

Research report

Direct Payments Demonstration Projects: Findings from a baseline survey of tenants in five project areas in England and Wales

by Peter Kemp, Paul Hickman, Kesia Reeve, Ben Collins,
Stephen Finlay and David Robinson

Department for Work and Pensions

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A report of research carried out by a research consortium comprising the Centre for Regional Economic and Social Research, Ipsos MORI and Professor Peter Kemp from the Blavatnik School of Government, on behalf of the Department for Work and Pensions

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Glossary of terms and abbreviations

BACHL	Bron Afon Community Housing Limited
BME	Black and Minority Ethnic
CAPI	Computer Assisted Personal Interviewing
CRESR	Centre for Regional Economic and Social Research at Sheffield Hallam University
DWP	Department for Work and Pensions
Direct payment	The payment of Housing Benefit (HB) directly to tenants.
DPDP	Direct Payments Demonstration Project. The DPDPs, of which there are six, are demonstrating the payment of HB directly to social rented sector tenants. The six projects are: Edinburgh, Oxford, Shropshire, Southwark, Torfaen and Wakefield.
HB	Housing Benefit
IMD	Index of Multiple Deprivation
LHA	Local Housing Allowance. LHA is the way of calculating HB for tenants in the private rented sector. It is, effectively, the term used to describe HB for private sector tenants.
Landlord payment	The payment of HB directly to landlords.
LSVT	Large Scale Voluntary Transfer (housing association)
ONS	Office for National Statistics
OCHA	Oxford Citizens Housing Association
Project area	Direct Payments Demonstration Project area.
Switch-back	The transferal, at the request of the landlord, of tenants who have fallen into arrears back to landlord payment from direct payment.
Trigger period	This is the length of time that may elapse before tenants return to landlord payment in demonstration projects after falling into arrears. The trigger period varies across the six demonstration projects
UC	Universal Credit
WDH	Wakefield and District Housing
WTC	Working Tax Credit

Summary

Chapter 1: Introduction

This report is the first published output from the independent evaluation of a programme of projects across Great Britain demonstrating the payment of Housing Benefit (HB) directly to social rented sector tenants: **Direct Payments Demonstration Projects (DPDPs)**. The report presents the findings from a survey of tenants which was conducted in May and June 2012 in the five English and Welsh project areas: ‘Oxford’, ‘Southwark’, ‘Shropshire’, ‘Torfaen’ and ‘Wakefield’. The report does not include data from the sixth project area, Edinburgh, as implementation and research activity in Edinburgh started later than the other areas. All survey respondents were surveyed prior to the introduction of direct payments. The survey, therefore, provides a baseline position prior to the Demonstration Projects going ‘live’, with regard to issues such as: tenants’ awareness of, and attitudes towards, direct payments; their financial history and circumstances; and financial capability. In addition, it also provides an insight into how tenants perceive the programme is likely to impact on them. How in practice it does will be explored in the study’s principal research output, its final report, which, it is anticipated, will be published at the end of 2013.

Chapter 2: The policy context and the Direct Payments Demonstration Projects programme

In July 2010, the new coalition government published *21st Century Welfare*, a consultation document restating a Budget commitment to reform the benefits system. Government analysis concluded that the existing system was too complex and presented disincentives to move into work. The result, it is argued, has been rising costs of welfare support and persistent welfare dependency. The principles and proposals set out in the consultation paper were detailed further in the White Paper, *Universal Credit: Welfare that Works*, and enshrined in law when the Welfare Reform Act 2012 received royal assent in March 2012. The cornerstone of welfare reform is the introduction of ‘Universal Credit’ (UC), a new integrated benefit for people of working age which will come into effect from October 2013, with UC pathfinders starting in April 2013. UC, which is one component of a package of measures to reform the benefits system, is a single payment, replacing a range of income related in-work and out-of-work benefits, including HB. Tenants will receive a single monthly payment, simplifying the current system whilst also, it is hoped, encouraging greater responsibility amongst tenants to manage their benefits and rent payments. In the social rented sector this represents a significant change for both landlords and tenants. Recognising the change for tenants, and the importance of stable income streams for landlords, the Government is designing UC to include safeguards for landlords (for example, a mechanism for ‘switching back’ the payment of HB to the landlord, or exemption from direct payments for people particularly vulnerable to accruing arrears) and support for tenants. The DPDPs programme is one through which various safeguard and support options are being explored and tested.

The DPDPs programme was announced by Lord Freud on 14 September 2011. Social housing landlords were invited to take part in the programme, which was to run for a year. The six projects selected were: ‘Oxford’ (Oxford City Council and Oxford Citizens Housing Association, part of the GreenSquare Housing Group); ‘Shropshire’ (Shropshire Council, Bromford Group, Sanctuary Housing and The Wrekin Housing Trust); ‘Southwark’ (London Borough of Southwark and Family Mosaic); ‘Torfaen’ (Torfaen County Borough Council, Bron Afon Community Housing and Charter Housing);

‘Wakefield’ (Wakefield Council and Wakefield and District Housing) and ‘Edinburgh’ (City of Edinburgh Council and Dunedin Canmore Housing Association). Landlords in each of the project areas had to select tenants to take part in the programme with only those of working age (18-59) and who do not live in temporary and supported accommodation on a short-term basis being eligible for it. The English and Welsh projects went ‘live’ in June and July 2012; Edinburgh at the end of August.

Chapter 3: The evaluation

The main aim of the research programme is to monitor and evaluate the preparation and delivery of the DPDPs, learning lessons about effective implementation to feed into relevant aspects of UC design and future policy and strategy. The evaluation employs a **mixed methods** approach to meet these objectives which comprises: tenant surveys; analysis of landlord rent accounts and management costs; longitudinal qualitative work with tenants and ‘local’ stakeholders; and one-off qualitative interviews with tenants and ‘external’ stakeholders. This report presents the findings from the first of two tenant surveys: a baseline survey of tenants. The purpose of this survey was to provide robust and accurate data on tenants at the programme level, both pre- and post-implementation, as well as robust and accurate data for individual areas reflecting the profile of those participating in the Demonstration Project. A quota sampling methodology was employed. The approach taken was also **purposive** as it was developed to specifically fit with the implementation of the DPDPs. They have been purposively selected to cover a range of geographies (England, Wales and Scotland) and to include a variety of social landlord types: that is, these areas have been selected in accordance with these characteristics on purpose in order to observe the impacts and learn lessons from direct payments. And, as noted earlier, landlords in each of the project areas have purposively selected tenants to take part in the programme. The interviews were conducted in respondents’ homes by the social research organisation, Ipsos MORI. In total, 1,639 interviews were achieved.

Chapter 4: Characteristics of respondents in the tenant baseline survey

Reflecting the sample of tenants participating in the DPDPs, the majority (70 per cent) of those surveyed were female. Overall, 83 per cent of respondents described their ethnic origin as ‘White’; 11 per cent as ‘Black’ or ‘Black British’; and three per cent as ‘Asian’ or ‘Asian British’. However, there were marked differences between the five areas in the ethnic composition of respondents. While in Shropshire, Torfaen and Wakefield, almost all the survey respondents described their ethnic background as ‘White’, in Southwark, over half of respondents were from minority ethnic groups. Most respondents were middle-aged with 55 per cent aged 35-54. Only eight per cent of survey respondents were aged under 25.

In terms of household type, lone parents were the most common type, followed by single people living on their own. Exactly half of all respondents were living in families with dependent children, either as a lone parent or as part of a couple. More than half – 56 per cent – of respondent households included someone with limiting health conditions or disabilities. Around one in five (21 per cent) of respondents with limiting health conditions or disabilities had depression. Stress or anxiety affected 18 per cent and ten per cent had a mental illness. Fourteen per cent of respondents reported difficulties reading, writing or speaking English. Fifteen per cent of respondents to the survey were in either full-time, or more commonly part-time, paid work. In total, 76 per cent of households were workless. Nearly two-thirds – 60 per cent – of working tenants were being paid monthly or four-weekly, while the remainder were being paid more regularly. In addition to their HB, almost all respondents were in receipt of other social security benefits and tax credits.

Chapter 5: The transition to Direct Payments

Slightly less than half (46 per cent) of respondents said they knew ‘a fair amount’ or ‘a great deal’ about the DPDP, while 54 per cent reported knowing ‘little’ or ‘nothing’. Also, 54 per cent of respondents reported knowing ‘little’ or ‘nothing’ about how HB worked more generally. It is relevant to note here that project areas’ communication strategies were still ongoing when tenants were surveyed and some may only have received the first communication. By far the most common sources of tenants’ knowledge about direct payments were letters or leaflets from their landlord or HB office, reflecting that they were the most widely used communication instruments by projects.

Concern amongst respondents about how ‘well’ they would manage the shift to direct payments was evident. More than half (54 per cent) thought they would ‘cope’ ‘well’ but 31 per cent thought they would ‘cope’ ‘poorly’ and 38 per cent said it would be ‘difficult’ to ‘manage their finances’ if HB was paid directly to them. In addition, respondents were much more pessimistic about how they thought other people would ‘cope’ with direct payments than they were about how they personally would ‘cope’.

Perhaps reflecting concerns about ‘coping’ with the shift to direct payments, 24 per cent of all respondents reported that they would need support if HB were to be paid directly to them. Of these, 43 per cent said they would need ‘a great deal’ of support and just under half thought they would need support for the long term. This has clear resource implications for the roll-out of direct payments nationally. Three-quarters of respondents, meanwhile, seemed confident that they could manage the shift to direct payments without any support. The groups most likely to report needing support with direct payments were: men; single people living on their own; long-term sick and disabled people; tenants with literacy or numeracy problems; tenants who found it difficult to afford the rent; people who had rent arrears or other debts; those who did not have a bank account or had one but did not use it; impulsive buyers; and those who were not well organised money managers.

When asked how they would like to be informed about support, respondents expressed a clear preference for face-to-face communication (70 per cent wanted to be informed in this way).

Chapter 6: Rent affordability and rent arrears

Sixty-four per cent of respondents were on full HB (i.e. they reported that their HB covered all of their rent) while 36 per cent were on partial HB and, therefore, making a contribution to their rent. More than half (56 per cent) of respondents on partial HB reported that it that it was ‘easy’, and 27 per cent that it was ‘difficult’ to afford their rent.

Despite the growth in the use of bank accounts and automated methods of money transfer in society as a whole, the most common method by which respondents on partial HB normally paid their rent was cash (35 per cent paid in this way), followed by a rent payment card (27 per cent). In total, only a fifth of tenants normally used a fully automated method – direct debit or standing order – to pay their rent. The majority, therefore, take action each payment period in order to ensure that their rent is paid, and most of these reported travelling somewhere (landlords office, Post Office, PayPoint outlet) to do so.

Twenty-two per cent of all respondents were not up to date with their rent. This is about double that found in a recent survey of private tenants in receipt of the Local Housing Allowance (LHA) in 19 case study areas in Britain.¹ Tenants renting from housing associations reported significantly

¹ Beatty, C., Cole, I., Kemp, P., Marshall, B., Powell, R. and Wilson, I. (2012). *Monitoring the Impact of Changes to the Local Housing Allowance System of Housing Benefit: Summary of Early Findings*. DWP Research Report No. 798, London: Department for Work and Pensions.

higher incidence of arrears than those renting from local authorities (25 per cent compared with 18 per cent). The most commonly mentioned reason for rent arrears was a drop in income – due to redundancy, sickness or disability, relationship breakdown or other reasons – which accounted, in total, for 29 per cent of cases of arrears. The next most commonly cited reason, mentioned by 22 per cent of tenants in arrears, was problems with the administration of HB.

Chapter 7: Managing money

The majority of respondents (90 per cent) had at least one bank or building society account and most (81 per cent) used their account for money management. It was common for respondents who used their bank accounts for money management to use direct debits and standing orders to pay household bills (80 per cent did so). Despite the use of bank accounts and of automated payment methods for some bills, cash remained central to the everyday economy of tenants in the survey. Cash was the most common way in which respondents paid for food and other day-to-day items as well as other items of expenditure. Cash was also the most common way in which tenants on partial HB paid their rent.

Exploring respondents' attitudes to managing money suggests that most tenants perceive themselves as relatively organised money managers. For example, 66 per cent agreed with the statement *'I am very organised when it comes to managing my money day to day'* and 79 per cent disagreed with the statement *'I prefer to buy things on credit rather than wait and save up'*. In addition, most respondents (71 per cent) kept a regular spending limit to help them manage their finances, indicating an organised approach to money management. The most common period for regular spending limits was weekly, followed by fortnightly. Very few had a four-weekly or monthly spending limit.

Many respondents were managing financially and keeping within their budgets. A significant minority, however, were not. For example, 25 per cent of all tenants had run out of money before the end of the week or month 'very often' during the previous year while only 17 per cent had 'never' done so over that period. And, although 74 per cent of respondents with a regular spending limit said they 'always' kept within it or did so 'most of the time', 19 per cent said they only kept to their limit 'sometimes' and seven per cent 'hardly ever' or 'never' did. More than one-third indicated that they were not always able to make bill payments on time when they 'disagreed' with the statement *'I am never late at paying my bills'*. When asked how 'well' or 'poorly' they were managing financially these days, taking everything into account, 52 per cent of respondents said 'well' and 30 per cent said they were managing 'poorly'.

Chapter 8: Savings and debt

Respondents were far more likely to have debts (i.e. behind with payments) than savings. In total, 40 per cent of the tenants surveyed had at least one kind of debt (excluding rent arrears) and 94 per cent had no savings. With regard to debt, 30 per cent were behind with common household bills (such as water charges and Council Tax) or childcare at the time of the interview; and 22 per cent of respondents were behind on various loans or other types of financial repayments. Women, tenants aged under 44 years, lone parents, and couples with children were among those disproportionately likely to be behind with household bills and other debts. Tenants who had both rent arrears and other kinds of debt outnumbered by two to one those who only had rent arrears. Thirty-one per cent of respondents reported that deductions were being made from their earnings or benefits to pay back arrears or other debts.

More than one-third (37 per cent) of respondents had sought advice or help about money management, bank accounts or debt problems. The main source of such advice was Citizens Advice Bureau.

Chapter 9: Conclusions

This report draws on data garnered from a baseline survey of tenants which asked people to offer views and conjecture on how they think things **might** pan out if they go onto direct payments; it puts together a picture of tenants' financial circumstances and capabilities which could affect their ability to effectively manage direct payments. **It does not tell us how people, in practice, will 'cope':** whether they will need support; whether the absence of a bank account is problematic or not; whether apparent low financial capability or chaotic money management will affect whether they pay their rent; and so forth. The combined data from the baseline and follow-up survey, the rent account analysis and the qualitative longitudinal work, which will be presented in the evaluation's final report, will give us the answers to these questions. However, based on the findings from the baseline survey, we can flag up those findings that may have implications for policy or practice if respondents' conjectures and expectations are born out.

The introduction of direct payments of HB is likely to result in a number of challenges for both tenants and landlords, including:

- tenants will face the challenge of having to change the way they manage their money and budget. This is particularly true of those who are on full HB, as prior to the DPDPs they were not handing over rent money to their landlord. Under direct payments, tenants will – one way or another – have to personally manage their HB payments and pay the rent in full to their landlord. Furthermore, tenants will also have to adjust to the transition from short budgeting cycles to monthly budgeting cycles under both the DPDPs programme and the UC. HB is being paid directly every four weeks in the DPDPs and in most cases UC will be paid monthly to claimants. However, the baseline survey revealed that, among respondents that had a regular spending limit, the majority budgeted on a weekly basis and most of the remainder did so fortnightly;
- another money management challenge faced by a substantial minority of tenants will be how they respond to the move away from cash to electronic payment. The introduction of UC will be accompanied by a shift towards electronic payments of benefit and tenants will, therefore, need to have a bank account. Although the baseline survey found that most respondents did have a bank or building society account, most of whom used it for money management, it also found that cash remains a ubiquitous feature of the money management practices of HB tenants living in social housing in the five Demonstration Project study areas;
- tenants, particularly those having difficulty managing their money, may find it difficult to respond to these challenges and, as a result, there is a risk of an increase in rent arrears. It is important to note that even prior to direct payments, many tenants reported finding it a struggle to get by financially: just over half of them said they 'often' ran out of money before the end of the week or month. Furthermore, the vast majority had no financial buffer to tide them over difficult times financially or to pay for unanticipated bills: only six per cent reported that they had savings. It is important to note that tenants themselves are concerned about their ability to 'cope' with direct payments: nearly a third reported that they thought they would 'cope' 'poorly' with it;

- the impact of these challenges may be ameliorated by the money management and budgeting support provided to tenants by landlords and local agencies. However, this support is likely to be relatively resource intensive. This is because many of the substantial minority of tenants who anticipated that they would need support to help them manage if HB was paid directly to them wanted ‘a great deal’ of support over the ‘long term’, rather than just at the beginning while they adjusted to the new arrangements;
- in a similar vein, how landlords ‘resource’ tenants’ preferred vehicle for communicating information about direct payments – the relatively resource intensive, face-to-face communication – may also be an issue.

1 Introduction

This report is the first published output from the independent evaluation of a programme of projects across Great Britain demonstrating the payment of Housing Benefit (HB) directly to social rented sector tenants: **Direct Payments Demonstration Projects (DPDPs)**. The evaluation is being undertaken by a research consortium comprising the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, the Institute of Social Policy at the University of Oxford, and Ipsos MORI. The evaluation, which began in January 2012 and will conclude in September 2013, is commissioned by the Department for Work and Pensions (DWP).

In January 2012, DWP established a programme of DPDPs (in Oxford, Southwark, Shropshire, Torfaen and Wakefield²); to pioneer and test the direct payment of HB to social rented tenants. Under the present system, HB for tenants living in the social rented sector is usually paid directly to the landlord. However, from October 2013 the process of rolling out the payment of HB directly to tenants will begin as part of the new 'Universal Credit' (UC). UC is a new integrated benefit for people of working age, comprising a single monthly payment and replacing a range of income related in-work and out-of-work benefits, including HB.

DWP commissioned the research consortium to conduct an independent evaluation of the DPDPs with an emphasis on **continued learning** and **feedback** into UC design. The projects are testing some key elements of the social sector housing support under UC: they are exploring and testing a range of safeguard mechanisms for tenants and landlords; they are supporting tenants through the process in different ways; and, they are engaging with partner agencies and financial institutions, to greater and lesser degrees. By tracking progress, processes, experiences and outcomes in each area, important lessons can therefore be learned about the implementation of the housing component of UC.

The research programme is described in more detail in Chapter 3, but comprises four core activities in each project area: two surveys of tenants (a baseline survey immediately prior to the introduction of direct payments, and a follow-up survey approximately ten months later); analysis of landlord rent accounts and management costs; longitudinal qualitative work with tenants and stakeholders; and one-off qualitative interviews with tenants and stakeholders.

This report presents the findings from a baseline survey of 1,639 tenants in the five English and Welsh project areas, which was conducted in May and June 2012. A further 325 tenants were being surveyed in Edinburgh at the time of writing and the results from this area will be published in the final report from this evaluation, which, it is anticipated, will be available at the end of 2013.

All respondents were surveyed prior to the introduction of direct payments. The survey, therefore, provides a **baseline position, prior to the DPDPs going 'live'**,³ with regard to issues such as: tenants' awareness, of and attitudes towards direct payments: their financial history and circumstances; and financial capability. In addition, it also provides an insight into how tenants **perceive** that the programme is **likely** to impact on them.

² A sixth area, Edinburgh, joined the Programme in May 2012. Implementation and research activity in Edinburgh is running slightly behind the other areas so results for Edinburgh were not available in time for inclusion in this report.

³ Some preparatory work had been undertaken by projects in each area when the survey took place, including communicating with tenants about their involvement in the Demonstration Project and, in some areas, the provision of advice and support.

How in **practice it does** will be explored in the study's principal research output⁴: its final report. This will highlight the effectiveness of direct payments for both landlords and tenants, drawing on data garnered from all the research activities undertaken by the team, including analysis of landlords' rent accounts and management costs, and longitudinal qualitative work with tenants and local stakeholders, and a follow-up tenant survey.

The follow-up survey will take place in May 2013 and will involve re-interviewing participants who took part in a baseline survey of tenants (the Tenant Baseline Survey) that this report is based on. This will explore changes in tenants' knowledge of direct payments, changes in their circumstances, and assess the effectiveness of direct payments for tenants' financial capability and management. It will also allow for conclusions to be drawn about those groups most at risk of accruing arrears, and the most effective ways of supporting them.

The report is divided into nine chapters, including this one. Chapter 2 begins by providing a summary of the policy context which frames the introduction of direct payments and then moves on to outline the key features of the DPDP programme. Chapter 3 details the research programme, including the methodology for the Tenant Baseline Survey, while Chapter 4 highlights the characteristics of its participants.

Chapters 5 to 9 present the key findings from the survey. Chapter 5 is concerned with the transition to direct payments and explores a range of issues including tenants' knowledge and awareness of the projects, how they think they will manage the shift to direct payments, and their support needs. Chapter 6 is concerned with the issues of rent, affordability and rent arrears while Chapter 7 is concerned with money management and paying bills. Chapter 8 explores savings, credit and debt. The report concludes by offering some reflections on the analysis presented within it.

The report has three appendices. The first provides brief overviews of the six project areas, highlighting some of their defining features while the second provides technical details about the Tenant Baseline Survey. Appendix C comprises the questionnaire used in the survey.

⁴ As will be outlined in Chapter 3, it is important to note that the study team are producing other publically available outputs. It is producing regular learning point 'briefings', which are being posted on the learning network that accompanies the DPDP programme (<http://www.cih.org/directpaymentslearningnetwork>) and a short report, *Six Months in: Learning the Lessons Report*, which will highlight the key learning to emerge from the first six months of the programme being 'live'. It is anticipated that this report will be made available in spring 2013.

2 The policy context and the Direct payments Demonstration Projects programme

2.1 Introduction

This chapter is concerned with two issues: providing the policy context to the Direct Payments Demonstration Projects (DPDPs) programme, locating it in relation to the suite of measures to reform the benefits system including the introduction of Universal Credit (UC); and describing the DPDPs programme, highlighting its defining features in doing so.

2.2 The policy context

In July 2010, the coalition government published *21st Century Welfare*⁵, a consultation document restating a Budget commitment to reform the benefits system. Government analysis concluded that the existing system was too complex and presented disincentives to move into work. The result, it is argued, has been rising costs of welfare support and persistent welfare dependency. The principles and proposals set out in the consultation paper were detailed further in the White Paper, *Universal Credit: Welfare that Works*,⁶ and enshrined in law when the Welfare Reform Act 2012 received royal assent in March 2012.

The cornerstone of welfare reform is the introduction of UC, a new integrated benefit for people of working age, which will come into effect from October 2013. UC is a single payment, replacing a range of income related in-work and out-of-work benefits, including Housing Benefit (HB). Claimants will receive a single monthly payment, simplifying the current system whilst also, it is hoped, encouraging greater responsibility amongst benefit recipients to manage their benefits and rent payments.

In the social rented sector this represents a significant change. Under the current system, all local authority tenants, and the majority of housing association tenants, have their HB paid directly to their landlord. For landlords, the income they receive from HB, which can represent in excess of 50 per cent of total rental income, is therefore guaranteed. This in turn is often reflected in social landlords' financial agreements with their lenders, who have a degree of assurance regarding continued income levels. Some tenants – for example, the long-term unemployed – have had little experience of paying their rent.

⁵ Secretary of State and Work and Pensions (2010). *21st Century Welfare*. Cm7913. July 2010. Available at: <http://www.dwp.gov.uk/docs/21st-century-welfare.pdf>

⁶ Secretary of State and Work and Pensions (2010). *Universal Credit: Welfare that Works*. Cm 7957. November 2010. Available at: <http://www.dwp.gov.uk/docs/universal-credit-full-document.pdf>

Recognising the change for tenants, and the importance of stable income streams for landlords, the Government is designing UC to include safeguards for landlords (for example, a mechanism for ‘switching-back’ the payment of HB to the landlord, or exemption from direct payments for people particularly vulnerable to accruing arrears) and support for tenants. The DPDPs is a programme through which various safeguard and support options are being explored and tested.

UC is one component of a package of measures to reform the benefits system. Other related changes, already in effect or due to come into force in April 2013, include:

- a cap on the total benefit a household can receive of £26,000 (from April 2013) so that families in receipt of benefit do not receive more than median net earnings;
- the introduction of the Social Sector Size Criteria (commonly referred to as the ‘bedroom tax’, effective from April 2013) reducing HB to tenants under-occupying their homes in the social rented sector. Tenants under-occupying by one bedroom will see a reduction of 14 per cent while those under-occupying by two or more bedrooms will see their HB reduced by 25 per cent;
- extending the Shared Accommodation Rate for Local Housing Allowance (LHA)⁷ to single adults under the age of 35 (effective for new tenants from January 2012 and existing tenants from the time of their next review). Until January 2012, single people aged 16-25 renting from a private landlord were only entitled to HB at the rate for shared (not self-contained) accommodation. This rule now applies to single adults aged 16-35;
- reducing LHA rates (i.e. the amount of benefit payable) from the median local private sector market rent to the 30th percentile of local market rents; and capping LHA rates by property size (both introduced in April 2011).

2.3 Direct Payments Demonstration Projects programme

On 14 September 2011 Lord Freud, the Minister for Welfare Reform, announced that six Demonstration Projects would be created to ‘test some key elements of social sector housing support under Universal Credit while protecting social landlords’ financial position’. This would involve two significant changes for working-age social rented sector tenants in the participating projects⁸: receiving HB payments once every four weeks⁹ as opposed to weekly or fortnightly; and, paying rent to landlords themselves.

Social housing landlords were invited to take part in the programme, which was to run for a year, and DWP received more than 30 applications. A range of criterion was used to select projects including geography: the sample selected (ideally) had to include projects from London, the North of England, the South of England, Scotland and Wales. It also had to (ideally) include at least one Large Scale Voluntary Transfer (LSVT) housing association. The six projects selected¹⁰ were:

- ‘Oxford’ – Oxford City Council and Oxford Citizens Housing Association (OCHA), part of the GreenSquare Housing Group, Southern England;
- ‘Shropshire’ – Shropshire Council, Bromford Group, Sanctuary Housing and The Wrekin Housing Trust, West Midlands;

⁷ LHA is the way of calculating HB for tenants in the private rented sector. It is, effectively, the term used to describe HB for private sector tenants.

⁸ In addition to non-working-age tenants, it should also be noted that tenants in temporary and supported accommodation on a short-term basis are also exempt from the programme.

⁹ In the Edinburgh project, HB is being paid to tenants monthly.

¹⁰ Brief profiles of the projects are provided in Appendix A.

- ‘Southwark’ – London Borough of Southwark and Family Mosaic, London;
- ‘Torfaen’ – Torfaen County Borough Council, Bron Afon Community Housing and Charter Housing, South-east Wales;
- ‘Wakefield’ – Wakefield Council and Wakefield and District Housing, Northern England;
- ‘Edinburgh’ – City of Edinburgh Council and Dunedin Canmore Housing Association, Scotland.

The overall aim of the Demonstration Projects is to highlight key lessons and learning points in terms of the direct payments of HB ahead of the introduction of UC from October 2013. More specifically, the projects are concerned with:

- exploring the effectiveness of direct payments on landlords and tenants;
- examining the effectiveness of the different types of support provided to tenants;
- testing direct payments safeguard mechanisms for landlords. This is achieved by varying across the projects the length of time (or ‘trigger’ period) for the return to landlord payment after tenants have fallen into arrears. Three of the projects have an ‘eight week’ (or equivalent)¹¹ trigger period – Oxford, Torfaen and Wakefield – while Southwark and Shropshire have four-week and 12-week triggers respectively. Edinburgh has a two-month trigger period.

Working alongside the DWP, the English and Welsh projects began work preparing for direct payments in their areas in January 2012. This preparation stage will be described in detail in the final report. However, it is important here to highlight some of its key elements, which were:

- selecting which of their tenants would participate in projects, which were to comprise (up to) 2,000 tenants in total. Participating landlords were instructed to select samples that were broadly representative of their tenant profiles;
- informing the tenants selected about the Demonstration Project. Although this involved a number of activities, the principal way in which projects communicated with them was by letter: tenants received at least three. It is too early to evaluate and report on the effectiveness of projects’ communication strategies as the process is still underway, and this is an issue that will be addressed at length by the final report. However, this report (in Chapter 5) does shed some light on the issue as participants in the baseline survey, on which this report is based, were asked how they heard about the Demonstration Project;
- selecting tenants to be included in the first ‘phase’ of direct payments. In all six of the projects, tenants will be moved onto the programme in ‘phases’. The first phase comprised those tenants which projects had assessed, with the help of a programme-wide and common assessment ‘tool’, as being able to move on to the programme immediately. As Table 2.1 highlights, for the English and Welsh projects this took place in June and July 2012 (the first payment in the Scottish case study was made on 27 August). At the time of writing, in the English and Welsh projects the selection process for the other phases was ongoing. And projects are, and will, be undertaking a range of activities, including providing ‘support’ to tenants in various forms, to maximise the number of tenants in forthcoming phases. As noted above, this selection (assessment) and ‘support’ process which is referred to in the context of the programme as the ‘support assessment’ process, will be examined in detail in the final report.

