

THE IMPACT OF **UC** *Universal Credit* REVISITED

UNIVERSAL CREDIT REVISITED

Based on research gathered from
36 organisations operating across
the North

Impact on Tenants



87.5%

Over four-fifths feel that
single people with no
dependent children are
most affected by UC

41.7%

Over two-fifths of organisations
are concerned about increasing
homelessness

36.1%



Over one-third
say that
homelessness
has not increased
since the
introduction of UC

Impact on Landlords

66.7%

Rent arrears have increased
in over two-thirds of
organisations

Three quarters of
respondents are
operating in areas
with UC Full Service



73.3%

Almost three-quarters of
respondents blame rising
arrears on a change in
government policy

DWP Experience

Most respondents
still find contact
centres provide
inconsistent
information



13.9%

Only 13.9% of respondents
believe that UC has met its
objective of 'making work pay'

Many issues
raised at the start
of UC continue to
be raised by
members



Contents

1. Introduction	4
2. Impact on tenants	7
3. Impact on the organisation	14
4. DWP Experience	19
5. Conclusions	25

1. Introduction

Universal Credit (UC) was one of several welfare reforms that were legislated for by the Coalition government in the Welfare Reform Act 2012. It had an original completion date of October 2017. However, the programme was reset in 2013 after a series of problems with developing the necessary technology. In 2016 the Department of Work and Pensions (DWP) announced a revised plan to complete in March 2022 and in June 2018 it announced a further delay to the completion of the programme to March 2023.

Since the beginning of the roll out of UC in 2013, many agencies including the Northern Housing Consortium (NHC) have warned of the detrimental effects of the new benefits system on claimants and the additional pressures facing the agencies that support them. The NHC's Impact of Universal Credit¹ was a year-long longitudinal study comprising four surveys of our membership in which we collected intelligence on UC's impact on members' tenants, on their organisation and their experience of dealing with DWP.

Amongst our findings were:

- on average, more than three-quarters of members said there were delays in claims being processed.
- there was an increasing trend of members being aware of tenants having health issues including stress and depression.
- increased evictions due to rent arrears – up from 18% to 27%.
- 41% saying tenants had terminated their own tenancies due to UC, preferring to sofa surf or live with family.
- over the course of the study, the average claim processing time increased from 28 to 41 days, an increase of 49%.
- 89% said that there had been communication problems between DWP and either the claimant or housing provider.

In November 2017, after pressure from the Government's back benches, changes were announced in the Chancellor's Autumn Statement to the UC system including:

- advance payments of up to 100 per cent of estimated entitlement available within 5 days of applying. There will also be a 12-month repayment period.

¹ Northern Housing Consortium - <https://www.northern-consortium.org.uk/influencing/impact-of-universal-credit/>

- the seven waiting days at the start of Universal Credit claims was abolished meaning claimants will have to wait 5 instead of 6 weeks for their first payment.
- for those transferring from Housing Benefit to Universal Credit, Housing Benefit payments are allowed to continue for an extra 2 weeks after the start of the UC claim. This is an attempt to reduce the threat of eviction caused by delays in housing cost payments at the start of a new UC claim.

In June 2018, the National Audit Office (NAO) published a report² on the roll out of UC and catalogued flaws in the system, amongst them that the new system does not provide value for money to the public purse.

The changes to the UC system were implemented in early 2018 – subsequent to the completion of the NHC’s research, *The Impact of Universal Credit*¹ – and in light of these structural changes the NHC has again surveyed our membership in an attempt to gain new insights into how these changes have impacted our members and their tenants.

The latest survey was intended to build on the evidence collected during the longitudinal research (footnote 1), by updating its findings, and unpacking the issues raised in it by collecting more in-depth, qualitative information. All respondents to the previous rounds of surveys were invited to complete a new, online self-completion survey designed to allow respondents to provide more qualitative data than in the previous exercise. This data has been supplemented by evidence collected from a number of our subject specific Networks and Roundtables on the subject of UC. More information on our network meetings and roundtables specific to welfare reform and poverty, and how to get involved, can be obtained by emailing satty.rai@northern-consortium.org.uk.

UC is being introduced nationwide in stages. Early implementation of UC, up until April 2016, was limited to single jobseekers making new claims and, in some areas, to some couples and families making new claims. These areas are known as ‘Live Service’ areas. In addition to only being available to a limited client base, the live service is not fully digitalised; although claimants can make their initial claim online, they cannot manage their whole claim digitally and require additional support from JobCentre staff. From March 2016 onwards, the UC Full Digital Service started to be rolled out in some areas. In these ‘Full Service’ areas, UC is available to anyone of working age making a new claim and

² NAO - <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>



claimants are able to apply and subsequently manage their entire claim online. The national roll out of the full digital service was completed on 12th December 2018. The government plans to start the managed migration pilots of claimants who are still on existing benefits or tax credits onto Universal Credit from July 2019 in Harrogate.

In total, 36 responses to the survey were received via a self-completion questionnaire; of these, three-quarters were from organisations that operate in an area where the UC full digital service is running.

2. Impact on customers

Provisional figures for July show that there was a total of 1,041,397 UC claimants in Britain and 336,548 in the North of England. This latter figure is an increase of 3.9% on the previous month. However, this figure conceals some considerable increases in cases as roll out continues with areas such as Scarborough (32.1%) and both Selby and South Tyneside seeing increases of over 30% in UC claimants in the space of one month. Furthermore, claimant numbers of those in employment are increasing at a greater rate than those not in employment (4.2% employed compared to 3.8% not employed). This pattern is likely to continue as after a pause in the roll out programme in August, the number of JobCentres that will introduce UC monthly will increase significantly³. Notwithstanding this, there were falls in claimant numbers in 30 northern local authority areas, most significantly in Middlesbrough (-7.1%) and Redcar and Cleveland (-6.8%) between June and July.

