



Policy Submission  
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**Written evidence from Housing Rights to the Joint  
Inquiry into Northern Ireland's welfare policy**

**May 2019**

**when everyone has a home**

## Executive Summary

- **The impact of welfare policy on housing in NI has been tenure neutral, affecting private renters and owner occupiers as well as those in the social rented sector.**
- **The mitigation package has provided crucial protection to vulnerable groups across NI from some of the harshest aspects of welfare reform. Whilst valuable, however, the protection offered has neither been absolute nor comprehensive.**
- **There is emerging evidence to suggest that a revised package should not simply be an extension of the current measures but should be reshaped to fully take account of new challenges. This is a widely held view in NI with over 70 organisations campaigning on this basis as part of the CliffEdge NI Coalition.**
- **Housing Rights believes it is crucial that any revised mitigations are well promoted and support is provided to ensure they are accessible to all claimants.**
- **Universal Credit has already caused a significant rise in arrears. Housing Rights is deeply concerned about the impact of these arrears on people’s capacity to keep their homes. This concern is evident not only in the social rented sector but also in the private rented sector which is increasingly relied upon in Northern Ireland to house low income families despite its fragility.**

## Introduction

1.1 Housing Rights was established in 1964 and is the leading provider of independent, specialist housing advice within Northern Ireland (NI). Our work with people directly impacted by welfare reform who are at risk of homelessness means that the organisation is well placed to respond to this consultation.

1.2 Housing Rights is also a founding member of the Cliff Edge NI Coalition, a group of over 70 organisations in NI across different sectors including advice, housing, mental health and trade unions. This broad coalition have joined together to express concern about the planned end in March 2020 of the mitigations package and the importance that future protection would take into account the new challenges that claimants are facing.

## The impact of welfare policy on housing in NI

- 1.3 From the outset, Housing Rights believe it is important to highlight that the impact of welfare reform on housing in NI is tenure neutral. Whilst much attention has duly been given to the impact on social housing, there has been comparatively little policy attention given to the impact of welfare reform on the private rented sector (PRS).
- 1.4 This is despite the fact that in NI there are significantly more households at-risk-of-poverty after housing costs in the PRS than in the social rented sector (SRS).<sup>1</sup> Indeed, since 2008, social security changes such as the Local Housing Allowance and the Shared Room Rate, have made it increasingly difficult for low income private renters to meet their housing costs.<sup>2</sup> Recent research carried out by Housing Rights with support from CaCHE and due to be published in Autumn 2019 confirms that although on average, private rents in Northern Ireland have increased roughly in line with inflation, these are experienced as increasingly difficult for PRS tenants in receipt of housing benefit, given the context of the introduction of Local Housing Allowance (LHA) and the subsequent decline in the level of this allowance, particularly since 2011. The research data shows that 100% of LHA rates in NI have now fallen below the 30<sup>th</sup> percentile and over a quarter of the LHA rates are now below the 10<sup>th</sup> percentile.<sup>3</sup>
- 1.5 These findings reflect the experience of Housing Rights' Helpline where one of the most frequent areas of enquiry is affordability concerns among low income private renters. It is crucial that welfare policy in NI is considered in this context, particularly as the Department for Communities (DfC) has recognised that the PRS is "instrumental in meeting housing need in Northern Ireland."<sup>4</sup>

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<sup>1</sup> There are close to 34,000 households at-risk-of-poverty after housing costs in the private rented sector, compared to just over 29,000 households in the social rented sector.

P MacFlynn and L Wilson, 'Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty' (April 2018) p27 <[https://www.nerinstitute.net/download/pdf/neri\\_working\\_paper\\_housing\\_final.pdf](https://www.nerinstitute.net/download/pdf/neri_working_paper_housing_final.pdf)> (accessed May 2019)

<sup>2</sup> According to Northern Ireland Housing Executive research, 87% of private renters in receipt of Local Housing Allowance, have a shortfall between this amount and the amount of rent they pay to their landlord. Advice NI, Housing Rights and Law Centre NI, 'Welfare Reform: Mitigations on a Cliff Edge' (November 2018) p14 <<https://www.housingrights.org.uk/sites/default/files/policydocs/Welfare%20Reform%20Mitigations%20on%20a%20Cliff%20Edge.pdf>> (accessed May 2019)

<sup>3</sup> Furthermore, whilst rents in NI have kept roughly in line with CPI inflation since 2009, rents at the bottom end of the market have increased more (average 13%) compared to those at the top end of the market (average 9%). Data from the ONS on UK average household income shows that average income after taxes and benefits fell in real terms over the period 2009-2017 (a decrease of 1.7%), which would suggest that lower income households in the PRS are disproportionately affected by the double movement of rent increases in the context of reducing income.

