

**JOINT OVERVIEW & SCRUTINY COMMITTEE**  
**19 September 2019**

**INFORMATION BULLETIN**

**Review of the impact and implementation of Universal Credit and its effect on Income Management within the Babergh and Mid-Suffolk Housing Service**

**1. INTRODUCTION**

- 1.1 This information bulletin is to provide the Joint Overview and Scrutiny Committee with information about the impact of Universal Credit on council housing rent collection in Babergh and Mid-Suffolk Districts.
- 1.2 This bulletin is an update on the previous report dated 14 February 2019

**2. WHAT IS UNIVERSAL CREDIT?**

- 2.1 Universal Credit is a means-tested benefit that replaces six forms of support for working-age households; working tax credit, child tax credit, housing benefit, income support, income-based Jobseeker's Allowance, and income-related Employment and Support Allowance. These benefits are now often referred to as 'legacy' benefits.
- 2.2 As of 12 December 2018, Universal Credit Full Service became available in every part of Great Britain and Northern Ireland. With some very limited exceptions, it is no longer possible to make a new claim for a legacy benefit or tax credit, and once a person moves onto Universal Credit, it is not normally possible to move back to legacy benefits.
- 2.3 Existing claimants of legacy benefits may move to Universal Credit through "natural migration", triggered by a change in their circumstances. The remaining legacy benefit and tax credit claimants will transfer to Universal Credit by a process known as "managed migration." Managed migration is expected to be completed by the end of 2023.
- 2.4 Information on the roll-out for the three parliamentary constituencies that overlap with Babergh and Mid Suffolk (South Suffolk, Bury St Edmunds, and Central Suffolk and North Ipswich) can be found in Appendix A.
- 2.5 The three local Job Centres that we work most closely with are Stowmarket (went live in May 2018), Sudbury (went live in October 2017), and Ipswich (went live in April 2018)

**3. FINANCIAL AND OTHER IMPACTS ON BABERGH & MID SUFFOLK COUNCILS**

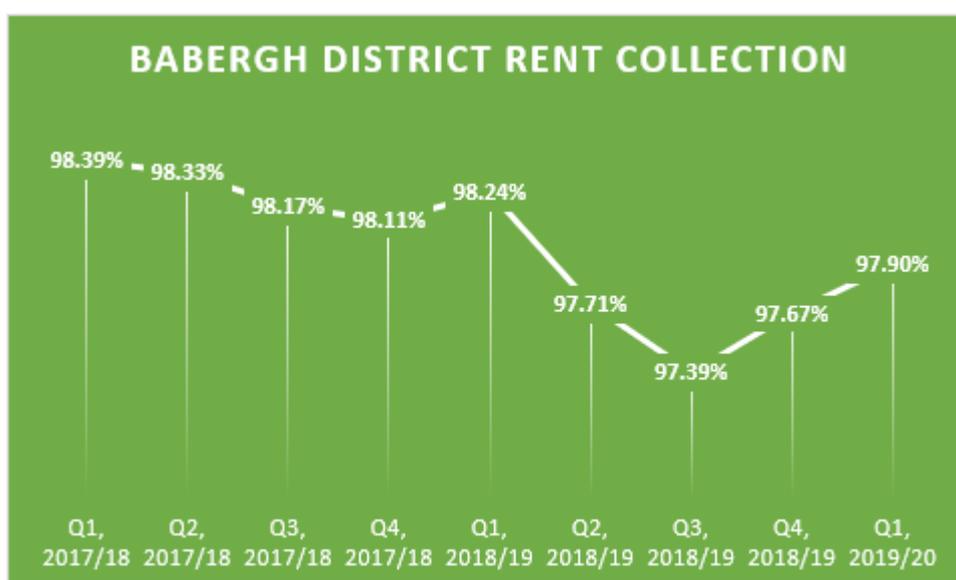
**3.1 Number of claimants**

As of **1 July 2019**, there were **161** council tenants in Babergh in receipt of Universal Credit (an increase of 54 tenants from the February 2019 JO&S report), and **129** council tenants in Mid Suffolk (an increase of 48 tenants).