Amongst its findings, the NAO stated that the DWP has found it difficult to identify and track those it deems vulnerable. It has not measured how many UC claimants are having difficulties because it does not have systematic means of gathering intelligence from delivery partners. We asked our members which types of household they thought were most affected by the implementation of UC (respondents were able to choose as many options as they thought relevant on this question). Unsurprisingly, given that they were the first household type claiming UC, single person claimants (with no dependent children) was the most common response with over four-fifths of respondents (87.5%) pointing to this cohort. Single parents (37.5%) were also cited by many as being most effected.

The starting rates of UC vary, but a single person over 25 has a personal allowance of £317.82 per month, with other elements such as the housing element paid on top. Private renters may find that their housing element doesn't cover the rent if this is seen as too high (i.e. above the 30th percentile) in the area and social tenants will see a reduction in their housing element if they are deemed to be under-occupying.

It is the experience of some that single people are more likely to get into rent arrears and fail in their tenancy than other groups. "Single people with no dependants and not working

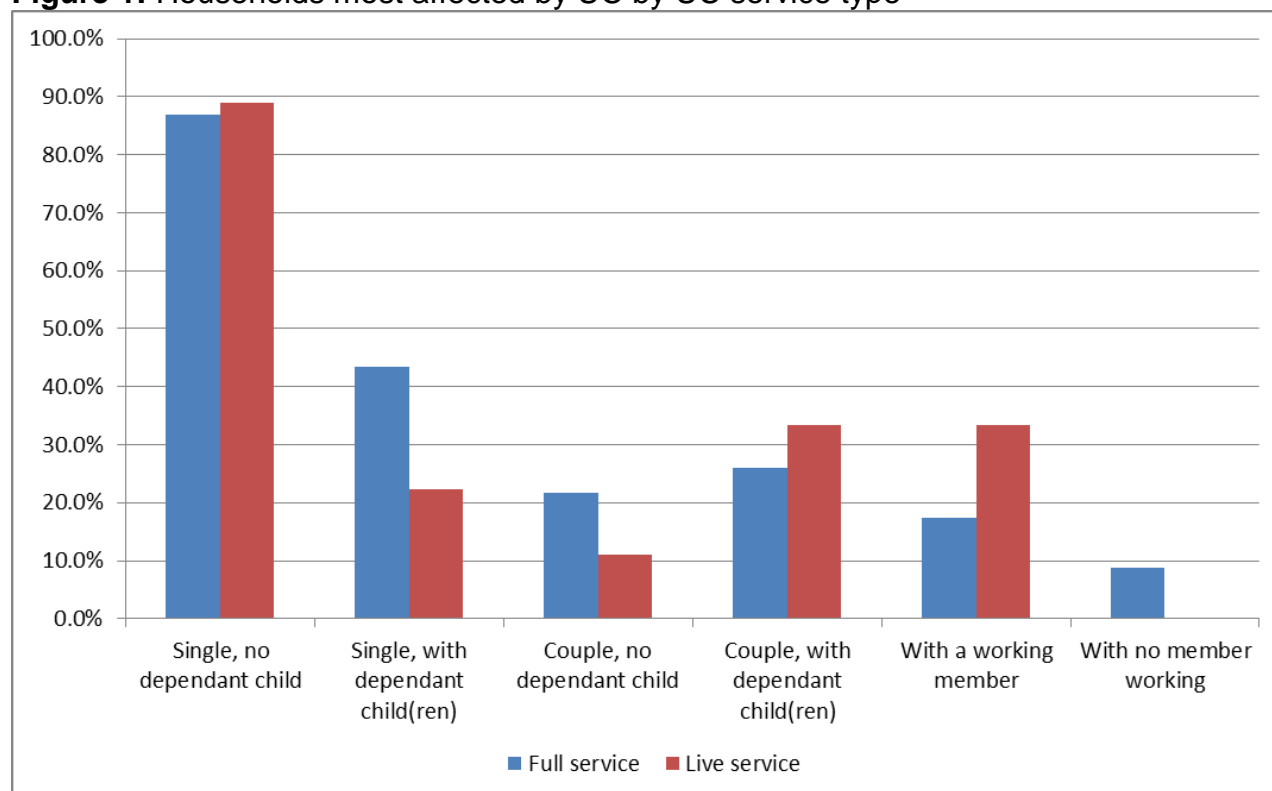
³ UC roll out timetable - [https://www.turn2us.org.uk/Benefit-guides/Universal-Credit-timetable/Universal-Credit-\(UC\)-roll-out-2018](https://www.turn2us.org.uk/Benefit-guides/Universal-Credit-timetable/Universal-Credit-(UC)-roll-out-2018)

I would say are most affected as they don't have any other benefits they can still rely on while they wait for their first UC payment. Their money just stops for 5 weeks and many have to rely on the Advance Payment just for money to live on", Survey Respondent. According to the NAO report, this will affect 60% UC claimants who also claim an advance.

Other household types said by a high proportion of respondents to be affected by UC were couples with children (28.1%); also, households with a member in work (21.9%) were more likely to be affected than those households with no working member (6.3%).

Figure 1 below shows how members responded to this question based on whether they operate in a full service or live service area. It shows some interesting differences in perspective. While there was broad agreement that single person households were most affected, almost twice as many people operating in a full service area believe that single parents are affected as opposed to those operating in a live service area. Conversely, live service respondents were more likely to say that households containing a working member are affected by UC.

Figure 1: Households most affected by UC by UC service type



Respondents were invited to suggest which other household types were most affected by

UC. Although there were few responses to this question, claimants that were previously claiming Employment and Support Allowance (ESA) or those being declared fit for work and having to claim ESA featured most prominently. Claimants with disabilities were said to struggle with the overall change that UC brings such as managing claims online.

