The Impact of Universal Credit

Examining the risk of debt and hardship among social housing residents

2019

Contents

Executive summary

Peabody supports people living in our homes so they can make the most of their lives. To do this effectively, we need to understand the impact of Universal Credit on our residents. This is why we have undertaken further research and statistical analysis to test if there is an effective benefits system that helps people into work and protects people from poverty.

Key findings

We have found that the current system of bringing people onto Universal Credit is flawed and increases the risk of debt and hardship for social housing residents.
Our key findings show:

- 76% of claimants on Universal Credit are behind on their rent payments, with just 24% not in some form of rent arrears.
- About one third of our residents on Universal Credit are in arrears of more than 8 weeks' rent, which is the amount required for a court to grant a mandatory eviction. They are 3 times more likely to be in this position than other benefits claimants.
- Despite policy concessions to improve the system, Peabody residents transitioning onto Universal Credit still experience spikes of arrears, which remain elevated over the long term.
- Alternative payment arrangements fall short of their goals. There is no significant difference in arrears status between those who had housing paid directly to the landlord and those who did not. This suggests alternative payment arrangements are being introduced too far down the line and that the five-week waiting period is the primary driver of rising arrears.
- There is a high rate of hardship among social tenants claiming Universal Credit. Thirty percent of Universal Credit claimants have had to go without essentials in the month prior to this study. The most common of these is food. Fourteen percent of our respondents have visited a foodbank since claiming Universal Credit.
- Those who are unable to work due to a disability or long-term illness are at particular risk for hardship. Our analysis shows they are more likely to go without essential items such as food, clothing or heating. This underlines how Universal Credit is not protecting the most vulnerable from poverty.
- There are significant administration and communication issues. This has left many claimants unable to plan their finances, and deductions from Universal Credit payments have left Peabody tenants on UC with an average of £330 per month to live on.

Conclusions

Our findings illustrate how the current system is not working and that recent reforms have not gone far enough. Many residents, especially those unable to work due to disability, are facing ongoing hardship. It is not simply a short-term cash-flow problem. Among our tenants, arrears spike by 28% in the first six weeks after joining Universal Credit, and these continue to stay elevated over the longer-term. Reducing the waiting period to two weeks could reduce the risk of residents falling into substantial arrears.

We also know that under the current system, some applicants can find themselves worse off than they were under the legacy system. For many, their award entitlement doesn't give them what they need, and any advance loans simply paper over the cracks. Peabody has encountered numerous examples of residents who find themselves in hardship. When their loan repayments or other clawbacks are accounted for, they find their Universal Credit is too low for them to afford basic necessities. We have included anonymised examples of residents encountering issues like these throughout this report.

Of particular concern are the experiences of some of the most vulnerable households who live with long-term health conditions and disabilities that mean they will never be able to work. We have found they are suffering substantial and unacceptable hardship on Universal Credit. Our residents' experiences show that there needs to be a re-evaluation of award entitlement and deductions to ensure people can get by, rather than using loans as a stopgap measure that results in unnecessary debt.

Our findings underline that as more vulnerable households are set to be impacted through "Managed Migration" in the coming months, now is the time to make meaningful changes to address these problems before more people are affected by the wider the roll-out of Universal Credit.

KEY STATS

76% on UC behind in rent.

30% without essentials.

14% visited a foodbank since claiming UC.

1/3rd owe more than eight weeks rent.

£330 average per month to live on.

Background

Universal Credit (UC) is one of the most substantial overhauls in the history of our social security system. The policy aims to simplify how benefits are calculated and paid by bringing together six existing "legacy" benefits for low-income households into one payment. This consolidation intends to more easily adjust payment amounts as people come into work, aiming to ease people into work that pays. Its role is also to protect from hardship those who are not able to work. After its introduction as part of the Welfare Reform Act 2012, UC has been rolled out gradually in stages. Once this roll out has been completed, an estimated seven million families will receive the new benefit, accounting for about £60bn of spending per year[1].

Almost one in four homes in London are in social housing. As one of the UK's largest social landlords, Peabody has over 5,000 general needs households currently making a UC claim, and a further 300 residents a month on average transfer to UC. So far UC claimants have transferred through "natural migration," meaning they are either new benefits claimants or have experienced a change in circumstances that would affect their existing benefit. Peabody has a fundamental interest in understanding the impact of UC on our residents and their ability to live fulfilling lives free from hardship.

