

Universal Credit in a time of crisis

An exploration of rent collection and support by housing associations during the pandemic

April 2021

Overview

This report sets out findings from 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 those on Universal Credit, given the rise in households claiming.

Housing associations have worked hard to advise and support tenants affected. This includes helping tenants financially affected to claim benefits, supportive approaches to rent collection that reflect tenants' circumstances, hardship funds, check-in calls, and shopping for customers. They have also adapted their employment and skills offer in response to the health crisis, such as through more online content.

Universal Credit proved capable of dealing with a surge in claims. However, our survey data, alongside existing research, shows that, on average, households claiming Universal Credit are more likely to be in arrears, and in higher average arrears, than those paying their rent by other means (self-payers and those on legacy benefits). 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 those paying by other means.

For all 22 housing associations who provided data, average arrears for households claiming Universal Credit were higher than for those paying by other means. For 21 of 22 organisations, Universal Credit households were more likely to be in arrears. The picture around total arrears and arrears as a percentage of rent due is much more complicated when looked at within and between individual housing associations. While for the majority of organisations, these measures were higher for

households claiming Universal Credit, and rising during the pandemic, this was not always true.

We need more research to understand the relationship between Universal Credit and rent arrears. 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 DWP and the Ministry of Housing Communities and Local Government (MHCLG) to understand what is driving higher average rent arrears amongst 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.

To address debt and ensure those claiming Universal Credit can afford what they need, the NHF is calling for the £20 per week uplift to be made permanent. We also need an urgent review of the Universal Credit five-week wait and system of deductions to ensure people can meet their own needs and any creditor obligations in a fair and sustainable way.

Housing associations must continue to offer their support to tenants who tell them they are struggling to pay their rent. But if the government does not work with housing associations to understand and prevent any arrears linked to Universal Credit 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 working age individuals move from Housing Benefit to Universal Credit.

Higher debt negatively affects tenants and undermines the financial position of housing associations to support tenants and achieve key objectives, such as providing safe and zero carbon homes. As more people claim Universal Credit, we must make sure the system is not driving rent arrears amongst tenants.

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 survey data 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, from 33,656 to 61,639 households across 22 housing associations.

- 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 has held up well with 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 those paying by other means (self-payers, legacy benefit recipients).
- 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 those 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 those 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 (£552.95, as at November 2020), or 48% more than the current standard allowance of £411.51 for a single person aged 25 or over.
- 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 survey findings indicate that more tenants would be in arrears and rent arrears could rise by an additional £330m across the sector. This is a worst-case estimate, based on the number of social rented tenants on Housing Benefit in September 2020 (the last time point for our survey) and our findings on what their existing arrears might be (£113/household) compared to the median average arrears for all households claiming Universal Credit at this time (£420).
- NHF survey 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 those 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 held up better than they 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, teamwork, increased communication with tenants, and a supportive approach to income collection.
- Housing associations pledged not to evict anyone accruing rent arrears because of the coronavirus crisis where the tenant is engaging 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 resources and staff at housing associations.
- 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 government on what is driving higher average arrears so we can fix 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.
- Universal Credit is paid at a subsistence level and our previous research shows that deductions drive financial hardship. The £20 per week uplift should be made permanent to prevent rent debt and ensure people can cover their essential expenses. In addition, we 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.

Introduction

About Universal Credit

Since April 2013, Universal Credit has been replacing income-based Jobseeker's Allowance, income-based Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit. Universal Credit aims to simplify the benefit system and make it easier for people to move into work. As such, it is designed as one monthly payment that more closely mirrors salaried employment and is easier for the government to administer.

Universal Credit is being rolled out over a number of years via a 'test and learn' approach. The DWP originally envisaging it would replace legacy benefits for all claimants by 2017. This timetable has been pushed back a number of times.

The next stage of Universal Credit rollout is the managed migration of claims from the legacy system. The government is yet to confirm how managed migration will roll out geographically. A 'Move to Universal Credit' pilot in Harrogate was suspended during the coronavirus crisis. Prior to the pandemic, the DWP expected to complete the full caseload rollout in September 2024.¹ Following the suspension of the pilot, it is unknown whether it will be able to meet this deadline.

About the research

In April 2020, the NHF began conducting monthly surveys of its membership to monitor:

- Whether coronavirus was impacting tenants' ability to pay their rent.
- How this differed depending on whether the tenant was in receipt of Universal Credit.

We wanted to understand how people were managing day-to-day living costs and the financial stability of the sector, as well as how the Universal Credit system coped during the coronavirus crisis.

This survey used questions from our previous quarterly survey to allow us to compare against previous years. For each monthly survey, we asked housing

¹ [Commons Library \(2021\) Coronavirus: Universal Credit during the crisis](#)

associations to give us data relating to the last day of the month. We asked for data relating to occupied general needs tenancies only.

Our intention from these surveys was to gather information from the same organisations in order to explore trends in the data. This report summarises results from 23 housing associations who responded to the last pre-pandemic survey (June 2019) and five or more surveys from April to September 2020.

We checked the data with each organisation and invited them to a telephone interview. The interview focused on any change in types of households claiming over the course of the coronavirus pandemic, their response to the outbreak in terms of rent collection, and their support offer for tenants, including employment and skills.

The interviews were semi-structured – there was a set list of questions in various topic areas, and follow-up questions explored areas of interest in more depth. Interview findings are not representative, but highlight common themes across organisations. In this report, we use terms like ‘housing officer’ and ‘income officer’ to explain staff functions, but these are not necessarily the titles used by organisations who were interviewed.

About respondents

The 23 respondents had their headquarters in most regions in England (except the North East or Midlands). Some were locally based housing associations, including those formed by large-scale voluntary transfer. Others were national organisations with homes in multiple English regions. North West housing associations were well represented (39% of respondents), followed by South East (22%).

In terms of stock owned, this varied from small housing associations with less than 1,000 homes (9% of respondents) to those with more than 50,000 (9% of respondents). The most common size for participants was 5,000-9,999 homes (35% of respondents). The 23 housing associations own or manage 10% of all registered provider homes in England in 2019/20.

All respondents were invited to interview and the first 10 who responded were selected as participants. These represented organisations from across the country and of different sizes. The most common region was the South East (40%, n=10) with most participant organisations being medium-sized, owning between 2,500-9,999 homes (60%, n=10).

Housing affordability and welfare reform

Before we discuss the substantive findings from our research, it is worth reflecting on how we have found ourselves facing issues with housing affordability and how welfare reforms have affected affordability.

Housing affordability

Housing associations provide homes for people who cannot afford to access housing on the open market. This may be social rent (around 50% of market rents) or affordable rent (up to 80% of market rents and not exceeding Local Housing Allowance rates).

Since changes to the affordable homes grant programme in 2010-11, the supply of new social rent homes has dropped from 39,562 in 2010-11 to 6,566 in 2019-20. Meanwhile, affordable rents homes, introduced in 2011-12, peaked at 40,830 new homes in 2014-15, with 27,378 additional homes in 2019-20.²

Alongside these constraints in the supply of social housing, affordability of home ownership has also declined. The Office for National Statistics state that the ratio of median house price to median gross annual residence-based earnings in England stood at 7.84 in 2020, compared to 6.85 in 2010.³ Our own analysis, shown in Table 1, shows that the median house price in England (£246,000) is currently 9.8 times median earnings (£25,095). This means median earnings in England fall short of the income required for an 80% mortgage by 55%.

The lack of social housing, including loss of social homes through Right to Buy, and pressure on affordability of home ownership, has led to a rise in the number of households privately renting. This has grown by 23% between 2010-11 and 2019-20, from 3.61 million households to 4.43 million.⁴ Figure 1 shows that private renters spend the greatest proportion of their income on housing costs, 31.9% in 2019-20, down from a recent peak of 36.4% in 2014-15.

² [MHCLG, Live Table 1000 Additional affordable homes provided by tenure, England](#)

³ Office for National Statistics (2020) [House price to residence-based earnings ratio, Table 1c](#)

⁴ English Housing Survey 2019/20, Underlying Data for Figure 1.2: Trends in tenure (thousands of households), 1980 to 2019-20

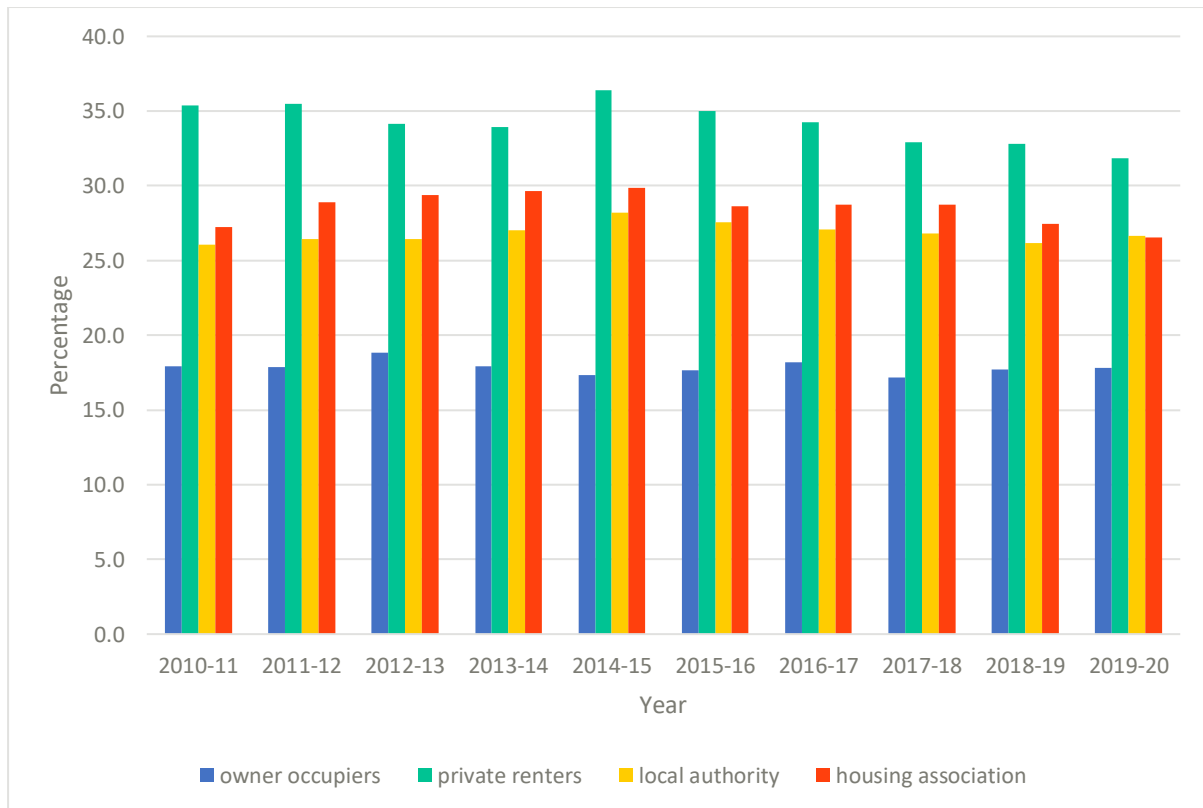


Figure 1 Mortgage/rent as a proportion of household income (including housing benefit) by tenure
 Source: English Housing Survey 2019/20, Annex Table 1.12

Our analysis in Table 1 shows that someone on a median salary in England would spend 33% of this on a median private sector rent, but this rises to 56% in London, the least affordable region. A household is considered overburdened by housing costs if they spend more than 40% of their income on housing.

The constraint in supply of social rent homes, the most affordable tenure of social housing alongside growing house prices, has created a crisis of affordability. In 2019, we estimated that nearly half (46%) of all children in privately rented homes in England live in poverty. This represents an increase of 537,325 children (69%) since 2008. Around a quarter of a million (242,753) of these children would not be living in poverty if they had access to social housing.⁵

⁵ [National Housing Federation \(2019\) Half a million more children in poverty in private rented homes than ten years ago](#)

Table 1 Median earnings in comparison to median house price and median private sector rents

	Median earnings at April 2020 ¹	Median house price ²	Ratio of house price to earnings	single income required for 80% mortgage	Median earnings compared to income required ²	Median private sector rents per month ³	Median earnings absorbed by a median private rent
	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20	2019/20
	£	£		£		£	
England	25,095	246,000	9.8	56,229	-55%	700	33%
North East	22,662	142,500	6.3	32,571	-30%	495	26%
North West	23,795	169,950	7.1	38,846	-39%	575	29%
Yorks & The Humber	22,927	166,950	7.3	38,160	-40%	550	29%
East Midlands	23,920	195,000	8.2	44,571	-46%	600	30%
West Midlands	23,894	197,995	8.3	45,256	-47%	645	32%
East	25,735	290,000	11.3	66,286	-61%	795	37%
London	30,607	475,200	15.5	108,617	-72%	1,425	56%
South East	26,608	325,000	12.2	74,286	-64%		41%
South West	22,922	255,000	11.1	58,286	-61%		38%

Sources

Median all earnings: ONS ASHE (Annual Survey of Hours and Earnings), Table 8. Annual earnings based on weekly pay for England, including overtime

House prices: ONS small area statistics. Income required: National Housing Federation analysis (price x 0.8 /3.5)

Private rents: Valuation Office Agency

When it comes to rent arrears, private renters are the least likely of all renters to be in arrears, as seen in Figure 2. Over a fifth of housing association tenants are likely to currently be in arrears or have been in arrears over the last 12 months. This is probably due to income differences across occupants. The English Housing Survey 2019/20 shows that social renters are concentrated in the lower income quintiles (47% in the lowest quintile), while private renters are more evenly spread across

quintiles.⁶ The situation with regard to rent arrears is likely to have changed during the pandemic, as discussed in [the section on rent arrears and coronavirus](#).

