

**Report for:** Overview and Scrutiny Committee

**Item number:**

**Title:** Briefing update on the Impact of Universal Credit across Homes for Haringey.

**Report authorised by :** Gerri Scott, Executive Director of Operations

**Lead Officer:** Tracey Downie  
**Head of Income Management (Interim)**  
[Tracey.downie@homesforhairngey.org](mailto:Tracey.downie@homesforhairngey.org)  
**020 8489 5130.**

**Ward(s) affected:** All

**Report for Key/  
Non Key Decision:** Non key decision

## 1. Describe the issue under consideration

- 1.1. This report summarises the impact of Universal Credit on Council tenants in Haringey. It considers how it is affecting the financial well-being of tenants, provides some information about the challenges faced by tenants and describes how Homes for Haringey are managing those challenges.

## 2. Cabinet Member Introduction

N/A

## 3. Recommendations

- 3.1. Overview and Scrutiny Committee is recommended to note the contents of this report.

## 4. Background information

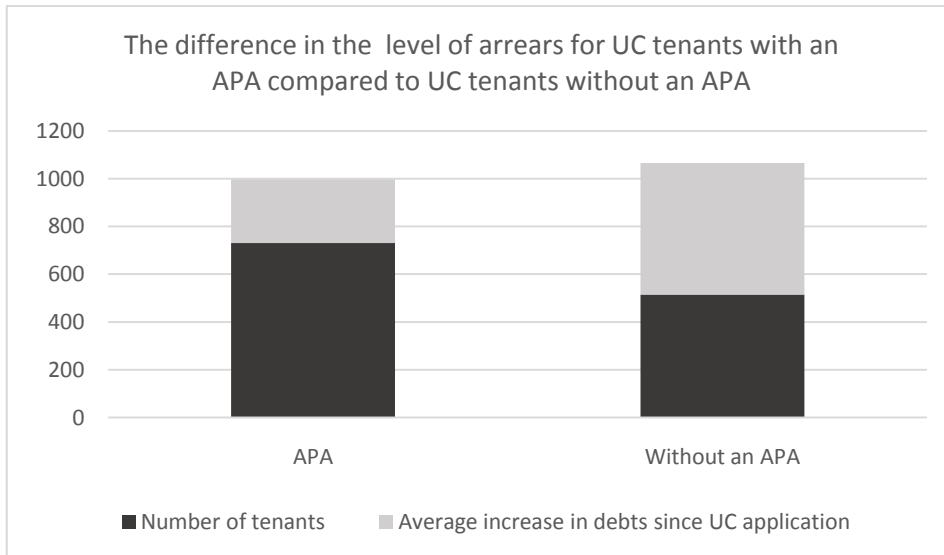
- 4.1. Introduction
- 4.1.1. Homes for Haringey (HfH) is an Arms Length Management Organisation (ALMO) who are responsible for the day to day management of Council homes. This includes income management.
- 4.1.2. Universal Credit (UC) is a means-tested benefit for people of working age who are on a low income. It was implemented by the government in 2013/14 to replace six benefits and is now being rolled out across Haringey.
- 4.1.3. UC is calculated by the Department of Works & Pensions (DWP) who pay the claimant a monthly allowance for their living costs. This allowance includes any housing costs. However, there is a cap to the level of UC a resident receives.

This means that any reduction in benefit received, could result in the tenant being unable to afford to pay their rent.