Previous research conducted by the Smith Institute on behalf of Peabody and the London Boroughs of Southwark and Croydon in October 2017 found that UC was associated with growing rent arrears. It also showed that tenants on average accrued arrears for the first 13 weeks of the claim before starting to pay this down[2]. After this research was published in 2017, the then-Prime Minister Theresa May announced some major concessions to UC in the 2017 Budget. These took effect from January and April 2018. The main changes included:

- reducing the waiting period between application and first payment from six weeks to five weeks,
- ensuring those already claiming Housing Benefit continue to receive it for two more weeks after starting their UC claim, and;
- increasing advance loans from 50% to 100% of the monthly award amount. The maximum repayment schedule for these loans was also increased from six to 12 months.

Despite the changes, in December 2018 we identified that delays for new claimants meant an estimated 100,000 children were living in families who were at risk of having no money over Christmas[3]. This came at a time when Peabody reported that 70% of our tenants had no savings, and many have been forced to use food banks or payday loans to cope with a cash crisis[4].

The roll-out of UC has since slowed down despite the goal of having full implementation of UC by December 2023. This slowdown took place in the preparation period for "managed migration," a process of intentionally transferring claimants of existing benefits as opposed to it being triggered by a change in personal circumstances. The beginning of managed migration in July 2019 was an important point in the roll out of UC and an appropriate moment for Peabody to undertake further research to understand the impact of UC on our residents.

Research approach and aims

Our research aims were:

- to explore the financial circumstances of those claiming UC, including arrears and personal debt.
- to investigate possible drivers of financial trends among UC claimants, including the impact of policy concessions like the move from a six to a five week waiting period.
- to explore the experiences and impact of UC on claimants.
- to identify recommendations to reduce the risk of debt and hardship for social housing residents.

We used two main research strategies:
1) a structured telephone survey of 1,000 Peabody tenants who claim UC and

2) quantitative analysis of our own arrears data.

This involved undertaking statistical analysis using regression models. This tool enabled us to understand relationships between variables by analysing the level of influence some measures have on the outcome of interest. Further information about our methodology and data analysis is given in the technical appendix.

[1] https://researchbriefings.files.parliament.uk/documents/CBP-8299/CBP-8299.pdf
[2] http://www.smith-institute.org.uk/wp-content/uploads/2017/10/Safe-as-Houses.pdf
[3] https://www.theguardian.com/society/2018/nov/25/over-100000-children-in-uk-at-risk-of-christmas-hardship
[4] https://www.peabody.org.uk/media/12916/peabody-index-2018.pdf

Financial hardship among Universal Credit claimants

Current arrears

The majority (76%) of Peabody's residents claiming UC are behind on their rent payments (i.e. in rent arrears), and are about 10% more likely to be at risk for arrears than Housing Benefits claimants. While both groups have a high proportion of claimants in arrears, the value of arrears is much higher among UC claimants. Across all UC claimants (including those not in arrears), the average level of monetary arrears for those claiming UC is £938, almost 6 times greater than those on Housing Benefit. While we encourage tenants to pay rent ahead, it is standard for rent to be paid in arrears. We did not analyse the percent of those who pay ahead versus in arrears at any given time, however the difference in arrears between groups is striking. Table 1 shows the number of general needs residents on Universal Credit and Housing Benefit.

Table 1. Snapshot of basic current average arrears among Peabody residents

	Universal Credit claimants (June 2019)	Housing Benefit claimants (March 2019)
1. Number of residents	5,092	15,926
2. Average arrears	£938	£162
3. Average arrears for those in arrears	£1,350	£515
4. Proportion in arrears (%)	76%	69%

Our analysis of age groups by decade showed that younger people are up to 11% more likely to be in arrears than older people. We found that this trend occurs across adulthood. Among younger adults, this is also likely to be impacted by age-related levels of UC basic allowance which are £251.77 per month for single claimants under age 25 and £317.82 per month for those over 25 years. Employment status also impacts arrears. Not surprisingly, people working full time are more likely to have lower arrears.

As Figure 1 shows, UC claimants are often falling behind on their rent. About one third of them (33.5%) have arrears exceeding 8 weeks[5], making them about three times more likely than those on Housing Benefit to be in arrears exceeding the level required for a court to grant a mandatory eviction. Of Peabody tenants claiming UC, 23% have arrears exceeding £1,500 compared with just 4.8% of those on Housing Benefit in comparable levels of debt. Arrears over £1,500 account for 76% of all the rent owed by UC claimants.

