**Crisis response to the Work and Pensions Select Committee inquiry into the** **Universal Credit rollout**

*March 2017*

**Introduction**

1. Crisis, the national charity for homeless people, is pleased to respond to this consultation on Universal Credit.
2. Crisis is dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help people to transform their lives. Our eleven Skylight Centres across the UK offer holistic support across a whole range of issues, including support to secure access to adequate and affordable housing. Our dedicated coaches work to an integrated model of delivery that also helps people prepare for, find, sustain and progress in work.

**Summary**

1. Crisis supports the aims of Universal Credit in simplifying the benefits system and making it easier for people to move into work. We are however concerned that the design of Universal Credit does not sufficiently take into account the needs of more vulnerable people. In particular, we are concerned that the delay in the first payment, the seven waiting days at the start of a claim and the default position of payment for rental costs being paid directly to claimants is putting more vulnerable claimants at risk of homelessness.
2. The ‘gateway conditions’ in live service areas exclude people who are homeless from claiming Universal Credit. As such, our experience of supporting people in receipt of Universal Credit is limited; just 3 per cent of clients in 2016 were claiming Universal Credit when they first came to Crisis.
3. Much of this submission draws on our experiences in Croydon and Newcastle, where the full service has been introduced and we have a higher proportion of clients on Universal Credit. By January 2017, 18 per cent of clients in Croydon and 9 per cent in Newcastle were receiving Universal Credit when they first came to us. This is likely to underestimate the Universal Credit caseload amongst our clients in these areas, given that many of our clients are not receiving the benefits to which they are entitled when they first come to us.
4. In this submission we provide evidence of the impact to date of Universal Credit, highlighting the impact of both its intended design and administrative problems experienced during the roll-out. We recommend the following:
   1. A new joint model of working between Jobcentre Plus Work Coaches, the Universal Credit service centre and local authority homelessness services, to ensure that Universal Credit claimants who are homeless or at risk of homelessness are identified and get the help they need
      1. This could be delivered as part of an improved Universal Support package, in the context of implementing the new duties contained in the Homelessness Reduction Bill.
      2. The Department for Work and Pensions (DWP)’s Universal Credit functions, including Jobcentre Plus and the service centre, should be included in the ‘duty to refer’ regulations of the Homelessness Reduction Bill.
   2. Reconsideration of waiting days at the start of a claim to prevent people from falling into rent arrears by the time they receive their first Universal Credit payment
      1. Waiting days at the start of a claim should be abolished.
      2. At the very least an exemption should be introduced so that people who are homeless do not have to serve waiting days.
   3. Improved engagement with private landlords to encourage them to provide much-needed accommodation to people who need the financial support of Universal Credit to maintain their housing
      1. DWP should issue targeted written communications for private landlords and engage with landlord representative bodies, including to sell the benefits of Universal Credit.
      2. Private landlords, Help to Rent schemes and local authority homelessness services should be able to call the service centre’s housing element team directly via a dedicated telephone number.
      3. DWP should review its training for Service centre staff on dealing with housing-related queries
   4. Improvements to the Alternative Payment Arrangements process to ensure that people who would benefit from direct payments to their landlord are able to access this
      1. Tenants should be given greater choice to decide they would prefer an Alternative Payment Arrangement.
      2. DWP should introduce an equivalent process to the ‘Trusted Partner’ status for Help to Rent schemes and local authority homelessness teams, to make decisions about direct payments for people being supported into the private rented sector.
      3. DWP should introduce a needs assessment to identify vulnerable people who may benefit from an Alternative Payment Arrangement, and publish data on the proportion of direct payments being introduced due to vulnerability (rather than rent arrears).
      4. DWP should better publicise Alternative Payment Arrangements to private landlords.
   5. Improvements to the online process to ensure that the application process takes place as quickly as possible, and that claimants understand the amount they have been paid each month
      1. Applicants should be able to submit the online application and add additional information at a later date.
      2. DWP should reduce the waiting time between submitting the online application and being invited to appointments necessary to progress the claim.
      3. The online system should include a clear breakdown of how each monthly payment has been calculated.
   6. An improved offer for providers of emergency accommodation, to help ensure that homeless people are able to access accommodation at a time of crisis
      1. DWP should apply a shorter payment period in cases where the claimant is living in short-term emergency accommodation.
      2. All emergency accommodation should be funded through Housing Benefit, at least for the duration of the Universal Credit roll-out.
      3. Alternative Payment Arrangements should be expedited for people living in short-term emergency accommodation, and better promoted to providers.
      4. DWP should improve its communications with providers of supported exempt accommodation, and with council Housing Benefit teams about the funding current arrangements for supported accommodation.