Ultimately, to improve affordability, we must build more homes of all tenures. To meet housing need in England over the decade from 2021, it will be necessary to build 145,000 social homes each year, including 90,000 for social rent.⁷

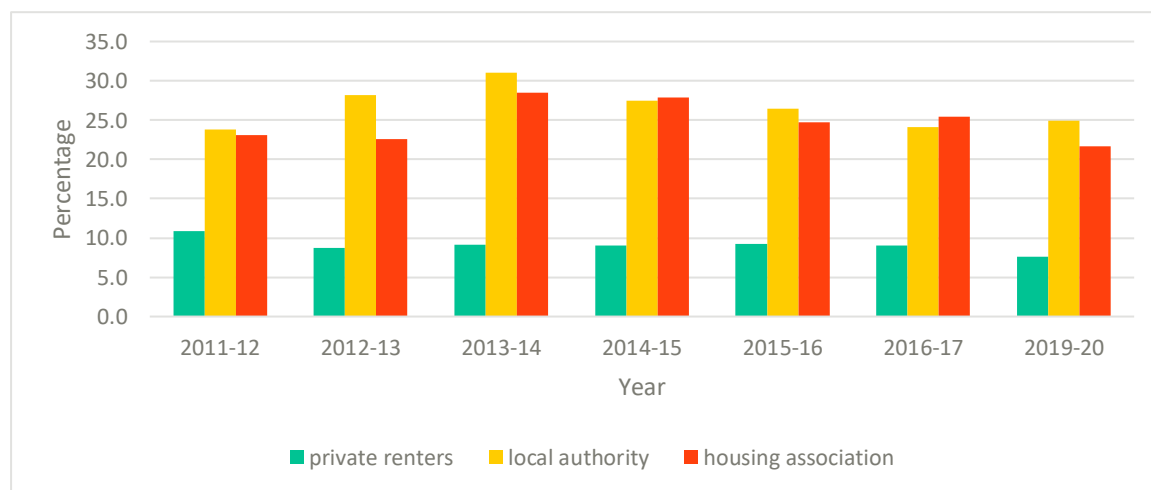


Figure 2 Proportion of households in rent arrears, by tenure, 2011-12 to 2016-17 and 2019-20
Source: English Housing Survey 2019/20, Annex Table 1.14, includes all those in arrears currently or who have been in arrears over the last 12 months.

Affordability and welfare reform

This crisis in affordability has been coupled with large-scale welfare reform, through the Welfare Reform Act 2012. The Act led to the introduction of the following policies, which affected housing association tenants:

- Introduction and rollout of Universal Credit.
- The Benefit Cap for those who claim Housing Benefit or Universal Credit. This differs depending on household composition and location, with higher caps in London or for families with children. Currently the maximum a family outside London can claim in a week is limited to £384.62.⁸ If the claimant is moving from full-time work then the cap does not apply for the first nine months of a new Universal Credit claim.

⁶ [English Housing Survey \(2020\) Headline report](#)

⁷ [Bramley, G. \(2018\) Housing supply requirements across Great Britain: for low-income households and homeless people](#)

⁸ <https://www.citizensadvice.org.uk/benefits/check-if-the-benefit-cap-applies-to-you/>

- In England, around 3% of households on Universal Credit in November 2020 were subject to the Benefit Cap (142,470 households).⁹
- The removal of the spare room subsidy (commonly called the “bedroom tax”). If households are assessed as having more bedrooms than necessary then their eligible rent will be reduced by 14% for one spare bedroom or 25% for two or more spare bedrooms.
 - A fifth of social rented households on Universal Credit in Great Britain were affected by the bedroom tax in November 2020 (238,748 households), with an average reduction of £67.78 per month to their housing entitlement.¹⁰
- Limiting child tax credit and the child element of Universal Credit to the first two children in any family.

There have since been a number of reforms to Universal Credit, including those in response to the pandemic, as discussed in the [section on Universal Credit and coronavirus](#).

Alongside changes introduced by the Welfare Reform Act 2012 were a number of reforms affecting the level of benefits available to those in the private rented sector. This included Local Housing Allowance (LHA) caps, freezing of the LHA (and other working age benefits) from 2016-2020, and extending application of the LHA shared accommodation rate for most single private renters from up to 25 years to up to 35 years.

Many of these changes have reduced the benefits available to those eligible. In certain cases, they have meant that housing costs available through Universal Credit are not enough to cover rent in the private rented sector. Statistics released by the DWP show that in November 2020, 54% of households claiming Universal Credit living in the private sector do not have their rent covered by the LHA rate. This has fallen from a high of 69% in February 2020.¹⁰

Table 2 shows the mean payment amount for Universal Credit by household type for November 2020. Since March 2020, the average award across all household types has increased by £11.66 (2% increase). For some household types, however, the

⁹ NHF analysis based on [Benefit cap: number of households capped to November 2020](#) (142,470 in England) and provisional number of households in England on Universal Credit at November 2020 (4,237,549)

¹⁰ [Department for Work and Pensions \(2021\) Universal Credit statistics: supplementary tables for Universal Credit up to January 2021](#)

average payment has fallen – couples with no dependent children have seen a fall of £20.61 per month and couples with dependent children have lost £1.02. This is likely due to the changing or different circumstances and entitlements of households claiming, rather than a reduction in the monthly award, particularly when the standard allowance includes the £20 per week uplift.

Table 2 Mean of payment amount for households on Universal Credit in England by family type (Source: DWP Stat-Xplore)

	Single, no child dependant	Single, with child dependant(s)	Couple, no child dependant	Couple, with child dependant(s)	Total
March 2020	£526.41	£1012.79	£724.98	£1057.11	£767.14
November 2020	£552.95	£1095.36	£704.37	£1056.09	£778.80
Percentage change	5%	8%	-3%	-0.1%	2%
Change in payment amount	£26.54	£82.57	-£20.61	-£1.02	£11.66

Social housing and Universal Credit

This section provides background on how many social housing tenants claim help with some or all of their housing costs, income collection in relation to Universal Credit, and changes made to claiming because of coronavirus. It concludes by discussing research around Universal Credit and rent arrears, and the growing crisis in rent debt due to the coronavirus pandemic.

Tenants claiming housing costs

Social housing tenants are claiming Universal Credit in increasing numbers. Figure 3 shows state support through Housing Benefit or Universal Credit for the social rented sector (housing associations and local authority landlords). This shows that, prior to the pandemic, in 2019/20 around 70% of all social rented households claim support for some or all of their housing costs. While the numbers claiming Housing Benefit have fallen from 69% in 2015-16 to 50% in 2019-20, the proportion claiming Universal Credit has risen from 1% to 19%. This is due to new claims and existing claimants naturally migrating from Housing Benefit to Universal Credit due to a change in circumstance (such as a change in employment or birth of a child).

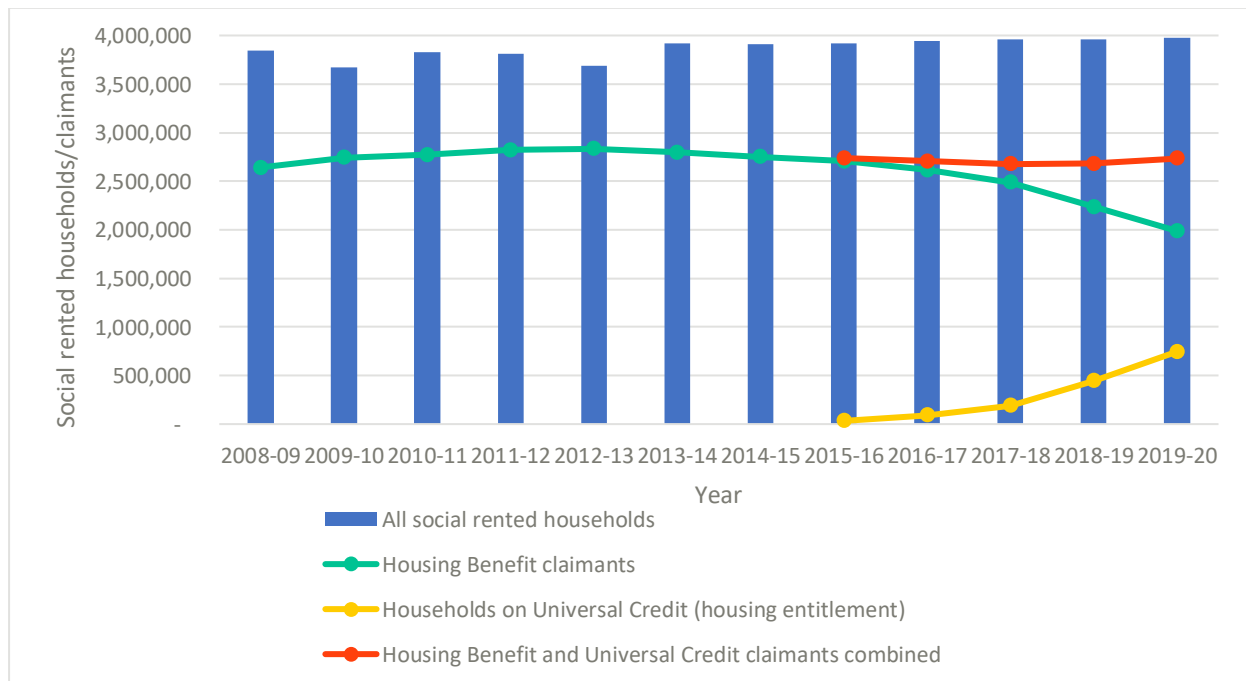


Figure 3 Social rented households in England (local authority and housing association) and social rented housing cost claimants by state support (Housing Benefit and Universal Credit)

Note: Universal Credit is paid to households, but Housing Benefit is to individuals with joint claims for households
 Source: Tenure: English Housing Survey 2019/20 Underlying Data for Figure 1.2: Trends in tenure (thousands of households), 1980 to 2019-20

Housing Benefit: DWP Stat-Xplore WB01 Housing benefit claimants - all social tenants

Universal Credit: DWP Stat-Xplore Housing Entitlement - Households - Tenure and National by Month

Universal Credit and income collection

Our previous interview research into how housing associations prepared for Universal Credit found they started to prepare after changes were announced in 2010.¹¹

Preparations included investing in more staff, training, tenant communication strategies, increased automation, and modelling the likely impact. Housing associations told us that Universal Credit cases required more administrative staff time than Housing Benefit. This included advising on benefits, rent verification¹² and monitoring payments. Some housing associations invested in software, such as rent payment analysis, auto dialers and benefit calculator tools. These resources enabled staff to have more time and tools to advise tenants claiming benefits.

The NHF's recent briefing about how housing associations have approached tenancy sustainment and income collection through the coronavirus crisis found this included:¹³

- Making commitments to support residents and working flexibly.
- Making sure people get the financial help available.
- Using trauma-informed/person-centred approaches and expectations about rent payments.
- Implementing culture change and staff training.

The findings in this current report reinforce those of the briefing. We find that housing associations are working hard to support tenants, with additional advice and support for those claiming Universal Credit.

The design of Universal Credit creates some challenges for housing associations in comparison to Housing Benefit. Housing Benefit is paid weekly, in keeping with the majority of rental periods for housing association tenancies. Local authorities administer it and pay housing associations in bulk for individual claimants (who do not want to be paid directly). When looking at rental accounts paid by Housing

¹¹ [National Housing Federation \(2019\) Research on income collection: Housing association changes in response to Universal Credit](#)

¹² Rent verification is part of the process of claiming Universal Credit for social housing tenants. Social landlords receive notification that the tenant has made a claim for housing costs and are asked to verify these costs through the Landlord Portal.

¹³ [National Housing Federation \(2020\) How housing associations are supporting tenancy sustainment and income collection through the coronavirus crisis](#)

Benefit, many housing associations use the balance including expected Housing Benefit receipt. This means that they include this as income, even if the local authority has not yet paid them, as they can near-guarantee receipt.

Universal Credit is paid to households monthly in arrears, directly to the claimant. While the majority of tenancies charge rent weekly, our interviews as part of this research indicated that housing associations are gradually moving to monthly tenancies for new lets, in order to mirror Universal Credit. Rent for all tenancies is due at the start of the tenancy period (week or month). This means that, unless households can build up credit, tenancies will always be in arrears where rent is due at the start of the rental period and a claimant receives Universal Credit in arrears. Furthermore, Universal Credit means that the DWP rather than local authorities are now responsible for administering help with housing costs. As such, the DWP require more in-depth, working knowledge of housing than they previously needed.

The DWP have made a number of changes to the operation of Universal Credit to reduce the administrative burden for housing associations. This includes the introduction of Trusted Partner status, the Landlord Portal, and Alternative Payment Arrangements paid in the same cycle as the claimant. They have also made significant system changes to improve the claimant experience, including making it easier to claim online and ending the seven-day wait. More recently, following a successful legal challenge by the Child Poverty Action Group,¹⁴ working claimants can report errors in awards where they are paid monthly and two monthly payment dates fall within one Universal Credit assessment period.

Universal Credit and coronavirus

There has been a huge increase in the number of people claiming Universal Credit since the start of the coronavirus crisis. DWP data shows that the number of households in England claiming the housing element of Universal Credit in the social rented sector has increased by 39% from March to November 2020 (from 744,890 to 1,038,762 households). This represents 26% of all social renters in 2019-20, as measured by the English Housing Survey. The regions with the biggest increases in households claiming are the South East (48%), London (47%) and the East of England (45%).¹⁵

¹⁴ <https://cpag.org.uk/welfare-rights/legal-test-cases/universal-credit-assessment-period-inflexibility>

¹⁵ Department for Work and Pensions, Stat-Xplore, Households on Universal Credit, Housing Entitlement - Tenure and National - Regional - LA - OAs by Month, 23 February release

The largest increase in Universal Credit claimants however is in the private rented sector, where households claiming help for housing costs has increased by 90% (707,429 to 1,346,823). This represents 30% of all households privately renting. In London, the number of private rented households claiming has more than doubled (126,627 to 314,472, 148% increase).

