

safe as houses:

the impact of universal credit on
tenants and their rent payment
behaviour in the London
boroughs of Southwark and
Croydon, and Peabody

The Smith Institute





The Smith Institute

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The research was conducted in partnership with:



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Foreword

The London boroughs of Southwark and Croydon were among the first areas in the country to see the early rollout of full service universal credit (UC). Between the two boroughs, we manage and let almost 50,000 social rented council homes. In October 2016, in partnership with Peabody, we jointly commissioned the Smith Institute to undertake this research into the impact of UC rollout on our tenants.

This is the first in-depth, independent analysis of the rollout of universal credit full service, which examines the experience and rent payment behaviours among social housing tenants before, during and after their claim for UC. The research confirms our concerns that more tenants are falling into significant rent arrears, or deeper into rent arrears, under UC than under the previous housing benefit system. Delays in payments, in particular, are leading to a build-up of rent arrears which people often struggle to pay back.

The research shows clearly the impact universal credit is having on individuals, with delayed payments putting people into debt, causing considerable stress. Many people transitioning onto UC are already facing difficult circumstances due to unemployment, disability or low income. The wellbeing of those tenants, many of whom have desperate personal stories to tell, must be central to considerations of the new benefit system.

In Southwark alone, where only 12% of council tenants have moved onto universal credit, rent arrears for UC tenants total over £5.3m. If this is reflected nationally, rent arrears among council tenants claiming UC across the country as a whole could reach many hundreds of millions of pounds by the end of the planned rollout period. Hundreds of thousands of social housing tenants could find themselves in significant debt while social landlords incur substantial additional costs. We do not believe this is either acceptable or necessary.

This report highlights a number of areas where efforts should be focused to make improvements. These findings are consistent with and reinforce the recommendations that both Southwark and Croydon Councils have been making to DWP over the last year. As universal credit continues to be rolled out across the country, we believe that steps must urgently be taken to address the challenges highlighted in this report.

*Cllr Fiona Colley
Southwark Council Cabinet Member for Finance, Modernisation and Performance*

Introduction and main findings

In October 2016, the Smith Institute was commissioned by the London Borough of Southwark, in partnership with the London Borough of Croydon, Peabody and Family Mosaic (Peabody and Family Mosaic were later to merge but are referred to separately in the report), to undertake research into the impact of Universal Credit (UC) roll out on tenants, with specific regard to rent payment behaviours and the support tenants were receiving.

The terms of reference were to:

1.a. How is the early roll-out of Universal Credit (UC) affecting rent payment behaviours among residents in social housing tenants in the London borough of Southwark?

- *evaluate the impact of changes to how housing cost support is claimed, calculated and paid to social housing tenants under UC – looking specifically at whether rent payment behaviours among these groups are changing*
- *identify obstacles to positive behaviour change, particularly where the absence of such change may make it more difficult for social housing tenants to cope with the new arrangements*
- *where obstacles are identified develop proposals / recommendations on how these might be addressed*

1.b. How are identified changes in behaviour – or the absence of behaviour change – affecting the tenancies of those social housing tenants who are receiving housing cost support under the new arrangements?

- *evaluate the effectiveness of arrangements for making payments to social landlords and the associated safeguards for rental payments*
- *evaluate the effectiveness of communication with social housing tenants intended to increase their readiness for new arrangements and enhance their ability to cope*
- *evaluate the accessibility and effectiveness of the forms of support available to help individuals identified as needing support to budget effectively and improve their financial independence*

The work undertaken to answer these questions was split into two pieces of research. The first, undertaken by the Smith Institute, was an analysis of 775 tenants' rent accounts to give a quantitative understanding of how rent behaviours were changing (compared with rent accounts of those moving onto Housing Benefit); how rent behaviour changed over time; whether any arrears accrued were paid down and whether there were any differences in rent payment behaviour between different groups. The second piece of research was a qualitative study commissioned by the Smith Institute and undertaken by the research company BritainThinks. This work involved undertaking 36 in-depth telephone interviews and four focus groups with tenants. The purpose was to: understand their journey once they found out they were on UC; document and evaluate their understanding of the new system; and examine what worked and what could be done better.

The research findings from these two pieces of work are presented below as two separate but complementary reports:

- **Section 1:** Safe as Houses: The impact of universal credit on tenants and rent payment behaviour in the London boroughs of Southwark and Croydon, and Family Mosaic and Peabody (Page 8)
- **Section 2:** Universal Credit in Southwark: Qualitative Research Findings – Full report prepared for Safe as Houses Research Delivery Advisory Panel (Page 34)

The findings show the challenges faced by all those involved with the new system (details of the changes are outlined at the start of both reports). The rent account analysis by the Smith Institute highlights the financial implications of UC and how this changes over time, while the qualitative work gives a sense of the challenges that UC present to tenants, not least during the period between making a claim and receiving their first payment.

At the end of both reports key issues are highlighted where efforts may be best focused to improve the system, which is still being rolled out incrementally across the country.

Summary of the findings

A fuller summary of the findings can be found at the start of both reports,

Section 1: Rent account analysis

The report examined 775 rent accounts of tenants of the London Borough of Southwark, London Borough of Croydon, Peabody and Family Mosaic and moving onto Universal Credit (UC). These were compared with 249 accounts of those on the legacy housing benefit (HB) system.

Main findings

- **Growing rent arrears:** Arrears rose by £89,000 over the period (an increase of £115 per claimant). In total 3.4% of rent owed was not paid over the period. However, the level of rent owed to the landlords varied depending on the starting point taken (i.e. including the period before people claimed UC).
- **Rent shortfalls were highest at the start:** In week 1, 36% of the total value rent owing was not paid. By week 8 this had dropped to around 6% and accrued arrears started to be paid down around week 13.
- **Arrears were larger for those on UC than HB:** By week 20, UC tenants were on average £156 in arrears while HB tenants overpaid by 4% of rent due (reflecting repayments).
- **Those on UC were more likely to underpay by more:** Whilst UC tenants were no more likely to underpay than HB tenants the level of underpayment varied widely. 39% of cases of underpayment being by more than 75% of rent due. The HB figure was just 8%.
- **Big underpayments and underpayers contributed most to arrears:** 69% of the value of underpayments was from those failing to pay more than 75% of rent owed. The top fifth of those in arrears collectively owed over half of the level of arrears.
- **Arrears accrued early are paid down, but stabilise with time:** There is a pattern of arrears accumulating each week for 11 weeks. After around week 11 arrears do start to be paid down, but not enough to pay back all arrears accumulated.
- **Arrears fall as a percentage of total rents owed with time:** As a result of arrears being paid down after week 11 and then being around the amount owed from week 20, accumulated arrears as a proportion of total rents steadily falls from just below 40% in week 1 to around 5% in week 28.
- **There are likely to be significant costs to landlords:** If after the period covered by the available data tenants continued to meet their rent overall (as the data for the latter weeks suggests) levels of arrears to rent would fall to around 2% for the year. Nevertheless, for a landlord with 20,000 tenants this would represent around £5.4m more than HB claimants, with arrears accumulating quickly within the space of three months.
- **Alternative payment arrangements (APAs) have a positive impact on arrears:** Overall those who moved onto APAs saw arrears fall. For the period from claiming UC, and including when the alternative payment arrangement was agreed, overall arrears were in surplus of 8.2% of rent owed (versus 3% for those on direct payments). They were in more arrears before moving to APAs, accumulating on average £21 of arrears per day. After that the average repaid was £4 per day. However, including the arrears before transitioning to UC those with APAs were 50% more in arrears than those paying directly.
- **Arrears are accumulated before transitioning to UC:** There was a ratcheting up in weekly arrears before people transitioned onto UC. The data for HB claimants suggests arrears accumulate, but not to the same extent. Furthermore, they fall rapidly immediately after the claim. As a result, accumulated arrears (including the period before the claim) peaks higher and later than for HB claimants, and is much higher after 20 weeks.
- **There are differences between landlords:** Arrears are higher amongst Southwark tenants (at around 8% of rent owed) than in Croydon or for Peabody/Family Mosaic tenants, where tenants pay down arrears accrued before moving onto UC. Some of the difference may be due to APAs not being used as much in Southwark, but this does not explain the whole difference.

Conclusions

- Arrears build up most quickly in the first few weeks. This suggests that **changes to payment timings could significantly reduce the initial build-up of arrears** which the data suggests people often struggle to repay.
- **Tenants entering formal alternative payment arrangements see arrears rapidly fall.** Extended use and greater focus on triggering them or help seeking agreement with DWP on individual cases could help reduce overall levels of arrears.
- There appears to be **differences in rent payment behaviours by landlord.** This suggests that landlords have a significant role to play in reducing arrears.
- For landlords wanting to minimise arrears, **attention should be on the 20% of those who are in the largest arrears. This group makes up the majority of total arrears.** However, the rent analysis cannot determine whether changing behaviour amongst this group may be harder/more expensive.
- As arrears ratchet up quickly in the first few weeks of people moving onto UC there **may be cash flow (as well as staffing) implications for landlords** if large numbers move onto UC at the same time.
- Repayments appear to tail off towards the end of the period covered. This would suggest that there may be a longer-term cost

to the landlord of people moving onto UC as **arrears may prove difficult to recover**.

Section 2: Qualitative research

Main findings

- **Top of mind associations with UC are generally negative**, and are primarily driven by claimants' direct experiences of the transition process – specifically delayed payments.
- Claimants describe **both positive and negative experiences** of the UC application process. However, there are clear issues in terms of how quickly claimants receive payment.
- **Delayed UC payments have put many into debt and rent arrears**, causing considerable stress to individuals.
- There is a **strong aversion to debt**. Claimants use a range of strategies to cope financially, with many relying on friends and family (though this is not an option for everyone).
- **Many are struggling to manage their finances on UC** – for some it's adapting to a single monthly payment, but for others it's simply "not having enough money to get by".
- **UC can feel like a 'one size fits' all process**. Claimants with unusual or changing circumstances can find the system inflexible and challenging to navigate.
- There is a clear **role for better and more joined-up support and information** – it's less about budgeting and more about clarity of what UC means for individuals.

Conclusions

- The research has shown that the principle of moving to UC is less of an issue (though it is problematic for some) than the **process itself**.
- Participants in this research almost universally have **experienced financial hardship** as a result of transitioning onto UC; notably as a result of the **significant delays** to payment.
- The impact this has on claimants' ability to pay their rent is significant – with tenants falling into **arrears**, or into **worse arrears**.
- It is hard to ascertain the extent to which negative attitudes towards UC will change over time – with views often **coloured by recent difficulties** with the transition process.
- The findings have significant **implications for the council**, but also the **wellbeing of the individuals themselves**, many of whom have desperate personal stories to tell.
- There is a clear role for **better and more joined-up support** and information
 - Before the transition, during the waiting period and whilst in arrears
- There is a sense that the organisations involved in delivering UC are **not working together** as well as they could
 - UC, the council, Job Centres, Citizens Advice
- **Housing Officers** are providing one of the key support mechanisms for those transitioning onto UC, and supporting claimants in managing rent arrears. In addition to the cost of the arrears themselves, this will be causing a significant increase in their workload and wider strain on council resources.
- It will be important to understand how quickly **rent arrears are being re-paid**, and the implications for claimants managing debt repayment (especially given the emotional strain associated with being in debt).

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Executive summary

The report examined 775 rent accounts of tenants of the London Borough of Southwark, London Borough of Croydon, Peabody and Family Mosaic who have moved onto Universal Credit (UC). These were compared with 249 accounts of those on the legacy housing benefit (HB) system. In both instances tenants had moved on to either UC or HB between August and October 2016 and rent accounts were tracked until the end of March 2017 (apart from a few whose accounts were closed before then).

The analysis was designed to examine the impact UC had on the rent behaviours of tenants and whether arrears were higher under the new system; how rent behaviour changed over time; and the overall impact on arrears. The work is quantitative so did not evaluate the human cost and personal impacts which is covered in the qualitative section of the report. Nor does the analysis cover the externality costs either to tenants (such as increased levels of personal debt to cover rent when waiting for UC payments) or to the landlord (increased cost and greater workloads on officers supporting tenants).

The rent account analysis shows:

Growing rent arrears

- Arrears rose by £89,000 over the period.
- The increase in arrears per claimant averaged £115.
- On average, each person was in seven days of arrears at the end of their UC period.
- In total 3.4% of rent owed was not paid over the period, however there was a range of rent owed by landlord and depending on the starting point taken (i.e. including the period before people claimed UC).
- On average, each UC claimant accrued over £0.60 worth of arrears per day.

Rent shortfalls were highest at the start

- In week 1, 36% of the total value rent owing was not paid.
- By week 8 this had dropped to around 6% and accrued arrears started to be paid down around week 13.

Arrears were larger for those on UC than HB

- By week 20, UC tenants were on average £156 in arrears while HB tenants overpaid by 4% of rent due (reflecting repayments).
- Comparing total rents paid to rents owed for each week shows that those claiming HB immediately paid more rent than was due before stabilising around the level of rent owed in week 9. UC claimants follow almost the exactly opposite trajectory accruing arrears for the first 12 weeks before starting to overpay slightly.

Those on UC were more likely to underpay by more

- 70% of accounts failed to pay all their rent in the first week, dropping to 56% by week 20.
- Whilst UC tenants were no more likely to underpay than HB tenants the level of underpayment varied widely. 39% of cases of underpayment being by more than 75% of rent due. The HB figure was just 8%.

Big underpayments and underpayers contributed most to arrears

- 69% of the value of underpayments was from those failing to pay more than 75% of rent owed.
- The top fifth of those in arrears collectively owed over half of the levels of arrears.

Arrears accrued early are paid down, but stabilise with time

- There is a pattern of arrears accumulating each week for 11 weeks.
- After around week 11 arrears do start to be paid down, but not enough to pay back all arrears accumulated.
- For those accounts with data for 28 and 32 weeks, total rent arrears stabilise around week 20 – total rent arrears are not paid down but neither do they increase.

Arrears fall as a percentage of total rents owed with time

- As a result of arrears being paid down after week 11 and then being around the amount owed from week 20, accumulated arrears as a proportion of total rents steadily falls from just below 40% in week 1 to around 5% in week 28.
- If after the period covered by the available data tenants continued to meet their rent overall (as the data for the latter weeks

suggests) levels of arrears to rent would fall to around 2% for the year.

- Nevertheless, for a landlord with 20,000 tenants this would represent around £5.4m more of arrears when compared with HB claimants, with the arrears accumulating within the space of three months.

Who are most vulnerable to underpaying?

- Much of the data suggests there is little difference between: the time when people transitioned (suggesting that the system has not improved or deteriorated); those who have had rent accounts for longer (and therefore more used to the old system); different age groups; or different household sizes (although single households may be slightly more prone).
- There do appear to be differences by gender, with men more likely to be in bigger arrears.
- Those with more than 4 weeks arrears at the start are more likely to be in less arrears at the end. This appears to be due to the large numbers that move to alternative payment arrangements.