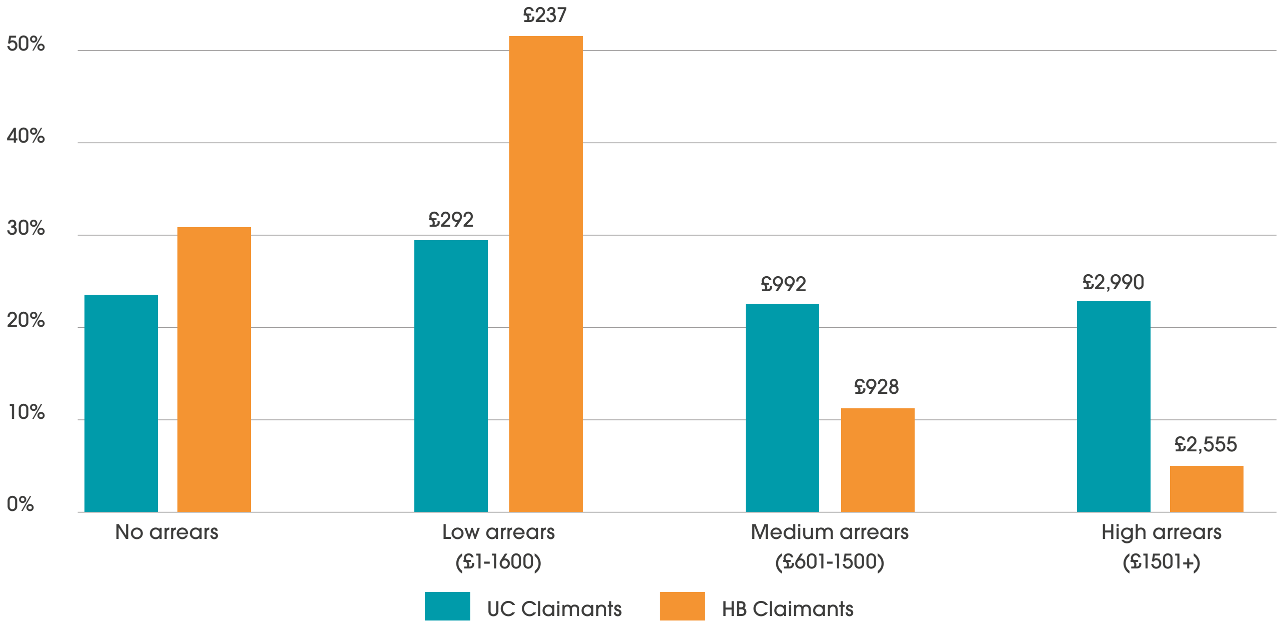
Our analysis of arrears data does not take payment schedule into account, so we conducted further tests to investigate arrears changes over the five week waiting period.

Key finding:
Peabody residents claiming Universal Credit have drastically higher levels of arrears than other residents (average £1,350 among those in arrears), and just 24% not in some form of arrears.

Key finding
About one third of our residents on Universal Credit have arrears equating to over eight weeks' rent. This is the amount required for a court to grant a mandatory eviction. They are three times more likely to be in this position compared to other claimants.

[5] Based on an average weekly rent of £127.48 for Peabody Universal Credit claimants

Figure 1. Distribution of arrears level and average arrears within group for Universal Credit and Housing Benefit claimants



Peabody is committed to sustaining tenancies and will only evict residents for rent arrears as a last resort. However, our evidence suggests that UC is putting growing numbers of residents at risk of serious hardship, with many meeting the eviction thresholds determined by government legislation. It is unlikely that these individuals have savings to see them through between application and first payment. We know from our previous research that 70% of residents have no savings to fall back on[6], and we found that high arrears were associated with elevated personal debt. The next section explores the personal financial situation outside of rent arrears of Peabody tenants who claim UC.

> "I had mis-payments and then overpayments so now this has put me in debt causing me stress and anxiety."

Key finding
Forty-five percent of Peabody residents claiming UC have some level of personal debt, excluding arrears. Of them, 61% have experienced increased debt since coming on to Universal Credit. Among those in debt, the average debt is £3,757, with 4% of all UC claimants in personal debt over £10,000. This suggests that rather than acting as a safety net, UC is leading to increased hardship.

Personal debt

We explored the types of debt taken on by Peabody tenants since transitioning to UC and found that many are struggling to keep afloat financially. Forty-five percent of Peabody residents claiming UC have some level of personal debt excluding rent arrears. Of them, 61% reported they have gotten into worse debt since coming on to UC. The most common types of personal debt are household, such as debts for fuel, water, gas and electricity (19%), overdraft or credit card debt (14%), and council tax debt (12%).