¹¹ Some claimants may make partial payment(s) and this has been recognised in the way that the triggers are calculated.

Table 2.1 Phase 1 Payment schedules and number of participating tenants

Project area	Payment day	Number of tenants
Oxford		
Oxford City Council	23 July 2012	1,271
OCHA	16 July 2012	
Shropshire	26 July 2012	758
Southwark		
London Borough of Southwark	27 July 2012	638
Family Mosaic	25 June 2012	212
Torfaen	23 July 2012	535
Wakefield	27 July 2012	377
Edinburgh	27 August 2012	362

3 The evaluation

3.1 Introduction

This chapter is concerned with outlining the approach taken by the study team to the evaluation. It begins by outlining the aims and objectives of the study and then moves on to examine the approach taken to the research exercise which this report is based on: the *Tenant Baseline Survey*. The chapter also briefly outlines some of the other research activities that the study team is undertaking and concludes by highlighting the study's principal dissemination outputs.

3.2 Aims and objectives of the evaluation and the research approach

The main aim of the research programme is to monitor and evaluate the preparation and delivery of the Direct Payments Demonstration Projects (DPDPs), assessing the effectiveness of the programme for tenants and landlords and learning lessons about effective implementation, to feed into relevant aspects of Universal Credit (UC) design and future policy and strategy.

The evaluation employs a **mixed methods approach** to meet these objectives which comprises:

- tenant surveys;
- analysis of landlord rent accounts and management costs;
- longitudinal qualitative work with tenants and 'local' stakeholders; and
- one-off qualitative interviews with tenants and 'external' stakeholders.

3.3 Tenant surveys

Two tenant surveys are being undertaken: a Tenant Baseline Survey and a Follow-up Tenant Survey. This report is based on the former.

3.2.1 Tenant Baseline Survey

The Tenant Baseline Survey was designed to generate statistical evidence of the circumstances and attitudes of tenants on Housing Benefit (HB) in the DPDPs prior to the start of the HB payments being made directly to tenants rather than to their landlords.

3.2.2 Method

The survey aimed to provide data on tenants in each project area and at the programme level.¹²

Landlords in each of the project areas purposively selected tenants to take part in the overall process who were of working age (18-59) and who did not live in temporary or supported accommodation. Approximately 2,000 tenants were selected in each project area. Where possible, tenants were clustered in neighbourhoods/estates to ensure geographic coverage across each area as well as ensuring a good mix of tenants in terms of characteristics such as age, ethnic background, disability and household size.

¹² Further details of the survey method are presented in Appendix B.

A quota sampling method was employed to select the sample for the baseline survey. This involved the generation of sampling points around postcode sector, to enable practical blocks of work to be allocated to interviewers, with quota targets set to reflect the profile of the selected tenants in terms of landlord type, age and household.

It is important to note that the purposive nature of both the area selection, and tenants within them, means the survey has not been designed to, and will not present, a representative picture of social rented tenants nationally or for the areas covered in the study.

The survey involved face-to-face interviews conducted in respondents' homes by Ipsos MORI. Only the named tenant (or their partner/spouse) at each address was eligible to participate. A target of 1,625 interviews was set across the five England and Wales project areas. In total, 1,647 interviews were achieved. Eight interviews were removed from the data as part of the data validation process, leaving a total of 1,639 interviews.

The questionnaire used in the survey can be found in Appendix C. Respondents were asked questions designed to reveal levels of awareness about HB generally and direct payments in particular. They were asked how 'well' they thought they would 'cope' with direct payments and if they thought they required support in order to do so. Information was collected about their financial circumstances (income, savings, debt, and rent arrears), their housing and benefit history, and use of financial products and services. A series of questions were also asked about money management and financial capability.

3.2.3 Interpreting the findings

Because a sample, and not the **entire population**, of tenants in each of the five areas was interviewed, the results are subject to a 'margin of error' (referred to as 'confidence intervals')¹³. The variation between the sample results and the 'true' values can be predicted from knowledge of the sample sizes on which the results are based and the number of times that a particular answer is given. The confidence with which we can make this prediction is usually chosen to be 95 per cent; that is, the chances are 95 in 100 that the 'true' values will fall within a specified range. Sampling tolerances also mean that not all differences between sub-samples – for example, between tenants in the DPDPs – are statistically significant.

In the text of this report, all references to differences in results between particular sub-samples (such as the different case study areas, men versus women, working versus workless households, and so on) are statistically significant at the 95 per cent (0.05) level or greater. In the tables, asterisks have been used to indicate the significance level of the results: 0.05 (*), 0.01 (**), and 0.001 (***). Where there is no asterisk in a table or section of a table, the differences in responses between respondents are not statistically significant (that is, they could have occurred by chance).

Throughout this report where percentages in the tables do not sum to exactly 100, this is due to either computer rounding, the exclusion of 'don't know' responses, or multiple response questions. Any value that is less than half a per cent but greater than zero is denoted by the symbol <1.

As the profile of respondents mirrors the profile of selected tenants on key quota variables (based on profile information available from each Demonstration Project), data is unweighted to avoid the effect of reducing the effective base size.

¹³ The confidence intervals usually quoted for surveys assume a pure random sample with no stratification or clustering and no weighting. As the sampling approach employed on the survey was not purely random, these figures are indicative only.

It is also worth remembering that this survey, like all surveys, deals with **perceptions and recalls** at the time the survey was conducted. These perceptions and recalls may not necessarily concur with the perceptions and actions of their landlord or HB office. It is also important to note that some of the questions in the survey are concerned with **anticipated** behaviours. Whether these behaviours actually occur in **practice** will be explored in the follow-up survey and examined in the final report.

3.2.4 The interview sample

The sample was fairly evenly distributed across the five project areas. In Oxford, Southwark, Torfaen and Wakefield, the number of respondents was one or two below the 325 target numbers for the survey. However, in Shropshire, the achieved sample was 346 tenants.

As planned, the distribution of the sample between tenants of local authorities and those renting from housing associations varied across the five areas. In Torfaen and Wakefield, all of the respondents were renting from a housing association. However, in the other three areas, the majority of respondents were local authority tenants; and the share renting from a housing association varied from 20 per cent in Oxford to 31 per cent in Shropshire (see Table 3.1).

Table 3.1 Landlord and length of residence

	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
	<i>Row percentages</i>					
Type of landlord***						
Local authority	80	69	74	0	0	45
Housing association	20	31	26	100	100	55
Length of residence in years**						
1 or less	17	23	12	16	18	17
2 to 4	22	27	19	22	28	24
5 to 9	27	19	24	22	21	22
10+	35	31	45	41	33	37
<i>Base: All tenants</i>	316	345	322	322	323	1,628

Ninety-five per cent of respondents were the person who was claiming HB and in the remaining five per cent of cases the claimant was the respondent's partner or spouse. The great majority of survey respondents had lived at their current address for several years at least. Indeed, over three-fifths had lived there for five or more years and well over a third for a decade or more (Table 3.1).

3.2.5 Follow-up Tenant Survey

Approximately ten months after the introduction of direct payments in April-May 2013, a sample of tenants – up to 180 in each project area – will be re-surveyed, face-to-face. All tenant baseline survey respondents will be contacted once in between the baseline and follow-up surveys to keep them engaged with the study. The Follow-up Survey will allow the study team to: track changes in attitudes post-implementation; assess financial and behavioural impacts (including tracking changes in financial capability and money management); identify the most effective communication strategies and support to facilitate transition to direct payments; and identify the characteristics of tenants who have accrued arrears or whose arrears have increased. This analysis will help to refine the definition and identification of groups with significant support needs to inform payment exemptions policy for the housing component of UC.

3.4 Other evaluation activities

3.3.1 Rent account analysis

This strand of the work programme involves collating and analysing monthly rent account data and organisational management account data for each participating landlord in order to assess the impact of direct payments on landlord cash flow. Data is being collated at three points (baseline, prior to the introduction of direct payments; at the mid-point; and, end-point).

Where possible, the rent accounts of a comparator sample of tenants who are not on direct payments will also be analysed. This is important in the current economic climate (many landlords are showing a gradual increase in levels of rent arrears) and because other elements of welfare reform may impact on rent accounts (the benefit cap and the bedroom tax, in particular) during the course of the DPDPs.

3.3.2 Longitudinal qualitative research

This stage involves establishing and following the experiences of two qualitative 'panels' in each project area: one comprised of tenants and the other of key local stakeholders.

Understanding tenants' financial capabilities, the way in which they budget, manage their money, the kinds of help and support required to make the transition to direct payments and the assistance that works best for different groups of people, is a key focus of the evaluation. To this end, a **tenants' panel** has been established, comprising six tenants in each project area. Panel members will be interviewed face-to-face three times and contacted by telephone for regular 'catch-up' discussions. Some panel members will also be asked to keep budgeting diaries for a short period of time and may be asked to test various budgeting tools and products.

A **local stakeholder panel** has also been established in each area. Like the tenants' panel, this involves tracking the experiences of approximately six key stakeholders in each project area over time. The panels comprise representatives, both front-line and management personnel, from project area partners covering a range of organisational functions including: HB; debt recovery; debt advice and support, and financial and strategic management. Stakeholders will be interviewed face-to-face twice and contacted regularly for updates by telephone and email.

3.3.3 'One-off' qualitative interviews with tenants and external stakeholders

In addition to the longitudinal qualitative interviewing carried out with panel members, the evaluation team are also conducting a series of one-off in-depth interviews with tenants and external stakeholders, as follows:

- the final interviews with tenant panel members will be supplemented by additional in-depth interviews so that, in total, 12 tenants will be interviewed in-depth in each project area towards the end of the evaluation in May 2013;
- approximately 20 representatives of organisations with an expertise in money management and budgeting (for example the Money Advice Unit, National Association of Citizen Advice Bureaux, and debt advice and management agencies) are being interviewed during the course of the evaluation;
- representatives from lending and financial institutions are being interviewed in order to explore their views on direct payments and the DPDPs, and to explore any concerns they may have.

3.5 Research events and dissemination outputs

In addition to the research activities outlined above, the evaluation team is holding two interactive feedback events which are designed to share learning, present emerging findings, highlight challenges and good practice, and to 'road-test' policy recommendations. These events, which will be attended by stakeholders from the six DPDPs, will be held in January 2013 and June 2013.

The three main (publically available) outputs from the evaluation are:

- a baseline report (i.e. this report), which presents the findings from the Tenant Baseline Survey;
- a report, *Six Months in: Learning the Lessons*, which will highlight the key learning points to emerge from the first six months of projects being 'live.' Drawing mainly on qualitative data, it will be concerned with highlighting: emerging learning points; challenges and barriers encountered by projects; their response to them; and good practice. Some of the material for the report will be generated by the first interactive feedback event. It is envisaged that the report will be made available in the spring of 2013;
- a final report which it is anticipated will be published at the end of 2013. This report will make recommendations regarding: methods for engaging with tenants; defining and identifying individuals with significant support needs; developing payment exemption design and switchback trigger points; and advising on the effectiveness of different financial products and support mechanisms. It will also assess the impact of direct payments, and of the different switchback trigger points on landlord cash-flow and financial viability.

In addition to these widely published documents, as noted earlier, the study team will provide key learning point briefings more regularly on the Chartered Institute of Housing administered learning network referred to earlier that accompanies the DPDPs.

4 Characteristics of respondents in the Tenant Baseline Survey

4.1 Introduction

This chapter describes the characteristics of the sample of 1,639 respondents in the five project areas in the Tenant Baseline Survey sample. It begins by highlighting their principal demographic characteristics.

4.2 Demographic characteristics

The majority of survey respondents in all five areas were female. This is partly explained by the fact that lone parents were the most common household type: 96 per cent of them were female. But it was also because women were more likely to be the survey **respondent** in households comprising couples with dependent children¹⁴ and in multi-adult households. In total, 70 per cent of all respondents were women and 30 per cent were male. However, the gender split was not the same in each area. In Shropshire, Torfaen and Wakefield, two-thirds of respondents were female, while in Oxford and Southwark the female share was around three-quarters of the sample (Table 4.1) partly reflecting the higher proportion of lone parents in these areas.

The age distribution of respondents was similar across the five areas (Table 4.1). Most respondents were middle-aged: 26 per cent were aged between 35 and 44 years of age, while 29 per cent were aged from 45 to 54. Only eight per cent of survey respondents were aged under 25 and only 14 per cent were aged 55 or more.

The ethnic background of the survey respondents is shown in Table 4.1. Across the five areas, eight out of ten respondents described their ethnic background as 'White' and one in ten as 'Black' or 'Black British'. Three per cent said they were 'Asian' or 'Asian British' and two per cent said they had a mixed ethnic background.

There were very marked and statistically significant differences in the ethnic composition of survey respondents across the five areas (Table 4.1). In contrast to the overwhelmingly 'White' sample in Shropshire, Torfaen and Wakefield, the majority of the sample in Southwark, and a substantial minority in Oxford, were from minority ethnic groups.

¹⁴ In households that were couples without dependent children, exactly half the respondents were women and half were men.

Table 4.1 Demographic characteristics

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
Gender of respondent***						
Male	25	34	22	33	34	30
Female	75	67	78	67	66	70
Age of respondent						
16 to 24	4	9	6	9	12	8
25 to 34	25	22	21	22	24	23
35 to 44	29	27	28	25	22	26
45 to 54	30	29	30	30	28	29
55+	12	13	15	15	14	14
Ethnicity of respondent***						
White	80	99	36	99	98	83
Black or Black British	7	<1	47	0	1	11
Asian or Asian British	8	1	6	<1	<1	3
Mixed	3	0	7	<1	1	2
Other	1	0	5	0	0	1
Household type***						
Single person	25	32	29	30	28	29
Lone parent	40	28	44	25	29	33
Couple with children	19	18	11	16	21	17
Couple	9	13	6	18	15	12
Multi-person household	8	10	11	11	8	10
<i>Base: All tenants</i>	323	346	323	324	323	1,639

Across the five areas, the most common household type was lone parents, while single people were the next most common (Table 4.1). People living in multi-adult households were the least common household type across the five areas. Altogether, exactly half of all respondents were living in families with dependent children, either as a lone parent or as part of a couple.

There were statistically significant differences in the distribution of the different household types between the five areas. Oxford and Southwark both had a significantly larger share of lone parent households when compared with the other three areas. The proportion of respondents living as part of a couple with dependent children ranged from ten per cent in Southwark to 21 per cent in Wakefield. Differences between areas in relation to the other household types were somewhat less marked (Table 4.1).

4.3 Health and disability

The majority of tenants in the survey reported that they, or someone else in their household, had a long-term illness, health problem or disability that limited their daily activities or the work they could do. Overall, 56 per cent of respondent households included someone with such limiting health conditions or disabilities. In most cases, it was the respondent who had the condition.

20 Characteristics of respondents in the Tenant Baseline Survey

The prevalence of limiting health conditions and disabilities varied between the five areas. It ranged from a low of 50 per cent in Southwark to a high of 62 per cent in both Shropshire and Torfaen (Table 4.2).

Respondents living in households where at least one person had a limiting health condition or disability were asked whether the people concerned received care from anyone in the household or from a carer who visits the home. In 41 per cent of such households the person or people with limiting health conditions or disabilities had a carer. Expressed as a proportion of all respondents in the survey, 23 per cent of households contained someone who had a carer (Table 4.2).

Respondents who had a limiting health problem or disability were asked which condition, if any, from a specified list applied to them. Table 4.3 shows that the most common condition was depression, which affected 21 per cent of the whole sample. This was closely followed by stress or anxiety, which affected 18 per cent of all survey respondents. Ten per cent reported that they had a mental illness. Health problems resulting from alcohol or illicit drug use affected a small minority of tenants in the survey. Three per cent reported having learning difficulties. Finally, 28 per cent of survey respondents reported that they had other health problems or conditions (Table 4.3).

Table 4.2 Health, disability and caring

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
Limiting health condition or disability?***						
Yes – respondent	35	42	33	47	35	39
Yes – someone else in household	15	16	12	12	12	13
Yes – respondent and someone else	4	4	5	3	5	4
No	46	38	51	38	48	44
<i>Base: All tenants</i>	323	346	323	323	323	1,638
Cared for person in household?						
Yes	48	43	43	38	35	41
No	52	57	57	63	65	59
<i>Base: households with someone who has a limiting condition</i>	174	213	160	200	167	914
Cared for person in household?						
Yes	26	26	21	23	18	23
No	74	74	79	77	82	77
<i>Base: All tenants</i>	323	346	323	324	323	1,639

Table 4.3 Nature of respondents' limiting health conditions or disabilities

	<i>Row percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
Stress or anxiety**	16	18	14	25	16	18
Depression**	21	20	18	28	16	21
Mental illness	9	11	9	13	10	10
Health problems due to alcohol	3	2	1	3	2	2
Health problems due to illicit use of drugs	<1	1	2	1	1	1
Learning difficulties	5	2	2	3	2	3
Other health problems or disabilities**	26	29	24	35	23	28
<i>Base: All tenants</i>	323	346	323	324	323	1,639

Note: the table shows the percentage of all respondents that said they had each condition. Some respondents had more than one health condition or disability.

4.4 Background disadvantage

Respondents were asked if they had any problems with reading, writing or speaking English. Fourteen per cent reported that they did have one or more of these literacy problems (Table 4.4). The differences between the five areas shown in Table 4.4 are not statistically significant.

Respondents were also asked if they had any problems with numbers or simple arithmetic. One in ten admitted that they did have such problems. Again, the differences in numeracy between the areas shown in Table 4.4 were not statistically significant.

About one in 20 tenants had both English literacy and numeracy problems; a similar proportion had only numeracy problems; and one in ten had only literacy problems.

Table 4.4 Literacy and numeracy problems

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
Problems with English literacy						
Reading	12	11	12	8	12	11
Writing	12	8	11	8	11	10
Speaking	5	4	4	1	2	3
Literacy or numeracy problems						
Literacy problems only	8	8	13	6	8	9
Numeracy problems only	5	4	3	6	4	5
Literacy and numeracy problems	7	6	5	5	7	6
Neither	80	82	80	83	81	81
<i>Base: All tenants</i>	323	346	323	324	323	1,639

22 Characteristics of respondents in the Tenant Baseline Survey

Eighteen per cent of tenants had spent time in one or more of the institutions listed in Table 4.5 at some point in their life. However, only very small proportions had experience of any one type of institution.

Tenants in Oxford were significantly more likely than those elsewhere to have lived with foster parents or spent time in an alcohol unit. However, the differences between areas in relation to the other types of institution were not statistically significant.

Three per cent of respondents had spent some time in either the armed forces or the merchant navy.

Table 4.5 Experience of living in certain institutions

	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
	<i>Row percentages</i>					
Children's home	7	4	5	5	4	5
Foster parents*	7	4	4	3	2	4
Psychiatric unit	7	7	8	10	7	8
Alcohol unit*	4	1	1	2	1	2
Drugs unit	1	2	1	2	<1	1
Young offender's institution	3	1	1	2	1	1
Prison or remand centre	4	3	1	3	4	3
None of these	78	82	83	81	85	82
<i>Base: All tenants</i>	323	346	323	324	323	1,639

4.5 Economic activity

A large minority of respondents were economically active. Fifteen per cent of tenants in the survey were in either full-time, or more commonly part-time, paid work. A further 28 per cent were unemployed. In total, therefore, 43 per cent of respondents were economically active in one way or another. As for the economically inactive, the largest group were people who were long-term sick or disabled (Table 4.6).

The proportion of respondents who were in paid work was significantly higher in Oxford, Shropshire and Southwark than in either Torfaen or Wakefield. Oxford had a significantly lower share of unemployed respondents than the other four areas. Although the area differences were not clear cut, Oxford also had the highest share of respondents who were looking after the home or full-time carers (Table 4.6).

Table 4.6 Economic activity

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
Economic status of respondent***						
Working full or part time	17	16	20	10	11	15
Unemployed+	18	28	32	30	31	28
At home, not seeking work	22	11	14	19	19	17
Long-term sick or disabled	29	32	23	34	31	30
Full-time carer	9	8	6	5	6	7
Other	4	4	6	2	2	4
Household work status***						
Working	28	27	28	17	18	24
Workless	72	73	72	83	82	76
<i>Base: All tenants</i>	322	346	322	324	323	1,637

+ Includes four respondents on a government scheme.

As well as the respondents' economic status, Table 4.6 also shows the work status of the respondents' households. In total, three-quarters of households were workless. In line with respondents' own working status, the level of household worklessness was significantly higher in Torfaen and Wakefield than in Oxford, Shropshire and Southwark.

Table 4.7 The frequency with which working respondents are paid

	<i>Column percentages</i>
	All tenants
Weekly	33
Fortnightly	5
Four-weekly	14
Monthly	46
Other	<1
Don't know	1
<i>Base: Tenants in paid work</i>	244

Respondents who were working full or part time were asked how frequently they were paid (if they had more than one job, they were asked about their main job). Table 4.7 shows that the most common frequency with which working tenants were being paid was monthly and the next most common was weekly. Four weekly and monthly pay dates together accounted for 60 per cent of all working tenants.

4.6 Social security benefits and tax credits

In addition to their Housing Benefit (HB), almost all respondents in the survey were in receipt of other social security benefits and tax credits. This high level of receipt of such income transfers reflects a variety of characteristics of the sample including: the presence of families with children and especially lone parents; the high levels of unemployment and labour market inactivity; the dominance of part-time jobs among the respondents in work; and the prevalence of limiting health conditions and disabilities (Table 4.8).

Table 4.8 Social security benefits and tax credits

	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
	<i>Row percentages</i>					
Income Support	37	35	43	36	32	37
Jobseeker's Allowance	12	17	15	21	17	17
Incapacity Benefit+	15	19	14	19	14	16
Employment and Support Allowance**	14	10	8	9	16	11
Working Tax Credit***	16	16	15	8	8	13
Child Tax Credit***	53	39	50	38	44	45
Child Benefit**	59	46	53	44	46	50
Council Tax Credit***	53	42	58	48	43	49
Carer's Allowance*	13	9	8	8	7	9
Disability Living Allowance (mobility and care)**	23	21	21	29	16	22

Base: All tenants

+ Includes Severe Disablement Allowance.

Unsurprisingly, receipt of Working Tax Credit (WTC) was about twice as high in the three areas that had relatively high levels of working tenants as in the two areas with a low share of working tenants (Table 4.8). Thus, Oxford, Shropshire and Southwark had double the proportion of WTC tenants compared with Torfaen and Wakefield.

And reflecting their higher proportions of families among survey respondents, Oxford and Southwark had relatively more recipients of both Child Benefit and Child Tax Credit (Table 4.8).

4.7 Summary

- Seventy per cent of survey respondents were female and 30 per cent were male.
- Most respondents were middle-aged: 26 per cent were aged between 35 and 44, while 29 per cent were in the 45 to 54 age group. Only eight per cent of survey respondents were aged under 25.
- The majority (83 per cent) of respondents described their ethnic background as 'White'. Eleven per cent described their ethnic origin as 'Black' or 'Black British', and three per cent as 'Asian' or 'Asian British'.
- There were marked differences in the ethnic composition between the five areas. In Shropshire, Torfaen and Wakefield, almost all the survey respondents described their ethnic background as 'White'. But in Southwark, over half of respondents were from minority ethnic groups.
- Lone parents were the most common household type, followed by single people living on their own. Exactly half of all respondents were living in families with dependent children, either as a lone parent or as part of a couple.
- Fifty-six per cent of respondent households included someone with limiting health conditions or disabilities. 21 per cent of **all respondents** said they had depression. Stress or anxiety affected 18 per cent of tenants and ten per cent had a mental illness.
- Fourteen per cent of respondents reported difficulties reading, writing or speaking English.
- Fifteen per cent of **respondents** to the survey were in either full-time, or more commonly part-time, paid work. In total, 76 per cent of **households** were workless.
- Sixty per cent of working tenants were being paid monthly or four-weekly while the remainder were being paid more frequently.
- In addition to their HB, almost all respondents were in receipt of other social security benefits and tax credits.

5 The transition to direct payments

5.1 Introduction

The introduction of direct payments to tenants is not new to Housing Benefit (HB). Automatic direct payments are a key part of the Local Housing Allowance (LHA) scheme for private tenants introduced nationwide in April 2008. However, it does represent a significant change for most social housing tenants claiming HB. The aim of this chapter is to ascertain tenants' awareness of the Direct Payments Demonstration Project (DPDP), how they found out about it, how 'easy' they thought it would be to 'cope' with the change and whether they would need support to help them manage financially.

5.2 Knowledge and awareness

As Table 5.1 shows, over half of tenants in the survey knew little or 'nothing' about how HB worked. Meanwhile, one in ten said they knew 'a great deal' about HB and over a third that they knew 'a fair amount'. This level of self-reported knowledge of HB was greater than that reported by private tenants in a recent survey of LHAs claimants in 19 case study areas.¹⁵

There was some variation in awareness between tenants on full and partial HB. Although they were more or less equally likely to report knowing about HB, tenants on partial HB were **more** likely than those on full HB to report knowing 'not very much' (50 per cent compared with 43 per cent respectively). But they were **less** likely to say they knew 'nothing at all' about HB (five per cent compared with ten per cent).

Understanding of HB varied significantly between the five project areas. At one extreme, 63 per cent of respondents in the London Borough of Southwark felt they knew either 'a fair amount' or 'a great deal' about HB; at the other, only 36 per cent of tenants in Wakefield said the same about their knowledge of HB (Table 5.1).

There was a very similar level of knowledge about direct payments as there was about HB more generally (Table 5.1). Thus, 54 per cent of respondents reported that they knew little or 'nothing' about the Demonstration Project. This could partly reflect the fact that tenants were interviewed at the very early stage of the Demonstration Project and may not have received all of the planned communications about the direct payments of HB by that point.

¹⁵ Beatty, C., Cole, I., Kemp, P., Marshall, B., Powell, R. and Wilson, I. (2012). *Monitoring the Impact of Changes to the Local Housing Allowance System of Housing Benefit: Summary of Early Findings*. DWP Research Report No. 798, London: DWP.

Table 5.1 Knowledge of HB and the DPDP

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
Knowledge of HB***						
Great deal	10	5	19	8	3	9
Fair amount	38	39	44	32	33	37
Not very much	42	48	33	48	56	45
Nothing at all	10	8	4	13	9	9
<i>Base: All tenants</i>	321	346	320	324	323	1,634
Knowledge of DP Project***						
Great deal	7	4	19	5	5	8
Fair amount	43	26	45	37	38	38
Not very much	44	54	27	50	49	45
Nothing at all	6	16	9	7	8	9
<i>Base: All tenants</i>	323	346	322	324	323	1,638
How heard about the DP Project						
Word of mouth*	6	10	5	7	10	8
Verbal communication from landlord's staff***	2	2	2	14	3	5
Letter or leaflet from landlord*	47	55	47	49	58	51
Letter or leaflet from HB office***	54	43	55	49	39	48
Landlord's website	0	0	0	0	<1	<1
Council website	0	<1	0	0	0	<1
Local newspaper	<1	0	<1	<1	0	<1
Local radio or TV	1	<1	2	2	1	1
Other	2	<1	<1	1	1	1
Don't know	1	<1	1	1	2	1
<i>Base: Tenants who had heard of the DP Project</i>	305	291	294	300	297	1,487

Respondents who knew 'a fair amount' or 'a great deal' about HB also tended to say the same about their knowledge of the Demonstration Project; and likewise, tenants who felt they knew little or 'nothing' about HB also tended to feel the same about the Demonstration Project.

Knowledge of HB and of the DPDP, perhaps not surprisingly, was lower among tenants who reported having literacy problems than among those who did not.

The differences in knowledge between the project areas in relation to HB were broadly mirrored in their respective degrees of knowledge of direct payments. For instance, 64 per cent of Southwark respondents reported that they knew either 'a fair amount' or 'a great deal' about the Demonstration Project (compared with 63 per cent who felt they had that level of knowledge about HB more generally). Knowledge of the DPDP was especially low in Shropshire (Table 5.1).