The Universal Credit system has proved capable of dealing with the significant pressure of so many new claimants. DWP redeployed nearly 10,000 staff within the department, and from other government departments, to assist with processing new claims.¹⁶ Of new claims, 97% received their first payment on time in part or in full during the assessment period covering April 2020, which was an improvement on the figure of 92% of partial or full payment timeliness in March 2020.¹⁷

Due to the coronavirus crisis, the government has made a number of temporary amendments to Universal Credit to support those economically affected. This included a £20 per week uplift in Universal Credit (and Working Tax Credit) payments, suspension of the minimum income floor policy for self-employed people earning and claiming, suspending conditionality and suspending certain types of deductions. Conditionality and deductions began to resume from July 2020. The uplift is due to end in September 2021.¹⁸

Modelling by the Joseph Rowntree Foundation (JRF) indicates that if the Universal Credit and Working Tax Credit payment increase ends, then around 6.2million families will face an overnight income loss equivalent to £1,040 a year. Half a million people, including 200,000 children, will be pulled into poverty overnight.¹⁹

Universal Credit and rent arrears

There is a significant body of research investigating the link between Universal Credit and rent arrears. The DWP conducted its own study with housing associations in 2018, though the full results are yet to be published. The National Audit Office recent report published a graph from this DWP research with eight housing

¹⁶ [Mackley, A., Hobson, F. and Kennedy, S. \(2021\) Research briefing: Coronavirus: Withdrawing crisis social security measures](#)

¹⁷ Department for Work and Pensions, Stat-Xplore, Households on Universal Credit, Payment timeliness by New Claims by month for England, 23 February 2021 release

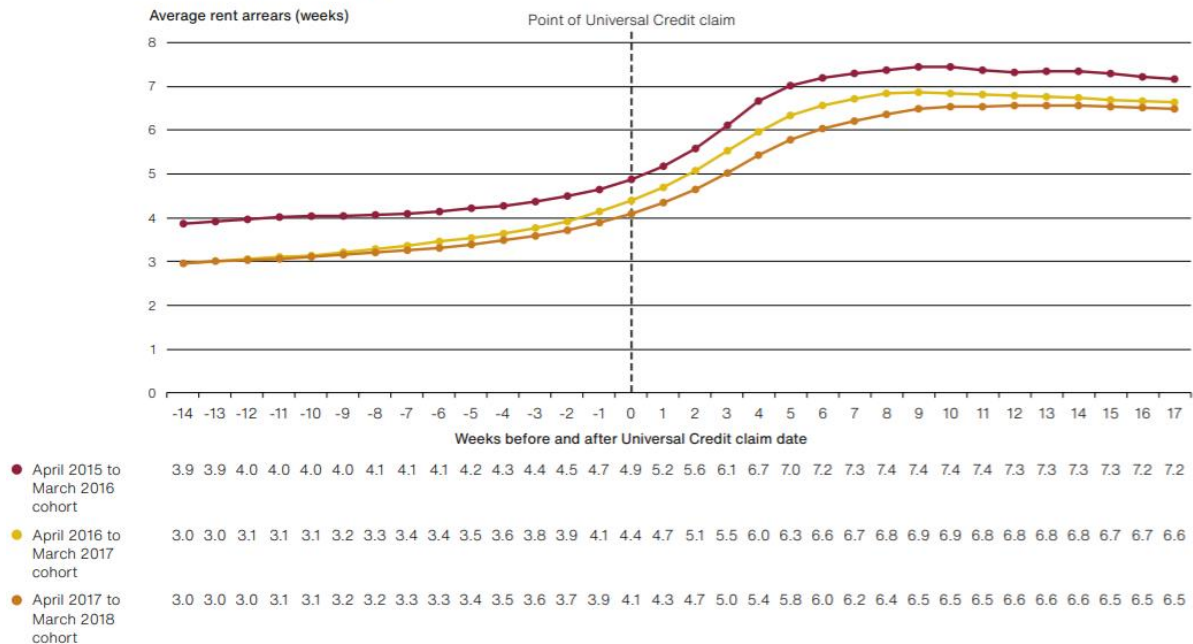
¹⁸ [Mackley, A., Hobson, F. and Kennedy, S. \(2021\) Research briefing: Coronavirus: Withdrawing crisis social security measures](#)

¹⁹ [Maddison, F. and Porter, I. \(2021\) Keep the lifeline: why the Government should keep the £20 uplift to Universal Credit](#)

associations, copied below, showing that rent arrears rose before people made their claim, but most steeply during the wait for their first payment, peaking around 13 weeks after a claim.²⁰ While this reduces over time, it does not return to pre-Universal Credit levels.²¹

Four-week moving average: average tenant arrears across all tenants for three annual cohorts

Tenants' rent arrears increase in the weeks before they make a Universal Credit claim. They continue to increase until around seven to eight weeks after the claim, when they begin to decline. Average arrears have improved over time



Note
 1 Annual cohorts are based on tenants with the Universal Credit start date in the given year.

Source: Department for Work & Pensions

The Smith Institute conducted the most substantial research on rent arrears recently.²² This found that across 12 participating London boroughs, new claims for the housing entitlement of Universal Credit in July-September 2019 led to a £240 increase in average arrears. Two-thirds of tenants underpaid in the first week of claiming, with 30% of rent going unpaid. Larger underpayers (those underpaying their rent by large amounts) and consistent underpayers (those who regularly underpaid) disproportionately contributed to arrears. Rent accounts studied for the research built up arrears prior to the Universal Credit rent verification. Arrears rose

²⁰ [National Audit Office \(2020\) Universal Credit: getting to first payment](#)

²¹ [House of Commons Work and Pensions Committee \(2020\) Universal Credit: the wait for a first payment: Third Report of Session 2019–21](#)

²² [Hunter, P. \(2020\) Falling behind: The impact of Universal Credit on rent arrears for council tenants in London](#)

by just under £400 between eight weeks before and 12 weeks after rent verification. These arrears subsequently remained on the rent account.

One of our members, Peabody, has also conducted research on Universal Credit. Similar to The Smith Institute, they found that residents transitioning to Universal Credit experienced a spike in arrears, which increased by an average of 28%. This remained elevated in the long-term (52-weeks after Peabody became aware of the claim). For their residents, 76% of households on Universal Credit were behind on their rent payments and about one third were in arrears of more than eight weeks' rent. They were three times more likely to be in this position than other benefit claimants were.²³

More recently, Peabody surveyed 450 of their residents who began claiming following the national lockdown on 23 March 2020. They found that a quarter of residents said they had to wait longer than five weeks for their first payment.²⁴ DWP data shows that 14% of new claims in England in March 2020, at the height of the coronavirus crisis and surge in claims, did not receive payment on time or only received some payment on time. This reduced to 5% in April 2020, though this is still almost 40,000 households who weren't paid in full for their claim after the five-week wait.²⁵

We recently published a report on the claimant experience of Universal Credit for housing association tenants.²⁶ A survey of nearly 3,000 claimants was conducted jointly across nine housing associations in England. The key findings from the report were that:

- The vast majority of claimants did not have any money saved to live on during the five-week waiting period, meaning that many had to borrow money. Many were not aware of the advance payment. As a result, borrowing from family and friends was more common.
- There was a very high incidence of struggling to afford necessities following the claim, as well as alarmingly high levels of high-interest borrowing. Most

²³ [Peabody \(2019\) The Impact of Universal Credit: Examining the risk of debt and hardship among social housing residents](#)

²⁴ [Peabody \(2021\) Credit where it's due? Claiming Universal Credit during the Covid-19 pandemic](#)

²⁵ Department for Work and Pensions, Stat-Xplore, Households on Universal Credit, Payment timeliness by New Claims by month for England, 23 February 2021 release

²⁶ [National Housing Federation \(2020\) No time to wait](#)

claimants had a deduction of some kind and these can be a particular cause of financial difficulty, despite changes to make them less punitive.

The survey was conducted pre-pandemic, though the findings are relevant to those who have since had to claim. The lack of savings is an indication that the five-week wait may drive up arrears for those claiming since the crisis. The English Housing Survey 2019/20 indicates that 80% of social renters, and 60% of private renters, have no savings.²⁷ The DWP's research indicates that "almost half (49%) of households who claimed Universal Credit in the four years to mid-2018 had no earnings in the three months before they claimed Universal Credit".²⁸

Rent arrears and coronavirus

A recent survey of over 6,000 adults in the UK on behalf of the Resolution Foundation found that 9% of families in the social rented sector were behind with their housing payments in January 2021. This compares with 6% of those renting privately and 2% of mortgaged homeowners.²⁹ The Resolution Foundation estimate that an additional 450,000 families are behind on rent due to the coronavirus crisis, with one in 20 private renters refused rent reductions.

We echo the concerns raised in the Resolution Foundation report, the recent joint statement by 11 organisations, including The Big Issue, Crisis, Citizens Advice, JRF, and Shelter,³⁰ and the Housing, Communities and Local Government (HCLG) Committee³¹ that the government should address the crisis in rent debt. We can see from Figure 1 that the private rented sector spend the largest portion of their income on housing costs. As discussed, they have also seen the largest increase in claims for Universal Credit, with 30% of all those privately renting now claiming the housing element of Universal Credit.

The ending of a private rent Assured Shorthold Tenancy (AST) is one of the leading causes of homelessness. In July to September 2020, the ending of a private rent AST accounted for 22.2% of households threatened with homelessness. When

²⁷ [English Housing Survey 2019-20, Figure 1.8: Proportion of households without savings, by tenure, 2019-20](#)

²⁸ [National Audit Office \(2020\) Universal Credit: getting to first payment, para 1.18, p.25](#)

²⁹ [Resolution Foundation \(2021\) Getting Ahead on Falling Behind](#)

³⁰ <https://www.crisis.org.uk/about-us/media-centre/chancellor-must-act-to-tackle-rent-debt-crisis/>

³¹ [Housing, Communities and Local Government Committee \(2021\) Protecting the homeless and the private rented sector: MHCLG's response to Covid-19](#)

compared to the same quarter in the previous year, there was a 41.5% decrease in proportion of households found to be experiencing homelessness (owed a relief duty) due to the ending of a private rent AST (from 10% to 5.9%). Where the relief duty was owed, 5.8% of AST terminations were due to the tenant having difficulty budgeting.³²

This drop is likely to relate to emergency measures brought in due to the coronavirus crisis. These changed the court process for landlord evictions, including extending of notice periods and suspension of possession proceedings, as discussed [later in the report](#). While these numbers are currently falling, the growing housing debt crisis and ending of these emergency measures could have severe consequences for the number of people made homeless. Housing associations have pledged not to evict anyone with rent arrears caused by the coronavirus pandemic if the tenant is engaging on payment.³³ They are working hard to support tenants to keep up with rent, as will be discussed in the section on [rent collection](#).

There has also been research within the housing association sector to examine rent arrears during the coronavirus crisis. HouseMark have been conducting regular surveys of social landlords for their COVID-19 Impact Monitoring. They estimate that one million additional tenants have fallen into rent arrears at some point in the pandemic. They forecast that social landlord arrears will be 28% higher in March 2021 compared to March 2020.³⁴ Moody's expect that rent arrears will rise by an additional £105m for the 41 housing associations it rates, due to rising unemployment linked to the pandemic.³⁵

³² [Ministry of Housing Communities and Local Government \(2021\) Statutory Homelessness July to September \(Q3\) 2020: England](#)

³³ [Housing associations' statement on support for residents affected by the coronavirus crisis](#)

³⁴ HouseMark (2021) COVID-19 Impact Monitoring: Membership Report, February 2021

³⁵ [Wilmore, J. \(2021\) Moody's warns on rising rent arrears but says credit impact on HAs will be 'minimal', Social Housing 1.3.21](#)

Universal Credit claimants during the coronavirus crisis

This section outlines in more detail the increased number of social housing tenancies claiming Universal Credit during the coronavirus crisis and data from interviews about who these tenants are and what helps with claiming.

How many claimants are there?

Our survey shows that from June 2019 to June 2020, the proportion of general needs tenancies paying rent with Universal Credit increased by an average of 65% (from a minimum decrease of 16% of tenancies paying rent with Universal Credit to maximum 152% increase in proportion of tenancies paying with Universal Credit). This increased by an average of 71% from June 2019 to September 2020 (minimum increase of 15% to a maximum of 186%).

Looked at another way, the total number of tenancies claiming Universal Credit across 22 housing associations went from 33,656 households out of 213,133 occupied general needs tenancies in June 2019 (15.8% of tenancies claiming Universal Credit) to 58,036 households across 216,086 tenancies in June 2020 (26.9%). This means the number of households claiming increased by 72%, while the number of occupied homes increased by only 1.39%.

This number rose to 61,639 by September 2020 (out of 217,726 tenancies, so 28.3% of tenancies), showing an 83% increase in total tenancies claiming Universal Credit since June 2019 compared to a 2.15% increase in occupied tenancies.