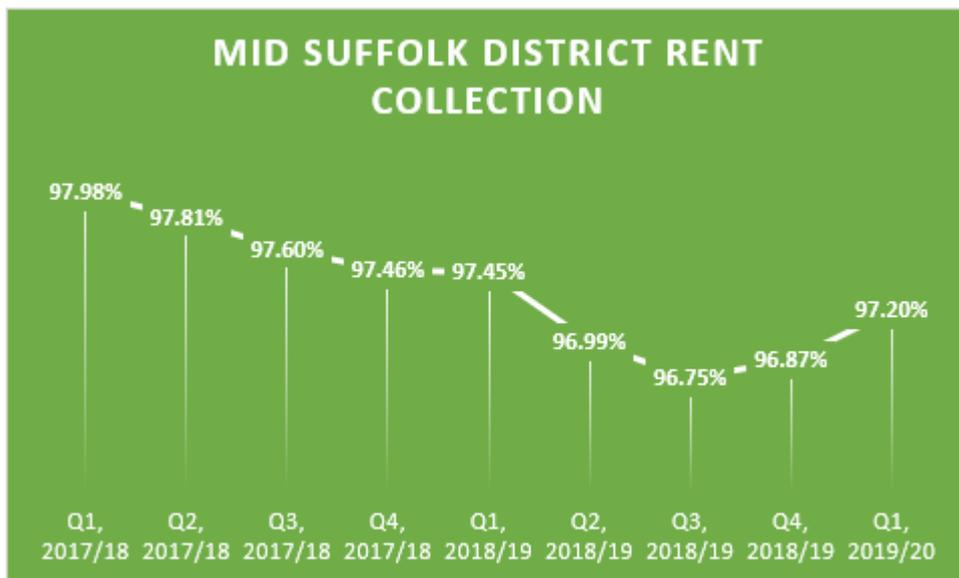
**3.2 Rent arrears**

The following two charts show the rates of income collection for Babergh and Mid Suffolk Councils. The target income collection is 98% for both Councils.

Both Districts are currently below target but have shown improvements to collection rates in the last two quarters.



The collection rate of 97.67% at the end of Q4 in 2018/2019 means that **£339,370.18** of rent due was uncollected at that point.

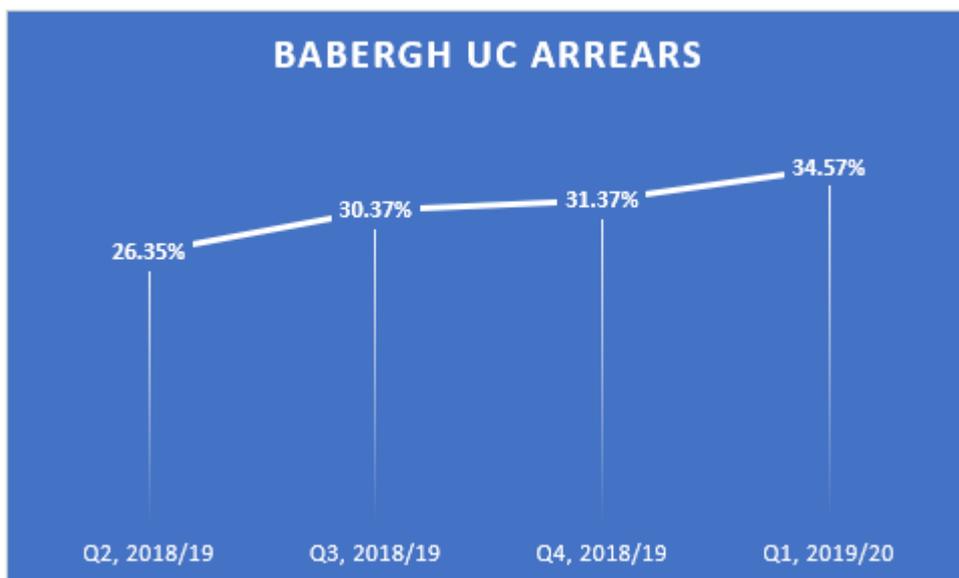


The collection rate of 96.87% at the end of Q4 in 2018/2019 means that **£473,537.28** of rent due was uncollected at that point.

