

Response to SSAC Consultation on Managed Migration to Universal Credit

August 2018

Shelter Scotland welcomes the opportunity to raise our concerns about the challenges involved with the managed migration of all recipients of legacy benefits onto Universal Credit. It is imperative that the delivery and implementation issues identified in previous stages of the Universal Credit roll-out are appropriately addressed to prevent any adverse impacts for recipients. Last year, over 21,000 people approached Shelter Scotland for help with their housing and problems with delayed or incorrect benefits were present in a significant and growing number of cases. Being paid the right amount of benefit on time is crucial to a household's ability to maintain a home, especially for those in the private rented sector, and it is vital that we get this right.

The National Audit Office [recently reported](#) that during the roll-out of Universal Credit, 20% of claimants did not receive the correct amount of Universal Credit on time. If a similar proportion of claims processed incorrectly continues, a further 600,000 errors could result from migrating 3 million more claimants onto UC. This will have a significant impact on people's ability to get by and pay their housing costs on time. Unless substantial improvements are made to the Universal Credit system to address the existing issues which affect and delay UC payments, this is a crisis waiting to happen and it will undoubtedly fall to overstretched local authorities and the third sector to mitigate the real human cost of this administrative error. Along with several other organisations in Scotland, we have [repeatedly called for Universal Credit to be paused](#) while the problems with the system are fixed, and we continue to stand by this position.

Impact in the Private Rented Sector

Despite the "transitional protection" of two weeks' rollover of housing benefit, it appears that everyone claiming the housing costs element will now inevitably find themselves in another 4 weeks' worth of arrears. We anticipate this to have a particular impact on people using Universal Credit who also have a new Private Residential Tenancy (PRT), as it is now possible for a landlord to secure a mandatory eviction through the new Tribunal system if the tenant has been in arrears for a period of three months and is in arrears of at least one month's rent on the day the case calls in the Tribunal. It is likely that most Universal Credit recipients will always be in at least a month's worth of arrears due to the nature of Universal Credit but will be unfairly penalised even if they do pay their rent regularly when they receive their UC housing costs. **We are therefore very concerned that landlords may use this ground to easily evict tenants who have no power over the point at which they are paid their housing costs.** Additionally, Shelter Scotland recently commissioned a [literature review](#) on attitudes towards benefits in the

private rented sector and this showed that two thirds of landlords preferred not to rent to people on benefits. The proportion of landlords and letting agents unwilling or preferring not to let to this group appears to be rising and it is likely that this is linked to welfare reforms limiting entitlements to help with housing costs.

Example

John* moved into a new private rented flat in April 2018 and signed a PRT agreement. Shortly afterwards, he lost his job and started accessing Universal Credit and was awarded housing costs to help him pay his rent. However, his landlord charges rent in advance on the 1st of every month but as his Universal Credit is paid in arrears, he only receives his housing costs at the end of every month. John therefore misses his landlord's payment date and is a month in arrears, even though he pays his rent in full using his housing costs element as soon as he gets it. If John continues to pay his rent in this way for three months or more, his landlord can seek an eviction using a mandatory ground on the basis that he has been in arrears for three or more months, despite the fact that John has no control over when he receives his Universal Credit housing costs.

Impact in the Social Rented Sector

We know that Universal Credit is also having a huge effect on social landlords' ability to support their tenants, and the roll-out of Universal Credit was cited as a key concern during [research](#) we carried out with SFHA in 2017 around first month's rent. The Landlord Portal, which is used by social housing providers, should be improved and upgraded so that landlords can access as well as provide up to date information on the tenants' behalf, with their permission. By improving the Landlord Portal, we believe that this will lead to fewer delays and less confusion for tenants as housing associations will be better able to support their tenants to manage their housing costs as more and more people are migrated onto Universal Credit.

We know from communication with housing associations and the work of organisations such as SFHA the frequent difficulty of setting up Alternative Payment Arrangements (APAs) mostly due to lack of communication and administrative error. APAs are a hugely useful tool to help tenants who find it difficult to pay their rent and avoid unnecessary rent arrears and eviction action. There must be a plan to make it easier for APAs to be put in place to facilitate direct payments. APAs also work on a different timetable to both housing providers' payment schedules (who often charge rent in advance) and normal Universal Credit payment dates and unless housing associations are supported and trained to deal with this and have the systems in place to do so, this will lead to **significant financial disarray and confusion for both tenants and housing providers**. We also anticipate there to be negative impacts on social housing providers and their financial ability and confidence to continue investing in keeping houses up to standard and investing in new builds, which inevitably affects both existing and prospective tenants.

Lastly, we believe that the terminology and language around managed migration and generally Universal Credit is inaccessible and confusing for many people. The "transitional protection" (TP)

for housing benefit is a prime example of jargon, and it is misleading as the two weeks' housing benefit is not complete protection. It also creates two tiers of claimants, as previous claimants were not offered this. We recommend that all people who were migrated pre-TP who would have been eligible for TP to receive a backdated payment.

Contact: Aoife Deery, Campaigns and Policy Officer, aoife_deery@shelter.org.uk