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Direct Payment Demonstration Projects: Report from the stage 2 survey of tenants

July 2014

Research Report No 878

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Summary

This report is one of the outputs from the independent evaluation of the demonstration projects on the direct payment of Housing Benefit to social housing tenants in six areas in Great Britain. It presents findings from the second survey of tenants.¹

The stage 1 survey was conducted before the DPDPs went 'live', stage 2 when they were in progress and stage 3 after the DPDPs had come to an end. The results in this report are interim findings pending the outcome of the final survey of tenants.

In the stage 2 survey, 53 per cent of tenants were taking part ('current participants'), 16 per cent were no longer taking part ('ex-participants') and 29 per cent had never taken part ('non-participants') in the Direct Payment Demonstration project (DPDP).

The majority of ex-participants had been switched back to landlord payment. But one in six had ceased claiming HB, mostly for work-related reasons such as taking up a job. Only a minority of non-participants reported being excluded from the DPDP by their landlord. Others could not recall being contacted by their landlord or did not respond to efforts to contact them.

The proportion of tenants on direct payment increased from two per cent at stage 1 to 59 per cent at stage 2. The great majority of current participants reported coping well with direct payment of HB and most also said that it was easy to manage their finances now that HB was being paid directly to them.

One in five current and ex-participants had received advice or support to help them manage direct payment. The great majority of current participants who had not received advice or support said they did not need it.

The proportion of tenants in rent arrears increased from 20 per cent at stage 1 to 30 per cent of tenants at stage 2. There was a wide range of reasons why tenants were in rent arrears. But the reasons for arrears that varied significantly between current, ex- and non-participants were all related in one way or another to direct payment.

The proportion of tenants managing well or poorly financially was similar at stage 1 and stage 2. Likewise, the proportion of tenants who had often run out of money before the end of the week or month did not change between stage 1 and stage 2. Current participants were less likely than ex-participants and non-participants to have often run out of money. The majority of tenants who had run out of money covered the shortfall by borrowing money from family or friends. Very few said they had delayed paying their rent or used their HB when they ran out of money.

¹ In this report, comparisons between stage 1 and stage 2 are based on tenants who were interviewed in both surveys (the 'follow-up' sample).

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List of abbreviations and glossary of terms

Baseline survey	The Stage 1 tenant survey undertaken to generate a 'baseline' position for tenants before the DPDPs commenced.
Current participants	Tenant survey respondents who were participating in the DPDPs at the time of the survey.
Direct payment	The payment of HB to claimants.
DPDP	Direct Payment Demonstration Project.
DP Trial	The term used for ease of comprehension in the tenant surveys to refer to the DPDPs.
DWP	Department for Work and Pensions.
Ex-participants	Tenant survey respondents who had either ceased to claim HB or were continuing to claim HB but have been switched back to landlord payment ('switchbacks').
Follow-up survey	This Stage 2 survey involved interviews with tenants who had participated in the Stage 1 (baseline) survey.
HB	Housing Benefit.
Landlord payment	The payment of HB to landlords.
Non-participants	Tenant survey respondents who had never participated in the DPDPs.
Project Area	DPDP Area. The six projects were: Edinburgh; Oxford; Shropshire; Southwark; Torfaen; and Wakefield.
Returning participants	Tenant survey respondents who had been switched back to landlord payment of HB, but were subsequently returned to direct payment ('switch-forwards').
Switchback	Tenant who got into arrears while on direct payment and were put back on landlord payment of HB.
Switch-forward	The return to direct payment of a tenant who has been switched back. In this report, they are referred to as 'returning participants'.

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Top-up survey

The additional interviews undertaken at Stage 2 in the Project Areas in order to supplement those undertaken with the follow-up sample.

UC

Universal Credit.

Executive summary

Chapter 1

This summary report provides key findings from the stage 2 survey of tenants in the Direct Payment Demonstration Projects (DPDPs). This survey is a follow-up to the baseline survey of tenants, which was conducted before the introduction of direct payment in six DPDP areas.

The tenant survey is one component of an evaluation project commissioned by the Department for Work and Pensions (DWP) and being undertaken by a consortium of researchers led by the Centre for Regional Economic and Social Research at Sheffield Hallam University in partnership with the Blavatnik School of Government at the University of Oxford and the social survey firm Ipsos MORI.

Before highlighting its key findings, it is important to note the following about the report. It should not be seen in isolation as it is one of many outputs being produced by the study team and should be read alongside them.

Chapter 2

Fifty-four per cent of tenants were taking part in the DPDP at the time of their interview (described here as **current participants**).

Sixteen per cent of respondents had previously participated in the DPDP, but were not doing so at the time of the survey (**ex-participants**).¹

Twenty-nine per cent of respondents had never participated in the DPDP when they were interviewed at stage 2 (**non-participants**).

Less than one per cent of respondents reported that they were initially participating in the DPDP, had subsequently been switched back to landlord payment, but were now participating again (**returning participants**).^{2 3}

Ex-participants had ceased to participate in the DPDP for a variety of reasons:

- 18 per cent because they were no longer claiming Housing Benefit (HB);
- 39 per cent because they had not paid either some or all of their rent;
- 42 per cent for a wide range of other reasons, but most commonly: problems related to bank accounts (7 per cent), confusion or difficulty coping with direct payment (6 per cent), problems related to HB administration (5 per cent), work-related reasons (4 per cent) and rent arrears or late payments (4 per cent).

¹ Ex-participants who continued to claim HB are referred to as **switchbacks** by those involved in the DPDPs.

² Returning participants are referred to as **switch-forwards** by those involved in the DPDPs. As there were so few of them in the sample, they are not discussed in the report.

³ A further 1 per cent said they did not know whether or not they were participating in the DPDP. As there were so few of them in the sample, they are not discussed in the report.

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Among ex-participants who were still claiming HB, 78 per cent had wanted to leave the DPDP, ten per cent had wanted to stay on the project, and 12 per cent had not minded either way.

Non-participants did not take part in the DPDP for a variety of reasons, but the most commonly mentioned were:

- 27 per cent said their landlord had excluded them from the DPDP;
- 23 per cent said their landlord had not contacted them about it;
- 24 per cent had not responded when the landlord had contacted them about the DPDP;
- 19 per cent of non-participants said they could not remember or did not know why they had not taken part.

Twenty-seven per cent of participants⁴ agreed, and 37 per cent disagreed, with the statement that taking part in the DPDP had made them better at managing their money. Ex-participants (47 per cent) were much more likely than current participants (31%) to disagree with this statement.

Sixty per cent of participants disagreed, and 17 per cent agreed, with the statement that taking part in the DPDP had made them less confident at managing their money. Ex-participants (28%) were much more likely than current participants (14%) to agree with this statement.

Forty per cent of participants agreed, and 33 per cent disagreed, with the statement that taking part in the DPDP had made them more interested in how much rent they are charged. Ex-participants (40%) were much more likely than current participants (31%) to disagree with this statement.

Sixty-eight per cent of participants disagreed, and 3 per cent agreed, with the statement that taking part in the DPDP had made them less likely to look for work. The responses of ex-participants to this statement were not significantly different from those of current participants.

Thirty-six per cent of participants disagreed, and 25 per cent agreed, with the statement that taking part in the DPDP had made them more likely to hold down a job. About four out of ten current and ex-participants neither agreed nor disagreed.

Forty-nine per cent of participants disagreed, and 15 per cent agreed, with the statement that taking part in the DPDP had made them more likely to increase the hours they work. The responses of ex-participants to this statement were not significantly different from those of current participants.

Chapter 3

Twenty per cent of current and 18 per cent of ex-participants had received advice or support while HB was being paid direct to them.

For **current participants** the most commonly received forms of advice or support were about: managing rent payments, money management, using bank accounts and opening bank accounts.

⁴ 'Participants' were an amalgam of current participants and ex-participants.

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For **ex-participants** the most commonly received forms of advice or support were about: money management, managing rent payments, managing rent arrears and household budgeting.

Three per cent of current participants reported that they needed some or a great deal of advice and support for the **long term**.

Sixty-eight per cent of participants who had received advice or support agreed that it had helped them to **manage their rent payments**; 16 per cent disagreed.

Sixty-one per cent of participants who had received advice or support agreed that it had helped them to **manage their money on a four-weekly or monthly basis**; 17 per cent disagreed.

Forty-nine per cent of participants who had received advice or support agreed that it had helped them to **improve their confidence about money management**; 24 per cent disagreed.

Twenty-two per cent of participants who had received advice or support agreed that it had helped them to **think about moving into paid work**; 46 per cent disagreed.

Chapter 4

Two per cent of tenants in the stage 1 baseline survey reported that they were receiving HB direct; by the stage 2 follow-up survey, it had risen to 59 per cent.

Among current participants on direct payment, 59 per cent said they had managed about the same as they had expected; 19 per cent said they had managed better than expected and 22 per cent that they had managed worse than expected.

Seventy-four per cent of current participants reported that they were **coping well** with direct payment and 16 per cent that they were **coping poorly**.

Current participants were three times as likely to say it was easy, than to say it was **difficult**, to manage their finances while HB was being paid to them (63 per cent compared with 21 per cent respectively). Seventeen per cent said it was neither easy nor difficult.

Chapter 5

Eighty-eight per cent of tenants in the stage 1 baseline survey reported that they had a bank account; by the stage 2 follow-up survey, it had risen to 94 per cent.

Among tenants who used a bank account to pay bills by Direct Debit⁵, 15 per cent reported in the stage 1 baseline survey that they used that method to pay their rent; by the stage 2 follow-up survey, it had risen to 47 per cent.

Twelve per cent of tenants in the stage 2 survey who used a Direct Debit to pay their rent said they had a separate bank account for receiving HB or paying rent. This was significantly more common among current participants (18%) than among ex-participants (5%) or non-participants (3%).

⁵ Direct Debit or Standing Order, though in the vast majority of cases it was the former and not the latter.

Direct Payment Demonstration Projects: Report from the stage 2 survey of tenants

Fifteen per cent of tenants in the stage 2 survey who had a bank account reported being overdrawn.

Chapter 6

Twenty per cent of tenants in the stage 1 baseline survey reported that they were behind with their rent; by the stage 2 follow-up survey it was 30 per cent.

In the stage 2 survey, 22 per cent of current participants, 55 per cent of ex-participants and 38 per cent of non-participants were behind with their rent payments.

Among current participants who were already in arrears before the DPDP, 32 per cent reported that their arrears had **increased**, 34 per cent that the arrears had decreased, and 34 per cent that their arrears had **stayed the same**, since they joined the DPDP.

Among ex-participants who were already in arrears before the DPDP, 63 per cent reported that their arrears had **increased**, 27 per cent that the arrears had decreased, and 10 per cent that their arrears had **stayed the same**, since they joined the DPDP.

Tenants in arrears reported a wide range of 'main reasons' as to why they were behind with their rent. The most commonly cited were: problems with HB administration (20 per cent of tenants in arrears), low income (17 per cent), problems with HB being paid directly to me (13 per cent), and unexpected expenses (13 per cent).

Chapter 7

At the stage 2 survey current participants (70%) were significantly more likely than either ex-participants (64%) or non-participants (61%) to have a regular spending limit to help them manage their finances.

Among tenants who were interviewed in both the stage 1 baseline and stage 2 follow-up surveys and who kept a spending limit, exactly the same percentage of them did so weekly (63%). However, there was a decline from 28 to 21 per cent in the proportion with a fortnightly budget; and an increase from 10 to 16 per cent in those having a monthly (or four-weekly) budget.