While most respondents had a single form of personal debt, 27% of those in debt had two forms of debt, and 8% of those in debt had three or more forms of personal debt. Among those in debt, the average debt was £3,757, representing 17% of the annual income of London social housing tenants[7]. Four percent of Peabody UC claimants have personal debt over £10,000.

> "Even though they had all of the paperwork, they accused my husband of working more than he was. We never got the full refund for this and it left us with some debt."

> "I am more and more living off credit cards and getting more into debt."

[6] https://www.peabody.org.uk/media/12916/peabody-index-2018.pdf
[7] https://www.peabody.org.uk/media/13625/the-peabody-index-understanding-the-employment-and-disability-pay-gap-in-london.pdf

What is driving these trends in financial hardship?

The five-week waiting period

Universal Credit began with a six week wait between making a claim and receiving the first payment, leaving many applicants for a month and a half without income. Following a broad concerted effort to reform the approach and Work and Pensions Committee Report[8], this waiting period was reduced from six weeks to five weeks in January 2018. This change was made with the intention of easing the impact on arrears and personal debt. To see if this change was effective, we analysed arrears trends over time for UC claimants grouped by their starting date. As shown in Table 2, Groups 2, 3 and 4 began claiming UC after January 2018 and were subject to a 5-week waiting period. Group 1 began earlier and was subject to the previous 6-week waiting period.

Our data shows an average 28% spike in arrears occurs over the initial period after applying for UC and remains elevated, suggesting that the arrears are not simply the result of a short-term cash-flow problem. Rather, our data suggest that the five week waiting period puts people in financial hardship that is difficult to recover from and may put them at great risk for taking on personal debt.

Table 2. Arrears by start date group on Universal Credit from April 2017 onwards[9]

Universal Credit Start Period	Average arrears six weeks before UC flag	Average arrears six weeks after UC flag	Percent increase	Average current arrears (May 2019)	
Group 1: Pre-January 2018	£841	£1,005	19.5%	£838	Six-week waiting period
Group 2: January – June 2018	£728	£894	23%	£893	Five-week waiting period
Group 3: July – December 2018	£733	£966	32%	£1,009	Five-week waiting period
Group 4: January – May 2019	£771	£1,035	34%	£961	Five-week waiting period
All Groups:	£770	£984	28%	£938	

[8] https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/336/33603.htm#footnote-023

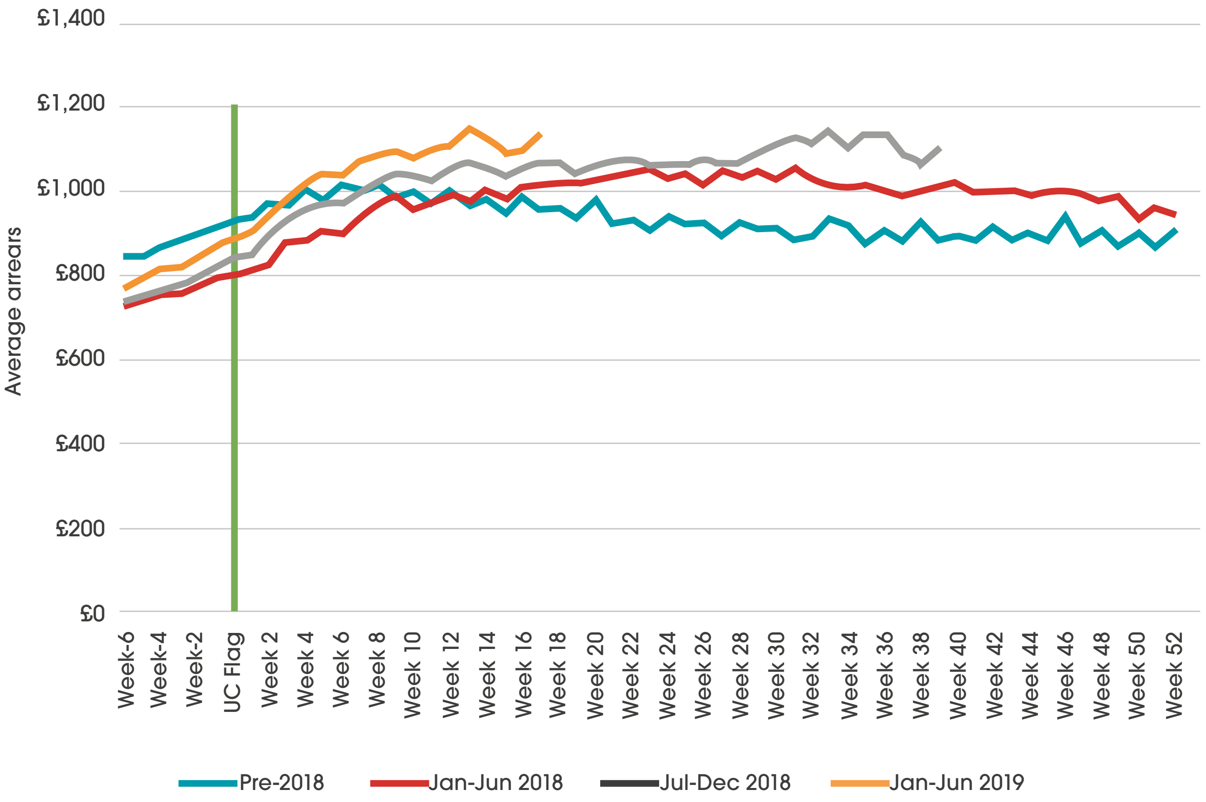
[9] Uses a 4-week average of account balance.