**How long are people waiting for their Universal Credit claim to be processed, and what impact is this having on them?**

1. Our coaches in Newcastle report that Universal Credit is typically being processed within the intended six weeks, while in Croydon it is reportedly taking eight to twelve weeks.
2. Claims are typically taking longer than six weeks to process for clients with more complicated circumstances, such as foreign nationals who need to confirm that they meet the Habitual Residence Test, or those who don’t have identification or other documents needed to process their claim. Crisis Skylight Croydon reports handing out more food vouchers to people in emergency accommodation due to these delays. Combined with the waiting days and maximum backdating period of one month, this is also leaving people with significant rent arrears even once they receive their first payment.
3. **The Department should reduce the waiting time between submitting the online application and being invited to appointments necessary to progress the claim**, such as to prove identity or that an individual meets the Habitual Residence Test. We also believe **the seven waiting days should be abolished. At the very least an exemption should be made so that people who are homeless do not have to serve waiting days**.

**Case study: the impact of delays on vulnerable claimants**

Tom, a client of Crisis Skylight in Merseyside, was on Universal Credit before finding full-time employment in October 2016, at which point he ended his claim. However, he lost his job in January and had to reclaim Universal Credit. His Crisis job coach contacted his Jobcentre Plus branch to try to smooth the process of re-establishing his claim. A manager informed her that the process for reclaiming should be relatively simple and Tom would receive his payment within two weeks. He also confirmed that, due to Tom’s history of homelessness, Jobcentre Plus could put an Alternative Payment Arrangement in place, with a fortnightly payment and the housing element paid directly to Tom’s landlord.

Despite these reassurances, Tom waited six weeks to receive any funds and when he did receive his payment it had defaulted to a monthly payment. When he spoke to his Jobcentre Plus Work Coach about this, his Work Coach had no knowledge of the agreement to set up an Alternative Payment Arrangement. Tom’s Crisis job coach contacted Jobcentre Plus but was unable to get any coherent answers as to why the payment had been delayed and why the Alternative Payment Arrangement had not been put in place.

Tom asked his Work Coach for help to manage the delay in receiving his payment and was told he could apply to the local authority for a hardship payment. However, he had already received a hardship payment so was not eligible. His Work Coach offered no other advice. As a result, Tom had to rely on food vouchers and charitable donations until he received his payment. During this time, he had no money for gas and electricity and experienced a deterioration in his physical and mental health and wellbeing.

**How are claimants managing with being paid Universal Credit monthly in arrears?**

1. Crisis coaches report that our clients are struggling to budget over a monthly period, despite receiving budgeting support from Crisis and completing pre-tenancy training. Many spend their entire payment in just a few days, particularly younger clients who have no experience of working or being paid on a monthly basis. Those who are in work but with fluctuating hours are also struggling, as they receive their fluctuating Universal Credit payments at a different time to the changes in their salary. Those who are used to payments going directly to their landlord often don’t realise they are supposed to pay their rent out of their monthly payment, and spend the housing element on other living costs.
2. Some of our more vulnerable clients have been financially exploited when friends find out they are receiving a monthly lump sum (see Suzanne’s story below).

**Has Universal Credit improved the accuracy of payments?**

1. If anything, Universal Credit has created more confusion about the amount of money people should be and are receiving. Crisis coaches are spending a considerable amount of time calling the service centre to understand payments or to chase delayed or inaccurate payments. Crisis coaches are unable to get an accurate breakdown, to understand how the payment amounts have been calculated. This includes where deductions are made and it is unclear what these deductions are for. Some clients appear to be receiving less money once their rent is accounted for, compared to the legacy benefits system. **The online system should include a clear breakdown of how each monthly payment has been calculated.**
2. We are also experiencing inaccurate payments relating to which Local Housing Allowance rate our clients are eligible for. In particular, we have a number of clients whose exemption to the Shared Accommodation Rate is not being carried over into Universal Credit or applied consistently (see Waheed’s story below).
3. Crisis coaches in both Croydon and Newcastle report that some clients are not always receiving payments on the correct day (see Jenny’s story below). This has implications for paying rent and bills on time. This is making it even harder to budget for people who are already struggling to manage a monthly income.