Alternative payment arrangements have a positive impact on arrears

- Overall those who moved onto alternative payment arrangements (APAs) saw arrears fall. For the period from claiming UC, and including when the alternative payment arrangement was agreed, overall arrears were in surplus of 8.2% of rent owed (versus 3% for those on direct payments).
- They were in more arrears before moving to APAs, accumulating on average £21 of arrears per day. After that the average repaid was £4 per day.
- However, including the arrears before transitioning to UC those with APAs were 50% more in arrears than those paying directly.

Before and after UC

- There was a ratchetting up in weekly arrears before people transitioned onto UC.
- The data for HB claimants suggests arrears accumulate, but not to the same extent. Furthermore, they fall rapidly immediately after the claim.
- As a result, accumulated arrears (including the period before the claim) peaks higher and later than for HB claimants, and is much higher after 20 weeks.

Differences between landlords

- Arrears are higher amongst Southwark tenants (at around 8% of rent owed) than in Croydon or for Peabody/Family Mosaic tenants, where tenants pay down arrears accrued before moving onto UC.
- Some of the difference may be due to APAs not being used as much in Southwark, but this does not explain the whole difference.

Context

Scope of the report

This report forms part of a series of work commissioned by the London Borough of Southwark (and involving the London Borough of Croydon, Family Mosaic and Peabody) to examine the impact of UC roll out on rent payments.

The report, as set out in the project brief, examines the following question: "How is the early roll-out of Universal Credit (UC) affecting rent payment behaviours among residents in social housing tenants?"

The report looks at the rent accounts of those who have switched onto UC. To assess the impact of the transition to UC the findings are compared with a control group of those who claimed housing benefit during the same period.

Background to UC

UC has been a flagship policy for government since 2010. It seeks to simplify the benefit system, and by so doing make work pay, reduce poverty and promote greater independence. Since legislation was enacted in 2012, UC has been trialled in various pathfinder areas and subsequently rolled out in stages in other areas. For example, there were Direct Payment Demonstration Projects, which piloted the impact of payments to tenants directly rather than to landlords in six areas, including Southwark.

"Full-service" Universal Credit (UCFS) was tested in a single postcode area in south London in late 2014. UCFS was subsequently expanded to an area that included a small part of Southwark by the end of 2015. This formed the first phase of Government's plan to extend UCFS to the whole of Britain by 2018. During 2016 it has been rolled out further in Southwark as well as in the nearby borough of Croydon (the other borough examined in this report).

As part of the government's welfare reform programme UC will replace the following benefits:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

The simplification of several payments into one involves a number of changes, including:

- Recipients applying and managing their account online
- A single, household monthly claim
- Payment of rent to the claimant rather than directly to the landlord
- A time delay from when housing cost support can be claimed and when claimants will receive their first payment

These changes could potentially result in tenants experiencing additional financial difficulties, and for landlords it could result in (more) rent payments being missed or underpaid. If a tenant's arrears do become too high, then local authorities can apply for an alternative payment arrangement, thereby allowing rent to be paid directly to the landlord.

Approach

To understand the impact of UC on rent payment behaviour the report examines the rent accounts of those who have transitioned on to UC and compares them with those on the existing payment arrangement – housing benefit.

The rent accounts are analysed to see what differences there may be in payment rates, levels of underpayment, payments over time, whether certain groups underpay more than others and whether alternative payment arrangements make a difference?

The accounts examined

To examine the potential impact of UC on rent payment behaviour the report examines rent accounts of tenants.

The rent accounts for those moving on to UC are tenants of the London Boroughs of Southwark and Croydon and Peabody and Family Mosaic tenants living in Southwark.

The rent account analysis covers the period from January 2016 to the end of March 2017 and those who moved onto UC during the period August to October 2016.

The data includes 817 rent accounts for those moved onto UC.

Of those 817 accounts 38 were removed because of incomplete data, such as not having a start date for when the claimant was informed that they need to make a UC claim (which was the main reason for not including accounts) and discrepancies over the age of tenants.

This left 775 accounts for those moving onto UC – 393 from Southwark, 343 from Croydon 35 from Peabody and 4 from Family Mosaic.

This data is compared with a control group of those on the legacy arrangements (housing benefit).

255 rent accounts for housing benefit tenants were examined and covered the same period as the UC tenants.

Due to some missing data on rent account balance at the time of their HB claim, the number of rent accounts examined was reduced to a group of 249. All 249 accounts were Southwark tenants. HB data from Croydon was not available because the whole of the borough was UC live by April 2016, meaning they had no new HB claims whereas Southwark was only partially UC live in August 2016.

An analysis of the data shows the close characteristics of the two datasets. The table below profiles the demographics of claimants, their rent levels and information on when they made their claim and how long they have been a Southwark tenant. One area where there is notable difference is in regard to their rent balance at the start of the position. This is explored later in the report.

The table shows that average rents are slightly below £120 a week for those moving onto UC and HB, that tenants tend to be aged in their early 40s and are more likely to be female. The closeness of the comparator makes it a robust benchmark to assess the impact of UC on rent payments.

	Universal credit	Housing benefit
Average weekly rent	£121.40	£117.16
Less £100	9%	10%
£100-£112.50	24%	27%
£112.50-£125	36%	38%
£125-£150	25%	18%
£150+	6%	7%
Average age	41.0	42.2
16-24	5%	4%
25-34	32%	28%
35-44	23%	24%
45-54	25%	28%
Over 55	16%	17%

Gender		
Male	34%	36%
Female	66%	64%
Average household size		
1	35%	33%
2	23%	36%
3	18%	16%
4+	23%	16%
Property type		
Flat	64%	74%
Maisonette	20%	18%
House	16%	7%
Account start date		
2015 onwards	21%	13%
2010-2015	31%	31%
2005-2010	24%	19%
2005-2010	11%	15%
Pre 2000	14%	22%
Account balance at UC/HB claim		
Surplus	19%	58%
Balanced	1%	0%
Arrears	80%	41%
UC/HB claim date		
August	27%	33%
September	36%	42%
October	37%	25%

Rebasing rent payments

Within the rent account data people are moving onto UC at different times and staying on for different periods. Furthermore, data on levels of arrears is taken regularly at the end of each month making for different lengths of periods between measures of rent arrears/surpluses – i.e. some might be claiming UC and due to pay rent for a whole month and others will enter or leave half way through a month.

As tenants were moving onto UC at different times in the year and given the relatively recent roll out of UC the rent accounts were split into weekly periods. This meant splitting arrears/surpluses accrued between two data points into arrears/surpluses per day and doing so for however many data points were available. This data was then plotted into weekly arrears/surpluses for each account.

Accounts were thus rebased. All start at the same point in order to track their position in each week from the start to week 25. Accounts may be in arrears or surplus at the start, but all are rebased to start from £0.

The same method was also used for the comparator (housing benefit) group. However, the data was not available for the precise time they claimed housing benefit so the first available monthly figure is used as the starting point.

What happens when people move onto UC?

The following section examines what happened after the date that tenants need to make a UC claim. The section examines various questions, similar to those explored during tests of the direct payment demonstration project. The focus is on the impact of UC on rent payment behaviour and how this differed from the comparator housing benefit rent accounts.

Did the tenants build up arrears after they moved onto UC?

There was an improvement in the number of accounts that moved from arrears to surplus after moving to UC.

By the end of the period:

- 406 accounts were in surplus
- Eight accounts were neither in surplus or arrears
- 361 accounts were in arrears

This was an improvement from the starting position of:

- 145 accounts in surplus
- 6 accounts neither in surplus or arrears
- 624 accounts in arrears

However, overall the rent accounts highlight the worsening levels of rent owed:

- 406 accounts were in a worse financial position by the end
- 361 accounts were in a healthier position than at the start
- Eight accounts were the same

Whilst a large number of accounts were in a better position the general position worsened with total arrears:

- At the start of the period arrears were £613,000
- By the end of the arrears had risen to £703,000
- In total, arrears had risen by £89,000

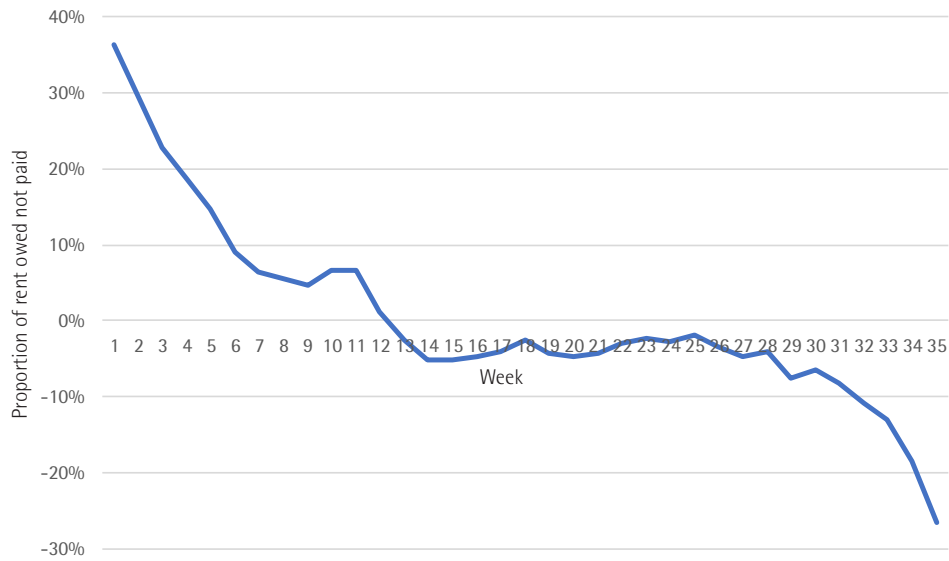
Examining the data for when tenants were on UC (the date that they need to make a claim to last period data is available), the accounts show that:

- The increase in arrears per claimant averaged £115
- On average, each person moving onto UC accrued £0.60 of arrears per day
- The average period that a tenant was identified as making a UC claim for housing costs was 193 days
- On average, each person was a week in arrears (7 days) at the end of the period
- In total 3.4% of rent owed was not paid over the period

How did rent accounts change over time?

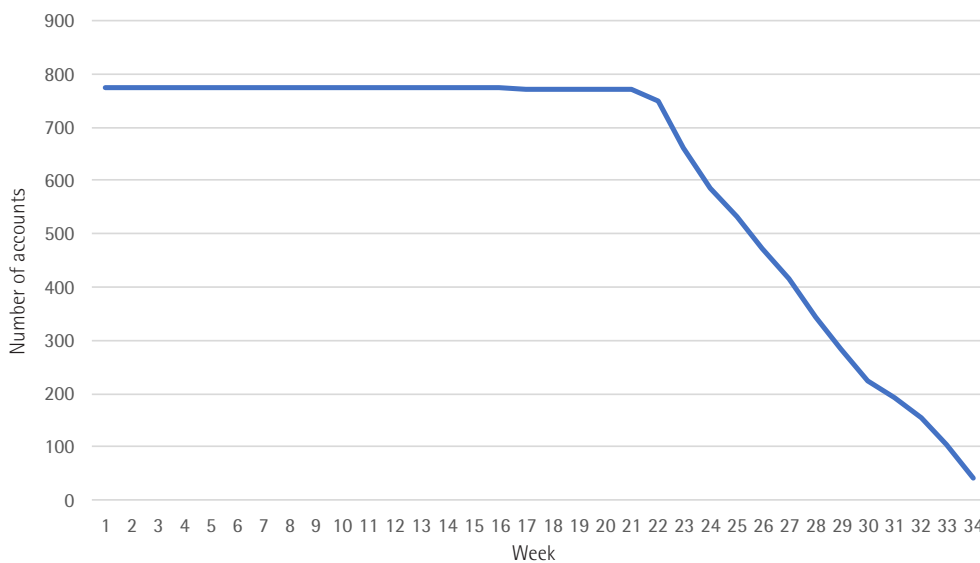
The graph below shows the proportion of rent payments that were short of the rent owed in each period. In week 1, 36% of the total value of rent owing was not paid. By week 8 this had dropped to around 6% before overall rent arrears start to be paid down at week 13. Small amounts continue to be paid back (3%-5% per week) during weeks 13 and 28. After that rent repayment becomes much higher. This pattern of rent payment behaviour was apparent in the qualitative research (see section 2), with the initial weeks said to be particularly problematic as they waited to receive their first UC payment, and was also the cause of considerable stress.

Figure 1: Proportion of rents owing not paid each week



However, the number of rent accounts which information is available for declines with time as some people transitioned at a later point. This means the sample becomes much smaller towards the latter weeks – dropping below 350 accounts by week 28 and below 200 by week 31, and therefore perhaps less reliable.

Figure 2: Numbers with rent account data by week



What proportion of the rent is owed by tenants on UC and how does this compare with those on housing benefit?

Rent arrears might be high amongst UC claimants but it tells us little about the impact of UC unless we compare it with those on the existing HB system.

In the UC group, for those accounts that had data for 20 weeks 6% of rents due were not paid. This totalled £188,000 or £156 per tenant. For those accounts reaching the 28th week arrears do fall to £142 per tenant.

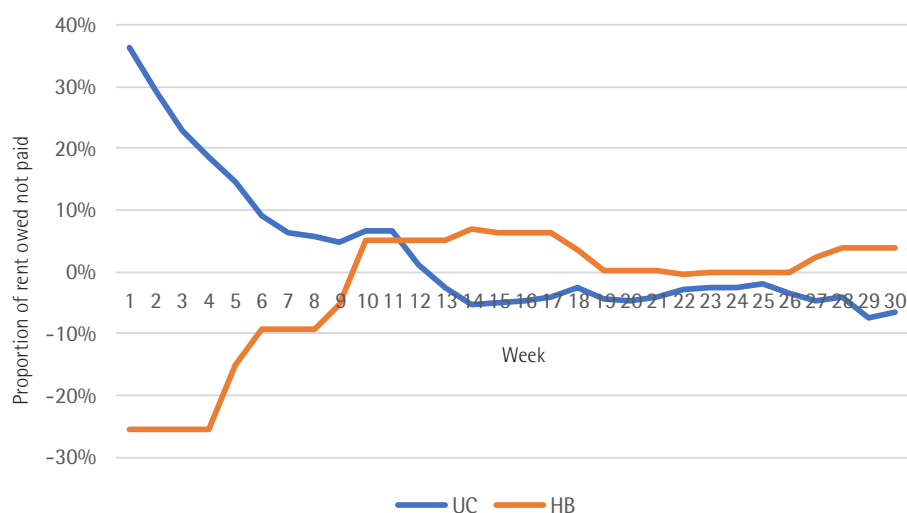
For the comparator HB group, by the 20th week rents are 5% over what was due (reflecting repayments) and 4% by week 28.

