

Universal Credit and rent arrears

Analysis of repeat respondents to NHF survey over autumn 2021

April 2022

Summary

This note presents analysis of 27 organisations who provided monthly data on total tenancies, Universal Credit claimants, and arrears from September – November 2021.

Results show that tenants who receive Universal Credit are more likely to be in arrears and carry higher average arrears (for those in arrears) compared to households paying rent by other means such as housing benefit and income from employment. Our analysis shows that numbers of Universal Credit claimants are rising, on average, with a resultant increase in total arrears being carried. Average arrears (per tenant in arrears) is a more mixed picture. Averages arrears for tenancies paid using Universal Credit rise and fall over the three time points and consistently rise for those paying by other means. Arrears as a percentage of rent due shows a similar picture.

Generally, arrears for both Universal Credit tenancies and those paying by other means appear to be relatively stable across the three months we have data. There are early signs that average arrears are rising slowly for tenancies paying by other means.

We will be repeating the survey in March 2022, which will allow us to compare whether this situation is continuing.

About the research

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

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

We wanted to understand how people were managing day-to-day living costs and the financial stability of the sector, as well as how the Universal Credit system coped during the coronavirus crisis. This has since been extended to understand how changes to the Universal Credit system, alongside the end of furlough, has impacted rent collection.

The survey used questions from our previous quarterly survey to allow us to compare against previous years. For each monthly survey, we asked housing associations to give us data relating to the last day of the month. We asked for data relating to occupied general needs tenancies only.

Our intention from these surveys was to gather information from the same organisations to explore trends in the data. This report summarises results from 27 housing associations who completed each data point on monthly surveys from September to November 2021. Thank you to everyone who submitted data.

We have not gone back to organisations to check submitted data. This means the data is less robust than in our published report from April 2021, [Universal Credit in a time of crisis](#).

Claimant numbers

Figure 1 shows that around a third of tenancies are claiming Universal Credit. While this is substantially higher than pre-pandemic, for the 27 organisations there has been a small increase in Universal Credit claimant numbers set against a steady increase in occupied general need tenancies.

From September to November, occupied general need tenancies increased by 1.3%, with a 1.0% increase in the number of tenancies paid by Housing Benefit or other income. Tenancies paid using Universal Credit increased by 1.8%.