- 4.1.4.** UC has had a negative impact on income collection for most landlords. This is reducing as more landlords improve their systems and processes to manage the impact. For many social landlords, research has indicated that residents in receipt of UC are twice as likely to be in rent arrears.
- 4.2. The Impact of UC across Haringey**
- 4.2.1.** The Council currently has 1529 (week ending 21/10/2019) tenants in receipt of this benefit and have noted that their arrears have worsened since their migration to UC.
- 4.2.2.** The majority of UC claimants are new tenants or tenants who routinely move in and out of work. Tenants who routinely move in and out of work traditionally have the highest arrears.
- 4.2.3.** HfH are currently in a relatively stable position now, with regards to UC. HfH were able to pre-empt challenges associated with the move to UC, having looked at research provided by other boroughs. Consequently, a small team has been developed that has been successful in preventing large arrears.
- 4.2.4.** Tenants in receipt of UC are supported by 2 UC advisors and have access to 2 welfare benefit advisors. HfH have found that new UC tenants have required support to use the online claim forms and to understand how UC is calculated. Plus, our more vulnerable tenants have struggled to use the online systems and have limited capacity to manage a monthly payment.
- 4.2.5.** HfH have been operating a triage service through the UC advisors. Tenants will be contacted as the start of their claim. An assessment will be made and, if the tenant is able to manage the process by themselves, any appropriate information that will assist the tenant, is be given. Those tenants HfH considers may have difficulties, are offered more intensive support. Where possible, budgeting advice is provided in addition to the initial budgeting advice provided by the income management officers. This is working well. However, HfH have found that the demand for this service is increasing. As more tenants migrate to UC, this will continue.
- 4.2.6.** UC payments are still being made five or more weeks in arrears although tenants can receive these in advance. Unfortunately, the advance payments are not being used to pay rent and so residents transitioning to UC will routinely accrue rent arrears during the transition period.
- 4.2.7.** We continue to request direct rent payments (Alternate Payment Arrangements - APAs) once arrears exceed two calendar months. These APAs will include the rental costs and, where appropriate, payments towards any arrears.
- 4.2.8.** Of the 1529 cases that were in arrears (week commencing 21<sup>st</sup> October, 2019), 558 were on this scheme. These tenants have had smaller increases in their arrears compared to those tenants who continue to pay their own rent and arrears.

**4.2.9.** This suggests that HfH have managed to limit the increase in debts following the move to UC, by using APAs. HfH will continue to do this for tenants owing over two months' arrears.

**4.2.10.** The table below sets out the differences between increase in Council rent arrears for UC tenants with an APA compared to those without one. There were 558 tenants in arrears with an APA whose arrears increased on average by £473 from the date of their UC payments up to the end of 21<sup>st</sup> October. In contrast, the 971 UC tenants with arrears that did not have an APA, saw an increase of £643 in their arrears since the start of their claim, up to 21 October, 2019.



**4.2.11.** As a trusted partner, HfH are also provided with details of all tenants that are transitioning to UC. This gives HfH the opportunity to initiate a conversation to ensure a full understanding of this new benefit system, and encourage rent payments.

### **4.3. The impact on residents**

**4.3.1.** Information from our tenants indicates that their income has generally reduced since they have been in receipt of UC and many are finding it difficult to manage. Our income teams are issuing more vouchers for tenants to gain access to local food banks to assist tenants requiring additional support.

**4.3.2.** HfH are aware that self-employed are particularly affected. After 12 months of being self-employed, the DWP determines an average income amount to calculate entitlement the claimant's entitlement. This will be applied when the to all claimants submitting a lower figure as their earnings.

**4.3.3.** There are still significant difficulties for residents where English is not their first language. The documents and forms for claiming UC can be difficult to understand. Language barriers and insufficient access to translation facilities are causing difficulties. This often means that the application is delayed if there are no family, friends or other agencies to assist. This will inevitably impact both on income collection and a tenant's welfare.

**4.3.4.** UC applications are completed online, and it is evident that many tenants do not have access to online facilities. Plus, on occasions, they do not have sufficient understanding of the internet making the application process a real challenge. Facilities are available throughout the borough however, support and assistance often have to be booked in advance.

**4.3.5.** In some interviews with tenants, HfH are learning of the hardship endured when UC has resulted in a significant reduction in their income. This includes tenants who are not using electricity or heating and those who are forced to go to family/friends for meals. In a small number of cases, tenants have told UC advisors that they have gone without a meal or a hot meal, due to financial difficulties.

**4.3.6.** Finally, HfH have noted that tenants are having high deductions made once their UC benefit is in payment. This is where they had previously claimed an 'advance payment' during the assessment stage. In one case a tenant was left with just £36 per week.

#### **4.4. Conclusion**

**4.4.1.** UC still poses a threat to income collection across Council. However HfH have been successful in mitigating this threat and adopting a customer-focused service to support tenants, through financial inclusion, debt advice, referrals to support agencies and advocating on behalf of tenants to ensure they receive the right level of benefits.

**4.4.2.** Average arrears are higher for UC tenants, but the ongoing use of an APA will start to see this reduce.

**4.4.3.** The impact on tenants has been mixed but overall, UC has resulted in a reduction in income and some severe hardship for tenants.

#### **5. Contribution to strategic outcomes**

**5.1.** This report sets out the steps the Council is taking to support the delivery of the Housing Priority in the new Borough plan: We will work together to prevent homeless and to reduce existing homelessness.

#### **6. Local Government (Access to Information) Act 1985**

- a. [Carrying the Debt – Measuring the impact of Universal Credit on tenants and landlords](#) - Survey Results, 2018  
National Federation of ALMOs survey results, 2018