As well as disabled claimants, those self-employed were also said to be struggling somewhat. This cohort and people working on zero-hour contracts struggle to budget due to fluctuating income, which results in payments changing but due to UC payments being paid one month in arrears, combined income for self-employed claimants does not always correspond with their circumstances in any given month.

One of the main recurring reasons cited by respondents for claimants being adversely affected by the new benefit system in last year's study was the delay in receiving payment after the initial claim. During that study as many as 84.9% of respondents said that there had been delays in processing claims. This had fallen to 77.8% by the end of the study and subsequent to the end of our study, government changes to the system resulted in the waiting time for UC being reduced by one week to five weeks. Nevertheless, three-quarters of those responding to the question indicated that the five-week waiting period had been missed by DWP and while this continues the downward trend in delays witnessed in the earlier study, this still represents a large majority of respondents reporting delays. Notwithstanding this, the DWP argue that UC is a flexible and responsive benefit and that the Department are learning constantly from feedback.

"We are committed to ensuring people get the help they need and the majority of staff say Universal Credit gives them greater flexibility to give people the right support. The latest figures show 83% of claimants are satisfied with the system and complaint rates are low", DWP spokesperson.

Our findings suggest that it takes on average, over six weeks for claimants to receive their first UC payment with some members reporting an average of around nine weeks. Delays in claimants' payments should come as no surprise after the publication of the NAO report which said that "so far the Department has provided enough functionality to run a basic system, but many processes are still manual and inefficient. For example, the Department significantly overestimated the number of claimants that would be able to confirm their

identity online with only 38% (compared with its expected 90%) succeeding in using Verify, the government's online identity verification tool".

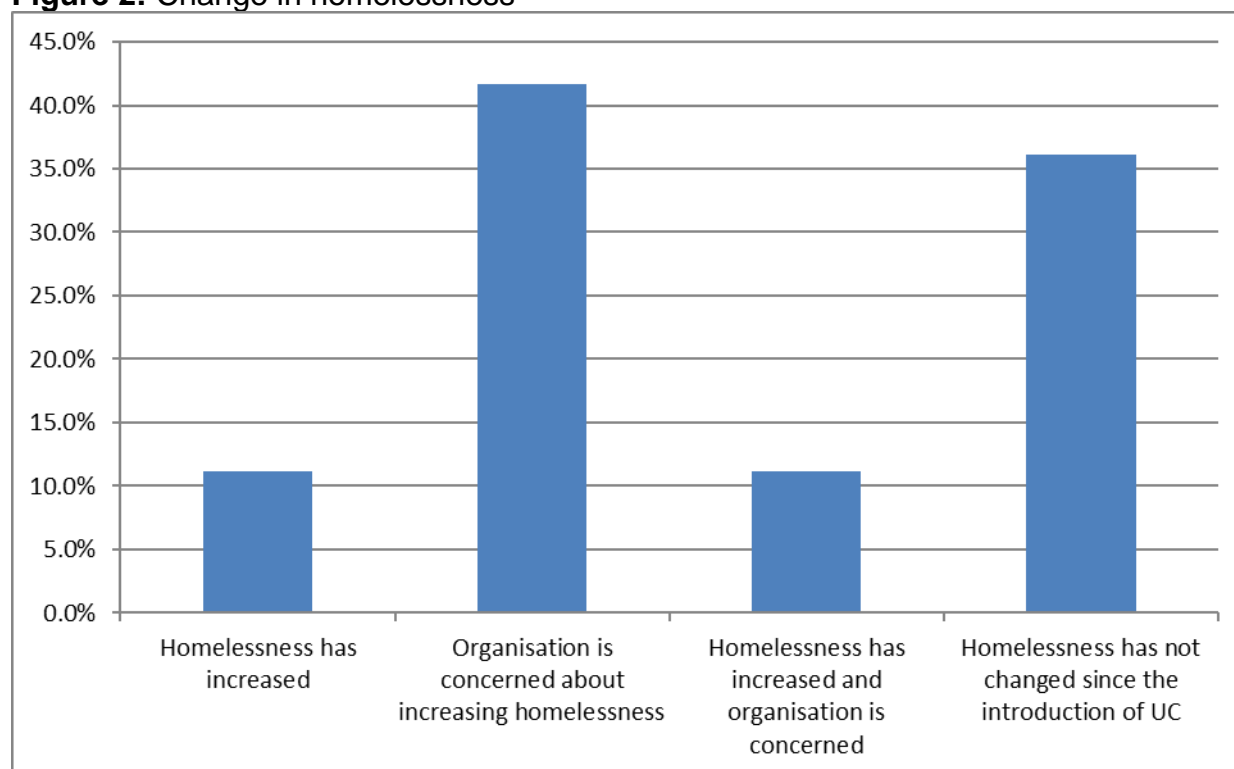
There has been much discourse around the payment delays leading to financial hardship; this has included a study on behalf of DWP⁴, prior to the changes introduced in the Autumn Budget, which found in two separate surveys that only 25% of claimants were keeping up with bills and credit without any difficulties and that half of claimants in the second survey had to get "additional funds" to supplement their UC. Despite this study finding that over a fifth of claimants in both surveys were in both financial difficulties and housing payment arrears, the Minister for homelessness and rough sleeping has recently played down the impact that UC may have had on homelessness. Nigel Adams MP said it was "far too simplistic to blame one issue [for an increase in homelessness]" and many respondents to our research would agree with him. Although increasing homelessness is an issue that 41.7% of organisations are concerned about, over one-third (36.1%) of respondents said that there has been no change in homelessness since the introduction of UC.

Furthermore, it may be true that the longer the system is in operation in an area, the less likely the prospect of eviction is a concern. Respondents to our survey working with the live service are more likely to say that homelessness has increased – 33.3% compared to only 3.7% of those dealing with the full service.