<sup>4</sup> Department for Communities, 'Private Rented Sector in Northern Ireland - Proposals for Change' (Jan 2017) p4 <<https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/private-rented-sector-proposals-for-change-consultation.pdf>> (accessed May 2019)

## Inquiry questions

***What has been the impact of the NI Executive social security ‘mitigation package’?***

***What would be the likely effects of the mitigation package coming to an end in 2020?***

- 1.6 The mitigation package has provided crucial protection to vulnerable groups across NI from some of the harshest aspects of welfare reform. Indeed, as was highlighted by the Northern Ireland Audit Office (NIAO), people in NI have been ‘insulated’ against welfare reform by the mitigation schemes.<sup>5</sup> The direct impact of these mitigations is discussed in the DfC’s recent Review of Welfare Mitigation Schemes.<sup>6</sup> For example, the DfC identified that, by September 2018, the mitigation of the Social Sector Size Criteria (SSSC) had saved approximately 42,020 households<sup>7</sup> an average of £50 per month.<sup>8</sup> Furthermore, Welfare Supplementary Payments (WSPs) had protected 2940 families from the impact of the Benefit Cap.<sup>9</sup> The average household was capped by £48 per week with 8% capped by more than £100 per week.<sup>10</sup>
- 1.7 Whilst Housing Rights welcomes the protection afforded by the mitigation package, it is important to note that operationally the protection offered has not been absolute. For example, with the SSSC mitigations, tenants who move within the social sector lose their WSP if they move to a property where they continue to under-occupy by the same or greater extent, unless this is done under ‘Management Transfer Status’.<sup>11</sup> Between April 2017 and March 2019, 214 tenants lost their WSP in this way.<sup>12</sup> It is important to recognise that

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<sup>5</sup> Northern Ireland Audit Office, ‘Media Release – Welfare Reforms in Northern Ireland’ (Jan 2019) p1 <<https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Final%20Media%20Release%20WR%2017%20January.pdf>> (accessed May 2019)

<sup>6</sup> Department for Communities, ‘Review of Welfare Mitigation Schemes’ (March 2019) <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>7</sup> Department for Communities, ‘Review of Welfare Mitigation Schemes’ (March 2019) p23 <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>8</sup> Department for Communities, ‘Review of Welfare Mitigation Schemes’ (March 2019) p36 <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>9</sup> Department for Communities, ‘Review of Welfare Mitigation Schemes’ (March 2019) p16 <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>10</sup> Department for Communities, ‘Benefit Cap: Northern Ireland’ (Nov 2018) p8 <<https://www.communities-ni.gov.uk/system/files/publications/communities/benefit-cap-statistics-july-2018.pdf>> (accessed May 2019)

<sup>11</sup> This is a special type of transfer status which is given to people on the waiting list who meet certain criteria such as passing the four homelessness tests or having been given intimidation points.

<sup>12</sup> Department for Communities, ‘Social Sector Size Criteria: Welfare Supplementary Payments’ (May 2019) <<https://www.communities-ni.gov.uk/publications/social-sector-size-criteria-welfare-supplementary-payments>> (accessed May 2019)

in NI there is a significant mismatch between the type of social housing stock available and the type required to meet demand. For example, while just 18% of social stock has one bedroom, single applicants consistently account for 45% of the waiting list.<sup>13</sup> This means that many households have had no choice but to move to homes in which they under occupy. For many of these households, loss of mitigation was therefore unavoidable.

- 1.8 Housing Rights is particularly concerned about the housing specific impacts of the mitigation package coming to an end for social tenants. Research carried out by the Northern Ireland Housing Executive (NIHE) showed that, for the 72 tenants who had lost their SSSC mitigation payment by June 2018, average arrears per household had increased from £46 to £174.12 by November 2018.<sup>14</sup> It is therefore reasonable to presume that there would be a significant rise in arrears should the mitigations cease, which in turn can lead to housing stress and homelessness.
- 1.9 Despite the financial consequences of loss of mitigations and the proactive work done by many social landlords around welfare reform, many claimants are unaware that they are receiving a mitigation payment. This will compound the impact of the mitigation cliff edge, as many of those impacted are unaware of the existence of the 'cliff'. Indeed, a DfC claimant survey found that 69% of respondents were unaware that the WSPs made to mitigate the impact of the SSSC would end in March 2020. Furthermore, 87% of respondents had no plans in place to deal with the additional costs when this payment ends.<sup>15</sup>

## ***What, if anything, should replace the mitigation package from 2020?***

- 1.10 **Housing Rights considers it important that any policy decision regarding the mitigations is attentive to the NI Executive's commitment in the draft Programme for Government (PfG) to improving wellbeing by caring for others and helping those in need (Outcome 8).**<sup>16</sup>
- 1.11 The DfC's recent review of the Welfare Mitigation Schemes outlines various proposals regarding the continuation of the mitigation package post 2020.

