

Work and Pensions Committee

Oral evidence: Universal Credit rollout, HC 336

Wednesday 13 September 2017

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[Watch the meeting](#)

Members present: [Frank Field](#) (Chair); [Heidi Allen](#); [Alex Burghart](#); [Marsha De Cordova](#); [Ruth George](#); [Steve McCabe](#); [Chris Stephens](#).

Questions 1-71

Witnesses

[I](#): Councillor Jane Corbett, Assistant Mayor of Liverpool and Mayoral Lead on Fairness and Tackling Poverty, Liverpool City Council, Nicky Kingston, Area Manager, Incomes Team, Plymouth Community Homes, Donna Gallagher, Universal Credit Implementation Manager, Your Homes Newcastle, and Councillor Fiona Colley, Cabinet Member for Finance, Modernisation and Performance, Southwark Council.

[II](#): Kayley Hignell, Head of Policy (welfare, work and family), Citizens Advice, Nicola Smith, Advice Services Manager, Citizens Advice Southwark, Richard Roberts, Manager, Wirral Foodbank, Jeremy Hewer, Policy Adviser, Scottish Federation of Housing Associations and Natalie Williamson, Senior Policy Officer, Residential Landlords Association.

Written evidence from witnesses:

[Cllr Fiona Folley](#)
[Nicky Kingston](#)
[Natalie Williamson](#)

Examination of witnesses

Witnesses: Councillor Jane Corbett, Nicky Kingston, Donna Gallagher, and Councillor Fiona Colley.

Q1 Chair: Welcome. Please can you identify yourselves for the sake of the record, before Heidi starts the questioning? I stress that we have only three quarters of an hour—we have a second panel coming, as you know—and not everybody has to answer every question?

Councillor Colley: I am Councillor Fiona Colley, and I am the cabinet member for finance, modernisation and performance on Southwark Council.

Councillor Corbett: I am Councillor Jane Corbett, assistant mayor and mayoral lead for fairness and tackling poverty in Liverpool.

Donna Gallagher: I am Donna Gallagher, the Universal Credit implementation manager for Your Homes Newcastle.

Nicky Kingston: I am Nicky Kingston, the income recovery manager at Plymouth Community Homes.

Q2 Heidi Allen: Thank you. Between you, we have not only a geographic spread from around the country but a range of experiences from who has had the full roll-out of Universal Credit and who is waiting in anticipation for it to come. Donna and Fiona, my understanding is that you have had Universal Credit full service roll-out, so perhaps we could start with you two. Who has had it the longest? Is it Newcastle? *[Interruption.]* Southwark—forgive me. Do you want to kick off? You have had the system the longest. What have your experiences been and how has it gone?

Councillor Colley: The Universal Credit full service is rolled out in Southwark. It is getting on for two years since the first part of our borough went over. We were one of the first in the country—the third in fact—and are one of the largest social landlords in the country, and the largest in London. More than 4,000 of our tenants have moved over to Universal Credit full service. We may well be the largest landlord in terms of the number of tenants who have moved over. Prior to that we had pilots and tests. We are generally very constructive in how we work with DWP. We are looking to make this work; we cannot afford for it not to.

It has had a range of impacts on the council and our residents. The most significant for us that I want to tell you about is the impact on rent arrears and the non-payment of rent. That has very much dominated our experience. We set out our concerns about rent arrears in the written evidence that we submitted and I hope you received. We are particularly concerned about the speed at which rent arrears are increasing after people claim Universal Credit. We see them drop off a cliff once the claim



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goes in and remain in free fall for about three months thereafter, until people start getting into payment.

Q3 Heidi Allen: Fiona, talk us through it. Why is that happening? What do we need to do to fix it?

Councillor Colley: Why is it happening? We are seeing that it is really about the length of time before people start getting their payments, and particularly the housing element. Typically, the people moving over are very often already in rent arrears. They are not in a position where they have savings that they can call on, and they are just waiting a very long time. We used to process Housing Benefit claims in about 20 working days, or four weeks. It is now taking more like 12 to 13 weeks for people to get into payment. That is essentially the problem—alongside the seven-day waiting period, which they are never going to get.

Q4 Heidi Allen: Have you seen it get any better over the two years?

Councillor Colley: Not significantly so. We do think that the landlord portal—you might come on to that—is an improvement for us. We have been studying this very closely, keeping track of every claimant, and no, I cannot say that we are seeing a different situation for people now than we were seeing either at the beginning or in the direct payments pilot that we participated in.

Q5 Heidi Allen: So that is your biggest concern, is it?

Councillor Colley: Yes, it is the £1.3 million extra in rent arrears, attributable to those who are claiming, that we have now than we had at the beginning of the process.

Q6 Heidi Allen: Okay. Donna, you are a few months later. How is the experience for you?

Donna Gallagher: Certainly within Newcastle it is relatively positive. We have strong partnership working with DWP, and that has been successful for us, certainly on a local level. We are co-locating in the Jobcentres, and that helps. I would echo what my colleague said about rent arrears. We have more than £1.1 million additional rent arrears as a result of the cohort, which is just shy of 3,000—that we know about—that are claiming UC full service. The transition from live service to full service was very different. Under live service we were quite comfortable. We knew how to support the customer quite easily and had processes set up.

Q7 Heidi Allen: Because they are simpler claims, aren't they?

Donna Gallagher: It was simpler claims, and it was easier to discuss with the service centres and escalate issues under the live service than it is under full service. Under full service, we do not have the landlord escalation line, and we have quite limited ability to talk to the service centres and raise issues. Often, our customers are coming to—

Q8 Chair: Why do you think that is, Donna?

Donna Gallagher: Pardon?



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Chair: Why is it so different with the more difficult cases being rolled out, with your access to keep your contact live, so to speak?

Donna Gallagher: The housing escalation does not exist under full service. It did under live service and we certainly relied on it to get quick outcomes for customers when something went wrong. We are quite fortunate within YHN. We are a trusted partner and we have recently had access to the landlord portal. That does help us, and we are in quite a good position; however, I know that other landlords are not in that position. For example, from our crisis support scheme this year, 62% of people approaching the local authority are new claimants to Universal Credit, but just on the six-week wait. The seven-day waiting period is causing problems for us. It has increased our rent arrears again. We are finding it a challenge that the knowledge in the service centres that deal with live service is very different to that in those that deal with full service. I appreciate that this is on a national scale, and that we are all undergoing a very big process, but from a customer's point of view it can be quite challenging and is putting pressure on landlords. We are having to invest in time and in putting more resources into trying to support our customers, to prevent homelessness.

Q9 **Heidi Allen:** May I ask one final quick question? This might be a slightly odd question. Jane and Nicky, you have got this to come. What questions do you want to ask Donna and Fiona about how you will make this work? Of course, I cannot ask you about your experiences yet. So, what are the things that worry you and you would like to have fixed before you inherit this system? We will start with you, Nicky, and then move on to Jane.

Nicky Kingston: Our big concern is the length of time for people to get their housing cost element sorted with their Universal Credit, and the six to seven weeks that they are having to wait for their first payment. Our current rent arrears in Plymouth are 1.61% of the annual debit and just under £1 million, but we project that we will potentially go to £2 million of arrears just in the delay in people getting their payments through. Obviously that has a knock-on effect on other services that we provide. Our only income is through rent, so ideally we would like some flexible arrangements on payments both to claimants and to landlords. From what I understand, the alternative payment arrangements on full service do not work as well, because they rely on the old third party for the weekly payment cycle, when everything is supposed to be going calendar monthly. It is a calendar monthly payment on a four-weekly cycle, which means that you might wait 10 to 12 weeks for the first payment if you miss the cut-off point, and then you only get a calendar month and there is one payment that is missed throughout the year. In effect, you are potentially holding six to seven weeks of rent arrears on every single person who is on an alternative payment arrangement direct to the landlord.

Q10 **Heidi Allen:** Okay. What about you, Jane?