⁴ DWP -

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/714842/universal-credit-full-service-claimant-survey.pdf

Figure 2: Change in homelessness



Measuring the impact on homelessness of UC as opposed to the legacy benefits is problematic. While a number of respondents indicated that eviction rates for UC claimants are higher than that of non-UC claimants – as much as ten times higher – it is difficult to assume that legacy benefit claimants would not also be evicted if they failed to engage with the relevant agencies to reduce arrears.

Housing providers are working to support claimants and making good use of Alternative Payment Arrangements (APA) and Third Party Deductions (TPD) to collect rent and recover arrears, making tenancies more sustainable. Eviction is the last resort for housing providers however, our members did express fears for those that cannot understand the new system and therefore fail to engage with providers when they fall into arrears.

Perhaps a worrying development is that from 1st October 2018, The Civil Procedure (Amendment No.3) Rules 2018⁵ come into effect, which means that where there has been a breach of a suspended possession order on the grounds of failure to pay rent and/or arrears, there is no longer a requirement to make an application to court for permission to obtain a warrant of possession. While housing providers in the social sector work hard to ensure tenancies are maintained, this apparent weakening of tenancy security will be a

⁵ Gov.uk - <http://www.legislation.gov.uk/ukxi/2018/975/made>

concern for those dealing with claimants who are struggling to get to grips with the new system.

“Evictions...can be attributed to a range of factors including excessive arrears accrued whilst not entitled to benefit and failure to engage with services offered. We are concerned about the potential for customers to disengage from the benefits system altogether – particularly if they have issues with maintaining their UC claim, are sanctioned, or do not understand that UC includes support towards housing costs. Whilst prior to UC if the wheels fell off we could support customers to submit a nil-income statement to HB whilst they got back on track there is not this option under UC”, Survey Participant.

Case Study: AB & CD

AB & CD were struggling financially since moving onto Universal Credit in September 2017 and so were referred to their landlord for Personal Budgeting Support (PBS). While at the PBS appointment on 23 April 2018 the landlord advised them that their UC housing costs were being paid incorrectly due to a Housing Cost Contribution (HCC) being taken for a non-dependant when one partner was in receipt of PIP. No charge should have been taken from the start of the claim.

Actions taken by the landlord:

- Met with the clients for PBS session on 23 April 2018. At this session they helped the clients contact DWP via their journal and calls to the service centre to request that the HCC be removed from the start of the claim and the claimant be refunded the charges. DWP service centre staff advised that decision was correct.
- Helped the clients escalate the issue as they were unable to get a resolution through standard escalation via service centre or journal.
- On 14 June the issue had still not been resolved by the DWP case manager despite numerous journal entries and phone calls from the client over a 2-month period.
- On 28 June 2018 the clients advised the landlord that the issue had been resolved and they had received over £800 underpayment from DWP.
- On 16 July 2018 the clients contacted their landlord again as the UC assessment following the DWP's decision to remove HCC was incorrect. HCC was again included and deducted from the UC Housing Costs.
- The escalation cycle begins again.

Outcomes

- Client CD has had severe health issues recently and was going back into self-employed work so that the family could meet their budget due to not receiving their correct entitlement.
- The clients would not have noticed the error had it not been for their landlord's front-line staff advising them as UC journal doesn't give any breakdown of how the Housing Costs are assessed.
- The clients and frontline staff have spent large amounts of time on the telephone (a staff member was on hold with them and had to terminate the call prior to UC staff answering due to being on hold for 45 minutes).
- This on-going situation is causing the clients financial hardship and is also a strain on both the family unit and on staff due to the issues faced in getting a simple issue resolved via standard escalation routes.

