified, including applying for an APA or referring to East Kent Housing's Money and Benefit Advisors. The Income Recovery Officers contact the tenant on the day that their first UC payment is due to ensure they have received their housing element and to remind them what to pay and take payment over the phone if possible.

The organisation does not send notices on UC cases until they are 8 weeks in arrears to ensure that the first monthly UC payment has been received. They would also apply for an APA at this point to try to resolve any issues without referral to courts. If the Money and Benefit Advisors feel that further individual support is required, they will signpost them to other support services.

EKH tenancy sustainment team always completes a pre-court visit to address any UC issues and also a pre-eviction visit, then a further visit once an eviction date is set. Throughout this, their priority is to try to sustain the tenancy. Both the sustainment and income team also work closely with the Council's Housing Options Teams in order to sustain the tenancy and avoid eviction wherever possible.

## Part Two:

### i. Move to UC (Managed Migration)

The DWP is planning to pilot the processes of moving claimants onto UC who have not naturally migrated (referred to as Move to UC), with the pilot due to start in Harrogate in July. The DWP is starting with a very small number of claimants and is taking an exploratory approach to understanding what works, with the view to looking at how that will scale up to larger numbers.

ARCH and the NFA are keen to support DWP in ensuring the Move to UC works for all tenants. We asked our members what the biggest barriers to smooth migration of claimants in their area would be, and there was considerable consensus based on the evidence from natural migration.

|  |   |  |
|--|---|--|
| DWP staff in Job Centres and the Service Centre <b>not having the capacity and competency to manage.</b>   | <b>Time delays</b> in processing claims and paying claimants.   | <b>Quality of information</b> provided to applicants<br><br><b>Lack of support services</b> for claimants on an initial and ongoing basis.                           |
| <b>Lack of communication</b> between DWP, registered social housing providers and councils.  | <b>Lack of information being shared</b> between DWP and landlords as to who is being migrated and finding out when it is too late to support people. Not putting in place effective data sharing protocols. | <b>General negativity around UC</b> in the press which puts people off choosing to transfer.   |
| Being able to support <b>the most vulnerable</b> through the process without any delays. Also a fear that those who live in very rural areas will struggle to access services. | <b>Tenants not understanding the UC system.</b> Tenants not responding to the call to action and not accessing the support they are entitled to.  | <b>Resourcing</b> – landlords being unable to manage the transfer of larger numbers of claimants in a shorter time frame due to capacity issues and lack of funding. |
| <b>Digital illiteracy</b> – lack of digital support is likely to be more of an issue for those on long-term legacy benefits, with Universal Support not currently adequate.    | Those who transfer across are more likely to have issues with <b>budgeting and financial management</b> , meaning the change to UC will have a bigger impact than under natural migration.                  | <b>Barriers that are already a problem</b> , including APAs, accurately calculating award and timely payment, and so-called ‘untidy tenancies’.                      |

Respondents provided their views on the top three issues which needed to be in place before the planned move of claimants to UC. We are pleased to see that the DWP has recognised the need to look at the Move to UC in conjunction with the improvements to UC more generally.

|  |  |   |
|--|--|---|
| <p>The process to identify <b>vulnerable tenants</b> and more complex cases, and the tailored support in place to ensure there are not barriers to the engagement.</p> <p>Processes to reach and support those who are not online or have other barriers, such as English as a second language.</p> <p>Review and reinforce the <b>transitional protection</b> available</p> | <p><b>Review UC payment schedules</b>, including covering 53 week years, looking at reducing the period of the first payment, tenants being able to pick their assessment period and payment dates, flexibility for frequency of payments based on frequency of rent, monthly payment rather than 4 weekly</p> | <p>Processes in place between DWP and landlords to enable <b>greater sharing of information</b> – forewarning landlords with sufficient notice of those who will be affected, timescales for migration; and involvement of landlords in the migration process.</p> <p>Have a <b>clear implementation action plan</b> that is shared with the landlord</p> |
| <p><b>Development of excellent communications</b> to those who will be affected both before and during the transition; including explaining how UC is different and how the rent payment works.</p> <p><b>Sufficient resources</b> for initial support to claimants, but also funding for <b>ongoing support</b> – including personal budgeting and digital support</p>      | <p><b>Development of effective communication</b> with landlords more broadly, and across organisations in an area. Including a dedicated landlord helpline to help landlords support claimants</p>   | <p><b>Sorting the problems with the wider UC system</b>, including APAs, Advances, payment speed, consistency across job centres and the Service Centre, speed in resolving issues etc.</p> <p>Deliver improvements to the <b>Landlord Portal</b>, as outlined in previous section, prior to the Move to UC.</p>  |

## Birmingham City Council

Birmingham City Council has seen a steep rise in households on Universal Credit from 1,400 prior to Full Service in November 2017 to over 10,000 in March 2019. This is currently increasing at a rate of 150 a week.

For the last 12 months, the Council has been operating a pilot to examine existing cases in receipt of UC, helping to identify positive examples where people have claimed UC and not gone into rent arrears. It highlights the way that proactive intervention and co-working with DWP can minimise the impact on households. The pilot has continued to examine cases where arrears have built up and identified interventions to minimise the increase in arrears.

The pilot officers have had an 80% successful engagement rate with tenants, showing the advantage of early intervention. The team has also been successful in making arrangements to pay rent/arrears, and around 90% of these are thought to be sustainable in the long-term.

## ii. Universal Support

54% of organisations provided Universal Support prior to the decision to give it to the Citizen's Advice Bureau (CAB). There were a range of localised structures, the majority involving the provision of additional staff to provide debt and financial wellbeing advice, digital support and personal budgeting support. Some organisations will continue to provide this support using funding from the local authority, streamlining into their other service offers, while others have plans to continue in a reduced format.

Only five percent of respondents felt that plans for Universal Support locally under CAB would be sufficient. Nearly half (45%) felt the plans would be insufficient, while 50% were unsure. This is really worrying, considering DWP plans to start the Move to UC (Managed Migration).

*"The contract is intended to last a year - it may take CAB Officers a large proportion of this time to acclimatise themselves in order to provide effective support to our tenants. Their contract concentrates support in first month, many tenants need ongoing support during personal or family crisis, or when sanctioned. Universal Support is modelled on a 'one-size-fits-all' basis which does not take into consideration local characteristics or the make-up of vulnerable groups... It is disheartening that a centrally constructed template will be used to deliver support in our area."*

*"It is very early to see the delivery of the help to claim program. I think there will be a lot of problems which relate to people who are passed the first payment and still need more support or need more general support which will help to make the Universal Credit claimant journey successful - for example sorting out council tax support claims arrears and homeless issues which arise. Hopefully the partnership working with our welfare reform taskforce will work."*

The main reasons that respondents gave for Universal Support not being sufficient include:

- The lack of ongoing support – support applicable via Help to Claim is only available up to the First Payment;
- No personal budgeting support;
- CAB officers not always having the in-depth knowledge to support a claim;
- Geographic coverage, CAB services being over-subscribed and a lack of funding for CAB services;
- Provision of a telephone service rather than face-to-face.

The majority of respondents are in contact with CAB in their areas (71%) and are supporting them to deliver the service. However, there needs to be clarity about how this service will be funded and delivered after the contract with CAB ends next year. There is considerable good practice within the sector which can be used to help shape the future model.





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

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