Councillor Corbett: Several things. One is to reduce the delay. The idea of doing fortnightly payments is really important, because the current



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situation puts massive pressure on us as a local authority. We are basically paying to keep people fed and watered, and that is costing us £3 million a year. We are not housing providers in Liverpool, as the Chair knows. We are not a trusted partner, even though we do temporary accommodation that we pay for. Actually, if the local authorities were all trusted partners, that would really help. Changing the frequency of payments to fortnightly is important.

Our waiting days have gone down slightly. It was 64 days and it is down to 55, but it is not down to 49 yet, which is what it should be. If the option was automatically there for the housing costs to be paid directly to landlords, that would be brilliant and would make so much difference. On having no direct deductions from the UC as it is rolled out, we do not do that to pensioners, so why will we be doing it to people on UC? It is meant to be a maximum 40% standard allowance left, but what happens if you get an advance payment? The advance payment gets taken out very quickly on top of that 40%, so people can be left with very little money. What happens there is that they come to us as the local authority and we try to support them, and we are running out of money.

With access to justice, we need to ensure that people have actually got the legal aid they need, and the CAB funding should be put in there as well. It is about that information that you talked about before, so that people know what is out there.

- Q11 **Heidi Allen:** Although presumably if we can encourage the Government or the DWP to put improvements into the system, some of that will be kind of mitigating, so you would perhaps not need all of those things. Is there anything more you want to add?

Councillor Corbett: Yes. There should also be the restoration of the work allowance up to the level of Working Tax Credit, because that is becoming really difficult for people. The last thing is that the Government could do a cumulative impact assessment of welfare reform. We have done one in Liverpool that the Chair has seen, but the Government need to do one and break it down to different areas. We can share that with you at some point. We will send it through to you.

Heidi Allen: Okay, thank you.

- Q12 **Chris Stephens:** I was just going to ask Donna something. You mentioned co-location and how that was beneficial. Can you say a bit more about that, and then maybe the rest of the panel can give their experience? I am aware that there are Jobcentre closures right across the UK, and maybe those will impact on your areas.

Donna Gallagher: We piloted co-location with our local Jobcentres in the live service. We found that local Jobcentre staff did not have the knowledge of housing or the ability to identify vulnerabilities where someone might struggle with income. We felt it would be in our best interests to work with our local authority and put resources in. It proved very beneficial. It has been successful and we have resourced that at a cost to us of nearly £100,000 a year to prevent things going wrong. At



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least if a work coach is seeing a customer, they can ensure that the council tax is on it and they can make the referral for personal budgeting support or more digital support, for example. It is all around the “universal support delivered locally” model, but that is an investment that we have had to make to try to protect rental income.

Chair: All right. Marsha.

- Q13 **Marsha De Cordova:** Some of you have touched on this already, but the Scottish Government are going to be introducing some flexibilities around Universal Credit through offering payments twice monthly and the alternative payment arrangements. If we adopted some of that here, do you think that would address some of the challenges around the roll-out of full service? That is to all of you.

Chair: Could we just quickly go through the panel? Do you think it would be an improvement?

Councillor Colley: I think it would be helpful, but I do not think it would be sufficient. It is a move in the right direction to pay more frequently and to pay directly more routinely. We think there could be additional flexibilities. We would particularly like to see more flexibility around housing cost verification and accepting what we say when we say how much rent somebody pays. Let us not be dogmatic, saying, “Oh, the tenant has not quite got their figures right”, and then there is delay, delay and delay. I think more flexibility would improve the system. It is quite straightforward.

- Q14 **Chair:** If they do not come out in the sitting, will you give us a list of the other flexibilities you would like?

Councillor Colley: Yes.

- Q15 **Chair:** Jane, on Marsha’s question?

Councillor Corbett: The delay needs to be addressed, as well as the fortnight payment, which is a good one. The other thing is that the actual information going through to local authorities is not strong enough; it is breaking down, and then we cannot get to the people whom we need to be able to get to. Co-location, by the way, is working pretty well.

Donna Gallagher: I would echo the verification of rent, particularly at year end. Probably the biggest flexibility would be communication—more communication around full service, how it is being rolled out—because we have customers who approach Jobcentres not knowing what to do, or approach us not knowing what to claim or why their Housing Benefit has suddenly stopped. Communication is key for me.

Nicky Kingston: We are still in the live service at the moment, so flexibility around payments, both for tenants and for ourselves—having the housing cost element would be an advantage. We have got over 56% of our tenants currently in receipt of Housing Benefit, which means it comes direct to us, so we are guaranteed that income and, obviously, when



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people switch over we will not be. We are looking at co-locating at the moment.

- Q16 **Ruth George:** You spoke about communication, and that is the subject of the next question. What steps has the DWP taken to improve communication with landlords over full service claimant difficulties in, say, the last six months, to those of you who are on it already? What impact has that had?

Councillor Colley: We have seen, from the end of April, the new landlord portal, which we have been piloting alongside DWP. That has certainly been an improvement for us, in terms of being able to be more digital in the way in which we respond to requests for rent verification. That has speeded up the process for us and things are not getting lost, but it is just a start. We still see very little information coming through. I understand that MPs are now able to access far more data for individual claimants—there is the implicit assumption that you can do that. However, landlords are not able to do that—even significant, large social landlords like Southwark Council. It means that we are in the dark about what is going on with people's claims or whether payments are coming through. Tenants are having to come to us, but we cannot check on things. It is very difficult. So there has been a good start, but there is a long way to go—it could be much improved.

- Q17 **Chair:** Fiona, the portal is for public landlords, isn't it, not for the private sector?

Councillor Colley: Yes. We have been piloting. Jane—or was it Donna—I think you were saying that you have just come on to it?

Donna Gallagher: Yes.

Councillor Colley: So it is quite new and in development, but what is on it is quite limited. They are not at the end point yet.

- Q18 **Alex Burghart:** What would you like to have on it?

Councillor Colley: We would like to be able to see where people's claims have got to, what payments are coming through—there are often delays between payments being authorised and actually landing on accounts—and having much more functionality about changes to circumstances.

- Q19 **Alex Burghart:** More of a case management system.

Councillor Colley: A case management system, exactly. And more ability for us to provide updates about, say, rent increases, or a tenancy having ended. It could be far more helpful and constructive for both sides if it were developed further.

- Q20 **Chair:** Given that it will only be for public landlords and not private landlords, what is the divide between claimants in housing associations as opposed to those in the private sector?

Councillor Colley: In Southwark, we are the biggest landlord, although we have a lot of housing associations that we work closely with. Yes, they



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do not have that access, which will be a challenge for them. We have experienced that changeover from being emailed a request for verification, filling it in, sending it back, it going missing and us having to do it three or four times. It really has smoothed the process. We are now able to verify in 93% of the cases within five days, most of them the same day. That is really helpful, I am sure, for the DWP. But for housing associations, which continue to rely on emailed requests and forms, they will just not see that.

Chair: And for private landlords.

Councillor Colley: And for private landlords, exactly.

Q21 **Chair:** In my constituency, the private landlord sector is growing. Jane, what is the answer from Liverpool?

Councillor Corbett: Better information for local authorities would help, because in Liverpool we do not own housing. That should mirror the old ATLAS system. I had to go on the radio in Liverpool to say, "If you are on Universal Credit, please let us know what is happening in terms of the benefit cap," because we did not have that information. That is shocking, to be honest with you.

We work very closely with the registered social landlords. We have reps from the private landlords and we have a welfare reform group that is led by them. Our benefit maximisation team sit on that. That gets information together, but we are still missing big chunks. It comes in in waves and the officers have to sit there and see how much of it makes sense—leave that bit; that goes in—because there is a lot of duplication of information that comes in unnecessarily. That then means we are trying to plan for our staff. We are trying to say that with Housing Benefit not coming through shortly, we need to be able to decommission some of that, but we cannot because we have got this massive amount of information or nothing. It is really uneven.