The extent to which tenants managed to keep to their regular spending limit was no different at stage 2 from what it had been at the stage 1 baseline survey. In both surveys, about three-quarters of them reported that they were able to keep to their spending limit always or most of the time.

In both the stage 1 baseline survey and the stage 2 survey, 54 per cent of tenants reported that they had 'often' run out of money before the end of the week or month in the previous year. However, there was a decrease from 27 to 23 per cent in the proportion who reported that they had 'hardly ever', and an increase from 19 to 24 per cent in those who said they had 'never' run out of money.

1 Introduction

This report presents key findings from the stage 2 survey of tenants in the Direct Payment Demonstration Projects (DPDPs). This survey is a follow-up to the baseline survey of tenants, which was conducted before the introduction of direct payment in six DPDP areas.⁶

The tenant survey is one component of an evaluation project commissioned by the Department for Work and Pensions (DWP) and being undertaken by a consortium of researchers led by the Centre for Regional Economic and Social Research at Sheffield Hallam University in partnership with the Blavatnik School of Government University of Oxford and the social survey firm Ipsos MORI.

The evaluation is monitoring the effect of direct payments on tenants, landlords and other stakeholders. In order to assess the impact of direct payment over time, the evaluation is employing a mixed-methods approach, which comprises the following activities: tenant surveys; in-depth qualitative interviews with tenants and stakeholders; and an analysis of participating landlord rent accounts and management costs.

1.1 Background

The DPDPs were established in six local authority areas in 2012 to test the direct payment of Housing Benefit (HB) to tenants living in social housing. Under current arrangements, HB is paid to the landlord rather than the tenant in the great majority of cases. However, along with five other social security benefits, HB is being incorporated into the new Universal Credit (UC), which is currently being rolled out over a period of years by DWP.

UC is a new integrated benefit for people of working age and comprises a single monthly payment.⁷ The housing component of UC is based on the present system of HB. However, because UC is paid as a single sum of money, the housing component by default will be paid to the tenant and not to the landlord.

The shift from landlord to tenant payment under UC represents a major change for social housing tenants currently receiving HB. This is especially the case for those whose HB covers all of the rent as they do not currently hand over any rent money to their landlord. Previous research had suggested that some HB claimants thought they would initially need help, and others that they would find it very difficult, to make the transition to direct payment.⁸

The shift to direct payment of HB under UC has faced criticism from advice agencies and

⁶ Kemp, P. A., Hickman, P., Reeve, K., Collins, B., Findlay, S. and Robinson, D. (2012) *Direct payment Demonstration Projects: Findings from a baseline survey of tenants in five Project Areas in England and Wales*. Research Report No. 822 London: Department for Work and Pensions.

⁷ Secretary of State for Work and Pensions (2010) *21st Century Welfare*. Cm 7913. London: The Stationery Office.

⁸ Irvine, A., Kemp, P.A. and Nice, K. (2007) *Direct Payment of Housing Benefit: what do claimants think?* (Coventry: Chartered Institute of Housing and Joseph Rowntree Foundation).

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organisations representing social housing landlords and mortgage lenders.⁹ They are concerned that tenants may not successfully manage to make the transition, either initially or at all, with the result that they may get into (more) rent arrears. If rent arrears were to increase substantially it could have a significant impact on social housing landlords' rental income.

The Government has recognised that a minority of claimants might not successfully make the transition and that alternative payment arrangements such as paying HB to their landlords – at least initially – would be necessary in those cases. But this raises the question of which tenants might be at risk of getting into difficulty when their HB is no longer paid to them, but incorporated into their UC benefit, how they might be identified and what kinds of advice or support might help prevent them getting into difficulty.

In order to address these issues, in September 2011 Lord Freud, Minister for Welfare Reform, announced that six demonstration projects would be established to “...test some key elements of social sector housing support under Universal Credit while protecting social landlords' financial position.”

The DPDPs would test two key changes for tenants of working age: HB would be: (1) paid directly to tenants instead of their landlord; and (2) every four weeks¹⁰ instead of weekly or fortnightly.

Six areas were selected to take part in the DPDP: Edinburgh, Oxford, Shropshire, Southwark, Torfaen and Wakefield. As well as representing a range of types of area and a geographical spread, the six DPDPs between them include social landlords that were housing associations, local authorities, and large-scale voluntary transfers from councils to new housing associations.

A baseline survey with samples of tenants in each of these areas was undertaken in the summer of 2012 before the DPDP projects went live. The aim of the baseline survey was to obtain statistical evidence on the circumstances and attitudes of tenants in receipt of HB in the DPDPs prior to the commencement of direct payment to them instead of payments to their landlords. The survey fieldwork was undertaken with 1,638 tenants in the five Project Areas in England and Wales during May and June, and with 326 tenants in Edinburgh during August and September 2012. The findings from the fieldwork in England and Wales were published later in that year.¹¹

⁹ See their representations to the Select Committee on Work and Pensions (2012) Universal Credit Implementation: meeting the needs of vulnerable claimants, HC 576 (London: The Stationery Office).

¹⁰ Monthly in the case of the Edinburgh DPDP.

¹¹ Kemp, P. A., Hickman, P., Reeve, K., Collins, B., Findlay, S. and Robinson, D. (2012) *Direct Payment Demonstration Projects: Findings from a baseline survey of tenants.*

1.2 Methods

The aim of the stage 2 tenant survey was to examine changes in the circumstances and perceptions of tenants since the introduction of direct payment of HB. The fieldwork for the survey was conducted by Ipsos MORI in the six DPDP areas in October and November 2013. It involved 1,827 interviews conducted with two sub-samples of tenants:

- **follow-up interviews** with 1,218 of the tenants who were interviewed in the stage 1 baseline survey;
- **top-up interviews** with an additional 609 tenants.

The purpose of the top-up interviews was to increase the sample size and thereby facilitate analysis of sub-groups of tenants at stage 2 and stage 3.

The follow-up interviews from the baseline survey sample accounted for two-thirds of the stage 2 survey and the top-up interviews for the remaining third (Table 1.1). Analysis found that the follow-up and top-up samples of tenants were broadly similar on most key socio-demographic variables, which suggests that the data can be combined for analysis.

Table 1.1 The two stage 2 sub-samples

Sub-sample	%	Base
Follow-up	67	1,218
Top-up	33	609
Total	100	1,827

1.3 Interpreting the findings

This summary report presents results from the stage 2 survey of follow-up and top-up survey of tenants. The results should be regarded as **interim** findings only because a later, stage 3 survey was carried out after the DPDP had officially come to an end. Just as there have been changes (reported here) between the stage 1 baseline survey and the stage 2 survey, it is equally likely that there will have been further changes by the time of the stage 3 survey. An in-depth report of the stage 3 survey and changes since the baseline survey will be published later in 2014.

It is important to note that the results presented in this summary report reflect the **perceptions and recalls of the tenants** at the time when the survey was conducted and not necessarily those of their landlord.

Except where specified to the contrary, all data in this report is from the stage 2 survey. Where relevant, the tables also show the comparable figures from the stage 1 baseline survey.

The percentage data in the tables are weighted to be representative of the profile of tenants interviewed in the baseline survey at stage 1. However, the base numbers at the foot of the tables are not weighted. Where there are small number of 'Don't know' or 'Can't remember' responses, these are generally excluded from the table.

Column percentages may not sum to exactly 100 per cent due to computer rounding or multiple response questions. In the case of computer rounding, this may very occasionally include some questions where there are only two possible answers.

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Because the survey involved a sample, and not the entire population, of tenants the results are subject to a margin of error (referred to as the 'confidence interval'). The variation between the results based on the sample and the 'true' values in the entire population can be estimated from the sample sizes on which the results are based and the number of respondents giving answers to the questions. Most commonly, analysts use the 95 per cent significant level to make such estimates. This means that the chances are 95 in 100 that the 'true' values will fall within the confidence interval.¹²

In this report, where differences in the results between sub-groups are statistically significant at the 95 per cent level or greater, this is highlighted in the table. Differences in results between particular sub-groups that do not fall within the confidence interval are therefore not significant and could have occurred by chance. Only significant differences are discussed in the text.

The following terms are used to describe the 'DPDP status' of the survey respondents:

- **current participants** – are tenants who reported that they were participating in the DPDP¹³;
- **ex-participants** – are tenants who said that they had previously participated in the DPDP, but were not doing so when the interview was conducted. They are tenants who have either (1) ceased claiming HB or (2) been switched back to landlord payment of HB. The latter are known as 'switchbacks' by those involved in the DPDPs;
- **returning participants** – are tenants who reported that they were participating at the time of the interview, but had previously been taken off and later put back on. They are known as 'switch-forwards' by those involved in the DPDPs;
- **non-participants** – are tenants who said that they have not participated in the DPDP.

Only nine of the 1,827 tenants in the survey reported that they were what is described here as 'returning participants'. A further 19 tenants reported that they did not know whether or not they had or were participating. These 28 tenants are excluded from tables that are based on 'DPDP status'.

Where distinctions are made between tenants according to their DPDP status, the data exclude **returning participants** and those who did not know. References to **participants** refer collectively to current and ex-participants only.

In the tables, the term 'tenant' refers to survey respondents irrespective of whether they were, or had been, participating in the DPDP.

Except where specified to the contrary, the data in the tables in this report are based on the combined follow-up and top-up samples from the stage 2 survey.

¹² The 99 per cent significance level means that the chances are 99 in 100 that the 'true' values will fall within the confidence interval.

¹³ For ease of comprehension, the phrase 'Direct Payment Trial' was used instead of Direct Payment Demonstration Projects in the survey questionnaire.

2 Participation in the Direct Payment Demonstration Project

This chapter examines tenants' involvement in and experience of the Direct Payment Demonstration Project (DPDP). It looks at why tenants who had originally participated in the DPDP were subsequently switched back to landlord payment; and why some tenants did not participate at all. But the main focus is on the experience and perceptions of tenants who were participating in the DPDP at the time of the stage 2 survey.

2.1 Participation in the DPDP

The great majority of respondents at stage 2 had heard that, '*...in this area, Housing Benefit is being paid directly to some tenants, instead of their landlord, for a trial period.*' Ninety-two per cent had heard about the DPDP, seven per cent had not, and one per cent did not know.

Table 2.1 shows the self-reported DPDP status of tenants at the time of the stage 2 follow-up and top-up survey.

Table 2.1 DPDP status of respondents

DPDP status	%	%
Participants	53	54
Ex-participants	16	17
Non-participants	29	30
Returning participants	<1	
Don't know	1	
Total	100	100
<i>Base</i>	<i>1,827</i>	<i>1,799</i>

Just over half of respondents were tenants who were taking part in the DPDP at the time of their interview (described here as **current participants**). One in six respondents had previously participated in the DPDP, but were not doing so at the time of the survey (**ex-participants**).¹⁴ And three out of ten respondents had never participated in the DPDP when they were interviewed at stage 2 (**non-participants**).

Less than one per cent of survey respondents reported that they were initially participating in the DPDP, had subsequently been switched back to landlord payment, but was now participating again (**returning participants**).¹⁵ A further one per cent said they did not

¹⁴ Ex-participants who continue to claim Housing Benefit (HB) are referred to as 'switchbacks' by those involved in the DPDPs.

¹⁵ Returning participants are referred to as 'switch-forwards' by those involved in the DPDPs.

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know whether or not they were participating in the DPDP. Since these last two groups of respondent were so few in number they excluded from much of the analysis in this report.

There were statistically significant differences in the socio-demographic and other characteristics of current, ex- and non-participants, details of which are presented in Tables A.1 to A.3.