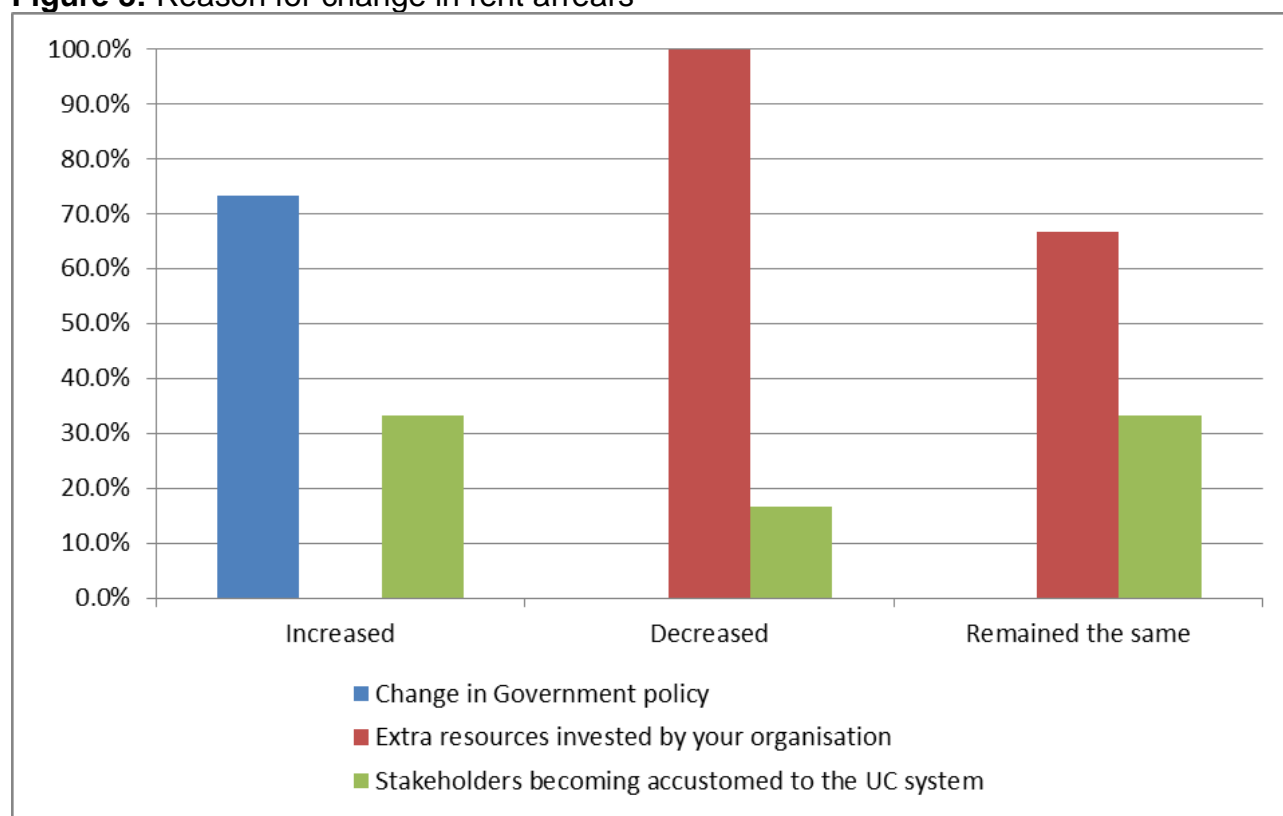
3. Impact on the organisation

The NAO found that local authorities have faced additional burdens during the development of UC, such as through increased administration for processing Housing Benefit stop notices. “Local authorities, housing associations and landlords have seen an increase in rent arrears since the introduction of Universal Credit full service, which can often take up to a year to be recovered” (NAO). Despite efforts by housing providers and their customers to maintain tenancies that are sustainable, claimants still suffer hardship which in turn, has an impact upon the provider in terms of investing in support services but at the same time restricting income through increased rent arrears. Two-thirds (66.7%) of respondents said that rent arrears had increased, while almost one-fifth (19.4%) said that arrears had decreased and the remaining 13.9% saw arrears remain at a similar level prior to the introduction of UC.

An increase in rent arrears is more likely to be reported by those respondents still operating in a live service area (77.8%) compared to those operating in a full service area (63%). These figures suggest that moving onto the full service coincides with a fall in rent arrears, yet it should be pointed out that there was a similar proportion of respondents that said arrears had decreased and had said arrears remained the same (18.5%) in full service areas.

Despite the changes to the system implemented by government, as Figure 3 below shows, respondents feel that the reasons for a fall in rent arrears was brought about by the extra resources that their organisation had invested in tackling the problem (100%) or UC stakeholders becoming accustomed to the new system (respondents were able to select more than one option to this question). Conversely, of those that saw an increase in rent arrears, almost three-quarters (73.3%) saw the change in government policy as the driving factor behind this.

Figure 3: Reason for change in rent arrears



Respondents were offered the opportunity to give more in-depth information on why arrears had changed in recent months. It was pointed out that UC claimant arrears were higher than their non-UC claimant counterparts and reasons offered for increasing arrears surrounded the Housing Cost Element (HCE) being paid directly to the claimant as well as the initial waiting period putting tenants in arrears at the outset of the claim.

However, providers have made changes to their internal processes and also to their structures to offset the adverse impact upon tenants' rent accounts. Some have been proactive and made full use of APAs. As many as 57% of rent accounts have an APA applied to them. During the initial study, the average proportion of APA use reached a high of 37% so anecdotally it would appear providers are making greater use of this tool. Other changes made by providers include:

- improved IT systems;
- new processes;
- team restructure;
- service re-alignment.

For all our members' hard work to offset the impact of UC implementation, the 'managed migration' of all remaining working-age benefit claimants onto UC in 2019 will inevitably result in increased caseloads for both housing providers and DWP staff alike with the added pressures that comes with it. Only time will tell how these increased burdens will impact on all those affected. However, during an NHC seminar held in July, a speaker from DWP confirmed that there were challenges with managed migration and that DWP were rolling fifty landlords onto the landlord portal each month from August and that by December 2018, 90% of the housing stock will be on board.

Our research probed further in an attempt to ascertain more detailed information from respondents about the causes of arrears. While some pointed to claimants having difficulty getting used to budgeting on a monthly basis – with some taking up to twelve months to grasp monthly payments – more blame structural issues built into the UC system for increasing arrears. Many of these centre on payment pattern and frequency of payment.

Respondents said that the monthly payment frequency leads to arrears at the end of the tenancy, as the tenant's housing costs end with the penultimate four-weekly payment. "Only if a tenant has built in credit to their rent account and regularly pays a month in advance would there be no impact on arrears figures" (Survey Participant). Furthermore, DWP continue to pay full service APAs via the Third Party Deduction schedule, which means tenants will miss a payment in a twelve month period, meaning they will be in arrears through no fault of their own.

A continuing theme from the original research is that the initial waiting period for the first payment leaves claimants without money in the interim. This, it was said, forces them to borrow from friends and family who they then repay with their first UC payment.

"The 5-week wait for benefit means when customers receive their first payment they are already playing catch up with other bills etc. People also struggle to budget monthly and we are seeing quite a few come through not getting their Housing Costs with their first UC payment due to us not getting the Verification Forms from UC." Survey Participant

Case Study: Measures by the landlord

[Local authority area] was a pilot area for Universal Credit from July 2014 and had a number of live service customers for a significant period of time; this provided an evidence base to make comprehensive preparations for full service UC. Actions taken included the Welfare Reform Team designing and delivering Role Specific training to all neighbourhood teams and the Contact Centre around each team's responsibilities relating to UC. In-depth training was provided to the Income and Welfare Reform teams to ensure that they were in the best possible position to advise customers from the roll out date. Taking some learning from the initial UC cohort, a root and branch review of the rent recovery process was carried out, the recovery sequence was streamlined and rent arrears letters were adapted. Due to the increasing complexity of collecting rent, all rent officers are specialists in that role.

