



Written Evidence by BCHA to the Work and Pensions Committee for the Universal Credit Inquiry

March 2016

1.0 Summary of Key Points:

- 1.1 Waiting and assessment times are longer for Universal Credit (UC) than the current guidelines claim, with devastating impacts on people's tenancy security and ability to pay for essentials.
- 1.2 UC requires a culture shift in how people manage their finances and pay their bills. More flexibility and support are required from the DWP and Job Centres.
- 1.3 UC payments for the housing element so far have been lower than the actual rent. The Local Housing Allowance cap will have significantly detrimental impacts on people's arrears in the near future.
- 1.4 Managed Direct Payment should become available before the eight weeks' arrears for those tenants who need it.
- 1.5 UC is not an appropriate payment system for emergency supported housing due to the short-term stay and chaotic lifestyles of some tenants.

2.0 About BCHA

- 2.1 BCHA is a specialist housing provider, helping homeless and vulnerable people access the right housing, living, support, and learning and work opportunities. Founded in 1968, BCHA supports over 10,000 people every year to take control of their lives and equips them to find a way forward.
- 2.2 BCHA has a diverse range of approximately 2,000 homes across the South and South West. Over 600 of these are supported homes for people who find themselves homeless after facing relationship breakdowns, addictions, unemployment, domestic violence and deteriorating mental and physical health.
- 2.3 Our vision is to 'create lasting solutions to homelessness, unemployment, and social exclusion in our local communities'.

3.0 Introduction

- 3.1 The UC Live Service has been rolled out across all of our areas in Devon, Somerset, Dorset, Hampshire and Reading. Currently only a handful of Job Centres in Somerset and Southampton offer a Full Service for single people, couples and families.
- 3.2 We currently know of six customers in our General Needs Housing who are claiming UC. They approached our Financial Inclusion Officer because they were having difficulties transitioning and paying their rent in the new system.

4.0 Waiting for Payment

The official guidelines say waiting times are six weeks, however we have found that our customers have had to wait for at least eight weeks for their first payment. During the waiting time some need to apply for an Advance Payment which can also take up to two weeks to arrive.

5.0 Managing Monthly Payments

- 5.1 For years benefit claimants have received payments on a weekly basis. UC brings a significant shift to how people manage their finances. When it comes to paying rent we see that some have stopped paying their rent altogether, and others are not paying the full rent.
- 5.2 For all of our customers on UC until now we have either had to apply for Managed Direct Payment or for Shortfalls to be paid directly to us as the landlord to cover and reduce arrears.
- 5.3 BCHA's Financial Inclusion Officer supports claimants of UC to manage their finances; however the change has been difficult for some.

6.0 Accuracy of Payments

- 6.1 Payments under UC have been less accurate than those under Housing Benefit. The Local Housing Allowance (LHA) rate is one of the main issues here. It is often insufficient to cover people's rent and service charges and leads to arrears due to shortfalls in payments.

7.0 Registering Claims

- 7.1 BCHA has not been made aware of tenants having issues with registering their UC claim. It is normally co-ordinated through the Job Centre and this seems to work well.
- 7.2 However, an issue we found is that people are not able to claim UC until they have received the final payment from their last employer. This is a real issue when employers do not process salary payments quickly or when people work a couple of days at the beginning of the month. They might need to wait weeks before starting the waiting and assessment time under UC, causing unnecessary hardship.

8.0 Rent Arrears

- 8.1 BCHA agrees with the Government that people should have the opportunity to make choices and manage their own finances. We want to support all of our tenants to do this effectively. However, all of our UC claiming tenants in General Needs Housing were in arrears before accessing support from our Financial Inclusion Officer.
- 8.2 A number of tenants say they would prefer to access Managed Direct Payments upon moving in, but under the current guidelines are prohibited from doing so until they are eight weeks in arrears.
- 8.3 As landlords, we cannot wait for the required eight weeks plus an additional amount of weeks for the assessment for rents and arrears to be paid. UC is a significant risk to our sustainability as social providers, especially when more tenants start to struggle to pay their rent under the new system.
Managed Direct Payment and payments of shortfalls are helpful solutions in addressing and preventing rent arrears, but they should become available sooner for those at risk of eviction or homelessness due to learning disabilities, health issues or substance use.

