

### Summary:

Shelter helps millions of people every year struggling with bad housing or homelessness – and we campaign to prevent it in the first place. We're here so no one has to fight bad housing or homelessness on their own.

Shelter supported the original policy intention of a combined Universal Credit (UC) to simplify and reduce the very high withdrawal rates of the legacy benefit system. But the payment of housing costs through the **housing element of UC is emerging as a significant problem.**

Often tenants do not receive their benefit in time to pay their rent and are **put at risk of eviction and homelessness.** These delays mean that some landlords who used to accept people on benefits are now refusing tenants who are on UC, severely limiting their housing options. UC is also causing significant problems for the provision of suitable temporary accommodation for homeless families. **Shelter strongly recommends that temporary accommodation should be exempt from UC.**

Furthermore, the freeze on the rates of housing benefit private renters can receive is increasingly pushing families towards homelessness. **Unless these rates are reviewed, the government is setting UC up to fail many private renters.**

### Shelter recommends:

1. Homeless people should be exempt from the seven-day waiting period;
2. Repayments should be set at an affordable level and not compromise claimants' ability to meet their essential living costs;
3. UC advances should be easier to access;
4. The government ends the freeze of LHA rates in the Autumn Budget so that benefit levels begin to reflect private rents once again;
5. Temporary accommodation, including nightly paid emergency accommodation, should be exempt from Universal Credit.

### Waiting for Universal Credit

#### Recommendation 1: Homeless people should be exempt from the seven-day waiting period.

All UC claimants have to wait at least five weeks for their first payment and, since the introduction of **waiting days**, many now have to wait for at least six weeks. This is designed into the structure of the benefit. This wait is further compounded by **administrative problems** delaying making a claim or getting the claim into payment.

There is growing evidence that people waiting for payments have few savings to fall back on and are finding it extremely difficult to manage until they receive their first payment.<sup>1</sup> We see people routinely waiting seven weeks, sometimes up to ten, for their first payment, resulting in hardship and rent arrears.

The seven-day waiting time worsens this issue because claimants are not eligible for a payment for this period and must cover the costs themselves. People who are homeless or at risk of homelessness are particularly vulnerable to this measure because they have fewer financial resources to draw on to bridge the gap between applying for Universal Credit and receiving their first payment.

<sup>1</sup> Including Northern Housing Consortium (2017) <http://docs.northern-consortium.org.uk/wp-content/uploads/sites/3/2017/03/Universal-Credit-Impact-Report-Round-3.pdf>; Citizens Advice (2015) *Waiting for Credit: the delivery of UC as experienced by Citizens Advice clients in England and Wales*

### Help through the waiting period

**Recommendation 2: Repayments should be set at an affordable level and not compromise claimants' ability to meet their essential living costs.**

Claimants can apply for an advance payment of UC to mitigate the waiting period. But the amount available is capped and not enough to cover both rent and living expenses. It also has to be paid back from the standard allowance as soon as UC comes through, at a rate that is unaffordable for many.

**Recommendation 3: UC advances should be easier to access. Specifically: Jobcentre advisers should proactively offer UC advances; all claimants should be allowed to appeal a decision not to award an advance; and claimants should be allowed to request an advance face-to-face.**

The Secretary of State announced in October that the government is refreshing guidance to ensure that Universal Credit claimants in need of an advance payment will be offered it upfront. Given that advance payments are already available to Universal Credit claimants, it would be helpful to have clarity on exactly what changes will be made.

### Housing benefit rates within UC

**Recommendation 4: Shelter strongly recommends that the government should end the freeze of LHA rates in the Autumn Budget so that benefit levels begin to reflect private rents once again.**

UC inherits a legacy system that is increasingly inadequate. Unless the government reviews the level of housing benefit paid to private tenants, they will be setting Universal Credit up to fail many tenants.

Housing benefit rates for private sector tenants (Local Housing Allowance or LHA) are currently frozen, and their value has fallen over recent years. These rates determine the level of housing element paid under UC to private renters. Currently, there are 1.2 million households claiming housing benefit in the private rented sector, one-third of whom are in low-paid work and require support to help top-up their rent.

As rates have been frozen and rents continue to rise, shortfalls have emerged between LHA and rents at even the cheapest quarter of the market in the majority of areas. This means that more families are facing rent arrears and fewer families are able to secure a privately rented property. Our research shows that in a **quarter of the country**, a family with one or two children now face a **shortfall of £100 or more a month** between the LHA level and a two-bedroom home at the cheapest end of the market.

### UC for those at the sharpest end

**Recommendation 5: Shelter strongly recommends that temporary accommodation, including nightly paid emergency accommodation, should be exempt from Universal Credit.**

The design of UC means that it does not work well where local housing authorities use emergency accommodation, paid at nightly rates (such as homeless B&Bs and hostels), to accommodate statutory homeless households. There has been a 60% increase in households in temporary accommodation (TA) since March 2011, with over 77,000 households in TA as of March 2017.

Croydon identifies a big part of the problem being that it is **not possible to claim UC if your accommodation is planned to last less than six weeks**. If a family is in accommodation for under six weeks (which should be the case if it is a B&B), they are **not eligible for any housing support**.

**Local authorities face a significant loss as the first UC payment does not include an amount to cover the emergency accommodation. Local authorities are incentivised to keep homeless families in unsuitable, nightly paid, emergency accommodation (such as B&Bs) for a longer period than is**

**necessary so that the costs of this accommodation are included in the household's eventual UC payments.**

The design of UC creates a powerful financial incentive for local authorities to breach the legal six-week limit on accommodating families in B&B accommodation, causing serious detriment to the wellbeing of children and leaving local authorities open to litigation or complaints to the Ombudsman.

There were 6,660 households in bed and breakfast style accommodation as at 30 June 2017. This includes the 335 households from Grenfell Tower, Grenfell Walk and the surrounding area. Excluding Grenfell, of the 6,260 households in B&B, 2,710 (42%) had dependent children or expected children, of which 1,200 had been resident for more than 6 weeks.

*NB: Shelter has also signed up to a joint briefing with other homelessness organisations, which takes a wider look at the problems relating to UC. A copy is available online [here](#).*

**If you require any further information, please get in touch with Poppy Terry on 0344 515 2274 or [poppy.terry@shelter.org.uk](mailto:poppy.terry@shelter.org.uk)**