

## RESPONDING TO THE CHALLENGE OF UNIVERSAL CREDIT

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# Magenta Living rent performance



12,400 tenancies 22% in arrears.

570 UC claimants (projected to reach 4,500+).

Trusted partner status and now landlord portal

1,700 bedroom tax cases, 42 benefit capped.

Current rent collection 100.79% (UC 100.70%).

Highest arrears case around £2,000.

Fewer than 15 tenants with arrears over £1,500.

Collection dipped 2012 -2014 to 99.5% before recovering.

Current arrears at £530K halved in 3 years.

# Magenta's approach to rent collection



- LSVT transfer 2005 – specialist rent teams in area housing offices. No in-house benefit advice.
- 2008 preparation for housing inspection. Outcome – specialist income team under income manager. More emphasis on support. Bought in welfare benefits and debt advice.
- 2010 Our first in-house welfare benefit advisor recruited.
- By 2013 a 9 strong financial inclusion team and financial support for access to debt advice agency.

# Magenta's approach to rent collection

- Built links with credit unions – promoted their services and worked to establish bespoke jam jar accounts.
- Access to bank accounts to allow direct debits.
- Funded access to local debt advice agency.
- Extensive effort to engage with tenants to inform them of changes to welfare benefits – newsletters, road shows, presentations etc.
- Established a bedroom tax project team of 5 staff.

# Magenta's approach to rent collection



- 2015 – review of income management. 3 outcomes:
  - - shift focus to debt recovery to improve performance
  - - improve IT systems to increase efficiency
  - - less reliance on letters, more on telephone contact.
- November 2015 – Rentsense
- Jan 2016 - switched off Northgate monitoring tool
- March 2016 – cut the Financial Inclusion Team from 9 to 5
- November 2016 – Recruited 2 additional Income Officers

# Universal Credit

The principles of UC developed by the Centre for Social Justice as a means of breaking the dependency on welfare.

- Ensure that work always pays.
- Easier to transition into and out of work.
- Promotes a degree of personal responsibility.
- Undermined by pressure from the Treasury.

General political support for the principles of UC. The arguments have been around its implementation rather than the principles.

# Universal credit

- Replicates aspects of work – paid calendar monthly in arrears.
- One benefit replacing 6 working age benefits including Housing Benefit.
- Claims are made and managed online.
- Personal element and housing element.
- Claimants expected to pay their own rent.
- Alternative Payment Arrangements.
- Trusted Partner Status/Landlord Portal.

## How has your organisation responded to UC?

- Tenant Engagement
- Staff numbers
- Restructuring of teams
- Technology
- Policy/procedural changes
- Etc



# Our Bedroom Tax experience

- So much wasted/ineffectual effort trying to engage tenants.80% of those affected failed to pay in the first 4 weeks of its introduction.
- Only after we started to pursue legal steps for recovery did arrears start to reduce.
- Set up a bedroom tax arrears team for a short while against our judgment.
- Sometimes it felt like we were doing things not because we felt they would work but because we needed to be seen to be innovative or proactive.

# Magenta Living's Approach



- Lessons learned from previous reforms (so much wasted resources and effort).
- Lessons learned from UC awareness events (more resources).
- Lessons learned from pilot area experiences (admin nightmare, 80% rent collection but signs of improvement).
- Awareness of DWP changing approach from target driven to “test and learn” and its changing approach to housing organisations – part of the solution (things will get better).

# Some early responses of others to UC

- Involve many in the organisation to support tenants with UC.
- Set up specialist UC teams.
- Move from specialist rent teams to generic working.
- Increase the amount of home visits by rent officers.
- Develop mobile working solutions.
- Involve more staff in rent arrears work e.g. have contact centres monitor low level arrears.
- Move to a much more digitally focused service.
- Push direct debit payments to new UC claimants.
- Deploy staff in Job Centres.

# Some early approaches of others to UC

We felt that:

- some responses were hasty, failing to factor in that the system would surely have to improve.
- some organisations, UC had been used as a Trojan horse to promote a hobby horse.
- some organisations were using UC to reduce staff costs.
- some approaches were based on assumptions or questionable data (e.g. the outcomes of rent direct pilots).

# Magenta Living's Approach



Conclusions:

No one size fits all solution.

Find smarter ways of working.

Spend few resources on awareness raising campaigns.

UC is a moving feast so be wary of jumping too early.

Balance the need to react to the challenge with caution.

Be wary of doing things for effect.

Introduce change for the right reasons.

Base decisions on evidence, test and learn.

# Magenta's current position

- Spend little effort to raise awareness – concentrate resources into assisting tenants as they claim UC.
- Maintain a specialist income team.
- Move focus of team to rent collection.
- More office based, reliant on telephone contact.
- Invest in technological support before seeking more staff.
- Have faith that the operation of UC will improve.
- Workload will peak then settle over the coming years.

# Other responses out there

- Generic working.
- Use of contact centres.
- Specialist UC teams.
- More emphasis on support - financial inclusion teams increased rent arrears teams reduced.
- Disband in-house financial inclusion teams.
- Move to greater reliance on digital platforms.
- Greater reliance on automation.
- Use of IT to direct resources.

# Conclusion

- Responses to change should be based on:
- An understanding of the issue.
- Your organisations experience of similar issues.
- An understanding of how others are responding.
- Your organisation's circumstances, strengths and weaknesses.
- Your organisation's wider vision.