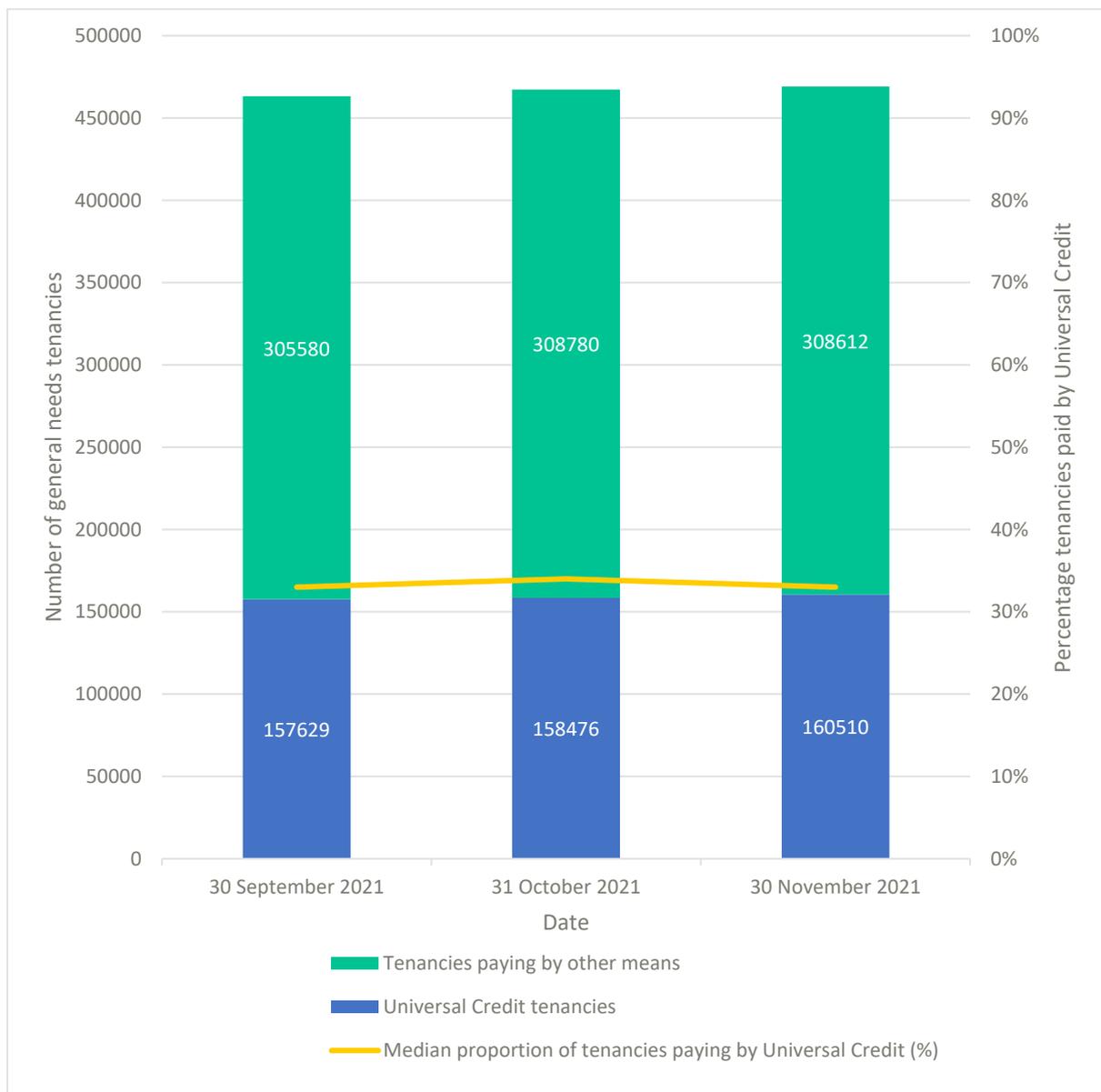


Figure 1 Total occupied general need tenancies over time and payment method

Tenancies in arrears

Figure 2 below shows that people paying with Universal Credit are more likely to be in arrears than those paying by other means. For tenancies paid using Universal Credit, this has risen only slightly from September to November 2021, from 58% of tenancies in arrears to 60% (with a drop to 55% in October).

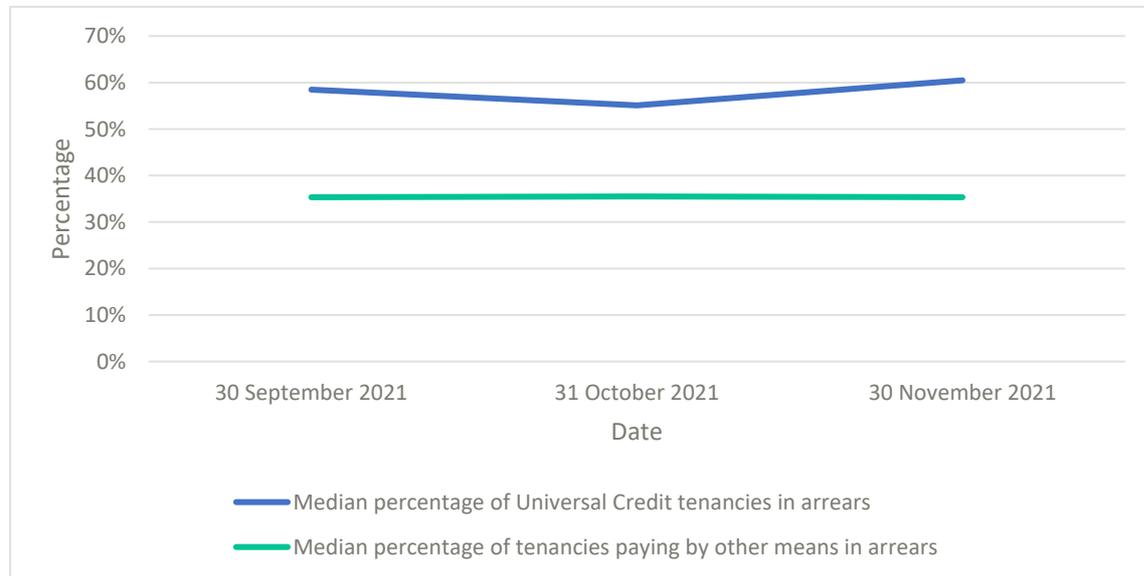


Figure 2 Median percentage of general needs tenancies in arrears by payment method

Amount of arrears

Figure 3 shows the total arrears being carried by all 27 organisations by payment method. Despite only 33-34% of tenancies paying with Universal Credit they account for between 56-58% of total arrears.