**Have claimants reported making a new claim for Universal Credit, and then found that the system has not registered their claim correctly?**

1. Crisis Skylight Croydon has experienced at least one case where a client had to register three times, with a new email address in each case, as the online application system did not register their claim correctly.
2. Our clients are experiencing significant difficulties in registering their claim in the first instance. This is due to the amount of information required when making the initial application. Some clients are being challenged for providing a care of address, including their Jobcentre Plus branch, thus causing delays to the processing of their application. For people who are homeless it is simply not possible for them to provide details of a permanent address.
3. That the Universal Credit application cannot be completed and submitted without providing details of a bank account is also causing difficulties. Many of our clients struggle to open bank accounts due to not having a proof of address. While Universal Credit can be paid in other ways, such as into a Post Office account or via a Simple Payment card, this requires calling the service centre thus causing an additional delay before the application can be processed.
4. Our coaches in Newcastle report having to provide a mobile phone number as part of the online application process, in order to receive SMS communications. Not all homeless people have a mobile phone. In one instance Crisis resorted to buying an inexpensive Pay as You Go phone for a client, in order to quickly submit the online application for a client.
5. Our clients often do not have the required documentation to verify their identity at the end of the application process. Identity documents are easily lost during periods of homelessness. This leaves our clients with the only option of having to undergo an Experian credit check. Many of our clients are very fearful of this, particularly if they have debts, as they think this will allow their creditors to receive their future Universal Credit payments.
6. **We recommend that the Department introduces greater flexibility to the online application process, in order to allow the application process to be kick-started, with additional information added to the application at a later date.** This would effectively enable vulnerable applicants to get their application ‘in the queue’, while they gather the other documentation and information they need to complete the process.

**What impact is Universal Credit having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved?**

1. The negative impact of Universal Credit on rent arrears is relatively well documented, including through DWP’s own direct payment demonstration projects with social landlords. Over the eighteen months of the programme average rent payment rates were estimated to be 5.5% lower than would have been the case without direct payments.[[1]](#footnote-1) The Homelessness Monitor 2017, Crisis’ latest annual report on homelessness in England, acknowledges that rates of underpayment declined over the course of the projects. It also highlights however that underpayments were erratic and difficult to predict (and therefore manage), reflecting the complexities and challenges of unforeseen circumstances on low income households’ budgets.[[2]](#footnote-2)
2. A recent report by the Centre for Social Justice also raised concerns about rent arrears caused by Universal Credit, citing concerns expressed by the former the Minister for Welfare Reform, Lord Freud, that 50% of Universal Credit claimants were in arrears, much higher than the Government had expected.[[3]](#footnote-3)
3. We are seeing Universal Credit causing rent arrears and, consequently, threats of eviction and in some cases homelessness amongst our own clients. This is often due to the planned six-week delay in first payment, but also due to unforeseen delays as a result of administrative errors, or because vulnerable tenants do not understand what they need to do under the new system. Many tenants have had their rent paid directly to their landlord for years, and simply do not know how much their rent is, and in some cases do not even know who their landlord is to ask. This can result in a shortfall if they declare the wrong rental amount when first making their application, thus leading to rent arrears.

**Case studies: being threatened with homelessness after migrating to Universal Credit**

**Jenny**

Jenny came to Crisis Skylight Newcastle in August 2016 having been served with a notice seeking possession from her housing association. Jenny, a single parent who had claimed Income Support for a number of years, had begun to claim Universal Credit following a change in circumstances relating to her Child Tax Credit claim. The delay in her first payment resulted in her accruing £400 of rent arrears, prompting an automatically generated possession notice.

Jenny experienced severe emotional distress as a result, having never previously been behind with her rent. Her Universal Credit payments continued to be paid a few days late on several occasions. She was informed this was because her details had to be entered manually, resulting in a late payment if staff missed the relevant deadline. This meant she was unable to set up a direct debit to her housing association to pay her rent and clear her arrears, as she could not afford to incur bank charges if her Universal Credit was paid late. Fortunately, Jenny’s landlord is sympathetic to her circumstances and she has not been evicted. She continues to receive support from Crisis, both to promote her wellbeing and to manage the logistics of her Universal Credit claim, having never previously used a computer.

**Bernie**

Bernie had been claiming Employment and Support Allowance for several years but made a claim for Universal Credit after being found fit for work by a Work Capability Assessment. His passported Housing Benefit had always been paid directly to his private landlord, but when making his Universal Credit claim he was not aware that he needed to make a claim for the housing element of Universal Credit. The first he realised that his rent had gone unpaid was when he received an eviction notice from his landlord, having accrued two months of rent arrears amounting to £500. Thanks to a persistent intervention by his housing coach at Crisis Skylight Newcastle, he was able to have the housing element of his claim backdated and avoided eviction. This required a total of five hours of the housing coach’s time on the phone to DWP. Bernie’s fit for work decision was later overturned.

**Suzanne**

Suzanne is 22 years old and suffers from anxiety and depression, as well as suspected undiagnosed mild learning difficulties. She moved to Birmingham from Yorkshire last summer to escape a violent partner she had been living with since the death of her mother. She was found statutory homeless and was housed in a council flat. She made a benefits claim and was put on Universal Credit. She was offered no support to manage her claim and no advice that she was expected to pay her rent from her monthly payment. Suzanne struggled to budget and was financially exploited by friends when they found out she was receiving a monthly lump sum. Although occasionally finding part-time work, Suzanne struggled to meet her work-related conditionality requirements and was sanctioned, during which time she spent the housing element on feeding herself. When she experienced a further sanction, the housing element of her claim was suspended in error.