9.0 Payment Process Flexibility

- 9.1 The Department of Work and Pensions (DWP) currently offers three main routes of flexible payments. Firstly, the option for Managed Direct Payments. Secondly, paying UC to a family member or a trusted person when the claimant is struggling, and thirdly, a temporary option to receive fortnightly instead of monthly payments.
- 9.2 BCHA is encouraged to see that the DWP listens to some of our concerns and puts flexible solutions in place. However, the main issue landlords are concerned about is the initial waiting and assessment time, and the waiting time to apply for Managed Direct Payments. We are especially concerned about these issues as UC is set to be rolled out across Supported Housing, where a significant group of people will struggle to prioritise their incomes to pay essentials first.

10.0 Emergency Supported Accommodation

- 10.1 Due to the chaotic lifestyles of many people accessing BCHA's supported services, we see an average customer turnover of 170% per year. Some services go as high as 350% or 480% customer turnover. Of the 1043 people who accessed our services during 2016, 57% moved away within the first three months of their support start date. This rises to 64% when looking only at our homelessness services, even though we are commissioned to support people for up to six months or even two years.
- 10.2 In the current funding system, housing costs (rent and eligible charges) are covered by Housing Benefit (HB) and paid directly to the landlord. Ineligible service charges like utilities and food come from other benefits the customer receives and are paid by the customer to the landlord on a weekly or fortnightly basis.
- 10.3 The new funding system proposes to fund core rent and eligible service charges (up to LHA levels) through UC payments to individual claimants on a monthly basis. Direct payment can only be requested after eight weeks of arrears and a further four weeks of assessment time. This system is extremely unhelpful for supported services, where chaotic lifestyles often mean people leave the services within months or even weeks after moving in.
- 10.4 BCHA does not agree that the current form of UC is an appropriate system for paying rents in supported housing services. We are extremely concerned about the consequences UC will have on vulnerable people, their debts and access to housing, and also providers' abilities to continue to provide financially viable services. Also, UC does not take into account that some people are not able to access mainstream financial services or do not even have bank accounts. It also does not take into account that not everyone is literate, or able to access digital services.
- 10.5 From our own experience with UC claimants in general needs homes and the experience from other providers, we know that tenants receiving the benefits suffer from long lead-in and waiting times, payment in arrears and large lump-sum monthly payments which increase their arrears significantly.
- 10.6 Due to the vulnerable and chaotic nature of many people accessing supported housing, we propose that all rent payments are made directly to the landlord, and a flexible approach of weekly or fortnightly payments is put in place. We appreciate the Government's objective to give people back responsibility over their finances; however, these lump-sum payments are not always appropriate for people who struggle with issues around addictions and debt.

11.0 Impact of UC on Organisational Incomes

11.1 As BCHA only has a handful of tenants on UC, it is difficult to estimate the full impact UC will have on our income. However, research among Local Authorities has shown that 95% of their UC claiming tenants are in arrears. This will have a significant impact on the capacity to build new housing, manage repairs and the offer of other essential landlord services. There has also been a reported increase in people using foodbanks.

12.0 Success of Universal Credit

12.1 The areas where BCHA owns or manages social housing stock are mostly in the early stages of the UC roll-out. Therefore, it is difficult to assess properly whether UC is a success or not. Our experience of arrears accompanied with headlines in the news do concern us as we look to the Full Service roll-out coming to our areas during 2017-18.

12.2 The success of UC will be closely linked to claimants' skills in literacy, digital inclusion, work contracts (zero-hour contracts can make finances extremely difficult to manage), and future waiting times.