Table 2 shows that, across all groups, there is a consistent increase in average arrears from the beginning of the period in question to the end. These elevated arrears do not reduce near to baseline level over the middle-longer term (with the exception of the Group 1, the smallest cohort, who started on Universal Credit before the wait reduction).

Our statistical analysis showed no clear pattern of difference in arrears between groups, regardless of UC start date. This analysis also showed that transitioning to UC consistently increases arrears despite policy concessions in the 2017 budget. Reforms have not helped reduce residents' arrears or protected them from hardship.

Additionally, we mapped out the arrears of each group over time, beginning with six weeks before the UC status of the resident was flagged with Peabody.

Figure 2. Average weekly payment pattern for Universal Credit claimants



There does not appear to be an association between the introduction of policy concessions and when people joined UC and paying off arrears more quickly. Figure 2 shows a substantial spike in arrears across all groups (from £765 to £1,128 on average) immediately after going onto UC. This represents an increase of three weeks of rent arrears[10] during the waiting period. These higher arrears remain elevated in most groups. While there may be a long-term trend of paying down arrears after this spike, our data has yet to show this consistently or conclusively.

Our analysis of survey data indicates that the types of individuals who transfer to UC are already at an elevated risk of indebtedness and hardship. This is not surprising considering that UC is intended as a safety net for those with financial difficulty and a recent change in circumstances. However, it is extremely concerning that transferring to UC evidently erodes their ability to manage their rent payments for a prolonged period.

[10] Based on an average weekly rent of £127.48 for Peabody Universal Credit claimants.

Key finding
Peabody residents on Universal Credit continue to experience spikes in arrears during the waiting period between applying for Universal Credit and their first payment. Reducing the waiting period from six weeks to five has not helped as arrears still have over one full rent cycle to accumulate. The amount of rent they owe remains elevated over the long term, suggesting that a drastic reduction in the waiting period is needed to prevent the original spike in arrears.

Operational issues in Universal Credit administration

Once the waiting period is over, we have identified that UC claimants are then part of a system subject to administration and communication issues. This has left many claimants unable to plan their finances. The majority of our tenants who claim UC reported some type of issue claiming UC, with the most common issues being mis-payments, payment delays and issues communicating with the Department of Work and Pensions (DWP). About one fifth of respondents experienced multiple issues.

"Payment delays for up to six months caused me to be in over £3,000 in rental arrears."

"They missed rent payments a number of times which has caused me to fall into rent arrears."

"When I was initially putting in my claim, I had to contact all my utilities and let them know the payment delays were due to the delayed UC payment, I started to quickly get into rental arears and arrears with my bills because the claim process took too long to be approved."

"The initial five week waiting is too long to wait when you're unemployed, and it has now caused me to be in arrears with my rent payments."

In response to open-ended questions, our tenants expressed widespread frustration with changes in UC payment amount month to month. They reported both overpayments and underpayments as clawbacks for the original overpayments. Communication from the DWP accompanying these fluctuations has either not existed or confused things further, leading to difficulty planning for monthly expenses.

Deductions from UC payments for advance loans, mis-payments and rent have left respondents with an average of £330 per month to live on. Much of the frustration was centred on the online portal for UC. While some claimants are able to manage over the phone, this is not the standard method. Conceived as a "digital-by-default" option, UC is usually applied for online. This model assumes a level of digital access and literacy that is not attainable for all UC claimants.

"The payments go up and down. My situation has not changed but the payments have changed."

"My information was mixed up with someone else's and I missed out on money that I am still owed."