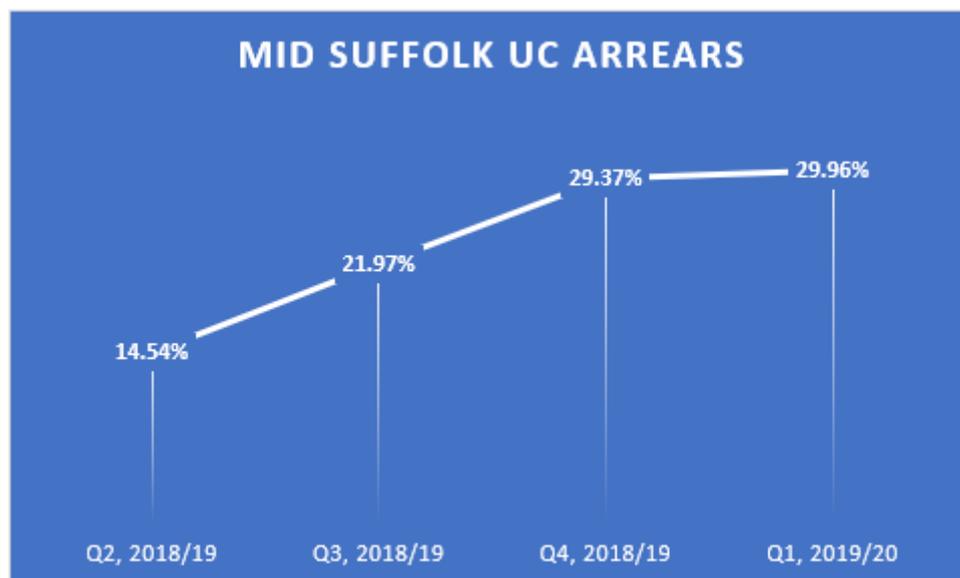
### 3.3 Universal Credit arrears

The following two charts show the total arrears for those on Universal Credit as % of total dwelling arrears for Babergh and Mid Suffolk Councils.

This data has only been available since Q2 in 2018/19. The charts show significant rises in rent arrears amongst Universal Credit claimants, but it should be noted that it is not currently possible to identify which arrears might be 'pre-UC', and which may be 'post-UC'



As of Q1, 2019/20, the Universal Credit arrears were 34.57% of the total dwelling arrears. This equates to £122,210. The average arrear per UC claimant in Babergh is £759.07



As of Q1, 2019/20, the Universal Credit arrears were 29.96% of the total dwelling arrears. This equates to £127,905. The average arrear per UC claimant in Mid Suffolk is £991.52

#### 3.4 Alternative Payment Arrangements (APAs)

APAs are a temporary arrangement where the housing element is paid direct to the landlord. They can only be used in certain circumstances but as a “Trusted Partner” we are able to request APAs without question. There should be regular reviews of APAs, and support provided to allow a claimant to return to direct payments. However, some of our APA cases have significant arrears and it is anticipated that they will remain on APAs until the debt is cleared.

A frequent problem with APAs is that any change in circumstances, i.e. varying income levels, will stop the payment of the APA. No notice of this is provided to the landlord, and so we will not know until the payment fails to arrive. This can, in some circumstances, add a further month’s rent arrear to the account.

In addition, once a year, there will be a “skipped” payment. We receive 12 payments in a calendar year because assessment periods for Universal Credit are calendar monthly. Therefore, the DWP assess what deductions can be made from Universal Credit 12 times each year, at the end of each assessment period. As a result, there will always be one 28-day payment cycle each year that does not align with the assessment of deductions from Universal Credit. When this is will depend on the date of the assessment period for the claimant, which depends on the original claim date. We will, in the end, receive the correct amount of money but it can be difficult to determine whether there is a problem with the APA, or whether it is simply a “skipped” payment.

At of 1 July 2019, there are **93** Babergh tenants with APAs in place (up from 66 in February 2019), and **76** Mid Suffolk tenants (up from 46 in February 2019).

### **3.5 Personal Budgeting Support (PBS)**

Since April 2019, Personal Budgeting Support has been provided by Citizen's Advice.