From the interviews, housing associations reported that the number of rent verification requests they were getting through the Landlord Portal in late March/early April 2020 was quadruple that of the normal levels. Our data reflects DWP figures showing the surge in cases. In the two weeks between 20 March 2020 and 2 April 2020 there were 1.1 million claims made to Universal Credit. This is 10 times the weekly average for the year to 12 March 2020.³⁶ The latest data shows 4.5 million claims (and 4.3 million starts) between 13 March 2020 and 14 January 2021.³⁷

³⁶ [Commons Library \(2021\) Coronavirus: Universal Credit during the crisis](#)

³⁷ [Department for Work and Pensions \(2021\) Universal Credit statistics, 29 April 2013 to 14 January 2021](#)

One housing association said they were very impressed with how the Universal Credit system held up with the surge in claims. These figures reveal the enormous amount of work required by housing associations to not only verify rent, but to contact tenants about their circumstances and claim. Work by housing associations helps ensure tenants are paid income support to which they are entitled.

Who are the new claimants?

We asked housing associations during interview whether there was any difference in the type of households claiming Universal Credit since the crisis hit. The most common response was that new claimants were tenants who the housing association weren't in regular contact with previously. Prior to the crisis, they were earning and paid their rent on time. Interviewees said they many of these tenants had never claimed benefits before or had claimed a long time ago.

Those interviewed said these new claimants were from previously working families, and included self-employed people or those from industries affected by the national lockdown (such as hospitality, fitness and retail). One housing association also said they had found many tenants newly claiming were pre-retirement age and who had been made redundant after initially being furloughed. Nationally, DWP statistics show that a greater proportion of people claiming Universal Credit in Great Britain since the start of the coronavirus pandemic were male and aged 20-24 years old or over 40.³⁸

Prior to the pandemic, the usual cohort of claimants were those moved to Universal Credit from a legacy benefit. The change in cohort, as a result of the pandemic, required different advice and support from their housing association. One housing association said that the questions asked by the new claimants weren't what they were used to: "we had to change our way of working to support a new group of tenants that we hadn't supported before". They had to break down whether they were applying for the right benefit for their circumstances, explain it was an online application and get them to understand the process, including advances and what might happen in the five-week wait.

³⁸ [Department for Work and Pensions \(2021\) Universal Credit statistics, 29 April 2013 to 14 January 2021](#)

What helps with claiming Universal Credit?

The picture painted by housing associations we spoke to was that, in the initial weeks of the crisis and the first national lockdown, tenants were not sure whether they should claim Universal Credit. They didn't know if their circumstances would change, whether other income support schemes were more appropriate, and where and what support was available. Housing associations had to understand and talk through options with tenants.

In general, housing associations interviewed said that what helped tenants claim was being "tech savvy" or having a friend or family member who could help. It also helped if a claimant had prior knowledge of the benefit system.

DWP Partnership Managers, who are based locally in Jobcentres, were also important. One housing association said they referred all vulnerable tenants who could not claim online to their partnership manager who would then help set up a claim. Another housing association said they worked with their partnership manager on more complicated claims.

We asked whether any tenants found it easier or more difficult to manage payment. When it came to those who found it easier, respondents talked about tenants with savings to fall back on and working people who were used to being paid monthly, had budgeting experience, and normally paid their own rent.

For those who found it more difficult to manage, respondents talked about:

- Housing Benefit claimants who weren't used to paying rent with their benefits.
- Working claimants where Universal Credit was a top-up struggling to budget as they didn't know how much they would get paid each month.
- Tenants with high support needs, such as those with mental health difficulties.

Two housing associations said tenants claiming due to the coronavirus crisis had been surprised at the amount they were paid. One of these housing associations said they felt the experience had been a "wake up call" for some tenants about the reality of living on benefits:

"I have had a few phone calls from people saying 'How am I supposed to live on this? How am I supposed to live on £300-and-whatever a month. My take home pay is normally £2,400 and you're expecting me to live on this?'"

Rent collection

This section sets out what our survey data tells us about rent arrears during the pandemic, what those interviewed believe drives higher arrears for households claiming Universal Credit, and how housing associations are supporting tenants to manage this.

Rent arrears during the pandemic

Our survey data shows that tenants claiming Universal Credit are more likely to be in arrears and to carry higher arrears than those paying by other means.

Nearly two thirds of Universal Credit tenancies were in arrears, on average, across April 2020 to September 2020, with 60% of households in arrears. In comparison, 36% of households paying by other means were in arrears.

Across 23 housing associations, on average, 16 had more than 50% of Universal Credit claimants in arrears across this period, with four of these having over 70% of claimants in arrears (minimum 38%, maximum 83%). For those paying by other means, only five organisations had over 50% in arrears on average over this period (minimum 10%, maximum 68%).

In all but one case, across 22 organisations, the average proportion of Universal Credit tenancies in arrears was higher than for those paying by other means. Two organisations had nearly four times the proportion of Universal Credit tenants in arrears compared to other tenants.

Our survey also shows that Universal Credit tenants in arrears have double the average arrears than those paying by other means. From available data across April to September 2020, the average arrears for Universal Credit tenants was £609.93 (minimum £396.42, maximum £1,348.23), compared to £301.29 (minimum £147.12, maximum £728.08). When compared to average arrears for June 2019, this represents a 0.4% increase for tenancies paying by Universal Credit compared to 12% increase otherwise.

According to the Regulator of Social Housing, the average weekly net rent for social rent general needs homes in England was £94.25 per week in 2020.³⁹ This means

³⁹ [Regulator of Social Housing \(2021\) Private registered providers \(PRP\) social housing stock in England - rents profile 2019/20](#)

that Universal Credit tenancies could owe as many as 6.5 weeks rent if paying an average rent, compared to 3.2 weeks for those paying by other means. This is broadly consistent with the DWP’s own research into average rent arrears. They found that, 17 weeks after claiming, average arrears for all households on Universal Credit were between 6.5 and 7.2 weeks of rent (rising from around 4 weeks at point of claim).⁴⁰

When looking at the mean payment amount for Universal Credit in September 2020, average arrears could be as high as 110% for a single person with no children’s monthly payment (£552.95) or 56% for a single person with children (£1,095.36). It is 48% more than the current standard allowance (including uplift) of £411.51 for a single person aged 25 or over. This shows how significant these arrears could be for claimants and how difficult it might be to pay back.

Figure 4 compares the median average arrears for tenants in arrears paying with Universal Credit and those paying by other means. The only month where average arrears were not double for Universal Credit was May 2020. Across all 22 organisations for which there is data, Universal Credit average arrears are higher than those paying by other means.

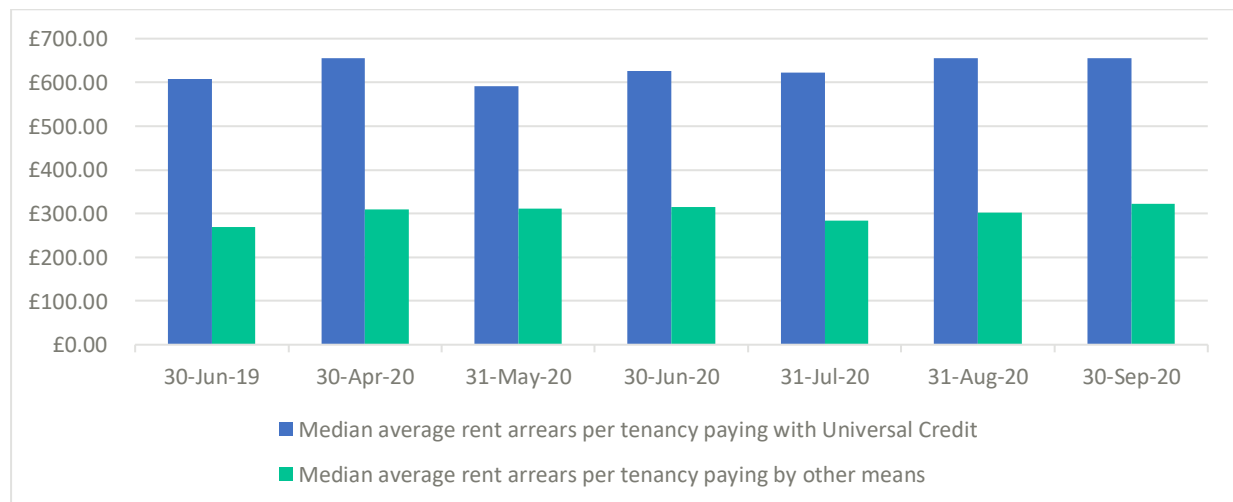


Figure 4 Median average rent arrears for tenancies in arrears paying by Universal Credit and those paying by other means. Response numbers vary from 20 to 23.

While average arrears for Universal Credit tenants are almost consistently double those paying by other means, total and average arrears are not necessarily rising each month. Out of 21 housing associations, 15 saw total rent arrears for

⁴⁰ [House of Commons Work and Pensions Committee \(2020\) Universal Credit: the wait for a first payment: Third Report of Session 2019–21](#)

households claiming Universal Credit rise from April 2020 to September 2020, with eight of these also seeing a rise in total arrears for those paying by other means. Three organisations saw a fall in total arrears for both payments types. The varied picture shows we need more research into factors influencing rent arrears.

From April to September 2020, 20 of 21 organisations for which we have data saw a rise in the number of tenancies claiming Universal Credit. Of these 20 with rising Universal Credit claimant numbers, seven had a fall in the number of claimants in arrears, five saw a fall in the total value of arrears (four of whom had an increase in number of claimants in arrears), and 13 organisations saw a fall in their average arrears. This is potentially encouraging: whilst the number of households claiming Universal Credit increased, this did not always mean that total/average arrears value or number of households in arrears were rising.

Figure 5 shows the total rent arrears by payment type for 19 organisations from June 2019 and April 2020 to September 2020, and the percentage change in total arrears by payment type since the last time point. We can see that there was a large jump in Universal Credit total arrears from June 2019 to April 2020. Arrears increased by 70% for Universal Credit claimants (from £14.8m to £25.1m) compared to 3% otherwise (£24m to £24.6m). This is likely the result of the significant growth in claimants over the coronavirus pandemic. Since the start of the crisis, total arrears for households claiming Universal Credit in these 19 organisations rose from £25.1m in April 2020 before falling from a peak of £28.7m in July 2020. What is most striking is that the overall debt carried by Universal Credit claimants from April to September 2020 is more than those paying by other means, despite households claiming Universal Credit representing only a quarter of all occupied tenancies.

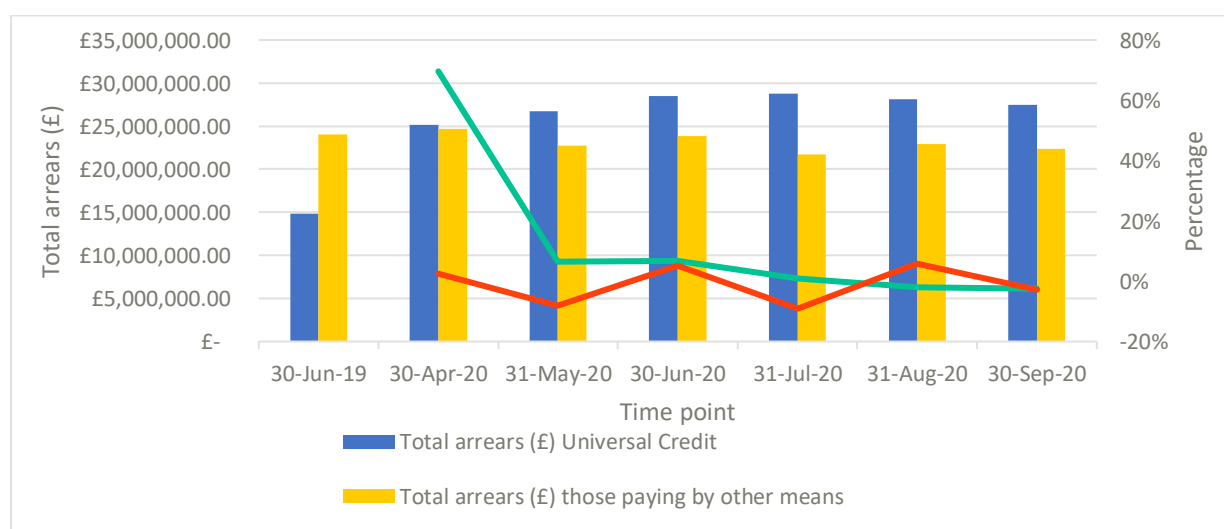


Figure 5 Total arrears for all general needs tenancies in arrears and percentage change by payment type, June 2019-September 2020 (n=19)

It's complicated...

The relationship between Universal Credit and rent arrears

Part of the reason the picture around rent arrears and Universal Credit is so complicated is because of how Universal Credit is paid. The majority of housing association tenancy agreements charge rent weekly. Universal Credit claimants are paid monthly, on the date of their claim. This means that at any point in the month, depending on where in the rent week or benefit payment cycle it is, there will be an issue with over- or underpayments. As one interviewee said, "arrears go up and down depending on the day of the month".

Arrears will also rise for weekly tenancies paying with Universal Credit in months that have five rent charges. In addition, around every five years there are 53 rent charges in the calendar year as opposed to 52. Due to how their Universal Credit entitlement is calculated, tenants with weekly tenancies will only receive Universal Credit to cover a maximum 52 weeks. In years with 53 rent weeks, their Universal Credit payment will not cover every week of rent. This means households claiming Universal Credit face potential arrears unless they have other income to cover the shortfall.

Weekly tenancies are standard for the sector, to help those on low incomes manage payments. Housing Benefit, which the majority of tenants with state support for housing costs are claiming, and the state pension are both paid weekly. Housing association cannot easily change tenancy agreements, which are legal documents. In some organisations, there is a gradual move to monthly tenancies for any new lets due to Universal Credit.

The picture is complicated further by changes to the administration of Universal Credit. Where rent is paid directly to landlords (through a Managed Payment to Landlords Alternative Payment Arrangement), these were (prior to 2020) paid on a different payment cycle to that of the claimant. This meant that a claimant might be in arrears even when they had been paid Universal Credit because the landlord had yet to receive their housing costs through the Alternative Payment Arrangement system.