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<sup>13</sup> Northern Ireland Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p 43 <[https://www.nihe.gov.uk/welfare\\_reform\\_ni\\_a\\_scoping\\_report.pdf](https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf)> (accessed May 2018)

<sup>14</sup> Northern Ireland Housing Executive, 'Welfare Reform in Northern Ireland: A Scoping Report' (November 2018), p 47 <[https://www.nihe.gov.uk/welfare\\_reform\\_ni\\_a\\_scoping\\_report.pdf](https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf)> (accessed May 2018)

<sup>15</sup> Department for Communities, 'Welfare Reform (NI) Claimant Baseline Surveys' (Jan 2019) p9 <<https://www.communities-ni.gov.uk/system/files/publications/communities/wr-claimant-baseline-surveys-jan19.pdf>> (accessed May 2019)

<sup>16</sup> Executive Office, 'Programme for Government Outcomes Framework (working draft)' (Jan 2018) p2 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/pfg-framework-working%20draft.pdf>> (accessed May 2019)

Assessed in light of the PfG, it is reasonable to suggest that some of the DfC's proposals are too narrow in focus.

- 1.12 **Housing Rights believes that options for a revised mitigation package should consider not only the extension of critical mitigations already in operation, but also take account of new challenges faced by those impacted by welfare reform.**
- 1.13 Housing Rights wishes to comment on the Department for Communities' proposals with regard to the following:

### **Social Sector Size Criteria and Benefit Cap**

- 1.14 Housing Rights welcomes the DfC's recognition of the commitment of the NI Executive that claimants in Northern Ireland would not be affected by the Social Sector Size Criteria, even beyond March 2020.<sup>17</sup>
- 1.15 Conversely, no such emphatic commitment is expressed in relation to mitigation against the Benefit Cap post March 2020.<sup>18</sup> However, Housing Rights believes that the continuation of this mitigation is in line with the principle advocated by the Working Group that WSPs should be made to those affected by the Benefit Cap to "protect the welfare of children, and avoid the general disruption that a need to seek cheaper accommodation might cause."<sup>19</sup> In addition, it is in line with the Executive's overarching policy direction in the PfG to care for those most in need and directly relates to PfG indicators which assess the percentage of the population living in poverty and the number of households in housing stress.<sup>20</sup>
- 1.16 The DfC's analysis indicates that, in the continued absence of a functioning NI Assembly, it cannot make amendments to the existing mitigations legislation to allow payments to continue in their current form.<sup>21</sup> Housing Rights notes

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<sup>17</sup> "In the Fresh Start Agreement the Executive committed to the Social Sector Size Criteria not applying in Northern Ireland... The Executive clearly intended that claimants would not be affected by the introduction of the Social Sector Size Criteria." Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p50 <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>18</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p51 <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>19</sup> Welfare Reform Mitigations Working Group, 'Welfare Reform Mitigations Working Group Report' (Jan 2016) p10 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> (accessed May 2019)

<sup>20</sup> Executive Office, 'Programme for Government Outcomes Framework (working draft)' (Jan 2018) p2 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/execoffice/pfg-framework-working%20draft.pdf>> (accessed May 2019)

<sup>21</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p45 <<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

that this position has not been legally tested and that a recent written answer from the Northern Ireland Office to a question posed by Emma Little Pengelly MP, identifies that responsibility for the mitigation scheme lies with the DfC.<sup>22</sup>

- 1.17 The review identifies that in the absence of changes to the mitigation legislation, an option proposed by the DfC is to use Discretionary Housing Payments (DHPs) to mitigate both the SSSC and the Benefit Cap post March 2020.<sup>23</sup> Whilst the operation of DHPs in NI is significantly narrower than elsewhere in the UK, recent changes have been made to the regulations which govern their use by Westminster.
- 1.18 **Housing Rights recommends that the preferred option should be the continued use of WSPs to mitigate the SSSC and Benefit Cap.** Nevertheless, Housing Rights recognise that this option may not be available and that the only mechanism available to provide this mitigation may be via DHPs.
- 1.19 Presuming it is legally possible to amend the legislation in this manner, the DfC have estimated an annual cost of £22.1 million to continue to mitigate around 34,000 claimants against the SSSC, as well as £3.33 million per year to continue to mitigate around 1500 claimants against the Benefit Cap.<sup>24</sup> While the cost has been identified the NI Executive has not currently committed to provide this budget beyond 2020.

## Potential use of DHPs to provide mitigation

- 1.20 Whilst Housing Rights welcomes the DfC's proposals to continue to mitigate the SSSC and Benefit Cap, and appreciates that the only way to do this in the absence of an Assembly may be through the DHP system, Housing Rights would like to make a number of points in relation to the policy imperatives and practical realities of using this option:
- 1.21 Unlike elsewhere in the United Kingdom, DHPs can only be administered in limited circumstances in Northern Ireland. Their use to mitigate against the

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<sup>22</sup> Response from NIO to a question from Emma Little Pengelly (MP), answered on 17/04/19  
<<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-questions-answers/?page=1&max=20&questiontype=AllQuestions&house=commons%2clouds&dept=21&keywords=mitigati on>> (accessed May 2019)

<sup>23</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p50-51  
<<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>24</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p36  
<<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)



SSSC and Benefit Cap would therefore require the review and revision of the DHP system.