"They changed the statement and reduced my payments without letting me know. it's such a mess. They wouldn't back date the rent which left me in rent arrears."

"They stopped my claim, then reduced my payments without telling me. The communication side of things were extremely difficult."

Assistance

There is assistance available from a variety of sources to help navigate the difficult transition from legacy benefits to UC or to UC from no previous social security.

Our survey showed that 28% of Peabody tenants claiming UC received some sort of assistance navigating the application or payment process. Most of these claimants received advice from Jobcentre employees, Citizens Advice, or friends and family. While 76% of people receiving assistance found it helpful to an extent, it was not seen as a cure to UC issues. Seeking help from resources such as JobCentre Plus or Citizens Advice in applying for Universal Credit was associated with lower debt. However, given the issues we have found regarding mis-payments and communication it appears the need for assistance would be better addressed through a more streamlined, accessible application and payment system.

Key finding
Unpredictable overpayment and underpayment, coupled with lack of effective communication standards, has prevented many UC claimants from being able to plan for monthly expenses including rent payments. Improving communication around payment processing will help with planning and reduce the likelihood of falling into arrears.

"As an older person I just needed a bit of help especially as it was online."

"The online application process was very difficult to me as I have no internet and this resulted in a delay of payment."

"I really struggled with the online aspect of things. I required help navigating the site but thankfully my daughter was able to help me with this."

"The questions were not totally clear on the online application and there wasn't anyone available to help."

Wider impact of these issues on our tenants

Hardship and struggling

The waiting period and other issues in UC administration have led to increased financial hardship, as discussed above. This financial hardship translates into practical hardship, and many UC claimants have been going without the bare essentials. Our survey asked about items identified by the Joseph Rowntree Foundation[11] as critical to a minimum living standard including food, heating, lighting, clothing and essential toiletries.

Thirty percent of Peabody tenants (304 of 1,000 survey respondents) claiming Universal Credit went without one or more essential items in June 2019. Fifty-seven respondents went without all five of the essential items. The most commonly lacked item was food, with 19% of UC claimants forgoing food in the past month. Seventeen percent reported going without clothing or footwear, and 13% lacked basic toiletries. Surprisingly, going without these items did not have any association with confidence in ability to pay bills, reflecting priorities in keeping up with rent and some utilities over food or heating. This inconsistency might be further investigated through qualitative interviewing or independent study.

Survey respondents who were disabled or in ill health were more likely to experience hardship by going without essential items such as food, clothing or heating. Because of their disability or ill health, these claimants have limited options for income and therefore heavily rely on the UC system. This highlights the need for more investment in the system to help the most vulnerable who have otherwise dropped out of the economically active population.

However, even among UC claimants who have jobs, the reality of working life is defined by low rates of pay. Only 7.5% of Peabody tenants who claim UC earned above the Real London Living Wage. Job contracts were unstable with just 24% of our tenants claiming UC work part-time or full-time with predictable fixed hours and 21% work with zero hours or minimum hours contracts. This widespread job instability, together with unpredictable payment deductions and final monthly payment amounts makes managing money difficult. In addition to a reduction in the waiting period, UC claimants would benefit from twice-monthly payments that reflect their working realities.

> "I struggled to pay for essentials such as gas, electricity and food. I then had to get a hardship loan due to not being able to pay for food, so now they take it out of my monthly allowance leaving me with little to no money."

Foodbank use

High rates of food destitution are reflected in the similar rate of foodbank use among our tenants who are claiming UC. 14% of respondents have used foodbanks since claiming UC, with 10% of UC claimants who had only ever used a foodbank since claiming UC. This is an issue across the UK, as this finding echoes research and advocacy by the Trussell Trust finding spiking foodbank use in areas that have had UC rollouts[12].

Higher debt was linked with a greater likelihood of accessing a foodbank. There was also an association between receiving an advanced payment and accessing a foodbank. Although this association fell just short of significance, it indicated the deductions made from those who took advanced payment led to payments too low to afford food.

Key finding

There is a high rate of hardship among social tenants claiming Universal Credit. Thirty percent of UC claimants have had to go without essentials in the month before this study. The most common of these was food, and 14% of our respondents have visited a foodbank since claiming UC. Disability and associated unemployment are leading factors contributing to destitution.

