

# North Lanarkshire Council Report

## Communities and Housing Committee

approval  noting

Ref SL/GW

Date 11/09/19

## Policy on Impact of Universal Credit

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### Executive Summary

Committee is asked to note the current impact of Universal Credit on tenants and the housing revenue collected through rents and a proposed action to mitigate against the impact of arrears accrued due to DWP processing method and timescales.

### Recommendations

It is recommended that the Communities and Housing Committee:

- (1) Approve the service investigates the appropriateness of establishing a fund to assist tenants who are falling into arrears due to a built-in waiting time for Universal Credit payments to be processed and paid.

### The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (11) Increase economic opportunities for adults by understanding, identifying, and addressing the causes of poverty and deprivation and barriers to financial inclusion

## 1. Background

- 1.1 The rollout of Universal Credit (UC) within North Lanarkshire has had significant impact on council tenants, particularly those with eligible housing costs since full service was implemented in April 2018.
- 1.2 There is currently no payment of Universal Credit for one calendar month following the date of claim (called the assessment period) plus an additional waiting period of one week after this. This causes what could be described as a 'technical arrear' to occur.

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## 2. Report

- 2.1 The impact on mainstream tenants has been significant since April 2018; which has resulted in a significant increase in rent arrears overall for tenants in receipt of Universal Credit.
- 2.2 North Lanarkshire has witnessed a considerably high migration to Universal Credit, which was higher than anticipated. The table below demonstrates the correlation between Universal Credit and increasing arrears.

Year	Tenants on Universal Credit			Tenants not on Universal Credit		
	Arrears Cases	Total Arrears Value	Average Arrears Value	Arrears Cases	Total Arrears Value	Average Arrears Value
2015/16	433	£216,237	£499	9785	£2,827,686	£289
2016/17	624	£296,729	£476	9742	£3,035,781	£312
2017/18	688	£334,434	£486	9799	£3,621,910	£370
2018/19	4254	£3,000,706	£705	7045	£2,685,084	£381
P3 2019/20	5149	£3,740,508	£726	9295	£2,806,820	£302

- 2.3 These arrears are largely due to the 'technical arrear' referred to in 1.2. Many tenants who have moved to Universal Credit from Housing Benefit, which was paid directly to their rent account from the start of their claim, have never experienced rent arrears before and it is difficult for them to understand why they are in arrears.
- 2.4 Tenants can request a managed payment to the Council – an Alternative Payment Arrangement (APA). However, the Council can wait up to 9 weeks to receive this payment. During this time, tenants will receive their Universal Credit award monthly, with the APA removed, but this payment may not reach their rent account for a further 4 weeks due to the DWP payment schedule. Therefore, while the APA guarantees that the Housing Costs are paid towards the rent directly, the way in which the payments are administered causes arrears.
- 2.5 Within the centralised rents team and Area Housing Officers, there are dedicated Income Maximisers/Sustainability Officers tasked with supporting tenants with Universal Credit claims. However, because of the way in which Universal Credit and APA's are administered, even where a tenant engages fully with our officers, they are highly likely to fall into arrears, as evidenced by the average arrear of a tenant on Universal Credit being £726 while a tenant not in receipt of Universal Credit is £302.

- 2.6 It is clear that due to the method of administration by the DWP, a benefit designed to assist and support those on low incomes is causing them to fall into rent arrears, with many of them never being in a position to make-up this shortfall. It is therefore proposed that North Lanarkshire Council set up a fund to be made available to current tenants struggling to cope with the impact of making a Universal Credit Claim or migrating to Universal Credit. Further work is required to determine how this fund will be administered, however, it is estimated that around £1 million initially will be required to help mitigate against the technical arrears being experienced by tenants claiming Universal Credit.

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### **3. Equality and Diversity**

#### **3.1 Fairer Scotland Duty**

North Lanarkshire Council is committed to working in partnership to tackle and alleviate poverty and the inequalities ensuing from poor health, unemployment and digital exclusion.

#### **3.2 Equality Impact Assessment**

Full consideration has been given to reducing inequalities across protected characteristic groups and strengthening the impact of future opportunities.

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### **4. Implications**

#### **4.1 Financial Impact**

The cost of establishing this fund can be contained within the HRA.

#### **4.2 HR/Policy/Legislative Impact**

There are no personnel, legal or policy implications

#### **4.3 Environmental Impact**

None

#### **4.4 Risk Impact**

The impact of Universal Credit has been assessed as a key risk at corporate and service level.

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### **5. Measures of success**

- 5.1 Success will be measured by a reduction of rent arrears experienced by tenants claiming Universal Credit, helping to sustain tenancies.

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### **6. Supporting documents**

- 6.1 No appendices

A handwritten signature in dark ink, appearing to read 'S. Lewellyn', with a stylized, cursive script.

**Stephen Lewellyn**  
**Head of Housing Solutions**