The 90 per cent of respondents who reported being aware of the Demonstration Project were asked how they had heard about it (Table 5.1).¹⁶ All five Demonstration Project areas used letters as the primary means of communicating the changes and engaging with tenants. Most sent three or four letters (from the local authority benefits department or co-branded with the landlord/s) to tenants over a three-month period, supplemented with telephone calls and home visits, usually carried out by the landlord.¹⁷ The extent of personal contact with tenants varied across the five areas. A variety of other communication methods have also been used, or are being considered, including texting, and using partner agencies such as Jobcentre Plus.

Reflecting the communication strategy of the participating landlords, by far the most common sources of tenants' knowledge about direct payments were a letter or leaflet from either the landlord or their HB office. About half of respondents mentioned one or other of these two sources of information. Word of mouth was reported as a source of knowledge about direct payments by eight per cent of respondents and verbal communication from their landlord's staff by five per cent. No other source of information was mentioned by more than one per cent of survey respondents (Table 5.1).

There was little variation between the five areas in relation to sources of information about the Direct Payments Demonstration Project. However, Torfaen respondents (14 per cent) were very much more likely than those elsewhere (between two and three per cent) to have heard about direct payments via a verbal communication from their landlord's staff. Meanwhile, the proportion of respondents who had heard about it from a letter or leaflet provided by the HB office ranged from 39 per cent in Wakefield to 55 per cent in Southwark (Table 5.1).

Demonstration Project areas' approach to communication will be revisited in the final report, which will mine qualitative data from the in-depth interviews with both tenants and local stakeholders to provide an assessment of the communication process.

5.3 'Coping' with direct payments

Survey respondents were asked how 'well' or 'poorly' they thought they would 'cope' with their HB being paid to them during the Demonstration Project. As Figure 5.1 reveals, just over half of all tenants in the survey thought they would 'cope' either 'fairly' or 'very well'. Meanwhile, 31 per cent thought they would 'cope' 'poorly'.

The level of optimism about how 'well' respondents would 'cope' with direct payments of HB varied significantly across the five areas. Tenants in Wakefield were the most optimistic and those in Southwark were the least optimistic about the switch to direct payments (Table 5.2).

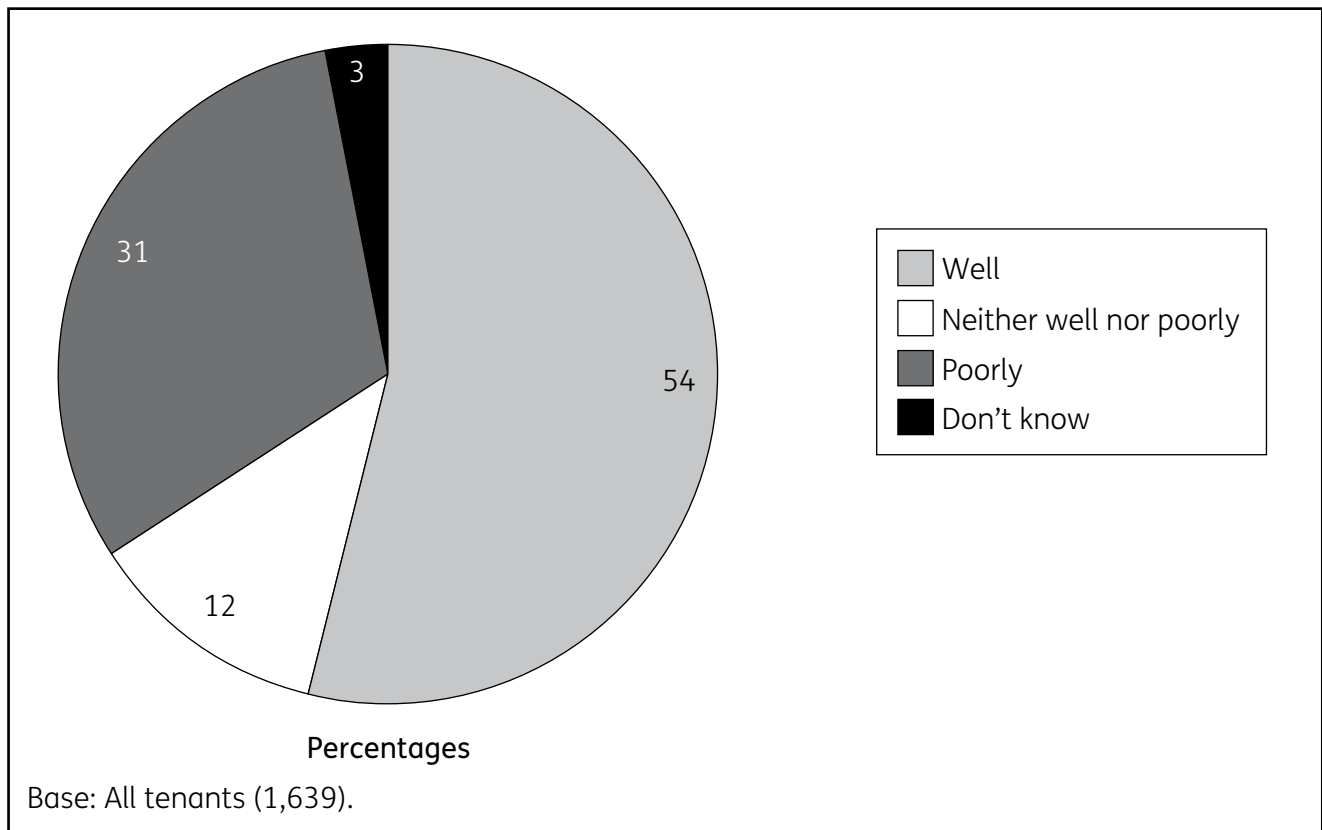
Survey respondents were also asked how 'well' or 'poorly' they thought **other tenants** would 'cope' with their HB being paid to them. In line with previous, qualitative research on attitudes to HB payment,¹⁸ tenants were much more pessimistic about how they thought other people who 'cope' with direct payments than they were about how they personally would 'cope' (Table 5.2).

¹⁶ The only tenants who were **not** asked this question were those who said they knew 'nothing at all' about the DP Project.

¹⁷ It is not possible to establish how many letters respondents had received when they were surveyed, or whether they had received a visit or phone call, but all respondents had been sent at least one letter.

¹⁸ Irvine, A., Kemp, P. and Nice, K. (2007). *Paying Housing Benefit to Claimants*. Findings, Joseph Rowntree Foundation, York.

Figure 5.1 Expectations about ‘coping’ and managing finances if HB paid directly to respondent: How respondents think they will ‘cope’



As Table 5.2 shows, only seven per cent of survey respondents thought that other people would ‘cope’ ‘well’ with direct payments; indeed, only one per cent thought that other tenants would ‘cope’ ‘very well’. By contrast, two-thirds of respondents thought other tenants would ‘cope’ ‘poorly’ to a greater or lesser extent.

Respondent perceptions about how ‘well’ or ‘poorly’ other tenants would cope with direct payments varied significantly across the five areas. Shropshire respondents were the most likely to think other tenants would ‘cope’ ‘well’ and Wakefield tenants the least likely to think like that (Table 5.2).

Expectations about coping successfully or otherwise with direct payments of HB were also examined by asking tenants about how ‘easy’ or ‘difficult’ it would be to manage their finances if the benefit was paid to them. Compared with their answers to the question of how they would ‘cope’, respondents were a little more pessimistic when asked how ‘easy’ or ‘difficult’ it would be to ‘manage their finances’ under direct payments. Overall, 47 per cent reported that it would be ‘very’ or ‘fairly’ ‘easy’ to manage their finances and 38 per cent that it would be ‘fairly’ or ‘very difficult’ (Table 5.2).

Table 5.2 Expectations about ‘coping’ and managing finances if HB paid directly to respondent

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
How respondents think they will cope**						
Very well	23	17	20	22	19	20
Fairly well	32	32	28	33	44	34
Neither well nor poorly	11	13	14	12	10	12
Fairly poorly	13	18	16	11	12	14
Very poorly	17	19	19	20	12	17
Don't know	4	2	4	2	4	3
<i>Base: All tenants</i>	323	346	323	324	323	1,639
How respondents think other tenants will cope***						
Very well	1	<1	1	1	1	1
Fairly well	5	10	7	6	2	6
Neither well nor poorly	11	14	21	16	9	14
Fairly poorly	29	34	25	31	33	30
Very poorly	40	32	28	39	38	35
Don't know	14	11	18	8	17	14
<i>Base: All tenants</i>	323	346	323	324	323	1,639
How easy/difficult it will be to manage finances**						
Very easy	16	14	15	12	13	14
Fairly easy	34	29	23	35	42	33
Neither easy nor difficult	11	12	17	13	11	13
Fairly difficult	19	23	23	21	16	20
Very difficult	17	21	20	18	14	18
Don't know	2	1	2	2	4	2
<i>Base: Tenants whose HB is paid to the landlord</i>	317	341	316	322	318	1,614

A much higher proportion of people with literacy or numeracy problems, compared with those who did not have such problems, thought they would find it ‘difficult’ to manage their finances if HB were paid to them (61 per cent compared with 34 per cent respectively). However, there was no difference in this respect between tenants who were on full, compared with partial, HB.

Survey respondents in Wakefield were the most optimistic and the least pessimistic about how ‘easy’ or ‘difficult’ it would be to manage their finances if their HB was paid directly to them or their partner/spouse. Meanwhile, on balance, respondents in Southwark and Shropshire were the least optimistic about how ‘well’ they would manage their finances (Table 5.2).

5.4 Need for advice or other support

This section examines tenants' **anticipated** support needs **prior** to Demonstration Projects going live.

Previous research into claimant attitudes has indicated that some tenants living in social housing would want or need support in order to help them 'cope' with the direct payments of their HB.¹⁹ Recognising this, Demonstration Project partnerships are assessing tenants' readiness for direct payments and exploring ways of providing support to those who need it, before transferring them onto direct payments. This process was still in development at the time of writing, with different partnerships exploring different options and approaches for supporting tenants with the transition and helping them manage the changes.

Survey respondents who did not say they would find it 'easy', to manage their finances under direct payments were asked whether they would need any advice or support if their HB was paid directly to them. The results are shown in Table 5.3, expressed both (i) as a percentage of tenants who did not think it would be 'easy' to 'cope' and (ii) as a percentage of all tenants.

Among respondents who did not think it would be 'easy' to 'cope', about two out of five thought they would need advice or support if HB was paid directly to them (Table 5.3).

Table 5.3 Whether or not support would be needed if HB paid directly to respondent

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
<i>(i) Tenants who did not think it would be easy to cope***</i>						
Yes	42	59	24	53	40	44
No	51	38	68	46	55	52
Don't know	7	3	8	1	6	5
<i>Base</i>	<i>156</i>	<i>193</i>	<i>196</i>	<i>171</i>	<i>145</i>	<i>861</i>
<i>(ii) All tenants***</i>						
Yes	21	33	15	28	18	24
No	79	67	85	72	82	77
<i>Base: Excludes those who did not know</i>	<i>312</i>	<i>341</i>	<i>307</i>	<i>322</i>	<i>315</i>	<i>1,597</i>

Table 6.3 also shows these results expressed as a percentage of **all tenants**. A quarter of all respondents reported that they would need support if HB were to be paid directly to them or their partner.

A much higher proportion of tenants who had literacy or numeracy problems said they would need support with direct payments than was the case among tenants who did not have such problems (46 per cent compared with 18 per cent respectively). And a somewhat higher proportion of tenants on full compared with partial HB also thought they would need support (26 per cent compared with 19 per cent respectively).

¹⁹ Irvine, A., Kemp, P. and Nice, K. (2007). *Paying Housing Benefit to Claimants*. Findings, Joseph Rowntree Foundation, York.

However, the perceived need for advice or support among tenants varied significantly across the five areas. Most noticeably, tenants in Southwark were far less likely than those elsewhere to say they would need support and more likely to say they would **not** need it.²⁰ Shropshire respondents were more likely to need support with direct payments than were respondents elsewhere. This could raise challenges in areas such as Shropshire with a residentially dispersed community, significant rurality, and scoring highly on the Index of Multiple Deprivation (IMD) access to housing and services domain (see Appendix A).

For some tenants, the need for support with direct payments may only be a temporary one while they make the transition from payment to the landlord. Once the dust has settled and they have got used to receiving HB themselves, they will be able to manage on their own. But for others, the shift to direct payments may require more long-term support, for one reason or another²¹. Survey respondents who thought they would need support with the direct payments of HB were, therefore, asked whether they would need that support just at the beginning or for the long term; and whether they would need ‘some’ or ‘a great deal’ of support. The results are presented in Table 5.4 and show that exactly half reported that they would need support just at the beginning and just under half that they would need it for the long term (Table 5.4).

Table 5.4 Need for support at the beginning or for the long term if HB is paid direct to tenants

	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
	<i>Column percentages</i>					
Length of support needed**						
Just at the beginning	41	34	63	68	50	50
For the long-term	53	56	38	39	49	48
Don't know	6	1	0	2	2	2
Extent of support needed**						
Some support	32	57	68	61	54	55
Great deal of support	62	43	32	36	45	43
Don't know	6	1	0	2	2	2
<i>Base: Tenants needing support</i>	66	114	47	91	58	376

²⁰ It is worth recalling that Southwark claimants were also much more likely to report that they knew ‘a fair amount’ or ‘a great deal’ both about HB and the Direct Payments Demonstration Project (Table 5.1).

²¹ Irvine, A., Kemp, P. and Nice, K. (2007). *Paying Housing Benefit to Claimants*. Findings, Joseph Rowntree Foundation, York.

5.5 Extent of support needed

Survey respondents were asked whether they would need ‘some’ or ‘a great deal’ of support, if HB were to be paid directly to them or their partner/spouse. Amongst those needing support, about two-fifths said they would need a ‘great deal’ of support and just over half that they would need ‘some’ support. The proportion reporting that they would need ‘a great deal’ of support ranged from 32 per cent in Southwark to 62 per cent in Oxford (Table 5.4).

Need for support with the direct payments of HB varied significantly between different types of tenants (Table 5.5). Thus, compared with women, men were more likely to say both that they needed support and that they needed ‘a great deal’ of support.

Respondents aged from 45 to 54 were less likely to need support, but those who did were more likely to need ‘a great deal’ of it, than were younger or older age groups. Young people aged under 25 were no more likely than older tenants to say they would need support with direct payments. This is of interest, because research consistently shows more limited financial capability amongst ‘younger’ people.²² Likewise, respondents from minority ethnic groups were no more or less likely than those who described their background as ‘White’ to report that they would need support with direct payments.

Single people living on their own were more likely than respondents living in other types of household to need support and also the most likely to say they would need ‘a great deal’ of support. While lone parents were as likely as couples with children to need support with direct payments, they were less likely than couples with children to need ‘a great deal’ of support (Table 5.5).

Respondents living in households in which at least one person had a limiting health condition or disability were more likely to say that they would need support, and to need ‘a great deal’ of support, than were other households (Table 5.5).

Most strikingly of all, respondents who said they had a literacy or a numeracy problem (or both) were very much more likely than those who did not to report they would need support with the direct payments of HB; they were also more likely to say that they would need ‘a great deal’ of support (Table 5.5).

In respect of economic status, respondents who were in full or part-time work were the group least likely to need support while the long-term sick and disabled were the most likely to need it. The latter group were also the most likely to say they would need ‘a great deal’ of that support (Table 5.5).

As might be expected, the reported need for support with direct payments correlated with respondents’ financial circumstances (for example whether they were in debt or not), and with various indicators of financial capability. For example, respondents who found the rent ‘difficult’ to afford were significantly more likely to need support, and to need ‘a great deal’ of support, than those who found it ‘easy’ to afford. And tenants with rent arrears and other debts were more likely to need support than those who do not (Table 5.6).

²² See, for example:
 Atkinson, A., McKay, S., Kempson, E. and Collard, S. (2006). *Levels of Financial Capability in the UK: Results of a Baseline Survey*. London: Financial Services Authority.
 Atkinson, A., McKay, S., Collard, S. and Kempson, E. (2007). Levels of Financial Capability in the UK. *Public Money and Management* 27 (1): 29-36.
 Financial Services Authority (2006). *Financial Capability in the UK: Establishing a Baseline*. London: Financial Services Authority.

Table 5.5 Extent of support needed if HB is paid direct to the claimant by claimants' characteristics

	<i>Row percentages</i>				
	Some support	Great deal of support	No support	All tenants	<i>Base: All tenants</i>
Gender of respondent***					
Male	14	14	72	100	482
Female	12	8	80	100	1,149
Age of respondent*					
16 to 24	9	10	82	100	130
25 to 34	13	6	81	100	368
35 to 44	12	9	79	100	427
45 to 54	14	13	73	100	479
55+	12	11	77	100	226
Ethnicity of respondent					
White	13	10	77	100	1,345
Black or Black British	13	7	81	100	176
Other	7	15	78	100	106
Household type***					
Single person	14	16	70	100	465
Lone parent	13	6	82	100	536
Couple with children	9	10	81	100	275
Couple	14	9	78	100	198
Multi-person household	13	9	78	100	157
Someone with disability in household***					
Yes	15	13	72	100	909
No	10	6	84	100	722
Respondent literacy or numeracy problem***					
Yes	18	25	57	100	306
No	11	7	82	100	1,324
Respondent economic status***					
Working full or part time	9	4	87	100	243
Unemployed	11	10	79	100	453
At home, not seeking work	12	9	80	100	277
Long-term sick or disabled	17	15	68	100	486
Full time carer	13	5	82	100	112
Other	7	5	88	100	58

Note: Excludes respondents who did not know.

Likewise, respondents who used bank accounts for paying bills and managing money were significantly less likely than other tenants to need support with direct payments of HB. Among those needing support, the ratio needing a great deal rather than just some increased accordingly. Thus, having a bank account and using it to pay bills and manage money are important (if imperfect) indicators of the need for support.

As one might expect, respondents who agreed that they were impulsive and tended to buy things even when they could not afford them were significantly more likely to need support and to need ‘a great deal’ of support, than those who did not agree. Conversely, tenants who agreed that they were very organised at managing their money were significantly less likely to need support and to need a great deal of support, than those who did not agree (Table 5.6).

Table 5.6 Extent of support needed if HB is paid direct to the claimant by claimants’ financial circumstances

	<i>Row percentages</i>				
	Some support	Great deal of support	No support	All tenants	<i>Base</i>
How easy or difficult to afford the rent***					
Easy	6	5	89	100	331
Neither easy nor difficult	10	9	81	100	100
Difficult	23	10	67	100	158
<i>Base: Tenants whose HB was less than their rent</i>					
Arrears and other debts***					
Rent arrears and other debts	19	12	69	100	235
Rent arrears only	13	10	77	100	108
Other debts only	14	13	73	100	398
Neither	10	8	83	100	856
<i>Base: Tenants (excluding don't knows)</i>					
Bank accounts***					
Has bank account and uses it	11	8	81	100	1,184
Has bank account but does not use it	14	11	75	100	280
Does not have a bank account	22	21	57	100	162
<i>Base: Tenants (excluding don't knows)</i>					
Very organised when it comes to managing money***					
Agree	9	6	85	100	1,063
Neither agree nor disagree	16	13	71	100	258
Disagree	24	21	55	100	304
<i>Base: Tenants (excluding don't knows)</i>					
Impulsive and tend to buy things I can't really afford***					
Agree	20	16	64	100	301
Neither agree nor disagree	12	14	74	100	171
Disagree	11	8	82	100	1,150
<i>Base: Tenants (excluding don't knows)</i>					

Note: Excludes eight respondents who did not know.

Table 5.7 shows that tenants in receipt of partial HB were less likely than those on full HB to need ‘a great deal’ of support under direct payments (seven per cent compared with 12 per cent respectively).

Table 5.7 Support needed by full or partial HB

	Some support	Great deal of support	Does not need support	Total
Does your HB cover all of the rent or some of the rent?***				
All of the rent	13	12	75	100
Some of the rent	12	7	82	100

Base: All tenants (1619).

5.6 Information provision about support services

Finally, tenants who said they would need advice or other forms of support were asked how they would like to be informed about the support services that are available. As Table 5.8 shows, two very traditional methods of communication – face-to-face and letters – were by far the most commonly desired from the list that they were presented with. Seventy per cent of tenants who felt they would need support said they would like to be informed by face-to-face communication about the support that was available. Meanwhile, 32 per cent wanted to be informed by letter.

Table 5.8 How tenants would like to be informed about support services

	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
	<i>Column percentages</i>					
Face-to-face	74	71	72	74	53	70
Letter	26	27	40	32	40	32
Email	6	2	6	3	0	3
Text message	6	6	0	0	3	4
Local council website	2	0	2	1	2	1
Social media	0	1	0	0	0	<1
Other	0	0	2	0	3	1
Don't know	2	0	0	0	2	1
<i>Base: Tenants needing support</i>	66	114	47	91	58	376

Although respondents could list more than one form of communication, very few did so. The majority wished to be informed about support services face-to-face and a substantial minority by letter. And despite the rapid growth of mobile and web-based communication, very few respondents said they would like to be informed via text messages, emails, websites or social media (Table 5.8). These are methods of communication being considered by project areas (and texting has already been used) so there are perhaps some lessons to be learnt here.

Face-to-face communication is undoubtedly the most expensive way for landlords to inform their tenants about changes in policy or practice, but it may also be the most effective for those on HB. This has implications for all landlords, but for larger landlords in particular. The dominant preference for face-to-face communication may reflect a need that tenants felt for the changes to be explained to them and the opportunity to ask questions and raise concerns. This may not be surprising given that the shift to direct payments is a major change and one that potentially has important implications for their budgeting and money management methods.

5.7 Summary

- Fifty-four per cent of respondents reported knowing little or ‘nothing’ about how HB works; but 46 per cent said they knew ‘a great deal’ or ‘a fair amount’.
- Fifty-four per cent of respondents reported knowing little or ‘nothing’ about the Demonstration Project, but 46 per cent said they knew ‘a fair amount’ or ‘a great deal’.
- By far the most common sources of tenants’ knowledge about direct payments were letters or leaflets from their landlord or HB office.
- A substantial minority of respondents was concerned about how ‘well’ they would manage the shift to direct payments.
- A quarter of respondents reported that they would need support if HB were to be paid directly to them.
- The groups most likely to need support with direct payments were: men; single people living on their own; long-term sick and disabled people; tenants with literacy or numeracy problems; tenants who find it difficult to afford the rent; people who had rent arrears or other debts; those who did not have a bank account or had one but did not use it; impulsive buyers; and those who were not ‘well’ organised money managers.
- Seventy per cent of tenants needing support wanted to be informed about support services by face-to-face and 32 per cent by letter. Very few wanted to be informed via text messages, emails, websites or other social media.

6 Rent, affordability and rent arrears

6.1 Introduction

The Direct Payments Demonstration Projects (DPDPs) – and in due course the introduction of the Universal Credit (UC) – will have significant implications for the payment of rent by people claiming Housing Benefit (HB). This is especially so for those tenants whose rent is wholly covered by HB, for they are not currently handing over rent money to their landlord; their HB is transferred electronically from the HB office to their rent account. In contrast, tenants whose HB does not cover all of their rent are already handing over some rent money.

In this chapter we look at the extent to which HB covers all or just part of the rent, how rent is normally paid by those whose HB does not cover all the rent, how ‘easy’ or ‘difficult’ tenants find it to afford the rent, and their rent arrears situation prior to the implementation of direct payments.

6.2 Full versus partial Housing Benefit

As part of the selection process for the DPDP programme, all respondents were in receipt of HB at the time of the survey. Almost all of them (98.5 per cent) did not personally receive their HB payments, which were instead being paid directly to their landlord by the HB office.

Table 6.1 shows the proportion of respondents whose HB payment covered all of their rent (‘full HB’) or just some of their rent (‘partial HB’). About two-thirds of respondents were on full HB and the remaining third on partial HB. However, the split between full and partial HB varied significantly between the five project areas. The proportion of tenants on full HB varied from a low of 33 per cent in Southwark to a high of 76 per cent in both Shropshire and Torfaen.

Table 6.1 Does HB cover all or some of the rent?***

Area	Row percentages		
	All of the rent	Some of the rent	All tenants
Oxford	74	26	100
Shropshire	76	24	100
Southwark	33	67	100
Torfaen	76	24	100
Wakefield	59	41	100
All tenants	64	36	100
<i>Base: All tenants (excluding don't knows)</i>	1,035	592	1,627

One striking result in Table 6.1 is the very high proportion of tenants who reported being in receipt of partial HB in Southwark, which is broadly the mirror image of the situation in the other four areas. This result appears to be explained by the high proportion of Southwark tenants whose rent includes charges for items such as water, heating, Council Tax and service charges, which are not generally covered by HB.²³ Hence, tenants whose 'rent' payment includes such charges are likely to have reported that their HB does not cover all of their rent.

Whereas in Southwark the majority of tenants had additional charges in their rent, in the other four areas only a minority had them. The figure for Southwark was 69 per cent, but elsewhere it ranged from 28 per cent in Shropshire to 47 per cent in Wakefield. In Southwark, the proportion of tenants with additional charges in the rent was 82 per cent among those on partial HB compared with 43 per cent among those on full HB.

The implication of these different splits between full and partial HB is that the potential impact of direct payments will vary significantly between the five areas. It will be proportionally greater in those case studies that have the most tenants on full HB (Oxford, Shropshire and Torfaen) and proportionally smaller in those with the least tenants on full HB (Southwark and Wakefield).

Table 6.2 shows the split between full and partial HB by claimant characteristics. There were no statistically significant differences by the gender or the age group of the respondent. However, respondents from Black and Minority Ethnic (BME) groups were significantly more likely to be on partial HB than those who described their ethnic background as 'White'. This reflects the high proportion of BME tenants living in Southwark.

Respondents living in households in which at least one person had a limiting health condition or disability were also more likely to be in receipt of partial HB payments than those which did not. The same was true, but to a much greater extent, of tenants living in households in which at least one person was in paid work. Thus, 68 per cent of working households were on partial HB compared with only 27 per cent of workless households.

²³ The prevalence of these additional charges in Southwark may reflect the high proportion of tenants living in flats in the Borough.

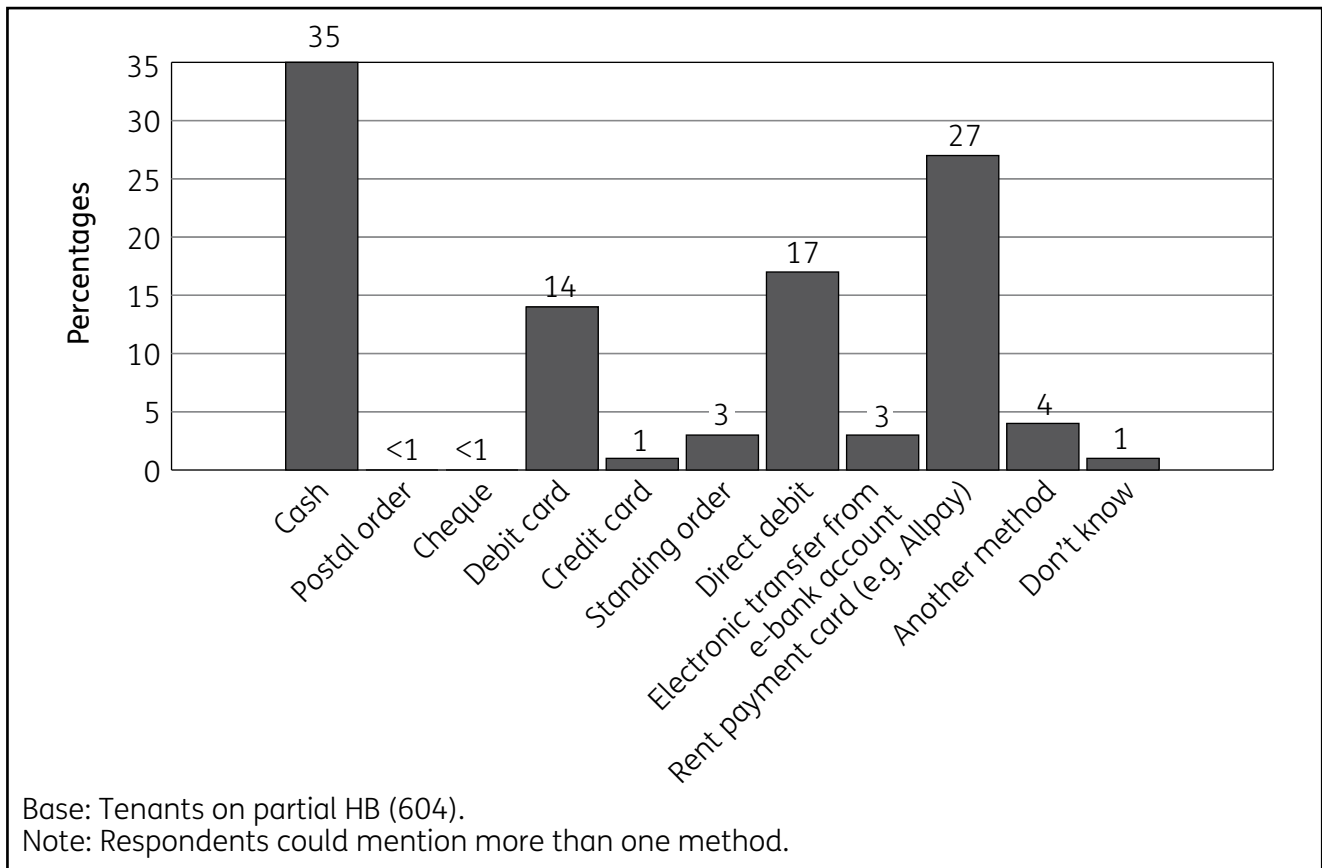
Table 6.2 Does HB cover all or some of the rent by claimant characteristics?