Shifting patterns of arrears

The levels of arrears also change over time. There is an almost opposite impact between claiming HB and UC, with UC claimants falling

into arrears as they transition onto UC with 36% of rent not paid in the first week. In contrast, HB claimants overpay in the first six weeks – presumably as back-dated rent is paid. The graph shows the long period it takes for UC claimants to start to fully meet their rent - it is not until week 13 they start paying down arrears.

Figure 3: Proportion of rent owed not paid each week, HB and UC



Splitting rent payments (the amount of rents paid as a proportion of total rents owed) into seven periods of four weeks further illustrates the differences between UC and HB:

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
UC	73%	91%	95%	104%	104%	103%	103%
HB	125%	111%	98%	94%	97%	100%	99%

This table suggests that over the longer term, UC tenants start to pay all their rent and start repaying debts accrued, something echoed in the qualitative research. This improvement may be a combination of factors, such as receiving their first UC payment, receiving a lump sum of universal credit owed and repayment arrangements agreed with the council (these issues are explored in more detail in the qualitative research). The data also suggests that in the period observed that overpayments to clear arrears towards the end of the period are likely to have some impact. For HB claimants, underpayments that may have accrued before the claim start to be repaid immediately before rent payments start to settle down at a level close to the amount due.

What proportion of tenants accrued arrears after moving onto UC?

Examining the first and last recorded rent period up to 30 weeks, shows that 52% of UC tenants accrued arrears after moving to UC. For those on housing benefit the proportion of those accruing arrears drops to around 42%.

	UC	HB
Arrears	52%	42%
Balance	1%	0%
Surplus	47%	58%

NB: UC columns does not sum to 100% due to a rounding error

The picture is worse still when examining the numbers in arrears, as people are often in arrears before making a claim. This shows that almost eight out of ten tenants on UC have a negative balance at 30 weeks compared with just over two thirds on HB.

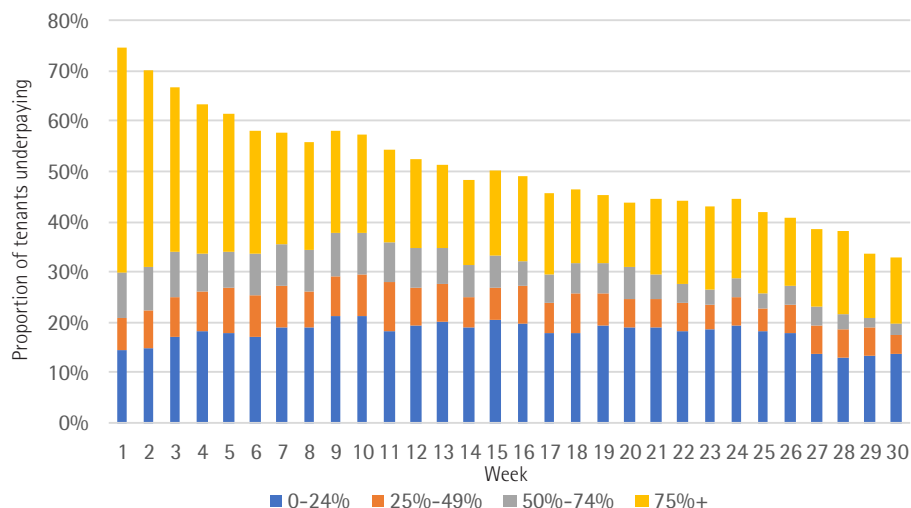
	UC	HB
Arrears	77%	68%
Balance	2%	0%
Surplus	21%	32%

Levels of underpayment by period

Examining the individual rent accounts, we can see when they are most likely to underpay and by how much.

The graph below shows at the start both the high numbers not paying their rent and the high proportion not paying large proportions of their rent – three quarters of those who moved onto UC do not pay all their rent in week one and 45% of people underpaid by 75% of their rent. The picture improves with a higher proportion of people paying, and those underpaying doing so by less. By week 5, around 60% are underpaying, a similar proportion in week 10, 44% in week 20 and 33% by week 30. Over the same period the number underpaying by 75% of rent of their rent falls to 27% by week 5, 20% in week 10, 13% in week 20 and 13% by week 30. This supports the findings from the qualitative research (section 2) where people struggled in the first weeks whilst they waited for their first UC payment.

Figure 4: Proportion of tenants underpaying each week by how much



Examining just those accounts underpaying shows the reduction in high value underpayments from a high starting point in the first month, although it creeps up towards the end. Conversely lower value underpayments rise after the first month (see below).

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7
0-24%	23%	31%	36%	40%	41%	43%	40%
25%-49%	11%	14%	15%	14%	14%	12%	13%
50%-74%	12%	14%	15%	13%	13%	9%	9%
75%+	53%	41%	34%	34%	32%	36%	38%

What is the impact of UC on the proportion of tenants failing to pay some or all their rent?

Tenants failed to make their full rent payments 51% of the time under UC. For those on HB the figure is fairly similar at around 49%. What matters is the extent to which UC tenants are likely to underpay by large amounts. In 39% of cases rents were underpaid by more than 75% for those on UC. For those on HB the figure is just 8% - in short underpaying by over three quarters of rent due increases fivefold for the UC group.

Were the total arrears accrued due to a few paying very little rent, or because lots of people underpaid a little?

Examining underpayments by proportion of rent owed emphatically shows that the largest component of rent owed was due to large underpayments, which constituted 69% of the total value of arrears.

	Value of underpayments
0-24%	8%
25%-49%	9%
50%-75%	15%
75%+	69%

Part of this is explained by the large number of large underpayments, but by no means all.

	Proportion of underpayments	Value of underpayments
0–24%	36%	8%
25%–49%	13%	9%
50%–75%	12%	15%
75%+	39%	69%

Of those in arrears, the top 20% accounts (in terms of value of arrears at the end of the period) had over half the value of arrears.

	Proportion of the value of rent arrears
1st quintile	52%
2nd quintile	25%
3rd quintile	14%
4th quintile	7%
5th quintile	2%

Do people consistently underpay?

For the 22,000 weeks' worth of data examined, 51% of the weeks resulted in tenants not fully meeting their rent. And underpayments and overpayments were made by not just a few people but most - 93% of tenants both underpaid and paid the full amount in different periods.

This suggests that most have varied rent history (and hardly anyone pays all the time). When added to earlier data examining rent period over time, it suggests people may underpay at the start and improve thereafter.

Are arrears accrued in the early stages paid down over time?

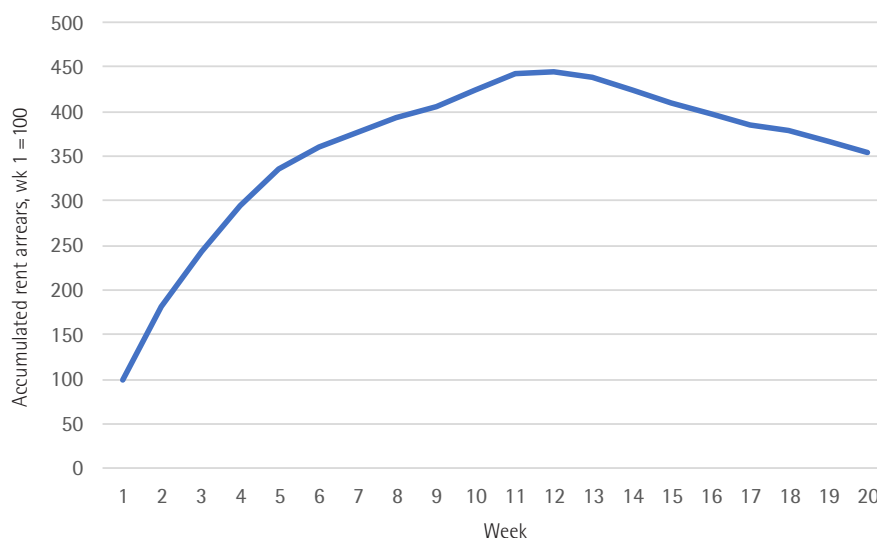
Examining the accounts for the first 20 weeks, there is a gradual decline in the number of accounts in weekly arrears from over 70% of accounts failing to pay all their rent at the start, dropping to 61% in week 12 and 56% at week 20.

The data also shows that 58% of accounts were in a worse position than four weeks previously for week 8 (i.e. than week 4) and around 55% in week 12, 51% in week 16 and in week 20 some 47% of accounts were in a worse position than week 16.

Whilst some manage to pay back some of the debt they have accrued at an aggregate level there is a pattern of increasing cumulative arrears until week 11, which can be seen in the chart below. After this point arrears start to be paid down and by week 20 drop to three and a half times what they were after week 1.

Figure 5: Accumulated rent arrears by week up to 20 weeks

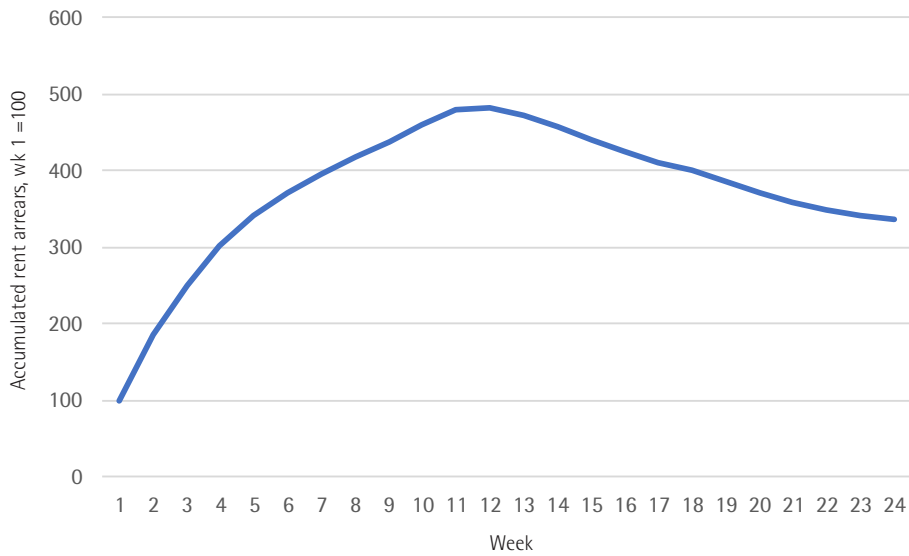
Week 1 = 100



Base: 775 rent accounts

For those accounts with data for 24 weeks, rent arrears start to be paid down around week 11 (from a higher base) and fall thereafter:

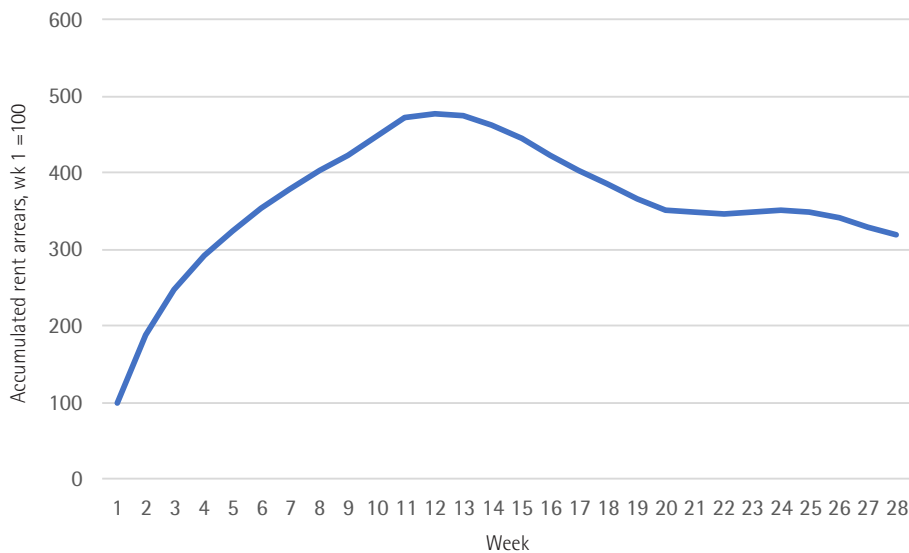
Figure 6: Accumulated rent arrears by week up to 24 weeks
 Week 1= 100



Base: 666 rent accounts

For those accounts which make it past week 28, whilst arrears peak and start to fall around the same time, there appears to be a levelling off in the amounts being repaid around week 20. If this were to continue then arrears would not be paid down.

Figure 7: Accumulated rent arrears by week up to 28 weeks
 Week 1= 100

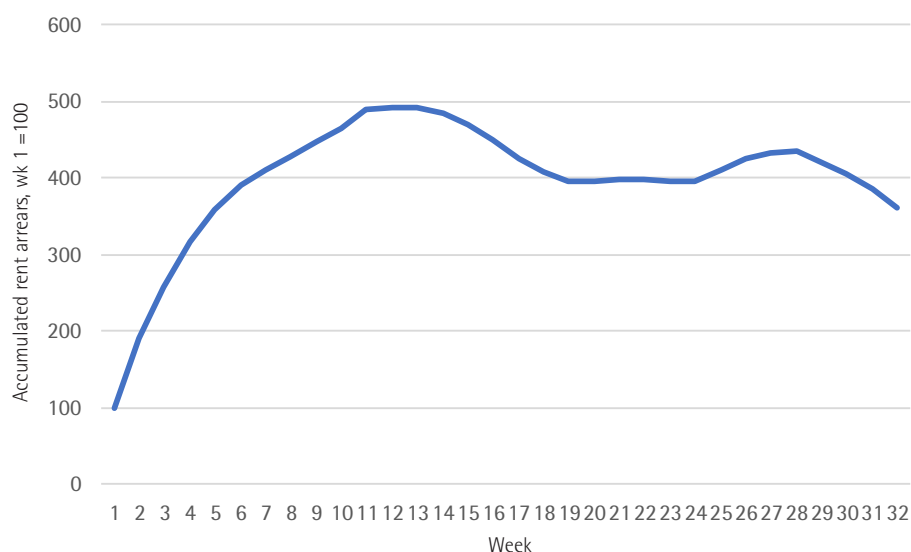


Base: 421 rent accounts

For the much smaller group of accounts that have data up to the 32nd week, again repayments stabilise around week 20, moving up and then down at the 24 and 28 week points respectively. This suggests, like the data for the accounts to week 28, that overall tenants may repay rents in their third month on UC - this only lasts for a short period before rent repayments stabilise around week 20.