Chair: Donna?

Donna Gallagher: We got access to the landlord portal at the beginning of August, so we are quite new to it. We are still having teething problems in terms of duplication between the electronic form to the digital side. However, we can already see the benefits of it. It has been explained to us that it is the minimum viable product. It will be updated and will take on board our suggestions. We have already had a couple of meetings where we have fed back. For example, the claim date would be helpful. Has the claim been authorised? Is it being processed? When will somebody get payment? That way, we are not contacting the same customers that you are and we direct our resources to where they are needed most. It has potential, but in terms of communication on full service, which was the question, had it not been for the trusted partner scheme and the landlord pilot, we would have suffered greatly.

When we went to full service we had lots of briefings in our council chambers. There was a standard presentation that we all got, but the ability of our local partnership managers to escalate things through the



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process to get matters resolved is a challenge for them and us. We are in a unique position in that we have other avenues we can go to, but I appreciate that not all landlords have that.

Nicky Kingston: I would echo what everybody else has said. The landlord portal, from what I understand, is fine, but we need more information on there, particularly the claims dates, how much housing cost elements are being paid and whether somebody has been sanctioned. If somebody has been sanctioned on their personal allowance, the chances are they will use their housing cost element of Universal Credit to pay for other things. So more information would help.

In terms of private landlords, in Plymouth there is a meeting next week with private landlords and the DWP, because a number of them have already said that they will not take Universal Credit claimants. That is the fear factor over having to wait for payments and so on.

Q22 **Chair:** Nicky, what is the proportion of claimants with private landlords? Is it a quarter? A half?

Nicky Kingston: I honestly don't know. We are the biggest landlord in terms of registered social landlords in Plymouth—

Chair: Sure, but it's not the sector—

Nicky Kingston: But with regard to the private sector I don't honestly know what the split is.

Q23 **Alex Burghart:** Fiona and Donna, you gave us some figures: £1.3 million in arrears in Southwark and £1.1 million in Newcastle. Have you seen people who have been forced into homelessness? How are you handling the rent arrears of private individuals? Also, picking up on Nicky's concerns, are you now saying that people cannot get tenancies because of landlords' concern about delays?

Councillor Colley: I would say that this sits alongside a wider housing crisis in London. We see a lot of private sector evictions. We now have very few private landlords who want to take people who are on benefits. That has become worse and worse over a number of years, and Universal Credit is one element of that. Because of the information we have, we are able to be sensible and sensitive in the case of our own tenants, but of course we cannot rely on private sector landlords to take a similar approach. We do a lot of work on homelessness prevention and we use things such as discretionary housing payments to try and help people out.

Q24 **Alex Burghart:** But Southwark is not making people homeless because they are in rent arrears due to Universal Credit.

Councillor Colley: I think if that was the only element, then no. We do expect people to engage with us, though. Obviously, while they are still waiting for a claim, the more information we have, the better, because we want to avoid being in that place. That is where that additional information will help, because I can certainly foresee situations where, because of a lack of information about people's situation with Universal Credit—because



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we are in the dark about their situation—we could be taking eviction proceedings.

Q25 **Chair:** But how many people presenting themselves as homeless are coming from the private sector?

Councillor Colley: It is the vast majority now.

Chair: With Universal Credit playing a part?

Councillor Colley: Yes, alongside rising rents.

Councillor Corbett: There is an issue here, though, because if you are a council and someone is made homeless, you have to pick them up and look after them. We have topped up our discretionary housing payments by £650,000, which again is difficult for us to do. Having said that, if you take the benefit cap, for example, people lose about £40 per week, but it would cost us £400 a week to house someone in temporary accommodation.

We are trying to manage a lot of things coming at us all in one go—it is a bit like streams down the side of a mountain—and they all converge on people, on councils, on housing associations and on private landlords. We have to try to work out the cost-benefit analysis, on top of asking, “What about people’s lives?” We are just about managing the homelessness situation in Liverpool, in terms of the cuts to welfare. We will not be able to do that for much longer; we will run out of DHP.

We also have people who have just come out of work—I have had people standing there in my surgery—saying, after a couple of weeks, that they haven’t got a penny. I can think of one woman—she is called Pat—who had been in work all her life. She was 55 and had never been out of work. She came to me about a fortnight after she lost her job, and she literally did not have a penny in her pocket. She was walking round and round in circles.

We have a really tight system in Liverpool. We have a free phone number, we are straight in there with our maximisation service, we get them the money, they go to the PayPoint on their smartphone or with a paper voucher, and they get the money out. We wrap it around. That is what I am saying about the data: if we are missing blocks of data, we cannot see what support they need and we cannot get in there early enough.

Q26 **Alex Burghart:** That is really interesting. Donna, can we go back to Universal Credit and the questions we were discussing with Fiona about housing?

Donna Gallagher: No, there have not been any evictions as a result of Universal Credit. What I would say, though, is that we proactively contact everybody as soon as we find out to put support in place. We are trying to front-load and prevent a problem. Within Newcastle generally, we only had 48 evictions—we are the ALMO to the council, so we have quite strong, robust sustaining tenancy procedures. But no, I cannot say that there have been any evictions as a result of Universal Credit.



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Q27 **Chair:** Is that just for the public sector, or is it for private landlords as well?

Donna Gallagher: That is for Your Homes Newcastle. That is for the ALMO.

Q28 **Ruth George:** Have you seen any increase in people coming to you because of private landlord evictions, as has happened in Southwark?

Donna Gallagher: I wouldn't have that information, but I could share it at a later time.

Nicky Kingston: We haven't actually evicted anyone for rent arrears because of Universal Credit. However, we are still only on live service, and we are spending, on average, one to two hours with every single new claimant to support them through the process. It is that support at the beginning that is getting them into a payment routine. We are phoning them, making sure that they've got their money and then taking the payment off them.

Q29 **Ruth George:** Jane, obviously you have all these problems going on in Liverpool at the moment with information and supporting people, and that is when you are on live service. What do you think the impact will be on your services and on residents when you move to full service next year?

Councillor Corbett: A nightmare. If you look at the figures, you will see that we already have 10,000 people on Universal Credit in Liverpool, and we haven't even gone to full service yet. Just over 3,000 of them are in work. You will ratchet it up to probably about 60,000—times six. We are looking at 17,000 applications for our local welfare provision at the moment each year, 70% of which get through. Nearly all of them are for very urgent needs. So if you times that by six—on top of the fact that by 2019-20 our council budget revenue will have been cut by 68%—we are on the edge of a cliff.

The worry is that if we have not got that wraparound information as well, we cannot see where people are, and because of the demonisation in the press of people on benefits, whether in work or not, people do not want to put their hand up and say, "I need help." Even if they do, they say, "There is someone else in a worse situation than me." I say, "Please let us help you. Will you do a test for me? See how it works and let me know."

I do a lot of work on free texts, because people have free texts. If landlords have not got freephone numbers as standard, people cannot ring through and say that there is a gas leak. It is really dangerous when you are getting to no money or a fiver to last until the end of the week.

Q30 **Ruth George:** Nicky, you have obviously got Universal Credit full service coming up in the next couple of months. Do you feel that the council is prepared and ready?

Nicky Kingston: In all honesty, no. Obviously we are a housing association—we stock-transferred back in 2009. In terms of the roll-out,



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we are having a meeting with the council and with the DWP. We have all got training together in the next couple of weeks. I suppose our main concern is the very quick escalation of numbers. We are expecting our numbers to get into the thousands probably by April next year, and we are only at 170 or 175 at the moment, so it will ramp up very quickly. It is whether the support at the beginning will be available for everybody.

- Q31 **Steve McCabe:** I want to ask about temporary accommodation. If I am correct, what happens is that the person's housing costs are calculated at the end of the assessment but that person—often quite a vulnerable person—may well have been in quite expensive temporary accommodation for a while. As a consequence, the local authority picks up the tab and does not recover that money, so there is a hidden cost. DWP is making a saving, as I understand it, because Universal Credit should actually cost a bit more than the Department thinks, but it is the local council tax payer in the local authority who is picking up that tab. Is that broadly what happens?