- 1.22 Housing Rights is concerned about difficulties which may arise given that DHPs involve an application process, whereas WSPs have been automatic. DHPs are relied upon to prevent and alleviate homelessness. Despite the fact that loss of rented accommodation is consistently amongst the top three reasons for homeless presentations in Northern Ireland,<sup>25</sup> in 2017/18 there was a significant underspend in the DHP budget.<sup>26</sup> Although there are several factors attributable to this underspend, there remains an argument that more could be done to improve promotion of and access to DHPs. **Therefore, if DHPs were to be relied upon to mitigate against the impact of the SSSC and Benefit Cap, it would be crucial that mechanisms are put in place to better promote DHPs and to support claimants in accessing them.** The success of benefit uptake initiatives such as 'Make the Call' highlights how such promotion can improve access to support.<sup>27</sup>
- 1.23 In their current operation Housing Rights' advisers have found that DHPs are often not maximised, with the NIHE showing a reluctance to use their full prerogative when it comes to the duration and amount awarded. DHPs are often awarded for significantly lower amounts and shorter periods of time than is permitted under the, already restrictive, NIHE internal guidance.<sup>28</sup> Please see **Housing Rights Case Study 1** which highlights this issue.<sup>29</sup> Any review of DHPs must ensure that their operation is linked to their purpose of preventing and alleviating homelessness. If DHPs are to be used to mitigate the SSSC and Benefit Cap it is imperative that affected groups receive maximum benefit. **Housing Rights would therefore recommend that the Inquiry request that the DfC carry out a more considered appraisal of the use of DHPs if they are to be relied upon to mitigate the SSSC and Benefit Cap.**
- 1.24 Whilst Housing Rights recognises that in the majority of those protected under the DfC's proposed extension of DHPs would be social tenants affected by the

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<sup>25</sup> Northern Ireland Audit Office, 'Homelessness in Northern Ireland' (Nov 2017) p17

<[https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Homelessness%20in%20Northern%20Ireland%20Full%20Report\\_0.pdf](https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Homelessness%20in%20Northern%20Ireland%20Full%20Report_0.pdf)> (accessed May 2019)

<sup>26</sup> In 2017/18 the NIHE spent £3.6m of the £7.226m allocated for DHPs.

Housing Rights, 'Policy Briefing: Recommendations for Discretionary Housing Payments (DHPs) in Northern Ireland pre and post 2020' (August 2018) p2

<<https://www.housingrights.org.uk/sites/default/files/policydocs/DHP%20briefing%20Aug%2018.pdf>> (accessed May 2019)

<sup>27</sup> Department for Communities 'Make the Call' <<https://www.communities-ni.gov.uk/articles/benefit-uptake-programme>> (accessed May 2019)

<sup>28</sup> Housing Rights, 'Policy Briefing: Recommendations for Discretionary Housing Payments (DHPs) in Northern Ireland pre and post 2020' (August 2018) p4

<<https://www.housingrights.org.uk/sites/default/files/policydocs/DHP%20briefing%20Aug%2018.pdf>>

<sup>29</sup> Appendix 1



SSSC, **Housing Rights would urge the Inquiry to ensure that any revision of the use of DHP legislation would also take into consideration the particular needs of those in the PRS where the SSSC has, in effect, been in operation since 2012.** This is also important in light of the below statistics:

- The percentage of private renters in Northern Ireland is similar to those living in social housing and the sector is increasingly being relied upon by the government to meet the housing needs of low income households.<sup>30</sup>
- 13.8% private renters in Northern Ireland spend over 40% of their household income on housing costs compared to 10.4% of social renters.<sup>31</sup>
- 87% of private renters in receipt of Local Housing Allowance, have a shortfall between this amount and the amount of rent they pay to their landlord.<sup>32</sup>
- Recent research demonstrates that despite average rents in NI rising in line with inflation, these are experienced as increasingly difficult for PRS tenants in receipt of housing benefit as a consequence of successive cuts to Local Housing Allowance.
- There are significantly more households at-risk-of-poverty after housing costs in the private rented sector in Northern Ireland than in the social rented sector.<sup>33</sup>

## Universal Credit Contingency Fund

1.25 The mitigations package allocated £2m per year to a Universal Credit Contingency Fund which was designed by the Welfare Reform Mitigations Working Group to “make emergency payments where hardship occurs as a result of difficulties which are not due to any fault on the part of the claimants.”<sup>34</sup> **Given the hardships faced by UC claimants (see 1.28-1.37 below), Housing Rights believes that it is important that this additional**