Figure 8: Accumulated rent arrears by week up to 32 weeks

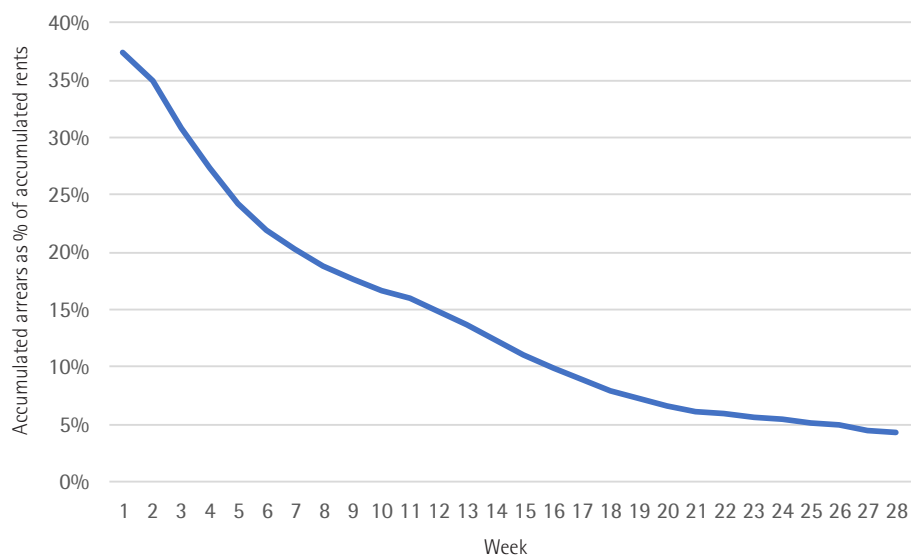
Week 1 = 100



Base: 196 rent accounts

The data suggests that rents are accumulated in the first 11 weeks, fall for 8 weeks and thereafter stabilise but overall are not necessarily paid down. This has positive and negative implications for social landlords, negative in the sense that all arrears do not appear to be paid back, but overall, they do not get worse after the initial period. Taken as a proportion of rents owed, if this pattern was to continue it would mean the rent shortfall as a proportion of rent owed would decline with time.

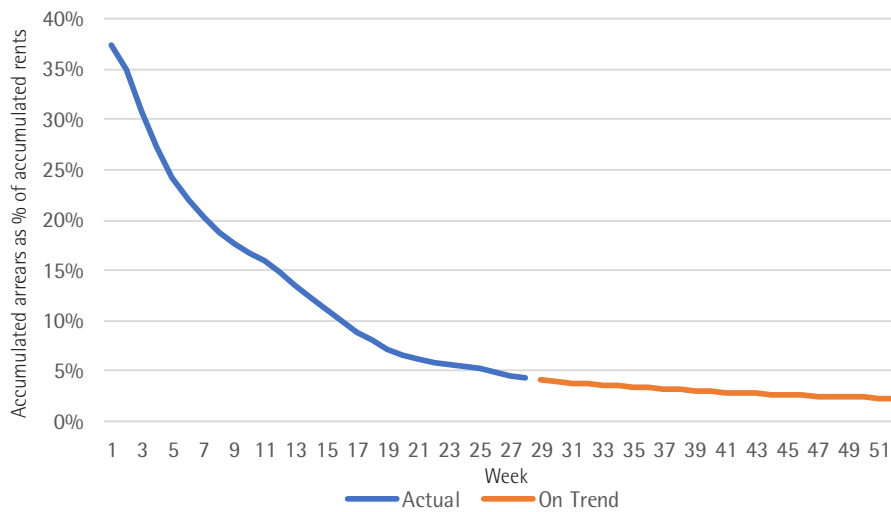
The graph below tracks this cumulative impact for the accounts reaching week 28 as a proportion of total rents owed. Arrears are just below 40% in week 1, but steadily falling as a proportion of overall rents owed to 4% in week 28.

Figure 9: Accumulated rent arrears as a proportion of accumulated rents owed up to 28 weeks

Base: 421 rent accounts

If the pattern of rent arrears stabilised for the period after 28 weeks as the data suggests – if additional arrears were not accrued but equally existing arrears were not paid back – then by the end of the year rents owed as a proportion of yearly rent owed would fall to 2%. This of course makes the large assumption that payment behaviour will stay as it has for the latter weeks where there is data available.

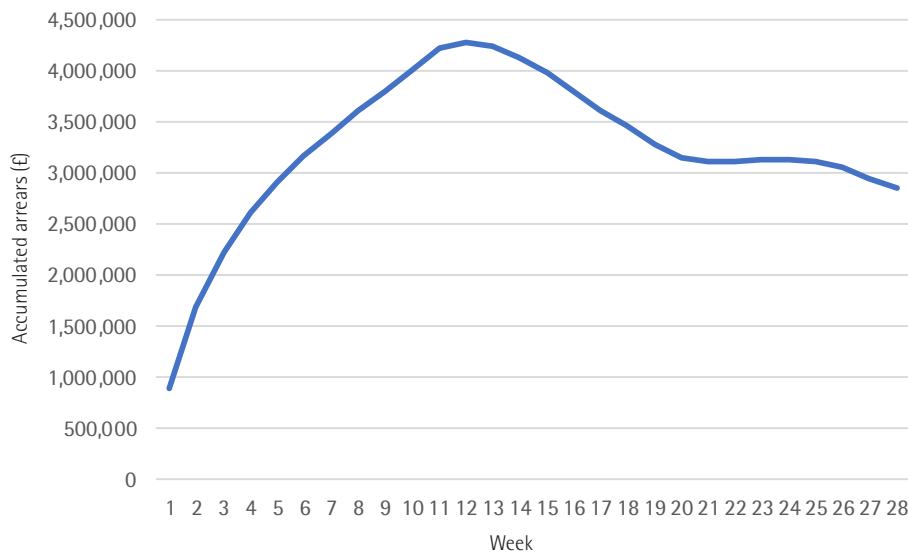
Figure 10: Accumulated rent arrears as a proportion of accumulated rents owed with on trend projection for the 52 weeks



Base: 421 rent accounts

Put into perspective, 4% of rents owed by week 28 for these accounts equates to £142 per account. For 20,000 tenants that would be equivalent to around £2.9m of arrears over the year. Furthermore, this could place pressure on cashflow during the initial transition period.

Figure 11: Modelled accumulated rent arrears by week for a landlord with 20,000 tenants



If contrasting this with the positive position HB claimants are in at the end of the period would suggest that the cost to landlords could be significantly higher. As noted earlier, after 28 weeks HB claimants on average have overpaid by around 4% of rent due. There if the difference between UC and HB is scaled up to 20,000 accounts then the cost to the landlord would be almost doubled to around £5.4m.

Are people with certain characteristics more likely to underpay?

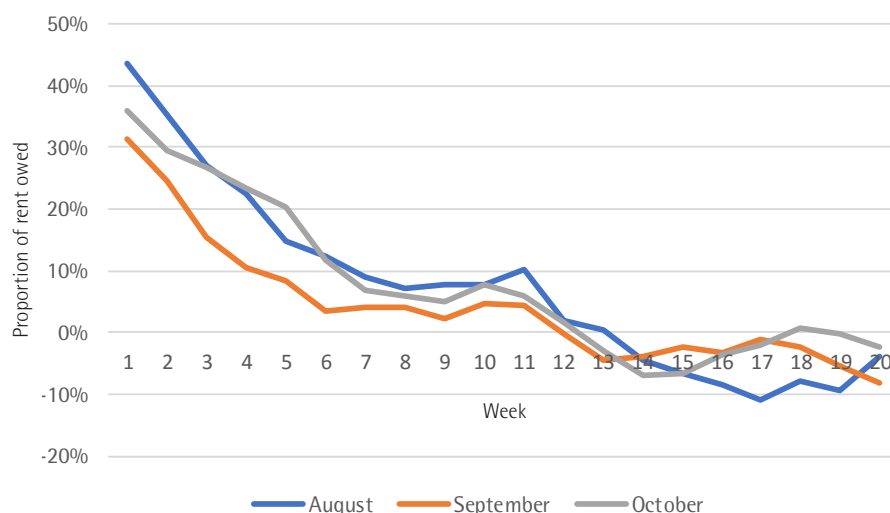
Information was available about different characteristics of claimants. Data on employment status and number of dependents was not available, thereby making it hard to eliminate other potential factors for payment rates. Nevertheless, it is instructive to see whether any factors for which information is available do appear to have a material impact.

When people transitioned onto UC

UC is a new system which may take time to bed in, with those who are initially moved onto UC facing longer delays in payments. However, there is a mixed picture with those transitioned in August initially having the largest arrears followed by the October

claimants. All the accounts follow a similar trajectory.

Figure 12: Proportion of rent owed not paid each week by UC transition month



The September accounts had the lowest levels of accumulated arrears at week 20, with August and October accounts higher. This would suggest that any variance was not due to the system becoming any better or worse with time.

	Accumulated arrears (week 20)
August	7%
September	4%
October	8%

New accounts

It was mentioned at one of the UC focus groups as part of the qualitative research that those who are used to the old benefit system may find transitioning harder as they were accustomed to benefits being paid weekly and the rent paid directly to the landlord. To assess whether the data supports this hypothesis the arrears of those tenants who have more recently had rent accounts started were compared with others.

At least half of accounts open in 2016, 2015 or prior to 2015 were in arrears after moving onto UC.

	2016	2015	Pre-2015
Proportion of accounts in arrears	51%	53%	53%

The more established rent accounts when they underpaid were likely to do so by more than the 2015 and 2016 accounts.

	2016	2015	Pre-2015
0-25%	39%	39%	34%
25-50%	12%	12%	14%
50-75%	13%	13%	12%
75%+	36%	36%	40%

But overall, there were similar levels of arrears as a proportion of rents, with accounts which started in 2015 and 2016 in marginally less arrears than the longer established accounts.

	2016	2015	Pre-2015
Arrears as proportion of rent	2%	3%	4%

Those in arrears and surplus

To see whether those already in arrears were less likely to pay or that those with a surplus used this headroom whilst waiting to claim UC, the data was analysed by those: with a surplus when they first claimed UC; those with less than four weeks' worth of arrears; and those with more than four weeks of arrears.

The number of accounts in arrears at the end was higher for those entering UC with a surplus.

	Surplus	Less than 4 weeks arrears	Over 4 weeks arrears
Proportion of accounts in arrears	65%	59%	44%

Those in surplus when transitioning onto UC were more likely to underpay by a little compared with the other groups. Those with larger arrears at the start were more likely to underpay by a lot.

	Surplus	Less than 4 weeks arrears	Over 4 weeks arrears
0-25%	49%	42%	26%
25-50%	15%	15%	12%
50-75%	10%	12%	14%
75%	26%	31%	49%

Overall, those with more than 4 weeks-worth of arrears had lower arrears at the end of the period. Those with less than four weeks arrears and those with a surplus had above average arrears.

	Surplus	Less than 4 weeks arrears	Over 4 weeks arrears
Arrears as proportion of rent	7%	6%	1%

This appears to be a counter-intuitive finding. However, those with over four weeks' worth of arrears are far more likely to move to alternative payment arrangements (28% do versus 4% of those with less than 4 weeks of arrears and just 1% who are in surplus). If you exclude those with alternative payment arrangements in the over 4 week arrears category then the levels of arrears rises.

Gender

Men appear to be slightly more likely to be in arrears than women at the end of the UC period.

	Male	Female
Proportion of accounts in arrears	58%	50%

Men were more likely to underpay by more than 75% of rent owed and less likely to underpay by a lower amount (less than 25% of rent owed).

	Male	Female
0-25%	30%	38%
25-50%	13%	13%
50-75%	12%	13%
75%+	45%	36%

Overall men are more likely to be in arrears. On average arrears for men are 7% of total rent, for women it is 2%.

	Male	Female
Arrears as proportion of rent	7%	2%

Age

To assess whether age has an impact on rent payment behaviours the sample was split into three age ranges: under 35s, 35-50 year olds, and the over 50s. This was a fairly even split in numbers, representing 35%, 37% and 28% respectively.

Data on underpayments suggests that those over 50 are more likely to be in arrears and underpay by more, although the differences are not huge.

	Under 35	35-50	Over 50
Proportion of accounts in arrears	54%	49%	57%

	Under 35	35-50	Over 50
0-25%	36%	40%	32%
25-50%	13%	15%	12%
50-75%	11%	14%	13%
75%+	40%	31%	44%

However, the overall impact of these differences is minimal with no noticeable difference in level of arrears by age – see below.

	Under 35	35-50	Over 50
Arrears as proportion of rent	4%	3%	4%

Household size

To see whether the household size had an influence on the rent payment behaviour, the sample was split into four categories: single; two-person; three-person; and four-person plus households.

The data shows that similar proportion of households were in arrears.

	1 person	2 person	3 person	4+ person
Proportion of accounts in arrears	51%	55%	51%	49%

The data shows single households slightly more likely to make larger underpayments.

	1 person	2 person	3 person	4+ person
0-25%	33%	39%	37%	36%
25-50%	13%	14%	14%	13%
50-75%	11%	13%	13%	12%
75%+	44%	37%	37%	39%

Overall there are similar levels of arrears as a proportion of rent, perhaps with single households more susceptible to arrears.

	1 person	2 person	3 person	4+ person
Arrears as proportion of rent	5%	3%	2%	3%

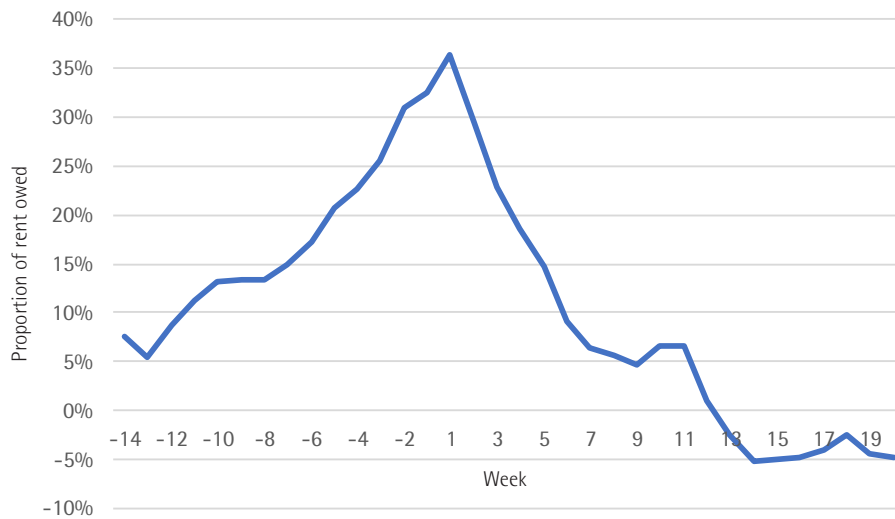
Before UC

The analysis to this point has focused on what happens after people move onto UC. However, this could mask the levels of arrears for at least two reasons. First, that arrears accrue when circumstances change (for example becoming unemployed) and people make a new or different claim. Second, that the landlords do not pick up the actual time when they have made a claim meaning that there is a lag between the claim and payment that is not fully identified in the data.

The precise balance between causes cannot be picked up in the data, although it does show that there is a ratchetting up in the levels of arrears before a first claim is made. The graph below shows that 14 weeks prior to the date their claim is logged, weekly arrears rise

from around 9% to 13% for 8 weeks before, to 23% for 4 weeks before, and to 33% the week before.