Councillor Corbett: Yes.

Steve McCabe: Recognising that this is moving on in its roll-out, what is the simplest and most efficient way that we could fix this problem of temporary accommodation so that it is fair and so that the real costs are obvious and the people paying them get their money back?

Donna Gallagher: My answer would be to give it back to the local authority to administer. Part of our delay, certainly in the Newcastle temporary accommodation, has been 42 UC claimants. There have been only 22 housing cost payments, and as a result there is £24,000-worth of arrears. Part of that is obviously that, with temporary accommodation, somebody can be in for a day, or somebody can be in for 12 months. If they are not in for the full assessment period there are not any housing costs, and often the request to confirm the rent comes after the person has left. If the local authority was responsible for it, I think it would be a lot smoother.

- Q32 **Steve McCabe:** And how would that work? Should the Government just give you a straight grant to cover the cost of the temporary accommodation?

Donna Gallagher: I would say so, and put it back to the Housing Benefit department.

Councillor Colley: Yes. I think we should put it back to Housing Benefit, so that we can exclude them, in the way that other people are excluded from Universal Credit. We have been making the case for a couple of years now that there is a fundamental mismatch between how UC works and how—particularly emergency—temporary accommodation works that it is just unfixable.

People in emergency temporary accommodation need to go back to being Housing Benefit claimants. We, as an authority, can therefore smooth that through the system as we are placing people, to make sure it is all



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working smoothly, that people who are already in crisis are not having to take that additional responsibility, and that we are getting that payment. You are quite right: at the moment it is a cost that is shunt to councils at a time when we are already very stretched financially.

Councillor Corbett: And we are not a trusted partner, so we are stuck. I agree with what everybody said.

Nicky Kingston: I would agree. Take temporary accommodation out of Universal Credit and back to Housing Benefit departments.

Councillor Colley: I would add that we had had some indications a few months ago that DWP was starting to come to that point of view as well, but it has gone very quiet. It would be interesting to know how that has progressed.

Chair: I am sure that the Secretary of State is listening to this.

Q33 **Steve McCabe:** I think you are all pretty clear about what you are saying. Is there any other way that you could do it?

Councillor Corbett: Stop the flow down to temporary accommodation. Look right upstream and say, "What is actually happening here?" That is why we are putting our extra DHP top-up to try to stop people being evicted and becoming temporary homeless. That is why the cumulative impact is so important. We are talking today about Universal Credit, but if you look at the benefit cap on top of that, under-21s having no access to housing costs and the two-child policy—we are not in China, guys—and add all that together, it is very dangerous.

Q34 **Steve McCabe:** It is possibly fair to say that that is a much broader housing welfare issue. If we are going to pursue Universal Credit in the timescale that we are told about, do you think the best way to deal with the unfairness built into the temporary accommodation system—

Councillor Corbett: Housing Benefit.

Steve McCabe: Is to revert to a Housing Benefit grant?

Donna Gallagher: Yes.

Q35 **Chair:** If you were advising the Secretary of State on the pace of the roll-out, what would your advice be? You are all at different stages of the roll-out, so it would be very interesting. Nicky, what would your advice be to him?

Nicky Kingston: In Plymouth we are due to go live in three stages now—it was two, but it has been moved to three, by postcode. The first one is 11 October, then 22 November and the biggest chunk is 17 January next year. Our only concern is that it is not an even split across the city, because it has been done by postcode. We have possibly only 200 to 300 of our tenants in the first switch in October, then up to 1,000 in November and the big chunk in January, which we think is over 3,000.



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In terms of trying to talk to those people, it seems that the communication has been down to us as landlords, because we have a vested interest. Trying to programme in potentially 3,500 visits in a short space of time is quite a big piece of work. We want to have one-to-one conversations with people so that they understand exactly what Universal Credit is, how it will affect them and how we can help them going forward.

Q36 **Heidi Allen:** What would you prefer by way of roll-out?

Nicky Kingston: It is a bit of a postcode lottery at the moment. If the postcodes could be split down a bit further, and the potential numbers evened out, it would make our lives much easier.

Q37 **Chair:** It is also worth thinking about the claimant's life. A lot of your claimants will not be on social housing.

Nicky Kingston: No.

Q38 **Chair:** Donna, what is your advice to the Secretary of State: keep going; put your foot down on the accelerator; pull it off?

Donna Gallagher: My advice would be to slow it down, learn from the full service sites and enhance the partnership working there, which we can build on by working together. Put more investment into service centres for people who are calculating housing costs, and upskill them—either put Housing Benefit staff in there or bring the guidance more up to date. There are problems. There is a mismatch between the guidance and the regulations that is causing problems. My plea would be: work more closely with us, and remove the seven-day waiting period.

Q39 **Alex Burghart:** What is the mismatch between the guidance and the regulations?

Heidi Allen: I was just going to ask that.

Donna Gallagher: We have an example of a customer who has had incorrect non-dependant deductions taken for 12 months. In every assessment period it is raised through the journal. We have made formal complaints, and a DWP staff member actually put on the journal, "Really sorry; our guidance does not reflect the actual regulations."

Q40 **Alex Burghart:** Could you please send us the details?

Donna Gallagher: Absolutely. It would be great if you could have a look at that. It got to January this year. While the problem had been rectified every month from August with us appealing and challenging, in January there was another non-dependant deduction. That problem is still going on. So the system is putting this vulnerable lady into poverty, because service centre staff do not understand the intricacies of housing—

Q41 **Heidi Allen:** When you say service centre staff, you mean Universal Credit staff further up the line, not your guys?

Donna Gallagher: Yes. These are the people looking at the claim and making sure that the awards are correct. We have examples like that and



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I am sure colleagues will have other ones. We could really learn from that together and join up the dots.

Heidi Allen: This is a live IT project, isn't it? So these are the fixes that need to be going on.

Q42 **Chair:** Jane—foot on the accelerator or the brake, or what?

Councillor Corbett: It is difficult, because in one sense you want to put your foot on the accelerator so that all the different levels of who is in what and where are sorted. However, we don't want to, because it is dangerous. The data flow, the data fix and the IT fix are really important, because until we get that right, we are going down the wrong road.

The other thing is taking stock of those with complex needs, because they will be the ones coming through on to UC for us in Liverpool quite quickly. That is a lot of people—we will get up to our 60,000. That is people on ESA and with needs that we need to be able to support. We need to analyse the support we need and be able to have that support, so that we can buy in the services that we need to wrap around them. Otherwise, it will cost us more down the line.

I would say this 42 plus seven is cruel. Even if it saves money in the short term, it does not save money in the long term. It costs masses more—you just multiply it up. I would take that out and say, "Okay, two weeks. That is what we are going to do. We're going to do two weeks. We can't do this and we hold our hands up to that." I think people would listen to that and say, "Do you know what? They are actually listening."

Councillor Colley: For me, I think the Government are trying to achieve too many things at once at the moment—implementing a major new benefits system at the same time as trying to create a cultural behaviour change around people's personal responsibilities. If they want to continue at that pace, without a pause—they have some serious challenges that have come up from the early implementation areas that are going to take some time to fix—they are going to have to be a bit less dogmatic about personal responsibilities and take those flexibilities that they have suggested for Scotland and go further by allowing landlords, local authorities and housing associations to take back some of those responsibilities from the tenants, so that they can reduce those delays. There are some things they could do quite quickly around that that would allow them to cut back some of those delays and to fix them.

Q43 **Alex Burghart:** What sort of things do you have in mind?