All our respondents received Alternative Payment Arrangements on the same day as claimants in 2020, though the majority started after the period covered by the survey data in this report. One housing association we spoke to described the change as having made a "significant" difference to their arrears. Another interviewee said, "I would say almost instantly it considerably reduced the amount of arrears that we had due to the way in which Universal Credit was previously paid". A further housing association said they "saw a difference almost instantly" in the level of arrears.

This shows the significance of the design of Universal Credit to rent arrears and difficulties in building an accurate picture of these arrears.

Looking at the most recent months of data, the highest individual rise in total arrears from August to September 2020 was 28.5% (from £114,729.89 to £147,372). This organisation had a 24.6% increase in the total number of households claiming Universal Credit in arrears across the same period. The biggest fall at this time was 14.2% (from £447,274 to £383,741.82), with a corresponding 10.1% fall in the number of households in arrears.

Those who had an increase in average arrears for Universal Credit claimants from August to September 2020, the maximum increase was 5.4% (from £504.38 to £531.40). The maximum decrease was 9.7% (£489.64 to £441.98). For those paying by other means, the picture was much more volatile even though average arrears were lower. The biggest increase was 157.5% (from £154.58 to £398.09) and the biggest fall was 37.2% (from £473.29 to £296.99).

Average arrears from August to September 2020 for households claiming Universal Credit were consistently higher than those paying by other means were. This is true for all 22 organisations for which we have data. Looking into total arrears for Universal Credit tenancies across and within organisations is much more complicated, with no clear overall pattern. Almost all (20) had rising Universal Credit claimant numbers, but this did not mean that total arrears were rising. For 12 housing associations, claimant numbers were rising but total arrears falling. For nine organisations, the number of households in arrears was rising faster than the number claiming Universal Credit. Of 10 organisations with rising Universal Credit arrears, eight had rising arrears for tenants paying by other means. The two organisations with decreasing claimant numbers for August to September 2020 saw an increase in total arrears across this period, with an increase in the number of households claiming Universal Credit in arrears, but a decrease in average arrears. Their total and average arrears for those paying by other means increased. Again, this complexity shows the need for further research. We need DWP to do this research in order to match claimant data with rent accounts.

For arrears as a percentage of rent due (which most housing associations use as a measure of income collection), the picture is also quite mixed. Across June 2019 and April 2020 to September 2020, median average arrears as a percentage of rent due for households claiming Universal Credit was 3.51% (minimum 0.65%, maximum 13.65%). For those paying by other means, the median average was 1.62% (minimum 0.45% and maximum 5.72%). Data from 20 housing associations shows that arrears as a percentage of rent due rose 17% for Universal Credit claimants during the coronavirus crisis. From April to September 2020 it rose from 3.22% to 3.77%. The comparable figure for households paying by other means was a 20%

decrease, from 1.76% to 1.40%. When looking at the picture by housing association, in general, households claiming Universal Credit have a higher percentage of arrears compared to rent due, but for four of 22 organisations, tenants paying by other means have a higher arrears as percentage of rent due.

This is clearly a complicated picture and we need more data to understand better what is happening. We urge the DWP to publish their existing research with housing associations on rent arrears in full and to undertake more research on individual accounts and across more organisations. This should include research with claimants in arrears to understand drivers. The NHF will continue to monitor the overall picture through periodic repeats of our survey.

During interviews, many housing associations told us that, in general, arrears as a percentage of rent due was lower than expected at the start of the health crisis. At the point of the first national lockdown, the surge in claimants meant many revised their income collection expectations downwards. Reasons given for revised expectations included the number of tenants struggling financially, arrears rising with the surge in claimants, the expected impact on arrears from changes to the enforcement process, and an historic trend of households paying with Universal Credit having higher arrears.

At the time of interviews (January 2020), participants reported that income collection was not as bad as predicted (even if arrears had increased). In some cases, housing associations found that arrears were lower than compared to the same time last year. For others, however, arrears were “significantly higher”:

“We had £600,000 this time last year and £900,000 now. It will take a lot of time to bring us back to where we were, we’ve gone back a number of years.”

A “better than expected” arrears positions was put down to a number of internal or organisational factors. This included teamwork, communication with tenants (including advice on claims and the importance of paying rent), support-based income collection, fewer accounts with historic arrears, and targeted work with those who had changed their rent payment behaviour or had low-level arrears. Housing associations also mentioned in interviews that the Universal Credit cohort claiming due to the impact of coronavirus consisted of tenants who were used to making rent payments themselves. This contrasted with the existing cohort who moved from Housing Benefit and may have had all or some of their rent paid through the Housing Benefit system. The existing cohort had a “few more stumbling starts” on Universal

Credit. Hardship funds also meant housing associations could “help with other things to allow [tenants] to pay rent”.

One difference was that customers were aware of the restrictions around court action. For all tenants, if they were struggling financially, this might mean they stopped paying rent:

“When people knew that we couldn't go to court or evict then had people say ‘I know you can't do anything, so you're the one I'm dropping’. Officers will explain the process and customers will go ‘That's fine, I just can't pay at the moment’. We offer support, but there are an awful lot of people who aren't engaging”.

What causes higher arrears for Universal Credit?

The survey data does not tell us what is driving higher arrears for households claiming Universal Credit. Our findings from interviews are that housing associations think the following reasons have contributed to higher arrears:

- The five-week wait for first payment: “when we look at individual accounts, we can see a spike in arrears just before tenants move on to Universal Credit, arrears go up swiftly and then start to go down as they pay them off.”.
- Direct payment to customers, with those previously on Housing Benefit not realising they have to, or not wanting to, pay rent with Universal Credit.
- Historic arrears of those moving over to Universal Credit: “the vast majority of big arrears cases went onto Universal Credit early”.
- Migration from legacy benefits. One association summed this up as “if they are moving from legacy benefits to Universal Credit, they are instantly put into arrears. Although there now is the two-week extension to Housing Benefit, you still have a lump sum that you have to pay off, so that sets them off on the wrong foot”.
- Deductions, including the advance, and previous debts they might not know about: “People who take out a[n advance] loan, having to pay that back is a challenge.”
- Claimants not knowing what they will receive each month (especially if working different hours or in and out of work), which makes it difficult to budget rent payments.
- Delays in claiming.

Some housing associations gave examples of household types who have higher arrears. This included mixed age couples (a couple where one partner is a pensioner and the other is under pension age) and those previously earning a larger income (with outgoings matching their income) before claiming Universal Credit. One housing association said that they find single people under 25 generally have higher arrears than any other group, which they felt made sense, as the payment award is lower for this age group:

“For all other groups, the number of customers in arrears is similar, about 40%, but for those under 25 and single then nearly 50% are in arrears. It stands out as everyone else is more or less the same. Makes sense in a way, as under 25s have a lower allowance. By the time they’ve paid their gas and electric, they are not left with a lot.”

When reflecting on changes during coronavirus, housing associations interviewed said that the arrears pattern was the same, an initial spike at the point of claim before going down over time. One housing association said that the highest increase in their arrears were those paying by other means, which they think is related to reduced income from loss of hours. This is reflected in the survey data, which shows a greater jump in average arrears for those paying by other means (12%) compared to Universal Credit (0.4%) from June 2019 to June 2020.

Policies and support to manage rent arrears

We asked housing associations during interviews what policies or support they have to help manage arrears:

- Support to customers, as mentioned in the [next section](#). This includes pre-tenancy assessments to highlight support needs: “putting the work in early on to make sure people are set up”.
- Building up credit. While the majority of those interviewed ask for rent at the start of a new tenancy, this varied depending on customers’ circumstances and the tenancy agreement. This policy was introduced in response to Universal Credit, prior to coronavirus. Reasons given for this included “focusing people’s mind on paying rent”, encouraging tenants to build up a credit so they were in “a good position in case of hiccups down the line”, and preventing tenants falling into arrears between Universal Credit payments.
- Monitoring of arrears and checking on circumstances if any change: “I encourage staff to talk to the tenant and find out what happened, what’s gone wrong”.

- Flexible payment plans for arrears.
- Making it easier to pay rent: direct debits, online payments and standing orders.
- Campaigns to encourage tenants to build up a credit on rent accounts.
- Use of Discretionary Housing Payments (DHPs) to clear arrears.
- Income officers getting better at providing advice on Universal Credit and feeling “more comfortable” with the system.
- Use of Alternative Payment Arrangements, particularly for vulnerable customers. Many housing associations won’t ask for Managed Payment to Landlords for rent arrears as the deductions from the tenant’s payment are considered too high.

All those interviewed used DHPs to clear rent arrears (and, in one case, to help avoid debt at the start of a new tenancy). Use of these varied by local authority and by housing association. The housing associations interviewed said they would either help tenants apply or work directly with local councils to access DHPs.

It was common for housing associations to talk about local authorities being cautious with DHP awards at the start of the crisis because, as with other years, they didn’t want to spend the whole budget at the start of the financial year. One housing association mentioned that they had received DHPs to clear rent arrears for tenants who weren’t engaging. While they appreciated the local authority’s help, and it was positive for arrears (and preventing applications to court), they were concerned they didn’t know the situation of the tenant.

Housing associations were really focusing on supporting tenants “especially this year”. One interesting approach discussed in an interview is the ‘trauma-informed approach’, which is picked up in a previous NHF briefing on income collection.⁴¹ We spoke to a housing association who introduced this to their income collection approach in October 2018, in response to the growing issue of childhood poverty and the lifelong impact of adverse childhood experiences.

The approach sees housing officers talk to tenants about what has happened to get them where they are and then working with them to deal with that and any problems they might have. It can mean “taking on people’s emotions”, but it “absolutely pays off” and “people get a real benefit to working in this way”. This way of working

⁴¹ [National Housing Federation \(2020\) How housing associations are supporting tenancy sustainment and income collection through the coronavirus crisis](#)

requires “extra people” and more resources. It is “different” and can be “difficult”, but is ultimately a “brilliant way of working”. The whole housing association will be trained and working in this way from early 2021 and believe they will be “much stronger as an organisation” as a result.

How a trauma-informed approach on rent collection improves lives

A housing officer met with a tenant to discuss their rent arrears. Because of the trauma-informed way of working, the conversation led to a disclosure by the tenant of adverse childhood experiences and continued abuse. This resulted in the housing officer becoming her main source of support, including supporting a police investigation and working with adult and child social care. The officer applied for a Discretionary Housing Payment to get the rent arrears cleared, as these related to financial abuse. When the tenant was ready, the housing officer helped move the family from the home linked to the abuse. The housing officer is still working with the tenant, following 18 months of support based on one conversation about rent arrears.

Changes during the coronavirus crisis

The main changes in income collection during the coronavirus pandemic have been around a greater emphasis on support-based income collection, more targeted work with tenants in arrears, and flexible payment plans. Housing associations also mentioned additional training they had received.

Those being increasingly upfront with offers of support were moving away from using enforcement as a tool to engage tenants on rent arrears. This reflects housing associations’ pledge not to evict anyone for rent arrears accrued due to the impact of coronavirus as long as the tenant is engaging on a manageable way forward. One organisation described this shift as happening “almost overnight”. For some, they felt the pandemic had accelerated a change that was going to happen anyway. They thought this was where the sector was going. This is reflected in the number of housing associations interviewed who focused on supportive approaches to income collection before the coronavirus crisis.

This support-based approach, like the trauma-informed approach, encouraged staff to “get to the basis of what the problem is”. This then led to identification of need for support or referral. It represented a big change in mind-set for long-term income collection officers, but also for customers:

“customers realise that we’re primarily there to help keep them in their tenancy, assist them – [the pandemic] helped customers realise that. It’s much more of a two-way relationship.”

Much support-based income collection came down to communication. This included less reliance on automation, greater use of phone calls and personal contact, and revising wording in letters.

In the early stages of the pandemic, one interviewee mentioned that they turned off automated contact around rent arrears because they wanted staff to ring customers to check they were coping.

Changes to standard letters emphasised support rather than consequences of not paying rent. This included necessary changes due to eviction restrictions, but also a change in tone:

“the [arrears] letters we send have changed. Rather than a big red banner, they start by saying ‘we understand this is a difficult time, we’re here to work with you, this is how many people we have helped’. It’s less a threat and more an offer of support...a focus on how we can help.”

There was a move away from letters to other forms of communication, what one interviewee called “quality contact”. This included more phone calls, text messages, emails, newsletters, and leaflets. One housing association said that they sent 52,000 rent arrears letters in 2019, but from July to September 2020 they only sent 300 letters. Instead, they made phone calls and sent texts. This was also reflected in another interview where the participant said they were “previously doing support, but we were probably using the arrears processes more than we needed to. It’s quick and easy to send out letters. If 30 people have stopped their direct debit, you could ring 30 people or send 30 letters, which one is quicker?”

Housing associations also mentioned stopping arrears letters and notices for people who were engaging, even if they had hundreds, if not thousands, of pounds of arrears. Staff were encouraged to think about the point of sending letters and the impact on customers: “We have accounts with £3-4,000 arrears with no notice as we have got an agreement [on paying] and they are sticking to agreement. We have stopped serving notice as people are sticking to agreements and serving notice would annoy them”.

More targeted, pre-emptive work with tenants was another change raised during interviews. A large housing association said they “carefully started picking through low level [arrears] cases in June time”. A South West provider said that their housing officers looked at arrears every day now, compared to half of the week pre-pandemic. They felt extra time with people claiming had really helped in terms of arrears. These changes were a direct result of the coronavirus crisis. As a small organisation, they were concerned that any changes in income collection would have a huge impact on their operations.