	<i>Row percentages</i>		
	All of the rent	Some of the rent	All tenants
Gender of respondent			
Male	66	34	100
Female	63	37	100
Age of respondent			
16 to 24	74	26	100
25 to 34	62	38	100
35 to 44	64	36	100
45 to 54	63	37	100
55+	61	39	100
Ethnicity of respondent***			
White	68	32	100
Black or Black British	44	56	100
Other	40	60	100
Household type*			
Single person	67	33	100
Lone parent	62	38	100
Couple with children	66	34	100
Couple	64	36	100
Multi-person household	53	47	100
Someone with disability in household***			
Yes	69	31	100
No	56	44	100
Household work status***			
Working	32	68	100
Workless	73	27	100
<i>Base: All tenants (excluding don't knows)</i>	1,035	592	1,627

6.3 Rent payment methods

In the DPDPs, automated methods of money transfer are considered to reduce the risk, to tenant and landlord, of non-payment. Reflecting this, participating tenants are being encouraged to consider such methods, for example by including Direct Debit forms in correspondence and requesting that these are completed for tenants with bank accounts. However, results from the survey suggest that automated methods are not currently the most commonly used or preferred method of payment amongst tenants.

Respondents in receipt of partial HB were asked what methods they normally used to pay their rent. As Figure 6.1 shows, there were four main methods by which the majority of tenants normally paid their rent. Despite the growth in the use of bank accounts and automated methods of money transfer in society as a whole, the most common method by which respondents normally paid their rent was cash. About a third of tenants on partial HB reported that they normally used this method of payment for their rent. Just over a quarter of tenants on partial HB normally used a rent payment card (such as Allpay). One in six normally paid their rent by direct debit and one in seven by debit card.

Figure 6.1 Methods tenants normally use to pay the rent

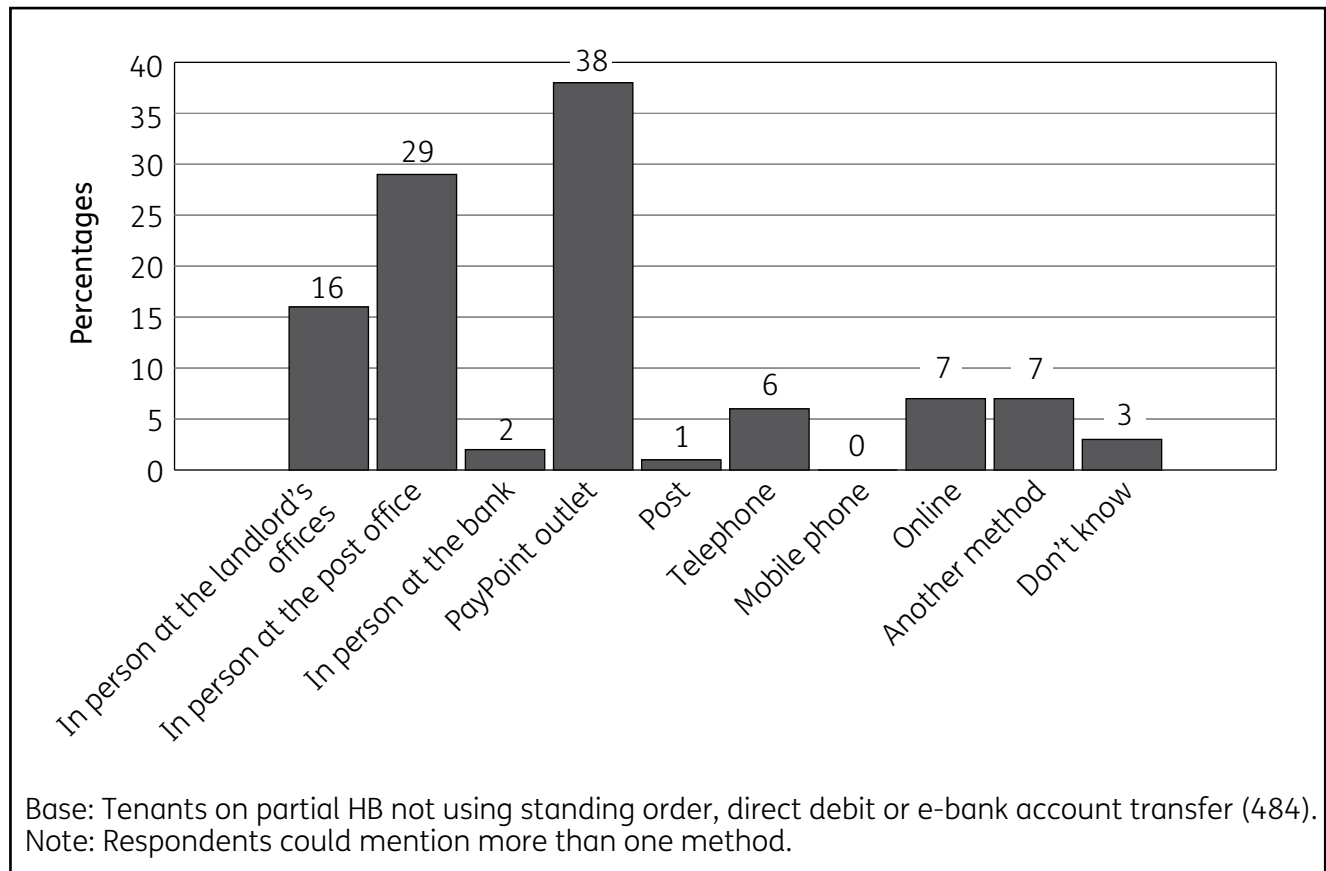
In total, a fifth of tenants normally used a fully automated method – direct debit or standing order – to pay their rent. A further three per cent used a method – transfer from an e-bank account – that has the capacity to be fully automated, but is not necessarily so. All of the remainder normally used a payment method that required them to take action each payment period in order to ensure that their rent was paid (see Figure 6.2).

Respondents who did not normally pay their rent by direct debit, standing order or transfer from an e-bank account, were asked how their rent was normally paid into their rent account. Thirty-eight per cent of them used a PayPoint outlet, 29 per cent paid at a Post Office and 16 per cent paid in the landlord's offices (Figure 6.2).

In total, 85 per cent of the sub-group of tenants who normally used non-fully-automated methods travelled somewhere in order to pay their rent – i.e. a landlord office, a post office, a bank or a PayPoint outlet. Thus, not only did their normal rent payment method require them to take action each time the rent was due, it also involved going somewhere to do it. It is worth pointing out, however, that existing evidence suggests that some tenants value the human contact that may result from paying the rent in person²⁴.

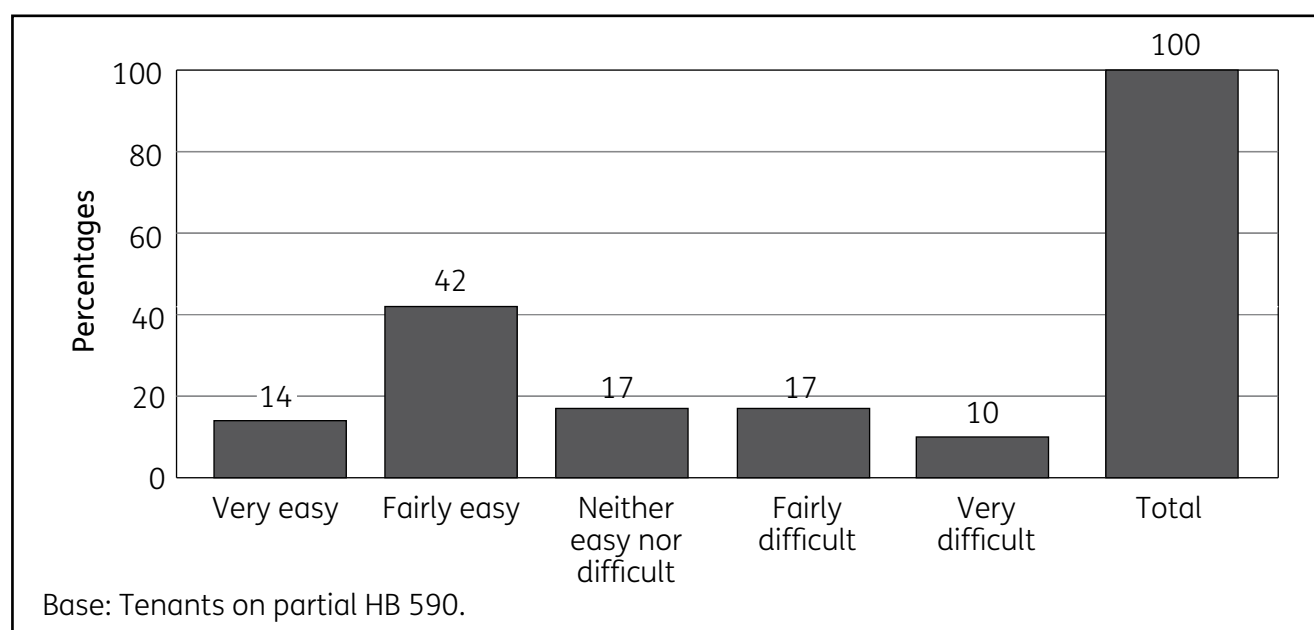
²⁴ Irvine, A., Kemp, P. and Nice, K. (2007). *Paying Housing Benefit to Claimants*. Findings, Joseph Rowntree Foundation, York.

Figure 6.2 How non-automated rent payments are normally made



6.4 Affordability

Respondents whose HB did not cover all of the rent were asked how 'easy' or 'difficult' it was for them to afford the rent, that is, the amount of rent they had to pay after HB. As Figure 6.3 shows, over half of them said that the rent was 'easy' to afford and over a quarter felt it was 'difficult' to afford.

Figure 6.3 How 'easy' or 'difficult' is it to afford the rent after HB?

Tenants' perceptions about the affordability of their rent varied between the project areas (Table 6.3).²⁵ Those living in Wakefield were the most likely to report that their rent was 'easy' to afford while tenants in Torfaen were the most likely to feel it was 'difficult' to afford.

Table 6.3 How 'easy' or 'difficult' to afford the rent after HB, by case study area?^{**}

	<i>Row percentages</i>			
	Easy	Neither easy nor difficult	Difficult	All tenants
Area				
Oxford	47	28	25	100
Shropshire	52	21	28	100
Southwark	58	12	30	100
Torfaen	42	22	36	100
Wakefield	69	14	17	100
<i>Base: Tenants on partial HB</i>	331	101	158	590

Table 6.4 shows perceptions of affordability among those on partial HB by different claimant characteristics. There were no statistically significant differences by the gender, age group or ethnic background of the respondent. Nor were there any statistically significant differences by household disability or household worklessness. However, couples with children were significantly more likely than other household types to report finding the rent 'easy' to afford.

²⁵ Because of small sample numbers, Table 7.3 aggregates the 'fairly' and 'very' responses into one 'easy' and one 'difficult' response.

Table 6.4 How 'easy' or 'difficult' to afford the rent after HB, by claimant characteristics?

	<i>Row percentages</i>			
	Easy	Neither easy nor difficult	Difficult	All tenants
Gender of respondent				
Male	57	16	27	100
Female	56	18	27	100
Age of respondent				
16 to 24	62	12	27	100
25 to 34	62	18	20	100
35 to 44	52	19	29	100
45 to 54	57	18	26	100
55+	51	14	35	100
Ethnicity of respondent				
White	57	17	26	100
Black or Black British	52	15	33	100
Other	61	18	21	100
Household type*				
Single person	51	18	31	100
Lone parent	58	19	23	100
Couple with children	71	15	14	100
Couple	51	11	38	100
Multi-person household	49	19	32	100
Someone with disability in household				
Yes	53	16	31	100
No	59	18	23	100
Household work status				
Working	56	19	25	100
Workless	56	16	29	100
<i>Base: Tenants on partial HB</i>	331	101	158	590

6.5 Rent arrears

Seventy-eight per cent of respondents reported that they were up to date with the rent and 22 per cent that they were in arrears. This is about double the prevalence of arrears found in a recent survey of private tenants in receipt of the Local Housing Allowance (LHA) in 19 case study areas in Britain.²⁶

The prevalence of rent arrears among social housing tenants in this survey varied significantly by project area. Arrears ranged from a low of 15 per cent in Shropshire to a high of 29 per cent in Southwark (Table 6.5).

²⁶ Beatty, T., Cole, I., Kemp, P., Marshall, B., Powell, R. and Wilson, I. (2012). *Monitoring the Impact of Changes to the Local Housing Allowance System of Housing Benefit: Summary of Early Findings*. Department for Work and Pensions. Research Report No. 798, London.

The prevalence of arrears was significantly higher among tenants renting from housing associations than among those renting from local authorities (25 per cent compared with 18 per cent respectively). This difference in the prevalence of arrears between landlord types existed irrespective of whether the tenant was on full or partial HB. It is possible that this difference in arrears reflects the fact that the average rent of tenants in arrears was higher among those renting from a housing association than among those renting from a local authority. It is worth noting that, among tenants on partial HB who found their rent 'difficult' to afford, a much higher percentage of housing association tenants was in arrears than was the case with local authority tenants (63 per cent compared with 44 per cent respectively).

Table 6.5 Up to date or in arrears on the rent by area?***

Area	Row percentages		
	Up to date	In arrears	All tenants
Oxford	82	18	100
Shropshire	86	15	100
Southwark	71	29	100
Torfaen	81	19	100
Wakefield	72	28	100
All tenants	78	22	100
<i>Base: All tenants (excluding don't knows)</i>	1,269	349	1,618

The prevalence of rent arrears also varied by claimant characteristics. As Table 6.6 shows, women were more likely to be behind with their rent than men. Among the different household types, rent arrears were highest among tenants living in multi-adult households and lowest among single people and childless couples.

Tenants aged 55 and above were significantly less likely to be in arrears than those who were younger than that. It is worth noting that rent arrears were no higher among tenants aged under 25 than among those aged from 25 to 54 years (Table 6.6).

A larger proportion of 'Black' or 'Black British' tenants were behind with their rent than was the case with 'White' tenants. However, fewer households that included someone with a limiting health problem or disability were in arrears than those that did not.

As Table 6.6 shows, the proportion of tenants in arrears was higher among working households than among workless households. This may be because proportionately more working tenants were in receipt of partial rather than full HB.

Respondents who were currently behind with their rent were asked whether this was the first time they have been behind in their current accommodation. Forty-two per cent of tenants currently in arrears were behind for the first time. There were no statistically significant differences between the five areas in this respect.

Respondents who had been behind with the rent on a previous occasion were asked how often they had been arrears at that address. Sixty-nine per cent had been in arrears 'some of the time', 24 per cent 'most of the time', and six per cent 'all of the time.'

Table 6.6 Up to date or in arrears on the rent by claimant characteristics?

	<i>Row percentages</i>		
	Up to date	In arrears	All tenants
Gender of respondent*			
Male	82	19	100
Female	77	23	100
Age of respondent*			
16 to 24	79	21	100
25 to 34	77	24	100
35 to 44	76	24	100
45 to 54	78	22	100
55+	87	14	100
Ethnicity of respondent*			
White	80	20	100
Black or Black British	72	28	100
Other	75	25	100
Household type**			
Single person	84	16	100
Lone parent	77	23	100
Couple with children	74	26	100
Couple	82	18	100
Multi-person household	71	29	100
Someone with disability in household***			
Yes	82	18	100
No	74	26	100
Household work status***			
Working	72	28	100
Workless	81	20	100
<i>Base: All tenants (excluding don't knows)</i>	1,269	349	1,618

There is some evidence from the survey that respondents who were behind with the rent most or all of the time at their current address were disorganised money managers when compared with those who were behind only some of the time. This is illustrated by their response to the statement 'I am very organised when it comes to managing my money day to day'.²⁷ The proportion of respondents who **disagreed** with the statement was 69 per cent among those who had 'always' been in arrears and 57 per cent among those who had been arrears 'most of the time', but only 25 per cent among those who had been behind on the rent only 'some of the time'.

Respondents who were in arrears were asked what the single most important reason for the arrears was. The answers are shown in Table 6.7. In line with previous research²⁸, the most commonly mentioned reason was a drop in income – due to redundancy, sickness or disability, relationship breakdown or other reasons – which in total accounted for 29 per cent of cases of arrears.

²⁷ Attitudes to money management are examined in Chapter 7.

²⁸ Duncan, S. and Kirby, K. (1983). *Preventing Rent Arrears*. London, HMSO.

Table 6.7 The single most important reason for the current arrears

	<i>Column percentages</i>
	Per cent
Loss of income due to redundancy	7
Loss of income due to sickness or disability	7
Loss of income due to relationship breakdown	5
Loss of income due to other reasons	10
Low income	14
Unexpected expenses	5
Over-committed financially	3
Increase in rent	2
Problems with HB administration	22
Confusion over due dates for rent payment	1
Drug or alcohol addiction	1
Mental health problems	1
Spent the money on something else	3
Some other reason	18
Don't know	1
Total	100
<i>Base: Tenants in arrears</i>	<i>349</i>

The next most commonly cited reason, mentioned by a fifth of tenants in arrears, was problems with the administration of HB (Table 7.7). The scheme has been beset by administrative problems since its inception in 1982/83, though administrative performance has improved since the turn of the century.²⁹ Problems often arise where tenants' circumstances change, such as when they move house, change job or experience an increase or decrease in their earnings, all of which require the change to be reported and their HB to be recalculated or a new claim made.

Concern has been expressed that tenants would spend the money on something else instead of the rent if HB were to be paid directly to them rather than to their landlord. However, in this survey, only three per cent of tenants in arrears reported 'spending the money on something else' as the main reason for being behind with the rent.

The reason often advanced by critics of direct payments as to why HB might be spent on something else is that claimants are living on a low income (and hence might have no choice but to buy their children shoes, for example, rather than pay the rent to their landlord). Whatever the merits and demerits of this argument, in this survey 14 per cent of tenants reported that the single most important reason for their arrears was that they were living on a low income.

Drug and alcohol addiction, mental health problems, and confusion over due dates for rent payment were each mentioned by only one per cent of tenants in arrears as the single most important reason why they were behind with their rent.

²⁹ Kemp, P. (2007). 'Housing Benefit in Britain: a troubled history and uncertain future' in P. Kemp (ed.) *Housing Allowances in Comparative Perspective*. Bristol: The Policy Press.

Table 6.8 shows the ways in which landlords were reported to have responded to tenants in arrears. The response most commonly mentioned by survey respondents was that their landlord had sent them a letter about the arrears (56 per cent). Forty-three per cent said their landlord had asked them to pay back the money gradually over time. And 20 per cent of tenants in arrears reported that their landlord had visited them personally to discuss the situation.

Table 6.8 Ways in which the landlord has responded to the arrears

	<i>Row percentages</i>
	Per cent
Sent you a letter about the arrears	56
Visited you personally to discuss the situation	20
Asked you to pay back the arrears immediately	5
Asked you to pay back the arrears gradually over time	43
Served you with a written notice to quit	6
Took you to court for rent arrears	12
Asked the courts to grant them a suspended possession order	5
Arranged to have HB paid directly to them	3
Changed rent payment methods	2
Some other way	4
Nothing/none of these	5
Don't know	1
<i>Base: Tenants in arrears</i>	349

Note: Respondents could mention more than one method.

A minority of tenants in arrears reported that their landlord had taken legal proceedings against them:

- six per cent had been served with a notice to quit;
- 12 per cent had been taken to court for rent arrears;
- five per cent were subject to a suspended possession order.

However, five per cent of tenants who were behind with the rent said that their landlord had not yet taken any action in response to the arrears (Table 6.8).

With two exceptions, landlord responses to the arrears (as reported by the tenant) were the same for those renting from a local authority as for those renting from a housing association. The two differences were:

- a much higher proportion of housing association than local authority tenants reported that their landlord had visited them personally to discuss the arrears (26 per cent compared with nine per cent respectively);
- more housing association than local authority tenants said their landlord had asked the courts to grant a suspended possession order (seven per cent compared with two per cent respectively).

Table 6.9 shows landlord responses to rent arrears by project area for those actions reported by more than five per cent of tenants in arrears. There were statistically significant differences in responses by project area in relation to two types of action: personal visits and asking the claimant to pay the money back over time.

Table 6.9 Ways in which the landlord has responded to the arrears, by case study area

	<i>Row percentages</i>				
	Oxford	Shropshire	Southwark	Torfaen	Wakefield
Sent you a letter about the arrears	65	63	48	54	43
Visited you personally to discuss the situation***	4	16	15	25	35
Asked you to pay back the arrears gradually over time*	37	45	44	61	33
Served you with a written notice to quit	11	8	3	5	7
Took you to court for rent arrears	9	14	18	12	7
<i>Base: Tenants in arrears</i>	<i>57</i>	<i>49</i>	<i>93</i>	<i>61</i>	<i>89</i>

Notes: Only responses by more than five per cent of all tenants in arrears for each action are shown this table. Respondents could mention more than one method.

6.6 Summary

- Sixty-four per cent of respondents were on full HB and 36 per cent on partial HB.
- The most common method by which respondents on partial HB normally paid their rent was cash (35 per cent paid in this way) followed by a rent payment card (27 per cent).
- Only a fifth of tenants normally used a fully automated method – direct debit or standing order – to pay their rent.
- Fifty-six per cent of respondents reported that it was ‘easy’, and 27 per cent that it was ‘difficult’, to afford their rent.
- Tenants renting from housing associations (25 per cent) reported a significantly higher incidence of arrears than those renting from local authorities (18 per cent).
- The prevalence of rent arrears varied by respondent characteristics.
 - Women were more likely to be behind with their rent than men.
 - Tenants aged 55 and above were less likely to be in arrears than those who were younger.
 - Among the different household types, arrears were highest among tenants living in multi-adult households and lowest among single people living on their own.
 - ‘Black’ or ‘Black British’ respondents were more likely than ‘White’ respondents to be behind with the rent.
 - The prevalence of arrears was lower among households that included someone with a limiting health problem or disability than in those that did not.
 - Working households were more likely than workless households to be behind with the rent.

- The most commonly mentioned single most important reason for rent arrears was a drop in income (29 per cent), due to redundancy, sickness or disability, relationship breakdown or other reasons.
- The next most commonly cited reason was problems with the administration of HB (22 per cent).
- Drug and alcohol addiction, mental health problems and confusion over due dates for rent payment were each mentioned as the single most important reason by only one per cent of tenants in arrears.
- The most commonly reported response to the arrears was that their landlord had sent them a letter about the debt (56 per cent). Forty-three per cent had been asked them to pay the money back gradually over time and five per cent to pay it back immediately. Twenty per cent of tenants in arrears reported that their landlord had visited them to discuss the situation.

7 Managing money

7.1 Introduction

The Direct Payments Demonstration Projects (DPDPs) and Universal Credit (UC) for tenants living in social housing more generally will have a significant impact on the ways in which participants manage their finances. The payment of rent will become one of social housing tenants' money management tasks. Moreover, in the DPDPs and also under the UC, by default, Housing Benefit (HB) will be paid four-weekly or monthly instead of weekly or fortnightly. In addition, the default arrangement for the UC is that the benefit will be paid electronically, for which purpose tenants will need to have a bank account.

This chapter looks at how respondents managed their money **prior** to the DPDPs going 'live.' A detailed account of tenants' approach and attitude to money management **during** (and at the end of) the DPDPs will be provided in the final report, which will draw on both quantitative and qualitative data to do so. In doing so, it will also explore if participation in the DPDPs has changed tenants' attitude and approach to money management and, if it has, **how** and **why** this happened.

7.2 Bank accounts

At the time of the interview, nine out of ten survey respondents had a bank or building society account, either on their own or jointly with their spouse/partner (Table 7.1). Twenty-four per cent of these (representing 21 per cent of all survey respondents) had opened it after hearing about the Demonstration Project. Thus, it appears that the announcement of the DPDP had prompted a significant minority of tenants to open a bank account. This should be seen in the context of intensive efforts that landlords have put into achieving this outcome.

It is, of course, one thing to have a bank or building society account and another to actually use it.³⁰ Some people may not use them at all and others may use them only for saving rather than for money management. In fact, as Table 7.1 shows, eight out of ten respondents with an account used it for money management.

There were statistically significant differences across project areas in the extent to which tenants had a bank account and whether or not they used it for money management. The proportion of tenants **without** an account ranged from six per cent in Southwark to 16 per cent in Wakefield. And the proportion that 'had an account but did not use it' varied from 12 per cent of all tenants in Torfaen to 24 per cent of all tenants in Southwark (Table 7.2).

Although Southwark had the highest proportion of tenants with a bank account, Oxford and Torfaen were the areas that had the highest proportion with an account that they used for money management (Table 7.2). What these figures show is that landlords have to persuade people, not just to open a bank account, but also to use it, if they want to maximise the use of electronic methods of rent payment.

³⁰ Again, for ease of exposition, we refer only to bank accounts, but this should be taken to refer (as the questionnaire did) to both bank and building society accounts.

Table 7.1 Possession and use of banks accounts

	<i>Column percentages</i>
	Per cent
Have bank account?	
Yes – one account	77
Yes – more than one account	13
No	10
<i>Base: All tenants</i>	1,636
Have bank account before hearing about the DP Project?	
Yes	77
No	24
<i>Base: Tenants with a bank account</i>	1,470
Use bank accounts for money management or paying bills?	
Yes	81
No	19
<i>Base: Tenants with a bank account</i>	1,469
Use bank accounts to pay bills by direct debit or standing order?	
Yes – direct debits	62
Yes – standing orders	2
Yes – direct debits and standing orders	15
No	20
<i>Base: Tenants who use bank accounts for money management or paying bills</i>	1,184

Table 7.2 Possession and use of banks accounts by area

	<i>Column percentages</i>				
	Oxford	Shropshire	Southwark	Torfaen	Wakefield
Have and use bank accounts?***					
Has account and uses it	75	68	70	79	71
Has account but does not use it	16	21	24	12	13
Does not have any accounts	9	11	6	9	16
<i>Base: All tenants</i>	321	345	321	324	323
Pay bills by direct debits or standing orders?					
Yes	85	80	75	77	81
No	15	20	25	23	19
<i>Base: Tenants who use bank accounts</i>	241	235	223	256	229

There were statistically significant differences between types of claimant in the possession and use of bank accounts (see Table 7.3). Thus, women were more likely to have a bank account and to use it for money management; and conversely men were more likely to have an account they did not use (at least for that purpose) and to not have an account at all.

Table 7.3 Possession and use of banks accounts by claimant characteristics

	<i>Row percentages</i>				
	Has account and uses it	Has account but does not use it	Does not have any accounts	All tenants	<i>Base: All tenants</i>
Gender of respondent**					
Male	66	22	12	100	484
Female	75	16	9	100	1,150
Age of respondent**					
16 to 24	81	13	6	100	131
25 to 34	77	15	8	100	369
35 to 44	74	18	8	100	426
45 to 54	68	18	14	100	481
55+	68	20	12	100	227
Ethnicity of respondent**					
White	73	16	11	100	1,350
Black or Black British	74	22	4	100	176
Other	67	26	8	100	105
Household type***					
Single person	65	22	14	100	468
Lone parent	80	14	6	100	536
Couple with children	75	15	11	100	276
Couple	71	17	13	100	198
Multi-person household	69	21	10	100	156
Someone with disability in household**					
Yes	70	18	13	100	912
No	77	17	7	100	722
Respondent literacy or numeracy problem***					
Yes	62	22	16	100	306
No	75	16	9	100	1327
Household work status***					
Working	80	16	4	100	385
Workless	70	18	12	100	1,249

Younger people were more likely than other age groups to have an account that they used for money management than older age groups. Indeed, there appears to be an age cohort effect in relation to banking: tenants aged 45 and above were less likely to have an account, and – if they did have one – less likely to use it for money management, than younger age groups.