Councillor Colley: I have mentioned rent verification, for instance, and taking more information from local authorities. Automatic payment to landlords would be one area, and managed payments, and giving us the information that at the moment they do not necessarily want to allow us to have because of the underlying belief that this is partly about tenants taking responsibility for all of that. We can debate that as an end goal—I don't really have a philosophical problem with it—but in practical terms it is really difficult to do at the same time as having a new system that is



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having a lot of problems. Our advice would be to focus on one or other of those first; really focus on getting the system in and getting it working, and then to come back and work on that cultural shift.

If they don't want to do that and they continue to try to do both at the same time, we are going to see a big growth in personal debt and homelessness for tenants. You are going to see landlords like us picking up a lot of the cost of that. The £1.3 million that I am talking about is just off about a quarter of our tenants that we think will shift over shifting over. That could rise to £5 million, and in the worst case £10 million, which is money that we will lose and will not have to spend on our stock. That is a massive reputational cost to Government. I really think that if they don't want to take a pause and fix the problems and take more time—I can see why they might not want to, given how long it has been—they need to think about whether they are being just a bit too ambitious, and focus on getting the system in place before doing the behavioural change.

- Q44 **Chair:** Brilliant. We are over time now, so one last question. The Government say that 80% of payments are made within six weeks, but I have written on behalf of the Committee: what is the tail end of all of this? What is the worst scenario you have come across of how long claimants have had to wait for payments?

Councillor Colley: I have to say it is very hard for us to know, because we do not necessarily get that information from Government. It would be really helpful if they were more open. Sometimes—quite often, in fact—people are getting payments but not necessarily for the housing element. The housing element can take a lot longer, especially if this rent verification system has not worked.

Chair: Perhaps the next panel, who are sitting behind you, might take note—I am going to ask the same question.

Councillor Corbett: Sixty-four days was the average. It is down to 55, but it is not down to 49 days yet. Some people, where there has been a mistake, are left for a lot longer than that. I had one person who had been waiting three months, so the council was literally supporting her through that period—and she had been in work.

- Q45 **Heidi Allen:** This is the live, simple system, isn't it?

Councillor Corbett: This is the 10,000 which is live. It will go up to about 60,000 on full.

- Q46 **Heidi Allen:** That is my worry—there are delays for simple, single person claimants. This is not the whole system—

Councillor Corbett: Absolutely—the complex needs.

Donna Gallagher: Again, I can share them, but we have an example of where somebody has made a claim in April 2017 and we are still waiting for housing costs to be awarded under full service.

Nicky Kingston: We have had situations where the housing cost has not been paid until we have intervened, and then it has been paid in the next cycle, so someone has waited seven weeks plus another calendar month before they have received any housing costs. They have had their personal allowance, but not the remainder.

Chair: That is really helpful. Thank you very much.

Examination of witnesses

Witnesses: Kayley Hignell, Nicola Smith, Richard Roberts, Jeremy Hewer, and Natalie Williamson.

Q47 **Chair:** Welcome. The procedure is that I ask you to identify yourself for the sake of the record, because I cannot think of a better way of beginning the Committee, and then Steve will ask the first question.

Richard Roberts: I am Richard Roberts, manager, Wirral Foodbank.

Kayley Hignell: I am Kayley Hignell, head of policy for families, welfare and work at Citizens Advice.

Nicola Smith: I am Nicola Smith and I am the advice services manager for Citizens Advice Southwark.

Natalie Williamson: Hi, I am Natalie Williamson. I am from the Residential Landlords Association.

Jeremy Hewer: Hello, I am Jeremy Hewer. I am policy adviser with the Scottish Federation of Housing Associations.

Q48 **Steve McCabe:** Morning. We are hearing a number of things about how it is all panning out—the number of folk who are getting their payments in six weeks, and issues about the helpline, temporary accommodation and rent arrears. What is your basic assessment of how it is going? What is the most pressing concern for each of you?

Richard Roberts: Wirral is still part of a pilot—it actually goes full digital on 15 November. We are starting to plan for that now. Our main concern is the proximity to Christmas, with the six to seven-week minimum delay and the impact that that will have on our food bank in terms of the resources physically that we will need to provide to possibly meet the situations that people may find themselves in, especially over that lead-up to Christmas.

Chair: That is why we have asked for a Christmas truce—isn't it, Richard?

Richard Roberts: That's right, yes, like in the First World War.

Kayley Hignell: Citizens Advice has 300 local offices across the country, so we are able to have a look at the differences between areas without Universal Credit, those with live service Universal Credit and those with the full service. While it has been rolling out, we are basically in a situation in which we are asking for a pause in the roll-out. We are ringing the



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alarm bell, because we are seriously concerned that there are still deep flaws in the system that have not been resolved. We heard from the first panel serious lists of concerns, and we add in to that call the six-week wait—the delay—with six weeks being a minimum here. At Citizens Advice we see a third of people waiting over six weeks, with 10% waiting over 10 weeks. We are seriously concerned about the delay in payment at the beginning.

I must stress that that six weeks is by design; it is not a delay, it is part of the way Universal Credit works. Given that we know that 35% of UK households have no savings, we are concerned that Universal Credit claimants are being put between a rock and a hard place at the beginning of their claim.

Nicola Smith: I see at first hand clients coming into Citizens Advice. My main concern is the amount of debt that clients are getting into, not only in the first six weeks but the weeks leading up to that. Claimants going 10 or 12 weeks before their first payment is not unusual. The concerns are that the debts are daily debts—no gas, no electricity—and not your normal debts that most people have, like credit cards and things like that. Those are daily living expenses that people are finding themselves in large debt with, which is a concern.

Natalie Williamson: Our real concern is the rising rent arrears for private landlords. The previous panel touched on the difference between the treatment of private and social landlords. The key difference is really the lack of support and information that is available for landlords where it might be going wrong. They are not in a position to be able to think, “Right, can we get a plan in place?” For example, if the tenant is coming from Housing Benefit, they do not get told. There is no communication there, so they could find that the payments stop completely for a number of weeks, and they are not given information from the local authority, and they are not given information because of DWP because of data protection, so they don’t know which way to turn. All the while, their rent arrears are accruing, because there is a seven-day waiting period plus the six weeks on top of that. Tenants are almost at risk of eviction at eight weeks before they have even started to manage their own money.

If there was more available to give private landlords confidence in the system, and if they were treated the same as in social housing, perhaps, as was mentioned previously, evictions in the private rented sector and the unwillingness of some private landlords to operate within the welfare claimant sector would not be as severe.

Q49 **Chair:** Natalie, what would be a big breakthrough for the private landlords to help make this benefit a success? What change would you suggest to the Secretary of State?

Natalie Williamson: The RLA would really like to see the choice of being paid directly to be given to the tenant. We think that that is a responsible decision for the tenant to make if they feel that they are not confident enough to manage their own money. Sometimes the resources are not in

place in the private rented sector to hand hold as much, in terms of budgeting and things like that. Primarily, we would like to see tenant choice in terms of rent payment.

Also, the key thing is the information sharing with DWP. Many landlords I have spoken to feel that they are not treated fairly when they really are trying their best. They do not want to evict the tenant, and under Housing Benefit they could have had really good, successful tenancies that have lasted years, but then all of a sudden the tenant goes quiet and they do not know why. The tenant is trying to get used to Universal Credit and there is just no support there for landlords.

Q50 Chair: Going back to our previous panel and what Fiona was saying, everybody in the world thinks people should be of a state so that they can manage their own money and so on, but if you have grown up in a household and then you are a household where you have never actually paid the rent because it was paid directly, it is a big jump, isn't it?

Natalie Williamson: It is. It is a real cultural change—that is exactly what Fiona said. Worryingly, just to touch on what you said about generations of people that maybe are not used to managing their own money, I spoke to a landlord yesterday, and an agent, who said that now, because the fears about arrears are so high with landlords, the agents are now asking for a house-owning guarantor. If tenants do not have access to that, it is fair for us to relay to you that the unintended consequence of all this is that claimants in the private rented sector who are claiming Housing Benefit or Universal Credit will just be squeezed out of the market, unfortunately.