In summary:

- ex-participants (74 per cent) were more likely to be female than were current (66 per cent) or non-participants (65 per cent);
- current participants (26 per cent) were less likely to be aged under 35 years than were ex-participants (38 per cent) or non-participants (32 per cent);
- ex-participants (44 per cent) were more likely to be living in a household in which someone was in paid work than were current (29 per cent) or non-participants (27 per cent);
- ex-participants (10 per cent) were less likely to report having literacy and numeracy problems than were current (17 per cent) or non-participants (21 per cent);
- ex-participants (49 per cent) were less likely to be living in a **household** in which someone had a long-term illness, health condition or disability, than were current participants (61 per cent) or non-participants (64 per cent);
- among **tenants** who had a long-term illness, health condition or disability:
 - current participants were less likely to report suffering from **stress and anxiety** (36 per cent) than were ex-participants (41 per cent) or non-participants (45 per cent);
 - current participants were also less likely to report suffering from **depression** (42 per cent) than were ex-participants (52 per cent) or non-participants (53 per cent);
 - non-participants (11 per cent) were more likely to have **learning disabilities** than were current (seven per cent) or ex-participants (two per cent);
 - non-participants (11 per cent) were more likely to have **health problems due to alcohol** than were current (five per cent) or ex-participants (seven per cent);
 - current participants were less likely to report having **health problems due to illicit use of drugs** (two per cent) than were ex-participants (five per cent) or non-participants (six per cent);
 - seven out of ten non-participants, compared with eight out of ten current and ex-participants, had **never stayed in an institution**;
 - non-participants were more likely to have ever stayed in a **psychiatric unit or hospital** (12 per cent), a **drugs unit** (three per cent), and a **prison or remand centre** (eight per cent), than were current and ex-participants; and
- there were no statistically significant differences between current ex-participants and non-participants by ethnicity or household type.

2.2 Ex-participants

Since DPDP was testing the ability of social housing tenants to manage their HB and rent payments, it is clearly important to understand why some of them were no longer participating and others had not participated at all. In this sub-section we look at ex-participants and in the next sub-section we look at non-participants.

Table 2.2 Why were ex-participants no longer taking part in the DPDP?

	Ex-participants %
I stopped claiming HB	18
Missed some of my rent payments	28
Missed all of my rent payments	3
Sometimes paid only part of the rent	7
Always paid only part of the rent	1
Other reasons	42
Can't remember	1
Don't know	3
<i>Base: Tenants who left the DPDP</i>	304

Note: respondents could give more than one reason.

Respondents who had left the DPDP were asked why they were no longer taking part (Table 2.2). In one in six cases, they said that they had left the DPDP because they were no longer claiming HB. Hence, this sub-group of ex-participants had left for what appears to be a positive reason. That is, they were no longer in receipt of HB and, by definition, were no longer eligible for direct payment.

Table 2.3 What was the main reason why ex-participants had stopped claiming Housing Benefit?

	Ex-participants %
Moved into paid work	47
Took a better paid job	7
Increased my hours of work	8
Income increased for other reasons	6
Change in household composition	13
Another reason	17
Can't remember	1
Don't know	2
<i>Base: Ex-participants who had stopped claiming HB</i>	138

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The main reason why ex-participants had stopped claiming HB was because they had moved into paid work. Table 2.3 shows that 47 per cent had moved into work. A further seven per cent had taken a better-paid job and eight per cent had increased their hours of work. Altogether, therefore, six out of ten (62 per cent) of ex-participants had stopped claiming HB for work-related reasons.¹⁶

Two-fifths of ex-participants had left the DPDP because they had not paid some or all of their rent. Twenty-eight per cent of ex-participants reported that they had been taken off the DPDP because they had missed **some** of their rent payments and a further three per cent because they had missed **all** of their rent payments. Meanwhile, seven per cent had **sometimes** paid only part of their rent and one per cent that they had **always** paid only part of their rent (Table 2.2).

However, two-fifths of ex-participants reported that they had left the scheme for ‘other reasons’. When asked to say what these other reasons were, they turned out to be many and various; and in some cases the reason was an amalgam of several reasons.¹⁷ The most commonly mentioned ‘other’ reasons for leaving the DPDP (calculated as a percentage of ex-participants) were:

- problems related to bank accounts (seven per cent);
- confusion or difficulty coping with direct payment (six per cent);
- problems related to HB administration (five per cent);
- work-related reasons (four per cent);
- arrears or late rent payments (four per cent).

With the exception of those who had left the DPDP because they were no longer claiming HB, ex-participants were asked whether they had wanted to stay on the DPDP or had wanted to leave. As Table 2.4 indicates, the great majority had wanted to leave. Eight out of ten wanted to come off the trial (78 per cent) and the remainder was divided more or less equally between those who wanted to stay (ten per cent) and those who did not mind either way (12 per cent).

Table 2.4 Had ex-participants wanted to stay on or leave the DPDP?

	Ex-participants %
Wanted to stay	10
Wanted to leave	78
Did not mind either way	12
<i>Base: Tenants who left the DPDP while still on HB</i>	246

¹⁶ These findings were not necessarily due to the DPDP.

¹⁷ For example: ‘Asked for it to be paid to landlord because of change in employment circumstances and then spouse’s Jobseeker’s was reduced – got in muddle with payments.’

2.3 Non-participants

Next, non-participants were asked why they did not take part in the DPDP at all. The reasons they gave are shown in Table 2.5.

Table 2.5 Why did non-participants not take part in the DPDP?

	Non-participants %
My landlord excluded me from the trial	27
I was not contacted by my landlord	23
I did not respond to letters/phone calls/visits from my landlord	24
I stopped claiming HB before the trial started	8
Can't remember	7
Don't know	12
<i>Base: Tenants who did not participate in the DPDP</i>	<i>528</i>

Note: respondents could give more than one reason.

Just over a quarter of non-participants (27 per cent) reported that they did not take part because their landlord had excluded them from the DPDP. About a quarter (23 per cent) said their landlord had not contacted them about it. Around another quarter (24 per cent) reported that they had not responded when the landlord had contacted them. A further eight per cent did not participate because they had stopped claiming HB before the DPDP commenced. Finally, about one in five (19) non-participants said they either could not remember or did not know why they had not taken part.

Non-participants who had not responded to the phone calls, letters or visits from their landlord about the DPDP gave a wide range of reasons for their non-response. In the great majority of cases, non-participants had not responded to efforts by their landlord to contact them because – for one reason or another – they did not want to participate. More exactly, they wanted their HB to continue being paid to the landlord and did not want it to be paid directly to themselves (Table 2.6).

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Table 2.6 Why did non-participants not respond to their landlord about the DPDP?

	Non-participants %
Did not understand the letter from my landlord	5
Did not know enough about it	6
Did not want the hassle of paying the rent	33
Did not want responsibility for any problems with my HB claim	23
Did not want the hassle of changing to a new payment arrangement	13
Simpler to manage the household budget	15
Peace of mind that (at least part of) the rent has been paid	21
Avoids the temptation to use HB for things other than the rent	16
Concerned that I might get into (more) rent arrears	14
Concerned about four-weekly/monthly payment of HB	1
I do not have/do not want a bank account*	6
HB is the landlord's money	2
Other reasons	10
Can't remember	2
Don't know	2
<i>Base: Tenants who did not participate in the DPDP</i>	<i>126</i>

* Includes four 'other reasons' that were about not having or wanting a bank account.

Note: respondents could give more than one reason.

The reasons why non-responders wanted to remain with payment of HB to their landlord can be grouped into two broad categories. The first group of reasons essentially revolved around a reluctance to have the hassle or the responsibility for receiving HB or paying the rent:

- 33 per cent of non-participants who did not respond to contact from their landlord said this was because they did not want the hassle of paying the rent;
- 13 per cent did not want the hassle of having to change to new payment arrangements;
- 15 per cent said it was simpler to manage their household budget (if HB was paid to their landlord); and
- 23 per cent did not want to have responsibility for any problems with their HB claim.

The second main group of reasons was essentially a concern by the tenants that they might not manage to pay the rent themselves given the responsibility it involved:

- 21 per cent of non-responders said they wanted to continue having the peace of mind that (at least part of) their rent had been paid;
- 16 per cent reported that payment to the landlord avoided the temptation they faced to use the HB for something other than the rent; and
- 14 per cent were concerned that they might get into (more) rent arrears if HB was paid directly to them.

2.4 Perceptions about participation

A key driver behind the decision to incorporate HB into the new Universal Credit (UC)) is to change behaviour among recipients.¹⁸ The Government hopes that direct payment will encourage recipients to take more interest in how much rent they have to pay, incentivise them to look for work and improve their budgeting skills.

In order to explore the impact (if any) of direct payment on claimant behaviour, the stage 2 survey included a series of attitudinal questions. Current and ex-participants in the DPDP were asked whether they agreed or disagreed with six statements about the impact on them of taking part in the DPDP. Because these were all ‘leading questions’ – that is, ones that were likely to lead respondents to agree with the statements – some were phrased in a negative way while others expressed positive impacts. The results are shown in Tables 2.7 to 2.12.¹⁹

2.4.1 Better at managing money?

First, DPDP ‘participants’ (that is, current and ex-participants) were asked whether they agreed or disagreed with the statement that ‘*Taking part in the Direct Payment Trial has made me better at managing my money*’.

Table 2.7 Did tenants agree that ‘Taking part in the Direct Payment Trial has made me better at managing my money’?

	Current participants %	Ex-participants %	All participants %
Strongly agree	5	5	5
Tend to agree	25	13	22
Neither agree nor disagree	38	36	38
Tend to disagree	18	23	19
Strongly disagree	13	24	16
<i>Base: Current and ex-participants</i>	955	291	1,246

Sig *** p<0.001.

Of the five possible responses – ranging from strongly agree to strongly disagree – the most common was to neither agree nor disagree with the statement. As Table 2.7 shows, 38 per cent of current participants, and 36 per cent of ex-participants, gave this ‘neither’ response. Combining the results for both current and ex-participants, more respondents disagreed (35 per cent) than agreed (27 per cent) with the statement that taking part in the trial had made them better at managing their money.

¹⁸ DWP (2010) *Universal Credit: Welfare that Works*, Cm7957 (London: The Stationery Office).

¹⁹ Note that the base numbers on which these tables are calculated vary between the statements because of differences in the numbers of tenants who refused to answer the question, said it did not apply to them (e.g. increasing hours of work) or reported that they did not know.

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However, there was a clear difference of opinion between current and ex-participants about whether or not taking part in the DPDP had made them better at managing their money. Ex-participants were significantly more likely to disagree with the statement than were current participants. In total, 47 per cent of ex-participants disagreed, and only 18 per cent of them agreed, with the statement that taking part had made them better at managing their money. In contrast, current participants were much more evenly divided, with 30 per cent agreeing and 31 per cent disagreeing with this statement (Table 2.7).

2.4.2 Less confident at managing money?

Second, participants were asked whether they agreed or disagreed with the statement that *'Taking part in the Direct Payment Trial has made me less confident at managing my money'*.

Table 2.8 Did tenants agree that *'Taking part in the Direct Payment Trial has made me less confident at managing my money'*?

	Current participants %	Ex-participants %	All participants %
Strongly agree	5	11	6
Tend to agree	9	17	11
Neither agree nor disagree	23	21	23
Tend to disagree	34	26	32
Strongly disagree	29	25	28
<i>Base: Current and ex-participants</i>	947	294	1,241

Statistical significance *** $p < 0.001$.

As Table 2.8 indicates, about three times as many participants disagreed with this statement as agreed with it (60 per cent disagreed and 17 per cent agreed). However, this result is affected by the fact that there were far more current than ex-participants in the sample. The former were significantly more likely than the latter to disagree that taking part had made them less confident at managing their money. Thus, 63 per cent of current participants, compared with 51 per cent of ex-participants, did not feel that taking part in the DPDP had made them less confident at managing their money.