Eventually the council (her landlord) put Suzanne in touch with a debt advisor who referred her to Crisis Skylight Birmingham. By this time, she was approximately £3,000 in debt, including at least £700 in rent arrears. A week after coming to Crisis she was served with a notice seeking possession. She attended a meeting with the council to review her tenancy, accompanied by her Crisis housing coach. Our housing coaches regularly attend such meetings with clients; they are usually a formality to discuss a repayment plan and agree an extension to the introductory tenancy. This was the first occasion on which a client of ours was not offered an extension, despite having a repayment plan in place. Suzanne later received a letter stating the council’s intention to take the matter to court, with a view to evicting her. Thanks to the persistent intervention of Suzanne’s Crisis housing coach, the council agreed not to take the matter to court, recognising that they were still quite unfamiliar with Universal Credit.

1. The impact of Universal Credit on rent arrears and evictions is reflected in concerns amongst local authority homelessness teams. The overwhelming majority (89 per cent) of local authorities surveyed for the Homelessness Monitor are concerned that the roll out of Universal Credit will exacerbate homelessness further.[[4]](#footnote-4) Many believe it risky to place greater reliance on vulnerable people who might lack adequate budget management capacity or struggle with online application processes.
2. Notably, the proportion of councils expressing such concerns has increased since we surveyed local authorities for last year’s Homelessness Monitor, up from 73 per cent.[[5]](#footnote-5) This suggests that councils’ confidence in Universal Credit has lessened as the roll-out has progressed.

**Concerns of local authority homelessness services about rent arrears**

"We have already evicted some households from our own stock who were switched onto Universal Credit and did not pay their rent. It is bonkers."

(Local authority in the South of England)[[6]](#footnote-6)

"Rent arrears are likely to increase and therefore significant increased housing advice work will be needed to negotiate relationships between tenant and landlord. This will lead to increased evictions from both PRS and social [tenancies]. Prevention into PRS will become less accessible as landlords will withdraw without having the comfort of direct HB [Housing Benefit] payments."

(Local authority in London)[[7]](#footnote-7)

1. As the last comment suggests, there is widespread concern that Universal Credit is having a negative impact not only on rent arrears and evictions, but on homelessness services’ ability to rehouse people once they become homeless or are threatened with eviction. Homelessness services’ access to the private rented sector to prevent or alleviate homelessness is already fragile; in a survey of private landlords commissioned by Crisis, only 20 per cent indicated that they were willing to let to homeless people.[[8]](#footnote-8)
2. We are already seeing evidence that private landlords are becoming less willing to tenants in receipt of Universal Credit, due to the risk of rent arrears. Sixty-eight per cent of landlords who responded to the Crisis survey said that direct payments of Universal Credit housing costs to claimants have made them more reluctant to let to people receiving Universal Credit.[[9]](#footnote-9) Sixty-six per cent said that direct payments of Universal Credit have made them more reluctant to let to homeless people.[[10]](#footnote-10)
3. This is borne out in Croydon, where landlords have very little confidence that Universal Credit claimants will be able to manage their rent or will even be paid at all. Some landlords and letting agents have already indicated to Crisis coaches that they no longer want to rent their properties to benefit claimants due to constant issues with Universal Credit.

**The impact of Universal Credit on private landlords**

**"**We are already seeing the effects in that private landlords are not prepared to accept applicants on UC due to delays in payment and also serving notice due to payment delays."

(Local authority in the South of England)[[11]](#footnote-11)

"Landlords are already reluctant to house our clients even with the incentive of assistance with HB claims and direct payments. UC will add to their reluctance."

(Local authority in the Midlands)[[12]](#footnote-12)