Chair: Jeremy, do you want to comment, and then we will go back to Steve?

Jeremy Hower: Back in September we had a joint event with the DWP where Neil Couling was in attendance. He said at that point that he would not authorise the accelerated roll-out of Universal Credit until he thought it was safe and secure to do so. Our impression is that it is neither safe nor secure to do so at the moment, I think, particularly in regard to the information exchange—the failure to have any kind of system of information exchange so that landlords knew where they stood—that is especially important with the Universal Credit flexibilities that are coming in.

It is all terribly rushed because the flexibilities come into effect on 4 October, just at the time of the accelerated roll-out, but we have not got the landlord portal in place yet. If that was being fully rolled out to all landlords, that may be something; but also the landlord portal needs development. As the DWP says, it is the minimum viable product at the moment and just, essentially, provides the information that the DWP needs in terms of rent verification. For it to work properly, it needs to be able to be a conduit with information for housing associations to know what payments, if not actually paid to the landlord yet, have been



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committed, so that they can distinguish between what may be administrative arrears and genuine arrears.

- Q51 **Chair:** It is very good for Neil to say he won't do it until he is quite satisfied that to roll it out is safe, but the Secretary of State is the person who ought to and will decide whether it is safe, isn't he?

Jeremy Hower: But I understand that there is a project board within the DWP—a Universal Credit project board—that has a series of criteria. I think they are all given traffic lights of green, amber or red. Presumably, if one or two are red, that is a sign that it should not go ahead.

- Q52 **Steve McCabe:** I just want to check on one thing. I think the general message here is that people are saying that a bit of caution is required. I am struck by the point you made about the six weeks. If I understood correctly, you are saying actually the truth is that is too long. That is the system design and it is already leading to people getting into debt or building up rent arrears. Was your further point that you are saying it should be less than six weeks and the more it accelerates, the less chance there is of being able to manage the six weeks? Is that the real fear leading to this debt crisis and housing crisis?

Richard Roberts: If Universal Credit is meant to replicate back to work, none of us around this room would start a new job and expect to wait seven to eight weeks for our first pay packet. The maximum period it should be is four weeks, and then reducing down. I think seven weeks—I cannot understand why that has been set at that time.

- Q53 **Steve McCabe:** So the point is there is a system design fault with six weeks and you feel that is going to go in one direction.

Jeremy Hower: I think the important thing to remember is that with the full service roll-out there is the removal of gateway criteria, so not only are you having a huge increase in volume of cases which support agencies have to deal with, but you are dealing with much more complex cases. You are dealing with families with children and the effect it has on children. You have probably got more entangled cases, which have to be unravelled, which is a huge burden.

- Q54 **Steve McCabe:** This was Heidi's point earlier—that we have been dealing with more straightforward cases so far.

Kayley Hignell: Certainly we need to bear in mind what we are actually seeing. Even DWP's own data are showing that one in five claimants are not being paid on time. So we are not just talking about how we can deal with the six-week wait; we are talking about people not even getting it within the six weeks.

At Citizens Advice we think no one should have to wait six weeks for an income. The DWP needs to look again at allowing people who need it to have a payment at two weeks, so that they do not need food banks and do not get into rent arrears. Once you are in arrears, once you are in debt, it is so much harder to get out of it. Our evidence shows that 41% of the people we help with debt who have Universal Credit as an income have no



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available income to pay creditors. That compares with 33% having no available income within the legacy system, so it is not just potentially issues with design that may mean people have no money to pay bills; it is also the ability to get out of debt that is a problem.

Alex Burghart: That is really interesting—

Chair: Alex, sorry. Can we go to Heidi?

Q55 **Heidi Allen:** On Kayley's point and this two-week idea. What is the situation at the moment in terms of advance payments and access to them? Can anybody get them? Are they discretionary? Is it automatic? How is it working at the moment and how do you think it could be better?

Kayley Hignell: When we surveyed Universal Credit full-service clients to ask them whether they knew about advance payments, only 41% of them knew about it. Given that that is our client group—people who are more likely to have a lower income, more likely to have debt and more likely to have a disability—that is very concerning. The advance payment is available to anybody who comes from legacy benefits and also to those who are facing hardship. We are seeing people not knowing about it in the first instance.

Then we look at eligibility. There is a problem here about how quickly we can get that advance payment to them. The discretion of the work coach, for example, is quite important—the person who is closest to the individual claimant. Then, as I say, the repayment is an issue that we see at Citizens Advice. Most people have to repay within three months.

Somebody mentioned earlier the confusion around deductions—people having deductions from their benefit amount to cover rent arrears and then having on top of that recovery of the advance payment. It just kicks the debt problem to the next month or the month after.

Q56 **Heidi Allen:** What would be better, then?

Kayley Hignell: We think that people who need it should be able to get a two-week payment, so anybody showing signs of debt or anybody requesting it should be considered. To prevent those ongoing and spiralling debt problems, that should not be repayable.

Q57 **Chair:** Richard, what is your comment on the advance payments from the food bank point of view?

Richard Roberts: We don't collect that data, but people will come to us because they are in receipt of Universal Credit. We undertook a survey in August last year for the pilot, and 12% of people coming to the food bank within that period were first-time recipients of Universal Credit, so we supported them. It is just one food package; it is three or four food vouchers to support those individuals to meet their short-term need.

Q58 **Chair:** Jeremy and Natalie, have you got anything to add on advance payments?



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Jeremy Hewer: When making our submission on the Scottish Government's social security Bill we argued that advance payments should be a default so that claimants could opt to decline the advance payment. That is not perfect by any means because of the repayment schedules, but at least it puts claimants in the position of being able to make that choice. I believe you had evidence back in December from somebody who explained the procedure to apply for advance payments, which was fairly Kafkaesque.

Natalie Williamson: We put in our original submission—we agree with Kayley—that there is very low awareness, particularly in the private rented sector, that the advance payment can be applied for. A bit more communication about that would be helpful because it could help towards a rent advance or in trying to mitigate problems.

- Q59 **Chris Stephens:** My first question is for Jeremy. You touched on payment schedules. Could you give the Committee your view on what you think the tenant and landlord experience will be in terms of flexibility of payments, which the Scottish Government are trying to introduce? Maybe the panel could give a view in general terms on whether they think that flexibility of payments would be beneficial to tenants and landlords.

Jeremy Hewer: We were very keen on and supported the Scottish Government's idea of making payments to landlords an option for the claimant. We thought that was very welcome. Our concern is in the preparation for it. As I understand it, the DWP and the Scottish Government have yet to finally sign off an agreement on the process. Our main concern is the lack of information, because housing associations and social landlords—and, I am sure, private sector landlords—will be flying blind.

I don't know whether you have seen it, but I passed round an example of a schedule. As you see, the four-weekly payment schedule that the DWP has is out of sync with the actual payments to claimants, so there could be a six-month period when it appears that they could be two or even three months in arrears. If the associations know, and know that there is money committed—it is not perfect; I am sure the housing association finance officers won't be too pleased about that—at least there is that assurance, so that they can distinguish between real arrears, if you like, and administrative arrears. But we have not got that feedback at all.

Also, in terms of the way it has been implemented, I understand that the DWP has recently entered into a new contract for the administration of these payments. I think it is called the digital validation transfer. One of the things is that even when the associations get the money, they need a schedule to be able to match the payment they receive with the individual rent accounts. At the moment, they are reliant on a paper schedule, which comes in about a week after the money has gone on. It is a tedious, manual process for the staff to be able to reconcile it. Part of the teething problems with the full service is that a lot of landlords have had money for other landlords by mistake. A classic example was that there was a lot of confusion between East Lothian Council and East Lothian Housing



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Association. They were each getting information about each other's tenants.