Ex-participants were twice as likely as current participants to agree that taking part in the trial had made them less confident at managing their money (28 per cent compared with 14 per cent respectively). This may be because ex-participants, almost by definition, had proved to be unsuccessful when it came to managing their HB and rent payments; and this may have undermined their confidence in their money management ability (Table 2.8).

2.4.3 More interested in how much rent they are charged?

Third, participants were asked whether they agree or disagreed with the statement that *'Taking part in the Direct Payment Trial has made me more interested in how much rent I am charged'*.

About a quarter of both current and ex-participants neither agreed nor disagreed with this statement, which suggests that, in their view, it had made no difference one way or the other to their attitude on this subject (Table 2.9).

However, there was a significant difference between current and ex-participants in the balance of their views about whether they agreed or disagreed that taking part in the DPDP had made them more likely to be more interested in how much rent they were charged. As Table 2.9 shows, whereas current participants were more inclined to agree than to disagree (42 per cent compared with 31 per cent) for ex-participants it was the other way around (35 per cent agreed but 40 per cent disagreed).

Table 2.9 Did tenants agree that *'Taking part in the Direct Payment Trial has made me more interested in how much rent I am charged'*?

	Current participants %	Ex-participants %	All participants %
Strongly agree	11	12	11
Tend to agree	31	23	29
Neither agree nor disagree	27	25	27
Tend to disagree	20	25	21
Strongly disagree	11	15	12
<i>Base: Current and ex-participants</i>	949	289	1,238

Statistical significance * $p < 0.05$.

Less likely to look for work?

Fourth, participants were asked whether they agreed or disagreed with the statement that *'Taking part in the Direct Payment Trial has made me less likely to look for work'*.

Table 2.10 Did tenants agree that ‘Taking part in the Direct Payment Trial has made me less likely to look for work’?

	Current participants %	Ex-participants %	All participants %
Strongly agree	1	1	1
Tend to agree	3	1	2
Neither agree nor disagree	29	28	29
Tend to disagree	31	29	30
Strongly disagree	37	42	38
<i>Base: Current and ex-participants</i>	613	201	814

Table 2.10 shows that most participants disagreed with this statement and very few agreed with it. Thus, sixty-eight per cent of tenants disagreed, 29 per cent neither agreed nor disagreed, and only three per cent agreed, that taking part had made them less likely to look for work.

The difference between current and ex-participants was not statistically significant: about seven out ten tenants in both of these two sub-groups disagreed with the statement. In contrast to the previous three statements, therefore, current and ex-participants held similar views about the impact of participating in the DPDP on their attitude to looking for work (Table 2.10).

2.4.4 More likely to hold down a job?

Fifth, participants were asked whether they agreed or disagreed with the statement that ‘Taking part in the Direct Payment Trial has made me more likely to hold down a job’.

Table 2.11 Did tenants agree that ‘Taking part in the Direct Payment Trial has made me more likely to hold down a job’?

	Current participants %	Ex-participants %	All participants %
Strongly agree	4	13	6
Tend to agree	20	16	19
Neither agree nor disagree	40	37	39
Tend to disagree	17	15	16
Strongly disagree	19	20	20
<i>Base: Current and ex-participants</i>	554	176	730

Statistical significance ** p<0.01.

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As Table 2.11 shows, the single most common response to this statement was to neither agree nor disagree with it: 40 per cent of current participants and 37 per cent of ex-participants gave this response. Just over a third of both types of participant disagreed with the statement. However, ex-participants were five percentage points more likely than current participants to agree that taking part had made them more likely to hold down a job (29 per cent compared with 24 per cent).

2.4.5 Increased hours of work?

Finally, participants were asked whether they agreed or disagreed with the statement that *'Taking part in the Direct Payment Trial has made me increase the hours I work'*.

Again, the single most common response to this statement was to neither agree nor disagree with it. Thus, 38 per cent of current and 34 per cent of ex-participants felt this way (Table 2.12).

Table 2.12 Did tenants agree that *'Taking part in the Direct Payment Trial has made me increase the hours I work'*?

	Current participants %	Ex-participants %	All participants %
Strongly agree	2	5	3
Tend to agree	11	13	12
Neither agree nor disagree	38	34	37
Tend to disagree	23	21	22
Strongly disagree	26	27	27
<i>Base: Current and ex-participants</i>	441	158	599

About half of respondents (49 per cent) disagreed that taking part had made them increase their hours of work. There was no difference in this respect between current and ex-participants. However, 15 per cent of participants agreed that taking part in the DPDP had made them increase their hours of work. Again, the difference between current and ex-participants was not significant (Table 2.12).

2.5 Summary

Fifty-four per cent of tenants were taking part in the DPDP at the time of their interview, 16 per cent were no longer participating, and 29 per cent had never participated.

Ex-participants had ceased to participate in the DPDP for a variety of reasons: 18 per cent because they were no longer claiming HB, 39 per cent because they had not paid either some or all of their rent, and 42 per cent for a wide range of other reasons.

Among ex-participants who were still claiming HB, 78 per cent had wanted to leave the DPDP, ten per cent had wanted to stay on the project, and 12 per cent had not minded either way.

Non-participants reported a variety of reasons for their non-participation. The most common were: their landlord had excluded them from the DPDP, their landlord had not contacted them about it, and they had not responded when the landlord had contacted them about the DPDP.

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Twenty-seven per cent of participants²⁰ agreed, and 37 per cent disagreed, with the statement that taking part in the DPDP had made them better at managing their money. Ex-participants (47%) were much more likely than current participants (31%) to disagree with this statement.

Sixty per cent of participants disagreed, and 17 per cent agreed, with the statement that taking part in the DPDP had made them less confident at managing their money. Ex-participants (28%) were much more likely than current participants (14%) to agree with this statement.

Forty per cent of participants agreed, and 33 per cent disagreed, with the statement that taking part in the DPDP had made them more interested in how much rent they are charged. Ex-participants (40%) were much more likely than current participants (31%) to disagree with this statement.

Sixty-eight per cent of participants disagreed, and 3 per cent agreed, with the statement that taking part in the DPDP had made them less likely to look for work. The responses of ex-participants to this statement were not significantly different from those of current participants.

Thirty-six per cent of participants disagreed, and 25 per cent agreed, with the statement that taking part in the DPDP had made them more likely to hold down a job. About four out of ten current and ex-participants neither agreed nor disagreed.

Forty-nine per cent of participants disagreed, and 15 per cent agreed, with the statement that taking part in the DPDP had made them more likely to increase the hours they work. The responses of ex-participants to this statement were not significantly different from those of current participants.

²⁰ 'Participants' were an amalgam of current participants and ex-participants.

3 Advice and support

Previous research has indicated that some Housing Benefit (HB) recipients would need to have advice or support to help them manage the transition to direct payment.²¹ Indeed, the baseline Direct Payment Demonstration Project (DPDP) tenant survey found that a quarter of recipients felt they would need support, of whom half thought they would need it, not just initially, but for the longer-term.²² It was recognised, therefore, that advice and support would need to be provided to the tenants taking part in the DPDP. And in fact a key aim of the study was to ascertain the types of advice or support that tenants received and how helpful they felt it had been.

3.1 Receipt of advice or support

Table 3.1 shows that one in five participants had received advice or support to help them manage HB while it was being paid to them. There was no difference in this respect between current and ex-participants.

Table 3.1 Had tenants received any advice or support to help them manage HB while it was being paid directly to them?

Advice or support?	Current participants		Ex-participants	
		%		%
Yes		20		18
No		80		82
<i>Base:</i>		971		299

Participants reported receiving a wide range of advice and support.²³

For **current participants** the most commonly received forms of advice or support were about:

- managing rent payments (31 per cent);
- money management (23 per cent);
- using bank accounts (20 per cent); and
- opening bank accounts (19 per cent).

²¹ Irvine, A., Kemp, P.A. and Nice, K. (2007). *Direct Payment of Housing Benefit: what do claimants think?* (Coventry: Chartered Institute of Housing and Joseph Rowntree Foundation).

²² Kemp, P. A., Hickman, P., Reeve, K., Collins, B., Findlay, S. and Robinson, D. (2012). *Direct payment Demonstration Projects: Findings from a baseline survey of tenants in five Project Areas in England and Wales*. DWP Research Report No. 822 (London: Department for Work and Pensions).

²³ Respondents could mention more than one type of advice or support. Only the most commonly mentioned are listed because of the small sample size.

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For **ex-participants** the most commonly received forms of advice or support were about:

- money management (31 per cent);
- managing rent payments (23 per cent);
- managing rent arrears (19 per cent); and
- household budgeting (13 per cent).

Among current participants who reported having received advice or support, one-third (33 per cent) said they were still receiving it, and two-thirds (68 per cent) that they were not, at the time of the stage 2 survey (Table 3.2). Expressed differently, six per cent of **all** current participants were receiving either advice or support of one type or another at stage 2 to help them manage the direct payment of HB.

Table 3.2 Were current participants still receiving advice or support?

	Current participants %
Yes	33
No	68
<i>Base:</i>	192

Note: figures exclude one tenant who did not know.

Current participants who were still receiving advice or support were asked whether they thought they would need it for the short or for the long term. They were also asked whether they needed just **some** support or a **great deal** of support. As Table 3.3 shows, two-thirds (67 per cent) reported that they needed just some support and most of the remainder (30 per cent) needed a great deal of support. The remaining three per cent did not know.

Table 3.3 Did current participants who were still getting advice or support need it for the short or the long term?

	Current participants %
Some support – just in the short-term	46
Some support – for the long-term	21
Great deal of support – just in the short-term	0
Great deal of support – for the long-term	30
Don't know	3
<i>Base: Tenants still getting advice or support</i>	61

Among current participants who needed just some support, about two-thirds felt they needed it for the short-term and one-third for the long-term. By contrast, all of the current participants who reported needing a great deal of support felt they would need it for the long term and none for the short term (Table 3.3).

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In total, about half of current participants who were still receiving some or a great deal of advice or support to manage direct payment of HB said that they would need it for the long-term. The tenants who needed (either some or a great deal of) long-term help accounts for three per cent of all current participants. Thus, only a very small minority of current participants felt they would need long-term support to help them manage direct payment of their HB (Table 3.3).

As reported above, four out of five current participants had not received any advice or support to help them manage their HB now it was being paid directly to them. This raises the question of whether these tenants actually needed any advice or support to help them with direct payment.

Table 3.4 Did current participants who had not received any advice or support need it to help them manage HB while it was being paid directly to them?

Need advice or support?	Current participants %
Yes	12
No	88
Don't know	1
<i>Base: Participants who have not received advice or support</i>	
783	

In fact, the great majority of current participants who were not receiving any advice or support felt they did not need it. As Table 3.4 indicates, 88 per cent of them did not need advice or support and 12 per cent did need it. Hence, there was a relatively low level of unmet 'felt need'²⁴ for such help among those who had not received it.

Table 3.5 shows the types of advice or support wanted by current participants with an unmet felt need for help. The main things that they felt they needed help with were:

- money management (37 per cent);
- managing rent payments (35 per cent);
- household budgeting (23 per cent);
- managing rent arrears (22 per cent); and
- managing other debts (16 per cent).

²⁴ See Bradshaw, J.R. (1972). 'The taxonomy of social need' reprinted in R. Cookson *et al.* (eds) *Jonathan Bradshaw on Social Policy*, University of York, 2013.

Table 3.5 What types of advice or support did current participants who were not getting any need?