[11] https://www.jrf.org.uk/blog/what-destitution

[12] https://www.trusselltrust.org/what-we-do/research-advocacy/universal-credit-and-foodbank-use/

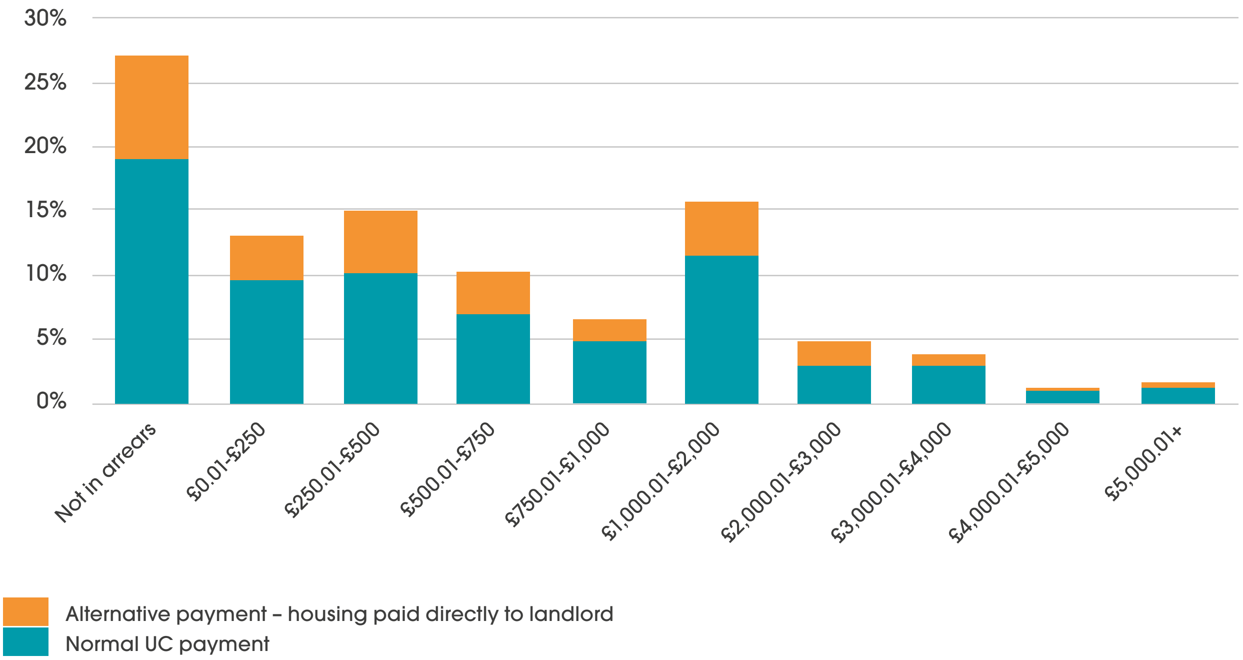
Alternative payment arrangements

Universal Credit was conceived as a transition into salaried employment and therefore is paid monthly, despite many lower-paid jobs paying weekly or twice per month. Although the default remains monthly payments, alternative payment arrangements have been put in place to give flexibility to UC claimants who are at "risk of financial harm[13]." The types of alternative payment arrangements include paying housing costs directly to the landlord, payments more frequently than monthly and split of monthly payment between partners.

Thirty-one percent of our survey respondents said they had received alternative payment arrangements. Of them, the vast majority were to have housing costs paid directly to Peabody, the landlord. This was most often a personal preference to ensure that housing costs were paid and to avoid being in arrears. Despite this perception, there was no significant difference in arrears status between those who had housing paid directly to the landlord and those who did not. This is shown in Figure 3, where we would expect to see fewer tenants who received alternative payment arrangements in such high arrears. The spike in arrears that occurs during the five-week waiting period is not helped by alternative payment arrangements occurring further down the line.

Only 12 respondents (1.2%) arranged to have their UC payments more often than monthly, an option that has been cited as helpful for transitioning legacy benefit claimants into UC. This low rate may be due to lack of awareness of the option, indicating a need for greater assistance with the UC system.

Figure 3. Universal Credit claimants' arrears status



[13] https://www.trusselltrust.org/what-we-do/research-advocacy/universal-credit-and-foodbank-use/

Advanced payments and hardship loan clawbacks

Advance payments are loans that are clawed back through deductions to people's benefits each month. With regards to the deductions for rent arrears, our experience is that DWP deduct 20% of a claimant's monthly allowance as standard to repay any debt. With some debts they can take up to 40% of the person's monthly allowance with no discernible consideration of how much money a claimant is left with.

We found that 37% of UC claimants received advanced payments after applying to Universal Credit, with 10% of them needing to receive an advanced payment in order to cover a period longer than the five week waiting period. The average advanced payment was £559.50 which was to be paid back over an average of 11 months. As detailed earlier, these clawbacks from advanced payments and other loans are taken unpredictably, causing instability in UC claimants' financial lives. This unpredictability would disproportionately harm those unable to work due to a disability because UC is more likely to be their only form of income.