1. **DWP should improve its engagement with private landlords**,to mitigate the risk of them leaving this end of the housing market. Given the decline in the supply of social rented homes, private landlords play a vital role in providing much-needed accommodation for vulnerable tenants. Yet DWP’s communications around Universal Credit have to date focused predominantly on social landlords. Its written communications products either focus exclusively on social landlords[[13]](#footnote-13) or combine information for both social and private landlords.[[14]](#footnote-14) This is likely to be at best confusing for private landlords, and at worst counter-productive, since these generic communications highlight some of the advantages that social landlords have that private landlords do not, such as notification when a tenant starts receiving Universal Credit.
2. The landlords interviewed for the Crisis landlord survey indicated that they were motivated primarily by financial/ economic considerations in their lettings priorities rather than underlying negative views about the characteristics of benefit claimants or homeless people.[[15]](#footnote-15) This suggests that measures that help mitigate financial risk will increase the proportion of landlords willing to rent to financially riskier tenants.
3. To this end, **DWP should publicise the Alternative Payment Arrangements process better to private landlords**, including through updated written communications exclusively for private landlords and by engaging with landlord representative bodies such as the Residential Landlords Association and the National Landlords Association**.** Statistics released by DWP show that a third of social tenants on Universal Credit who receive the housing element are having this paid directly to their landlord, while only 5 per cent of private tenants are.[[16]](#footnote-16) This suggests that private landlords and their tenants are less familiar with the Alternative Payment Arrangements process.
4. Private landlords interviewed for the Crisis study also expressed concern about claims being handled centrally rather than locally under Universal Credit. They felt this would make it harder for them to obtain reliable information about their tenants’ claims, and that DWP staff would not have the same understanding and expertise to deal with complex housing issues that specialist local authority officers had built up over time. One commented that staff on the Universal Credit helpline were not able to provide answers even to basic questions.[[17]](#footnote-17)
5. This reflects the experiences of some of our housing coaches, who report a lack of understanding of housing-related matters amongst staff in the Universal Credit Service centre. As outlined in Waheed’s story below, this has in some cases resulted in tenants accruing significant rent arrears. Once coaches have been able to speak directly to the housing element team, however, staff have had more expertise and queries have been resolved. **Crisis urges the Government to review its training for Service centre staff on dealing with housing-related queries**. **Private landlords, Help to Rent schemes** (see below for an explanation of these schemes) **and local authority homelessness services should be able to call the Service centre’s housing element team directly via a dedicated telephone number.**

**Case study: lack of expertise in the Service centre leading to rent arrears**

Waheed is in his mid-twenties. He came to Crisis Skylight London several years ago while living in a hostel in East London, having been asked to leave the family home following his parents’ divorce. He was supported by a Crisis housing coach into a studio flat in Hackney in 2015 and a Crisis job coach helped him find retail work in a department store. He was eligible for the one bed rate of Local Housing Allowance due to having previously lived in a hostel (which exempted him from the Shared Accommodation Rate), but was only making a partial claim because of his earnings.

When his temporary employment contract came to an end he submitted a new benefits claim and was put on Universal Credit. He moved back into work quickly, before receiving his first Universal Credit payment, but when he did receive his payment it included no housing element. His future payments also included no housing element to top up his earnings and cover the shortfall in his rent. He called the service centre several times but was repeatedly told that he was not eligible for the housing element because his earnings were too high. In the meantime he accrued £2,500 of rent arrears.

Waheed queried this with his Crisis housing coach, who rang the service centre on his behalf and successfully arranged a call back from the housing element team. They confirmed that he was eligible for the housing element but that his exemption from the Shared Accommodation Rate had not been carried over to his Universal Credit claim from the council’s Housing Benefit department. Waheed resubmitted evidence of having lived in the hostel and eventually received a lump sum to cover his rent arrears. His Crisis housing coach successfully negotiated with Waheed’s private landlord, to ensure he could remain in his home.

1. Universal Credit is designed to ease the transition into work, and as such has the potential to mitigate the risk of people accruing rent arrears at the point they move into work and experience a change in the level and source of their income. This has traditionally been a struggle for many of the people we work with. Crisis housing coaches in Newcastle have been making these arguments to successfully persuade private landlords to let properties to our clients. While we recognise the greater challenge of persuading private landlords to take on more financially risky tenants in more highly pressured housing markets, it is likely that the general opinion of Universal Credit amongst landlords could be improved if they better understood its potential advantages. **DWP should better promote the benefits of Universal Credit to private landlords**.
2. Crisis has access to a network of private landlords through our Help to Rent programme that supports Help to Rent schemes around the country. These schemes match tenants with landlords and provide financial guarantees for deposits and rent, as well as ongoing support for both parties. This includes support to help tenants manage their budget. We run a programme of events as part of this work and would be happy to facilitate DWP staff coming to talk to Help to Rent schemes about Alternative Payment Arrangements and the benefits of Universal Credit to private landlords.
3. Crisis is calling on the Department for Communities and Local Government and the Treasury about scaling up Help to Rent schemes for people with experience of homelessness, including through a national rent deposit guarantee scheme. This would have the positive benefit of increasing the support available to help homeless Universal Credit claimants access the private rented sector, as well as improving the support offer for private landlords, thus increasing the likelihood of them being willing to let their properties to this client group.
4. **Crisis also wishes to see a new joint model of working between Jobcentre Plus Work Coaches, the Universal Credit service centre and local authority homelessness services**. This should incorporate the work of Help to Rent schemes in the local area. This would help to ensure that people get the help they need from homelessness services if DWP identifies through their Universal Credit claim that they have accrued rent arrears. At the same time, this would allow homelessness teams to make sure that appropriate support is put in place, including Alternative Payment Arrangements, where they are working with someone at risk of homelessness. This would play an important role in helping the Government deliver on its ambitious homelessness prevention agenda.
5. The Homelessness Reduction Bill, a Private Member’s Bill supported by Government and nearing the end of its parliamentary passage, is a significant part of this agenda. If passed, the Bill will introduce new duties on local authority homelessness teams in England to prevent homelessness, and require them to support a wider range of people than can access homelessness assistance under the current system. This will require significant reform to existing Housing Options provision and offers a real opportunity to integrate this support with other services.
6. In particular, the Bill will introduce a duty on other public agencies to refer individuals to homelessness teams if they identify that they are homeless or at risk of homelessness. The list of public agencies will be prescribed in secondary legislation. **Crisis wishes to see DWP’s Universal Credit functions, including Jobcentre Plus and the service centre, listed in the ‘duty to refer’ regulations.**
7. Universal Support offers one potential avenue through which to deliver an integrated model of support between DWP and homelessness services. The evaluation of the Universal Support trials found that holistic support to address wider support needs – including to address housing need in some of the trials – was important in leading to sustainable outcomes.[[18]](#footnote-18) We are currently having constructive conversations with DCLG and DWP about how support to address housing need could be delivered through Universal Support, in the context of implementing the new duties contained in the Homelessness Reduction Bill.

