
Subject:	UNIVERSAL CREDIT UPDATE - EAST KENT HOUSING
Meeting and Date:	Scrutiny (Policy & Performance) Committee 15th May 2018
Report of:	Mike Davis, Director of Finance, Housing and Community, Matthew Gough, Director of Customer Services, East Kent Housing
Decision Type:	For Information
Classification:	UNRESTRICTED

Purpose of the report:	As requested by Members this report provides details of the impact of the introduction of Universal Credit on tenants in properties managed by East Kent Housing on Dover District Councils behalf.
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Recommendation:	Members are asked to note the report.
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1. Summary

Following discussions at the Scrutiny (Policy & Performance) Committee on the 13 March 2018, it was agreed that East Kent Housing would present a report on the roll out of Universal Credit for those tenants of Dover District Councils who live in properties managed by East Kent Housing.

The report will briefly explain what Universal Credit is, details of the planned roll out, along with details of the number of households now receiving the benefit, the status of the claims and the impact of the change to the new system.

2. Background

Universal Credit 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

Universal Credit is being introduced in phases across the UK, both in terms of the types of cases, but also for the areas that the changes are being rolled out in.

The initial phase for the Dover District was with the Live Service, which was generally for new claims by single people who were on a low income or unemployed and this was introduced from February 2016. Whilst the Full Service started in May 2017 and includes those single person households but also couples, most families and for those whose claim is being revised as a result of a change in their circumstances.

The payment that is made 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 change accordingly and will be affected by the level of any earnings. The payment is made usually directly into a bank or building society account of the claimant and will include an amount for housing, which the claimant is responsible for paying to the landlord.

It usually takes 5 to 6 weeks for a new claim to be assessed and for the first payment to arrive; Alternative Payment Arrangements will be available in some circumstances for claimants who genuinely can't manage their monthly payment. All cases will be managed either by telephone or online.

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

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

1. Housing Rent and Service Charges

Currently the majority of housing rent is paid directly by Housing Benefit, with remaining cases having rent collected directly from tenants by EKH. As the roll out of Universal Credit continues it is expected that this situation will change and at the end of the roll out the majority of rent will be being paid to the tenant as part of their Universal Credit payment. This in turn means that the number of households where their rent case will have to be actively managed will increase dramatically.

2. Live Service (Simple Singles)

There are currently 17 cases that have their 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 Universal Credit. The number of cases under this scheme has reduced from a high of 28 cases, however the total level of arrears for these cases as at the end of March 2018 was £8,524 compared to £1,836 before they had their claims moved to Universal Credit.

3. Full Service

This phase began in May 2017 in the Dover area and with 491 households receiving Universal Credit by the 31 March 2018 compared to 238 in September 2018. These households include both new tenants along with households who were already tenants who had previously received Housing Benefit but due to changes in their circumstances their claims moved over to Universal Credit. The current level of arrears associated with these households is £236,414, the majority of the cases had no significant level of arrears and they have built up following their move to UC.

4. Impact for Tenants

Universal Credit 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.

This change, whilst seeking to deliver improved outcomes overall means that means that the system of claiming assistance is changing dramatically for many tenants, and this has in turn raised areas of concern for tenants that includes:-

- 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 are particularly challenging for the increasing number of vulnerable households. East Kent Housing has worked closely to support tenants through the transition, there are however, cases where tenants have failed to interact or take the necessary action to address their situation and progress their claims.

Where we are unable to work with tenants to either progress their claims or make other arrangements we will consider taking legal action which could result in tenants being evicted. In order to help reduce this and reduce the possibility of homelessness we have reviewed our arrangements for providing support and assistance and we work closely with other agencies to help progress issues. This change in approach has meant that whilst we have seen the number of arrears cases increase the total number of evictions for rent arrears has in fact decreased from 13 cases in 2016/17 to 6 in 2017/18.

5. Impact for East Kent Housing

In preparation for the wider changes to the 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 reflect the ongoing changes that are being introduced and to incorporate from experiences of the new system 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.

Whilst performance for rent arrears has improved year on year for East Kent Housing and is amongst the strongest performing in the sector, with year-end performance within the upper quartile performance in the sector.

The currently roll out is creating a challenging environment and we are currently with Dover District Council to review the level of resources to be allocated to this area or work.

Contact Officers:

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