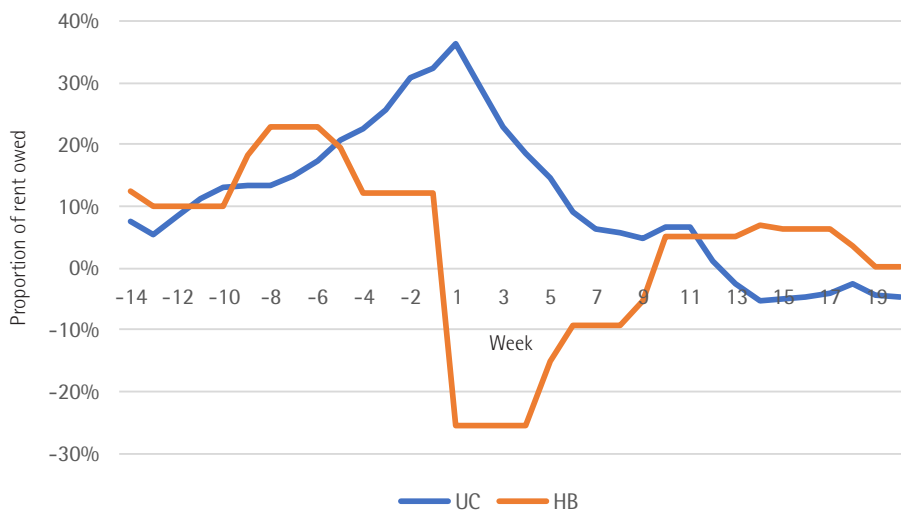
Figure 13: Proportion of rent owed not paid each week before and after transition to UC



As we don't know why there are mounting arrears to the point of claim being registered it is hard to tell the real impact of UC as opposed to potential other factors (for example, people losing their job and unable to pay their rent whilst they wait to make a claim).

There is data from the housing benefit sample which shows that like the UC sample tenants fail to make their full rent in the weeks before the move to claiming benefits. Overall, average weekly arrears as a percentage of rent do not climb in the same way as under UC - HB weekly arrears fluctuate around 10%-20% rather than building up steadily to just below 40% as under UC. Furthermore, they fall rapidly once HB is claimed and claimants start to repay prior arrears immediately unlike UC (as previously mentioned).

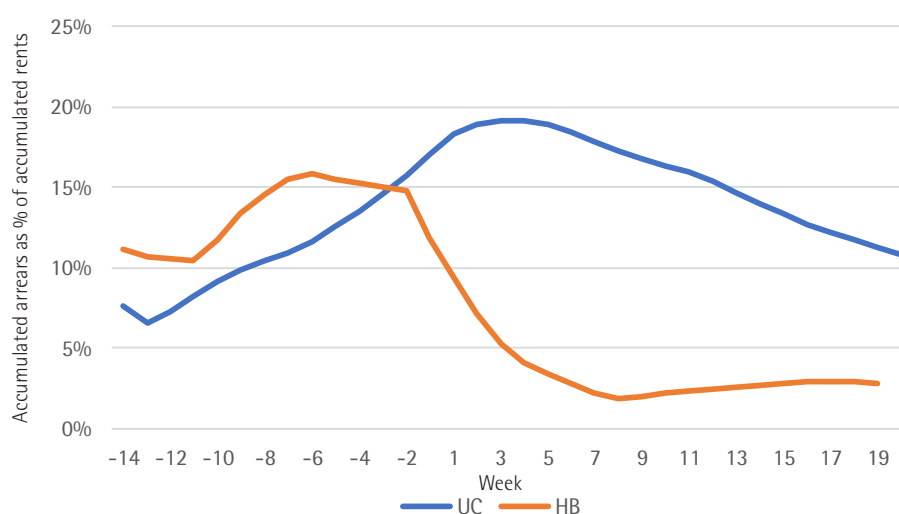
Figure 14: Proportion of rent owed not paid each week before and after transition to HB and UC



Tracking accumulated arrears as a percentage of rent owed for both HB and UC shows that those moving onto HB build up arrears in the 14 weeks prior to making a claim, which peaks at just above 15% of rent owed during the period. This is then rapidly paid down by week 8 where arrears are around 2-3% of the amount owed. It then plateaus at this level thereafter.

For those UC claimants, arrears rapidly build up to nearly 20% of rent owed by week 2 on UC. After that arrears as a proportion of total rent (until that point) then slowly tail off. By week 20 on UC (34 weeks covered in total) arrears are around 10% of what was owed over the 34-week period. As the graph below illustrates, the gap between HB and UC arrears widens dramatically from around two weeks before the claim and then narrows. However, even by week 20 there is a significant gap.

Figure 15: Accumulated rent arrears as a proportion of accumulated rent owed each week before and after HB and UC claim



What impact do alternative payment arrangements have on arrears?

The data until now has focused on the payment history of those on UC regardless of whether they move to an alternative payment arrangement. This can be triggered when a claimant is deemed unable to make payments or if arrears are too high.

Of the 775 UC rent accounts examined, there were 111 accounts (14%) with details on alternative payment arrangements.

Overall rent owed for those who had moved onto an alternative payment arrangement, including the period before the arrangement was agreed, were in surplus by 8.2% of rent due. In contrast the total for the other accounts, stood at 3%. Furthermore, arrears before those who later were on APA stood at 38% of rent (for an average of 50 days). For those not on APA arrears were more modest at 10% using the same 50-day benchmark.

	Arrears pre-APA/Before 50 days (Direct payment)	Arrears post APA/After 25 days	Overall arrears	Arrears per person (£)
APA	38%	-23%	-8.2%	-£286
Direct payment	10%	1%	3%	£131

The data shows that for each day before a tenant moved to alternative arrangements they underpaid by an average of £21.17. Once they moved to alternative payment arrangements they paid an additional £4 per day. As a result, at the end of the period the accounts were in surplus by £286 for those with alternative payment arrangements. For those paying direct they were in arrears of £131. This means APA tenants are three and half weeks' worth of rent better off.

Increased use of APA would therefore be advantageous for the landlords and for those tenants struggling to pay their rent. However, as shown earlier those moving to APAs are more likely to be in larger arrears when they move onto UC. As such, whilst they are in surplus during the UC period they are starting from a worse position and do not repay pre-UC arrears. Indeed, their total arrears at the end of the period the data covers are on average 50% higher than those with direct payments.

Differences between Southwark and Croydon tenants

The analysis has focused on the impact on tenants overall, this section examines whether tenants' rent accounts are different for Southwark, Croydon and Peabody/Family Mosaic tenants.

The split by landlord shows that Southwark tenants were more likely to find themselves in arrears, especially compared with Peabody/Family Mosaic tenants.

Furthermore, Southwark was the only landlord to have rent arrears over the whole period. Arrears totalled 8% of rent owed, equivalent to £270 owing per tenant or 16 days of rent.

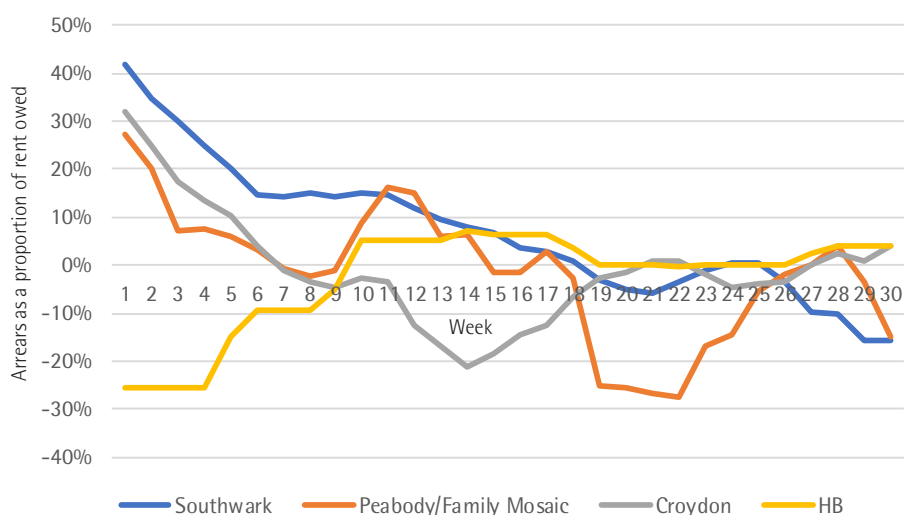
This contrasts with the other landlords where there was a surplus once moving onto UC, with Croydon tenants on average overpaying by £45, equivalent to 3 days of rent. It should be noted, however, that Croydon supported 47 tenants with £72,000 of Discretionary Housing Payments to help with rent arrears and prevent evictions.

Whilst Croydon and Peabody/Family Mosaic tenants after the transition onto UC were in surplus, levels were not as high as those on HB which were 4% in surplus by week 28.

	Southwark	Croydon	Peabody/Family Mosaic
Worse	57%	49%	36%
Arrears as proportion of rent	8%	-1%	-1%
Rent owing per tenant	£270	-£45	-£31
Arrears as days	16	-3	-1

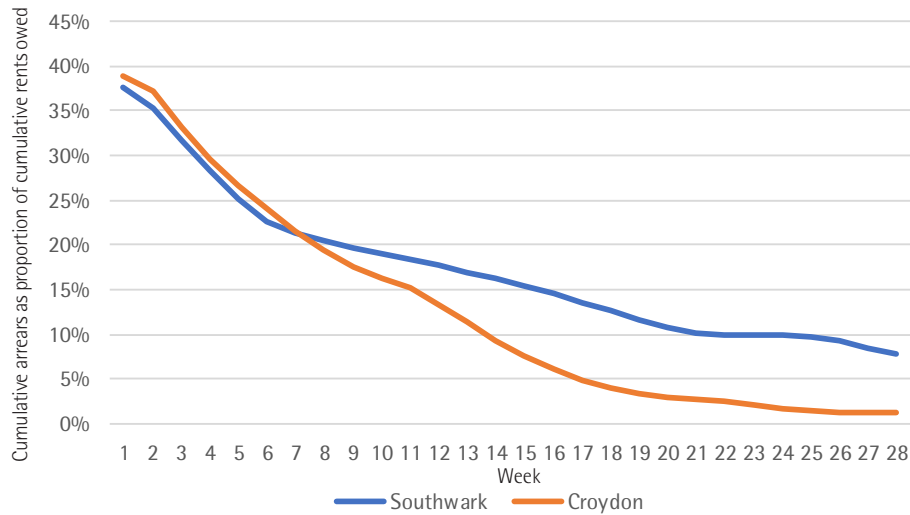
The level of arrears and surpluses affecting the different landlords take a similar pattern of high arrears at the start which falls over time. The difference between Croydon and Southwark tenants is that arrears start at a higher level in Southwark (42% of rent owed versus 32% in Croydon) and they fall more slowly. It is not until week 19 that weekly rent payments are in surplus and people start paying down arrears. In Croydon repayments are overall being made in week 8. The Peabody/Family Mosaic line is more variable, perhaps reflecting the relatively small sample. However, this follows a similar trajectory while the UC accounts contrast with those on HB where arrears are being paid back from the first week onwards.

Figure 16: Weekly arrears by landlord with HB comparison



This difference in weekly arrears has longer-term implications for overall levels of arrears. As noted earlier, cumulative arrears as a proportion of cumulative rents owed declines with time as tenants start paying closer to the rent owed. For those accounts which have data for 28 weeks, those in Croydon diverge from Southwark tenants around week 8 with arrears falling steadily, while in Southwark the decline is shallower.

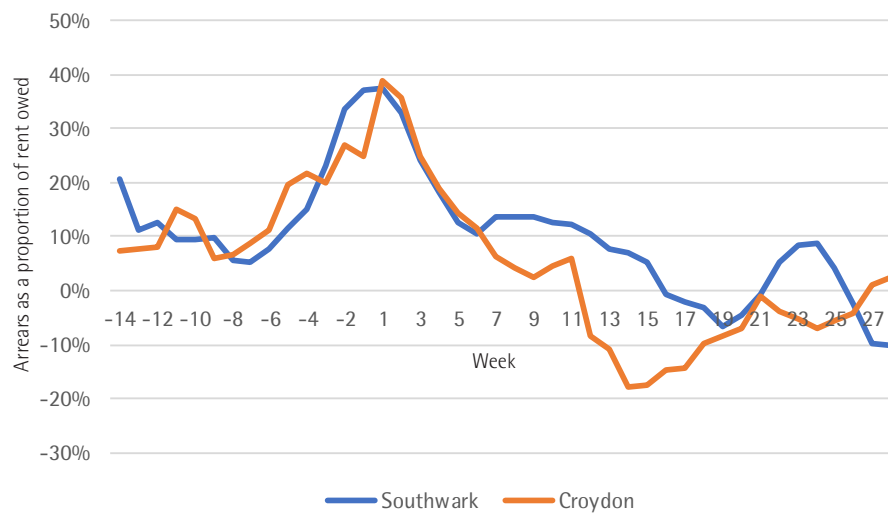
Figure 17: Cumulative arrears as proportion of cumulative rents owed by landlord



Base: Southwark 220 accounts, Croydon 183 accounts

Taking into account the weeks before the tenants move onto UC, both in Croydon and Southwark there is a similar pattern of arrears building up in the weeks ahead of moving onto UC.

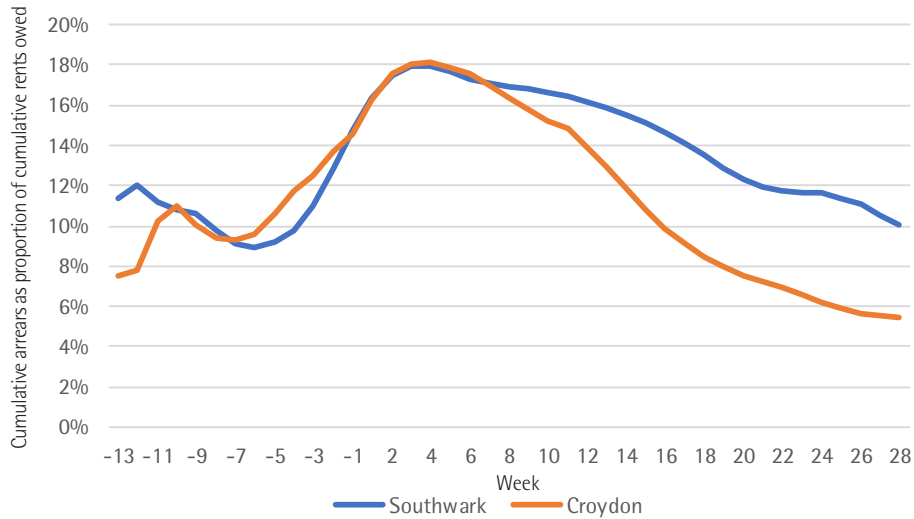
Figure 18: Weekly rent arrears before and after transition to UC by landlord



Base: Southwark 220 accounts, Croydon 183 accounts

Including these weeks into cumulative arrears it shows that Southwark and Croydon tenants start from a similar position, building up around 18% of arrears. After the eight-week mark Croydon tenants' arrears fall faster to around 6% of arrears while Southwark's fall to around 10% of arrears for the period.