	Current participants %
Opening bank accounts	4
Using bank accounts	13
Money management	39
Household budgeting	23
Managing rent arrears	23
Managing other debts	17
Managing rent payments	36
Other advice or support*	17
None of these things/nothing	3
<i>Base: Current and returning participants who were not receiving advice or support but need it</i>	88

* Five 'other' responses fell within three of the predefined codes in the table and were therefore added to them.

Note: respondents could give more than one type of advice or support.

3.2 Perceptions of advice or support received

Current and returning participants who had received advice or support to help them manage direct payment of HB were asked whether they agreed or disagreed with a series of statements about it. Their responses are shown in Tables 3.6 to 3.9.

Table 3.6 Did current participants agree that 'The advice or support I received helped me to manage my rent payments'?

	Current participants %
Strongly agree	27
Tend to agree	41
Neither agree nor disagree	16
Tend to disagree	8
Strongly disagree	8
<i>Base: Current participants who received advice or support</i>	189

First, current and returning participants were asked to say whether they agreed or disagreed that 'The advice or support I received helped me manage my rent payments'. As Table 3.6 shows, two-thirds (68 per cent) of them either strongly agreed or tended to agree with this statement. Only about one in six (16 per cent) disagreed.²⁵

²⁵ The percentages in the text combine the 'strongly' and 'tend to' agree/disagree responses.

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Second, current and returning participants were asked whether they agreed or disagreed that *'The advice or support I received helped me to manage my money on a four-weekly or monthly basis'*. Around three out of five (61 per cent) of them agreed that the advice or support had helped them manage their money on a four-weekly or monthly basis. However, about one in six (17 per cent) disagreed with the statement and thus did not think the advice or support they received was helpful (Table 3.7).

Table 3.7 Did current participants agree that *'The advice or support I received helped me to manage my money on a four-weekly or monthly basis'*?

	Current participants %
Strongly agree	17
Tend to agree	44
Neither agree nor disagree	22
Tend to disagree	9
Strongly disagree	8
<i>Base: Current participants who received advice or support</i>	184

Third, current and returning participants were asked to say whether they agreed or disagreed that *"The advice or support I received helped me to improve my confidence about money management."* Almost half of them (49 per cent) agreed that it had helped to improve their confidence in that way and around a quarter (24 per cent) of them disagreed. Thus, twice as many tenants felt the advice or support had improved their confidence as did not feel that way (Table 3.8).

Table 3.8 Did current participants agree that *'The advice or support I received helped me to improve my confidence about money management'*?

	Current participants %
Strongly agree	14
Tend to agree	35
Neither agree nor disagree	27
Tend to disagree	9
Strongly disagree	15
<i>Base: Current participants who received advice or support</i>	187

Fourth, current and returning participants were asked whether they agreed or disagreed that *"The advice or support I received helped me to think about moving into paid work."* In contrast to their views about previous three statements, more of them disagreed than agreed with this statement. Thus, 46 per cent either tended or strongly disagreed and 22 per cent tended or strongly agreed with it. A third (33 per cent) neither agreed nor disagreed (Table 3.9).

Table 3.9 Did current participants agree that *‘The advice or support I received helped me to think about moving into paid work’?*

	Current participants %
Strongly agree	4
Tend to agree	18
Neither agree nor disagree	33
Tend to disagree	13
Strongly disagree	33
<i>Base: Current participants who received advice or support</i>	<i>147</i>

Note: figures exclude 43 tenants who said it was not applicable.

3.3 Summary

Twenty per cent of current and 18 per cent of ex-participants had received advice or support while HB was being paid direct to them.

Among **current participants** the most commonly received forms of advice or support were about: managing rent payments, money management, using bank accounts and opening bank accounts.

Among **ex-participants** the most commonly received forms of advice or support were about: money management, managing rent payments, managing rent arrears and household budgeting.

Three per cent of current participants reported that they needed some or a great deal of advice and support for the **long term**.

Sixty-eight per cent of participants who had received advice or support agreed that it had helped them to **manage their rent payments**; 16 per cent disagreed.

Sixty-one per cent of participants who had received advice or support agreed that it had helped them to **manage their money on a four-weekly or monthly basis**; 17 per cent disagreed.

Forty-nine per cent of participants who had received advice or support agreed that it had helped them to **improve their confidence about money management**; 24 per cent disagreed.

Twenty-two per cent of participants who had received advice or support agreed that it had helped them to **think about moving into paid work**; 46 per cent disagreed.

4 Experience of direct payment

This section reports on tenants' experience of having Housing Benefit (HB) paid directly to them. Of special importance in this respect is how well or otherwise tenants were managing with both (1) having their HB paid directly to them; and (2) having to pay (all of) the rent themselves instead of (some of) it being paid by the local authority's HB office straight into their rent account.

Table 4.1 shows whether HB was being paid to the tenant or the landlord at the stage 1 baseline survey and at the stage 2 follow-up and top-up survey. It demonstrates that there was, as planned, a substantial shift from HB payment to the landlord to payment directly to the tenant.

At baseline, only two per cent of tenants were being directly paid their HB. In the remaining 98 per cent of cases, it was being paid to the landlord. By the time of the stage 2 survey, by contrast, 59 per cent of follow-up tenants and 54 per cent of top-up tenants were on direct payment (Table 4.1).

Table 4.1 To whom was the HB being paid?

To whom?	Baseline stage 1 %	Follow-up stage 2 %	Top-up stage 2 %	All stage 2 %
Paid to the tenant	2	59	54	57
Paid to the landlord	98	41	47	43
<i>Base: Tenants on HB</i>	<i>1,214</i>	<i>1,128</i>	<i>550</i>	<i>1,678</i>

Current and ex-participants were asked whether they had managed better or worse than they had originally expected while their HB was being paid directly to them. Table 4.2 shows that just over half (55 per cent) of tenants managed more or less in line with their expectations. Meanwhile, 30 per cent said they had managed worse than they thought would be the case and 15 per cent that they did better than anticipated.

Table 4.2 Have tenants managed direct payment of HB better or worse than they originally expected? – by DPDP status

***	Current participants %	Ex-participants %	All participants %
Better than expected	19	5	15
About the same	59	42	55
Worse than expected	22	53	30
<i>Base: Current and ex-participants</i>	<i>969</i>	<i>302</i>	<i>1,271</i>

Statistical significance *** p<0.001.

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However, Table 4.2 also indicates that ex-participants were much more likely to feel that they had managed worse than originally expected. Thus, 53 per cent of ex-participants, compared with 22 per cent of current participants, held this view. Conversely, current participants were more likely than ex-participants to report that they managed better than expected (19 per cent of current participants compared with five per cent of ex-participants).

Managing better than expected does not necessarily mean managing well; and conversely, managing worse than expected does not necessarily imply doing poorly. Current participants were therefore asked how well or poorly they were coping with direct payment of HB.

In fact, as Table 4.3 shows, about three-quarters of current participants felt they were coping well with direct payment. More specifically, 33 per cent said they were coping **fairly** well and 41 per cent that they were coping **very** well. By contrast, 16 per cent thought they were coping poorly.

Table 4.3 How well or poorly were current participants coping with direct payment of HB?

	Current participants %
Very well	41
Fairly well	33
Neither well nor poorly	10
Fairly poorly	9
Very poorly	7
<i>Base: Current participants</i>	972

Current participants were also asked how easy or difficult it was for them to **manage their finances** now that their HB was being paid directly to them. A clear majority – 63 per cent – reported that it was easy to manage their finances with direct payment of HB. By contrast, 21 per cent said it was difficult to do so. The remaining 17 per cent felt it was neither easy nor difficult (Table 4.4).

Table 4.4 How easy or difficult is it for current participants to manage their finances now that HB was being paid directly to them?

	Current participants %
Very easy	32
Fairly easy	31
Neither easy nor difficult	17
Fairly difficult	12
Very difficult	9
<i>Base: Current participants</i>	973

Note: excludes four tenants who did not know.

4.1 Summary

Two per cent of tenants in the stage 1 baseline survey reported that they were receiving HB direct; by the stage 2 follow-up survey, it had risen to 59 per cent.

Among current participants on direct payment, 59 per cent said they had managed about **the same** as they had expected; 19 per cent said they had managed **better** than expected and 22 per cent that they had managed **worse** than expected.

Seventy-four per cent of current participants reported that they were **coping well** with direct payment and 16 per cent that they were **coping poorly**.

Current participants were three times as likely to say it was **easy**, than to say it was it was **difficult**, to manage their finances while HB was being paid to them (63 per cent compared with 21 per cent respectively). 17 per cent said it was neither easy nor difficult.

5 Using bank accounts

One of the Government's aspirations for Universal Credit (UC) is that the majority of applications for this new benefit will be made on-line, but with help for those people who need it. That is, it is anticipated that the normal method by which applicants will submit claims for UC will be on-line via the Internet; and likewise, that successful claimants will be paid electronically via money transfer into their bank account.

Payment directly into claimant bank accounts is cheaper than payment by Post Office giro or cash. By definition, however, claimants can only be paid electronically if they have a bank account. This section of the report, therefore, examines the use of bank accounts by the tenants in the Direct Payment Demonstration Project (DPDP) areas.

The stage 1 baseline survey found that about nine out of ten tenants had at least one bank or building society account. Table 5.1 shows that the proportion of tenants who had at least one bank account increased between the stage 1 baseline survey and the stage 2 follow-up and top-up survey. Whereas 88 per cent of them had an account at baseline, 94 per cent had one at stage 2.

Table 5.1 Did tenants have a bank account at stage 1 or stage 2?

Bank account(s)? ***	Baseline stage 1 %	Follow-up stage 2 %
Yes	88	94
No	13	6
<i>Base: All follow-up tenants</i>	<i>1,218</i>	<i>1,216</i>

Note: when rounded to the nearest tenth of one percent, the figures for stage 1 are 87.5 per cent and 12.5%. Rounded to the nearest one percent the figures (as shown in the table) are 88 per cent and 13 per cent respectively.

Statistical significance: *** $p < 0.001$.

Nine out of ten tenants with an account used it for day-to-day money management or paying bills. The proportion that did so was higher for current participants than for ex-participants and non-participants (91 per cent compared with 87 per cent and 86 per cent respectively).

Current participants were also significantly more likely than ex- and non-participants to use their bank account to **pay bills by Direct Debit** (83 per cent compared with 73 per cent and 69 per cent respectively).

Just under half of current participants who used Direct Debits for bill payment paid their rent that way. But they were much more likely to do so than were ex- or non-participants. Thus, as Table 5.2 shows, among tenants who paid some bills by Direct Debit, 47 per cent of current participants, 24 per cent of ex-participants and 18 per cent of non-participants used that method to pay their rent.

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Table 5.2 Did tenants pay their rent by Direct Debit or Standing Order?

Pay rent by Direct Debit or Standing Order? ***	Baseline stage 1	Follow-up and Top-up			All %
	%	Current participants %	Ex-participants %	Non-participants %	
Yes	15	47	24	18	37
No	86	53	76	82	63
<i>Base: Tenants who use bank accounts to pay bills by Direct Debit or Standing Order</i>	701	722	185	260	1,167

Statistical significance: *** p<0.001

Only a small minority of all tenants with one or more bank accounts – 12 per cent or about one in eight – had a separate account that they used only for receiving Housing Benefit or paying the rent. However, current participants were very much more likely to have a separate account for this purpose than were ex- and non-participants: 18 per cent compared with five per cent and three per cent respectively (Table 5.3).

Table 5.3 Did tenants have a separate bank account that they used only for HB or rent?