**Would certain groups benefit from greater payment process flexibility and, if so, what might the Government do to facilitate it?**

1. As outlined above, people at risk of homelessness or with experience of homelessness would benefit from greater flexibility in relation to the payment process. Direct payments pose risks to those who are already leading chaotic lives and who may have little experience of managing a monthly budget, particularly in relation to paying rent to a landlord from that budget.

**Calls from local authority homelessness services for direct payments to landlords for those at risk of homelessness**

"I believe that by paying the housing element of Universal Credit direct to those with mental illnesses, drug and alcohol problems will only lead to more homelessness. There is a degree of protection in the present system as the Council's HB unit can pay HB direct to the landlord if the tenant is likely to default on the rent and put themselves at risk of homelessness. If this is removed the likelihood is that more will accrue rent arrears and face homelessness."

(Local authority in the Midlands)[[19]](#footnote-19)

“Vulnerable households dealing with homelessness would benefit from not having to be concerned with housing costs being paid monthly to them directly when their lives are chaotic enough”

(Local authority in the north of England)[[20]](#footnote-20)

1. For these reasons Crisis welcomes the Alternative Payment Arrangements process, which allows for the housing element to be paid directly to landlords and for more frequent payments. We particularly welcome the fact that guidance for Work Coaches is clear that people with current or previous experience of homelessness are likely to benefit from an Alternative Payment Arrangement.
2. In practice, however, Crisis coaches report that Alternative Payment Arrangements can be difficult to set up. This requires a conversation between the claimant and their Work Coach, but contact time with Work Coaches is limited and they are not reachable by phone, while calls to the service centre can take in excess of forty minutes to connect in full service areas. The evidence threshold for setting up an Alternative Payment Arrangement is also too high, with some of our members being asked to provide documentation that they simply don’t have. In some cases, Work Coaches are refusing to grant Alternative Payment Arrangements, despite claimants having vulnerabilities that should make them eligible.

**Case study: a client becoming homeless after being refused an Alternative Payment Arrangement**

Steve approached Crisis Skylight Croydon for help moving on from hostel accommodation into a private rented property. He had a temporary construction job and could not afford the higher rents in the hostel out of his wages. His Crisis housing coach helped Steve move into a studio flat in Merton. When his employment contract came to an end, Crisis helped him make a claim for Universal Credit. Steve had previously experienced problems with substance misuse and was worried that he would struggle to manage his money. He requested that the housing element of his claim be paid directly to his landlord. This request was refused by his Jobcentre Plus Work Coach but this was not communicated to Steve. When he received his first payment of Universal Credit, he was surprised to receive such a large sum, and was unable to fight the temptation to spend his payment on things other than his rent. As a result, his landlord served him with an eviction notice and he was forced to leave the accommodation. Steve is currently homeless and sofa surfing. He regrets having failed to pay his rent and continues to receive support from Crisis.