Compared with advanced payments, relatively few UC claimants (5%) received hardship loans, which are intended to help people whose benefits have stopped to cover household expenses such as food and bills. Compared with the 30% of respondents who went without essential items in the past month, the small proportion of hardship loans suggests that knowledge or availability of hardship loans could be improved.

The average hardship loan was £356 – significantly less than the average advanced payment. Only 1.6% of UC claimants received both a hardship loan and advanced payments.

Key Finding
Alternative payment arrangements and advanced payments have not gone far enough to keep UC claimants from financial instability. Those whose housing costs are paid directly to the landlord have high levels of arrears, and those who took advanced loans are subject to unpredictable clawbacks.

Case study

When Gina moved from one London borough to another, she started a tenancy with Peabody and had to claim UC to get her housing costs paid.

She experienced several challenges making her UC claim. This is because Gina struggles to read and write, has no internet access and is unable to physically get to the jobcentre due to her severe disabilities.

Peabody made efforts to get a home visit to assist Gina with making her UC claim. Unfortunately, the DWP Home Visiting Team only get involved in cases once a claim has been made.

This led to several problems. By the time Gina managed to have her claim set up and started receiving her payments four months after starting her tenancy, her rent arrears were already above £2,000. Gina now has a monthly deduction from her UC for her rent arrears.

Gina has also lost out financially by claiming UC and now receives £42.34 a week less than she was claiming in Employment Support Allowance. She is receiving the maximum entitlements in UC for people with disabilities but this is still less than what she was getting before.

Claimants like Gina are supposed to be compensated for this shortfall through a compensation payment for losing the Severe Disability Premium, however she had not received this at time of meeting.

As a result of these issues, Gina is now struggling to get by.

Conclusion

This report describes a difficult reality faced by those who transition onto Universal Credit. This reality includes spikes in arrears and personal debt, high unemployment, and low pay and unstable work for those who are employed. The UC system was designed with the intention of helping people into work while also supporting those who are a long way from work or may never work. The system falls short on both counts.

As a social landlord, we are committed to supporting our tenants. Eviction is a last resort for us, and we are continuing to uphold this principle in a number of ways. We have ended the use of fixed term tenancies to offer our tenants more security. Our financial inclusion team provides direct assistance with guidance through the UC claims process and management. Our employment team helps get people into work and less reliant on social security. We are piloting innovative approaches such as placing income officers directly into Jobcentres in order to identify and assist benefit claimants who may need assistance navigating the changing benefits environment. While these approaches can help alleviate issues for some people, the only way to achieve widescale improvements is to reform the system.

The spike in arrears associated with the five week waiting period is just one of many symptoms of transitioning to Universal Credit – it is often accompanied by high rates of personal debt, unemployment and hardship. That arrears increase by 28% over the first five or six weeks suggests that a reduction in the waiting period could substantially reduce the risk of arrears. While receiving assistance from organisations such as Citizen's Advice can help, we believe assistance does not address key financial issues such as the average monthly income of £330. After advanced loans and mis-payment clawbacks, up to 40% of claimants' pay can be deducted, leading to payments forcing tenants to go without the essentials. We found that the worst off are the most vulnerable – those living with a disability or long-term illness who are unable to work are significantly more likely to experience hardship.

Despite efforts to minimise vulnerability among UC claimants, we continue to see increasing numbers of our residents on Universal Credit facing debt and hardship. Our research provides further evidence that there are fundamental flaws in the system causing sustained debt and hardship that cannot be addressed without government intervention. The high rate of foodbank use provides an example of a system that relies on charity. Foodbanks should only serve as a fallback options for people facing emergencies. That they are becoming a normalised part of the social security infrastructure is cause for alarm.

This report considered the impact of policy changes intended to alleviate the negative impact of UC rollout:

1) Reduction of the waiting period from 6 weeks to 5 weeks,

2) Advanced payment loans and clawback schedule, and

3) Alternative payment arrangements including paying rent directly to landlord.

These reforms have not gone far enough. That is why we are asking for a reduction in the waiting period from five weeks to two and a comprehensive review of payment levels and deductions practices. These policy issues should be accompanied by a review of administration and communication to ensure that UC claimants can have a predictable monthly payment that provides a stable foundation for getting people into work. Finally, more investment is needed to ensure that the most vulnerable, such as those unable to work due to disability, can live lives free of hardship.

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