A UC leaflet was made available to all customers and in all offices. The landlord's website has been updated with a lot of UC information and they are working with developers to introduce an interactive UC hub. As well as working in partnership on best practice sharing with external bodies the landlord worked closely with DWP to ensure that they have access to the Landlord Portal and Trusted Partner Status. This has allowed access to part of the DWP system to see who has claimed UC and to manage the process for claiming APAs and arrears directly without delay.

The landlord was audited to look at their UC preparations. The report gave substantial assurance with no recommendations for action and in January 2018 approval was given to recruit an additional three members of staff as UC Officers; those staff are now in post.

The Customer Journey

There are now four dedicated UC officers who work with claimants from claim date to first payment date. Officers manage the Landlord Portal and a dedicated UC inbox. As soon as notification that a customer has claimed UC is received, the officer contacts the customer to arrange a home visit to complete a welfare check and ensure that they have access to an advanced payment if needed, referrals for benefits and debt advice are made while ensuring that the customer is aware of their responsibilities around making rental payments. The team will record all details and enter an MPTL/Deductions for arrears where appropriate. The team then do a follow up call the day after the UC payment date to take a payment from the customer and to put an arrangement on the rent account, the case is then closed and the customer moves back in to the general recovery process.

Feedback from customers has been really positive and the team have managed to build some good relationships. They have found that by providing a significant amount of support and advice at the earliest stage of their claim, customers have remained in contact and continued to make payment.

Case Study Continued:

Costs

Significant resources have been invested into the management of UC for several reasons. Due to the experience of customers on the live service and the levels of digital and financial exclusion within the borough it was felt that it was an important investment to make. Backing from senior management was received to make appropriate changes to their service. The cost for those additional four officers and the UC hub will cost just over £100k per year. The time requirement for managing UC cases is significant; it has been found that dealing with a new claimant takes a UC officer an average of four hours of intervention prior to their first payment.

Once the new claimant is within the normal rent recovery process they take significantly more time and resource than a standard UC case. Due to missing payments from the APA cycle and variability of UC award for those with a variable income, significantly more contact with customers is required to discuss their rent account. Often there are complexities with their claim or award so there is a knock-on effect for the Welfare Benefits team who are spending a larger proportion of their time helping customers to rectify claim errors (particularly related to Habitual residence) or to appeal against sanctions or unfair claimant commitments.

The primary issue for in the management of UC cases is the delay in the Managed Payment to Landlord hitting the customer's rent account. Although UC is paid in arrears and the Housing Element is deducted at the assessment date, on average it is taking a further four weeks before payment on the rent account is received. Effectively customers are then on average 8 or 9 weeks behind with their rent before their first payment is received.

4. DWP Experience

As in the previous study, the overwhelming feeling from members regarding their interaction with DWP was that there is inconsistency of information received from DWP colleagues (69%). Although almost one-quarter (24.1%) felt that they had a good relationship with local JobCentre Plus staff and their Partnership Manager, inconsistency was the stand-out response to the question regarding experience of dealing with contact centre staff. A number of members pointed out that staff had a lack of knowledge of housing and in particular ‘untidy tenancies’. This could be explained by staff being inexperienced; as one respondent explained “they are taking on so many new staff, it takes time to train them to a good level”. Another survey participant commented: “There is a sense that we as housing providers have had to dedicate significant time to understanding Universal Credit regulations and upskilling our staff, and DWP staff should also have been provided with this level of support to get to grips with the new system”.

There has been a report by one former DWP employee⁶ suggesting it is the system itself that means “in practical terms, it is not working the way it was intended and it is having an actively harmful effect on a huge number of claimants.” Amongst the failings of the system they claimed:

- staff are not notified when claimants leave messages on their online journal.
- claimants are discouraged by staff from phoning in to resolve problems or to book a home visit and instead are actively persuaded to go online.
- callers have often been given wrong or contradictory advice about their entitlements by DWP officials.
- although the system is equipped to receive scanned documents, claimants instead are told to present paper evidence used to verify their claim.

⁶ Guardian - <https://www.theguardian.com/society/2018/jul/22/universal-credit-it-system-broken-service-centre-whistleblowers-say>

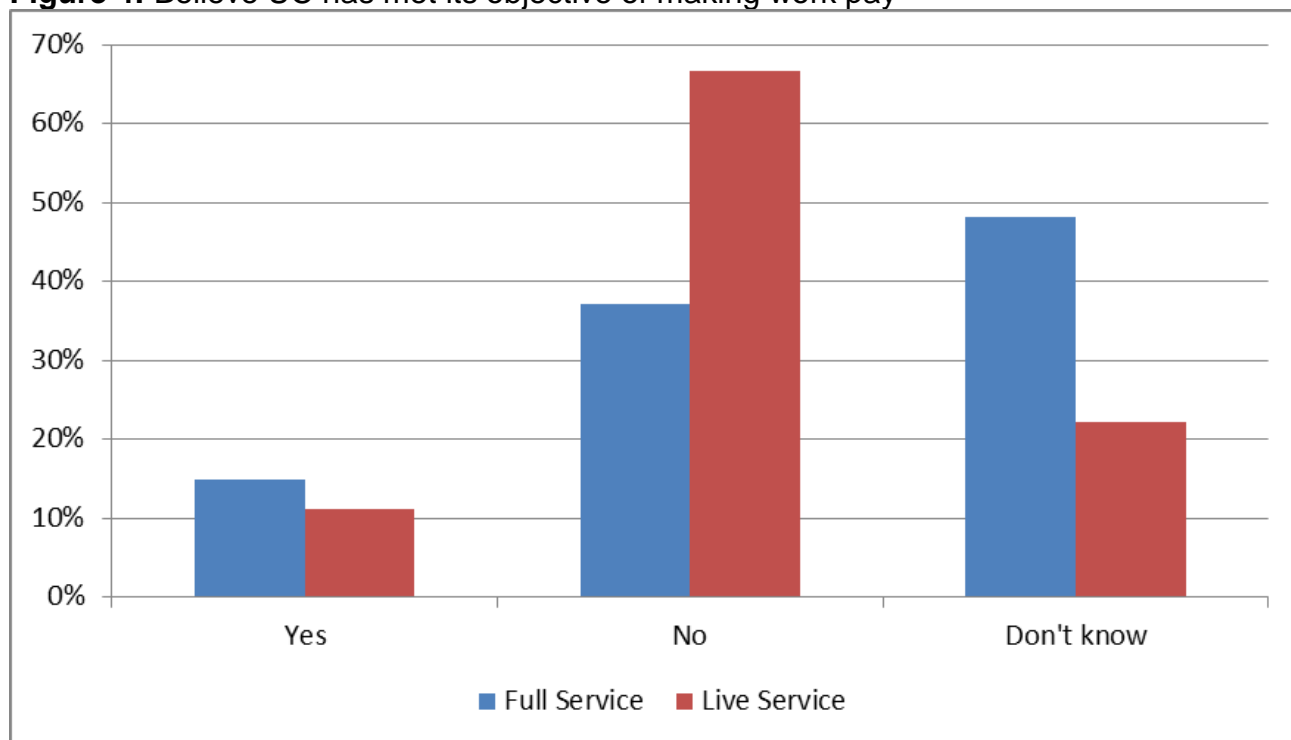
“There continues to be issues with DWP staff and Contact Centres in terms of knowledge and ability to deal with queries effectively. There is inconsistency in service and it depends who you speak to as to whether you will get a satisfactory outcome – this could be down to new staff coming on board and not yet being up to speed. We have concerns that straightforward issues which we were coming across 3 years ago (and believed were resolved) continue to come up.” Survey Participant