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<sup>30</sup> Department for Communities, ‘Northern Ireland Housing Statistics 2017-18’ (Dec 2018) p2 <<https://www.communities-ni.gov.uk/system/files/publications/communities/ni-housing-stats-17-18-full-copy.pdf>> (accessed May 2019)

<sup>31</sup> P MacFlynn and L Wilson, ‘Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty’ (April 2018) p21

<[https://www.nerinstitute.net/download/pdf/neri\\_working\\_paper\\_housing\\_final.pdf](https://www.nerinstitute.net/download/pdf/neri_working_paper_housing_final.pdf)> (accessed May 2019)

<sup>32</sup> Advice NI, Housing Rights and Law Centre NI, ‘Welfare Reform: Mitigations on a Cliff Edge’ (November 2018) p14 <<https://www.housingrights.org.uk/sites/default/files/policydocs/Welfare%20Reform%20Mitigations%20on%20a%20Cliff%20Edge.pdf>> (accessed May 2019)

<sup>33</sup> There are close to 34,000 households at-risk-of-poverty after housing costs in the private rented sector, compared to just over 29,000 households in the social rented sector.

P MacFlynn and L Wilson, ‘Housing Provision in Northern Ireland and its Implications for Living Standards and Poverty’ (April 2018) p 27 <[https://www.nerinstitute.net/download/pdf/neri\\_working\\_paper\\_housing\\_final.pdf](https://www.nerinstitute.net/download/pdf/neri_working_paper_housing_final.pdf)> (accessed May 2019)

<sup>34</sup> Welfare Reform Mitigations Working Group, ‘Welfare Reform Mitigations Working Group Report’ (Jan 2016) p14 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> (accessed May 2019)

**support is continued.** However, in its current form, the restrictive criteria make it difficult for claimants to access this support. DfC prescribes that claimants must have received an Advance Payment loan before the Contingency Fund can be accessed.<sup>35</sup> Housing Rights considers this to be overly restrictive and a perverse incentive to get into debt in order to access financial support. Such restrictions have contributed to a low uptake of the Contingency Fund. Indeed the NIAO noted that just 115 payments totalling £17,000 were made between November 2017 and March 2018.<sup>36</sup> **Housing Rights would therefore urge the Inquiry to consider recommending that the DfC remove unnecessary restrictions and broaden the criteria to ensure those who need this support can access it.**

- 1.26 In the absence of an Assembly to bring forward specific legislation to provide for the Contingency Fund Scheme, payments have been made through this Discretionary Support Scheme.<sup>37</sup> The DfC has therefore proposed subsuming the Contingency Fund into the Discretionary Support Scheme as an option for continuing the scheme post March 2020.<sup>38</sup>
- 1.27 Whilst Housing Rights welcome the proposal to continue this additional support, there is a concern that if subsumed into the DSS there would be continued barriers to access. Indeed, along with the low uptake of the Contingency Fund, the NIAO noted the low uptake of the Discretionary Support Scheme as a whole, citing ‘difficulties in accessing these payments’ and ‘a lack of awareness’ as two of the possible reasons.<sup>39</sup> **Housing Rights supports the NIAO’s suggestion that research into this low uptake may be necessary to ensure that households in need are able to claim what is available.**
- 1.28 There is all the more need to ensure access to discretionary support in the housing context of Universal Credit (UC) under which commonly relied upon Housing Benefit provisions such as Income Shock Protection, Overlap Payment and Death Protection, which acted as safety nets for people in difficult circumstances have been removed or weakened. **Housing Rights**

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<sup>35</sup> This eligibility criterion is not contained in the Discretionary Support Regulations (Northern Ireland) 2016 and rather the requirement to have applied for and received an Advance Payment is a matter of departmental policy in the context of the limited size of the contingency fund.

<sup>36</sup> Northern Ireland Audit Office, ‘Welfare Reforms in Northern Ireland’ (Jan 2019) p37  
<<https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Welfare%20Reform%20Report%202019.pdf>>  
(accessed May 2019)

<sup>37</sup> Department for Communities, ‘Review of Welfare Mitigation Schemes’ (March 2019) p35  
<<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>38</sup> Department for Communities, ‘Review of Welfare Mitigation Schemes’ (March 2019) p41  
<<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>39</sup> Northern Ireland Audit Office, ‘Welfare Reforms in Northern Ireland’ (Jan 2019) p63  
<<https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Welfare%20Reform%20Report%202019.pdf>>  
(accessed May 2019)

**Case Study 2** illustrates how the use of these safety nets previously assisted in safeguarding tenancies.<sup>40</sup>