Separate bank account for HB or rent? ***	Current participants %	Ex-participants %	Non-participants %	All %
Yes	18	5	3	12
No	82	95	97	88
<i>Base: Tenants who have bank accounts</i>	949	290	428	1,667

Statistical significance: *** p<0.001.

Table 5.4 shows that, at both the stage 1 baseline survey and the stage 2 follow-up and top-up survey, one in seven tenants who had a bank or building society account were overdrawn. Thus, the proportion of tenants who were overdrawn on their bank account had not increased under the DPDP. Non-participants were significantly more likely than current and ex-participants to be overdrawn on a bank account.

Table 5.4 Were tenants overdrawn on a bank or building society account?

Currently overdrawn? *	Baseline stage 1	Follow-up and top-up			All %
	%	Current participants %	Ex-participants %	Non-participants %	
Yes	14	13	15	19	15
No	86	87	85	81	85
<i>Base: Tenants with bank accounts</i>	1,057	938	282	427	1,647

Excludes nine tenants at stage 1 and 29 at stage 2 who did not know.

Statistical significance: * p<0.05.

5.1 Summary

88 per cent of tenants in the stage 1 baseline survey reported that they had a bank account; by the stage 2 follow-up survey, it had risen to 94 per cent.

Among tenants who used a bank account to pay bills by Direct Debit²⁶, 15 per cent reported in the stage 1 baseline survey that they used that method to pay their rent; by the stage 2 follow-up survey, it had risen to 47 per cent.

Twelve per cent of tenants in the stage 2 survey who used a Direct Debit to pay their rent said they had a separate bank account for receiving HB or paying rent. This was significantly more common among current participants (18%) than among ex-participants (5%) or non-participants (3%).

Fifteen per cent of tenants in the stage 2 survey who had a bank account reported being overdrawn.

²⁶ Direct Debit or Standing Order, though in the vast majority of cases it was the former and not the latter.

6 Rent arrears

A central concern of critics of direct payment is that claimants might not use their Housing Benefit (HB) to pay the rent, but instead spend the money on other things.²⁷ The anticipated result is that rent arrears would increase leading possibly to tenants being evicted for non-payment.

In turn, increased rent arrears would adversely affect the rental income of social housing landlords with possible consequences for their financial viability and even increase the interest rate they pay on their loans if the ratings agencies were to downgrade housing associations' credit rating.

Higher interest rates, in turn, would mean that rents would need to be higher in order to service the more expensive loans; and that would increase the cost of HB payments. Not surprisingly, therefore, a key aim of the study was to examine whether and to what extent rent arrears are likely to increase under direct payment of HB.²⁸

Table 6.1 shows that rent arrears increased between the stage 1 baseline survey and stage 2 follow-up and top-up survey. At baseline, 20 per cent of tenants reported being behind with their rent payments. By the time of the stage 2 survey, 30 per cent of tenants in the follow-up sample were in arrears. In other words, the proportion of tenants in arrears had increased by 50 per cent among those who were interviewed in both the stage 1 baseline survey and the stage 2 survey.

The proportion of tenants in rent arrears was higher in the top-up sample than in the follow-up sample at stage 2 (36 per cent compared with 30 per cent respectively). Combining the follow-up and top-up samples, a third (32 per cent) of stage 2 tenants were behind with the rent (Table 6.1).

Table 6.1 Were tenants up-to-date or behind with their rent?

Up to date?	Follow-up sample at stage 1 %	Follow-up sample at stage 1 %	Top-up sample at stage 2 %	All tenants at stage 2 %
Up-to-date	80	70	64	68
In arrears	20	30	36	32
<i>Base: all tenants</i>	1,208	1,198	595	1,793

Notes:

The differences between stage 1 and stage 2 in the follow-up sample are statistically significant (p<0.001).

The differences between the follow-up and top-up samples at stage 2 are statistically significant (p<0.05).

²⁷ Whitfield, G. (2013) *Poverty and Problematic Debt* (York: Joseph Rowntree Foundation); Anon (2013) 'The direct payment guinea pigs', *Inside Housing*, 11 January.

²⁸ A separate component of the evaluation is looking at the impact of direct payment on landlord rent accounts.

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When compared with current participants, the proportion in rent arrears was much higher among non-participants and especially among ex-participants. Thus, as Table 6.2 shows, while 22 per cent of current participants were behind with their rent payments, the figures were 55 per cent of ex-participants and 38 per cent of non-participants.

Table 6.2 Were tenants in rent arrears? – by DPDP status

	Current	Ex- participants	Non- participants	All participants
Up to date? ***	%	%	%	%
Up-to-date	78	45	62	70
In arrears	22	55	38	30
<i>Base: Direct payment participants</i>	955	299	512	1,766

Statistical significance: $p < 0.001$.

Tenants who were behind with the rent were asked if they were in arrears before they went onto direct payment of HB.²⁹ As Table 6.3 indicates, the majority of them reported that they had **not** been behind with the rent payments before going onto direct payment. This was the case for seven out of ten current participants, and six out of ten ex-participants, who were in arrears when interviewed at stage 2.

Table 6.3 Were tenants in arrears before they went onto the DPDP?

	Current participants	Ex- participants	All participants
In arrears before the DPDP? *	%	%	%
Yes	31	42	36
No	69	58	64
<i>Base: Direct payment participants in arrears</i>	212	162	374

Statistical significance: $p < 0.05$.

Tenants who were already in arrears before they went onto direct payment of HB were asked if their arrears had increased or decreased since then. The responses to this question were significantly different when current participants were compared with ex-participants.

As Table 6.4 shows, among current participants, about a third said their rent arrears had **increased**, a third that their arrears had decreased, and the final third that their arrears had remained the same, since going onto direct payment. Thus, among current participants who were already behind with the rent before going onto the DPDP, only a minority experienced an increase in arrears. But among ex-participants, the majority – six out of ten – said their rent arrears had increased since going onto direct payment of HB (Table 6.4).

Meanwhile, about three out of ten of all participants – 34 per cent of current participants and 27 per cent of ex-participants – reported that their arrears had decreased and one in ten that the arrears had remained the same (Table 6.4).

²⁹ This question was therefore not asked of non-participants.

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Table 6.4 Did arrears increase or decrease among tenants who were in arrears before they went onto the DPDP?

	Current participants	Ex- participants	All participants
Did arrears increase or decrease? **	%	%	%
Increased	32	63	48
Decreased	34	27	30
Remained the same	34	10	22
<i>Base: Direct payment participants in arrears before the DPDP</i>	63	70	133

Statistical significance: $p < 0.01$.

As is usually the case in such surveys, tenants in arrears reported a wide range of reasons as to why they were behind with their rent. The most commonly cited main reasons why tenants were in arrears were: problems with HB administration (20 per cent), low income (17 per cent), problems with HB being paid directly to me (13 per cent), and unexpected expenses (13 per cent)

Table 6.5 shows the reasons for rent arrears the prevalence of which varied significantly between current, ex- and non-participants. It is particularly noteworthy that all five of these reasons are related to the direct payment of HB:

- problems with HB being paid directly to me;
- confusion over due dates for rent payment;
- bank charges due to problems with HB;
- used the HB to pay off other debts; and
- used the HB to pay for something else.

The last two of these five reasons – having used HB to pay off other debts or used it for something else – were very much higher among ex-participants than among either current or non-participants. Among ex-participants who were behind with the rent, about one in ten had used their HB to pay off other debts and one in seven had used it to pay for other things instead of their rent (Table 6.5).

Table 6.5 Significant differences in the main reasons for rent arrears – by DPDP status

	Current participants %	Ex-participants %	Non-participants %
Problems with HB being paid directly to me ***	21	18	1
Confusion over due dates for rent payment ***	14	15	3
Incurred bank charges due to problems with HB *	7	7	2
Used the HB to pay off other debts ***	3	11	2
Used the HB to pay for something else ***	6	15	2
<i>Base: Tenants in arrears</i>	215	164	192

The table shows only those reasons for which there were statistically significant differences between current participants, ex-participants and non-participants.

Statistical significance: *** p<0.001; * p<0.05

Tenants could give more than one main reason.

The finding that a small minority of respondents were in rent arrears because they had used the money to pay for something else, or to pay off other debts, is consistent with the tenant survey conducted as part of the research on rent underpayment in the DPDPs. That survey (and qualitative interviews with underpaying tenants) found that some respondents had underpaid their rent in order to avoid falling behind on other bills.³⁰

6.1 Summary

20 per cent of tenants in the stage 1 baseline survey reported that they were behind with their rent; by the stage 2 follow-up survey it was 30 per cent.

In the stage 2 survey, 22 per cent of current participants, 55 per cent of ex-participants and 38 per cent of non-participants were behind with their rent payments.

Among current participants who were already in arrears before the DPDP, 32 per cent reported that their arrears had increased, 34 per cent that the arrears had decreased, and 34 per cent that their arrears had stayed the same, since they joined the DPDP.

Among ex-participants who were already in arrears before the DPDP, 63 per cent reported that their arrears had increased, 27 per cent that the arrears had decreased, and 10 per cent that their arrears had stayed the same, since they joined the DPDP.

Tenants in arrears reported a wide range of 'main reasons' as to why they were behind with their rent. The most commonly cited were: problems with HB administration (20 per cent of tenants in arrears), low income (17 per cent), problems with HB being paid directly to me (13 per cent), and unexpected expenses (13 per cent).

³⁰ Hickman, P., Reeve, K., Wilson, I., Green, S. and Kemp, P.A. (forthcoming 2014). *Rent Underpayment in the Direct Demonstration Project*, Research Report (London: Department for Work and Pensions).

7 Money management

The introduction of payment of Housing Benefit (HB) in the six Direct Payment Demonstration Project (DPDP) areas was accompanied by a change to four-weekly (monthly in Edinburgh) payment interval in place of weekly or fortnightly. Both changes were intended to more closely mirror the situation of tenants in work – as well as the design of Universal Credit (UC) – and both represent an increase in the demands on claimants’ money management skills. At the very least, tenants have to adjust their budgeting to this longer payment interval at the same time as managing the transition to direct payment.

The stage 2 survey found that the majority of tenants had a regular spending limit to help them manage their finances. However, current participants were significantly more likely to have such a limit than were other tenants. Thus, 70 per cent of current participants, 64 per cent of ex-participants and 61 per cent of non-participants had a regular spending limit that they used to help them manage their money (Table 7.1).

Table 7.1 Did tenants keep a regular spending limit to help manage their finances?

	Baseline	Follow-up and top-up			All
	stage 1	Current	Ex-	Non-	
Keep a regular spending limit?*	%	participants	participants	participants	%
Yes	72	70	64	61	66
No	28	30	36	39	34
<i>Base: All follow-up tenants</i>	<i>1,210</i>	<i>964</i>	<i>303</i>	<i>519</i>	<i>1,786</i>

Statistical significance: ** p<0.01.

In the baseline survey it was found that the majority of tenants budgeted on a weekly or a fortnightly basis. The results from the stage 2 survey show that there had been a significant, but relatively modest, change in the period over which tenants who had a spending limit budgeted their money (Table 7.2).

Among tenants who were interviewed in both the baseline and the follow-up surveys and who kept a spending limit, exactly the same percentage of them did so weekly (63 per cent at baseline and follow-up). However, there was a decline from 28 to 21 per cent in the proportion with a fortnightly budget and a corresponding increase from 10 to 16 per cent in those having a monthly (or four-weekly) budget (Table 7.2).

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Table 7.2 Over what periods did tenants keep a regular spending limit?

