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# Universal Credit and housing

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# Overview

- ▶ Policy objectives
- ▶ Current status
- ▶ How it will work
- ▶ Key issues
- ▶ Implications for landlords
- ▶ CIH's top tips for landlords



# Policy objectives

- ▶ Incentivise employment – “ensure it always pays to work”
- ▶ Simplify the system – 6 into 1
- ▶ Less bureaucracy and administrative cost
- ▶ Greater transparency for claimants
- ▶ Reduce scope for error and fraud
- ▶ Savings to the Exchequer



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## Current status

- ▶ **April 2013:** Pathfinder sites in the NW, focused on single, unemployed claimants without children
- ▶ **February 2015:** National rollout to new single unemployed claimants across Great Britain
- ▶ **April 2016:** UC available for new claims from single unemployed claimants in all Jobcentres across the country and for couples and families in 96 sites across the North West
- ▶ **May 2016:** Expansion to wider range of claimants in 101 jobcentres around the country
- ▶ **October 2017:** Up to 50 additional Jobcentres a month will roll onto UC Full Service
- ▶ **March 2022:** All claimants are migrated on to full service

*At June 2017, more than half of all UC households were entitled to support for housing; 55 per cent of these households were in the social rented sector.*



# How UC will work

- ▶ “Digital by default” – online application and claim management process
- ▶ Available to people who are in work and on low incomes as well as those out of work
- ▶ Will merge out-of-work benefits and in-work support (e.g. tax credits)
- ▶ One single monthly payment per household (one month in arrears)
- ▶ Claimants can apply for an advance while waiting for first UC payment – will need to repay
- ▶ Automatic adjustments to payments based on monthly income reports
- ▶ Housing costs directly to claimant rather than landlord
  - Provision to apply for direct payment to landlord if risk of financial harm to tenant or if rent arrears reach “trigger” point
  - Under-occupancy penalty will apply

# Key issues

- ▶ Waiting times
- ▶ Rental arrears
- ▶ Monthly budgeting
- ▶ Digital access and/or proficiency
- ▶ Risks for domestic abuse victims
- ▶ Access to suitable employment support and training

## Key issues: focus on rental arrears

- ▶ Pilot findings indicate that arrears under UC are worse than under HB
- ▶ Pattern is generally that arrears mount at the start but stabilise over time
- ▶ Alternative payment arrangements (i.e. direct payments to landlords) had a positive impact on arrears
- ▶ Majority of the total quantum of arrears made up by the 20% owing the most
- ▶ Cash flow could be an issue if large numbers move onto UC at the same time and pattern of arrears growing at the start holds

# Implications for landlords

- ▶ Change required for UC, including to business processes, greater than anticipated
- ▶ Good knowledge of tenants and any vulnerability affecting likelihood of paying rent is key
- ▶ Strategies adopted by landlords include:
  - Reallocating resources to create new teams and adapting existing teams, such as a new 'tenancy sustainment' team interacting with every new UC tenant to identify needs and provide support
  - Comprehensive analysis of payment and arrears trends and profiles
  - Adopting a risk assessment approach (Red Amber Green rating) for UC claimants
  - Automatically referring to additional support e.g. budgeting
  - Greater interaction with other social landlords and with Jobcentres
  - Adapting/changing rent account software to manage changes under UC
  - Moving to direct payment of HB to tenants
- ▶ Intensive training and development for staff needed



## CIH's top tips for landlords

1. Decide carefully who will manage universal credit cases
2. Be proactive about collecting the rent
3. Provide support for tenants
4. Build a good relationship with your local jobcentres
5. Consider a partnership with local debt advice services
6. Keep up to speed with universal credit developments and changes
7. Remember that DWP systems are still in development
8. Work out what reports you need



## Contact details

If you would like more information, please contact me:

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