We hoped that there would be an electronic transfer of information, but the new contract is incompatible with the secure email system that housing associations have to use—there is only one secure email system that the DWP or the Government will accept, which is the CJSM secure email system. That is the only one that housing associations have access to, so some associations have found that they cannot even get a schedule at the moment, because they were supposed to get the electronic one. They said, "We can't use the electronic one," but they were told, "Well, you can't have a printed one." That needs to be resolved as a matter of urgency.

Chair: Jeremy, can I just interrupt? Chris, the package that the Scottish Government are negotiating with the UK Government to implement in Scotland goes beyond this, doesn't it? Are you in a position to give us some bullet points?

Chris Stephens: I'm not, but I am very interested in what Jeremy said about the clunkiness of the process. That is something we might want to come back to, and I certainly will be taking that back and considering it.

Chair: Have the Scottish Government concentrated on how quickly payments could and should be made?

Chris Stephens: Yes. I know that is one of the considerations, looking at fortnightly payments and things like that. What Jeremy seems to be indicating is a lack of information all round that would satisfy the Scottish Federation.

Jeremy Hewer: Although in Scotland there is entitlement to have direct payments to landlords, the Scottish Government are reliant on the DWP to actually administer it. It is being done under their system.

Q60 **Chris Stephens:** So direct payments to landlords would be the preference?

Jeremy Hewer: Yes, but it is not just the principle of direct payments. It has to be joined up, so that there is the information and so that people are not wasting their time chasing money that is going to come in and that they will get eventually. There is also the distress it causes the individuals. If they see their rent account and see that they are three months in arrears—at over £1,000—and are therefore in a position of distress, that is bad. If they had arrears before then, it would be even worse. Because of the confusion and the lack of information, they could find themselves in court with the landlord seeking repossession. That is again a use of court time, unnecessary perhaps, and a waste of resources.

Q61 **Chair:** As I understand it, haven't the Scottish Government tried to negotiate payments every two weeks, if people opt for that? Before we go to Alex, I wonder what difference that would make to delivering a service so that claimants were not left hungry.



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Kayley Hignell: Our colleagues at Citizens Advice Scotland have submitted a paper to the inquiry with more detail on this. Thinking about how that might work in England and Wales and Northern Ireland, we see that 24% of the people we surveyed in full service client areas—sorry, I'll start again. Only 24% of our clients knew about direct payments to landlords; only 8% knew about fortnightly payments; only 4% knew about split payments between households. So, these bits of the system that have been designed as alternative payment arrangements for people who need some adjustment within the system to account for their support or budgeting needs are not known about. We do propose something quite similar: that claimants opt into these things, and that they are given the choice at the beginning of their claim.

If we do want to move people to something that involves monthly budgeting and taking ownership of rent payments, we think we should use that to identify the people who need the support, rather than waiting for them to get into trouble, then identifying their need and adjustment and then putting the support in place.

The thing that we are concerned about with the Scottish arrangements is that I don't think they deal with the six-week wait. I have a limited understanding of the proposed system but I am pretty sure that it does not deal with that first six weeks.

Jeremy Hewer: No, it doesn't. You can still have a six-week wait while the two-week payment is—*[Interruption.]* At the end of the six weeks you get half a month's money and the other half of the month's money is held over until midway through the next period.

Chair: Richard?

Richard Roberts: It would certainly benefit people if the timescale could be reduced to two weeks for the initial payments, and if that was the default position. That is a very logical way forward. Also, as I understand, the option of housing cost elements being paid directly to the landlord should be available straight from the beginning. I think claimants aren't fully aware of what the requirements are. What we are trying to do at Wirral Foodbank is put together a leaflet—quite a succinct document—that we can give to clients. Every time we try to put it together we find other relevant information to put in. It is trying to inform people of what their options are at the very beginning. The budgeting is quite key. Can they budget correctly for their needs?

Q62 **Alex Burghart:** I guess this is mostly for Natalie, but it would be interesting to hear all your views. We would like to know how the experiences of private landlords differ between Housing Benefit and UC. That is a broad question but we would appreciate your insight.

Natalie Williamson: The key thing is how it is administered. Housing Benefit is administered locally, so a lot of landlords who are our members have told us that they have built up a good working relationship with the team. It is just one benefit, not six rolled into one, so there is a real



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specialist knowledge there. They can go to them with concerns and be told information. That is a real key difference.

Another key difference is the way that it is paid. At the moment, landlords have security, I suppose, but under Housing Benefit, payments are made on a certain day. We have heard that under Universal Credit it is linked to the assessment day. So, it could be paid any day and then you have the waiting. We have got the week, then the six weeks and then it is quite uncertain. There is the lack of support, especially in a full service area where it is all online. We are very reliant on the goodwill of the tenants to be open and transparent about the claim. That is not always the case. That could be because they are wary or struggling.

Landlords are trying to engage before people get to crisis point, as Kayley said, but sometimes that is not reciprocated. And there is no helpline, obviously, in the full service area; it is all done on the logbook. There are those practical issues, but also—we touched earlier on confidence for private landlords—under UC there is no recourse. There's not really a safety net as such. Under Housing Benefit, there are certain rights to information that the landlord can access. Also, if things go wrong, you can access the tribunal. Under Universal Credit, they don't enjoy the same privileges. So it's definitely a big change for private landlords.

Q63 Alex Burghart: Thank you, Natalie. Jeremy, you talked previously about people ending up in court. Are you starting to see that already, and if so, can you put a number on it?

Jeremy Hewer: I can't put a number on it, but I believe COSLA may be gathering figures on it. Also, because of the rationalisation of the courts system, there has been an effect there.

Q64 Chair: In the sense of data being processed because of the courts rationalisation or what?

Jeremy Hewer: No, they have been closing down some sheriff courts, so there are certain areas where resources are being reduced. And there has been a reluctance by private sector landlords, maybe, to take on some of the tenants that they did before, because of Universal Credit. That puts extra pressure on social landlords, because they are getting higher demand, and because of the progressive homelessness legislation that exists in Scotland, it is producing pressure.

That has been compounded, I have to say, by the closure of Jobcentres in Scotland and in Glasgow in particular. One of the positives of the Universal Credit roll-out has been the commitment of DWP staff on the ground to engage with housing associations and try to find the best thing, but they have been limited by their training and their lack of experience of housing costs-related issues.

Q65 Chris Stephens: On that point, Jeremy, do you think it would be better if the DWP looked at co-locations, for example with housing providers, Citizens Advice—any of these areas?



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Jeremy Hewer: Yes, that's being actively looked at. In a few places—I think in the Clyde, for example—they are actively looking at how they can co-locate services. That has been one of the positives. For example, in Highland, the personal budgeting support service has been provided by Highland Council, and they have co-located in the Inverness Jobcentre, so that has been a positive.

Q66 **Marsha De Cordova:** Going back to advance payments, I would be keen to hear what the other panellists think of Jeremy's suggestion of making advance payments a default.

Richard Roberts: That would have an impact on people coming to food banks, because 46% of people using our food banks are there because of benefit issues. That will only, I think, increase with the introduction of Universal Credit. If advance payments were a default position, that would certainly prevent people from coming to food banks.

Q67 **Chair:** Richard, I know that in Wirral you have really innovative activities in terms of having benefit advisers in the food bank. What has been happening there; how has that worked?

Richard Roberts: Yes. Through Citizens Advice and Involve Northwest, we have two advisers based in our busiest centres, and they are there to provide first-time support. For example, on a Friday afternoon CAB are in at Birkenhead. People are coming in with PIP issues, ESA issues and unfair sanctions. The benefit adviser is able to phone the DWP there and then and get those sanctions overturned. One person who came just a few weeks ago had been sleeping in a car for four weeks because they had no accommodation. They managed to get accommodation. We then contacted a local charity, SVP—the St Vincent de Paul Society—and the whole property was kitted out with a fridge, freezer, cooker, blankets and so on. So in addition to the food, that person then had a quality of life.