Respondents whose ethnic background was ‘White’ were the least likely to have a bank account; but, along with ‘Black’ and ‘Black British’ respondents, they were the most likely to have an account that they used for money management. Lone parents were the most likely to have a bank account and the most likely to have an account that they used for this purpose. Single people living on their own had the lowest level of bank account possession and use among the different household types (Table 7.3).

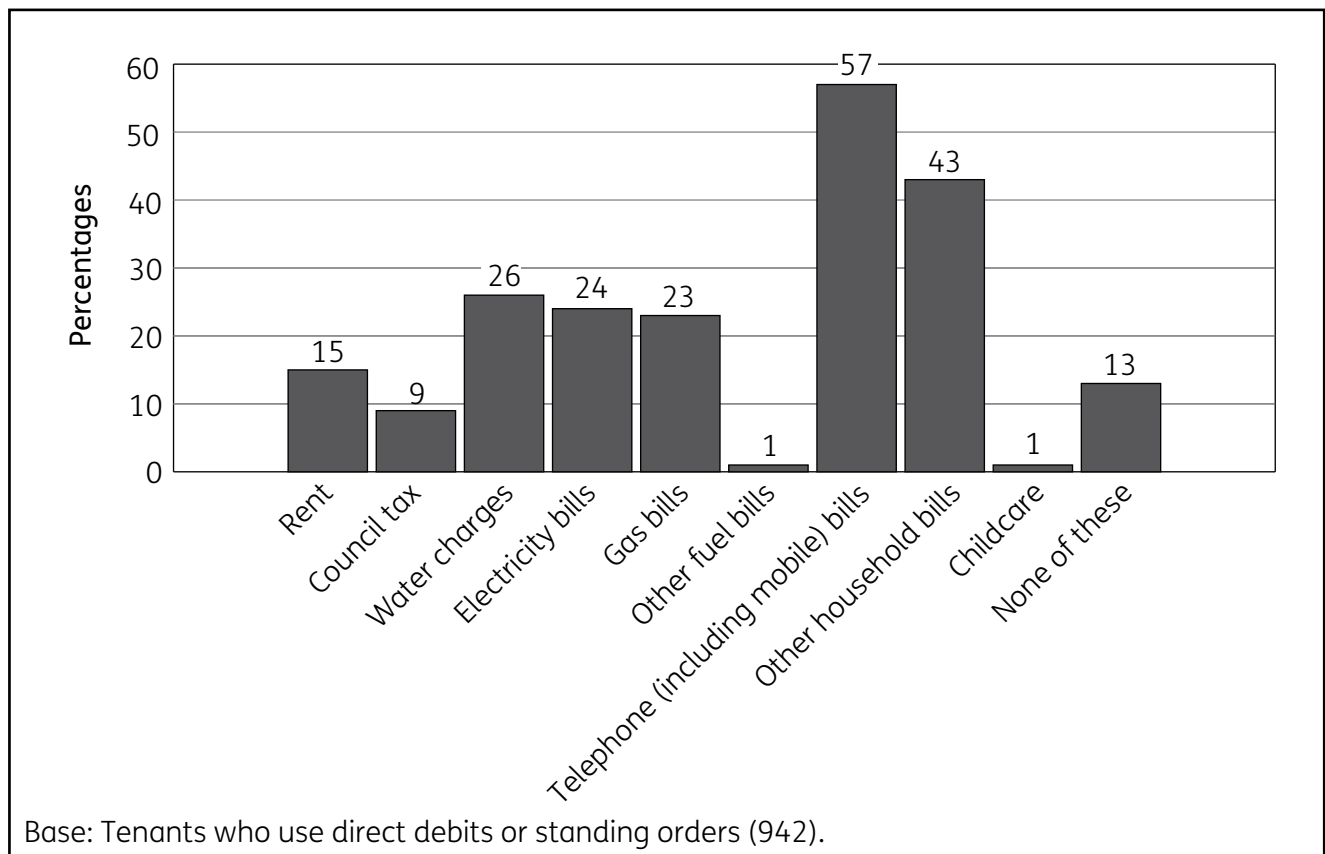
Bank account ownership and use was low among respondents who:

- reported having a literacy or numeracy problem;
- were living in households that included someone with a limiting health condition or disability;
- were living in workless households.

Respondents who used their bank account for money management were asked if they made use of direct debits or standing orders to pay any bills. Eight out of ten did so, but in the great majority of cases it was direct debits that they used rather than standing orders (Table 7.1). The use of direct debits and standing orders did not vary significantly between the five project areas.

Respondents who used direct debits or standing orders were asked whether they used them to pay for a number of common ‘household bills’ that all households have to pay; and for childcare, which working families with children might have to pay for. Only 13 per cent of respondents who used direct debits and standing orders said that they did not use them to pay for any of these bills. Fifteen per cent of respondents making use of direct debits and standing orders reported that they paid their rent this way (Figure 7.1).

Figure 7.1 Household bills paid by direct debit or standing order



7.3 Getting cash and paying bills

Ownership of a bank account is a prerequisite for withdrawing cash from an ATM using a debit card. Table 7.4 shows that this was the dominant method that survey respondents used in order to get cash. Three-quarters of them mainly got their cash that way. The next most common way of getting cash was from the Post Office using a Post Office Card Account, which was used by one in six tenants.

Table 7.4 Methods tenants mainly use to get cash

	<i>Row percentages</i>
	All tenants
Paid wages in cash	3
Collect benefit or pension in cash	3
My partner gives me cash in hand	<1
From the Post Office using a PO Card Account	18
Debit card at an ATM/cash machine	77
Cashback at a shop/supermarket	7
Cash a cheque	1
Credit card	<1
Some other way	3
Don't use cash	1
<i>Base: All tenants</i>	1,639

Table 7.5 shows that cash was the most common way in which tenants paid for food and other day-to-day items. Indeed, nine out of ten used cash for this purpose. A third paid for at least some of their food and other day-to-day items by debit card. Very few mainly used cheques, credit cards or store cards.

Table 7.5 Methods mainly use to pay for food and day-to-day spending and other bills

	<i>Row percentages</i>	
	Food and day-to-day spending	Other bills
Cash	87	73
Cheque	<1	1
Debit card	34	32
Credit card	2	2
Store card	<1	1
Some other way	<1	8
Does not pay for these bills	0	4
<i>Base: All tenants</i>	1,639	1,639

Cash was also the main way in which respondents paid for bills other than food and day-to-day items of expenditure. The next most common was debit cards, which were used for this purpose by a third of respondents in the survey. Once again, very few respondents mainly used cheques, credit cards or store cards to pay for non-everyday items (Table 7.5).

In summary, paying for goods and services by cash was central to the everyday economy of tenants in the survey, not just for expenditure on food and day-to-day items, but other areas of spending as well.

7.4 Use of spending limits

One way of trying to ensure that spending is kept under control is to set a spending limit for each week, month or other period that households have in their mind when thinking about their budgets. Survey respondents were therefore asked whether they kept a regular spending limit to manage their finances. Seven out of ten said they did (Table 7.6).

Table 7.6 Regular spending limit to manage finances

	<i>Column percentages</i>
	All tenants
Keep a regular spending limit?	
Yes	71
No	29
<i>Base: All tenants (excluding don't knows)</i>	1,619
Period for spending limit	
Weekly	63
Fortnightly	27
Four weekly	2
Monthly	7
Other	<1
<i>Base: Tenants with a regular spending limit</i>	1,153
How often manage to keep to spending limit?	
Always	30
Most of the time	44
Sometimes	19
Hardly ever	4
Never	3
<i>Base: Tenants with a regular spending limit</i>	1,153

There were statistically significant differences in the use of regular spending limits between respondents in the different project areas. The proportion reporting that they had spending limits ranged from 67 per cent in Southwark to 79 per cent in Wakefield (Table 7.7).

Table 7.7 Regular spending limit to manage finances by area

	<i>Column percentages</i>				
	Oxford	Shropshire	Southwark	Torfaen	Wakefield
Keep a regular spending limit?***					
Yes	69	72	67	69	79
No	31	28	33	31	21
<i>Base: all tenants (excluding don't knows)</i>	314	345	318	323	319
How often manage to keep to spending limit?***					
Always	21	22	32	31	43
Most of the time	47	48	39	44	43
Sometimes	20	17	27	21	10
Hardly ever or never	12	13	2	5	4
<i>Base: Tenants with a regular spending limit</i>	216	247	211	223	252

The use of spending limits also varied between different types of tenants (Table 7.8). It was lower among respondents who were: male, 'Black' and 'Black British', or living in households that included someone with a health condition or disability.

Use of regular spending limits varied significantly by household composition (Table 7.8). Couples – including both those with and those without dependent children – had a higher propensity to have a regular spending limit than did lone parents, single people or respondents living in multi-adult households.

There were no statistically significant differences between different age groups in their propensity to have a regular spending limit; for all age bands, about seven out of ten respondents had such a limit and three out of ten did not. Nor did use of spending limits vary according to whether the respondent had a literacy or numeracy problem or whether they were living in a workless household (Table 7.8).

HB in the DPDPs will be paid four-weekly in arrears. However, among respondents who kept a regular spending limit, a clear majority reported that it was a weekly limit. And most of the remainder said that their regular spending limit was a fortnightly one. Very few had a four-weekly or monthly one (Table 7.6).

Hence, the shift to four-weekly payments of benefit may necessitate some rethinking of the period over which tenants budget their finances; or at the very least, a need to reconcile weekly or fortnightly budgeting with monthly receipt of income among those tenants who are not in paid work and whose income is largely derived from social security benefits. It is also worth recalling here that 40 per cent of the minority of respondents in paid employment were paid more frequently than monthly or four-weekly so these tenants will need to reconcile their income from employment with the less regular HB payment.

Table 7.8 Regular spending limit to manage finances by claimant characteristics

	<i>Row percentages</i>		
	Yes	No	All tenants
Gender of respondent*			
Male	68	32	100
Female	73	28	100
Age of respondent			
16 to 24	72	28	100
25 to 34	70	30	100
35 to 44	72	28	100
45 to 54	71	29	100
55+	72	28	100
Ethnicity of respondent*			
White	73	27	100
Black or Black British	62	38	100
Other	70	30	100
Household type*			
Single person	68	33	100
Lone parent	71	29	100
Couple with children	78	23	100
Couple	76	25	100
Multi-person household	66	34	100
Someone with disability in household*			
Yes	69	31	100
No	74	27	100
Respondent literacy or numeracy problem			
Yes	68	32	100
No	72	28	100
Household work status			
Working	74	26	100
Workless	70	30	100
<i>Base: All tenants</i>	1,153	466	1,619

Table 7.9 How often tenants with a regular spending limit manage to keep to it by claimant characteristics

	<i>Row percentages</i>				
	Always	Most of the time	Sometimes	Hardly ever or never	All tenants
Gender of respondent					
Male	33	44	17	7	100
Female	29	45	19	7	100
Age of respondent					
16 to 24	31	45	16	9	100
25 to 34	24	49	21	6	100
35 to 44	28	44	19	8	100
45 to 54	33	40	19	9	100
55+	36	47	13	3	100
Ethnicity of respondent					
White	31	45	17	7	100
Black or Black British	27	43	26	5	100
Other	19	46	26	9	100
Household type*					
Single person	36	38	18	8	100
Lone parent	31	45	19	6	100
Couple with children	20	49	21	10	100
Couple	32	47	16	5	100
Multi-person household	23	50	18	9	100
Someone with disability in household					
Yes	31	43	19	8	100
No	28	47	18	7	100
Respondent literacy or numeracy problem***					
Yes	24	38	26	11	100
No	31	46	17	6	100
Household work status					
Working	24	50	18	8	100
Workless	32	43	19	7	100
<i>Base: All tenants</i>	<i>344</i>	<i>510</i>	<i>213</i>	<i>82</i>	<i>1,149</i>

Having a spending limit is one thing, but keeping expenditure within it is another. In fact, the majority of tenants reported that they did generally manage to keep within their regular spending limit. Thus, three out of ten said they ‘always’ kept within their spending limit and four out of ten did so ‘most of the time’ (Table 7.6).

There were statistically significant differences between the five project areas in the extent to which respondents managed to keep their spending within the regular limit they had set for themselves (Table 7.7). A much higher share of tenants in Wakefield said they either ‘always’ kept within their spending limit or did so ‘most of the time’ than was the case elsewhere.

There were statistically significant differences between some types of tenants, but not between others, in the extent to which they managed to keep within their regular spending limit (Table 7.9). On the one hand, there were no differences according to the gender, age group or ethnic background of the respondent. Nor were there statistically significant differences in ability to keep within their regular spending limit between households that included someone with a disability and those that did not, or between workless households and those that included at least one person in paid work.

On the other hand, there were statistically significant differences between different household types and their ability to stay within a regular spending limit. In particular, single people were the most likely to report that they 'always' kept within their spending limit, while couples with children and people living in multi-person households were the least likely to do so (Table 7.9).

Respondents who reported having a numeracy or literacy problem were less likely to keep within their regular spending limit than those who did not have either problem (Table 7.9).

7.5 Planning ahead

A key aspect of financial capability is the ability to plan ahead for bills or expenses that are infrequent but predictable, such as quarterly water and fuel bills, and the cost of new school uniforms in the case of families with school-age children. This is especially important for families living on a low income, such as HB recipients, because these infrequent but regular bills are often large relative to their weekly or monthly income.

Survey respondents were presented with a list of possible infrequent but regular bills (see Table 7.10) and asked if they (or their partner) had to pay any of them quarterly, six-monthly or annually. In fact, two-thirds of tenants did not pay any of those bills or expenses at these intervals. This suggests that they may have arranged to pay them at more frequent periods, such as monthly.

As Table 7.10 shows, 18 per cent of respondents paid their TV licence either quarterly, half-yearly or annually. Fourteen per cent paid for their water, energy or telephone bills at one or other of these infrequent intervals. And nine per cent paid vehicle excise duty, MoT and motor insurance quarterly, half-yearly or annually. Very few respondents paid the other listed outgoings at infrequent intervals, but five per cent mentioned school uniforms as an infrequent expense.

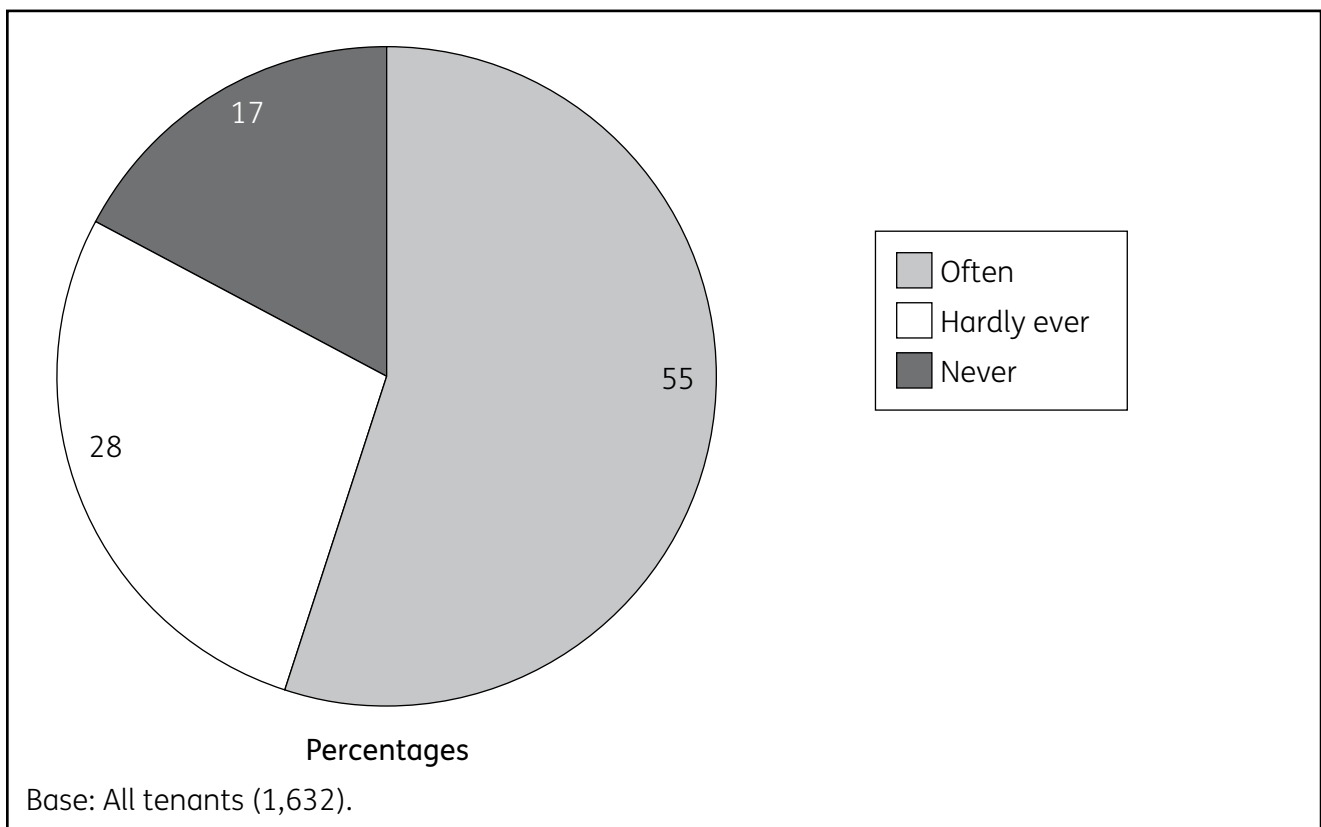
Tenants who paid bills quarterly, six-monthly or annually were asked if they planned ahead to ensure they had enough money to pay for these bills or waited until they arrived. Exactly half of this group of respondents said they 'always' planned ahead, a quarter said they 'sometimes' planned ahead, and the remaining quarter that they waited until the bills arrived (Table 7.10).

All survey respondents were asked how often in the previous 12 months they had run out of money at the end of the week or month. This was defined to include times when they had run out of money and had to borrow or use their credit card to get by. The results are presented in Figure 7.2. It shows that more than half of all tenants had run out of money 'often' during the previous 12 months.

Table 7.10 Quarterly, six-monthly and yearly bills

All tenants	
Pays bills quarterly, six-monthly or yearly	Row %
Water, gas, electricity or telephone	14
TV licence	18
Car tax, motor insurance or MoT	9
Home contents insurance	2
Season tickets	<1
School uniforms	5
Some other bill	2
None of these	64
<i>Base: All tenants</i>	1,639
Plans ahead	
Always plan ahead	Column %
Sometimes plan ahead	50
Wait until they arrive	26
	24
<i>Base: Tenants who pay quarterly, six-monthly or yearly bills</i>	589

Figure 7.2 How often in the last 12 months ran out of money



In this chart, 'fairly often' and 'very often' responses have been combined into one ('often') category.

The extent to which respondents had run out of money, if at all, during the previous year varied significantly between the five project areas (Table 7.11). Tenants in Oxford and Southwark were the most likely to report ‘often’ running out of money.

Table 7.11 How often in the last 12 months ran out of money***

	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
						<i>Column percentages</i>
Very often	30	22	28	28	20	25
Fairly often	32	29	36	23	29	30
Hardly ever	27	26	23	31	33	28
Never	12	24	14	18	19	17
<i>Base: All tenants</i>	319	343	318	322	323	1,625

As Table 7.12 shows, the extent to which respondents had or had not run out of money varied according to their socio-demographic characteristics. Women were more likely to have run out of money ‘very often’, and less likely to have ‘never’ done so, in the previous year than men. Respondents under the age of 25 were also more likely to have run out of money ‘very often’ and less likely to have ‘never’ done so. Meanwhile, respondents aged 55 and above had the opposite experience during the previous year: compared with other tenants, they were the least likely to have run out ‘very often’ and the most likely to have ‘never’ run out.

Respondents with a Black or Black British ethnic background were the most likely to report having very ‘often’ run out of money in the previous year and also the least likely to have ‘never’ run out (Table 7.12). A third of tenants living in multi-person households said they had ‘very often’ run out of money before the end of the week or month during the previous 12 months.

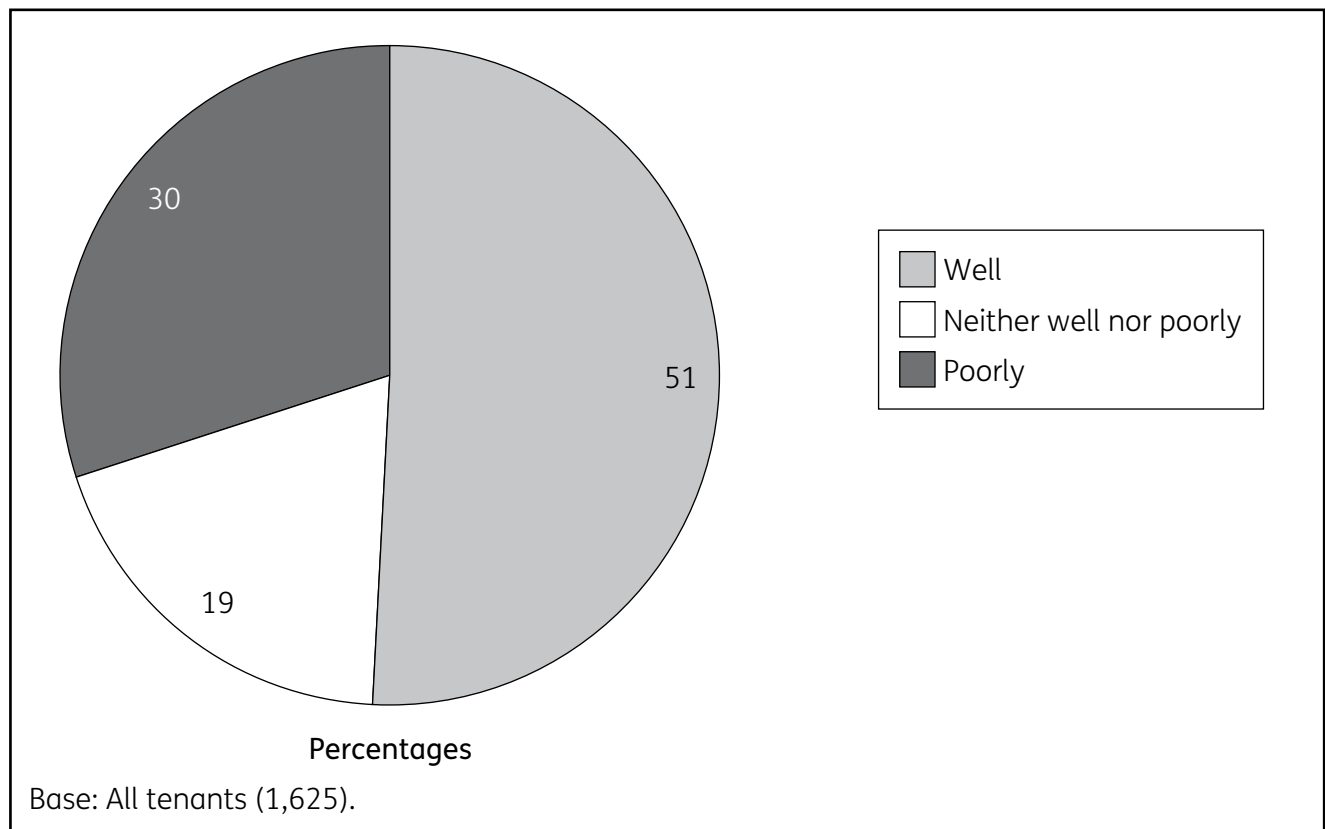
There were no statistically significant differences in experience of running out of money by the working status or the disability status of households in the survey. However, respondents who had a numeracy or literacy problem were more likely to have run out of money ‘very often’ and less likely to have never run out of money in the previous year than respondents who had neither problem.

Table 7.12 How often in the last 12 months ran out of money by claimant characteristics

	<i>Row percentages</i>				
	Very often	Fairly often	Hardly ever	Never	All tenants
Gender of respondent***					
Male	22	27	28	23	100
Female	27	31	28	15	100
Age of respondent**					
16 to 24	31	29	26	15	100
25 to 34	23	33	32	12	100
35 to 44	26	30	26	18	100
45 to 54	27	28	25	20	100
55+	19	28	32	22	100
Ethnicity of respondent***					
White	25	27	29	19	100
Black or Black British	28	38	25	9	100
Other	20	45	24	11	100
Household type**					
Single person	26	26	26	23	100
Lone parent	25	32	29	14	100
Couple with children	22	32	31	14	100
Couple	23	28	26	22	100
Multi-person household	33	31	24	11	100
Someone with disability in household					
Yes	26	29	27	19	100
No	25	31	29	15	100
Respondent literacy or numeracy problem*					
Yes	30	32	25	13	100
No	24	29	28	18	100
Household work status					
Working	23	31	31	14	100
Workless	26	29	27	18	100
<i>Base: All tenants</i>	411	482	452	280	1,625

7.6 Managing financially

Survey respondents were asked how 'well' or 'poorly' they were managing financially these days, taking everything into account. As Figure 7.3 reveals, about half of them felt they were managing 'well'. However, three out of ten respondents said they were managing 'poorly'.

Figure 7.3 How 'well' or 'poorly' tenants are managing financially

How 'well' or 'poorly' tenants were managing financially varied significantly between the five project areas. Those living in Wakefield reported managing the most 'well' and the least 'poorly'. Conversely, tenants in Southwark were managing the least 'well' and the most 'poorly' (Table 7.13).

Table 7.13 How 'well' or 'poorly' tenants are managing financially**

	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
						<i>Column percentages</i>
Very well	12	10	8	19	10	12
Fairly well	40	41	35	36	48	40
Neither well nor poorly	18	20	22	19	18	19
Fairly poorly	15	19	20	15	15	17
Very poorly	15	11	16	12	10	13
<i>Base: All tenants</i>	320	344	322	324	322	1,632

There was no statistically significant difference by gender or ethnic background in how 'well' or 'poorly' respondents were managing financially these days (Table 7.14). However, there were some differences between respondents in the different age groups. Compared with those in younger age groups, higher proportions of tenants aged 35 and above reported managing 'very poorly'; they were also a little less likely to report managing 'well'.

There were also statistically significant differences by household type in how 'well' or 'poorly' respondents were managing financially. Respondents living in single person households were the most likely to report managing 'poorly', while couples with children the least likely to do so (Table 7.14).

Compared with other respondents, tenants with a literacy or numeracy problem were more likely to report managing 'poorly' and less likely to say they were managing 'well' (Table 7.14). Workless households were also more likely than working households to report managing 'poorly'.

Table 7.14 How 'well' or 'poorly' tenants are managing financially, by claimant characteristics

	<i>Row percentages</i>					
	Very well	Fairly well	Neither well nor poorly	Fairly poorly	Very poorly	All tenants
Gender of respondent						
Male	12	38	20	16	14	100
Female	11	41	19	17	12	100
Age of respondent*						
16 to 24	15	40	19	18	9	100
25 to 34	12	42	22	17	8	100
35 to 44	9	43	19	15	14	100
45 to 54	12	37	17	19	16	100
55+	14	37	21	16	12	100
Ethnicity of respondent						
White	12	41	19	16	12	100
Black or Black British	9	37	18	20	17	100
Other	8	33	27	20	12	100
Household type**						
Single person	13	33	17	19	18	100
Lone parent	10	45	20	16	10	100
Couple with children	12	43	22	15	8	100
Couple	13	41	16	17	12	100
Multi-person household	10	35	23	17	15	100
Someone with disability in household*						
Yes	13	38	18	17	15	100
No	10	42	21	17	10	100
Respondent literacy or numeracy problem ***						
Yes	6	37	19	17	21	100
No	13	40	20	17	11	100
Household work status ***						
Working	9	46	24	13	8	100
Workless	12	38	18	18	14	100
<i>Base: All tenants</i>	188	649	316	274	205	1,632

7.7 Attitudes to managing money

In this final section, we explore respondents' attitudes to managing money. Tenants were presented with five statements, each of which aimed to capture different aspects of managing money, and asked to what extent they agreed or disagreed with them. The five statements are:

- 1 'I am impulsive and tend to buy things even when I can't really afford them.'
- 2 'I am more of a saver than a spender.'
- 3 'I prefer to buy things on credit rather than wait and save up.'
- 4 'I am very organised when it comes to managing my money day to day.'
- 5 'I am never late at paying my bills.'

The results are presented in Table 7.15 which shows that the great majority of respondents disagreed with the statement: 'I am impulsive and tend to buy things even when I can't really afford them'.