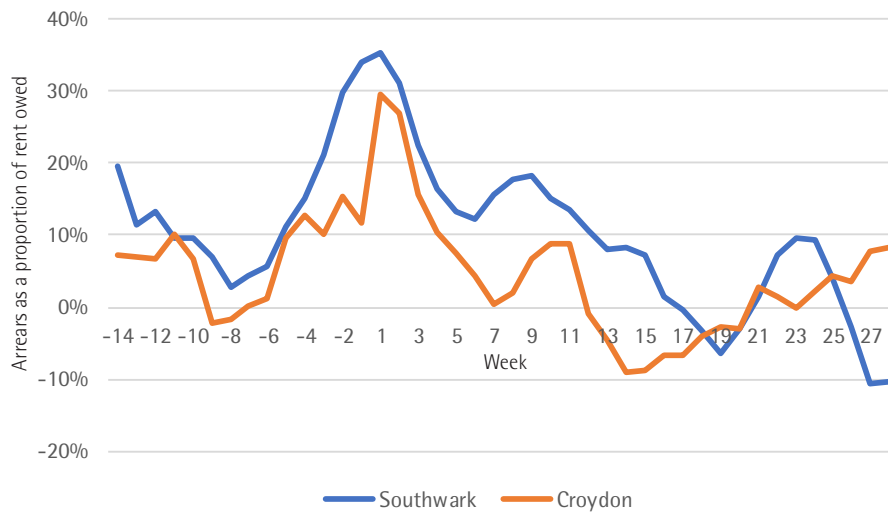
Figure 19: Cumulative arrears as proportion of cumulative rents owed by landlord pre and post UC transition



Base: Southwark 220 accounts, Croydon 183 accounts

In Croydon there was more use of APAs, which could potentially explain this difference. However, excluding those who went onto APAs shows that overall Southwark tenants in most weeks accrue larger arrears.

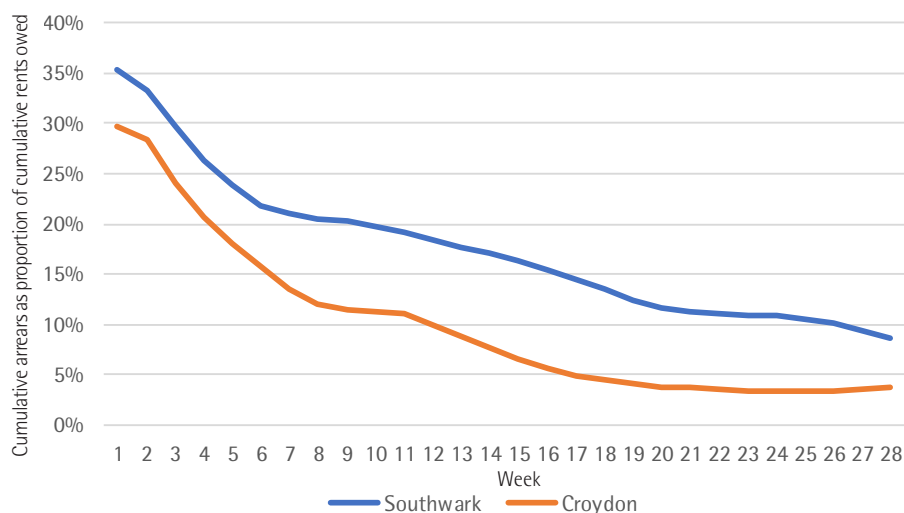
Figure 20: Weekly rent arrears before and after transition to UC by landlord, excluding those with APAs



Base: Southwark 197, Croydon 148

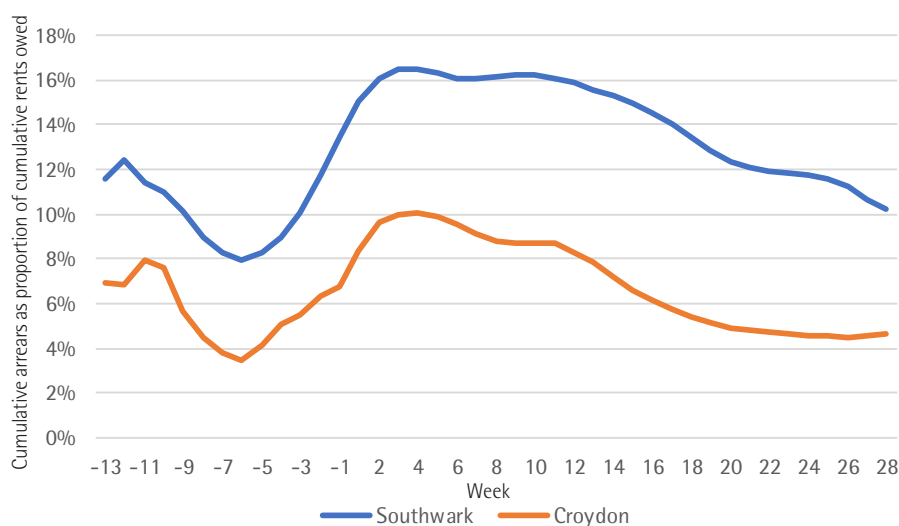
This pattern is also seen in the cumulative arrears, whether before or after moving to UC. Indeed, the overall end position when excluding those on APA suggests very similar outcomes for both Croydon and Southwark. This is not to say they don't make a difference, but as noted earlier, tenants with APAs are likely to have larger prior arrears.

Figure 21: Cumulative arrears as proportion of cumulative rents owed by landlord excluding those on APAs



Base: Southwark 197, Croydon 148

Figure 22: Cumulative arrears as proportion of cumulative rents owed by landlord pre- and post-UC transition excluding those on APAs



Base: Southwark 197, Croydon 148

Southwark's higher levels of arrears could however still be explained by fewer tenants moving onto APAs than in Croydon, which pushes up overall arrears. In Croydon 20% of accounts went onto alternative payment arrangements while in Southwark the figure was 10%. Using the figures on the difference between APA and direct payments if a further 10% of Southwark claimants had APAs then the arrears at the start and end of UC period would have been around a percentage point different - at around 7%. Whilst better it is still above the arrear levels in Croydon.

Conclusion

The rent accounts show that under UC arrears are worse than under the previous HB system. Arrears for UC tenants rise rapidly in the first weeks and it is some time before they start to be paid down. After a period, overpayments tail off and arrears remain. This implies that if on trend the initial debts accrued may not be fully repaid. However, if rent payment behaviour continued on trend arrears as a proportion of rent for the year would drop significantly.

The rent account analysis offers some insights into where efforts could be focused to reduce arrears. For example:

- Arrears build up most quickly in the first few weeks. This implies that changes to payment timings could significantly reduce the initial build-up of arrears, which the data suggests people often struggle to repay.
- Tenants entering alternative payment arrangements see arrears rapidly fall. Extended use and greater focus on triggering them or help seeking a workable agreement with DWP could help reduce overall levels of arrears.
- There appears to be differences in rent payment behaviours by landlord. This suggests that landlords have a significant role to play in reducing arrears.
- For landlords wanting to minimise arrears, the focus should arguably be on the 20% of those who are in the largest arrears. This group makes up the majority of total arrears. However, the rent analysis cannot determine whether changing behaviour amongst this group may be harder/more expensive.
- As arrears ratchet up quickly in the first few weeks of people moving onto UC there may be cash flow (as well as staffing) implications for landlords if large numbers move onto UC at the same time.
- Repayments appear to tail off towards the end of the period covered. This would suggest that there may be a longer-term cost to the landlord of people moving onto UC as arrears may prove difficult to recover.

It is not possible to determine from the statistics the full cost implications to social landlords of having to chase up and support tenants in arrears. It's also not possible to comprehend from the data the implications for tenants, not just in terms of financial security but also wellbeing. What it does show is that arrears are worse and that tenants are likely to accrue large levels of arrears when they make their first UC claim. The following section gives more detail into what UC means for tenants and how it works for them.

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1

Overview

Background and objectives

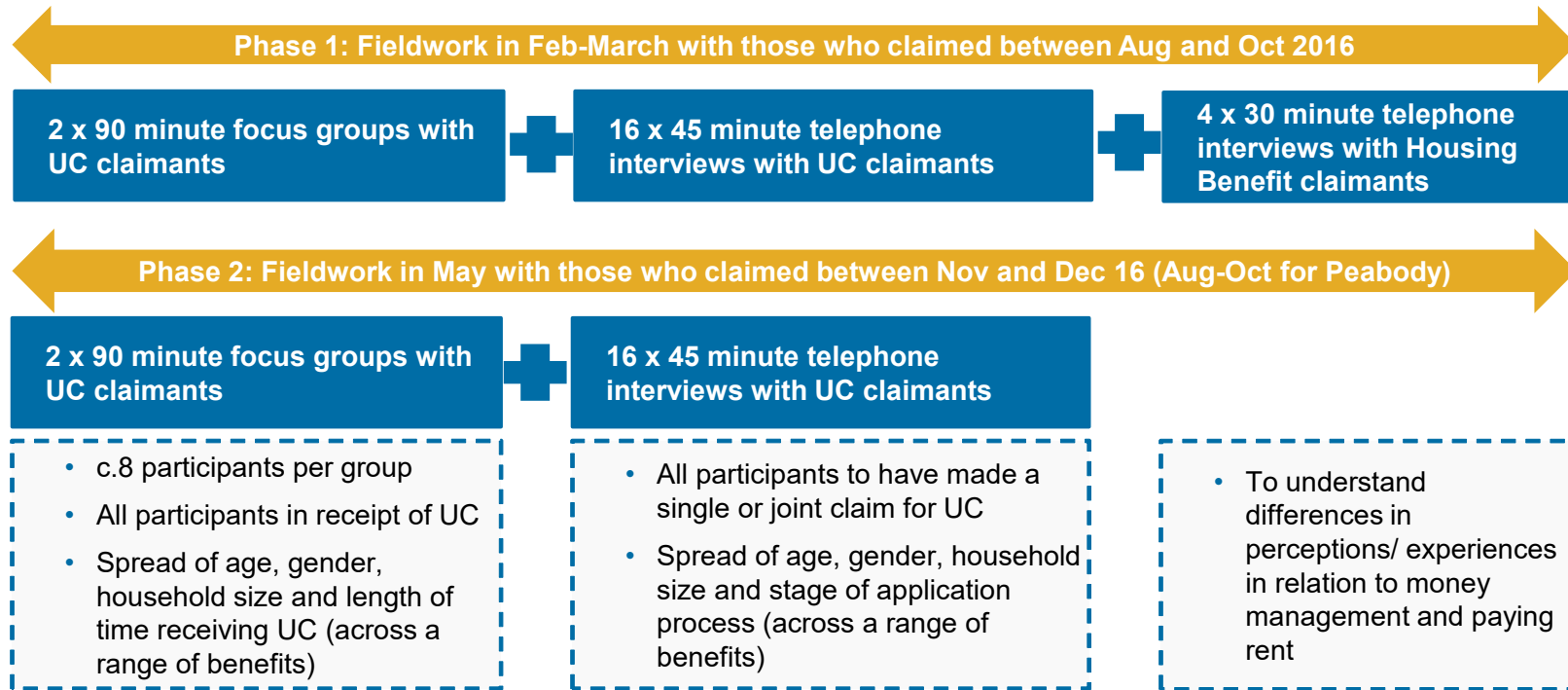
- This report provides headline findings from a **two-phase** qualitative research study investigating the **impact of Universal Credit on Southwark residents**, in particular those who rent from the council.
- The research aims to understand the impact of the new Universal Credit system as it is piloted in the borough, with a particular focus on tenants' ability to **manage their money** and how this may be affecting their **ability to pay rent**.
- It explores the views and experiences of tenants in relation to their experience of applying for this new form of benefit payment, and how they are coping with the new system. Importantly, it attempts to identify **what lessons can be learned** and **where improvements might be made** to mitigate against the risks of people getting into financial difficulties as Universal Credit is rolled out.

Universal Credit (UC) is a new type of benefit designed to support people who are on low income or out of work. It replaces six existing benefits and credits (Jobseeker's Allowance, Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit, Housing Benefit) and is a single monthly payment transferred directly to a claimant's bank account.

Overview of our approach

- The research has been undertaken by independent researchers **BritainThinks**, in partnership with **The Smith Institute**.
- A qualitative approach was adopted for this study, with both phases consisting of a **combination of focus groups and telephone depth interviews** with Southwark Council tenants claiming, or who are in the process of applying for, Universal Credit. We also spoke to two Peabody Trust tenants.
- Qualitative research is **illustrative, detailed and exploratory**. It offers insights into the perceptions, feelings and behaviours of people rather than quantifiable conclusions from a statistically representative sample. Owing to the small sample size and the purposive nature with which it was drawn, findings from this research cannot be considered to be representative of the views of all Southwark tenants. Much of the evidence in this report is based on participants' recall and their perceptions of the Universal Credit process. It is important to remember that even though some perceptions may not be factually accurate, **they represent 'the truth' to the participants** and, as such, are vital in understanding their attitudes and views.

Methodology



2

Key findings

Key findings

- 1** Top of mind associations with UC are generally negative, and are primarily driven by claimants' direct experiences of the transition process – specifically delayed payments
- 2** Claimants describe both positive and negative experiences of the UC application process. But, there are clear issues in terms of how quickly claimants receive payment
- 3** Delayed UC payments have put many into debt and rent arrears, causing considerable stress to individuals
- 4** Many are struggling to manage money on UC – for some it's adapting to a single monthly payment, but for others it's simply not having enough money

Key findings

5

There is a strong aversion to debt. Claimants use a range of strategies to cope financially, with many relying on friends and family (though this is not an option for everyone)

6

UC can feel like a 'one size fits' all process. Claimants with unusual or changing circumstances can find the system inflexible and challenging to navigate

7

There is a clear role for better and more joined-up support and information - it's less about budgeting and more about clarity of what UC means for individuals

3

Background attitudes towards Universal Credit

Awareness of UC is low until application – this has implications for the council dealing with effects of confusion during the transition

- Little **awareness** of, or **knowledge** about, Universal Credit (UC) until it comes to making an application for benefits
 - Tenants appear to have been unaware of the impending roll out (as do existing Housing Benefit claimants yet to move to UC)
- Low awareness can lead to errors and confusion during the application and this puts pressure on the council
 - To provide the necessary support to residents as a result
- But, having been through the application process, most tenants have a good understanding of its **key principles**
 - A monthly payment that replaces multiple benefits
 - Paid directly to the recipient

"I first heard about it when I went to apply at my local job centre, thinking it was still Job Seekers' Allowance. They told me the system had changed."

(Depth, male, phase 2)

"It's everything chucked into one basket."

(Depth, male, phase 1)

"It's just like JSA but you get it all at once, it's up to you to use it wisely."