Another change was introducing more flexible payment plans in terms of both rent and arrears. These existed pre-pandemic, but some were a direct response to changing government policy. We interviewed one housing association who said that if a customer had been furloughed then they reduced their rent to 80%. This was part of their strategy of “always trying to follow what the government were doing, and giving people the time”. Flexible payment plans were all about “understanding people's situations and being realistic about how much they can afford to bring the outstanding balance down”. A smaller housing association said that in the past they would have expected a minimum payment of £20 per month to bring down arrears, but there was now a greater focus on what tenants could afford.

Three housing associations also mentioned a change in training due to the pandemic. Two were introducing training in negotiation. One large housing association said that their income collection officers previously had training from debt collection agencies. As this didn't fit their greater focus on support, they were looking at solution-focused training, centred on negotiation. Another mentioned training on benefits and income support at the start of the crisis. This was so they could best advise tenants on what income support might be most helpful for their circumstances (such as carrying on with tax credits rather than claiming Universal Credit if they found a new job quickly).

Moving away from enforcement

Housing associations pledged not to evict anyone accruing rent arrears related to the crisis, if tenants are working or engaging on a manageable way forward.⁴²

Possession action occurs in a minority of cases and only as a last resort, in situations where tenants are putting others in danger and alternatives like mediation have not stopped the risk. For example, action over severe anti-social behaviour.

⁴² [Housing associations' statement on support for residents affected by the coronavirus crisis](#)

Our interviews show income collection by housing associations is rapidly moving away from enforcement to a support-based approach. The global health crisis has accelerated this shift, which evictions data indicates is a longer-term trend. Statistics from the Regulator of Social Housing found a 7% reduction in overall evictions by large housing associations between 2019 and 2020, including a 13% reduction in evictions for arrears. This reduction does not relate to the coronavirus pandemic as the data collection period was prior to the changes in enforcement action.⁴³

Historically, social landlords (including local authorities) have been responsible for the majority of claims for possession, though possession action does not necessarily lead to eviction. From our interviews, we know that where social landlords used enforcement it was as a tool to get tenants to engage on rent arrears and reinforce the importance of keeping up with payments.

Figure 6 shows that social landlords have traditionally made up the bulk of possession claims since 1999, though the proportion has fallen from 83% in 1999 to 61% in 2019. For 2019-20, the number of claims was 1.5% of all households in social rented accommodation, so a very small proportion of all households.

While a claim may be made to the court, few are pursued to the point of eviction, unless there are severe or persistent rent arrears, and/or antisocial behaviour, with the tenant not engaging. On average, since 1999, a fifth of all possession claims in England and Wales led to repossession.⁴⁴ In 2019, 18% of claims led to a repossession order. For 2020, this has dropped to 1%. In 2019/20, 0.3% of all social rented homes were repossessed.⁴⁵

⁴³ [Regulator of Social Housing \(2021\) Private registered providers \(PRP\) social housing stock in England - sector profile](#)

⁴⁴ Ministry of Justice, Mortgage and Landlord Possession Statistics, Table 5

⁴⁵ Calculated from Ministry of Justice, Mortgage and Landlord Possession Statistics, Table 8, repossessions by social landlords and English Housing Survey 2019/20 Underlying Data for Figure 1.2: Trends in tenure (thousands of households), 1980 to 2019-20

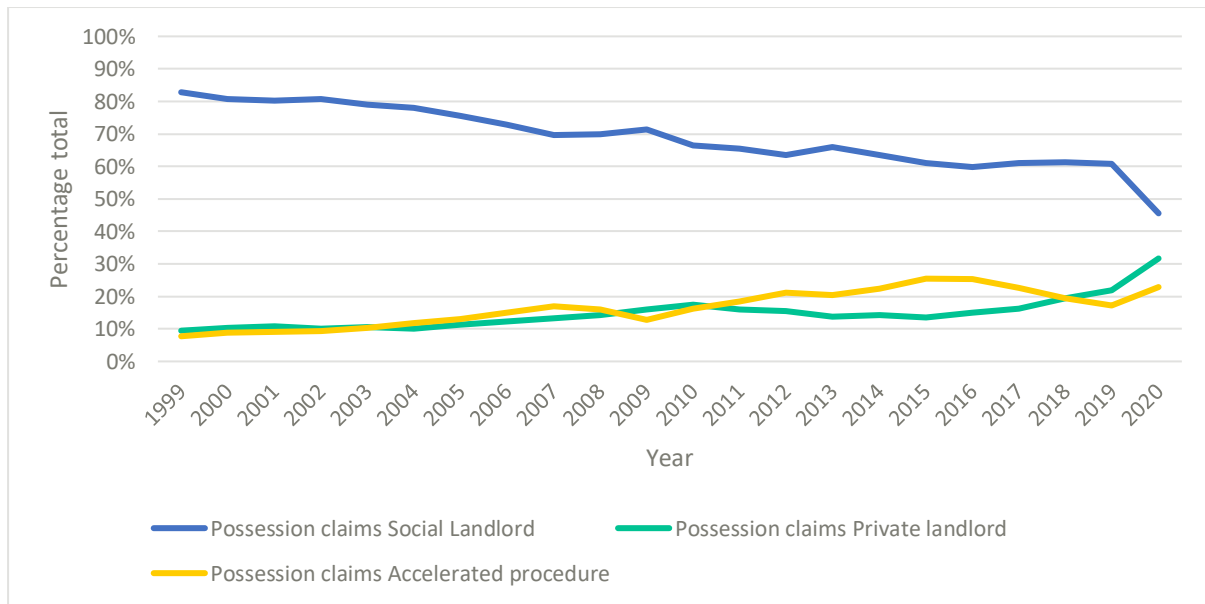


Figure 6 Proportion of possession claims in the county court of England by tenure, 1999-2020. Source: Ministry of Justice, Mortgage and Landlord Possession Statistics, Table 8

The proportion of possession claims by private landlords and the accelerated procedure (often used by the private rented sector) have increased over this time (1999-2019) from 9% and 8% to 22% and 17% respectively, as seen in Figure 6. Claims were made for 0.9% of households in private rented accommodation in 2019/20.⁴⁶

This increase in claims reflects the growth in this tenure. From 1999 to 2019-20, private rented housing has grown from 33% of all renting households to 53%. There has been a 122% increase in the number of households privately renting over this period, compared to a 2% drop in households living in social rented housing. This reflects constrained supply and affordability, see the section on [housing affordability](#).

The restrictions on possession action, including eviction, introduced by the coronavirus has led to significant drop in court activity. Ministry of Justice data shows that possession claims by English social landlords (including local authorities) dropped by 85% from Q4 in 2019 to Q4 2020 (14,718 to 2,228).

⁴⁶ This includes claims made by accelerated procedure and those made by private landlords. It is unclear what proportion of accelerated possession claims are made by social landlords. These are only available in the case of Section 21 notices, issued in relation to assured shorthold tenancies. The bulk of housing association general needs tenancies are assured tenancies and so Section 21 notices cannot be issued. Accelerated possession claims do not permit the landlord to claim rent arrears alongside the possession order. This means they may be less appropriate for evictions due to rent arrears, which the Regulator of Social Housing's Statistical Data Return shows is the most common reason for initiating possession action by social landlords. As a result, accelerated procedure claims are probably more likely to originate from the private rented sector, but it is impossible to be certain.

Possession orders dropped by 97% over the same period (11,939 to 414).
Repossessions by county court bailiffs halted entirely in Q2 and Q3 2020 before recommencing in Q4, with 520 repossessions by social landlords. This represented a 95% drop for social landlords compared to the same quarter last year (3,583 to 174).

Changes to enforcement action due to the coronavirus crisis

At the beginning of the crisis, on 18 March 2020, the government announced emergency legislation to suspend new evictions from social or private rented accommodation during the coronavirus crisis. This meant all cases either currently in, or about to enter the system could not progress to the stage where someone could be evicted. This led to a 90-day moratorium on all possession proceedings.

The Coronavirus Act 2020 requires a three-month notice period for notices issued between 26 March and 28 August 2020 in England. From 29 August 2020 until 31 May 2021, six months' notice is required in most circumstances. The notice period is different for extreme cases of rent arrears:

- Six months or more of unpaid rent requires a minimum four-week notice period.
- If less than six months of rent is unpaid, the notice period is six months.

Furthermore, legislation ensures bailiffs cannot carry out repossessions in England, except in the most serious of circumstances (such as antisocial behavior or perpetrators of domestic abuse), until the end of 31 May 2021.

Our interviews found that housing associations who use enforcement action only do so in a minority of cases, where arrears are significant and the customer is not engaging. They have a number of checkpoints before deciding on this action. Before pursuing any court action, housing associations want to know they have done everything possible to engage a customer and support them with arrears.

During interviews, participants mentioned numerous ways income officers engaged with tenants over arrears. This included writing, ringing, texting, visiting, putting cards through doors (and notices for rent arrears) if the tenant didn't answer, as well as talking to neighbours. They said they have strict checkpoints and sign-off for court action. Housing associations would also try other means to reduce arrears and avoid tenants losing homes, including applying for DHPs or using their own hardship funds. They "want to be sure that if we go to court then we can say that we have done everything we possibly can to secure this tenancy".

The possession process for rent arrears and data challenges

A landlord seeking to gain possession of a property must first serve the tenant a notice in a prescribed form, which gives the tenant a certain period within which to vacate. In normal circumstances, an assured shorthold tenant served notice in connection with rent arrears may get two weeks' notice to vacate the property.

There are no public datasets showing the issuing of possession notices, including Section 8 and Section 21 notices. This means there is no way of identifying how many notices to vacate are issued.

Notices may lead to resolution of issues, but if not, and the tenant has not vacated the property within the period of the notice, then the landlord must apply to the court for a possession claim. If the landlord successfully pursues the claim, the court will issue a possession order for the property.

If there has been no resolution and the tenant does not leave by the date specified in the order, the landlord can then apply to the court for a warrant of possession. The tenant can apply to suspend the warrant. A county court bailiff will enforce the warrant and carry out the eviction. Eviction refers to this final stage of the process, where a county court bailiff enforces the warrant of possession by repossessing the property from the tenant.

Many tenants leave after being issued a notice, a possession claim, a possession order, or a warrant of possession. Tenants who vacate their property after receiving these, but before being evicted by bailiffs, are not recorded in public

There were still a minority of cases, referred to in interviews, where customers weren't engaging and arrears were accruing. This included those who "knew the system", having been through the court process multiple times. These arrears were not necessarily related to the coronavirus crisis, but not having the "ultimate sanction" of taking the property back had, in a minority of cases, "proved problematic in terms of encouraging people to pay". This was "really challenging". For these cases, many housing associations said they still wanted to use the court process as "losing those extra tools is frustrating in certain circumstances".

This is not true of all housing associations interviewed though. The housing association using a trauma-informed approach has a policy of no evictions on the grounds of rent arrears. They were proud to be in a position where they didn't need

to refer anyone to court for rent arrears and put this down to the way housing officers worked:

"As an organisation we should be really proud that we're able to support people through a really difficult time. Yes, we might be carrying more debt than usual for a while, but we're side by side with them through that. And [those arrears] do come down, we get there in the end and they still have their home and knowledge that it won't be taken away or threatened to be taken away. We'll still issue notices, and say why have to, but more often than not [tenants are] working with us to reduce stuff. I'm proud of the team."

Outcomes of these changes

Our previous research on the claimant experience of Universal Credit found that the majority of tenants were happy with their landlord's Universal Credit service, with a quarter of respondents giving the highest rating possible. However, a substantial minority did not provide positive feedback. A clear theme from those who gave reasons for negative responses was around repeatedly receiving notices for rent arrears or in some cases, warnings of eviction. These findings led us to conclude that "tolerance around late payments, and avoiding harshly worded letters, could have a strong influence on people's perception of their landlords, as well as their likelihood of seeking support."⁴⁷

When asked about outcomes of changes to income collection, a number of those interviewed for this current research said they had received positive feedback from tenants (rare for income collection) and that staff loved working in this way:

"We get a lot more compliments. More compliments than complaints, which has never happened before. I can see positive changes in more experienced colleagues...we won't go back."

"Staff love working in this way and have much better relationships [with customers]. We get 'thank you's from customers which we didn't before. One staff member said that 'if you'd changed our ways of working without the pandemic then I would have thought you were barking, but it has absolutely worked'...We will keep all changes to our ways of working."

⁴⁷ [National Housing Federation \(2020\) No time to wait](#)

In these cases, the move away from enforcement to being more upfront with support was a permanent change.

The increasing use of a supportive approach by housing associations in this research and “better than expected” arrears suggests that moving away from enforcement-based income collection is better for customers and for staff, does not always lead to accelerating arrears, and saves court costs and legal fees. Nevertheless, court action is still an important legal process if a tenant has severe rent arrears and is not engaging with the landlord.

Housing association support for tenants and staff

This section discusses the support that housing associations who took part in the research offer for their tenants. Support offered depended on the customer's circumstances and needs. Much was in partnership with local and national organisations. This shows the network of support for tenants, with housing associations often acting as anchor institutions in local areas.

In most cases, once notified of a claim, housing associations had an in-depth triage call or other contact (such as letter) to help determine any support needed by the tenant. Other contact with the housing association, such as a call to customer services, might also lead to identification and referral for support needs.

Support with claiming

Housing associations spoke of advising and supporting tenants through the process of making and managing a claim. All housing associations we interviewed said they talked tenants through the process of claiming and what was expected of them. This included a step-by-step explanation of the claim process, their journal and their online account.