Time period **	Baseline stage 1	Follow-up and top-up			All %
	%	Current participants %	Ex-participants %	Non-participants %	
Weekly	63	65	68	64	65
Fortnightly	28	20	18	23	20
Monthly or four-weekly	10	16	14	13	15
<i>Base: Tenants with a regular spending limit</i>	863	665	193	314	1,172

Excludes tenants who used some other period.

The differences between stage 1 and stage 2 in the follow-up sample are statistically significant ($p < 0.01$). The differences at stage 2 between current, ex- and non-participants are not statistically significant.

However, at stage 2, the intervals over which tenants who had spending limits budgeted did not vary significantly between current participants, ex-participants and non-participants.

Having a budget limit is one thing, but keeping to it can be quite another thing altogether. Therefore, tenants who reported having a regular budget limit to help them manage their finances were asked how often they managed to keep to it.

The extent to which tenants managed to keep to their regular spending limit was no different at stage 2 from what it had been at the stage 1 baseline survey. In both surveys, about three-quarters of them reported that they were able to keep to their spending limit always or most of the time (Table 7.3).

Table 7.3 How often did tenants manage to keep to their regular spending limit?

Time period **	Baseline stage 1	Follow-up and top-up			All %
	%	Current participants %	Ex-participants %	Non-participants %	
Always	30	31	26	24	28
Most of the time	43	46	46	41	45
Sometimes	20	17	18	24	19
Hardly ever or never	8	6	9	10	8
<i>Base: Tenants who had a regular spending limit</i>	868	677	196	314	1,187

The differences between stage 1 and stage 2 in the follow-up sample are not statistically significant. The differences at stage 2 between current, ex- and non-participants are statistically significant ($p < 0.001$).

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However, there were significant differences between the three main sub-groups of tenants in the extent to which they were able to keep to their spending limit. As Table 7.3 shows, 77 per cent of current participants, 72 per cent of ex-participants, and 65 per cent of non-participants, reported that they were able to keep to their regular spending limit either 'Always' or 'Most of the time'.

In order to ascertain how well tenants in the DPDP areas were managing financially, they were asked how often, if at all, in the past 12 months they had run out of money before the end of the week or month.

In the stage 1 baseline survey, 54 per cent of tenants reported that they had either 'fairly often' or 'very often' run out of money before the end of the week or month. At the stage 2 follow-up and top-up survey, the proportion of tenants who had 'often' run out was the same as at baseline (Table 7.4).

However, there was a significant decrease between stage 1 and stage 2 in the proportion of tenants who reported that they had 'hardly ever' run out of money, and an increase in those who said they had 'never' run out, before the end of the week or month.

Table 7.4 How often, if at all, did tenants run out of money before the end of the week or month? – by DPDP status

How often ***	Baseline stage 1		Follow-up and top-up		
	%	Current participants %	Ex-participants %	Non-participants %	All %
Very often	25	19	30	32	25
Fairly often	29	27	33	30	29
Hardly ever	27	25	21	21	23
Never	19	29	16	18	24
<i>Base: All tenants</i>	<i>1214</i>	<i>964</i>	<i>303</i>	<i>520</i>	<i>1787</i>

Excludes four tenants at stage 1 and 16 at stage 2 who did not know.

Statistical significance: *** p<0.001.

Responses to this question varied by sub-group. As Table 7.4 shows, current participants were much less likely than the other two sub-groups to have often run out of money. Thus, while 46 per cent of current participants had often run out of money in the previous 12 months, among ex-participants it was 63 per cent and among non-participants it was 62 per cent.

Tenants who had run out of money in the previous 12 months were asked how they covered the shortfall. Table 7.5 shows that tenants employed a wide range of ways to do so. However, by far the most common method for getting by when they had run out of money was to borrow from family or friends. Just over half of all tenants who had run out of money in the previous 12 months reported that they had done so.

The second most common method – reported by 15 per cent of tenants who had run out of money in the previous 12 months – was simply to go without meals. Meanwhile, seven per

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cent said they relied on gifts of food from family or friends (Table 7.5).

Table 7.5 When tenants run out of money, how do they cover the shortfall?

How covers the shortfall?	Current participants %	Ex-participants %	Non-participants %	All %
Borrow money from family or friends	54	53	58	55
Gifts of food from family or friends	7	6	9	7
Use a food bank	3	2	4	3
Go without meals	15	12	15	15
Borrow from a money lender **	1	2	4	2
Overdraw from a bank account	6	4	4	5
Use a credit card	3	3	1	2
Use the HB money **	3	3	<1	2
Delay paying the rent	3	3	3	3
Delay paying other bills	12	13	11	12
Other ways	9	10	11	10
Don't know	9	9	6	8
<i>Base: Tenants who run out of money</i>	<i>688</i>	<i>251</i>	<i>426</i>	<i>1,365</i>

Statistical significance: ** $p < 0.01$.

The third most common method to cover the shortfall when they had run out of money – used by 12 per cent of tenants – was to delay paying bills (other than the rent). Only three per cent said they delayed paying their rent and two per cent that they used the HB money (Table 7.5).

Finally, all tenants were asked how well or poorly, taking everything into account, they were managing financially these days. There was little difference in this respect between the stage 1 baseline survey and the stage 2 survey. In both surveys, half of all tenants interviewed reported that they were managing either fairly or very well (Table 7.6).

Table 7.6 How well or poorly did tenants feel, taking everything into account, they were managing financially these days? – by DPDP status

How well? ***	Baseline stage 1		Follow-up and top-up		
	%	Current participants %	Ex-participants %	Non-participants %	All %
Very well	11	14	7	7	11
Fairly well	40	41	38	32	38
Neither	19	21	22	24	22
Fairly poorly	17	15	19	23	18
Very poorly	12	9	14	15	12

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<i>Base: All tenants</i>	1,212	966	303	523	1,792
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Statistical significance: *** $p < 0.001$.

However, there were significant differences once again between the three sub-groups of tenants at stage 2. More specifically, current participants (55 per cent) were more likely than ex-participants (45 per cent) to report that they were managing well; and the latter sub-group was more likely than non-participants (39 per cent) to say they were managing well financially these days (Table 7.6).

7.1 Summary

At the stage 2 survey current participants (70%) were significantly more likely than either ex-participants (64%) or non-participants (61%) to have a regular spending limit to help them manage their finances.

Among tenants who were interviewed in both the stage 1 baseline and stage 2 follow-up surveys and who kept a spending limit, exactly the same percentage of them did so weekly (63%). However, there was a decline from 28 to 21 per cent in the proportion with a fortnightly budget; and an increase from 10 to 16 per cent in those having a monthly (or four-weekly) budget.

The extent to which tenants managed to keep to their regular spending limit was no different at stage 2 from what it had been at the stage 1 baseline survey. In both surveys, about three-quarters of them reported that they were able to keep to their spending limit always or most of the time.

In both the stage 1 baseline survey and the stage 2 survey, 54 per cent of tenants reported that they had 'often' run out of money before the end of the week or month in the previous year. However, there was a decrease from 27 to 23 per cent in the proportion who reported that they had 'hardly ever', and an increase from 19 to 24 per cent in those who said they had 'never', run out of money.

8 Summary

This report has presented findings from the stage 2 follow-up and top-up survey of tenants in the Direct Payment Demonstration Projects (DPDPs). The survey is the second of three surveys of tenants. As such, the results in this summary report are best regarded as interim findings pending the outcome of the third and final survey of tenants.³¹

The introduction of direct payment to the tenant instead of the landlord, and of payment at four-weekly (or monthly) rather than weekly or fortnightly intervals, represent potentially challenging changes to Housing Benefit (HB) for social housing tenants. It is highly likely, therefore, that there will be a period of adjustment before the 'dust settles' after the transition from the old to the new arrangements in the six Project Areas.

8.1 Participation in DPDP

The stage 2 survey shows that DPDP had achieved a very high level of awareness among tenants. Indeed, nine out of ten had heard that direct payment were being trialed in their area. The participation rate, of course, was lower than that, but even so seven out of ten tenants had participated for at least part of the time since the projects went 'live'.

While three out of ten tenants in the Stage 2 survey said they had not participated in the DPDP, this was not always because they were among those tenants who were deemed unable to manage direct payment. Instead, some could not recall being contacted about it; and others excluded themselves by not responding to efforts to contact them by their landlord.

It was clear from the responses to the Stage 2 survey that most of the 'self-excluders' did not respond to efforts to contact them by the landlord because they did not want their HB to be paid directly to them. Although this strategy worked in the context of the DPDP, it is unlikely to do so under Universal Credit (UC).

Three-quarters of tenants who were put onto direct payment were still participating by the time they were interviewed in the stage 2 survey. But while the remaining quarter was no longer participating, this was not in all cases because they could not manage direct payment.

One in six of these ex-participants had ceased to claim HB – mostly for work-related reasons such as taking up a job – but the remainder had been 'switched back' to landlord payments. These 'switchbacks' – that is, ex-participants excluding tenants who had ceased claiming HB – accounted for one in five tenants who were originally put onto direct payment.

8.2 Direct payment

The introduction of the DPDP has resulted in a substantial change in the proportion of tenants who were on direct payment of HB in the six Project Areas. In the stage 1 baseline survey, conducted before the projects went 'live', only two per cent of tenants were being paid their HB directly. By the time of the stage 2 survey, it had increased to 57 per cent of all tenants.

³¹ An in-depth report on the findings of the third tenant survey will be published later in 2014.

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Six out of ten current participants felt they had managed direct payment no better or worse than they had originally expected; and the remainder were split roughly equally between those who had managed better and those who had managed worse than expected.

In contrast, ex-participants were more likely to have fared worse than expected. About five out of ten of them had managed worse, four in ten had managed about the same, and only one in 20 had done better than expected. This more negative outcome is perhaps not surprising as, unlike current participants, tenants who had left the scheme had mostly been switched back because they could not manage direct payment.

The great majority of current participants reported that they were coping well with direct payment of HB: by their own account, three-quarters were doing well. In contrast, one in six felt they were coping poorly.

Six out of ten tenants said that it was easy to manage their finances now that HB was being paid directly to them, while one in five reported that it was difficult.

Current participants, as one might expect, tended to have more positive views than ex-participants about the benefits of taking part in the DPDP. Nevertheless, less than half of current participants agreed with a range of statements offering **positive** views about the impact of taking part in the trial on their ability to manage money; their interest in the amount of rent they are charged; and their likelihood of holding down a paid job or increasing their hours of work.

However, over 60 per cent of current participants disagreed with **negative** statements about the impact of taking part in the trial on their confidence at managing money or the likelihood of them looking for a job.

8.3 Advice and support

One in five current and ex-participants had received advice or support to help them manage direct payment. This covered a variety of topics, but especially managing rent payments, money management, opening or using bank accounts, household budgeting and managing rent arrears.

A third of current participants who had received advice or support with direct payment were still receiving it. Meanwhile, about one in eight current participants who had **not** received any advice reported that they did need it to help them manage direct payment. The types of advice and support they needed were similar to that which was being, or had been, provided to other tenants.

Thus, the provision of advice and support did not reach all of the tenants who needed it. And this was not because they needed help that was different from that which other tenants had received. That said, seven out of eight current participants who had not received advice or support said they did not need any to help them manage direct payment of HB.

About half or more of current tenants who had received advice or support agreed with positive statements about the impact that it had on their ability to manage their rent payments, to manage their money on a four-weekly or monthly basis, and their confidence at managing money. On the other hand, twice as many disagreed as agreed with the positive statement that the advice and support they had received made them think about moving into paid work.

8.4 Using bank accounts

The proportion of tenants who had at least one bank account was already high at the stage 1 baseline survey (88 per cent), but had nonetheless increased still further by the time they were interviewed in the stage 2 survey (94 per cent).