(Depth, female, phase 1)

Top of mind associations with UC are generally negative – driven by experiences of the transition process

- Spontaneous feedback about UC centres on claimants' **problems during the transition process**
 - The application itself is particularly burdensome for those with unusual circumstances e.g. being self employed or a foreign national
 - Many report having fallen into financial difficulties as a result of lengthy delays to receiving their first payment
- Those with **previous experience claiming benefits** find the system particularly hard to to navigate
 - They are used to claiming under the previous system
 - And feel like they have been 'forced' onto UC
- Compounded by the fact that many are **facing difficult circumstances**
 - Unemployment, disability or health problems, low income
- Though **some are pragmatic** and accept that there will always be teething problems with this kind of system change

"They've got everything wrong. Everything that could possibly go wrong has gone wrong."
(Depth, male, phase 1)

"Anyone new joining would be okay and think 'great idea', but because we've been on other benefits before, that's what's upset people like us."
(Focus group, female, phase 2)

The principle is less of an issue – it is broadly accepted, though changing to monthly payments is hard for some

Most accept the principle...

- ✓ On board with the idea of **encouraging budgeting monthly** – as this mimics employment
- ✓ Moving to a monthly payment regime poses little issue for those **used to a monthly salary**
- ✓ It's nice to **have control** over your own finances
- ✓ **Simplicity** of having all their benefits in one payment

"It sounds great... I would be in sole charge of my money. In other words, it's just as if I was in full-time employment."
(HB depth, male, phase 1)

...but some are unconvinced

- ✗ Particularly those who find it difficult to budget monthly
 - Temptation to **spend** at the start of the month
 - Especially those **used to weekly/ fortnightly payments** from benefits or work
 - Dislike having control over their own rent payments
- ✗ Even those confident in their own ability to budget worry about more **vulnerable groups** e.g. those with substance abuse problems

"I find it difficult being paid monthly, sometimes I have nothing at the end of the month... I was managing fortnightly; now I've got to get my head around monthly."

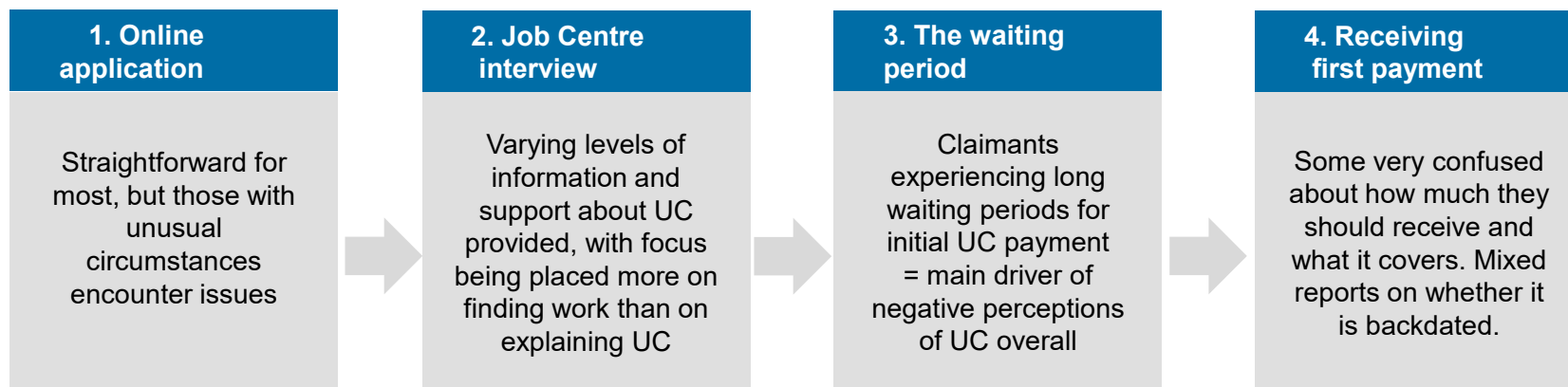
(Focus group, male, phase 1)

4

The transition process in focus

Claimants report mixed experiences at each stage of the transition process – suggesting better support and information will be key going forward...

We broke the Universal Credit transition process into stages, and asked for detailed feedback on each stage:



Stage 1: *The online application*



The online application is straightforward for most people...



- ✓ Those comfortable with **using technology** find the online application straightforward enough
- ✓ **Younger participants**, in particular, prefer applying online
- ✓ Those who aren't confident with computers generally felt they had **support**
 - From the Job Centre, friends and family, or local library
- ✓ Many find the **online account helpful** as a central point for all their information needs

"Online works well, you just have to make it work."
(Focus group, female, phase 1)

"You can access it any time you want, from a phone or tablet. That's good, rather than waiting for letters to come through. It's quicker that way."
(Depth, male, phase 2)

... but, can be frustrating for those with unusual or changing circumstances



- ✘ The application process feels designed as a ‘one size fits all’
 - **Foreign nationals** find the requirements for evidence of UK residency excessive
 - **Temporary contractors** and **freelance/self-employed workers** find it difficult to estimate future earnings, and irregular pay means contacting UC every month to adjust payments
- ✘ Some question the level of **identification and documentation** required
 - Particularly frustrating when it is seen to hold up the payment process
 - Some report issues with the online identification process (through Experian and especially the Post Office)
- ✘ Some confusion for **joint claimants**
 - Not always clear until late in the process that they need to make a joint claim
 - Instances of accounts not linking, and the joint application form can feel repetitive
- ✘ **Online management** of the account is hard for those who aren’t confident online, with learning difficulties or who have English as a second language

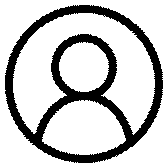
“When it came to my resident test, that’s what took a long time. When you have a different passport, that causes problems.”

(Focus group, female, phase 1)

“I’ve found it very difficult, a simple person cannot understand online. I took two days to do the online application.”

(Focus group, male, phase 2)

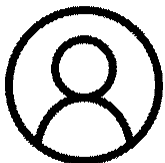
CASE STUDY: When claimants don't fit the mold



Cynthia* is a foreign national. She found the UC application process onerous and frustrating.

She felt she had to provide **unnecessary information** to apply for UC, even though she had lived and worked in the UK for over 15 years. This included: the exact date she arrived in the UK, the airport she arrived at, whether she brought any pets with her, and the number of times she has returned to Jamaica since.

"I still have my Jamaican passport, so I find it very difficult...If you don't have a British passport, it takes you ages for you to even get through."



Moira* is a UC recipient, but has found reporting a **change in circumstances** – she has had a baby – challenging. Until the baby is on the system UC won't pay out for child-related benefit. But, it was unclear how she could report the baby's due date online. She then had a caesarian which made it difficult for her to report the birth in person. UC have said they are unable to pay her until she has a birth certificate, but she is struggling to get an appointment at the council to register the birth – the waiting list is long. She's now being threatened with sanctions.

"They were going to sanction me because I hadn't entered the due date online. But nobody knows how to find it on the system, even in the Job Centre... Don't have a baby on Universal Credit!"

*Not participant's real name

Stage 2: *The Job Centre appointment*



Few criticisms of the interview process...

- ✓ Interviews are described as being **generally problem free**
- ✓ Job Centre **staff seen as helpful** and friendly in most cases
 - Especially for those with a pre-existing relationship

...but there are clear differences in the quality and level of information provided

- ✗ A clear **lack of consistency** in terms of the information being provided to claimants
- ✗ For some, particularly those who would have claimed JSA under legacy arrangements, the interview focused more on **looking for work** than it did on explaining the UC process
- ✗ A sense that Job Centre **staff are still learning** and are not fully informed about the process
- ✗ Ultimately, some left feeling confused and ill informed about **what happens next**



"It was good, actually. It was easier than for JSA...I found it easy."
(Focus group, male, phase 1)

"I felt that the people at the Job Centre didn't really know that much about it, because it was all new. It doesn't really fill you with confidence."
(Depth, female, phase 2)

"I think because [my partner] was working, they were more focused on getting his hours up so he doesn't have to rely on Universal Credit."
(Focus group, female, phase 1)

CASE STUDY: Claimants left feeling confused



Anna is currently in part-time work, but after her partner lost his job they made a joint application for UC. At her appointment, Anna felt that the Job Centre **staff focused too much on her finding another job** rather than explaining what UC would mean for her.*

Following the interview, Anna found herself unprepared for the shift to monthly payments. Nor was she expecting the delay before the first UC payment went into her bank account.

She was surprised when she went to the bank the following week to find her Child Tax Credit had not been paid as previously.

**Not participant's real name*

"They didn't mention Child Tax Credits, they don't warn you. As soon as I made my claim, all of my benefits stopped."

"Once we know it's on a set day and we know how much we're getting, we'll be fine. The problem is not knowing how much we're getting."

Stage 3: *The waiting period*



Claimants complain of long waiting periods...



- ✘ Claimants typically **waiting longer than they anticipated** for their first payment
 - In phase 1 typical waiting periods of 2 weeks to 6 months
 - In phase 2 there **appeared to be more consistent** waits, usually between 1-2 months
- ✘ Lots of **uncertainty around when** payments will start
 - While some found all the information readily available via their online account, others felt left in the dark
 - Compounded by the difficulty in getting through to the UC helpline

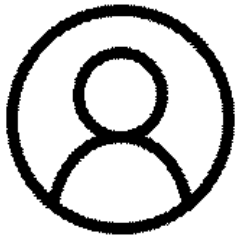
"The problem is the long waiting before it's sorted out, it's so horrible."
(Depth, female, phase 1)

... almost all cite severe financial challenges as a result

- ✘ Lack of money for rent, bills and living expenses whilst waiting for payment
- ✘ Causing high levels of **stress** and anxiety for some without means to manage
- ✘ Many claimants are **already in difficult circumstances** financially and emotionally – waiting for UC payments only exacerbates this
 - E.g. losing a job, managing on low income, health issues

"It's so scary. Some of the bills piled up, it forces vulnerable people to get into arrears."
(Depth, female, phase 1)

CASE STUDY: The impact of delayed payment



Peter was expecting his UC payment at the end of November. When it didn't come, he phoned UC and was told they had been waiting for additional information from the council. After spending one hour a day for next 10 days on the phone to UC, Peter was told the issues had been rectified and that he would receive payment shortly.*

*However, it took a further six weeks for payment to finally go through. During this waiting period Peter relied on **financial support** from his sister and also used a credit card – he knew about the UC loan, but wasn't keen on taking it. He describes it as an incredibly stressful time for him.*

**Not participant's real name*

"It was a nightmare. The UC people said they were waiting for a letter from the council and that went on for 10 days. I was on the phone an hour a day!"

"I knew about the [UC bridging] loan, but I didn't want to take it because I don't like owing people money."

Stage 4: *Receiving first payment*



For some, checking their first payment via their online account is simple and clear...

- ✓ **Notification** of when to expect first payment e.g. text message and reports of UC checking in to confirm payment received
- ✓ **Breakdown** of amounts including deductions due to advance loan
- ✓ For these individuals this is **preferred** to the previous system, as everything is in one place

... but most find their first payment confusing and it is often less than expected

- ✗ Unclear over **how much** they should receive and amount is **often less than expected**
 - Sometimes significantly reduced due to deductions for advance/ arrears
- ✗ Confusion about **what it is supposed to cover** and the **time period** it is meant to last
 - Especially for those previously in receipt of HB, not used to paying own rent/ council charges
 - Some say amount is sometimes not enough to cover rent
- ✗ Mixed reports of whether or not payments were backdated



"It's clear how much you will be paid, how much is going. Every time you can check online your account, how much you've got rent, how much is Tax Credit."

(Focus group, male, phase 2)

"It was considerably less than what we were originally told we would be entitled to."

(Depth, male, phase 2)

5

Universal Credit and money management

Mixed views on managing money and rent on UC – for those used to the previous system it's challenging

✗ Don't like the idea of managing a monthly payment themselves

- Find **paying their rent themselves** complicated - many prefer the old system of having their rent paid directly to the council and express frustration that this is no longer on offer (unless you can demonstrate significant problems in paying your rent)
- Confusion around responsibility for paying **service charges**

"You start to take £10 or £20 off it, don't pay the full rent and the council start to get on you. That's what I don't want, I just want it to go straight to the council."
(Focus group, male, phase 1)

✗ Hard to manage money **across a whole month**

- It's tempting to overspend at the start
- Particularly those who are used to weekly benefits/ salaries previously
- Concerned about **overspending** and being unable to pay rent

"It makes more sense to pay direct...I don't want arrears, the most important thing is my roof."
(Focus group, male, phase 2)

For those still on Housing Benefit, the idea of a monthly payment and rent not going directly to landlord raises concerns about missing rent payments

Others simply don't have enough money – this is driving financial difficulties rather than poor money management

- ✓ Some see value in the principle in that it **encourages responsibility** for budgeting
 - Gives a sense of control over finances
 - Especially for those who have previously had monthly salaries
- ✓ And feel they **know how to budget**
 - Paying rent is a priority as part of a wider budgeting regime
 - Typically use standing orders or direct debit to pay rent
 - Usually at the start of the month
- ✗ However, tenants come into financial difficulties because they have **less money** than they were expecting and this is compounded by the impact of the extended waiting period
 - Especially when factoring in deductions for arrears, bridging loan and paying off various debts acquired during the waiting period

"It brings some seriousness to somebody's life. You have to work out your spending so that you won't mismanage and be inconsiderate to yourself."

(Depth, female, phase 2)

"I have my account set up in that way [with standing orders]. I don't touch the money [for rent] because I know it's going out."

(Focus group, female, phase 1)

"Universal Credit makes you become responsible. I have to make that payment, the rent first. I've never done the monthly payment before but I think it's good."

(Depth, female, phase 2)

When it comes to budgeting, rent is the priority for most people who worry about losing their home

- Of all bills, most individuals we spoke to said that paying rent was a top priority - as they **worry they could lose their home**
 - The council is not seen as a soft touch here – eviction and being chased for rent are real concerns
 - And paying off arrears is a high priority when it comes to paying off debts
 - Council tax is also a high priority with some citing worries after a summons from the council
- Part of a **wider budgeting regime**
 - E.g. paying something to all bills to avoid any building up
- Although we found evidence that a **minority will prioritise other things**
 - Paying rent is lower priority for this group as they feel their landlord will not evict them

“With or without Universal Credit, the first week of the month I pay my rent.”

(Depth, male, phase 2)

“I have never missed my rent, I have never missed my council tax, I have never missed my bills. I’d rather go hungry.”

