

Universal Credit in a time of crisis (research summary)

April 2021

This summary sets out the findings of the National Housing Federation's (NHF) research with housing associations on rent collection and support for tenants during the coronavirus pandemic. The findings are from a tracking survey of 23 housing associations in England before and during the coronavirus pandemic, and interviews with 10 of those surveyed. We particularly wanted to understand any differences for people claiming Universal Credit, given the rise in households claiming. You can [read the full research report on the NHF's website](#).

Housing associations have worked hard to advise and support tenants affected. This includes helping tenants financially affected to claim benefits and supportive approaches to rent collection.

Universal Credit proved capable of dealing with a surge in claims as a result of the coronavirus crisis. However, our survey data, alongside existing research, shows that 60% of households claiming Universal Credit are in rent arrears, with those in arrears in debt by nearly £610 on average. This compares to 36% and £301 for people paying by other means (self-payers and legacy benefits).

We urge the Department for Work and Pensions (DWP) to publish in full their existing research on rent arrears for households claiming Universal Credit in social housing. We require more research from the DWP and the Ministry of Housing Communities and Local Government (MHCLG) to understand what is driving higher average rent arrears among households claiming Universal Credit, how persistent these arrears are, and action to resolve identified issues. This must be done before over a million tenants move from legacy benefits to Universal Credit.

We are also calling for the £20 per week uplift to be made permanent and for an urgent review of the Universal Credit five-week wait and system of deductions.

The government must work with housing associations to understand and prevent any arrears linked to Universal Credit. If these issues are not addressed then we could see more tenants in arrears and debt across the social housing sector rise,

potentially by an additional £330m when over one million people move from Housing Benefit to Universal Credit.

Summary and recommendations

Households claiming Universal Credit

- There were over five million people on Universal Credit in England in February 2021. This is a 109% increase compared to February 2020.
- Our research shows that the number of housing association tenants claiming Universal Credit for help with their housing costs increased by 83% from June 2019 to September 2020.
- In September 2020, households claiming Universal Credit accounted for 28.2% of all occupied general needs tenancies across 23 housing associations.

Universal Credit and rent arrears

- While the system was capable of managing the surge in claimants, general needs households in receipt of Universal Credit are, on average, more likely to be in arrears and to have higher average arrears than households paying by other means.
- Three in every five households claiming Universal Credit are behind on rent: 60% of tenancies paying with Universal Credit were in arrears compared to 36% of households paying by other means from April 2020 to September 2020.
- Average rent arrears for households claiming Universal Credit in arrears are double those paying by other means: £609.92, compared to £301.29, from April to September 2020.
- Overall, total arrears for Universal Credit claimants are consistently higher than people paying by other means, despite making up just over a quarter of occupied tenancies.
- Average arrears of £609.92 represents 10% more than the mean monthly Universal Credit payment for a single person with no children in England.
- On average, households claiming Universal Credit in arrears owe over six weeks of rent, based on 2019/20 average general needs social rent for England (the lowest cost rent for social housing).
- If all working age individuals on Housing Benefit in social housing moved to Universal Credit, then our findings indicate that more tenants would be in arrears and rent arrears could rise by an additional £330m across the sector in the worst-case scenario.
- Our data and other existing research shows there are clearly issues with higher average rent arrears for households claiming Universal Credit. We must

investigate what these issues are and act to stop any possibility of the managed migration of legacy benefit claimants raising arrears by this amount.

Income collection

- From April 2020 to September 2020, 15 out of 21 housing associations saw total rent arrears for households claiming Universal Credit rise, with eight of these also seeing a rise in total arrears for households paying by other means. Three organisations saw a fall in total arrears for both payment types. This shows how complicated the arrears picture is and the need for more research.
- The housing associations we interviewed whose income collection during the pandemic was better than initially expected put this down to a number of internal or organisational factors. This included greater organisational focus on arrears, targeted work with tenants in arrears and a supportive approach to income collection.
- The social housing sector [publicly stated](#) that no one will be evicted from a housing association home as a result of financial hardship caused by coronavirus, where they are working (or engaging) with their housing association to get their payments back on track.
- Ministry of Justice data shows that all possession action by English social landlords (including local authorities) dropped substantially from Q4 in 2019 to Q4 2020. This is likely due to housing associations' pledge and changes in legislation designed to protect renters economically affected by the coronavirus outbreak.
- Housing associations are committed to supporting tenants to sustain their tenancies. During the coronavirus crisis, there has been an increased focus on offering support upfront for those financially affected by the coronavirus pandemic.

Support for tenants

- Housing associations interviewed worked particularly hard to communicate and offer support to tenants during the coronavirus crisis.
- Our research found a wealth of support, including benefit and budgeting advice, hardship funds, check-in calls, shopping and food packages, mental health support, and a supportive approach for those struggling to pay their rent.

Employment and skills

- The majority of those interviewed have an employment and skills offer. This focused on getting tenants into sustainable employment or training.

- Offers were varied and focused on individual needs. It was striking how many housing associations employ their own tenants.

Conclusion

- The administrative burden of the Universal Credit system, coupled with tenants' reliance on the advice that housing associations give, places increasing demand on housing associations' resources and staff.
- This heightened during the pandemic, with a surge in claims and the rapid pace of government policy changes.
- The overall picture around arrears shows that tenants claiming Universal Credit are suffering higher levels of debt than those paying by other means. This can exacerbate (and create) mental and physical health conditions.
- Alongside this, many housing associations are carrying higher arrears from Universal Credit, which reduces income for support.
- The picture around rent arrears and Universal Credit is very complicated, with differences between individual housing associations. We need more data from the government on what is driving higher average arrears so we can address any issues and stop benefit claimants from developing debt.

Recommendations for government

- We urge the DWP to publish in full their existing research with housing associations on households claiming Universal Credit and rent arrears.
- We need better national statistics (and local information) from the DWP on housing association tenants claiming help with housing costs through Universal Credit.
- We also want the DWP to continue to work with housing associations to understand drivers for rent arrears, provide better advice to those claiming housing entitlements, and improve the claimant experience. This includes more strategic involvement with social landlords on the co-design and improvement of Universal Credit systems.
- The £20 per week uplift should be made permanent to prevent rent debt and ensure people can cover their essential expenses. We also call for an urgent review of the five-week wait and deductions system to ensure that people can cover their basic needs while meeting any obligations to creditors in a fair and sustainable way.
- The DWP and the MHCLG should conduct further research to understand drivers for arrears and act on findings to ensure no household on Universal Credit suffers increasing rent arrears or other debt.