

## **Universal Credit in the City of London**

This is a case study of the first resident of the City of London to receive Universal Credit (UC). It is used to illustrate some of the issues that we believe will become important for staff, tenants and the City of London as UC goes live.

### Background

Mrs M is a single lady in her 50's living on an estate in the City of London. She lives with her two adult sons – one in full time employment and the other is unemployed and receiving Jobseekers Allowance (paid at the rate of £57.90 per week).

Mrs M has been a housing tenant since the early 90's. Since 2009 she has been working and in receipt of partial Housing Benefit. She has always managed her Housing Benefit claim well – being responsive and proactive with her claim.

### Claiming Universal Credit

In February 2015, Mrs M lost her job and was the first City resident to submit a claim for UC with the DWP. She submitted an online claim with assistance from her DWP work coach on 23<sup>rd</sup> March 2014.

When submitting her claim for UC, Mrs M was advised she would receive her first payment (paid monthly in arrears on the 1<sup>st</sup> May 2015). However, the first payment wasn't received until 1<sup>st</sup> June 2015.

The UC claim was paid from 25<sup>th</sup> April 2015 to 25<sup>th</sup> May 2015. Mrs M was not paid UC for the first month of the claim as the DWP stated she had not provided proof of her current rent. She challenged the decision not to pay her for this period but was unsuccessful. (Housing Benefit regulations would allow for late submission of documentation and would have paid from 23<sup>th</sup> March 2015). Guidance states that Housing Benefit cannot be paid for any period Universal Credit has been claimed for – even if Universal Credit is not paid for that period.

Therefore Mrs M had no income from 20<sup>th</sup> March to 25<sup>th</sup> April 2015.

### Payment of Universal Credit

Universal Credit was awarded at the rate of £709.53 per calendar month:

Personal Allowance	£314.67
Housing Allowance	£394.86

Weekly rent liability is currently:

Weekly	£147.99
Monthly	£641.29

There is a shortfall of £246.43 per month between rent liability and the Housing Allowance element of UC. (Approx £130 of this is in respect deductions for the 2 adult residents currently living with Mrs M)

#### Snapshot of rent account

Historically the tenant managed her rent account well until 2009 when she was working and earning a low salary. Between 2009 and 2013 her arrears escalated to £1200. These were cleared in full with a lump sum payment in 2013.

Date	Rent Arrears	Action
5 <sup>th</sup> January 2015	£88.04	
23 <sup>rd</sup> March 2015	£345.74	Letter sent
18 <sup>th</sup> May 2015	£1145.87	Notice seeking possession issued
28 <sup>th</sup> July 2015	£1671.77	Interview with tenant
26 <sup>th</sup> August 2015	£1783.73	Referred to C&CS

Between 23<sup>rd</sup> March 2015 and 24<sup>th</sup> August 2015, Mrs M has paid a total of £1630 to her rent account. Her total rent liability for this period was £3255.

#### Staff interventions

Mrs M first contacted the Housing Benefit office on 9 April 2015 to advise that she had applied for Universal Credit. Initially she was in regular contact with estate staff. When the Universal Credit was not paid as expected on 1<sup>st</sup> May 2015, Mrs M withdrew from contact. Records show that an income recovery officer recorded 8 telephone contacts with Mrs M between 21<sup>st</sup> April 2015 and 24<sup>th</sup> August 2015

On 18<sup>th</sup> June 2015, Mrs M attended the Barbican estate office. Staff from the Benefits Team spent over an hour with Mrs M discussing budgeting and meeting rent payments. During the meeting Mrs M became visibly upset. She reported that she'd found the whole process of claiming Universal Credit unsettling and frustrating. The importance of receiving financial support from her adult sons' was discussed. Support was required in order that Mrs M could meet her rent payments and household living costs. Budget planning could not be supported as any plan would require commitments of financial support from her sons' who were not present.

#### Current situation

Mrs M has been given form for a Discretionary Housing Payment (DHP) and advised to seek assistance from CityAdvice in relation to the DHP request, the missing Universal Credit at the start of her claim and her overall debts.

Mrs M's Council Tax account is in arrears. Mrs M was sent an arrangement notice but has failed to make the first payment due on 15 August 2015. Total outstanding £474.95. Last payment was March 2015. (Her Council Tax account had been kept in order for all of 2014.)

Possession of the property is now being sought

### Organisational learning

- There can be no one size fits all approach to dealing with tenants in receipt of UC – each case will need to be assessed on an individual basis
- An assessment of the claimant's ability to manage her rent account should have been made on the day we found out she'd applied for UC.
- Direct payments from UC should have been applied for the week the tenant reached 8 weeks of rent arrears.
- DWP UC rules on backdating and submitting requested evidence are far more stringent than existing housing benefit regulations