Table 7.15 Attitudes to money management

	Row percentages					
	Strongly agree	Tend to agree	Neither agree nor disagree	Tend to disagree	Strongly disagree	Base: all tenants
'I am impulsive and tend to buy things even when I can't really afford them'	5	13	11	24	47	1,630
'I am more of a saver than a spender'	7	19	33	21	19	1,624
'I prefer to buy things on credit rather than wait and save up'	3	8	10	24	55	1,627
'I am very organised when it comes to managing my money day to day'	28	38	16	11	8	1,633
'I am never late at paying my bills'	24	24	17	26	10	1,632

A quarter of respondents agreed with the statement: 'I am more of a saver than a spender': Meanwhile, two-fifths reported that they disagreed with it. Interestingly, a third of tenants – about double the proportion for any of the other four statements – neither agreed nor disagreed with it. It is possible that this reflects a perception that they saw themselves as being unable to save in their present situation and therefore could not be more of a saver than a spender even if they wanted to be (Table 7.15). Table 7.15 also shows that the great majority of respondents disagreed with the statement that: 'I prefer to buy things on credit rather than wait and save up'.

Two-thirds of survey respondents agreed with the statement: 'I am very organised when it comes to managing my money day to day'. However, one in five disagreed. Thus, while the majority of tenants saw themselves as well-organised money managers, a substantial minority appear by inference to see themselves as disorganised (Table 7.15).

Although two-thirds of tenants felt they were well-organised money managers, only a half of respondents agreed with the statement that: 'I am never late at paying my bills'. And the proportion of respondents who disagreed with this statement was almost double the proportion who (by

inference) felt they were disorganised money managers. The fact that some respondents who perceived themselves to be well-organised at money management were nonetheless sometimes late at paying their bills, may reflect the exigencies of everyday life on a low income.

There were relatively few statistically significant differences in responses to the five attitude statements between the different socio-demographic groups. Tables 7.16 to 7.20 show results where there were statistically significant differences for each of the five statements.

In relation to the statement '*I am impulsive and tend to buy things even when I can't really afford them*', agreement decreased with age and disagreement increased with age (Table 7.16). In other words, younger tenants were more likely than older ones to see themselves as impulsive spenders. Respondents with a literacy or numeracy problem were also more likely to see themselves as impulsive spenders than were those who had neither problem.

Table 7.16 '*I am impulsive and tend to buy things even when I can't really afford them*'

	Agree	Neither agree nor disagree	Disagree	All tenants
<i>Row percentages</i>				
Age of respondent***				
16 to 24	28	9	63	100
25 to 34	23	10	66	100
35 to 44	20	13	67	100
45 to 54	16	9	75	100
55+	7	11	82	100
Ethnicity of respondent**				
White	19	9	72	100
Black or Black British	19	14	67	100
Other	16	22	62	100
Respondent literacy or numeracy problem***				
Yes	24	16	59	100
No	17	10	73	100

The only statistically significant difference in relation to the statement '*I am more of a saver than a spender*' was between respondents with a literacy or numeracy problem and those without such either disadvantage (Table 7.17). The former were more likely than the latter to disagree and less likely to agree.

Table 7.17 *'I am more of a saver than a spender'*

	<i>Row percentages</i>			
	Agree	Neither agree nor disagree	Disagree	All tenants
Respondent literacy or numeracy problem*				
Yes	22	31	47	100
No	27	34	39	100

There were also statistically significant differences by age group and ethnic background in relation to the third statement: *'I prefer to buy things on credit rather than wait and save up'* (Table 7.18). Agreement decreased with age and disagreement increased with age. Black or Black British respondents were much more likely than other BME or White tenants to say they neither agreed nor disagreed with it.

Table 7.18 *'I prefer to buy things on credit rather than wait and save up'*

	<i>Row percentages</i>			
	Agree	Neither agree nor disagree	Disagree	All tenants
Age of respondent*				
16 to 24	15	9	75	100
25 to 34	15	8	77	100
35 to 44	12	11	77	100
45 to 54	9	10	81	100
55+	6	8	87	100
Ethnicity of respondent**				
White	12	9	80	100
Black or Black British	8	17	75	100
Other	13	5	82	100

In relation to the statement *'I am very organised when it comes to managing my money day to day'*, statistically significant differences existed by ethnic background, literacy/numeracy and household work status (Table 7.19).

Table 7.19 *'I am very organised when it comes to managing my money day to day'*

	<i>Row percentages</i>			
	Agree	Neither agree nor disagree	Disagree	All tenants
Ethnicity of respondent*				
White	67	14	19	100
Black or Black British	59	21	21	100
Other	60	24	16	100
Respondent literacy or numeracy problem***				
Yes	54	21	25	100
No	68	15	17	100
Household work status**				
Working	68	19	14	100
Workless	65	15	20	100

Respondents with a literacy or numeracy problem were less likely than others to see themselves as very organised money managers and more likely (by inference) to think they were disorganised. Meanwhile, workless households were also more likely to see themselves as disorganised – that is, to disagree with the statement *'I am very organised when it comes to managing my money day to day'* – than were working households.

In relation to the statement *'I am never late at paying my bills'*, there were statistically significant differences by ethnicity, household type, literacy/numeracy and household work status (Table 7.20). Black and Black British respondents were the least likely to agree and most likely to disagree with this statement.

Table 7.20 *'I am never late at paying my bills'*

	Agree	Neither agree nor disagree	Disagree	All tenants
<i>Row percentages</i>				
Ethnicity of respondent***				
White	50	15	35	100
Black or Black British	33	26	41	100
Other	43	23	35	100
Household type*				
Single person	54	16	30	100
Lone parent	44	17	39	100
Couple with children	44	16	40	100
Couple	52	14	34	100
Multi-person household	43	20	37	100
Respondent literacy or numeracy problem*				
Yes	41	17	42	100
No	49	17	34	100
Working status*				
Working	45	21	34	100
Workless	49	15	36	100

7.8 Summary

- The great majority of respondents had at least one bank or building society account and most of them used it for money management.
- Despite the use of bank accounts and automated payment methods for some bills, cash remained central to the everyday economy of tenants in the survey. It was the most common way in which they paid for food and other day-to-day expenses as well as for other items of expenditure.
- Seven out of 10 respondents kept a regular spending limit to help them manage their finances. The most common period for regular spending limits was weekly, followed by fortnightly. Very few respondents had a four-weekly or monthly spending limit.
- Most respondents were managing well financially and keeping within their budgets.
- But a substantial minority of tenants often ran out of money before the end of the week or month, hardly ever or never managed to keep within their spending limit (if they had one), were not always able to pay bills on time, or felt they were managing 'poorly' financially.
- Most respondents saw themselves as generally well-organised and restrained money managers. For example:
 - 71 per cent disagreed with the statement *'I am impulsive and tend to buy things even when I can't really afford them'*;
 - 79 per cent disagreed with the statement *'I prefer to buy things on credit rather than wait and save up'*;
 - 66 per cent agreed with the statement *'I am very organised when it comes to managing my money day to day'*.

8 Savings and debt

8.1 Introduction

Savings can potentially play an important role in money management. Putting money aside can be a way of ensuring that low-income households can afford to pay for expensive but infrequent bills, such as quarterly water charges, new school uniforms and birthday or Christmas presents. Precautionary saving can help ensure that unexpected but necessary expenditures can be afforded, or short interruptions in income ‘coped’ with. Both types of saving can help to avoid the need to borrow money and the interest payments that go with it; and can also provide a buffer that can reduce the risk of getting into arrears or other debts. However, for low-income households, such as social housing tenants in receipt of Housing Benefit (HB), saving may not be a realistic option or is more difficult than it is for other households. Moreover, the risk of falling behind on bills is likely to be very much higher than for better off households. Indeed, some organisations have expressed concern that social housing tenants will use their HB to pay off other debts instead of paying the rent. In this chapter, therefore, we examine the extent to which survey respondents had savings and debts.

8.2 Savings

Survey respondents were asked whether or not they had any savings accounts, assets or investment, either in their sole name or jointly with their partner or spouse if they had one. Only ten per cent of respondents had savings accounts or investments (Table 8.1) and 35 per cent of these had opened them after hearing that they were going to be part of a Direct Payments Demonstration Project (DPDP).

Thirty-six per cent of respondents who reported having savings accounts had no actual savings in them. In total, therefore, 94 per cent of tenants did not have any savings (Table 8.1).

Table 8.1 Savings

	Per cent	<i>Column percentages</i> Base
Savings accounts, assets or investments		
Yes	10	162
No	90	1,467
<i>Base: All tenants</i>	100	1,629
Amount of savings		
Nil	94	1,518
Less than £500	3	55
£500 or more	2	37
<i>Base: All tenants</i>	100	1,610

There were statistically significant differences between the Demonstration Project areas in the extent to which tenants had savings. Only one per cent in Oxford had any savings at the time of the interview, while at the other extreme eight per cent did so in Shropshire and ten per cent in Southwark (Table 8.2). However, notwithstanding these variations between areas, only a very small minority of tenants had a financial buffer to help protect them against unexpected bills or temporary interruptions to their income.

Table 8.2 Savings, by area***

	<i>Column percentages</i>				
	Oxford	Shropshire	Southwark	Torfaen	Wakefield
Savings					
Yes	1	8	10	5	4
No	99	92	90	95	96
<i>Base: All tenants</i>	314	339	316	323	318

8.3 Debts

Far more tenants had debts³¹ than had savings, but most of them had neither. Figure 8.1 shows the proportion of survey respondents that were behind with common household bills or childcare at the time of the interview. The household bills on which respondents were most commonly behind were water charges, Council Tax, gas and electricity. However, seven out of ten respondents said they were not behind with any household bill.

³¹ Debts' are defined in this report to exclude rent arrears. In Section 8.4 they are referred to as 'other debts' to distinguish them from rent arrears which are also considered in that section.

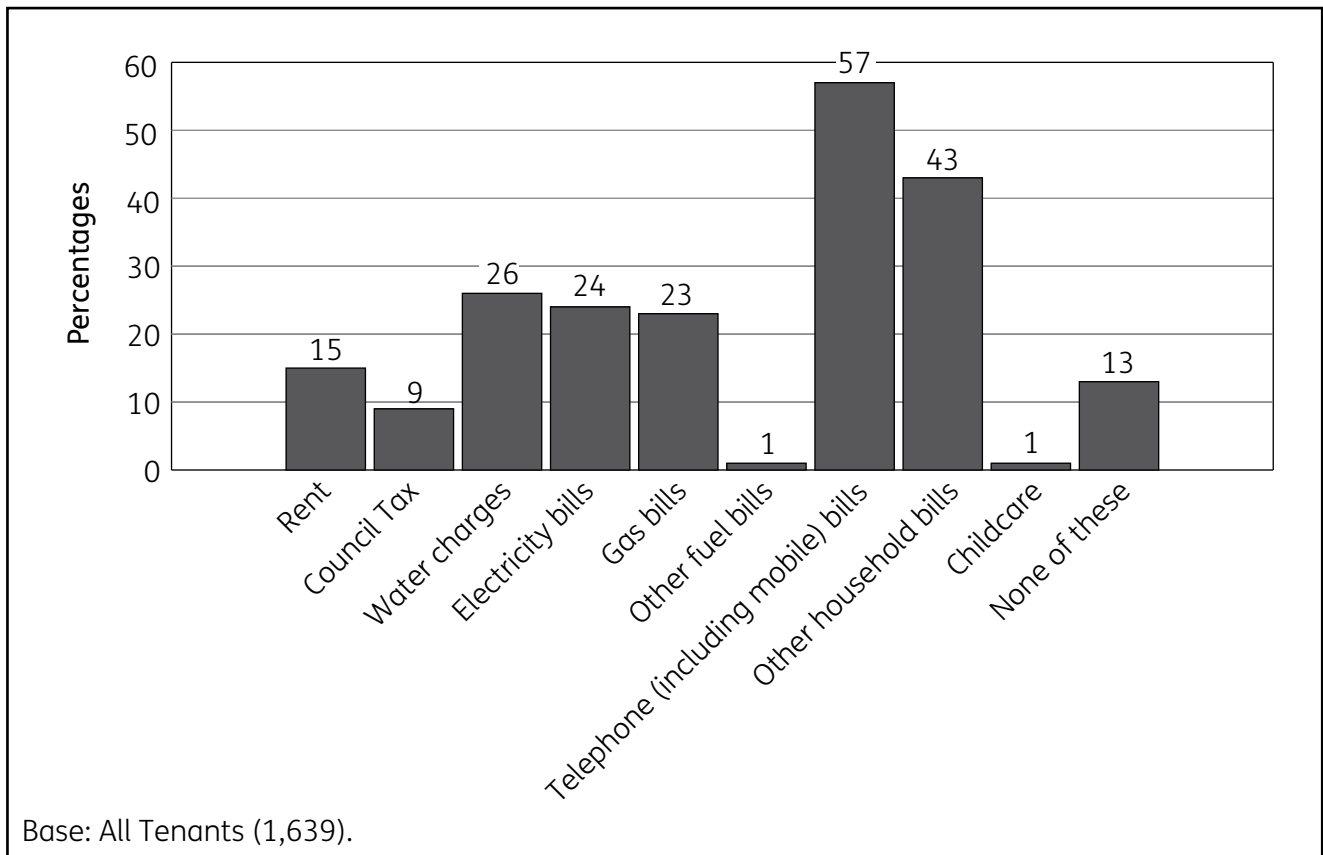
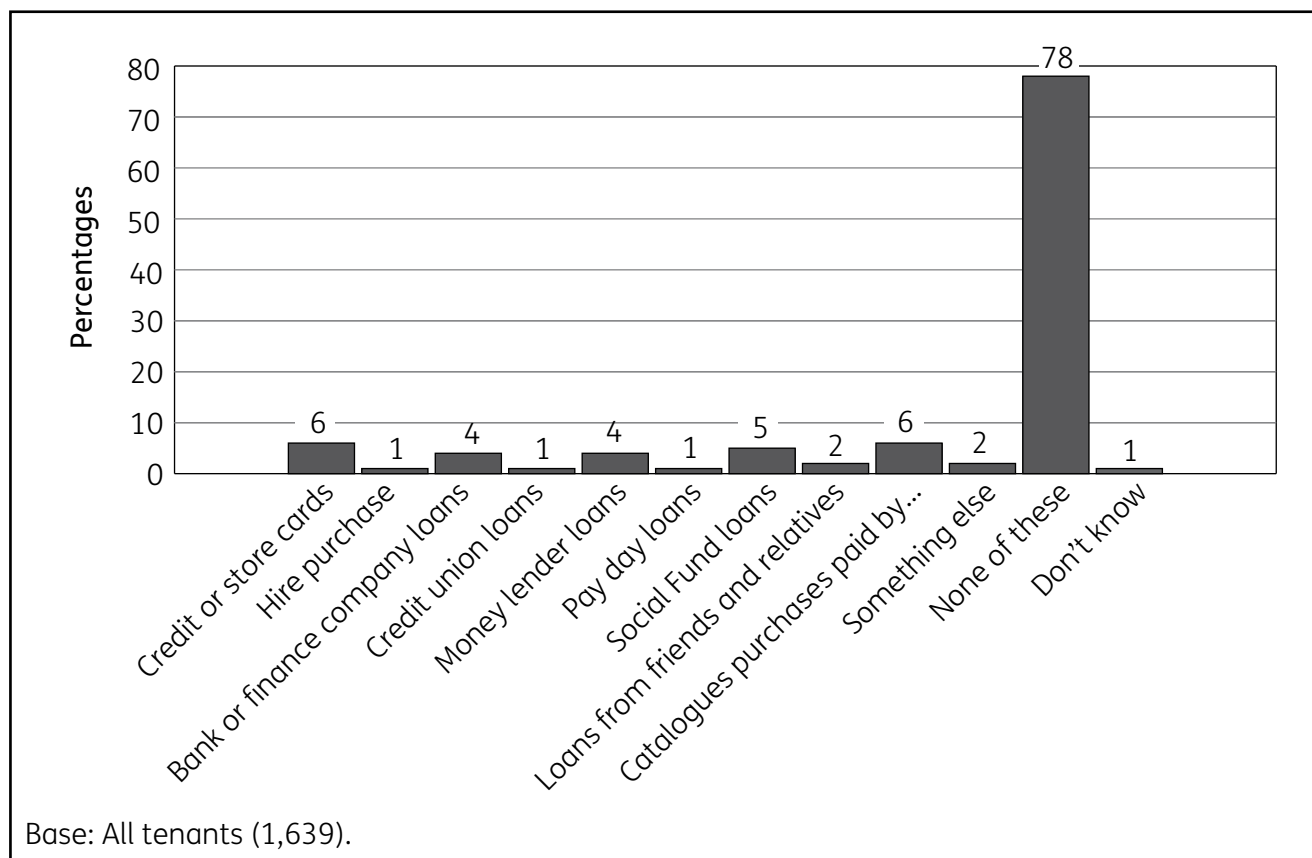
Figure 8.1 Respondents who are behind with household bills or childcare

Figure 8.2 shows the proportion of tenants who were behind on various loans or other types of financial repayments. Relatively few respondents were behind with any of the types of debt repayments listed in the table. Indeed, 78 per cent of tenants said they were not behind with any of these loans or financial repayments.

Figure 8.2 Respondents who are behind on loans and other debt repayments

Taking both household bills and credit repayments together, two-fifths of tenants in the survey had one kind of debt or another. There were no statistically significant differences between areas in the extent to which tenants were behind on household bills or loan and credit repayments (Table 8.3).

Table 8.3 Whether respondents are behind on one or more household or finance bill, by area

	<i>Column percentages</i>					
	Oxford	Shropshire	Southwark	Torfaen	Wakefield	All tenants
Yes	43	40	41	41	33	40
No	57	60	59	59	67	60
<i>Base: All tenants</i>	315	342	321	322	321	1,621

Table 8.4 shows the extent to which tenants with different characteristics were behind on household bills and credit repayments ('debts'). Women were most likely to have debts than were men. There was also a pronounced age effect: the proportion of tenants with debts fell as age increased. Single people and couples without dependent children were significantly less likely to have debts than respondents living in other types of household.

Table 8.4 Whether respondents are behind on one or more household or finance bills, by claimant characteristics

	<i>Row percentages</i>		
	Yes	No	All tenants
Gender of respondent***			
Male	33	67	100
Female	43	58	100
Age of respondent***			
16 to 24	44	56	100
25 to 34	46	54	100
35 to 44	42	59	100
45 to 54	38	62	100
55+	26	74	100
Ethnicity of respondent			
White	39	61	100
Black or Black British	45	55	100
Other	38	63	100
Household type*			
Single person	34	66	100
Lone parent	43	57	100
Couple with children	43	57	100
Couple	38	62	100
Multi-person household	42	58	100
Someone with disability in household			
Yes	40	60	100
No	40	60	100
Respondent literacy or numeracy problem			
Yes	43	57	100
No	39	61	100
Household work status			
Working	40	60	100
Workless	40	61	100
<i>Base: All tenants</i>	644	977	1,621

There were no statistically significant differences in the extent to which tenants were behind on their bills or repayments according to the ethnic background of the respondent, whether or not they had a literacy or numeracy problem, lived in a household in which at least one person had a limiting health condition or disability, or lived in a workless household (Table 8.4).

8.4 Rent arrears and other debts

This section highlights the potential interaction between rent arrears and other kinds of debt.³² Faced with a shortfall between their income and committed expenditure, tenants may, at least

³² Rent arrears were considered in more detail in Chapter 6.

in theory, have a choice between (say) paying their gas bill or their rent. And tenants who are struggling financially may fall behind, not only on their rent, but also on their other bills.

In fact, as Table 8.5 shows, tenants who had both rent arrears **and** other kinds of debt outnumbered by two to one tenants who only had rent arrears. Meanwhile, a quarter of tenants had **only other debts** and just over half had **neither** kind of debt.

Altogether, 22 per cent of tenants had rent arrears and 40 per cent had other kinds of debt. Thus, 'other debts' were far more prevalent than rent arrears. In total, taking into account the overlap, 44 per cent of **all tenants** in the survey had rent arrears and/or other debts. And **among tenants who had either kind of debt**, only 15 per cent just had rent arrears.

Table 8.5 Rent arrears versus other debts

	<i>Column percentages</i>	
	Tenants with rent arrears or other debts	All tenants
Rent arrears plus other debts	32	15
Rent arrears only	15	7
Other debts only	54	25
Neither		54
Total	100	100
<i>Base: All tenants</i>	<i>744</i>	<i>1,604</i>

Table 8.6 shows, as one might expect, that the prevalence of rent arrears and other kinds of debt was related to how well or otherwise tenants were getting by financially. Compared with tenants as a whole, those who had a spending limit **and** managed to stick to it all or most of the time were much more likely to have neither rent arrears nor other kinds of debt. By contrast, tenants who 'always' ran out of money before the end of the week or month were disproportionately likely to have rent arrears combined with other debts or just other kinds of debt; and the same was true of those tenants who admitted managing 'very poorly' financially. What is also striking about Table 8.6 is that the proportion of tenants who only had rent arrears was relatively constant across all three of these financial situations.

Table 8.6 Financial situation by rent arrears and other debts

	<i>Row percentages</i>				
Financial situation:	Rent arrears and other debts	Rent arrears only	Other debts only	Neither	<i>Base</i>
Has a spending limit and keeps to it 'always' or 'most of the time'	10	7	19	65	846
'Always' runs out of money before the end of the week or month	27	6	35	31	398
Is managing financially 'very poorly' these days	34	8	38	20	198
All tenants	15	7	25	54	1,604

Table 8.7 shows how the prevalence of rent arrears and other kinds of debt varied according to tenants' attitudes to money management. For simplicity sake, the table shows only the responses of tenants who **agreed** with any of the attitudinal statements. However, it is worth pointing out that attitudes varied significantly according to whether respondents agreed, disagreed, or neither agreed nor disagreed with the five statements.

Tenants who agreed that they were impulse buyers were disproportionately likely to have rent arrears combined with other debts or just other kinds of debt. The same was also true of those tenants who preferred to buy things on credit rather than wait and save up for them (Table 8.7).

Compared with tenants as a whole, those who agreed that they were never late at paying bills were much more likely to have neither rent arrears nor other kinds of debt. The same was also true, though to a lesser extent, about tenants who agreed that they were more of a saver than a spender or that they were very organised at managing their money (Table 8.7).

Once again, the proportion of tenants who only had rent arrears was fairly constant for all five money management attitude statements (Table 8.7).

Table 8.7 Attitudes to money management by rent arrears and other debts

	<i>Row percentages</i>				
Respondents who agree with the statement:	Rent arrears and other debts	Rent arrears only	Other debts only	Neither	<i>Base</i>
'I am impulsive and tend to buy things even when I can't really afford them'	18	8	36	39	296
'I am more of a saver than a spender'	8	6	17	69	416
'I prefer to buy things on credit rather than wait and save up'	17	7	44	32	177
'I am very organised when it comes to managing my money day to day'	10	7	21	63	1,054
'I am never late at paying my bills'	5	5	18	72	773
All tenants	15	7	25	54	1,604

8.5 Automatic deductions from earnings or benefits

In the survey, tenants were asked if any automatic deductions were currently being made from their earnings or benefits to pay back arrears or other debts. Three out of ten respondents reported that they did have deductions being made for that purpose: 24 per cent had one, and seven per cent had more than one (Table 8.8).

Table 8.8 Automatic deductions to pay back arrears or other debts

	<i>Column percentages</i>
	All tenants
Yes – one	24
Yes – more than one	7
No	69
<i>Base: All tenants</i>	1,621

There were no statistically significant differences between the project areas in the prevalence of automatic deductions (Table 8.9).

Table 8.9 Automatic deductions to pay back arrears or other debts, by area

	<i>Column percentages</i>				
	Oxford	Shropshire	Southwark	Torfaen	Wakefield
Yes	30	31	26	35	32
No	70	69	74	66	68
<i>Base: All tenants</i>	313	343	323	322	320

However, there were some differences between different types of claimant. Women were more likely to have automatic deductions than men. There was, again, an age effect, with the proportion of tenants having deductions from their earnings or benefits decreasing as age increased (Table 8.10).

Lone parents were the household type most likely to have automatic deductions and couples without dependent children the least likely (Table 8.10).

There were no statistically significant differences in the extent to which tenants had automatic deductions according to whether they had a literacy or numeracy problem or whether they lived in a household in which at least one person had a limiting health condition or disability (Table 8.10). However, workless households were more likely to have a deduction than those in paid work.

About half of all tenants with either rent arrears or other debts (or both) had an automatic deduction from their earnings or benefits (Table 8.11).

Table 8.10 Automatic deductions to pay back arrears or other debts, by claimant characteristics

	<i>Row percentages</i>		
	Yes	No	All tenants
Gender of respondent**			
Male	26	74	100
Female	32	68	100
Age of respondent***			
16 to 24	42	58	100
25 to 34	36	64	100
35 to 44	31	69	100
45 to 54	28	73	100
55+	20	80	100
Ethnicity of respondent*			
White	32	69	100
Black or Black British	28	72	100
Other	20	80	100
Household type**			
Single person	26	74	100
Lone parent	35	65	100
Couple with children	32	68	100
Couple	25	75	100
Multi-person household	31	69	100
Someone with disability in household			
Yes	30	70	100
No	32	68	100
Respondent literacy or numeracy problem			
Yes	34	66	100
No	30	71	100
Household work status***			
Working	24	76	100
Workless	33	67	100
<i>Base: All tenants</i>	494	1,127	1,621

However, one in seven respondents who did not admit to having either rent arrears or the other debts itemised in this chapter nevertheless said they had deductions from their earnings or benefit income (Table 8.11). It is not clear why tenants who appeared not to have arrears or other debts had such deductions. The most likely explanation is that the various types of debt covered in the survey were not completely exhaustive. If that is correct in all cases, it implies that the total prevalence of arrears and debts among respondents was 54 per cent rather than 44 per cent.

Table 8.11 Automatic deductions by rent arrears and other debts

Automatic deductions?	Column percentages				
	Rent arrears and other debts	Rent arrears only	Other debts only	Neither	Rent arrears and/or other debts
Yes	57	36	47	15	49
No	43	64	53	85	51
<i>Base: All tenants</i>	233	107	397	856	737

8.6 Advice

In the survey, respondents were asked whether or not they had ever sought advice or help about money management, bank accounts or debt problems. As Table 8.12 shows, 37 per cent of them had sought such advice at some point. Tenants who had rent arrears or other kinds of debt were significantly more likely to have ever sought advice than those who had neither.

Table 8.12 Ever sought advice by whether had debts or rent arrears***

	Column percentages		
	Rent arrears and/or other debts	Neither rent arrears nor other debt	All tenants
Yes	48	27	37
No	52	73	63
<i>Base: All tenants</i>	859	743	1,602

Note: The base for columns 1 and 2 combined is 1,602 due to non-responses to the arrears and debt questions.

The extent to which tenants had sought advice varied significantly between the five project areas. Respondents in Oxford and Shropshire were the most likely to have ever sought advice about money management, bank accounts or debt problems. Those living in Southwark were the least likely to have ever done so (Table 8.13).

Table 8.13 Ever sought advice?***

	Column percentages				
	Oxford	Shropshire	Southwark	Torfaen	Wakefield
Yes	45	46	22	41	29
No	55	54	78	59	71
<i>Base: All tenants</i>	322	346	321	324	323

The most common source of advice that was sought about money management, bank accounts or debt problems was Citizens Advice Bureau. No other source came close (Table 8.14).

Compared with other tenants, a higher proportion of respondents with rent arrears or debts had sought advice from the sources listed in Table 8.14. (The only exception was advice from solicitors, which was sought equally by those in debt and those who were not in debt.) But although the differences were statistically significant, they were small in most cases because relatively few respondents had sought advice from the source. However, this was not true of Citizens Advice, who had been contacted by 24 per cent of tenants with rent arrears or debts, but by only 15 per cent of other tenants (Table 8.14).

Table 8.14 From whom did respondents seek advice?

	<i>Row percentages</i>		
	Rent arrears and/or other debts	Neither rent arrears nor other debt	All tenants
Citizens Advice	24	15	19
Welfare rights office	2	1	2
Other advice service	7	3	5
Solicitor	2	1	1
The landlord's staff	3	1	2
Jobcentre/social security office	4	2	3
Family or friends	10	5	8
Credit union	2	<1	1
Other	8	4	6
<i>Base: All tenants</i>	<i>744</i>	<i>860</i>	<i>1,602</i>

Note: with the exception of Citizens Advice, for each individual source of advice the number of respondents on which the data in columns 1 and 2 are based is too small to be statistically reliable.