1. As outlined above, many private landlords and their tenants are simply not aware of Alternative Payment Arrangements. People renting from private landlords do not have access to the same level of advice and support as social tenants, even though they may experience an equivalent level of vulnerability. At the same time many small private landlords lack expertise in navigating the benefits system.
2. It is vital that more is done to identify those who might benefit from a direct payment to their landlord or fortnightly payment, before they accrue rent arrears**.** There is widespread misunderstanding amongst housing organisations and benefit advisors that direct payments to landlords can only be put in place once the claimant has accrued two months’ rent arrears. **DWP should introduce a needs assessment to identify vulnerable people claiming Universal Credit, including those who are at risk of homeless, who may** **benefit from an Alternative Payment Arrangement.** Crisis has argued elsewhere that an assessment framework that identifies those who are homeless or at risk of homelessness would also ensure people get the most appropriate support from Jobcentre Plus.[[21]](#footnote-21)
3. To monitor the effectiveness of DWP’s identification of vulnerable claimants for the purposes of Alternative Payment Arrangements, **the Department should gather and publish data on the proportion of direct payments being introduced as a result of tenants being in rent arrears, and the proportion being introduced due to vulnerability.** This would provide DWP with an opportunity to demonstrate its contribution to the Government’s homelessness prevention agenda.
4. More broadly, Crisis believes **tenants should be given greater** **choice to decide they would prefer an Alternative Payment Arrangement**.Tenants should be encouraged to make a rational and sensible choice if they think they are likely to struggle with managing their money, rather than having obstacles placed in their way. This would mirror the sorts of choices many people on higher incomes make about setting up direct debits to pay rent and utilities. As outlined above, many of our clients face difficulties in opening bank accounts so do not have this option available to them. Crisis welcomes the Scottish Government’s decision to introduce an option for claimants to request flexibilities in how they are paid and that all Scottish claimants must be advised of this option.
5. **Crisis would also wish to see an equivalent process to the ‘Trusted Partner’ status piloted for social landlords, to allow Help to Rent schemes and local authority homelessness teams to make decisions about Alternative Payment Arrangements on behalf of people they are supporting into the private rented sector**. This would strengthen their bargaining power when encouraging private landlords to let properties to people moving on from homelessness, and help them maintain existing relationships with private landlords.
6. Currently, Help to Rent schemes are almost universally able to access direct payments of Local Housing Allowance through relationships with local authority housing benefit teams, and this is a strong selling point of such schemes to landlords.[[22]](#footnote-22) Many schemes are worried about losing this advantage under Universal Credit. Such a mechanism could be introduced for local authority homelessness services as part of the Government’s work to implement the Homelessness Reduction Bill, and could play a key role in helping local authorities meet their new duties.

**Does Universal Credit provide people in emergency temporary accommodation with the support they need, and how could this be improved?**

1. Crisis works with clients in various forms of emergency accommodation, many of whom are experiencing complications with their Universal Credit claim. These unintended consequences are compounding the difficulties experienced by people with high support needs who would struggle in any case to cope with intended aspects of Universal Credit’s design such as monthly and direct payments.
2. In Croydon, we work with a significant number of clients living in private hostels or emergency bed and breakfast accommodation for rough sleepers. Delays and complications with people’s Universal Credit claims are causing many to build up rent arrears while living in the accommodation, preventing them from moving on into supported accommodation or more permanent housing. This in turn prevents other rough sleepers from accessing bed spaces.
3. Crisis Skylight Newcastle has also identified problems experienced by people trying to access private hostels funded through Universal Credit. Such accommodation is designed to be short-term, and many of these hostels have had people leave before their first Universal Credit payment has come through, leaving the hostel with significant shortfalls in its rent balance. In response, many such hostels are now asking for funds upfront to cover at least the first week’s rent and the service charge for at least six weeks. This can amount to approximately £170, which is the equivalent of the funds needed to sign for a private tenancy. By definition, people in need of hostel accommodation are homeless and do not have these sorts of funds. Other providers in the live service area of Newcastle have refused to accommodate Universal Credit claimants altogether.
4. **Crisis recommends that a shorter payment period is applied in cases where the claimant is living in short-term emergency accommodation.** This would reassure providers that the rent would be paid before the tenant moves on. More broadly, **we would like to see such accommodation funded through Housing Benefit, at least for the duration of the Universal Credit roll-out.** This would enable initial problems to be rectified during the roll-out and ensure the most vulnerable claimants are not negatively affected while various agencies acclimatise to the new system. This mirrors the justification for exempting supported accommodation from the Universal Credit roll-out.
5. Many people live in emergency accommodation on one week licence agreements. While direct payments can be set up to guarantee the rental income for the provider, these typically take longer than a week to put in place. This means tenants can be evicted by the time the direct payment has been set up. **The Alternative Payment Arrangements process should be expedited for people living in short-term emergency accommodation, and better promoted to providers.** Many are currently unaware that direct payments are possible under Universal Credit.
6. Our coaches also report problems experienced by clients living in supported accommodation, even though their rent should continue to be paid through Housing Benefit. Some providers, particularly in live service areas, are unaware that this is the case, resulting in confusion and tenants being referred back and forth between DWP and the council’s Housing Benefit department. **DWP should improve its communications with providers of supported accommodation, as well as with council Housing Benefit teams**, to ensure that vulnerable tenants get the support they need**.**