### **3.6 Working practices**

The introduction of Universal Credit has been a culture change not only for some of our tenants, but also for our staff.

With Housing Benefit being administered by local authorities, the Income Team could build a close working relationship with that team and enjoy direct access to the Housing Benefit system. In addition, Housing Benefit payments would automatically transfer into our IT systems.

We have enjoyed a broadly positive working relationship with the DWP since the early stages of Universal Credit roll-out in both Districts. This continues with regular meeting meetings between Income Officers, the Tenant Services Professional Lead, and DWP representatives. This relationship has certainly enabled us to raise problems quickly and work to find solutions.

However, challenges remain given that Universal Credit is administered nationally rather than locally. The day-to-day relationship with the DWP is very different with the requirement to contact their call centres to address any concerns. This can make the resolution of problems much more time-consuming, and this impacts on the time that the team have available to support all our tenants, not just those on Universal Credit. In addition, APAs from the DWP must be manually added to rent accounts.

### **3.7 Service Innovation Leads**

Recently we have seen the loss of the Service Innovation Leads (SIL). Each Job Centre had a SIL whose role was to ensure that the local staff were aware of all the changes coming through. They also acted as a point of contact for the Income Officers, where they had difficult cases, or they needed guidance. The Officers had excellent relationships with the SILs which enabled them to deal with issues swiftly. Babergh and Mid Suffolk were not made aware that the role was being withdrawn and it has impacted on our ability to deal with things as efficiently as we would like.

### **3.8 Landlord Portal**

The online Landlord's Portal is a means to provide the DWP with information to assist with a tenant's Universal Credit claim (verifying rent) and for us to apply for APAs or third-party deductions.

It is a significant improvement to the previous system of forms that were emailed to us, but it is a largely one-way system. We cannot view much information about the claim, such as payment due dates, or changes in circumstances. Nor can we see whether an APA or third-party deduction request has been approved. At stakeholder

meetings, all housing providers in attendance called for the Portal to be developed further, but no improvements have yet been seen.

At the present time, only social landlords can access the Landlord's Portal; it is not available to the private sector.

An issue with the Landlord Portal that recently came to light relates to APAs. If an APA has been stopped for any reason (see 5.3) and we need to request another, the Landlord Portal still holds the original APA and therefore we cannot request through the portal. This must then be manually done, which is more time consuming for the Officers. This has been raised with the DWP.

## **4. NEXT STEPS**

4.1 The report to the Joint Overview and Scrutiny Committee in February 2019 outlined an action plan to try and mitigate the risks that Universal Credit presents. The key elements of that plan, and updates from February, are as follows:

### **4.2 Income Management policy and procedures**

These have been developed in conjunction with the Income Team and we have consulted with both Sudbury and Stowmarket Citizen Advice, as well as the Tenant Board. The Tenant Services Professional Lead has also been working closely with Ipswich Borough Council to share and develop best practice.

The policy and procedures will clarify the steps that will be taken if rent arrears increase, but also include additional checks and reviews to make sure that tenancies are sustained whenever possible. These checks include much more early contact with new tenants and pre-Court and pre-eviction panels to try and prevent the escalation of enforcement action. In future updates to the Committee we will be able to report on whether this approach has been successful.

### **4.3 Improved Income Team letters**

As pledged in the 2015-2020 Income Strategy, our written communication has been subject to a review in line with previous studies into 'nudge' theory and behavioural insights. It is hoped that the new letters, which will also be simpler to understand, will provoke a positive response from the recipient and encourage contact with the Income Team and improved repayment.

In June 2019 we held a Tenant Sounding Board meeting with a group of residents to consider how our written communication should look and we received some very positive feedback and suggestions.

### **4.4 Affordability checks and early intervention**

The policy places a greater emphasis on assessing the ability of a tenant to pay before the tenancy starts and, where problems are identified, earlier intervention by

the Income Officer or Financial Inclusion Officer is possible. This could then prevent debt accumulating.

A 'new tenant risk matrix' is in development which will help us to identify vulnerable tenants, or those at risk of tenancy failure, at a much earlier stage.