During an NHC members’ seminar on UC in July 2018, a representative from DWP revealed that during a recent meeting with the Secretary of State a discussion took place around what more DWP need to do with landlords, around communications and other tools that were required.

One of the core principles behind the implementation of UC was that it would result in ‘making work pay’⁷. The DWP expects that an additional 200,000 people will move into work because of UC and that it will save £99million a year in administering benefits. However, the NAO say these are “theoretical” benefits and that they have “significant doubt” about the main benefits as the DWP assumptions were based on early live service claimants with relatively simple needs. Furthermore, an analysis of NOMIS data shows that there has in fact been a fall in economically active people across the North since the pilots in 2013. Although there was a 1.2% increase in Yorkshire and the Humber, the fall in economic activity was felt most keenly in the North East and North West with falls of 2% and 1% respectively. Furthermore, our study showed that only 13.9% of respondents believed that the implementation has met this core objective compared to over two-fifths (44.4%) that did not and 41.7% that did not know. As has been the case with other topics explored in previous reports, perceptions seem to change the longer UC has been in operation in a respondent’s area. Respondents working with the live service are more likely to feel that UC has not resulted in getting people into work (66.7%) compared with those that have moved onto the full service (37%).

⁷ Gov.uk - <https://www.gov.uk/government/news/universal-credit-makes-work-pay>

Figure 4: Believe UC has met its objective of making work pay



On further examination, we found that around half of the respondents that do not feel that the implementation of UC has made work pay, blame the lack of incentives to find work caused by the less generous tapers and in-work premiums being “badly eroded” by Treasury cuts with one respondent commenting: “in our view the removal of the work allowance for specific groups has weakened the argument that UC makes work pay. Prior to the removal of the work allowance we saw the positive impact it had for single UC claimants as they moved into employment.” It appears that any excess income tenants receive is wiped out by the loss of benefit and that a job has to pay very well for claimants to be better off in work (for work to pay).

Other respondents pointed out that UC does indeed push people into employment but this work is very often part-time or zero hours contracts which makes budgeting difficult for them. These claimants “find it very hard to work out how their award will be affected, especially if their hours vary from week to week” (Survey Participant).

Claimants’ ability to budget and manage their money with UC has been an area of interest since the introduction of the benefit. New claimants are offered budgeting assistance to ensure they can make their benefit last for a month and the government points out that while the amount of UC received will gradually reduce as claimants earn more, unlike Jobseeker’s Allowance, payments won’t stop because they work more than 16 hours a

week. The government's aim is to support people on UC to increase their earnings and ultimately move off benefits altogether. Some changes were brought in along with a range of measures including:

- bringing in the National Living Wage - which is set to reach over £9 an hour by 2020.
- increasing the personal tax allowance to £12,500 from 6th April 2019.
- increasing and providing support for eligible costs of childcare in UC to 85% and doubling the free early years provision to 30 hours a week for working parents of 3 and 4-year olds.

"We are building a benefit system fit for the 21st century, providing flexible, person-centred support, with evidence showing Universal Credit claimants getting into work faster and staying in work longer",
DWP Spokesperson

There were also concerns expressed regarding the systems in place which are designed to make claims more streamlined. There are benefits of the Real Time Information (RTI) feed from HMRC which removes the need for the majority of workers to report earnings and reduces overpayments. However, some of our members report that customers have issues with this when the DWP utilises this information incorrectly. An example was submitted where there was a delay in the RTI feed showing earnings for a previous assessment period. This should have created an overpayment for that assessment period which would have been recoverable on an on-going basis. Instead the customer's UC entitlement for that current month was wiped out and they were left in severe hardship as these wages were from an assessment period 6 months earlier. Whilst eventually this was resolved it is a concern that the two systems did not interact correctly.

Case Study: DWP processes

Pregnant claimant age 27 & partner. 3 bed property.