**Case study: the impact of confusion over supported accommodation funding on vulnerable tenants**

Adam had been rough sleeping for about eight years when he came into contact with Crisis Skylight Birmingham, who helped him into specified accommodation in May 2016. Despite being a rough sleeper in a live service area, Adam was claiming Universal Credit. The council’s Housing Benefit department stated that his housing costs should be paid through Universal Credit, while DWP staff continued to maintain that his rent should be covered by Housing Benefit. Adam’s accommodation provider asked Crisis for help as they had very little experience of dealing with Universal Credit. Adam’s Crisis housing coach eventually spoke to DWP’s housing element team who put the provider in touch with a named contact in the council’s Housing Benefit department, who processed the claim from September 2016.

Despite causing Adam to accrue five months’ rent arrears amounting to approximately £2,500 as a result of this error, the Housing Benefit department have refused to backdate Adam’s claim for more than a month. His housing coach is continuing to challenge this decision. Adam’s housing provider issued Adam with an eviction notice but has agreed not to pursue an eviction, as they accept they were also at fault for not understanding the process.

**What impact is Universal Credit having on the income and costs of local authorities, housing associations, charities and other local organisations?**

1. Crisis staff are having to spending a significant amount of time dealing with the issues outlined in this submission. Issues take a long time to resolve and involve frequent calls to the Universal Credit helpline, often resulting in no useful information. Other services are experiencing a similar knock-on impact of having to spend more and more time managing rent accounts. In Croydon, the street outreach service Croydon Reach and the local authority are funding specific posts or making it a requirement of existing posts to chase and manage Universal Credit claims for clients in temporary accommodation.
2. Crisis coaches in Newcastle report trying to stay positive in order to reassure clients and mitigate their anxiety about Universal Credit. This is becoming more and more challenging, however, as clients are hearing accounts of rent arrears and evictions from other clients and friends.
3. Universal Credit also has implications for other public services, including in relation to passported benefits. One client of Crisis Skylight Newcastle received a £160 bill for dental work, after the prescription form she was given had no tick box for Universal Credit. She ticked Income Support, the legacy benefit that best matched her circumstances, and received a letter accusing her of committing fraud. When she challenged this, with the help of her Crisis coach, she was told by the NHS to present an award letter confirming her Universal Credit claim. DWP told her no such hard copy was available and advised her to print off a page from her online claim, which the NHS refused to accept. The client managed to avoid the charge and any further fees as a result of successful negotiation by Crisis with the NHS.

**How well is Universal Support working, and how could it be improved?**

1. Crisis coaches do not seem to be familiar with Universal Support, suggesting that it needs to be more firmly established or better promoted. The experiences outlined in this submission suggest that vulnerable claimants are not getting the support they need to successfully navigate the process and manage their Universal Credit claim. Many of our clients particularly struggle with IT skills, and would benefit from support to address this.
2. As recommended above, **we would wish to see an integrated model of support between DWP and homelessness services**. This could be delivered as part of Universal Support, in the context of implementing the new duties contained in the Homelessness Reduction Bill.

**What impact has the introduction of full Universal Credit service had in areas where it has replaced the live service?**

1. Coaches at Crisis Skylight Croydon report that the full Universal Credit service has effectively removed the safeguards for vulnerable people that were present in the live service. This means people who are homeless are having to claim Universal Credit, and are thus subject to the delays, administrative errors and increased risk of rent arrears outlined in this submission.
2. In Newcastle, where the full service has only been rolled out in half the city, anxiety about Universal Credit is causing clients to deliberately provide care of addresses that fall outside the catchment area for the full service. Clients are also choosing not to declare changes of circumstances if they fear this will make them eligible for Universal Credit instead of legacy benefits. Coaches are worried that clients will find themselves liable for overpayments or worse accused of fraud.
3. Coaches in some areas have however been very positive about the online journal available in the full service. For claimants who are confident using a computer or who have the benefit of working with a Crisis coach or equivalent support worker, this provides a much more straightforward way of communicating with DWP. This saves time and money trying to contact the Department by telephone, as well as providing Crisis coaches with a clear record of face-to-face meetings that clients have had with their Jobcentre Plus Work Coach, and the agreed outcomes of those meetings.

**For further information, please contact:**

Alice Ashworth, Senior Policy Officer

Tel: 020 7426 3893/ Email: [alice.ashworth@crisis.org.uk](mailto:alice.ashworth@crisis.org.uk)

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