We also provide fuel vouchers for people who come to our food banks. It's a requirement to have a food voucher first, but we found people were coming because they couldn't cook. Last Christmas, somebody came to a food bank and asked for candles. They had no electricity. We now also have that option to provide a fuel voucher to support clients in addition to the food. We are also looking to get extra funding for another CAB adviser to be part of our support mechanisms in the food bank.

Kayley Hignell: What we are really committed to is making sure that people who need the advance payment can get it. The most straightforward way to do that is to make it available to all and have it as either a default or an option to opt in. If that is not possible, we need to focus on those who need it the most. Our own evidence shows that most of our clients are not paid monthly; they are paid fortnightly or weekly. We have people coming into the system who already high levels of debt, suspended possession orders and all those kinds of things. The impact of not having money at that point can be very serious for those people, so at a minimum we absolutely need to be able to get to them. The easiest way to do that is to make it available to all.



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Nicola Smith: From my experience, the six-week wait is from the time that they make their actual Universal Credit claim. Throughout the roll-out in Southwark, what we found was people being passed from pillar to post. In a claim for Housing Benefit, Housing Benefit would then write back to the client to say, "You are not entitled to Housing Benefit because your postcode is under Universal Credit". That could be a three or four-week delay on top of the initial six weeks.

If we brought in an advance payment that had a two-week wait, for example, that would straightaway give the client, as soon as they made that Universal Credit claim, the knowledge that two weeks is what they are used to on the legacy benefits for a payment to come into play. At the moment people are waiting much longer than six weeks, especially during the roll-out, when they were passed from pillar to post on what benefit they were actually supposed to be claiming.

Natalie Williamson: In principle we would support a default advance payment, but to opt in, because then people can assess their ability to pay. Especially with it coming out of future awards, if they are already in arrears they need to be able to manage that going forward.

Another issue with waiting periods in the private sector is when our landlords apply for alternative payment arrangements if a tenant is more than eight weeks in arrears. We are having real issues with the logistics of landlords, without any guidance or help from the system, being able to apply for the direct payment to them. There have been email addresses and then confusion over email addresses, as Jeremy said, and people having to send supplementary information through the post and then DWP having to marry the claim together. That all adds on time to the money coming through to the landlord and increases the risk of potential eviction.

Jeremy Hewer: It is very much an expedient to address a very serious flaw in Universal Credit—the initial six-week wait. That is the problem. The fact that someone's assessment date can be any day of the month does not help either. If you want to mimic work, work usually pays on a set day of the month, whether it is the 28th or whatever. It is a pity that you do not have a system like that, because I think it would stabilise. Then in the initial application you would actually have a pro-rata payment, as you would in work. If it is to be a monthly payment, make it a monthly payment and not a six-weekly payment. If you cannot do that, perhaps advance payments are one way to ameliorate the situation.

Chair: MPs are all paid on the same day at the end of the month.

Jeremy Hewer: I would imagine the DWP, which is about the third largest employer in the country, manages to pay all its staff on the same day as well.

Q68 **Ruth George:** The Secretary of State informed the Chair of the Committee that the phone waiting times are now down to an average of three minutes, so I just want to check whether that is your experience of what is happening out there. Also, on the advance payments and the long



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waiting period, what is the long-term impact of that on people if they are paying direct debits or end up with bank charges? What will the knock-on, long-term impact be on them, and what will be the strains on their relationships and mental health?

Kayley Hignell: On the phone lines, we are aware of some improvements, although it is patchy at the moment and we are getting different reports from different local offices. One of the key things we are struggling with is that all claimants have to make a call to the phone line at this point in full service areas to make their appointment at a Jobcentre for their first appointment with a work coach. That obviously drives a huge volume of people to that phone line who could potentially be served through an online channel, meaning that clients like ours, who need more support and will potentially have more problems, are waiting longer or are having to call more times to get through.

We are asking that an online booking system, which I believe has been commissioned but is not yet ready and in place, should be in place to allow for the reduction of the volumes coming through the phone line. That is something that comes up quite frequently with Universal Credit full service, and we have heard about different things here that are fixes. The landlord portal is a good example. There has been significant improvement there from DWP, in terms of how that is working, but it is not yet fully ready or rolled out. There are other ones for which we know support and fixes are coming down the line, but which are not here yet, yet we are still going to roll out to 50 Jobcentres from October. Our preference, as we have stated quite publicly, is that we pause, let those things get sorted and fixed, and then move into acceleration of roll-out.

In terms of your point about advance payments and waits and the long-term impacts, debt is obviously our second biggest issue at Citizens Advice. It is the second biggest thing that people come to us about, with welfare benefits being the first. The long-term impact of debt is well known, on mental health, relationships, as you mentioned, and also just on bandwidth. The ability to focus on something else other than, "Have I got enough money to pay the rent? Have I got enough money to pay the utility bills?" I am sure Nicola has seen hundreds of debt clients, if not more.

Nicola Smith: Definitely. I think that this does not just impact on the claimants but on the children in the families as well. They are not to blame. They are being impacted by having no electricity, no gas, or having to access food banks that give them perhaps not necessarily the food choices that they are used to, but that is no fault of their own. Children are actually in poverty as well because of the hole in the system.

Moving over from legacy benefits, in particular, where things were perhaps more structured, it has an impact on everyday life for families. There are a great deal of mental health cases who were perhaps not vulnerable clients previously but that this may actually turn around; they actually become a vulnerable client by being in the system of Universal Credit, and because of the effect of the waiting period and the debt that is coming.



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Q69 **Chair:** Can I just ask a final question? Your evidence has essentially answered it, but if you were the panel advising the Secretary of State on roll-out and his present ambitions, would your advice be to slow down, to keep the present speed or to speed up?

Richard Roberts: I think to slow down or possibly stop until the systems have been resolved—particularly the six-week timescale. I think that is definitely worth a review. My recommendation would be to stop until solutions have been identified.

Q70 **Chair:** Does anybody disagree with that? I am the heretic here, but nobody is disagreeing that we should have Universal Credit, and that it is realisable. However, aren't you also saying that it is such a big change, both in IT and, as per the point Southwark has made, culturally, that, if the Secretary of State wants to get this right, it really has to be timed not by some abstract timetable, but by knowing that this stage is completely working before we go to the next stage? Doesn't it?

Natalie Williamson: Yes.

Jeremy Hewer: I was going to say that one of the criteria is that the landlord portal, instead of its minimum viable product, should be proven to work, and to be providing the information that both landlords and the DWP need, and should be able to be rolled out to all landlords at the same time as the roll-out. I think that would be the minimum requirement.

Q71 **Chair:** When you say "all landlords", that is all social landlords, but the private landlords are dominant and the concern in my constituency, and there will be no portal for them, will there?

Natalie Williamson: Just to come back to that point, that would be our suggestion to the DWP. It is finally starting to engage positively now with the RLA. I do not know about other private landlord associations, but the young lady before, from Plymouth, said that they are having a meeting with the DWP, which is a great sign.

A lot of our warnings at the start of the roll-out of Universal Credit were overlooked, and now the warning signs are starting to show in the sector. A recent survey of ours found that 38% of our landlords are seeing rent arrears this year, compared with 27% in 2016, which was in our original submission. The warning signs are there. The sooner DWP can balance the playing field a little bit the better—you cannot have hundreds of thousands of trusted status private landlords, but maybe an intermediary could help and facilitate the relationship.

With the portal, I do not think that there is anything down the line for private landlords in that sense. It is just about trying to look at the implicit and explicit consent, in terms of discussing claimants, because there is a real inconsistency with the landlords talking to full service—with the phone line, as you were saying. If a landlord has to be sat there with the tenant to be able to discuss the claim in the live service areas, they can do implicit consent there. They have an interest in tenants' welfare. All of our members, I am confident, have real concern for their tenants' welfare.



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They do not want to evict them, so please do engage with more positively with the private rented sector.

Chair: That is very good. As there are no more questions from the Committee, I thank you very much for the diverse evidence and for some very clear conclusions. Thank you for your time.