## **Affordable Credit and Social Supermarkets**

- 1.29 In order to address the original Welfare Reform Working Group's recommendations regarding affordable credit, the DfC commissioned an independent feasibility study into Credit Union schemes but concluded that there was no sustainable model to meet the recommendations.<sup>41</sup> Housing Rights consider this analysis to be unduly restrictive, given that the Working Group advocated for those on low incomes to have access to credit provided by 'socially responsible bodies.'<sup>42</sup> **Housing Rights has recently conducted initial research into affordable credit options for low income renters and has identified a range of socially responsible bodies, in addition to Credit Unions, that the Inquiry may wish to consider.** For example there are various not for profit organisations which offer alternatives to high cost credit, such as Scot Cash, a social enterprise and Community Interest Company based in Glasgow who work in partnership with credit unions, councils, housing associations and the DWP.<sup>43</sup>
- 1.30 The DfC has also implemented a pilot Social Supermarket programme which has been extended until September 2019 to ensure the model is fully tested.<sup>44</sup> **Housing Rights welcomes this programme but suggests that the Inquiry may wish to recommend further analysis of the range of practical support that could be offered alongside the provision of food.** As recommended in a joint report by Housing Rights, Advice NI and Law Centre NI, this practical support may include (but not be limited to) provision of financial capability initiatives, access to affordable credit and access to white goods.<sup>45</sup>

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<sup>40</sup> Appendix 1

<sup>41</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p31  
<<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>42</sup> Welfare Reform Mitigations Working Group, 'Welfare Reform Mitigations Working Group Report' (Jan 2016) p14 <<https://www.executiveoffice-ni.gov.uk/sites/default/files/publications/ofmdfm/welfare-reform-mitigations-working-group-report.pdf>> (accessed May 2019)

<sup>43</sup> <<https://www.scotcash.net/>> (accessed May 2019)

<sup>44</sup> Department for Communities, 'Review of Welfare Mitigation Schemes' (March 2019) p30  
<<https://www.communities-ni.gov.uk/system/files/publications/communities/dfc-review-of-welfare-mitigation-schemes-2019.pdf>> (accessed May 2019)

<sup>45</sup> Advice NI, Housing Rights and Law Centre NI, 'Welfare Reform: Mitigations on a Cliff Edge' (November 2018) p14 <<https://www.housingrights.org.uk/sites/default/files/policydocs/Welfare%20Reform%20Mitigations%20on%20a%20Cliff%20Edge.pdf>> (accessed May 2019)

***How well is Universal Credit Working in Northern Ireland? Are there issues with Universal Credit that are specific to Northern Ireland compared to the rest of the UK?***

***Do social housing tenants in Northern Ireland (including NIHE tenants) regularly experience rent arrears? What are the reasons for this? What level of deductions do tenants face to pay back arrears?***

- 1.31 The roll out of Universal Credit has not yet been fully completed in Northern Ireland. By May 2019, there were 40,630 live claims for UC in NI.<sup>46</sup> It has been estimated that, by March 2023, approximately 312,000 households in NI will have been transferred to UC.<sup>47</sup>
- 1.32 Despite the flexibilities exist in NI with regard to the payment of UC, including bi-monthly payments and direct payments to landlords, there remain several issues which are driving people into debt, arrears and poverty. In addition to the widespread operational and structural issues with UC, raised in the Work and Pensions Committee's Inquiry into UC rollout,<sup>48</sup> there have been issues specific to NI, upon which Housing Rights wish to focus.

**Direct payments to landlords**

- 1.33 Housing Rights welcomes the flexibility that exists in Northern Ireland whereby the Housing Element of UC is payable directly to landlords. However, our advisers have encountered numerous administrative errors from UC such as the Housing Element being paid to claimants instead of directly to their landlords. This causes confusion and often arrears, with claimants unknowingly spending their Housing Element, having been told that it had been paid to their landlord.
- 1.34 Furthermore, as Housing Element payments are based on a claimant's circumstances at the end of their UC assessment period, if they move house during their assessment period their new landlord will receive the Housing Element for the full assessment period. This is a particular issue for those moving from or to the PRS. While social landlords are working together to refund payments owed to previous landlords this is not the case with private

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<sup>46</sup> Statistic provided at Department for Communities, 'Welfare Changes – An update on Universal Credit' event held on 23/05/19

<sup>47</sup> Northern Ireland Audit Office, 'Welfare Reforms in Northern Ireland' (Jan 2019) p36  
<<https://www.niauditoffice.gov.uk/sites/niao/files/media-files/Welfare%20Reform%20Report%202019.pdf>>  
(accessed May 2019)

<sup>48</sup> Universal Credit rollout inquiry – publications: <<https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2017/inquiry/publications/>> (accessed May 2019)

landlords. As the NIHE noted, in the PRS “there is very limited capacity to pay housing costs on both properties under Universal Credit.”<sup>49</sup> Please see [Housing Rights Case Study 3](#).<sup>50</sup>