When looking at the average arrears for households in arrears shown in Figure 4, median figures for all 27 organisations show that Universal Credit tenants have higher average arrears (from £609-634) compared to those paying by other means (£313-339).

Average arrears for tenancies paying by other means appear to be rising over time (increasing 8% from September to November 2021), but we would need more time points to know if this is a general trend.

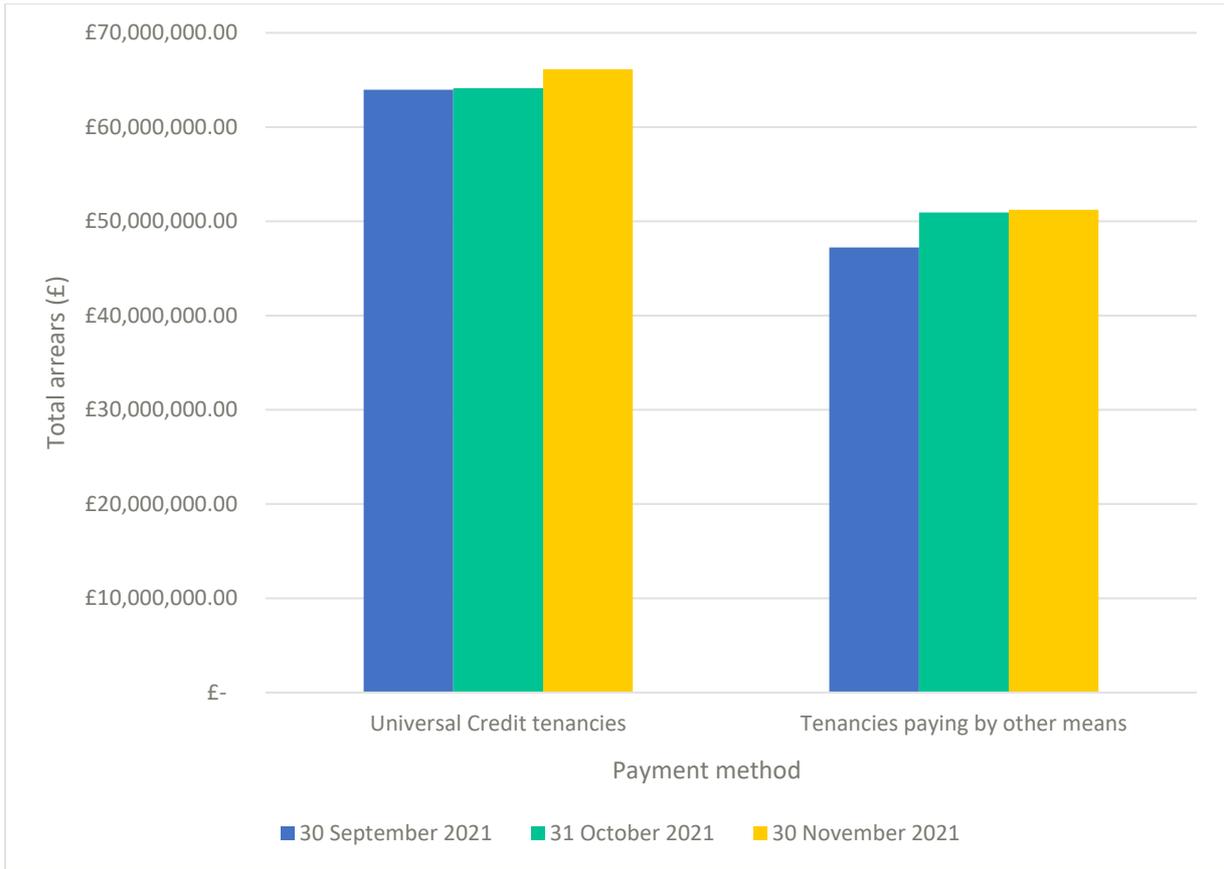


Figure 3 Total arrears by payment method over time

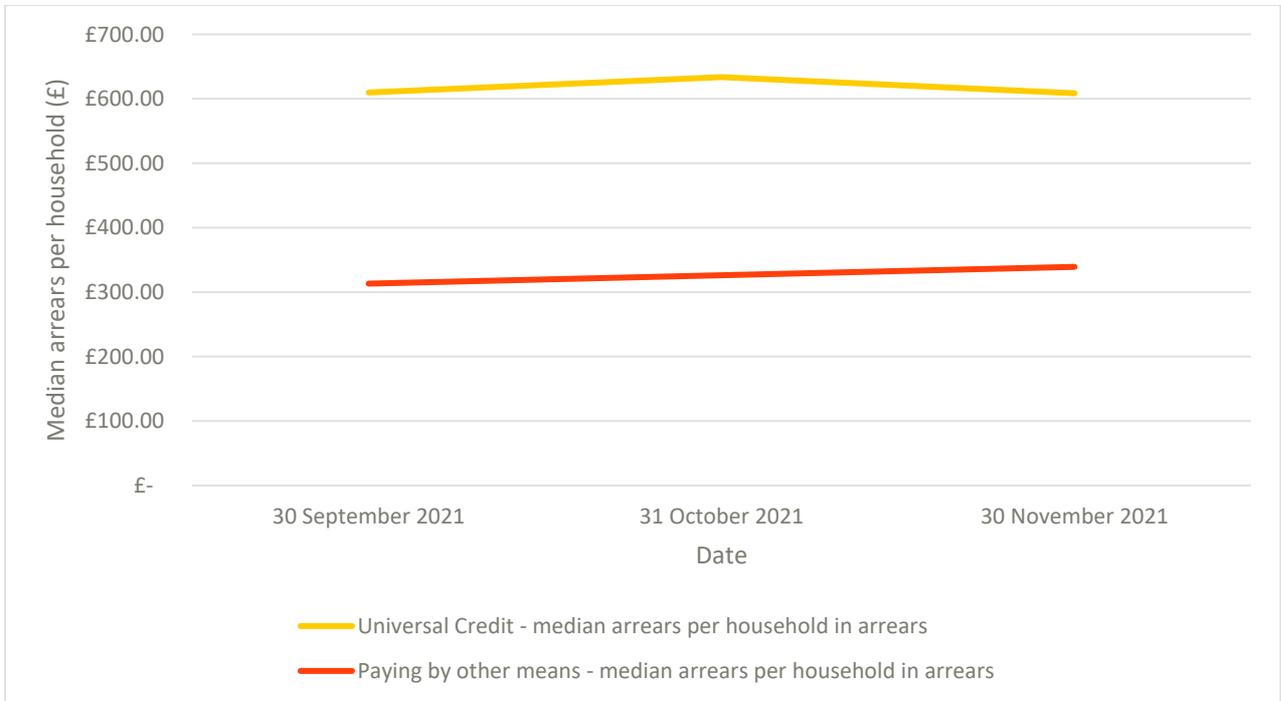


Figure 4 Average arrears per household by payment method over time (median for 27 organisations)

Arrears as a percentage of rent due

Figure 5 shows arrears as a percentage of rent due, which most housing associations use as a measure of income collection. The picture here is generally stable.

As would be expected, given extent and amount of arrears, households paying with Universal Credit are more likely to owe more of their annual rent than households paying by other means.



Figure 5 Arrears as a percentage of rent due by payment method over time (median for 27 organisations)

Conclusion

Based on available data, the end of furlough and reduction in Universal Credit did not have an immediate, dramatically worse effect on levels of arrears carried by households. While Universal Credit claimant numbers are rising, this is not steep. There is evidence of a slow increase in total arrears, including an increase in average arrears for households paying by other means. This will need monitoring through repeat surveys.

As has previously been found, households paying by Universal Credit are more likely to be in arrears and have higher average arrears than households paying by other means. This is concerning given the managed migration of legacy benefit claimants to Universal Credit.

The National Housing Federation will continue to repeat this survey on a quarterly basis to track claimant numbers and levels of arrears.