

# North Lanarkshire Council Report

## Communities & Housing Committee

approval  noting

Ref SL/GW

Date 20/11/19

## Universal Credit Assistance Fund

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### Executive Summary

Following Committee approval on 11 September 2019 to investigate into the creation of a fund to assist tenants who are falling into arrears due to a built-in waiting time for Universal Credit, this report proposes the establishment and administration of the Universal Credit Assistance Fund.

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### Recommendations

It is recommended that the Communities and Housing Committee:

- (1) Approve the procedure developed to implement and administer the Universal Credit Assistance Fund.

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### 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 As previously stated, 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 of Universal Credit on mainstream tenants has been significant since April 2018, and has resulted in a significant increase in rent arrears overall for tenants in receipt of Universal Credit.
- 2.2 The average rent arrears for a tenant on Universal Credit (UC) has risen sharply, from £499 in 2014/15 to £705 for 2018/19, with this year's figure continuing to follow the same trend.
- 2.3 It is estimated that there are approximately 30 NLC tenants making a new UC claim each week, however this rate could change as UC continues to be rolled out.
- 2.4 In order to address the built in waiting time we propose to assist all new UC claimants who have an arrear solely due to the in-built waiting period. All eligible tenants will be credited 5 weeks rent to alleviate the shortfall and cover this 'technical arrear'. This will then be recovered from the tenant by the setting up of a Standing Order. The amount taken each month will depend on the individual tenants' circumstances, and will be determined after a full income maximisation assessment has been concluded and will be set at an affordable level minimising any financial impact of the repayment agreement. Our primary objective at all times will be to support tenants to mitigate against the impact of the 5 week delay in receiving a UC payment.
- 2.5 All new claims will be identified via the landlord portal, the DWP system which advises NLC of new UC claims. An Income Maximiser will make contact and engage with each tenant to investigate eligibility for the fund and will maximise all supports available.
- 2.6 There will be two exceptions to eligibility for this fund. Firstly, if a tenant applies for UC and already has a substantial outstanding arrear on their rent account which has resulted in their case being passed for court action. There will have been several stages which have been completed for a case to reach the court action stage, and if such a serious stage is reached, it is because our tenant has failed to engage with officers positively, or has refused the assistance offered to them to address any arrears. Secondly, tenants go on and off UC and if a tenant has previously been made an award through this fund and has a history of rent arrears and has failed to engage with the service then no further award should be made.

- 2.7 All payments of the fund will be authorised by a Housing Service Manager to ensure financial transparency and consistency.
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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 £1m fund will be met from the Change Management resources currently available within HRA reserves. The service will introduce measures to monitor utilisation of the resource within the funding available which will be incorporated into future budget monitoring reports.

#### 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, flowing script.

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