### **4.5 'Rent on time' and accounts in credit**

The tenancy agreement requires that all rent accounts should always be at least one week's rent in credit. However, the payment of housing benefit in arrears has led to a situation where accounts being up to 4 weeks in arrears is the norm. The tenancy agreement requirement will be emphasised from the start of the tenancy agreement, and tenants encouraged to have up to one month's rent in credit on their account.

We are now monitoring the percentage of rent accounts in credit as a performance measure.

In addition, we are focusing much more attention on new tenants moving into our stock and carrying out telephone calls and visits within the first few weeks of a tenancy. This should identify problems at an early stage and get the tenancy off to a good start.

### **4.6 Staff training**

A specific one-day Universal Credit training course was delivered for the team in February 2019.

### **4.7 Changes to working practices within Tenant Services**

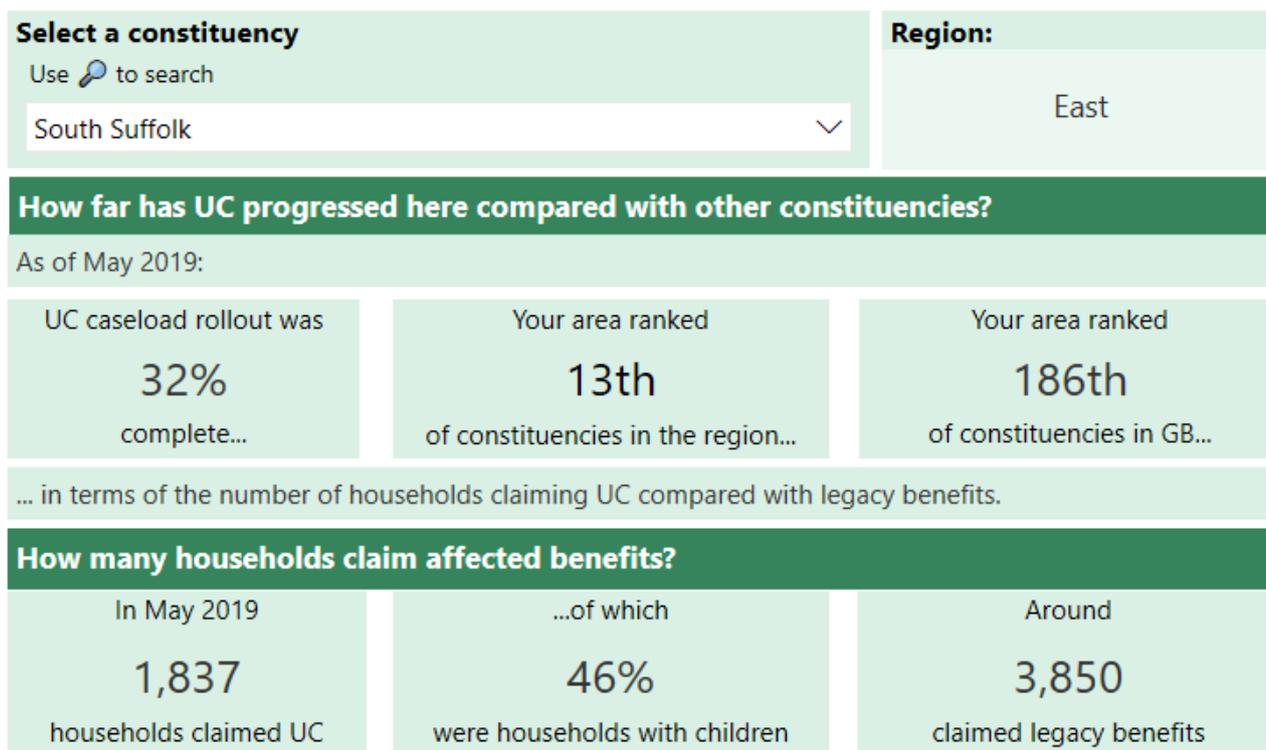
We have seen much closer working between Income Officers and other specialisms within the Housing Service, particularly the Housing Officers. This enables us to take a much more joined-up approach to tenant problems, of which Universal Credit and rent arrears may be just one aspect.

