

## Crisis debate briefing

### Opposition day debate on Universal Credit

October 2017

On Wednesday 18<sup>th</sup> October, there is an opposition day debate on “Pause and fix of rollout of Universal Credit.”

#### Universal Credit and Help to Rent projects

There are concerns among landlords and tenants about the roll out of Universal Credit, with regard to housing related matters such as rent arrears and direct payments, particularly for vulnerable claimants. Research carried out by Sheffield Hallam found that, of all the recent policy changes brought in by the Government that affect landlords, the continued roll out of Universal Credit was causing the greatest anxiety. There were a range of reasons why landlords are anxious about the expansion of Universal Credit. These included the digital first nature of the new system and the replacement of the relationship with local authority staff by a more centralised regime in DWP. However, of greatest concern to landlords is the move away from direct payments. Many are concerned that tenants won't have the capability to budget effectively and will end up spending the housing element part of Universal Credit on other essentials to make ends meet before paying their rent. (Reeve, K., Cole, I., Batty, E., Foden, M., Green, S. & Pattison, B. (2016) *Home No less will do Homeless people's access to the Private Rented Sector*. London: Crisis.)

Help to Rent projects provide a relatively inexpensive solution to mitigate issues for tenants and encourage landlords to let to tenants in receipt of Universal Credit. Projects support both landlords and homeless households to make and sustain tenancies in a competitive private rental market. An intensive support package is essential in helping people transition onto Universal Credit by assisting them to access advanced and direct payments and ensuring that the right support is in place to avoid rent arrears.

**In the forthcoming budget, Crisis along with the National Landlords Association and the Residential Landlords Association is calling for funding for Help to Rent Projects. Westminster Policy Institute Economics (WPI) identified £31 million would be required per annum.**

#### Universal Credit roll out

- Crisis supports the principles of Universal Credit. This approach is important in helping to simplify the benefits system and providing people with the financial independence needed to end their homelessness. For Universal Credit to work for the most vulnerable people, including those who have experienced homelessness, it must function to enable financial stability for these groups, so that they are able to secure stable housing and a route into employment.
- We know however, that homeless people are struggling with the new system. Our Skylight services in Croydon, Newcastle and Brent have full Universal Credit roll out in their areas and have reported on our client's struggle with the system.

## Key problems

- Nearly 90% of local authorities surveyed for the 2017 Homelessness Monitor, an independent study commissioned by Crisis and the Joseph Rowntree Foundation, said that they were concerned that the roll out of Universal Credit would exacerbate homelessness further, mainly because of the move away from direct payment of rent to landlords and the pressure placed on vulnerable people by the online application process.<sup>1</sup>
- Another concern highlighted in the Homelessness Monitor by local authorities was that it is risky to place greater reliance on vulnerable people who might lack adequate budget management capacity.<sup>2</sup>
- **Processing claims:** our Skylight staff report that a significant number of our clients in receipt of Universal Credit have experienced delays of beyond the six-week processing period. This has led to cases where members have built up rent arrears and eviction notices have been issued.
- **Seven day waiting period:** Many of our clients do not have the financial resources to tide them over during the seven day waiting period, where applicants are not eligible for assistance. The option of an advance payment is also problematic as it must be paid back over six months, meaning some clients can struggle with a shortfall in payments and their rent that they simply are not able to make up, even when working.
- **Setting up alternative and advanced payments:** Where Crisis services have needed to make use of Alternative Payment Arrangements (APA) and advanced payments, there has been a lack of consistency in how these are awarded and applied, putting people at risk of eviction.

## Crisis' recommendations

- Crisis would like homeless people to be made exempt from the seven-day waiting period for Universal Credit, as they will not have savings to tide them over.
- To continue with the roll of Universal Credit as per the scheduled timetable, the Government must provide funding for Help to Rent projects, which provide an intensive package of support for both landlords and tenants, in the forthcoming budget. These schemes will be vital in helping to mitigate some of the negative impacts of Universal Credit.

## Help to Rent projects improves the functionality of Universal Credit:

- **A Government commitment of £31 million** invested in Help to Rent provision this autumn means local authorities will also have the much-needed extra resource to help them deliver on the new prevention and relief duties coming into force in April next year, under the Homelessness Reduction Act.

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<sup>1</sup> Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2016) *The homelessness monitor: England 2016*. London: Crisis

<sup>2</sup> As above

- The £31 million would also cover provisions for a national rent deposit guarantee scheme. This is a written commitment in place of a cash deposit, which would be administered by central Government and delivered locally by Help to Rent projects. It would take away some of the inhibitory costs homeless people face when trying to access the Private Rented Sector.
- Help to Rent projects de-risk the Private Rented Sector. They support vulnerable and homeless people into the private rented sector. The tenant receives structured support throughout the tenancy, to ensure the accommodation remains suitable. Giving tenants the skills to manage their finances and ensuring that they pay their rent on time. They provide training in budgeting, dealing with utilities, and let tenants know their rights and responsibilities with regards to rent payment.
- They work with landlords to set up a tenancy and ensure they are able to sustain it by providing ongoing support. Inexperienced landlords will receive training on how to manage complex tenancies. All landlords will be given a named person to contact at the Help to Rent project if any difficulties arise. This suite of services helps ease landlords' reluctance to let to tenants in receipt of Universal Credit.
- A recent Residential Landlords Association report showed that four out of five (80%) landlords would be more willing to let to under-35s working with a rent deposit project<sup>3</sup>.
- A key aim of Universal Credit is to help simplify a complicated benefits system and ensure that moving into work always pays. Help to Rent projects provide support to tenants in finding and staying in employment.
- Help to Rent projects build strong relationships with landlords so they understand the reason for the delay in payments and the steps being taken to address them.

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<sup>3</sup> Sheffield Hallam University (2017) Access to homes for under 35's