- 1.35 An additional issue has arisen with regards to direct payments to social landlords in NI. As UC housing costs are paid on a 4-weekly schedule, there are 13 payment periods in a year. However, as UC is calculated as a monthly payment, social landlords only receive 12 payments per year. There is therefore one payment cycle in which no UC housing costs are paid to social landlords. The NIHE have termed the arrears that tenants are accruing as a result ‘residual arrears,’ as they are never paid by UC. This means that claimants never receive the full housing costs to which they are entitled. Whilst the DWP have committed to looking into this issue, Housing Rights is concerned that, as this issue only affects NI, it is unlikely to be a high priority. **Housing Rights would therefore ask the inquiry to recommend that this issue be reviewed with haste.** Housing Rights are also assessing the legal ramifications of this issue given that claimants never receive the full housing costs to which they are entitled.

## Five week wait

- 1.36 The five week wait before claimants receive their first UC payment has already caused a significant rise in arrears, despite (as of May 2019) only 13% of the total population in NI due to migrate to UC, having done so already. These arrears have been well documented in the SRS; in 2018/19 the average arrears for NIHE tenants on UC were £700.05, compared to an average of £191.82 for Housing Benefit claimants.<sup>51</sup>
- 1.37 This deeply concerning rise in arrears also has serious implications for UC claimants in the PRS. Most private landlords in NI only own one or two properties<sup>52</sup> and are therefore much less likely to be able and willing to withstand these arrears than social landlords. There is therefore less available data about the level of arrears in this sector. However, between July 2018 and December 2018, calls to Housing Rights’ Landlord Helpline regarding UC increased by 600% with delays in initial payments being one of the top issues raised. Furthermore, there have been a significant number of cases in

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<sup>49</sup> Northern Ireland Housing Executive, ‘Welfare Reform in Northern Ireland: A Scoping Report’ (November 2018), p 35 <[https://www.nihe.gov.uk/welfare\\_reform\\_ni\\_a\\_scoping\\_report.pdf](https://www.nihe.gov.uk/welfare_reform_ni_a_scoping_report.pdf)> (accessed May 2018)

<sup>50</sup> Appendix 1

<sup>51</sup> Statistic provided by email to Housing Rights from the Northern Ireland Housing Executive Welfare Project Team on 14/05/19

<sup>52</sup> According to the Department for Communities’ Landlord Registration Scheme, 84% of private landlords in Northern Ireland own 1 or 2 properties. Advice NI, Housing Rights and Law Centre NI, ‘Welfare Reform: Mitigations on a Cliff Edge’ (November 2018) p18 <<https://www.housingrights.org.uk/sites/default/files/policydocs/Welfare%20Reform%20Mitigations%20on%20a%20Cliff%20Edge.pdf>> (accessed May 2019)

Northern Ireland in which initial UC payments have been delayed for even longer than five weeks (in both SRS and PRS).<sup>53</sup> For example, one landlord who contacted Housing Rights' Helpline in December 2018 explained that he had not received any payment since his tenant had migrated to UC in June 2018 and therefore had to issue a Notice to Quit. **Housing Rights would urge the Inquiry to recommend consideration of an additional one-off mitigation payment be made to support claimants through their initial waiting period.**

### **Rates Rebate**

- 1.38 UC claimants have to make a separate application to receive rates rebate. This has been an added complication for UC claimants in NI, as under Housing Benefit rates are an eligible charge and do not require a separate application. Furthermore, rates rebate entitlement is based on a claimant's income during their first UC assessment period. This assessment can lead to a loss in entitlement which cannot be reviewed until the following year when the rates are reviewed again. Housing Rights is currently assisting a number of clients in this area, one of which is documented in **Housing Rights Case Study 4**.<sup>54</sup> **Housing Rights would therefore urge the Inquiry to recommend that a mechanism is put in place to review rates rebate entitlement at an earlier stage.**

### **Deductions and Pre-action Protocol**

- 1.39 The maximum rate at which deductions for rent arrears can be made is 5% of the UC standard amount<sup>55</sup>. However there are a number of different schemes that require deductions to be made from UC and if the total deductions would currently exceed 40% of the benefit unit's UC standard allowance a priority order is applied and as many deductions as possible are taken.<sup>56</sup> Housing Rights is concerned that rent arrears do not appear until 7<sup>th</sup> in the Priority Order,<sup>57</sup> particularly given that one of the aims of the deductions policy in Universal Credit is "to protect vulnerable claimants from eviction."<sup>58</sup>

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<sup>53</sup> By November 2018 there were approximately 1500 cases of delayed payments to claimants (5.9% of the caseload). Statistics provided at the Department for Communities UC Operational Forum, 07/11/28.

