

Dear [MP / Cllr name],

DATE

I am getting in touch from Your Housing Group regarding continuing issues for our tenants that claim Universal Credit. We want to work with the Department for Work and Pensions, alongside other housing associations to find a solution to the 53-week rent year. Without reform, this issue will have a significant impact on many of your constituents on low incomes next year.

What is the 53-week rent year?

A 53-week rent year occurs roughly every six years and the next time this will occur is the next financial year, 2024/25.

Legislation restricts the calculation of Universal Credit to the weekly rent multiplied by a maximum of 52 weeks, and Universal Credit is paid on a monthly cycle. When a resident has a weekly rental liability, they will have to make either four or five rental payments in every month.

This means that residents are underpaid by Universal Credit in months where they make five rental payments. In most years, the rent due and the Universal Credit paid will match. However, every fifth or sixth year the tenant will be left short over the year by one week's rent. In the 53-week rent year, the majority of social housing claimants will only receive Universal Credit to meet their housing costs for 52 weeks, leaving them short around £100.

In previous '53 week rent year' (2019/20), Universal Credit claimants received less towards their housing cost. The shortfall is even more worrying in the context of the current cost-of-living crisis that is hitting many of those on Universal Credit hardest.

The National Housing Federation's quarterly survey of Universal Credit claimants indicates a rising trend in Universal Credit claims among housing association tenants. Current data reveals that Universal Credit claimants are more likely to be in arrears compared to other tenants (48% versus 30%), and experience higher arrears per tenant. If these residents are unable to pay the extra week that is not covered by Universal Credit next year, this would further increase the rent arrears for Universal Credit claiming tenants. Additionally, these gaps in rental income leave housing associations vulnerable to substantial financial shortfalls, potentially amounting to millions for the sector.

Solution

In order to rectify this issue, it is necessary to make changes to the Universal Credit system through a legislative amendment. Without sufficient political support, low-income residents will be shortchanged through no fault of their own amid an acute cost of living crisis.

How you can help

We are hoping to raise awareness of this issue in Parliament, so we would be happy to send you a full briefing with more details and some written Parliamentary Questions which you could submit, if of interest. In addition, we could also be very grateful if you could table a debate in Parliament and we could support you with this too.

We would also be delighted if we could arrange a time to discuss this in more detail and to explore the impact which this is having on housing association residents. If of interest, please do send your availability and we will find a time which suits our diaries.

Best wishes,