Arrears prior to claiming UC: £541.49

Arrears today 10/08/18: £1,532.14

Arrears increase = £990.65

This pregnant claimant had to wait over 2 months to receive a payment and was refused any sort of advance payment during that period. The tenant's partner has no recourse to public funds and this caused major issues with her UC claim. Her partner needed to be added as an ineligible partner, but this took a number of months and caused severe hardship. The initial claim was made on 02.02.18

At the initial ID appointments at the JobCentre on 28.02.18 the claimant's partner handed in a Home Office document which clearly stated that he was an asylum seeker and had no recourse to public funds. He was however sent away by the work coach and told that he needed to provide an original birth certificate, NI number and proof of address but no progress with claim was made.

DWP was called on 09.03.18 and the landlord was told that the tenant would have to attend a bio appointment even though they knew he couldn't provide the documentation they required. This probably should have been booked following the ID appointment on 28.02.18 but wasn't. They were just sent away and told to contact the JobCentre once they had the documents. Following the bio appointment (19.03.18) the partner was then booked in for a Habitual Residence Test (HRT) appointment for 29.03.18.

At the HRT appointment the partner was again almost sent away because he did not have a birth certificate etc. but the claimant contacted us during the appointment and we spoke to the work coach to explain that we know he cannot provide documents and that he will fail HRT; once he fails he will be added as an ineligible partner and the claim can be considered on the tenant's circumstances alone. HRT decision then took two weeks – the landlord called to chase but were told that it was with a decision maker and nothing more could be done. The helpline said that they had no way of contacting decision makers. The claimant's partner was turned down for UC on 12.04.18 and then the UC payments were eventually released, over 2 months after the initial claim.

The claimant was without money for a number of months. UC would not offer an advance until the HRT decision was made. The pregnant claimant was living off approx. £200pcm PIP. The landlord provided food bank vouchers/emergency parcels to see the tenant through the period she had this limited benefit income. They would often have to deliver food parcels as the claimant had no money to pick up a food parcel. It appeared that the DWP had very little understanding or process in regard to dealing with immigration statuses and the impact on a claimant's claim.

Respondents were offered the opportunity to provide information or make comments on the impact of UC. Many comments made were regarding the HCE and how it was paid. We found that delays in the verification forms being received by housing providers have resulted in Housing Costs not being paid in the first UC payment.

There is also an issue, members pointed out, with APAs being paid on the Third Party Deduction schedule which is causing an administrative burden for housing providers as case numbers grow with the added issue of payments not being up to date on accounts.

“DWP is yet to get to grips with Housing Costs, most notably because they do not provide the claimant with enough information about how their housing costs element has been calculated. Claimants miss out on money without knowing it or knowing why. This lack of transparency has persisted despite it being raised constantly by stakeholders. The DWP talk about how their new system is agile but there has been no announcement on this vital improvement.” Survey Participant

5. Conclusions

It has now been eight years since the then Work and Pensions Secretary Iain Duncan Smith announced plans to roll six working age benefits into one monthly paid benefit, yet problems that were identified during the pilots and early stages of roll out continue to beset UC. A range of publications, trade bodies, membership organisations and politicians of all parties have raised concerns about the large numbers of people facing hardship and the increased burdens placed on statutory agencies, landlords and charities.

The government acknowledged that there were flaws in the system and made some changes to it in the Autumn Statement 2018. However, while it is too early to accurately assess whether these changes will make a significant difference to the lives of those that have so far struggled, most of the intelligence we have collected from our survey suggests that little has changed. The delays in payments continue to cause hardship and while advance payments are available they are loans that must be paid back, resulting in claimants receiving less each month until they are repaid. If the tenant owes money elsewhere and TPDs are in place, this further reduces an already small allowance.

Our members believe that households with a member who is working are affected more than those with no working member. As claimants are being paid in arrears, working claimants' payments will usually be based on the previous month's income so what people are paid in a given month and what they need in that month may be two different things, making budgeting from month to month more difficult.

Housing providers are being proactive in making changes to their team structures and working with their tenants early to support them through claims and head off problems before they occur, but they are often working with their hands tied. Data sharing and making use of landlords' resources when it comes to tenant support are seen as vital for the government to improve the service. The system should be more effective in the way it works with social landlords by being more flexible. DWP are speaking to landlords to learn from their experiences to ensure that feedback on implementation issues and the impact on claimants is considered alongside the existing feedback from frontline staff and Partnership Managers. However, there should be mechanisms in place to make it easier for third parties such as landlords to support claimants. The landlord

portal could be pivotal in achieving this. By extending the portal, the verification process could be made simpler as could sharing claimants' consent for landlords to act on the claimant's behalf. Furthermore, by allowing landlords and other agencies supporting claimants to access their journal to view shared information, communication based on common knowledge would be facilitated.

Unless tackled, the on-going IT and communication issues, late payments and a lack of support for claimants will only see the most vulnerable less likely to engage with the system and thus arrears and the threat of eviction increase. However, there are still opportunities to make changes to the policy to make it succeed and paying claimants on time should be an easy fix.

With no realistic alternative other than to persevere with UC, the NHC again calls for a pause in the roll out of the benefit system to give DWP the opportunity to iron out the persisting flaws required to make the system workable for all concerned. The anticipated large-scale rollout of UC next summer has now been pushed back until November 2020 at the earliest, adding an additional nine months to the final deadline for full implementation - now predicted to be December 2023. This is to make way for considerable reforms to the programme including plans to continue paying legacy benefits for two weeks after a claim for UC has been made. A further delay to a system of nine months would not be a huge setback; it is more important to make it succeed, and to succeed DWP must ensure its flexible approach to delivery helps it learn from its own experiences, those of claimants, and those who support them.

This report was completed in October 2018 and is the result of a survey carried out between May and June that year. The publication of this report was delayed until greater detail on the roll out of managed migration was released by government and the effect of this had become clearer. However, there has been little new information to report as the switchover for existing benefit claimants to Universal Credit will be "slow and measured" and start in 2019 with "no more than 10,000 people" to ensure the system is working. The Northern Housing Consortium will continue to monitor UC roll out through our Roundtable programme and keep members abreast of developments.

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