Most provided benefits advice or helped them make a claim. One housing association mentioned that help to make a claim could include setting up an email address. Another provided laptops for tenants so that they could claim. Smaller organisations who couldn't help with making claims due to resource referred tenants on to the Citizens Advice Bureau for one-to-one support. Housing associations also helped with appeals over errors in a claimant's award. In one example, a tenant contacted their housing association because their account had been hacked. Staff resolved this, which the customer said "took the stress and strain off his shoulders".

Many have specialist welfare benefit advice staff, or teams, to advise tenants. Alongside (or instead of) this, income officers advised on welfare, given this was a key source of income for rent. One housing association said they spent a lot of time talking people through claiming, giving them an appraisal of what they needed to do or provide. There were "a lot of lengthy phone calls, making sure claims were done right to avoid work further down the line".

One housing association said that they get more questions from tenants claiming Universal Credit than Housing Benefit because it is not as straightforward. Another interviewee also discussed this and the impact it has:

“All these years down the line, we shouldn't have to still be explaining to customers about Universal Credit. It should be a clearer path to claiming it, rather than all this having to provide support here and there. All we should be offering support in is paying rent and this is how you do it, either an APA or direct debit. There's so much behind it that we're having to do because the Jobcentres are not getting it right to get the customers in the right place. The Jobcentre don't know what the housing association can do – they say ‘Go to the landlord and ask them to take the person off the joint tenancy’, ‘Get the landlord to update the rent’. They don't understand we can't do this.”

This confusion around claiming is reflected in data from the DWP and the NHF that the most common reason people delay claiming is that they don't know what to do. Another housing association said that they had feedback from tenants saying how pleased they were that their landlord was there to provide help and direction on claiming. They needed help quickly when there was such a big change, and their housing association provided this.

Restrictions in place to prevent the spread of coronavirus meant that the support provided to households claiming Universal Credit had changed. Many had previously helped tenants set up claims in their offices, including providing computers or loading up the claim on the tenant's phone. They now had to do this through video calls, screen sharing, or asking tenants to read out forms over the phone.

One housing association said that they find it difficult to support tenants on Universal Credit when they can't see their journal. It means they don't know individual claimant commitments or what is being requested of the tenant that is causing confusion. The housing association felt a copy of the journal would overcome this issue, but the DWP had refused this request.

Benefits and budgeting advice and support

Many of the housing associations interviewed provided benefit entitlement and budgeting advice, often through specific teams or as part of a generic tenancy support service. Advice included checking benefit entitlement, providing budgeting tools (such as those from Entitled2, Turn2Us, and Policy in Practice), identifying expenditure and possible savings, help applying for Discretionary Housing Payments, and accessing local and national grants. One housing association, with about 6,500 homes, said their money advice team improved their customers' income by £0.5m each year.

For complex financial advice or debt issues, most organisations referred tenants on to a partner organisation (most commonly StepChange or Citizens Advice Bureau). We found one instance of a housing association registered with the Financial Conduct Authority. This meant they could provide debt advice to tenants and talk to companies about their tenants' debts, including agreeing low/no interest rates or payment plans for non-priority debts. They found this "really useful".

One organisation mentioned they were going to receive debt advice training from the Money and Pensions Service (MaPS). MaPS have received increased funding to improve debt advice capacity in response to the coronavirus crisis. Another housing association had introduced a phone service for financial support from MaPs and PayPlan. Yet another mentioned referring tenants to online webinars for debt advice.

Hardship funds and other grants

Eight of ten interviewees had hardship funds, with six of these started as a response to the coronavirus pandemic. Some were specifically to support tenants affected by coronavirus. Amounts available varied from £2,000 to £250,000 per year, depending on the size of the organisation and other support funds they offered. Only one organisation had a hardship fund to clear rent arrears. In the main, the money was available to help with purchasing goods or equipment. Funds were "aimed at wellbeing and ultimately help[ing] prevent missing rent payments". There was no criteria for referral and funds generally weren't advertised, use was at the discretion of staff if they thought someone was struggling.

Examples of use of funds were wide ranging. They included purchasing:

- Laptops to help with home-schooling.
- A new oven for someone whose cooker had failed after they lost their job.
- Mobile phone top-ups.
- School uniforms.
- Supermarket vouchers.
- A new vacuum cleaner.
- White goods, furniture and carpets for new homes (tenancies are generally let unfurnished⁴⁸).

⁴⁸ For more information on why social housing tenancies are let unfurnished, please see the report [End Furniture Poverty \(2021\) No place like home](#).

One organisation summed up the flexibility of how to use their coronavirus hardship fund: “It’s never been thought we can only use it in one way. If people ask for help, then we think of it as one tool to provide options. We ask them ‘What do you need and how can we help you get there?’”.

During interviews, housing associations mentioned accessing, or helping tenants to access, other local and national grant schemes. This included the Vicar’s Relief Fund, United Utilities, Armed Forces funding, St Martin-in-the-Fields, and Glasspool. One interviewee mentioned that they “have a lot of funds being thrown at us at the moment” from local charities and others in response to the crisis. Another had focused on local grant support as national funds they usually accessed were inundated.

Other support

During interviews, housing associations mentioned a wealth of other support offered to tenants. In a couple of cases, they had contracts with local authorities to provide this support to the wider community.

Support included coronavirus specific initiatives, such as check-in calls and shopping for customers who were shielding. During the outbreak, one large housing association called all customers aged over 70 to pick up any issues. Another organisation we spoke to identified all single occupant households and offered a phone service to prevent isolation and loneliness. Staff who couldn’t do their job due to coronavirus-related restrictions made calls. They had 500 tenants sign up (out of 6,500 homes).

Other support mentioned included:

- Digital support. This might be through volunteers or a specific team. One organisation mentioned that their digital inclusion team provided IT training, laptops, and laptop repairs for residents.
- Referrals to foodbanks and issuing of vouchers. Repeated use was monitored to see if there were underlying issues that required greater support. One organisation also provided crisis packs of food for customers in urgent need.
- Help with fuel poverty. Accessing the Energy Saving Trust, fuel poverty vouchers, and grants, including a pot of money through HACT.
- Tenant Accreditation Scheme. A course to develop the skills and knowledge needed to improve chances of securing and maintaining a tenancy.

- A pilot ‘settling in’ scheme. One staff member works with new tenants to help them set up their home, including providing them with furniture through local partnerships. The same organisation has a furniture rental scheme for their tenants.
- A ‘parachute’ team for tenants with complex needs, such as disability, safeguarding concerns, and rent arrears. The housing association has a contract with the local council to provide this support service to the wider community.
- Mental health support, through tenancy sustainment or referring to local charities. One housing association leased land for a gardening project.
- Helping or referring customers who don’t have ‘right to reside’. One case mentioned was a tenant whose right to reside was linked to her husband’s status. When her husband subsequently left her and their children, the tenant had £4,500 rent arrears, but no means or rights to access benefits until her ‘right to reside’ was sorted.
- Helping tenants impacted by hoarding behaviours.

Housing associations in this research were working hard to engage with tenants and offer support. This might require work to change how customers see their housing association. As one interviewee said “we’re still working on support – one of our tasks for this year is to make sure people know they can approach us. For some people, the tenant/landlord relationship isn’t natural for seeking support. We’re trying to get tenants to engage early, so we can intervene early and avoid situations”.

Support for housing association staff

We also asked interviewees about support offered to housing association staff. Staff were extremely busy over this period due to the number of claims coming through. Staff were supported through a number of initiatives, including:

- Flexible working, with a focus on outcomes rather than hours. Particular flexibility for those home-schooling.
- Greater use of virtual meetings. One interviewee thought a benefit to this was that it made managers more accessible as they spent less time travelling.
- Confidential support across the business to support those struggling. This could be support from managers, initiatives such as ‘Wellbeing Wednesdays’, or more formally through mental health first aiders/champions, wellbeing guardians, or an organisation-wide workshop on mental health.
- More communication, including catch up calls, instant messaging groups, regular briefings, and team meetings: “For my team in particular, managing

arrears on the front end, it's about communication, talking every day. Meeting if there is a situation that's difficult or we're unsure of, we talk it through and analyse every possible outcome”.

- Encouraging staff to take time out: “if they need time, if they need to talk to anyone. If they need to shut down their laptop and go for a walk for an hour then do it because we need you to work in the best way you can and if you need to take time to achieve that then please just do it.”.
- External support lines, including legal advice, counselling and mental health support.
- Social support through quizzes, buddy systems and coffee catch-ups, including ‘brew and a banana’ and ‘walk and talk’ meetings.
- Home office equipment, through either a grant or purchasing of equipment, and money towards utilities to support home working.
- In one housing association, home-schooling staff were given old IT equipment to help.

Employment and skills

During interviews, we asked housing associations whether they offer employment and skills support to tenants. Some smaller housing associations don't have the resource to do this, but work closely with local partners who do. The majority of housing associations interviewed (large and small) offer programmes for tenants and, sometimes, the wider community. This section gives a brief summary of common themes of support and includes case studies.

Employment and skills offer

A specific team usually led any employment and skills offer. Commonly, the aim was to get beneficiaries into sustainable employment or training. Offers included the following:

- Providing training and courses, including courses in self-employment.
- Employing tenants directly or as part of a procured contract.
- Tailoring support through individual skills coaches or one-to-one support.
- Advising on CVs and interview skills, including using staff volunteers to do mock interviews.
- Arranging apprenticeships within the organisation and with partners, including involvement in Kickstart.
- Work placements within the housing association.
- Linking with local employers, colleges and training providers.
- Volunteering opportunities.

Experience in construction

One of the housing associations interviewed runs a programme on their own building sites for tenants and the wider community to gain Construction Skills Certification Scheme cards, health and safety qualifications, and live site experience shadowing trades that are of interest to them.

The scheme accepts 12 participants each quarter. In 2019, 26 of the 46 participants went on to secure further training or employment in the sector. Due to the pandemic, this is running in a scaled-back way – one participant offered a two-week opportunity to bubble with a trade on site.

They said the project “enables people to be involved in building houses they could go on to live in, or complete community projects within their local communities, creating intergenerational connections, and a sense of pride within neighbourhoods”.

Many of those interviewed mentioned using external funds for delivering employment and skills support. Much of this was European, such as the European Structural and Investment Funds and the European Regional Development Fund. Any future offer will depend on replacements for these funding sources.

A striking theme from many interviews was how many housing associations employ their own tenants. For one housing association, this made it “very much a community housing association”. Another interviewee said that these colleagues brought “exceptional skills and attributes” and it demonstrated that work placements are often “a better way to attract a diverse range of individuals, who may not stand out on an application form or excel at a panel interview”.

Who is it for and how do they access schemes?

In the main, any offer was for all tenants, but it could extend to the wider community. They focused on the unemployed or those seeking better-paid work. People could self-refer, but referrals mainly came from within the organisation or even from partners, such as Jobcentres. If the scheme was for the wider community then they received internal and external referrals.

Some schemes were targeted specifically at the long-term unemployed or inactive. Typically, tenants were asked if they wanted support when their housing association became aware they were claiming Universal Credit, or at tenancy sign up, but it could be prompted by any conversation with a tenant. Two housing associations said income officers made the most referrals, as they were often the first to find out about a tenant’s circumstances. Support was “frontloaded”: “as soon as their credit is diminishing, or they’ve gone into arrears, or signed up [for a tenancy] with us then we are always quizzing people to find out what their situation is and what support can be put in place for them”.

Changes during the pandemic

The main changes to existing offers because of the pandemic consisted of moving courses and other help online. Housing associations “reimagined” some of their offer, as well as engaging in new opportunities, such as new online training companies. For one large housing association, the coronavirus pandemic made them want to improve their offer so they recruited for a new senior post in this area.

One housing association said that the cohort who needed help, and the type of help needed (such as digital skills), was changing. While they previously worked with the long-term unemployed, they were now increasingly working with people made redundant and those looking for career changes, or who had lost jobs in sectors affected by the pandemic (such as retail and hospitality).

The coronavirus outbreak was portrayed as an opportunity for skills development by one organisation. They emphasised the transferable skills from people's experience, "utilising it to show their resilience and skills".

Outcomes

There were a number of individual success stories mentioned, as well as references to monitoring data. Some housing associations mentioned how their offer "really helps with income collection". Highlights were:

- Created a course promoting self-employment: 151 new businesses started from around 500 people attending the course.
- In 2019-20, one organisation supported 148 people with employment and skills – 37 went into sustainable employment, 37 into training or education and 79 continued accessing support into 2020-21.
- A tenant with numerous cleaning jobs and on Universal Credit was "really struggling" because her multiple jobs meant she was paid at multiple times of the month and she found it difficult to budget. The income team referred her to their employment and skills colleagues to see if she could get one main job. They contacted the business who clean the housing association's office and got her a position for the hours that she wanted. One job, one payment with Universal Credit top-up: "that was great, she was really happy with that."
- A single dad struggling to find work was getting into higher arrears. The housing association didn't progress the case to court as they knew he was trying. They referred him to their employment and skills team. He got a position, which he was "over the moon" about, and is paying back his arrears.

Also mentioned was wider success associated with building trust within the local community: "customers report how impressed they are that their landlord offers so many opportunities to progress...often the courses are successful due to word of mouth recommendations within communities".

Keeping up

It was clear from interviews that staff were so busy that it was difficult to keep in touch with what was happening across the business. The pace of policy change around pandemic support and Universal Credit meant staff had to work hard to provide the best advice to tenants and be informed about offers across the business. This required continual communication and, if not in same team, then there was a risk of certain offers being forgotten.

Looking to the future

Rent arrears on the rise?