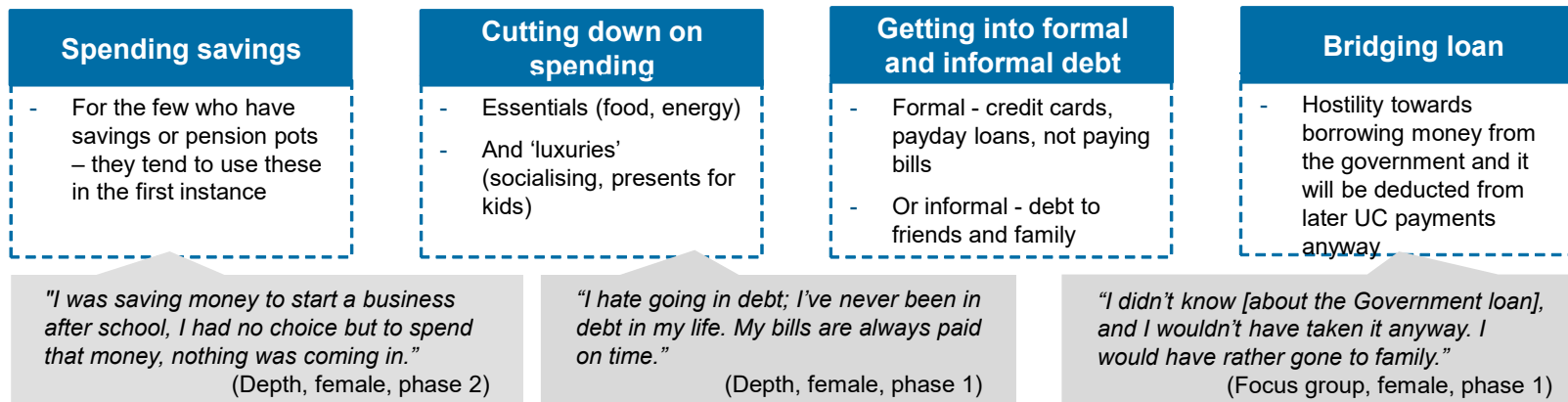
(Depth, male, phase 2)

“I would pay my house rent, but I would not pay the full amount. I would pay some other bills too, my water rate and my council tax.”

(Depth, female, phase 2)

Claimants use a range of strategies to cope financially, and there is a strong aversion to debt

- We shouldn't assume that residents are fine with getting into debt. Most were **extremely resistant to falling into debt**
- Many borrow from friends/family to avoid debt – at an emotional and financial **cost to them and their wider networks**



Arguably arrears would be even higher, if it wasn't for these coping strategies

CASE STUDY: Relying on family for support



Jacqueline is a former shop assistant who has been unable to work since January 2017 due to her disability. She has previously been on Income Support but is now on Universal Credit.*

She received a bridging loan of £400 from DWP to help during the transition period, but found that it was not enough to pay the bills. To cover the difference, she went to her parents for help.

Jacqueline is now in £3,000 worth of debt to her parents, and grateful for the help. She pays them back in regular instalments. But she feels guilty about relying on them – and does not want to have to ask for more support in the future.

**Not participant's real name*

"I had to go to my parents. Luckily they were able to help me with food and bills. I couldn't afford them."

"I can't keep running back to my parents; they're pensioners. Their money is their money".

6

Impact of Universal Credit on debt and arrears

There has been a huge impact of the switch to UC on claimants falling into financial difficulties - and particularly arrears

- As a result of: a) delays to UC payment; b) confusion around the first payment



Significant numbers falling into arrears for the first time

"I've never been in arrears in my life, I now owe over £1,000 in rent."
(Focus group, male, phase 2)



... and those already in trouble falling into worse arrears

"I was in arrears before, but it was not as bad as it is now."
(Depth, female, phase 2)

Those in debt and arrears describe significant impact on their emotional well-being

- Causes high levels of **stress and worry**
 - Many talk about dread of receiving letters from the council and concern about how they will cope with cutting back spending
- Some receiving **multiple letters** from different departments chasing payments e.g. Council Tax, Housing
 - Often comes alongside being chased for other debts like utilities and loans
- Already in **difficult times**
 - Due to health problems, unemployment and low income

"It was stressful, because you wait for 3 or 4 months without rent. They [Southwark] are chasing you."

(Focus group, male, phase 1)

"Especially when you're signed off work with anxiety and depression, and you've got eviction notices coming in. That wasn't a good time."

(Depth, female, phase 2)

"I've had more sleepless nights than you could imagine."

(Depth, male, phase 2)

Most are taking steps to pay off their arrears through formal or informal payment plans - with mixed success

- Mixed feedback on whether **the back payments** are sufficient to cover arrears when UC is eventually paid
 - Some say they are
 - Others say they are not enough to cover arrears, especially taking into account additional debt accrued during waiting period
 - Some say they did not receive a back payment
- Many have set up formal or informal **payment plans** with their landlord or Housing Officer to pay off arrears
- Some have managed to **reduce** arrears over time
- But, some are still in **severe financial difficulties** as a result of the waiting period and struggling to pay arrears as a result

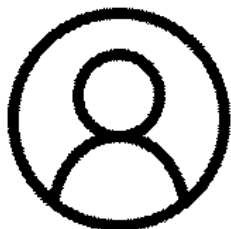
"I had to go to court to try to save my place. I gave them all the information I had from Universal Credit, and now I pay off £20 per month. Peabody are getting the full amount now, and I pay off £20 per month on top of that".

(Depth, male, phase 2)

"I got into £2,000 of arrears [during the waiting period]. Now I'm scrimping and scraping, trying to get food on my table for my kid. He's not working, so that makes it harder".

(Depth, female, phase 2)

CASE STUDY: Coping with rent arrears



Nick has been out of regular work for two years, and was claiming JSA before being referred for UC.*

*He waited five months to receive his first UC payment after his application, during which he **fell into arrears**.*

*A “system error” led to Southwark Council believing he was receiving UC when in fact he wasn’t, so it looked like Nick was intentionally avoiding rent. The council threatened Nick with court proceedings over **rent arrears**, which led him to take out a payday loan. He’s still paying back the payday loan and says he has very little money leftover to live on.*

**Not participant’s real name*

“I nearly lost the roof over my head, just because of Universal Credit.”

“I would prefer for my rent to be paid and receive no money at all, it would be less stressful.”

7 Information and support provision

Significant demand for support throughout the application but less about budgeting and more about clarifying what UC means for them

- There is some desire for help managing spending but, the overwhelming demand is for better information about what UC and the transition period will mean for them:

How much can I expect?

"I'm very prudent with money... I just wanted to know when it was going to be sorted out. I can manage my own money."
(Depth, female, phase 1)

When can I expect it?

"They didn't say how long, or when I'd get my first payment, or how much I'd get. It was just 'deal with it'. I thought, I need to know, because I've got bills to pay."
(Depth, female, phase 2)

What does it look like?

"[I would like] a letter with a breakdown. We know how much our rent is, but when you're on benefits you don't pay the full rent, just a portion."
(Focus group, female, phase 2)

Despite clear avenues for support and information, help provided is often inconsistent and inadequate

Job Centre staff are friendly but info provided is inconsistent

- Job centre staff are thought to be still learning the ropes
- And too much focus on looking for work (as opposed to what UC will mean for claimants)

"[Job Centre staff] are pretty much irrelevant now, which makes it more stressful for me. I can't get the help I need."
(Depth, male, phase 1)

The UC hotline is very problematic

- Hard to get through to and expensive
- Claimants report usually speaking to a different person and say people at the call centre often just direct them to the journal

"The UC people said they were waiting for a letter from the council and that went on for 10 days. I was on the phone an hour a day!"
(Focus group, female, phase 2)

The UC journal chat function is slow to respond

- And for those who aren't confident online or struggle with writing and reading it can be difficult to use
- And it's impersonal – speaking to a different person every time

"Nobody reads your journal properly. You tell them what's going on and 3 days later, nobody's read it."
(Depth, female, phase 2)

Limited use of Citizens Advice

- Few aware of this avenue
- Some have a sense that there is little that they can do to help (including those who have been to Citizens Advice)
- But for those who have used this it has been helpful

"It's good, they helped me. So far it's made a difference."
(Focus group, female, phase 2)

Avenues for support are perceived as not joined up and impersonal - this causes unnecessary stress for claimants

- ✘ An expectation that UC, the council, and the Job Centre should be better informed and communicate with one another
 - Support from UC feels more inflexible and overly-centralised than for other benefits
- ✘ Departments within the council are also not seen to be well linked up
 - Claimants expect the council tax service to know when they are waiting for UC and not send letters chasing payment and vice versa
- ✘ Speaking to a different person every time is frustrating
 - Those transitioning from the old system are used to having a personal contact (e.g. at Job Centre)
- ✘ The result is a lot of stress for claimants, at an already difficult time
 - Being passed from pillar to post is frustrating and letters chasing payments are very concerning

"I want a person. I know you have to queue up – there's nothing wrong with that. But it was all disjointed; there's never a common number or a common person."
(Focus group, male, phase 2)

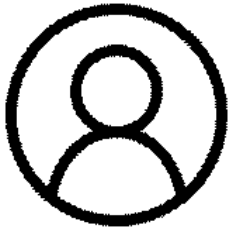
"They need to have an understanding that the UC process takes six weeks, and in that six weeks the claimant has no income at all. So there's no point in sending them out letters to say they're in arrears."

(Depth, female, phase 2)

"When you're signed off work with anxiety and depression, and you've got eviction notices coming in. That wasn't a good time."

(Depth, female, phase 2)

CASE STUDY: Problems with UC hotline and support



Ben is a single parent with a young daughter. Being dyslexic and unable to use a computer, he struggled a lot with the UC application process and had several issues with his claim.*

At one point Ben had no phone so would have to use a public telephone box to contact UC. He complained heavily about having to spend hours there waiting to get through with his daughter.

Already struggling financially, after he got a mobile phone he then had to spend £20 each month on credit just so he would be able to contact the UC hotline.

When he did get through to UC advisors he was advised to borrow money from friends or family, something he was unable to do. He had already taken out a bridging loan and had to supplement it with several pay day loans. These debts now total £2,800.

"I'd sometimes stand in that phone-box in the rain. I had to get through to get my money."

"I was told on the phone, haven't you not got an auntie, uncle or family to borrow money from? But I've not got any family around."

A burden is being placed on the council to support claimants as a result – mainly through Housing Officers

- When other avenues fail, many claimants are turning to existing relationships for support – including Housing Officers
 - Also other landlords and Job Centre staff
 - Housing Officers are seen as very helpful and supportive by claimants
 - But, this is ultimately putting additional cost and burden on the council
- Housing Officers are spending extensive time giving support
 - General support with the UC application including contacting UC on the claimant's behalf
 - And with arrears e.g. setting up payment plans
 - Especially as understanding of arrears is often low so claimants are reliant on others' knowledge to help them navigate

“My Housing Officer is sympathetic – she says if you can't pay, let her know. Don't just go into arrears. She's done that a few times... I pay in instalments and we have an agreement.”

(Focus group, phase 2, female)

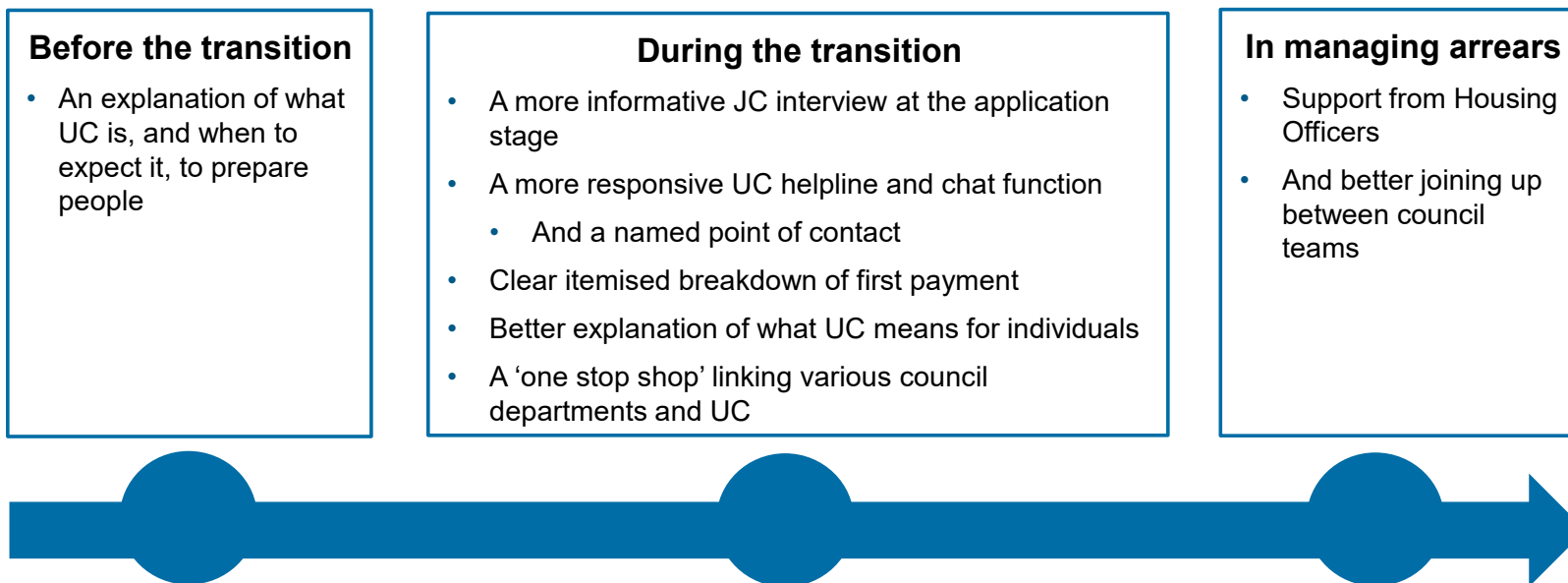
“I got in touch with the landlord, they were quite helpful, told me not to worry about it.”

(Depth, male, phase 2)

“My rent officer has been so helpful with regards to how you pay your rent... she advised me to set up a direct debit or a standing order as soon as possible.”

(Focus group, phase 1, female)

There is a clear role for better and more joined-up support and information



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Reflections and implications

What have we learnt?

- The research has shown that the principle of moving to UC is less of an issue (though it is problematic for some) than the **process itself**
- Participants in this research almost universally have **experienced financial hardship** as a result of transitioning onto UC; notably as a result of the **significant delays** to payment
- The impact this has on claimants' ability to pay their rent is significant – with tenants falling into **arrears**, or into **worse arrears**
- It is hard to ascertain the extent to which negative attitudes towards UC will change over time - with views often **coloured by recent difficulties** with the transition process
- The findings have significant **implications for the council**, but also the **wellbeing of the individuals** themselves, many of whom have desperate personal stories to tell

What might this mean for social landlords?

- There is a clear role for **better and more joined-up support** and information
 - Before the transition, during the waiting period and whilst in arrears
- There is a sense that the organisations involved in delivering UC are not **working together** as well as they could
 - UC, the council, Job Centres, Citizens Advice
- **Housing Officers** are providing one of the key support mechanisms for those transitioning onto UC, and supporting claimants in managing rent arrears. In addition to the cost of the arrears themselves, this will be causing a significant increase in their workload and wider strain on council resources
- It will be important to understand how quickly **rent arrears are being re-paid**, and the implications for claimants managing debt repayment (especially given the emotional strain associated with being in debt)