8.7 Summary

- Ten per cent of all respondents had savings accounts or investments, but just over a third of them did not have any savings in their account. In total, 94 per cent of tenants did not have any savings.
- Many respondents were in debt: 30 per cent were behind with common household bills (such as water charges and Council Tax) or childcare at the time of the interview; and 22 per cent of respondents were behind on various loans or other types of financial repayments.
- Taking both household bills and credit repayments together, 40 per cent of tenants had at least one kind of debt.
- Women, tenants aged under 44 years, lone parents, and couples with children were among those disproportionately likely to be behind with household bills and other debts.
- Tenants who had both rent arrears **and** other kinds of debt outnumbered by two to one those who **only** had rent arrears.
- Thirty-one per cent of respondents reported that deductions were being made from their earnings or benefits to pay back arrears or other debts.
- About half of all tenants with either rent arrears or other debts (or both) had an automatic deduction from their earnings or benefits.
- Thirty-seven per cent of respondents had sought advice or help about money management, bank accounts or debt problems at some point. The main source of such advice was the Citizens Advice Bureau.

9 Conclusions

This final chapter draws conclusions and policy implications from the findings presented in this report. It is important to note that the findings are for the baseline position prior to the Direct Payments Demonstration Projects (DPDPs) going live. Its primary role is to provide pre-Demonstration Project information about the characteristics, circumstances, perceptions and attitudes of a sample of the tenants who were due to participate in the DPDPs.

The sample will be re-interviewed approximately ten months after the projects go live in order to examine their experience of taking part and to track changes in their circumstances, perceptions and attitudes. Of particular concern, of course, will be whether rent arrears have increased, why they have increased and the factors that are associated with increased rent arrears (and with no increase in rent arrears) among the sample of tenants.

It is also important to note that, as a baseline survey, it asked people to offer views and conjecture on how they think things **might** pan out if they go on to direct payments; it puts together a picture of tenants' financial circumstances and capabilities which **could** affect their ability to effectively manage direct payments. It does not tell us how people will actually 'cope'; whether in practice they will need support; whether the absence of a bank account is problematic or not; whether apparent low financial capability or chaotic money management will affect whether they pay their rent; and so forth. The combined data from the baseline and follow-up survey, the rent account analysis and the qualitative longitudinal work, which will be presented in the final report of the evaluation, will give us the answers to these questions.

However, based on the findings from the baseline survey, we can flag up those findings that may have implications for policy or practice if respondents' conjectures and perceptions are born out.

9.1 The challenge of direct payments

The introduction of direct payments of Housing Benefit (HB) is likely to involve a major change in the money management and budgeting practices of tenants participating in Demonstration Projects in the five areas. And this is particularly true of those tenants who are on full HB, that is, whose rent is fully covered by HB, as prior to the Demonstration Project they were not handing over rent money to their landlord. Under direct payments, tenants will – one way or another – have to personally manage their HB payments and pay the rent in full to their landlord. This is not a trivial matter as the rent is by far the largest single item of expenditure that low-income tenants have to make. And for people on full HB, the benefit is a correspondingly large amount and one that, in the case of single people, may be more or less as large as their main social security benefit.

When the Universal Credit (UC) is introduced from October 2013, the money management task facing tenants currently on HB will get harder still, as help with housing costs will be incorporated into their UC payment. Although it will be calculated in more or less the same way as HB is now, unlike in the DPDPs, it will not be delivered as a separate sum. Therefore, under the UC, it will not be possible to have a bank account used solely to receive HB and to pay the rent.

A further challenge under both the DPDPs and UC is that the benefit will be paid every four weeks or monthly. The baseline survey revealed that, among respondents who had a regular spending limit, the majority budgeted on a weekly basis and most of the remainder did so fortnightly. Only a relatively small minority of tenants with a regular spending limit had a four-weekly or monthly one. Thus tenants will have to adjust their budgeting period, moving away from weekly and fortnightly

budgets to monthly ones instead. It is important not to under-estimate the challenge that the transition to monthly budgeting will represent. This is especially so for the substantial minority of tenants who do not have a regular spending limit at all and those who run out of money ‘fairly’ or ‘very often’.

The baseline survey found that a substantial minority of respondents believed they would not ‘cope well’ with the direct payments of HB and many also thought that it would be difficult to manage their finances when HB is paid directly. A substantial minority of tenants also anticipated that they would need support to help them manage if HB was paid directly to them. Some of these tenants felt they would need a ‘great deal’ of support and some thought they would need support ‘for the long term’, rather than just at the beginning while they adjusted to the new arrangements.

The great majority of respondents who thought they would need support wanted to learn, by face-to-face communication, about what support services were available; and most of the remainder wanted to hear by letter. For landlords, a face-to-face communication strategy is likely to be a labour-intensive and time-consuming process, but is also likely to be a more effective one than text messages or even letters and leaflets. The preference for face-to-face communication may, in part, have reflected a desire on the part of respondents to be able to ask questions and have things explained to them in ways that leaflets and websites – even in a world of FAQs – cannot match. This is likely to be especially true, of course, for the significant minority of tenants who have literacy problems.

9.2 Rent arrears and other debts

Concerns have been raised that the introduction of the direct payments of HB will result in an increase in rent arrears. These fears were not generally realised when the great majority of private tenants on HB shifted to direct payments with the nationwide introduction of the Local Housing Allowance (LHA) in April 2008. However, a higher proportion of social housing tenants suffer from one disadvantage or another, which is precisely why many of them were allocated social housing in the first place.³³ It is possible, therefore, that the risk of rent arrears under direct payments may be greater for social housing tenants than for those living in the private rental market. Indeed, rent arrears were about twice as prevalent among respondents to the baseline survey as among private tenants in receipt of the LHA in a recent survey in 19 case study areas in Britain.³⁴

The baseline survey found that about one in five respondents already had rent arrears at their current address. Moreover, almost half had either rent arrears or were behind on other bills or both. In addition, three out of ten had automatic deductions from the earnings or benefit income to pay back rent arrears or other debts gradually over time. In other words, there was already a very substantial amount of indebtedness among the survey respondents even before the direct payments of HB was introduced in the DPDPs.

³³ However, although a greater proportion of tenants are living in income poverty in social housing than in private rental housing, the odds of private tenants being poor are as high as for social housing tenants when controlling for other factors. See: Kemp, P.A. (2011). ‘Low-income tenants in the private rental housing market’, *Housing Studies*, vol.26, nos. 7-8, pp1019-1034.

³⁴ Beatty, C., Cole, I., Kemp, P., Marshall, B., Powell, R. and Wilson, I. (2012). *Monitoring the Impact of Changes to the Local Housing Allowance System of Housing Benefit: Summary of Early Findings*. Department for Work and Pensions Research Report No. 798, London.

The most important causes of rent arrears were a drop in income – associated with changes such as unemployment, sickness and relationship breakdown – and problems with HB administration. The introduction of direct payments will result in a discontinuity between one system and another in HB and rent payment, which may cause short-term disruption for both tenants and HB offices. There is **a possibility**, therefore, that the introduction of direct payments may result in an increase in rent arrears as a result of the consequent disruption from the normal routine in the way HB is paid. The danger is that a short-term increase in rent arrears may be difficult for HB tenants to recover from, even if they eventually make a successful adjustment to direct payments.

9.3 Financial capability

As noted above, the introduction of direct payments will be a test of tenants' financial capability. The possession of a bank account is sometimes seen as an important indicator of financial capability. However, qualitative research among HB tenants has found that some tenants who do not have a bank account are fully able to successfully manage their money and live within their means. Indeed, these tenants felt that not using a bank account to pay their rent enabled them to keep in control of their finances in a way that using automated methods, such as direct debits, did not. Among other things, it made it possible for them to coordinate the receipt of HB and the payment of rent: two financial transactions that were often not synchronised (e.g. where HB was paid fortnightly in arrears and rent was due monthly in advance) and thereby to avoid the possibility of 'technical arrears' and bank charges for unauthorised overdrafts (Irvine *et al.*, 2007³⁵).

Nevertheless, the introduction of UC will be accompanied by a shift towards electronic payments of benefit and thereby necessitate the need for tenants to have a bank account. In fact, the baseline survey found that nine out of ten respondents did have a bank or building society account; and that eight out of ten tenants with an account used it for money management. It was also found that a fifth of tenants (a quarter of those with a bank account) had opened the account after hearing about the DPDP. Thus, the project had already affected behaviour even before it had commenced, by significantly increasing the proportion of tenants with a bank account.

Nevertheless, the baseline survey also shows that cash remains a ubiquitous feature of the money management practices of HB tenants living in social housing in the five project areas. It was, for example, the main way in which nine out of ten respondents paid for their food and other day-to-day items of expenditure. It was also the main method by which three-quarters of respondents paid for other bills.

Having a regular spending limit to manage one's finances is also arguably a key indicator of financial capability among low-income tenants. Seven out of ten survey respondents did have a spending limit and in that sense were thinking about how to keep their spending under control. Moreover, the great majority of them reported that they were able to stick to their spending limit 'all' or 'most' of the time. But ten per cent said they were only able to keep to their limit 'sometimes' and four per cent that they 'hardly ever' or 'never' did so.

Planning ahead for infrequent, but regular, bills is also an indicator of financial capability and again one that is particularly important for people living on a low income. The need to do so can be, to some extent, minimised by choosing to pay household bills like utility charges, Council Tax and the TV license monthly instead of quarterly, but that option may not be available for all bills (e.g. school uniforms). The survey found that a third of respondents paid regular, but infrequent, bills. While half

³⁵ Irvine, A., Kemp, P. and Nice, K. (2007). *Paying Housing Benefit to Claimants*. Findings, Joseph Rowntree Foundation, York..

of these respondents 'always' planned ahead to ensure they had enough money to pay them, a quarter did so only 'sometimes' and the other quarter did not plan ahead, but instead waited for the bills to arrive.

The ability to save is also arguably an aspect of financial capability, but of course one very constrained in the case of HB recipients by their low income. The baseline survey found that only six per cent of respondents had any savings. Thus, the vast majority had no financial buffer to tide them over difficult times financially or to pay for unanticipated bills. Moreover, the struggle to get by financially for many respondents was highlighted by the finding that just over half of them said they 'often' ran out of money before the end of the week or month (30 per cent 'fairly often' and 25 per cent 'very often').

Judged by their self-assessment, a minority of respondents admitted being impulse buyers, preferred to buy things on credit, were more of a spender than a saver, often paid bills late and were disorganised when it came to managing their money day-to-day. These are arguably the hallmarks of poor financial capability and even chaotic money management. Nevertheless, the survey found that the majority of respondents self-assessed themselves as not having those failings. Indeed, they appear to have seen themselves as more or less well-organised money managers; and, by implication, as financially capable within the constraints presented by life on a low income.

9.4 Looking forward

The findings from the baseline survey of HB tenants in the five Demonstration Project areas suggest that there is a risk of an increase in rent arrears among those who have difficulty managing their money. But it is impossible to predict from the survey whether, or to what extent, arrears will increase in practice.

If tenants do experience difficulties managing their HB and rent under direct payments, the problems are most likely to occur during the transition period. Getting used to such a significant change in money management is likely to take some tenants – not to mention benefit administrators – a while. Indeed, this was implicitly recognised by some of the respondents, who felt they would need support in the short term. Hence, it will only be once 'the dust has settled' that it will become clear how well social housing tenants are able to manage direct payments of HB.

About half of all respondents thought they would 'cope well' with direct payments and only a minority felt they would 'cope poorly'. And only a relatively small minority of respondents thought they would need a great deal of support or that they would need support for the long term.

Thus, while the introduction of the direct payments of HB will raise the 'degree of difficulty' that tenants will face in managing their money, many respondents thought they could 'cope' with it more or less 'well'. For a substantial minority of tenants – and hence also for their landlords – it will be more of a challenge, at least for the short term while they adjust to the new arrangements. Tackling that challenge in the DPDPs will provide invaluable lessons for the even greater challenge of an all-in-one UC payment.

Appendix A

Profiles of the Demonstration Projects

Drawing on data garnered from a range of quantitative and qualitative data sources that will be collected as the study progresses, the final report will provide in-depth and detailed profiles of the Direct Payments Demonstration Projects (DPDPs). However, it is helpful here to highlight some of their defining features.

A.1 Oxford

Geographically, the Oxford Demonstration Project is centred on the city of Oxford, but also encompasses a number of smaller settlements close to it including Witney and Carterton. Most (1,600) of the tenants put forward to take part in the project in the area are tenants of Oxford City Council: the other participating landlord, Oxford Citizens Housing Association (OCHA), which is part of the Greensquare Group, has contributed 400.

Oxford City Council has 7,800 tenants, more than half (54 per cent) of which are in receipt of Housing Benefit (HB). OCHA provides homes and services to over 3,000 households in six local authority areas. In April 2008 it came together with Westlea Housing and Oakus Estates to form the GreenSquare Group. The housing stock of both Oxford County Council and OCHA is predominantly of ‘traditional’ construction.

Tenants in the Demonstration Project in the city of Oxford itself are not located in a contiguous, discrete area within it. Instead, they are pepper-potted across it. In terms of the defining characteristics of the city, it is relatively prosperous and has enjoyed economic growth in recent years. This is reflected in its Index of Multiple Deprivation (IMD) ranking of 122. It has comparatively high house prices and affordability is an issue in the city: it has a high average weekly income to house price ratio of 14.5. Befitting a city of its size and economic importance, Oxford has a large number of banks and is also well served by credit unions, the biggest of which is Oxford Credit Union.

The city has a number of other noteworthy features. For example, it has a relatively young population: it has proportionally more residents aged between 20 and 29 than in the region it is located in (South-East) and England as a whole. And it also has a sizeable Black and Minority Ethnic (BME) population, estimated by the Office for National Statistics (ONS) to account for more than a quarter of the city’s population in 2009.

An insight into how the Demonstration Project sample in Oxford compares in respect to these, and other, demographic attributes can be found in Chapter 4, which profiles tenants who took part in the baseline survey. However, this insight should be treated with caution, as a purposive approach was taken to sampling for the survey, as detailed in Chapter 3.

The first phase of payments in the Oxford Demonstration Project comprised two stages, with OCHA tenants receiving their first payment a week earlier (on 16 July) than their counterparts at Oxford City Council (23 July). And, as Table 2.1 in Chapter 2 reveals, in all some 1,271 tenants were included in the first phase of payments.

A.2 Shropshire

Of all the DPDPs, Shropshire may be described as being the most ‘disparate’. There are two reasons for this. First, in stark contrast to the Edinburgh, Wakefield, and Oxford projects, its participating tenants are dispersed over a large geographical area in a number of towns and villages in the third most rural county in England. Tenants are located as far afield as Oswestry, close to the Welsh border, and Bridgnorth, only ten miles from the western gateway to the West Midlands conurbation: Wolverhampton.

Second, the Shropshire project may be described as being relatively ‘disparate’ in terms of the ownership of the stock included in the programme in the area. As noted earlier, it is owned by four landlords: Shropshire Council, which (in its application) submitted 1,166 of its tenants into the programme; Bromford Group (562); Sanctuary (378); and the Wrekin Housing Trust (156).

It is also important to note that these landlords differ markedly in terms of their characteristics and *modus operandi*. Shropshire Council and The Wrekin Housing Trust are relatively small landlords, with 4,238 and 11,073 tenants respectively, with their activities confined to comparatively small geographical areas. In stark contrast, Bromford and Sanctuary have a regional/national presence and large portfolios, especially in the case of Sanctuary, which has 79,000 properties (Bromford has 26,440).

In terms of the characteristics of the housing stock in the programme, it is largely of traditional build. Like with all the DPDPs, the tenants chosen to take part in the study were selected to be representative of the tenant populations of the participating landlords. As noted earlier, an insight into their principal characteristics is provided Chapter 4.

Not unexpectedly, given its status as one of the most rural counties in England, access to services, including banks and credit unions, is an issue in many parts of the county. Reflecting this, a number of parts of the county rank relatively ‘highly’ on the ‘*barriers to housing and services*’ (IMD) deprivation domain. Notwithstanding this, Shropshire has a relatively low IMD ranking of 180. Shropshire has a number of credit unions, including the Just Credit Union who were identified as a partner in Shropshire’s submission, although their geographical coverage is limited.

As Table 2.1 reveals, 758 tenants comprised the first phase of payments with the first payment taking place on 26 July 2012.

A.3 Southwark

The majority (1,474) of the tenants participating in the Southwark Demonstration Project are tenants of the London Borough of Southwark: the remaining 525 are tenants of Family Mosaic Housing Association. Southwark has 55,000 social housing tenants of whom 39,000 are council tenants, housed in a range of different property types. Family Mosaic own 20,000 properties for rent in numerous local authority districts in South-East England, including Southwark where it owns 1,492. Tenants participating in the Demonstration Project are located in a number of small clusters dispersed through the borough.

Like most inner London boroughs, Southwark has a number of pockets of deprivation and the borough ranks 25th on the IMD index. It is by some considerable margin the most ethnically mixed of the Demonstration Projects: in 2009, it was estimated by the ONS that a third of its population were members of a BME group. Southwark is covered by a number of credit unions, including the London Mutual Credit Union, which (according to Southwark’s application) has close links with Family Mosaic.

The first phase of payments in the Southwark Demonstration Project comprised two phases with Family Mosaic tenants receiving their first payment a month earlier (on 25 June) than their counterparts at the London Borough of Southwark (23 July). And, as Table 2.1 reveals, in all some 850 tenants were included in the first phase of payments.

A.4 Torfaen

The Torfaen Demonstration Project is located in the Torfaen County Borough Council area in South-East Wales. The key settlements in the area are Pontypool, Cwmbran and Blaenavon. The majority (more than 80 per cent) of the 1,837 tenants that comprise the project in the area are tenants of Bron Afon Community Housing Limited (BACHL). All other participating tenants are tenants of Charter Housing Association.

BACHL is a community-based (and owned) social enterprise set up specifically to own, manage and improve the homes previously owned by Torfaen County Borough Council. It has 8,028 (rented) properties, all of which are located in the Torfaen district. Charter Housing Association owns more than 4,500 properties across four local authority areas in South-East Wales, with 330 properties in Torfaen.

The district of Torfaen has suffered economic decline in recent years and is relatively 'deprived.' It has a relatively high proportion (27 per cent) of households with an income of less than £15,000. The area also has a relatively high proportion (16.6 per cent) of households with one or more residents with a disability or long-term illness. Landlords' own records show that both groups are disproportionately represented amongst tenants living in social housing in the borough.

Tenants in the Torfaen Demonstration Project are dispersed in clusters across the Torfaen district and are not located in one contiguous, discrete area. Two of the three settlements where Demonstration Project tenants are located – Pontypool and Cwmbran – are well served by banks. However, the last remaining bank in Blaenavon closed in May this year. The district is also home to a credit union: the Gateway Credit Union, which was identified in the proposal submitted by the Torfaen partnership.

Some 535 tenants comprised the first phase of payments with the first payment taking place on 23 July 2012, as Table 2.1 reveals.

A.5 Wakefield

Wakefield and District Housing (WDH) is a Large Scale Voluntary Transfer which was formed in 2005. WDH has retained close ties with its 'predecessor' and the other partner in the Wakefield Demonstration Project: Wakefield Council. WDH has more than 31,000 units across the Wakefield district of West Yorkshire. Most of its stock, which has relatively recently been modernised as part of the Decent Homes programme, is of traditional construction.

In contrast to all of the other projects, and Shropshire in particular, the Demonstration Project in Wakefield is located in a spatially concentrated and contiguous geographical area: the adjacent towns of Pontefract and Knottingley are located in the east of the district. Wakefield district has a relatively 'high' IMD ranking of 67 and, in line with many other parts of it, both Knottingley and Pontefract have experienced economic decline in recent years.

Reflecting their status as relatively large settlements, both towns have banks, with Pontefract being particularly well served. Pontefract and Knottingley are served by a credit union, the White Rose Credit Union, although it is based some eight miles from them in Wakefield.

WDH has a range of different property types in the area and the participating tenant population is broadly representative of WDH's customer base as a whole. In terms of the management of its housing stock in these areas, WDH has a 'service action point' (i.e. 'neighbourhood office') in Pontefract – Knottingley does not have one – and each area has its own 'area/estate' manager.

Some 377 tenants comprised the first phase of payments with the first payment taking place on 27 July 2012, as Table 2.1 reveals.

A.6 Edinburgh

All of the tenants in the Edinburgh Demonstration Project, which is a partnership between Dunedin Canmore Housing Association and the City of Edinburgh Council, are tenants of the former. Dunedin Canmore is a Scottish-based housing association providing homes and related services in Edinburgh and surrounding areas. The association emerged out of the merger of two organisations in 2005. These two organisations were small, community-based housing associations. Since the merger, Dunedin Canmore has grown gradually and now has 5,300 properties. The majority are located in Edinburgh, but the association also has properties in West, Mid and East Lothian and in Fife. About 1,500 of this stock base is refurbished Victorian tenement properties located in the Haymarket and Fountain Bridge areas of Edinburgh. All other stock is new build. All of Dunedin Canmore's 1,842 eligible tenants in Edinburgh are included in the Demonstration Project.

Edinburgh is a city of 490,000 people with a working-age population of 345,000. In total, 92 per cent of the population described themselves as 'White British' in 2009/10. The city is relatively prosperous, the average gross disposable household income exceeding the equivalent for most other cities in the UK, including Bristol, Leeds, Manchester, Sheffield, Birmingham and Liverpool. The unemployment rate in Edinburgh is also relatively low compared to other UK cities, standing at six per cent in 2009/10. In total, 15 per cent of the local housing stock is social housing (nine per cent City of Edinburgh council and six per cent housing association or cooperative). Average house prices are relatively high and outstrip the average in other major UK cities. Despite its relative prosperity, there are some very deprived areas within the city.

Edinburgh is the second largest financial centre in the UK after London and many banking organisations have offices in the city. Edinburgh is also home to a number of local financial organisations, including credit unions. Largest among these is Capital Credit Union, which has over 16,000 members, an asset base of over £16m and is the fifth largest Credit Union operating in the UK.

As Table 2.1 reveals, the first phase of direct payments took place in Edinburgh on 27 August 2012. 1,150 of the 1,842 tenants contacted by the Edinburgh project returned the questionnaire and 750 tenants provided bank account details. Some 362 tenants participated in the first phase.

Appendix B

Tenant Baseline Survey: Technical details

B.1 Claimant survey objectives and overview

The tenant baseline survey was designed to generate statistical measurements of tenant circumstances and attitudes towards direct payments in each Demonstration Project, prior to the start of the payments being made directly to tenants rather than their landlord. It involved 325 interviews in each of the five England and Wales demonstration projects and was conducted between May and June 2012.³⁶

Respondents were interviewed face-to-face in their own home. This method was considered beneficial because of the potentially sensitive nature of some of the topics covered during the interview and because establishing a rapport with each respondent was essential to securing their longer-term participation. The survey was also to recruit a ‘panel’ of respondents willing in principle to take part in follow-up qualitative research and a further face-to-face survey in 2013. Securing sufficient numbers of respondents was vital if a key research objective – building a longitudinal picture of change over time – was to be achieved.

B.2 Sampling

A quota sampling methodology was used for the survey. A purposive sampling approach for the tenant baseline survey was developed to specifically fit with the implementation of the Direct Payments Demonstration Project (DPDP) programme. Demonstration Projects have been purposively selected to cover a range of geographies (England, Wales and Scotland) and including a variety of social landlord types.

Landlords in each of the Demonstration Projects purposively selected tenants who were of working age (18-59) and did not live in temporary or supported accommodation. Up to 2,000 tenants were selected in each Demonstration Project.

For the survey, tenants were selected in clusters around neighbourhoods or estates in order to ensure geographic coverage across each project area and a mix of tenants. Reflecting this, the research design involves the generation of sampling points around postcode sector, to enable practical blocks of work to be allocated to interviewers, with quota targets set to reflect the profile of the selected tenants in terms of age, household size and landlord type (a breakdown of the achieved profile by these three characteristics is presented in Tables B.2, B.3 and B.4).

³⁶ A further 325 interviews will be conducted in the sixth Demonstration Project, Edinburgh, between July and August 2012.

It is important to note that the purposive nature of both the area selection and tenants within them means the survey was not designed to provide a representative picture of social rented tenants nationally or for the areas covered by this study. As the profile of respondents mirrors the profile of selected tenants on key quota variables (based on profile information from each Demonstration Project), the analysis used unweighted data.³⁷

B.3 Fieldwork

Following initial written correspondence from their landlord/local authority, all tenants selected in each DPDP were written to by Ipsos MORI in order to provide information about the tenant baseline survey and an opportunity to opt out of the study. A total of 9,439 advance letters were sent in March 2012, with six per cent of tenants opting out of the survey prior to fieldwork commencing.

A small-scale pilot was undertaken in March 2012. It involved interviewers working in two Demonstration Projects – Southwark and Wakefield – and was designed to test the sampling, opt-out and contact procedures, as well as to provide feedback on the questionnaire.

The main stage of fieldwork took place between May and June 2012. Interviewers were provided with copies of the opt-out letter, address lists, doorstep introduction, hard copy and Computer Assisted Personal Interviewing (CAPI) versions of the questionnaire and showcards. Using CAPI allowed for accurate routing of questions and the questionnaire script included a number of logic checks. CAPI also reduced the need for manual data entry of returned questionnaires and thereby improved data accuracy.

Ipsos MORI interviewers were briefed by a combination of written instructions and telephone conference-call briefings. A key point was that only the named tenant or their partner/spouse at each address was eligible. Interviewers were not required to make a set minimum number of calls to each address, but were encouraged to re-attempt contacts at initially non-productive addresses.

A target of 1,625 interviews was set across the five England and Wales Demonstration Projects. In total, 1,647 interviews were achieved. Eight interviews were removed from the data during data processing, leaving a total of 1,639 interviews. These interviews were achieved as show in Table B.1.

Table B.1 Target and actual interviews by case study area

Demonstration Project	Target interviews	Achieved total
Oxford	325	323
Shropshire	325	346
Southwark	325	323
Torfaen	325	324
Wakefield	325	323
Total	1,625	1,639

³⁷ The application of a weight usually has the effect of reducing the effective sample size and, therefore, increases the margin of error. This means that, when weighted, a given sample is less efficient than it would be if it were unweighted. N.B. The effective sample size is the notional sample taking account of the application of a weight to counter design effect and survey bias.

The questionnaire is included in Appendix C. Question RQ1 sought informed consent for re-contact by Ipsos MORI for the follow-up survey and question RQ2 did so for re-contact by Centre for Regional Economical and Social Research for the qualitative follow-up. Informed consent was given by 89 per cent and 81 per cent of respondents to questions RQ1 and RQ2 respectively.

Tables B.2, B.3 and B.4 show the achieved sample profiles for each Demonstration Project by key characteristics.

Table B.2 Interviews profile – age

Demonstration Project	Achieved sample profile – 18-24 %	Estimated population profile – 18-24 %	Achieved sample profile – 25-44 %	Estimated population profile – 25-44 %	Achieved sample profile – 45-59 %	Estimated population profile – 45-59 %
Oxford	3	5	53	51	44	45
Shropshire	9	12	50	51	41	37
Southwark	6	6	48	52	46	42
Torfaen	9	13	47	47	45	40
Wakefield	12	13	46	48	42	39
Total	8	10	49	50	44	41

Table B.3 Interviews profile – number of bedrooms

Demonstration Project	Achieved sample profile – 0/1 beds %	Estimated population profile – 0/1 beds %	Achieved sample profile – 2/3 beds %	Estimated population profile – 2/3 beds %	Achieved sample profile – 4+ beds %	Estimated population profile – 4+ beds %
Oxford	16	21	78	74	6	5
Shropshire ¹	38	24	59	74	2	3
Southwark	27	35	58	55	15	10
Torfaen	15	17	80	79	5	4
Wakefield	11	12	83	84	6	4
Total	18	22	74	73	8	5

¹ Figures for number of bedrooms in Shropshire exclude tenants for whom no information on the number of bedrooms was provided by the landlords. A total of 260 interviews were conducted with tenants from this group.

Table B.4 Interviews profile – landlord type

Demonstration Project	Achieved sample profile – HA %	Estimated population profile – HA %	Achieved sample profile – LA %	Estimated population profile – LA %
Oxford	20	20	80	80
Shropshire	31	40	69	60
Southwark	26	26	74	74
Torfaen	100	100	0	0
Wakefield	100	100	0	0
Total	55	55	45	45

B.4 Sampling tolerances

As noted above, the survey involved interviews with a sample and not the entire population of claimants in each of the five areas. Consequently, as with all sample surveys, the results are subject to sampling tolerances (referred to as ‘confidence levels’ or ‘margins of error’). Table B.5 illustrates approximate sample tolerances for different percentage results at the ‘95 per cent confidence interval’, assuming a normal distribution of residents. That is, the chances are 95 in 100 that the ‘true’ values will fall within the specified range.

