

What impact is Universal Credit having on the Landlord/Tenant relationship in the social housing sector and good practice being introduced?

1. Introduction

Universal Credit (UC) represents the greatest change to the welfare system in the United Kingdom since its original creation and once fully implemented is expected to have a major impact on an estimated one-in-four working-age households. These changes and particularly the manner in which rent is paid will result in significant challenges for landlords and put pressure on the landlord/tenant relationship across the 2.34 million socially rented properties in England (Deliberata/ICS 2018). The aim of this note is to explore the impact of UC on the landlord/tenant relationship in the social housing sector.

2. Impacts of UC on Landlord/tenant Relationship

The report of Deliberata/ICS (2018) reminds us that UC is still being rolled out, with social landlords expecting a resultant increase in rent arrears that will put further pressure on the ability of social housing organisations to provide quality homes and services for the community. The uncertainty associated with these changes make it difficult for landlords to develop detailed, tenant-focused support plans that could help the ability of tenants to maintain their rent payments (Deliberata/ICS 2018). Power (2014) highlights that tenants in social housing rely heavily on benefits and as such these changes will put greater pressure on household finances and many tenants will have to make cutbacks on key resources such as food and energy to meet rent payments.

This is supported by a survey conducted by social housing provider East Thames (2016) that found that UC will affect the way in which tenants plan and budget their money. The survey also found that many tenants are not ready to cope with the changes, particularly older claimants and those in receipt of Income Support and Employment and Support Allowance (sickness benefits). Aside from the financial hardship and challenges associated with the UC, East Thames (2016) also concluded that UC could have emotional impacts on tenants, which puts further pressure on social landlords to provide support for this group.

Hickman,(2018) identifies that UC will have an impact in the income streams for social landlords, as the new system will most likely create difficulties for tenants who are unfamiliar with paying their rent directly and in managing money. Tenants will also experience financial hardship whilst waiting for the UC payments due to the delay between tenants' initial UC claim and their first payment (Hollander 2018). Social landlords may need to approve additional staff to cope with the need for increased tenant support during the transition process, which in turn has impacts on the financial viability of these organisations (Hickman et al., 2018).

3. Addressing the Impacts of UC

Preen (2018) maintains that UC is forcing landlords to make changes to the service provided to tenants, to help sustain tenancies, and to reduce the impacts of changing welfare arrangements on tenants and the business. According to Power (2014) the pressures on social welfare and the social housing sector is altering the relationship between the social landlord and tenants, increasing the level of interdependence between the two. This is shown through an increase in tenant training, greater provision of advice on finances for tenants and an increased focus on the face-to face contact and community support.

The Deliberata/ICS (2018) report suggests that there are relatively simple measures that can be put in place by social housing providers to minimise the risk of rent arrears, helping tenants to plan for the transition to UC. This should include communicating with tenants and providing as much information as possible to facilitate an effective transition to the new UC system. For example, it could include educating tenants on ways to cope during the transition period when there may be no income as the tenant awaits the UC payment. This can be managed by forward planning, such as stockpiling non-perishable food and making contact with key service providers such as utilities to inform them of the situation and make appropriate plans for payments when the UC is paid. It is argued that the motives underpinning these measures are both social and business driven, on the premise that tenants are essentially customers in the social housing sector and should be treated accordingly and the fact that income from the tenants is a key source of business income for the social housing provider.

Nowlan (2015) highlights that some social housing landlords such as Sanctuary Housing managed the changes during a pilot of the UC in England. This housing provider found that having performance management measures in place that analysed rent accounts enabled the landlord to provide support for tenants in greatest need of such support. This requires a response information technology system to effectively manage data. In addition it is useful to identify a single person as a UC expert who can be a central point of contact for frontline staff working with tenants and who has sufficient training and education to provide in-house training for staff. It is also crucial that frontline staff are trained and knowledgeable about UC and in ways of supporting tenants. This in turn requires support from senior management including the provision of adequate resources for the team and comprehensive training in tenant financial management.

4. Summary

UC is being rolled out including in the social housing sector in the UK. This change in benefits will have several impacts on the landlord/tenant relationship, and can be managed if landlords have processes in place to cater for an increased level of rent arrears and have frontline staff who are trained in support services, financial management and the complexities of UC.

5. Sources

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¹ Now merged with L&Q Group

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