The median average arrears for all households claiming Universal Credit (not just those in arrears) for 23 housing associations in September 2020 was £420.60, while those paying by other means carried £113.18 per household (across 22 organisations). DWP statistics show there were 1,118,971 working age people claiming Housing Benefit in the social rented sector at this time. If all of these individuals moved to Universal Credit, and the pattern seen in our survey data continues, then the total arrears for those migrating could nearly quadruple. This would mean rent arrears across the social rented sector could increase by more than £330m. This is a worst-case scenario, but our survey data clearly shows that households claiming Universal Credit have higher average arrears, and are more likely to be in arrears, than social housing tenants paying by other means.

While the main concern is the impact any increased debt will have on tenants, carrying a higher level of debt will inevitably affect housing associations. As well as maintaining existing services, there are pressing demands such as building safety, retrofitting buildings to meet net zero targets and reduce tenant fuel bills, and increasing housing supply. While we welcome inclusion of grant for social rent homes in the new Affordable Homes Programme, we can see from official supply figures that the government has consistently cut the grant available for new social rented homes. Housing associations must use the cross-subsidy model, or their own funds, to further increase social rent supply.

Social rent homes have the lowest rent and, as such, arrears do not build up as quickly on these homes. As one London-based provider said during interview, they have affordable rent homes where eight-weeks of rent arrears is £2,000, whereas for other tenants in social rent this might be 20-weeks' worth of arrears. Affordability matters when it comes to debt. Housing association debt also affects their ability to provide new, and existing, safe and zero carbon homes. The cost of retrofitting stock to meet building safety and net-zero targets is huge. Based on a survey of 207 landlords, Inside Housing recently estimated that it could cost as much as £104billion to decarbonise the UK's social housing stock by 2050.⁴⁹ Reduced income affects the sector's ability to deliver on such targets.

⁴⁹ [Heath, L. \(2020\) The cost of net zero: social landlords' decarbonisation plans revealed, Inside Housing 23.11.20](#)

The DWP maintain that the five-week wait for the first Universal Credit payment is a key part of the system's design and that one of the reasons for rising rent arrears are "the life event or change in circumstances" for people claiming.⁵⁰ This is one of the many reasons that we need more research to understand better the pattern and cause of arrears. The welfare system should provide support to those who need it in a time of crisis. As such, a life event should not lead to rising debt, particularly if there is no delay in claiming Universal Credit upon a change in circumstances.

Our own research of nearly 3,000 claimants found that the vast majority of people make their claim as soon as needed. Over three quarters, or 77%, of all respondents surveyed (n=2,994), said that they made their claim as soon as their circumstances changed. The remaining 23% said that they did delay, with the most common reason for delay being that the respondent did not know what to do (45%, n=780).⁵¹ This is consistent with the DWP's own research, through the Universal Credit full service omnibus survey, which found around a fifth of claimants delayed making a claim for Universal Credit.⁵² Again, this was commonly because they didn't know what to do (28%) or thought they would get another job quickly (27%).

If the five-week wait cannot be ended, then more must be done to ensure that those who don't have savings or wages to see them through can cover their critical expenses, such as rent. This is a substantial number of households claiming, as discussed in the section on [Universal Credit and rent arrears](#). We were pleased that the Chancellor's March 2021 budget extended the repayment period for advances from 12 to 24 months from April 2021. A further measure could include a one-off payment, paid directly to landlords after rent verification to cover rent over the wait, or changing the advance to a loan that the claimant pays back when they enter work.

Our research shows that households claiming Universal Credit are struggling to keep up with their rent. In addition, many housing associations will be increasing their rent in April 2021. The increase is capped at 1.5%, equating to less than £1.50 per week for an average general needs rent. One potential impact from this is that tenants who do not update their rent on their claimant journal may see arrears increase as their housing entitlement will not reflect their rent. The rent increase is important for supporting tenants. One housing association told us during interview that they removed their employment and skills offer after the rent cut in 2015.

⁵⁰ Paragraph 26, [House of Commons Work and Pensions Committee \(2020\) Universal Credit: the wait for a first payment: Third Report of Session 2019–21](#)

⁵¹ [National Housing Federation \(2020\) No time to wait](#)

⁵² [DWP \(2019\) Universal Credit Full Service Omnibus Survey](#)

We also know from our previous research with claimants that a high proportion (78%) with ongoing deductions are facing financial hardship.⁵¹ We need the £20 per week uplift to keep tenants financially secure and to prevent a ballooning of debt. The credit agency Moody's have described the £20 uplift as "crucial in containing a rise in arrears", according to Social Housing.⁵³

The cap for deductions should also be lower. We support the Chancellor's Spring Budget bringing forward the reduction in the deduction cap from October 2021 to April 2021. This means that from April 2021, the maximum rate of deduction will reduce from 30% to 25% of the standard allowance. But more needs to be done. The Work and Pensions Committee recently recommended that the cap should not exceed 10%, given that welfare is already set at subsistence levels. If taking an advance, we believe deductions should not start until the advance period has ended so that deductions are taken from full monthly awards.⁵⁴ We need an urgent review of the system to ensure people can meet their own basic needs while meeting their obligations to creditors.

How can housing associations continue to support tenants?

As discussed in the section on [Universal Credit and income collection](#), the increased reliance on automation in rent arrears is, in many cases, a direct result of the introduction of Universal Credit. Paying benefit claimants rent directly requires more time for income collection compared to bulk transfer of Housing Benefit from the local authority.

Housing associations are supportive of the principle of Universal Credit to mirror paid work and give claimants control of their money. The current system, however, requires more staff time than Housing Benefit and automation frees staff time to deal with complicated cases. Moving away from automation requires rent arrears for Universal Credit to improve, as this would create less work for housing associations. A supportive approach also takes more time. We need more data on what is driving rent arrears to understand any changes needed to the system or how people claim. We need the DWP to continue housing-related improvements to the Universal Credit system and training on housing for their staff. These changes could reduce the

⁵³ [Wilmore, J. \(2021\) Moody's warns on rising rent arrears but says credit impact on HAs will be 'minimal', Social Housing 1.3.21](#)

⁵⁴ [House of Commons Work and Pensions Committee \(2020\) Universal Credit: the wait for a first payment: Third Report of Session 2019–21](#)

administrative burden on housing associations and give them more time to support tenants.

We know rent arrears can exacerbate mental health problems.⁵⁵ Our previous research into claimant experience found the experience of claiming Universal Credit worsened, or in some cases even triggered, health conditions.⁵⁶ We want to understand what is driving increased arrears for Universal Credit and address this increased debt before it further affects our health crisis.

We want to work with the DWP to make the experience of claiming easier for tenants. Part of this is helping work coaches and other DWP staff understand housing. Once coronavirus restrictions ease, housing associations would welcome visits to Service Centres and Jobcentres to build relationships and explain issues. One interviewee said their Housing Officer (pre-pandemic) had visited a claim centre, saw how they processed claims and, with the Partnership Manager, phoned a tenant having issues. This strong relationship was “really invaluable”.

We would also like the DWP and housing associations’ Strategic Landlord Group reinstated as soon as possible. This is an important link and, now that the immediate crisis has passed and DWP staff resume roles, we would like its return prioritised.

What are the changes that housing associations would like?

We appreciate that the DWP seconded a large number of staff in a short space of time to support new claims for Universal Credit. As found from recent research by the ‘Welfare at a (social) distance’ project,⁵⁷ the time constraints meant that staff did not have in-depth knowledge of the system. But issues around knowledge of housing pre-date coronavirus. Housing associations have to explain Universal Credit to their customers, and support many to claim.

This is why we continue to work with the DWP to raise awareness of issues faced by social housing tenants, improve understanding of housing issues, and to seek greater functionality from the Landlord Portal. We believe this will make the claimant

⁵⁵ [Bond, N., Evans, K. and Holkar, M. \(2018\) Where the heart is: social housing, rent arrears and mental health](#)

⁵⁶ [National Housing Federation \(2020\) No time to wait](#)

⁵⁷ [Summers, K., Scullion, L., Baumberg Geiger, B., Robertshaw, D., and Edmiston, D., Gibbons, A., Karagiannaki, De Vries, R. and Ingold, J. \(2021\) Claimants’ experiences of the social security system during the first wave of COVID-19.](#)

experience for Universal Credit easier and, we hope, ease the administrative burden on housing associations.

In terms of what housing associations interviewed were keen to address in the future:

- Keeping the £20 uplift in Universal Credit to reduce hardship and support tenants facing difficult financial situations due to coronavirus.
- More certainty about the timetable and process for managed migration, though they felt more prepared now they had seen income collection, and the Universal Credit system, could cope with a large increase in claimants.
- Greater functionality on the Landlord Portal, including:
 - Bulk upload of rents. Rent verification is very time consuming. In addition, the tenant must notify any rent changes following a claim. We believe the system would be simpler if housing associations could upload rent for all households entitled to housing costs.
 - Information about elements of a claim. Housing associations need to know whether a claim relates to housing costs, but not necessarily other entitlements.
 - The success of a claim. Not all claims (and rent verifications) that are processed lead to payment. Housing associations want to track successful claims. Similarly, they need to know when a tenant has stopped claiming. Knowledge of change in circumstances can help them advise and support tenants as needed.

We also need more data on rent and Universal Credit through national research and statistics. The picture around Universal Credit and arrears is complicated. The recent Work and Pensions Committee report highlighted the need to investigate rising arrears upon claiming Universal Credit, and higher arrears compared to those on legacy benefits.⁵⁸ We need to understand what is driving these higher arrears and act before an additional 1.1 million people are migrated from Housing Benefit to Universal Credit. To help understand this, the DWP should urgently publish their research on Universal Credit rent accounts of housing associations in full. DWP and MHCLG should also undertake more research to understand drivers of arrears.

⁵⁸ [House of Commons Work and Pensions Committee \(2020\) Universal Credit: the wait for a first payment: Third Report of Session 2019–21](#)

The DWP should breakdown all available Universal Credit statistics by tenure of housing, including splitting social renting households claiming by landlord (local authority or housing association). As the number of claimants rise, we need the same level of detail in national statistics on Universal Credit as there are for legacy benefits.

We will be monitoring changes to housing association's rent income from Universal Credit through periodic surveys. We encourage our membership to complete these surveys so we can better understand the current picture. We will also be repeating our claimant survey to understand experiences of housing association tenants claiming during the coronavirus pandemic.

Conclusion

An increasing number of housing association tenants are claiming Universal Credit. DWP data shows there are now over a million social rented households claiming help with housing costs through Universal Credit, an increase of 39% from March 2020 to November 2020. Our tracking survey of housing associations shows an 83% increase in the number of tenancies paying rent with Universal Credit from June 2019 to September 2020. Survey data also reveals households claiming Universal Credit are more likely to be in arrears and to have double the average arrears of those paying rent by other means (£610 compared to £301).

The average debt of a housing association household on Universal Credit could represent as much as six weeks of rent and will be more than some households' monthly Universal Credit payment. If this pattern persists and arrears are not investigated, then the managed migration of Housing Benefit claimants to Universal Credit may mean more tenants face rent arrears and average arrears per household could nearly quadruple. This would mean the level of debt carried by social landlords could increase by an additional £330m from these tenants moving to Universal Credit. We need to act before more tenants suffer financially and through worsening health.

We strongly believe that the government must make permanent the £20 per week uplift in Universal Credit. We also need an urgent review of the Universal Credit five-week wait and deductions system to ensure it enables people to meet their needs and obligations towards creditors in a fair and sustainable way. This might include reducing the cap for deductions, not introducing deductions until the claimant is in receipt of full monthly awards (i.e. not during a period where they are still paying for advances), and changing advances to a loan to be paid back once the claimant returns to work. Further help to reduce rent arrears could include one-off payments, direct to landlords, to cover rent across the five-week wait for Universal Credit, particularly as the majority of social housing tenants (80%) do not have savings.

There is a substantial body of evidence that Universal Credit claimants are in higher arrears when compared to those paying by other means and the five-week wait may be driving this. Additional money through a permanent £20 uplift and further system changes will ensure claimants can afford necessities and help address debt.

During the pandemic, housing associations have focused on communicating with and supporting tenants. Housing associations who previously used enforcement as a tool to engage tenants on tackling arrears have instead led with support. This has

been positive for staff, for customers, and arrears have not always increased as much as housing associations predicted at the start of the crisis. The relationship between some housing associations and their tenants is changing, with tenants increasingly recognising the support offered by their landlords.

The support provided by housing associations, alongside the administrative needs of the Universal Credit system, place a burden on housing associations that relies on investment in staff. This is within the context of Universal Credit reducing income through higher arrears. Additionally, it comes at a time of increasing pressure on housing associations' income in terms of building safety, decarbonisation of existing stock, maintaining housing supply, and providing support for tenants.

There are a number of changes needed to improve claimants' experience and reduce the administrative burden of Universal Credit felt by housing associations. We need greater functionality of the Landlord Portal, information sharing between housing associations and the DWP, and more training for DWP staff in housing. This could include visits by housing associations to Jobcentres.

Our findings show how complicated the picture around Universal Credit and arrears is. We need more data on rent and Universal Credit through national research and statistics. We need to understand what is driving these higher arrears and act before an additional 1.1 million working age people are migrated from Housing Benefit to Universal Credit.

To help understand this, the DWP should publish their research on rent accounts of housing associations in full. Government should also undertake more research on claimant and rent accounts across more organisations. This should include research with claimants in arrears to understand influencing factors. The DWP should also breakdown Universal Credit statistics by tenure of housing, including splitting social renters into local authority and housing association landlords.

We will continue to monitor changes to households claiming Universal Credit and housing associations' rent income through periodic surveys. We encourage our membership to complete these surveys so we can better understand the current picture. We will also be conducting a repeat survey with Universal Credit claimants to understand their experiences of claiming during the coronavirus pandemic.

We would like to thank all those housing associations who contributed to this research through completing surveys, checking data and taking part in interviews. Your views and experiences were essential to this report.