### **4.8 Continual improvements to DWP working relationship**

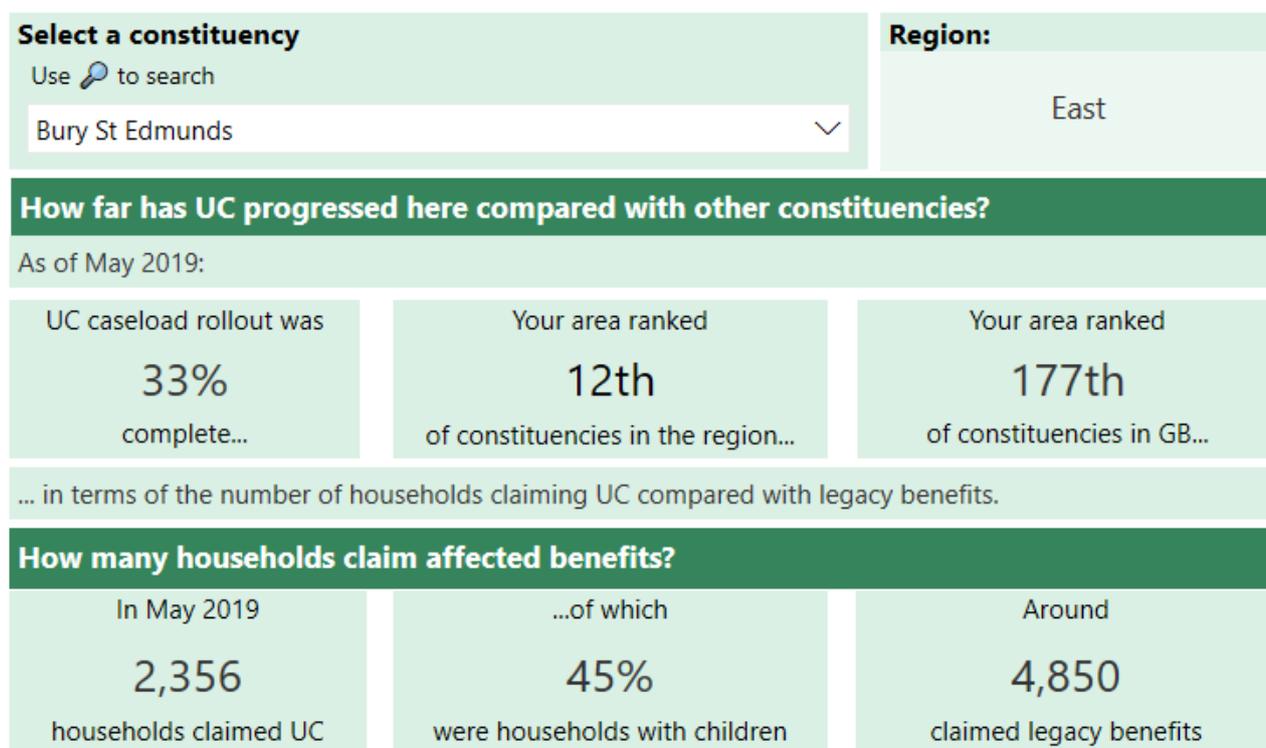
The regular meetings with the DWP representatives have created a much better understanding of how the respective organisations operate and allowed us to work more efficiently to identify and resolve problems that arise. It is intended that this will continue.

APPENDIX A – Universal Credit roll out by parliamentary constituency

**South Suffolk**



**Bury St Edmunds**



**Central Suffolk and North Ipswich**

<b>Select a constituency</b> Use 🔍 to search Central Suffolk and North Ipswich	<b>Region:</b> East
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**How far has UC progressed here compared with other constituencies?**

As of May 2019:

UC caseload rollout was <b>23%</b> complete...	Your area ranked <b>34th</b> of constituencies in the region...	Your area ranked <b>415th</b> of constituencies in GB...
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... in terms of the number of households claiming UC compared with legacy benefits.

**How many households claim affected benefits?**

In May 2019 <b>1,462</b> households claimed UC	...of which <b>47%</b> were households with children	Around <b>4,930</b> claimed legacy benefits
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