<sup>54</sup> Appendix 1

<sup>55</sup> Department for Communities, 'Universal Credit and rented housing: guide for landlords'

<<https://www.communities-ni.gov.uk/articles/universal-credit-and-rented-housing-guide-landlords>> (accessed May 2019)

<sup>56</sup> Clarification sought from Department for Communities by Advice NI <<https://www.adviceni.net/blog/advice-ni-policy-newsletter-april-2019>> (accessed May 2019)

<sup>57</sup> Clarification sought from Department for Communities by Advice NI <<https://www.adviceni.net/blog/advice-ni-policy-newsletter-april-2019>> (accessed May 2019)

<sup>58</sup> Response from Department for Work and Pensions to a question from Frank Field (MP), answered on 20/03/19 <<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-02-07/218206/>> (accessed May 2019)

- 1.40 Housing Rights welcomes the steps being taken in Northern Ireland to review the Pre-action Protocol<sup>59</sup> which governs the social housing sector and which refers to Housing Benefit rather than UC and which does not yet take account of new issues arising under UC such as 'Residual Arrears' (see 1.32 above).

For further information on this submission, please contact Housing Rights Welfare Reform Policy Officer, Kerry Logan at [kerry@housingrights.org.uk](mailto:kerry@housingrights.org.uk) .

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<sup>59</sup> Pre-action Protocol for Ejectment Proceedings based on non-payment of rent in the social housing sector (Jan 2014) <<https://judiciaryni.uk/sites/judiciary/files/decisions/Pre-action%20Protocol%20for%20Ejectment%20Proceedings%20based%20on%20rent%20arrears.pdf>>



## Appendices

### APPENDIX 1

#### Case study 1

*Housing Rights client is a private rented tenant living alone in a property for over 17 years. With additional mental health needs the client is in receipt of Disability Living Allowance for depression, anxiety and PTSD. The client is not in employment and is in receipt of full Housing Benefit. She does not have any other savings and no other income outside her benefit entitlements. When she approached Housing Rights she was at risk of eviction due to arrears which had accrued following the end of her last DHP award. Due to both the client's mental health needs and the long period of her tenancy, the client stated that to move property away from her well established support network would cause her significant distress.*

*The client had a shortfall of £26 per week and made an application for a DHP in July 2018. Under the NIHE DHP guidance, the NIHE had the authority to make an award of the full amount of the shortfall (£26) for a period of up to 2 years. Despite this, the NIHE awarded a DHP in the amount of £10 per week for 9 months from July 2018 until March 2019.*

#### Case Study 2

*Housing Rights client was a father, aged 33, with access to 2 children. Client was residing in a 2 bedroom PRS property. Client was employed as a chef for the past 15 years and was paying full rent of £110 per week. Restaurant closed down overnight and client had to go on Jobseekers Allowance and had to apply for Housing Benefit. Client discovered he would only be entitled to Shared Accommodation Rate of approx. £45 per week, facing a £65 shortfall to make up out of other benefits. Understandably, this was unaffordable for client. Client faced eviction and ex-partner threatened to apply to remove access. Government rules had determined in the client's circumstances financing shared accommodation is proportionate. Housing Rights intervened and applied for "13 week income shock protection" under Housing Benefit, which meant his full contractual rent could be paid, this safeguarded his tenancy while he looked for new employment. Client obtained employment after 15 weeks. A small DHP was applied for during the 2 weeks of Shared Accommodation Rate; while the DHP paid £30, this still left client with shortfall of £35 per week. Client accrued an arrear during this time. Fortunately re-employment alleviated this client's situation.*

#### Case Study 3

*Housing Rights client is a carer for her husband and they live with their two children in the Private Rented Sector. Client lost her temporary job and was moved onto Universal Credit. When client told her landlord she was moving onto UC she was given a Notice to Quit. Client signed a new private rented tenancy agreement to*

*begin on 8th March 2019. Client updated UC journal on 1st March 2019 with this information but her UC Housing Element for March was paid to her previous landlord. Client raised this on her UC journal but was told verbally that her work coach had been off and that no-one else was looking at her information. As a result, client accrued £400 of arrears with her new landlord and was told by UC that the money would have to be recouped from her previous landlord.*

*When the client contacted Housing Rights she was very concerned and stressed. Following advice from Housing Rights, client contacted UC and a payment was later made to her new landlord on 7th April 2019.*

*Although this case was resolved, it demonstrates the negative impact that changes of tenancy mid assessment period can have, particularly for PRS tenants and landlords. This design flaw in UC is exacerbated in NI where the default payment is direct to landlords.*

#### **Case Study 4**

*Housing Rights client applies for rates rebate scheme. Client is paid earnings from a previous job in his first UC assessment period. Client's rates rebate entitlement is calculated on this basis and he has to pay £500 for rates throughout the year. Client requests that his entitlement is revised based on his income in subsequent UC assessment periods but is advised that the entitlement decision cannot be reviewed until 12 months later.*