The proportion of tenants with a bank account who used it to pay their rent by Direct Debit more than doubled between the stage 1 baseline survey (15 per cent) and the stage 2 follow-up and top-up survey (37 per cent). This was especially true of current participants, almost half of whom (47 per cent) were using Direct Debit to pay their rent.

Only about one in eight tenants (12 per cent) had a separate bank account that they used only to receive HB or pay the rent. But current tenants (18 per cent) were far more likely to have such an account than were ex-participants (five per cent) and non-participants (three per cent).

One in seven tenants were overdrawn on a bank or building society account, a proportion that was the same as at the baseline survey. Non-participants (19 per cent) were more likely than current (13 per cent) and ex-participants (15 per cent) to be overdrawn.

8.5 Rent arrears

The proportion of tenants in rent arrears had increased since the stage 1 baseline survey. In the follow-up sample, it had increased from 20 per cent of tenants at baseline to 30 per cent of tenants at the stage 2 survey. At stage 2, the proportion of tenants in arrears was far higher among ex-participants (55 per cent) and – to a lesser extent – non-participants (38 per cent) than among current participants (22 per cent).

Just over a third of participants (36 per cent) were already in rent arrears before they went onto direct payment. This was particularly true of ex-participants, 42 per cent of whom were already in rent arrears. Among current participants, 31 per cent were already in arrears.

Among participants who were already in arrears, almost half (48 per cent) reported that their arrears had **increased** since they went onto the DPDP. However, ex-participants (63 per cent) were almost twice as likely as current participants (32 per cent) to say their arrears had increased since then.

However, among those who were already in arrears, 34 per cent of current participants and 27 per cent of ex-participants reported that their rent arrears had **decreased** since the time they went onto the DPDP.

There was a wide range of main reasons why tenants were in rent arrears. However, the reasons for arrears that varied significantly between current, ex- and non-participants were all related in one way or another to direct payment³²:

- problems with HB being paid directly to me;
- confusion over due dates for rent payment;
- bank charges due to problems with HB;
- used the HB to pay off other debts; and
- used the HB to pay for something else.

³² Reasons that did not relate to direct payments included relationship breakdown, unemployment, giving up work due to ill-health etc.

8.6 Money management

In the stage 2 survey, two-thirds of tenants (66 per cent) reported that they kept a regular spending limit to help them manage their finances. However, current participants (70 per cent) were more likely than either ex-participants (64 per cent) or non-participants (61 per cent) to say they kept such a limit.

The periods for which tenants kept a regular spending limit were significantly different at stage 1 from what they had been at the stage 1 baseline survey. The main change was that fewer tenants had a fortnightly limit and more had a monthly one than did so at baseline.

The extent to which tenants were able to keep to their regular spending limit did not change much between stage 1 and stage 2. However, non-participants (34 per cent) were significantly more likely than either current (23 per cent) or ex-participants (27 per cent) to report that they only sometimes or never managed to keep to their spending limit.

About a third of tenants in the stage 1 survey and in the stage 2 survey reported that they had often run out of money before the end of the week or month in the previous 12 months. But current participants (46 per cent) were significantly less likely than either ex-participants (63 per cent) or non-participants (62 per cent) to have often run out of money.

The main way in which tenants who had run out of money covered the shortfall was by borrowing money from family or friends (55 per cent). Five per cent had overdrawn from a bank account, two per cent had borrowed from a moneylender and two per cent had used a credit card.

The second most common way to make up the shortfall was to go without meals (15 per cent). Seven per cent received gifts of food from family or friends.

The third most common way of covering the shortfall when they had run out of money was to delay payment of (non-rent) bills (12 per cent). Three per cent delayed paying their rent and two per cent used their HB money.

The extent to which tenants were managing well or poorly financially was very similar at stage 1 and stage 2. However, non-participants (38 per cent) and ex-participants (33 per cent) were significantly more likely than current participants (24 per cent) to report that they were managing poorly financially.

8.7 Next steps

The report of the stage 3 survey will examine in-depth, and draw conclusions about, how well tenants have subsequently fared in the six DPDP areas. That survey was conducted after the DPDPs had officially come to an end. By making comparisons with the stage 1 baseline survey, the research will be able to undertake a 'before-and-after' examination of the extent to which claimants beliefs and behaviour changed between those two surveys. This final tenant survey report will be published later in 2014.

8.8 Other future outputs from the evaluation

In addition to the report of the stage 3 survey of tenants, a number of other reports from the evaluation will be published:

- **a report highlighting the key issues to emerge from the 12 months analysis of rent accounts.** This report analyses rent account data generated for the first 12 months of the DPDP programme being 'live';
- **an 'extended learning' report, which highlights the key learning to emerge from the first 12 months of the programme being 'live'.** Along with qualitative material gathered from a range of sources, this report draws on quantitative material from the stage 2 tenant survey and analysis of rent accounts;
- **a report highlighting the key issues to emerge from research by the study team into underpayment of rent.** It draws on data generated from the following quantitative and qualitative sources: landlord rent accounts; a telephone survey of underpayers; and in-depth interviews with 20 tenants who took part in this survey. The report provides an insight into the nature, scale and form of underpayment, in doing so providing an insight into who underpays and their reasons for doing so;
- **a report highlighting the key issues to emerge from the 18 months' analysis of rent accounts.** This will analyse data for the programme for its entire duration and will seek to identify any impact of welfare reforms, such as Removal of the Spare Room Subsidy (RSRS), on payment and arrears levels in the DPDP programme;
- **an overarching final report.** This will pull together all the analysis undertaken by the study team to highlight the key findings from the evaluation of the DPDPs.

Appendix

Supplementary tables

Table A.1 Socio-demographic characteristics – by DPDP status

	Current participants %	Ex-participants %	Non-participants %	All %
Gender of respondent **				
Male	35	26	36	33
Female	66	74	65	67
Age of respondent ***				
16 to 24	7	8	10	8
25 to 34	19	30	22	22
35 to 44	25	25	29	27
45 to 54	31	26	26	29
55+	18	10	13	15
Ethnicity of respondent				
White	86	83	87	86
Black or other ethnic minority	14	17	13	14
Household type				
Single person	34	28	38	34
Lone parent	31	39	27	31
Couple with children	16	14	16	15
Couple	11	10	11	11
Multi-person household	9	9	9	9
Disability status of household ***				
No	39	51	36	40
Yes	61	49	64	60
Work status of household ***				
Working	29	44	27	31
Not working	71	56	74	69
Numeracy or literacy problems? ***				
Yes	17	10	21	17
No	83	90	79	83
<i>Base: All tenants</i>	967	304	528	1,799

Household type data is for the stage 1 sample only at stage 1 (N=1,218).

Statistical significance: ** p<0.01; *** p<0.001.

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Table A.2 Respondent health conditions or disability – by DPDP status

<i>Row percentages</i>				
Respondent health or disability	Current participants %	Ex-participants %	Non-participants %	All %
Stress or anxiety *	36	41	45	40
Depression **	42	52	53	47
Mental illness	25	26	32	28
Health problems due to alcohol **	5	7	11	7
Health problems due to illicit use of drugs *	2	5	6	4
Learning difficulties **	7	2	11	8
Other health problems or disabilities	66	65	61	65
None of these	3	3	1	2
Prefer not to say	1	0	<1	1
<i>Base: Tenants with health conditions or disability</i>	458	112	297	857

Statistical significance: * p<0.05; ** p<0.01.

Table A.3 Whether respondent have ever stayed in an institution – by DPDP status

Type of 'institution'	Current participants %	Ex-participants %	Non-participants %	All %
Children's home	6	5	6	6
Foster parents	5	5	6	5
Psychiatric unit or hospital *	9	5	12	9
Alcohol unit	2	3	4	3
Drugs unit **	1	<1	3	2
Young offenders' institution	2	1	3	2
Prison or remand centre **	5	3	8	6
None of these ***	80	83	70	78
Refused **	<1	2	2	1
Don't know	<1	<1	1	<1
<i>Base: All tenants</i>	967	304	528	1,799

Statistical significance: * p<0.05; ** p<0.01; *** p<0.001.

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Table A.4 Did tenants have savings? – by DPDP status

	Current participants %	Ex-participants %	Non-participants %	All %
Savings? ***				
Yes	11	6	5	8
No savings	89	94	95	92
<i>Base: All tenants</i>	962	304	523	1,789

Excludes 11 tenants who did not know.

Statistical significance: *** p<0.001.

Table A.5 Respondent work status – by DPDP status

	Current participants %	Ex-participants %	Non-participants %	All %
Work status ***				
Working full time or part time	20	29	19	21
Unemployed	20	22	21	20
Long-term sick or disabled	34	23	40	34
Other economically inactive	27	26	20	24
<i>Base: All tenants</i>	966	304	525	1,795

Statistical significance: *** p< 0.001.

Table A.6 DPDP status of respondents – by area

	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
DPDP status						
Current participant	65	57	51	54	47	47
Ex-participant	26	11	17	14	19	14
Non-participant	10	31	32	33	33	39
<i>Base: All tenants</i>	293	323	292	324	315	252

Statistical significance *** p<0.001.

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Table A.7 Did participants receive advice or support to help them manage while HB was being paid directly to them? – by area

Receive advice or support? ***	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Yes	14	17	12	36	9	30
No	86	83	88	64	91	70
<i>Base: All tenants</i>	183	191	148	181	149	119

Statistical significance: *** p<0.01.

Table A.8 Did ex-participants receive advice or support to help them manage while HB was being paid directly to them? – by area

Receive advice or support? ***	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Yes	12	24	25	28	11	15
No	88	77	76	73	89	85
<i>Base: All tenants</i>	79	33	49	44	61	33

Totals may not sum to exactly 100 due to rounding.

Table A.9 Have tenants managed direct payment of HB better or worse than they originally expected? – by area

*	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Better than expected	14	19	17	20	9	14
About the same	58	52	55	46	59	60
Worse than expected	29	30	28	34	32	26
<i>Base: Current and ex-participants</i>	263	224	199	223	209	153

Statistical significance: * p<0.05.

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Table A.10 How well or poorly were current participants coping with direct payment of HB? – by area

	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Well	80	75	69	68	76	75
Neither	9	10	11	13	7	12
Poorly	11	16	20	20	17	13
<i>Base: Current participants</i>	184	192	149	181	148	118

Table A.11 How easy or difficult is it for current participants to manage their finances now that HB was being paid directly to them? – by area

	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Easy	63	62	60	62	60	68
Neither	23	17	16	14	16	13
Difficult	14	20	24	25	24	19
<i>Base: Current participants</i>	182	192	149	181	149	120

Table A.12 To whom was the HB being paid? – by area

***	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Paid to the landlord	31	39	46	41	48	52
Paid to the tenant	69	61	55	59	52	48
<i>Base: Tenants on HB</i>	273	302	269	305	285	244

Statistical significance: *** p<0.001.

Table A.13 Were tenants up-to-date or behind with their rent? – by area

***	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Up-to-date	70	76	58	74	54	74
In arrears	30	24	42	26	46	26
<i>Base: All tenants</i>	294	323	290	326	314	246

Statistical significance: *** p<0.001.

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Table A.14 How often, if at all, did tenants run out of money before the end of the week or month? – by area

**	Oxford %	Shropshire %	Southwark %	Torfaen %	Wakefield %	Edinburgh %
Very often	24	23	28	24	29	21
Fairly often	24	25	33	30	30	30
Hardly ever	29	27	20	23	21	19
Never	23	25	19	24	21	31
<i>Base: All tenants</i>	292	327	288	331	321	253

Statistical significance: ** p<0.01.

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