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The Rt. Hon. David Gauke MP
Secretary of State for Work and Pensions
Department for Work and Pensions
Caxton House
Tothill Street
London
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25 October 2017

Email to: secretaryofstate@dwp.gsi.gov.uk
ministers@dwp.gsi.gov.uk

Dear David,

I am writing to urge you to delay the roll-out of Universal Credit full service until major flaws, highlighted by the motion passed by the House of Commons last week, are resolved.

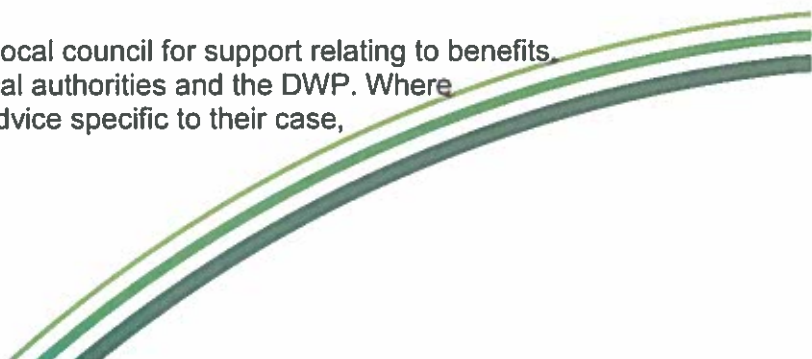
We have significant concerns about how the roll-out will affect the many Hackney residents in receipt of benefits. Hackney has the largest Housing Benefit case load in London, and a total of 48,400 people receiving benefits. Universal Credit full service is due to go live in Hackney in June 2018, but already we are hearing from residents who are worried about the impact it will have on them.

Pilots in London and across the country have proved disastrous, with well documented reports of vulnerable residents feeling confused and distressed, a significant spike in rent arrears and an increase in the use of food banks. Delayed payments are dragging people into debt, which is completely unacceptable in a system designed to act as a safety net to help those who need it most.

We have heard of vulnerable claimants struggling to adapt to receiving a single monthly payment, with inadequate support in place to help them adjust to this significant change in how they manage their personal finances. A report by The Smith Institute, Safe As Houses, found 36% of the total rent owed by those studied was not paid after the scheme was introduced in Croydon and Southwark, and that rent arrears built up most quickly in the first few weeks after Universal Credit was introduced.

About 40% of existing claimants who have incurred debt and arrears have never done so before. That is a significant number of people who have previously managed their finances well who are now on a downward spiral of debt and potential homelessness. More generally, the pressure on recipients will undoubtedly have an impact on the mental health of some claimants, as well as the wellbeing of their dependents. The effect of this will be felt by both local authorities and third sector partners.

Traditionally, residents have turned to their local council for support relating to benefits. Universal Credit severs the link between local authorities and the DWP. Where now we are able to provide residents with advice specific to their case,



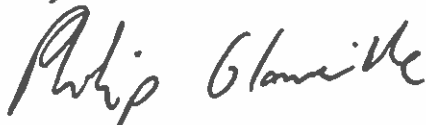
under Universal Credit our staff will no longer be able to access the DWP's system to find out about our residents' claims. However, the assumption is that councils will take the leading role in providing support and guidance to Universal Credit recipients, but without the levers to do so, with disturbing reports that the DWP will only respond to MPs' enquiries and that Council and Third Sector staff would be forced to call a high rate phone number.

We will of course continue to support and advise residents more generally around things like budgeting and eligibility, however in the circumstances that will prove challenging in itself. We have carried out a preliminary mapping and costing exercise, which identified that providing a comprehensive advice and support service to all UC recipients in Hackney would cost in excess of £10m. I would ask that you confirm that the Government will fully fund a comprehensive advice and support service for Universal Credit recipients in Hackney, to allow us to support residents throughout the transition to Universal Credit.

Universal Credit will also have a direct impact on the Council's finances. We currently collect 96% of rents, which allows us to invest in vital housing maintenance. As you will be aware, in Sutton, rent collections prior to Universal Credit were 93%, and are now 44%. Very similar impacts have been reported across the country. As a result of ongoing government cuts and cost pressures, we have been forced to make savings of over £150m since 2010, with at least another £30m to come and similar pressures on the HRA at a time when we are rightly responding to the Grenfell disaster and the existing challenges of Welfare Reform. We simply cannot afford to maintain our social housing without collecting rents. We look forward to seeing the results of the trial to grant social housing landlords 'trusted partner' status, which could potentially speed up rent payments via an alternative payment arrangement. However, we would point out that an effective system will be dependent on us knowing that a Universal Credit Claim has been made and the DWP being able to process payment adjustments in time.

I understand that your department will soon announce that residents in temporary accommodation will continue to access Housing Benefit. As a Council, we have pressed the importance of this with your office for a number of years and we welcome this news. This will no doubt assist the 3,000 Hackney residents in temporary accommodation but will not, of course, help them when they move into permanent housing. Concerns remain about the level of housing benefit administration grant in light of this additional work for local authorities.

A recent report from The National Audit Office made it clear that the Government's welfare reform has driven homelessness, while The Smith Institute's report concluded that the process of Universal Credit has "significant implications for councils and the wellbeing of the individuals themselves, many of whom have desperate personal stories to tell." Universal Credit is the single biggest change to welfare and benefits this country has ever seen and urge you to take this opportunity to pause and reflect.

Tows,


Philip Glanville
Mayor of Hackney

cc: Diane Abbott MP for Hackney North and Stoke Newington
Meg Hillier MP for Hackney South and Shoreditch