

<b>Subject:</b>	<b>UNIVERSAL CREDIT UPDATE - EAST KENT HOUSING</b>
<b>Meeting and Date:</b>	<b>Scrutiny (Policy &amp; Performance) Committee - 10 October 2017</b>
<b>Report of:</b>	<b>Matthew Gough, Director of Customer Services, East Kent Housing</b>
<b>Portfolio Holder:</b>	<b>Councillor Pauline Beresford, Portfolio Holder for Housing, Health and Wellbeing</b>
<b>Decision Type:</b>	<b>Non-Key</b>
<b>Classification:</b>	<b>UNRESTRICTED</b>
<b>Purpose of the report:</b>	<i>To advise Members of the impact of the introduction of Universal Credit on tenants in properties managed by East Kent Housing on behalf of Dover District Council.</i>
<b>Recommendation:</b>	<p>Members are asked to note:</p> <ul style="list-style-type: none"> <li>(a) The ongoing roll out of Universal Credit in the Dover area as set out in the report below;</li> <li>(b) Details of the number of households effected;</li> <li>(c) The impact of Universal Credit for tenants;</li> <li>(d) The impact for East Kent Housing</li> </ul>

## 1. Summary

Following discussions at the Scrutiny (Policy & Performance) Committee on the 12 September 2017, it was agreed that East Kent Housing would present a report on the roll out of Universal Credit (UC) for those tenants of Dover District Council who live in properties managed by East Kent Housing.

The report provides a brief explanation of UC, details of the planned roll out, the number of households in receipt of the new benefit, the status of the claims and the impact of its implementation.

Key points addressed in the report are:

- The number of households affected by the introduction of UC so far.
- The work undertaken to manage the impact of the introduction of the new system.
- The need to continue to monitor the impact of UC as implementation continues and to keep under review measures for managing its impact on tenants, East Kent Housing and the Council.

## 2. Background

UC is a monthly payment to help eligible households who may be on a low income or out of work with living costs, and replaces the following benefits:

- Child Tax Credit
- Housing Benefit

- Income Support
- income-based Jobseeker's Allowance (JSA)
- income-related Employment and Support Allowance (ESA)
- Working Tax Credit

It is being introduced in phases across the UK, both in relation to types of cases and areas.

Implementation in Dover district started in February 2016 (the 'Live Service') and this first phase was generally limited to new claims by single people on a low income or unemployed. The next phase ('Full Service') started in May 2017 and included the continuation of claims made by single person households and some new claims made by couples, families and those whose claim was subject to revision because of a change in their circumstances.

UC is paid on a monthly basis and is made up of a standard allowance and extra amounts that apply to the household if they have:-

- Children
- A disability or health condition or
- Need help paying for rent

The amount of payment is assessed every month and the amount paid will vary according to any change in the level of any earnings. The payment is usually made directly into the claimant's bank or building society account and may include an amount for housing where the household is eligible. Claimants are then responsible for paying their rent to their landlord.

Currently, it is typically taking 5 to 6 weeks for a new claim to be assessed and for the first payment to be made. Alternative Payment Arrangements may be possible in respect of claimants who genuinely can't manage a monthly payment arrangement. All claims are made and managed either by telephone or online.

It is currently expected that the implementation roll out will continue for current claimants from 2019 onwards.

East Kent Housing is responsible for the collection of rent for Dover District Council owned properties.

### 3. Housing Rent and Service Charges

Currently around 52.5% of housing rent income received by the Council comes in the form of directly paid Housing Benefit. In 2016/17 the Council's total rent roll was £19.9m and of this £10.7m was paid by Housing Benefit. The remaining £9m was paid by tenants. As UC is rolled out most of the £10.7m received directly from Housing Benefit will disappear with the expectation that it will be replaced by the rent payments made by tenants from the UC payments they receive.

### 4. Live Service (Simple Singles)

For the period April 2016 to March 2017 when the Live Service was introduced there were a total of 37 cases that had claims dealt with through the Live Service. The majority of these were existing tenants who had already been claiming Housing Benefit

but due to changes in their circumstances, had their claims moved to UC. The total amount of rent arrears relating to these cases prior to them moving on to Universal Credit was £5,828. By the end of the year, following their move on to UC, the arrears total for this group had risen to £11,208 with 28 of the total of 37 cases remaining in arrears. The arrears had accrued for a number of reasons which included the delay in the initial UC payment, a failure of tenants to engage, late claims and a limited ability to back date claims.

## 5. Full Service

This phase began in May 2017 in the Dover area, with 215 households receiving Universal Credit as of the 3 September 2017. Again, in most cases these were tenants who had previously received Housing Benefit but due to changes in their circumstances their claims moved over to Universal Credit. Prior to moving their claims to Universal Credit the total level of arrears for these cases was £42,940, but by 3 September 2017 these cases had accrued arrears totalling £72,605.

## 6. Impact for Tenants

UC is intended to introduce a simplified benefits system that allows people to keep more of their earnings from work, and to encourage households back into work, with the potential to streamline the process with increased online access.

Whilst UC seeks to deliver improved outcomes overall, it does mean that for many tenants the system of claiming assistance is changing very significantly and raises a number of areas of concern regarding tenants including:

- Their ability to cope with monthly budgeting
- Their ability to effectively access DWP services online
- That they will build up arrears on their rent accounts
- Increased concern and anxiety
- There is a single payment which now covers all of the assistance with living expenses rather than various elements

These concerns are common across social housing providers and represent a significant challenge given the increasing number of vulnerable households being housed. East Kent Housing has worked closely to support tenants through the transition, but there are cases where it has been very difficult to engage with tenants and they haven't taken the necessary action to address their situation and progress their claims.

Where tenants won't engage to either progress their claims or make other arrangements we may have to take legal action which could result in tenants being evicted. This is always a last resort and to help avoid this and reduce the possibility of a household being made homeless we have reviewed our arrangements for providing support and assistance. We work closely with a number of other agencies to give comprehensive support and help resolve issues. This approach has meant that whilst the number of arrears cases has increased, the total number of evictions for rent arrears has in fact decreased from 6 cases between April and August 2016 to 1 for the same period in 2017.

## 7. Impact for East Kent Housing

In preparation for the wider changes to the welfare benefit system East Kent Housing has developed a Welfare Reform Strategy, which was intended to help the transition not

only for tenants but also for the organisation. This Strategy has recently been reviewed and updated to take account of the ongoing changes and to incorporate lessons learned from our experience of welfare reforms to date.

The focus of our approach has been to manage the impact of Universal Credit which we have done through a range of initiatives, projects and changes to our operating model.

Specific issues that we are dealing with include:-

- The administration required for Universal Credit accounts is greater than for Housing Benefit claims, and includes an increased need for case revision and amendment to payments, along with additional support and advice for tenants for these arrangements.
- Increased need for budgeting advice and assistance particularly for the increasing number of vulnerable tenants.
- We have relaxed our formal rent collection regime triggers where arrears are due solely to the delay in first UC payment.
- Increased customer contact from those seeking advice, clarification and assistance.

Our performance in managing rent arrears has improved year on year and is amongst the strongest performing in the sector, with year-end performance in the upper quartile of social housing landlords.

Currently the management of UC related arrears cases is being undertaken within our existing resource base, and performance remains strong. However, we anticipate that as the transition to full service continues, this will become more of a challenge and consequently there may be a need to review the resources that will be required to manage the expected increase in case as well as performance targets for arrears and the level of bad debt provision.

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