Table B.5 Approximate sampling tolerances

	Approximate sampling tolerances for percentages at or near these levels		
	10% or 90% ±	30% or 70% ±	50% ±
1,639 interviews (all tenants)	1.4	2.2	2.4
346 interviews (Shropshire) compared to 324 interviews (Torfaen)	4.5	6.9	7.6

The table above indicates, for example, that if 70 per cent of respondents from Shropshire say it is difficult to afford their rent, then the result for respondents in Torfaen would need to be 63.1 per cent or less or 76.9 per cent or more to indicate a difference that is statistically different.

Appendix C

Tenant Baseline Survey questionnaire

Direct Payments Tenant Baseline Survey

Final Mainstage Questionnaire

Introduction questions

IC1

INTERVIEWER: RECORD IF RESPONDENT OR THEIR PARTNER/SPOUSE IS STILL IN RECEIPT OF HOUSING BENEFIT AT THIS ADDRESS (AS ASCERTAINED ON DOORSTEP).

ASK ALL // MC EXCEPT 3 AND 4 (CODE ALL THAT APPLY)

1. Yes, respondent is still claiming HB – continue
2. Yes, partner/spouse is still claiming HB – continue
3. No – thank and close
4. Don't know/refused – thank and close

IC2

INTERVIEWER: RECORD WHICH HOUSEHOLD MEMBER IS THE NAMED TENANT OR IF THEY ARE JOINT TENANTS (AS ASCERTAINED ON DOORSTEP).

ASK ALL // SC (SINGLE CODE ONLY)

1. Respondent is the only tenant (i.e. single occupancy)
2. Respondent is the sole named tenant (i.e. joint occupancy but respondent only named on tenancy agreement)
3. Partner/spouse is the sole named tenant (i.e. joint occupancy but respondent only named on tenancy agreement)
4. Respondent and partner/spouse are joint tenants (i.e. both named on tenancy agreement)
5. Respondent and another household member are joint tenants (i.e. more than one person named on tenancy agreement but not spouse/partner)
6. Don't know

IC3

ASK ALL // RECORD NAME

Can I just confirm your full name please?

INTERVIEWER: RECORD FULL NAME OF RESPONDENT

IF NECESSARY REASSURE RESPONDENT ABOUT CONFIDENTIALITY AND THAT THEIR RESPONSES WILL NOT AFFECT THEIR BENEFITS NOW OR IN THE FUTURE

IC4

How long have you lived at this address? Please tell me in years and in months – so, for example, 2 years would be 2 years and 0 months.

ASK ALL // RECORD EXACT AMOUNT

INTERVIEWER: IF RESPONDENT KNOWS YEARS BUT NOT MONTHS, RECORD 2 YEARS AND DON'T KNOW (I.E. RECORD TO NEAREST YEAR). IF 6 MONTHS, RECORD 0 YEARS AND 6 MONTHS. IF UNSURE, PROBE FOR ESTIMATE.

ENTER YEARS AND MONTHS (LOGIC CHECK 0-99 YEARS, 0-11 MONTHS)

IC4a. *INTERVIEWER: CODE IF THE RESPONSE TO IC4 IS...*

1. An estimate
2. Accurate

Housing Benefit

I'd now like to ask some questions about Housing Benefit.

HB1

How much, if anything, would you say you know about Housing Benefit – that is, about how someone qualifies for Housing Benefit and how they are paid?

ASK ALL // SC // READ OUT

1. Great deal
2. Fair amount
3. Not very much
4. Nothing at all
5. Don't know (DO NOT READ OUT)

HB2

You may have heard that, in this area, Housing Benefit will soon be paid directly to some tenants, instead of their landlord, for a trial period. Before this interview, how much, if anything, did you know about this?

ASK ALL // SC // READ OUT

1. Great deal – GO TO HB3
2. Fair amount – GO TO HB3
3. Not very much – GO TO HB3
4. Nothing at all – GO TO HB3a
5. Don't know (DO NOT READ OUT) – GO TO HB3a

HB3

Can you remember how you heard about this trial?

ASK IF HB2 = CODES 1-3 // MC

1. Word of mouth (from a friend, relative, neighbour or work colleague)
2. Verbal communication from a member of the landlord's staff
3. Letter and/or leaflet from the landlord
4. Letter and/or leaflet from the council's HB office
5. Landlord's website

6. Council website
7. Local newspaper (including their website)
8. Local radio or TV station (including their website)
9. Other (specify)
10. Don't know/can't remember

HB3a

How well or poorly do you think you will cope with the trial scheme, where Housing Benefit is paid directly to tenants?

ASK ALL // SC // READ OUT

1. Very well
2. Fairly well
3. Neither well nor poorly
4. Fairly poorly
5. Very poorly
6. Don't know (DO NOT READ OUT)

HB3b

And generally speaking, how well or poorly do you think other tenants will cope with the trial scheme, where Housing Benefit is paid directly to tenants?

ASK ALL // SC // READ OUT

1. Very well
2. Fairly well
3. Neither well nor poorly
4. Fairly poorly
5. Very poorly
6. Don't know (DO NOT READ OUT)

HB4

Can I just check, is your Housing Benefit currently paid to you (and your partner) or directly to your landlord?

ASK ALL // SC

1. Paid to the tenant – GO TO HB5a
2. Paid directly to the landlord – GO TO HB5b
3. Don't know – GO TO HB6

HB5a

Would you prefer to have your Housing Benefit paid directly to your landlord, or not?

ASK IF HB4 = CODE 1 // SC

1. Yes
2. No
3. No opinion
4. Don't know

HB5b

Would you prefer to have your Housing Benefit paid directly to you (and your partner), or not?
ASK IF HB4 = CODE 2 // SC

1. Yes
2. No
3. No opinion
4. Don't know

HB6

How easy or difficult would it be for you to manage your finances if Housing Benefit was paid directly to you (and your partner)?
ASK IF HB4 = CODES 2 OR 3 // SC // READ OUT

1. Very easy – GO TO HB8
2. Fairly easy – GO TO HB8
3. Neither easy nor difficult – GO TO HB7
4. Fairly difficult – GO TO HB7
5. Very difficult – GO TO HB7
6. Don't know (DO NOT READ OUT) – GO TO HB7

HB7

Would you need any advice or support to help you manage if Housing Benefit was paid directly to you (and your partner), or not?
ASK IF HB6 = CODES 3 – 6 // SC

1. Yes – GO TO HB7a
2. No – GO TO HB8
3. Don't know – GO TO HB8

HB7a

Do you think you would need that support just at the beginning or would you need it on a more long-term basis?
ASK IF HB7 = CODE 1 // SC // SHOWCARD A

1. Some support – just at the beginning
2. Great deal of support – just at the beginning
3. Some support – for the long-term
4. Great deal of support – for the long-term
5. Don't know

HB7b

How would you like to be informed about the support services that are available?
ASK IF HB7 = CODE 1 // MC // SHOWCARD B

1. Face-to-face
2. Letter
3. Email
4. Text message
5. Local council website

6. Social media (specify)
7. Other (specify)
8. Don't know

HB8

How much Housing Benefit [do you (and your partner)/does your landlord] receive?

ASK ALL // RECORD EXACT AMOUNT £

1. Don't know
2. Refused

HB9

For what period does this cover?

ASK ALL // SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. A calendar month
5. 6 months
6. Year
7. Other (specify)
8. Don't know

HB10

Does your Housing Benefit cover all of the rent or just some of the rent?

ASK ALL // SC

1. All of the rent
2. Some of the rent
3. Don't know

Rent

I'd now like to ask some questions about your rent.

R1

How much in total does your landlord currently charge you (and your partner) in rent? That is, the total amount of rent **including** any element currently covered by Housing Benefit.

ASK ALL // RECORD EXACT AMOUNT £

1. Don't know
2. Refused

R2

For what period does this cover?

ASK ALL // SC

1. 1 week
2. 2 weeks
3. 4 weeks

4. A calendar month
5. 6 months
6. Year
7. Other (specify)
8. Don't know

R3

Can I check, which, if any, of these household bills does the rent include?

ASK ALL // SC // SHOWCARD C

1. A Water bills
2. B Heating bills
3. C Other utility bills
4. D Council Tax
5. E Home contents insurance
6. F Service charges
7. G Something else (specify)
8. None of the above
9. Don't know

R4

What methods do you normally use to pay the rent?

ASK IF (HB4 = 1) OR (HB4 =2 AND HB10 = 2) // MC // SHOWCARD D

1. A Cash
2. B Postal order
3. C Cheque
4. D Debit card
5. E Credit card
6. F Standing order
7. G Direct debit
8. H Electronic transfer from my e-bank account
9. I Rent payment card (e.g. Allpay)
10. J Another method (specify)
11. Don't know

R4a

And do you normally pay the rent in any of the following ways?

ASK IF ((HB4 = 1) OR (HB4 =2 AND HB10 = 2)) AND R4 = 1-5, 9-11 // MC // SHOWCARD E

1. A In person at the landlord's offices
2. B In person at the post office
3. C In person at the bank
4. D PayPoint outlet
5. E Post
6. F Telephone (landline)
7. G Mobile phone

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8. H Online
9. I Another method (specify)
10. Don't know

R5

How easy or difficult is it for you (and your partner) to afford the rent? That is, the amount of rent you have to pay after Housing Benefit?

ASK IF HB10 = 2 // SC // READ OUT

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult
6. Don't know (DO NOT READ OUT)

R6

Are you currently up to date with the rent or are you in arrears?

ASK ALL // SC

1. Up to date – GO TO BA1
2. In arrears – GO TO R7
3. Don't know – GO TO BA1

R7

By how much are you currently in arrears on this accommodation?

ASK IF R6 = 2 // RECORD EXACT AMOUNT £

1. Don't know
2. Refused

R8

Is this the first time you've been in arrears at this accommodation or have you been in arrears before?

ASK IF R6 = 2 // SC

1. First time in arrears – GO TO R9
2. Been in arrears before – GO TO R8a
3. Don't know – GO TO R9

R8a

How often have you been in arrears at this accommodation?

ASK IF R8 = 2 // SC // READ OUT

1. All of the time
2. Most of the time
3. Some of the time
4. Don't know (DO NOT READ OUT)

R9

What is the **single** most important reason why you are currently in arrears?

ASK IF R6 = 2 // SC // SHOWCARD F

1. A Loss of income due to redundancy
2. B Loss of income due to sickness or disability
3. C Loss of income due to relationship breakdown
4. D Loss of income due to other reasons
5. E Low income
6. F Unexpected expenses
7. G Over-committed financially
8. H Increase in rent
9. I Problems with Housing Benefit administration
10. J Confusion over the due dates for rent payment
11. K Drug or alcohol habit/addiction
12. L Mental health problems
13. M Spent the money on something else
14. N Some other reason (specify)
15. Nothing/none of these
16. Don't know

R10

From the possible responses on this card, in which ways, if any, has your landlord responded to your rent arrears?

ASK IF R6 = 2 // MC // SHOWCARD G

1. A Sent you a letter about the arrears
2. B Visited you personally to discuss the situation
3. C Asked you to pay back the arrears immediately
4. D Asked you to pay back the arrears gradually over time
5. E Served you with a written notice to quit
6. F Took you to court for rent arrears
7. G Asked the courts to grant them a suspended possession order
8. H Arranged to have Housing Benefit paid directly to them
9. I Changed rent payment methods (e.g. arranged direct debit payment)
10. J Some other way (specify)
11. Nothing/none of these
12. Don't know

Bank accounts

I'd now like to ask you about your banking

BA1

Do you have any bank or building society accounts in your own name or joint names?

INTERVIEWER: PROBE IF YES –

Is that one or more than one?

ASK ALL // SC

1. Yes – one account – GO TO BA1a
2. Yes – more than one account – GO TO BA1a
3. No – GO TO IS1
4. Don't know – GO TO IS1

BA1a

Was this the case before being told you were going to be part of the trial, where Housing Benefit will be paid directly to you?

ASK IF BA1 = CODE 1 OR 2 // SC

1. Yes
2. No
3. Don't know

BA2

Do you use this (any of them) for day-to-day money management or paying bills?

ASK IF BA1 = CODE 1 OR 2 // SC

1. Yes – GO TO BA3
2. No – GO TO BA5
3. Don't know – GO TO BA5

BA3

Do you use this (any of these) bank or building society account(s) to pay any bills by direct debit or standing order?

ASK IF BA2 = CODE 1 // SC

1. Yes – direct debits – GO TO BA4
2. Yes – standing orders – GO TO BA4
3. Yes – both direct debits and standing orders – GO TO BA4
4. No – GO TO BA5
5. Don't know – GO TO BA5

BA4

Which, if any, of the following household bills do you pay by direct debit or standing order from a bank account?

ASK IF BA3 = CODES 1-3 // MC // SHOWCARD H

1. A Rent
2. B Council Tax
3. C Water rates

4. D Electricity bill
5. E Gas bill
6. F Other fuel bills like coal or oil
7. G Telephone bill (including mobiles)
8. H Other household bills
9. I Childcare
10. None of these
11. Don't know

BA5

Are you currently overdrawn on a bank or building society account?

ASK IF BA1 = CODE 1 OR 2 // SC

1. Yes
2. No
3. Don't know

Income and savings

I now want to ask about your household's income and savings.

IS1

What is your (you and your partner's) total income before any deductions for income tax, national insurance and so on? Please include income from all sources such as earnings from employment, benefits, grants, maintenance from an ex-partner, interest on savings, and so on.

ASK ALL // RECORD EXACT AMOUNT £

1. Don't know
2. Refused

IS1b

For what period does this cover?

ASK ALL // SC

1. 1 week
2. 2 weeks
3. 4 weeks
4. A calendar month
5. 6 months
6. Year
7. Other (specify)
8. Don't know

IS2

Does your income normally vary a lot from week to week or month to month, or is it fairly stable?

ASK ALL // SC

1. Fluctuates
2. Fairly stable
3. Don't know

IS3

Do you yourself (or jointly with your partner/spouse) currently have any savings accounts, assets or investments?

ASK ALL // SC

1. Yes – GO TO IS3a
2. No – GO TO CD1
3. Don't know – GO TO CD1

IS3a

Was this the case before being told you were going to be part of the trial, where Housing Benefit will be paid directly to you?

ASK IF IS3 = CODE 1 // SC

1. Yes
2. No
3. Don't know

IS4

Thinking of all your savings accounts, assets and investments, what would you say is the current amount or value held by you (and your partner/spouse)? Just read out the letter that applies.

ASK IF IS3 = 1 // SC // SHOWCARD I

1. A Nil/no savings
2. B Less than £500
3. C From £500 to £999
4. D From £1,000 to £1,499
5. E From £1,500 to £2,999
6. F From £3,000 to £5,999
7. G From £6,000 to £7,999
8. H From £8,000 to £15,999
9. I £16,000 or more
10. Don't know
11. Refused

Credit and debt

Sometimes people are not able to pay every bill when it is due.

CD1

May I ask which, if any, of the household bills on this card are you currently behind with?

ASK ALL // MC // SHOWCARD J

1. A Council Tax
2. B Water rates
3. C Electricity bill
4. D Gas bill
5. E Other fuel bills like coal or oil
6. F Telephone bill (including mobiles)

7. G Childcare bill
8. H Internet bill
9. I Sky/cable TV
9. J Another bill (specify)
10. None of these
11. Don't know
12. Refused

CD2

And which, if any, of the things on this card are you currently behind with?

ASK ALL // MC // SHOWCARD K

1. A Credit or store cards
2. B Hire purchase agreements
3. C Bank or finance company loans
4. D Credit union loans
5. E Money lender loans
6. F Pay day loans
7. G Social Fund loans
8. H Loans from friends or relatives
9. I Catalogues paid by instalment
10. J Something else (specify)
11. K None of these
12. Don't know
13. Refused

CD3

Do you currently have automatic deductions being made from your earnings or benefits to pay back any arrears or other debts?

INTERVIEWER: PROBE IF YES –

Is that one or more than one?

ASK ALL // SC

1. Yes – one
2. Yes – more than one
3. No
4. Don't know
5. Refused

Money management

I'd now like to ask you about managing money

MM1

Which of the following methods, if any, do you (and/or your partner) mainly use to get cash?

ASK ALL // MC // SHOWCARD L

1. A Paid wages in cash
2. B Collect benefit or pension in cash
3. C My partner gives me cash in hand
4. D Get cash from Post Office using PO Card Account
5. E Use a debit card at an ATM/cash machine
6. F Get cashback at a shop/supermarket
7. G Cash a cheque
8. H Use credit card
9. I Some other way
10. Doesn't use cash
11. Don't know

MM2a

And which, if any, of these ways do you (and/or your partner) mainly use to pay for essential items such as food and day-to-day spending?

ASK ALL // MC // SHOWCARD M

1. A Cash
2. B Cheque
3. C Debit card
4. D Credit card
5. E Store card
6. F Some other way
7. Does not pay for food or day-to-day spending
8. Don't know

MM2b

Which, if any, of these ways do you (and/or your partner) use to pay for other bills?

ASK ALL // MC // SHOWCARD N

1. A Cash
2. B Cheque
3. C Debit card
4. D Credit card
5. E Store card
6. F Some other way
7. Does not pay for other bills
8. Don't know

MM3

Do you (and your partner) keep a regular spending limit to manage your finances?

ASK ALL // SC

1. Yes – GO TO MM3a
2. No – GO TO MM4a
3. Don't know – GO TO MM4a

MM3a

Is that a weekly, fortnightly, four weekly or monthly spending limit?

ASK IF MM3 = CODE 1 // SC

1. Weekly
2. Fortnightly
3. Four weekly
4. Monthly
5. Other (specify)
6. Don't know

MM3b

And how often do you manage to keep to that spending limit?

ASK IF MM3 = CODE 1 // SC // READ OUT

1. Always
2. Most of the time
3. Sometimes
4. Hardly ever
5. Never
6. Don't know (DO NOT READ OUT)

MM4a

Do you (or your partner) pay any of the bills or expenses on this card quarterly, six-monthly or annually?

ASK ALL // MC APART FROM 8 AND 9 // SHOWCARD O

1. A Water, gas, electricity or telephone bill – GO TO MM4b
2. B TV licence – GO TO MM4b
3. C Car tax, motor insurance or MoT – GO TO MM4b
4. D Home contents insurance – GO TO MM4b
5. E Season tickets (e.g. for travel) – GO TO MM4b
6. F School uniforms – GO TO MM4b
7. G Some other bill (specify) – GO TO MM4b
8. None of these – GO TO MM5
9. Don't know – GO TO MM5

MM4b

Do you (and/or your partner) plan ahead to be sure you have enough money to pay for these bills and expenses or wait until they arrive? Do you...?

ASK IF MM4a = CODES 1-7 // SC // (READ OUT)

1. Always plan ahead
2. Sometimes plan ahead
3. Wait until they arrive
4. Don't know (DO NOT READ OUT)

MM5

How often, in the last 12 months, did you (and your partner) run out of money before the end of the week or month? Please include any times when you have run out of money and had to use your credit card, an overdraft or borrow to get by.

ASK ALL // SC // SHOWCARD P

1. Very often
2. Fairly often
3. Hardly ever
4. Never
5. Don't know

MM6

Taking everything into account, how well or poorly are you (and your partner) managing financially these days?

ASK ALL // SC // READ OUT

1. Very well
2. Fairly well
3. Neither well nor poorly
4. Fairly poorly
5. Very poorly
6. Don't know (DO NOT READ OUT)

MM7

I am now going to read out some things that other people have said about managing money. Thinking about yourself, please tell me how strongly you agree or disagree with each of the statements.

ASK ALL // SC FOR EACH // RANDOMISE STATEMENTS // READ OUT // SHOWCARD Q

"I am impulsive and tend to buy things even when I can't really afford them."

"I am more of a saver than a spender."

"I prefer to buy things on credit rather than wait and save up."

"I am very organised when it comes to managing my money day to day."

"I am never late at paying my bills."

1. Strongly agree
2. Tend to agree
3. Neither agree nor disagree
4. Tend to disagree
5. Strongly disagree
6. Don't know

MM8

Have you ever sought advice or help about money management, bank accounts or debt problems?

INTERVIEWER: PROBE IF YES –

Who did you seek that advice or help from?

ASK ALL // MC APART FROM 9 AND 10

1. Citizens Advice Bureau – GO TO MM8a
2. Welfare rights office– GO TO MM8a
3. Other advice service– GO TO MM8a
4. Solicitor– GO TO MM8a
5. The landlord’s staff– GO TO MM8a
6. Jobcentre/social security office– GO TO MM8a
7. Family/friends– GO TO MM8a
8. Credit union– GO TO MM8a
9. Other (specify) – GO TO MM8a
10. No advice sought – GO TO nohn
11. Don’t know – GO TO nohn

MM8a

Did you seek that advice or help as a result of being told you were going to be part of the trial, where Housing Benefit will be paid directly to you?

ASK IF MM8 = CODE 1 – 9 // SC

1. Yes
2. No
3. Don’t know

Household Characteristics

Now I’d like to ask you about each of the people in your household. By household I mean the people living here who share a living/sitting room or share at least one meal a day, including children. As with the rest of the questionnaire, I would like to assure you that your answers will be kept completely confidential.

nohn

Can I ask you how many people are in your household?

ASK ALL // RECORD NUMBER OF PEOPLE

So, starting with yourself...

INTERVIEWER: FOR EACH HOUSEHOLD MEMBER RECORD JUST THE FIRST NAME OR A UNIQUE IDENTIFIER.

ADDITIONAL DP INSTRUCTION: IN THIS SECTION WE ASK A SERIES OF QUESTIONS ABOUT THE RESPONDENT AND THEN EACH MEMBER OF THE HOUSEHOLD IN TURN (HC1 – HC5). INTERVIEWER TO BE PROMPTED TO RECORD THE NAME FOR EACH ADDITIONAL PERSON, WHICH SHOULD BE DISPLAYED AS PART OF THE QUESTION WORDING.

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HC1

Is (NAME) male or female?

ASK ALL // SC FOR EACH PERSON // INTERVIEWER TO CODE FOR RESPONDENT AS WELL

1. Male
2. Female

HC2

What was your/(NAME)'s age last birthday?

ASK ALL // SC FOR EACH PERSON // RECORD EXACT AGE AND CODE BY BAND. IF EXACT AGE NOT KNOW, RECORD AGE BAND ONLY // SHOWCARD R

1. 0-4
2. 5-9
3. 10-15
4. 16-24
5. 25-34
6. 35-44
7. 45-54
8. 55-59
9. 60-64
10. 65+
11. Don't know
12. Refused

HC3

How is (NAME) related to you?

ASK ALL // SC FOR EACH PERSON

1. Spouse or civil partner (e.g. husband or wife)
2. Cohabitee (e.g. person they are in a relationship with – their partner)
3. Son/daughter (incl. adopted)
4. Step-son/daughter
5. Foster child
6. Son-in-law/daughter-in-law
7. Parent/guardian
8. Step-parent
9. Foster parent
10. Parent-in-law
11. Brother/sister (incl. adopted)
12. Step-brother/sister
13. Foster brother/sister
14. Brother/sister-in-law
15. Grand-child
16. Grand-parent
17. Other relative
18. Other non-relative

HC4

Which statement on this card applies best to [you/(NAME)]?

ASK IF HC2 = CODES 4-10 (I.E. 16+) // SC FOR EACH PERSON // SHOWCARD S

INTERVIEWER: FOR AGENCY WORKERS OR THOSE WITH FLEXIBLE HOURS USE THEIR AVERAGE HOURS WORKED IN THE LAST FOUR WEEKS/MONTH

1. Working full-time (30 hours a week or more)
2. Working part-time (16-29 hours a week)
3. Working part-time (Less than 16 hours a week)
4. On a government training scheme/apprenticeship
5. Unemployed
6. At home/not seeking work
7. Long term sick or disabled
8. Full-time carer
9. Full-time education
10. Fully retired
11. Other
12. Don't know

HC4a

How often do [you/NAME] get paid? Is it weekly, monthly or some other period? If you have more than one job, please think about your main job – i.e. the one for which you work the most hours.

ASK IF HC4 = CODES 1-3 // SC FOR EACH PERSON

1. Weekly
2. Fortnightly
3. Four-weekly
4. Monthly
5. Other (specify)
6. Don't know

HC5

[Are you/Is (NAME)] receiving any of these state benefits or allowances? Your answers are completely confidential. Please just read out the letters that apply.

ASK IF HC2 = CODES 4-10 (I.E. 16+) // MC FOR EACH PERSON // SHOWCARD T

1. A Income support
2. B Jobseeker's Allowance (formerly unemployment benefit)
3. C State Retirement Pension
4. D Incapacity Benefit or Severe Disablement Allowance
5. E Employment and Support Allowance
6. F Some other benefit for people with disabilities (e.g. Industrial Injuries Benefit)
7. G Working Tax Credit
8. H Child Tax Credit
9. I Child Benefit
10. J Council Tax Benefit

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11. K Pension Credit (previously Minimum Income Guarantee)
12. L Carer's allowance (formerly Invalid Care Allowance)
13. M Disability living allowance (mobility or care components)
14. N Attendance allowance
15. O Some other state benefit (specify)
16. No, none of these
17. Refused
18. Don't know

HC6

Do you, or does anyone in your household, have any long-term illness, health problems or disability which limits your/their daily activities or the work you/they can do, including any problems which are due to old age?

ASK ALL // MC EXCEPT 3 AND 4

1. Yes – respondent – GO TO HC6b
2. Yes – someone else – GO TO HC6b
3. No – GO TO HC8
4. Don't know – GO TO HC8

HC6b

Do you/they receive care from a member of the household who lives here or from a carer who visits the home?

ASK IF HC6 = 1 OR 2 // SC

1. Yes
2. No
3. Don't know

HC7

Thinking about your own health condition or disability, can you tell me which, if any, of the things on this card apply to you?

ASK ALL // MC // SHOWCARD U

1. A Stress or anxiety
2. B Depression
3. C Mental illness
4. D Health problems due to alcohol
5. E Health problems due to illicit use of drugs
6. F Learning difficulties
7. G Other health problems or disabilities
8. None of these
9. Don't know

HC8

Can I just check, do you have any problems with reading, writing or speaking English at all?

ASK ALL // MC EXCEPT 4 AND 5

1. Yes, reading English
2. Yes, writing English
3. Yes, speaking English
4. No
5. Don't know

HC9

And do you have any problems with numbers or simple arithmetic at all?

ASK ALL // SC

1. Yes
2. No
3. Don't know

HC10

Have you ever been in the armed forces or merchant navy? Please do not include any periods of national service or in the territorials.

ASK ALL // SC

1. Yes
2. No

HC11

Can I just check, have you ever stayed in any of the following listed on this card?

ASK ALL // MC // SHOWCARD U2

1. A Children's home
2. B With foster parents
3. C Psychiatric unit or hospital
4. D Alcohol unit
5. E Drugs unit
6. F Young offenders' institution
7. G Prison or remand centre
8. None of these
9. Don't know
10. Refused

HC12

From this card, which of these groups do you personally belong to?
ASK ALL // SC FOR RESPONDENT ONLY // SHOWCARD V

White

1. English/Welsh/Scottish/Northern Irish/British
2. Irish
3. Gypsy or Irish Traveller
4. Any other white background (specify)

Mixed/multiple ethnic group

5. White and Black Caribbean
6. White and Black African
7. White and Asian
8. Any other mixed/multiple ethnic background (specify)

Asian/Asian British

9. Asian/Asian British – Indian
10. Asian/Asian British- Pakistani
11. Asian/Asian British – Bangladeshi
12. Asian/Asian British – Chinese
13. Any other Asian background (specify)

Black/African/Caribbean/Black British

14. African
15. Caribbean
16. Any other Black/African/Caribbean background (specify)

Other ethnic group

17. Arab
18. Any other ethnic group (specify)

Re-contact Questions (RQ)

RQ1

This project will be running until 2013 and we are keen to contact participants in this first survey again about their experiences over this period. Can we take your details for Ipsos MORI to contact you again about this study in the future?

ASK ALL // SC

1. Yes
2. No

RQ2

Would you be happy for Ipsos MORI to pass your name and contact details to the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University for them to conduct further research about this study within the next year?

ASK ALL // SC

1. Yes
2. No

IF YES AT RQ1 OR RQ2 – CONTACT DETAILS TO BE RECORDED:

- name
- address
- telephone number
- mobile number; and
- email address

This report presents the findings from a survey of social rented sector tenants who were selected to participate in Direct Payment Demonstration Projects in the five English and Welsh project areas: Oxford, Southwark, Shropshire, Torfaen and Wakefield. The survey was conducted in May and June 2012 and provides a **baseline position prior to the Demonstration Projects going 'live'**, with regard to issues such as: tenants' awareness of, and attitudes towards, direct payments; their financial history and circumstances; and financial capability and their **perception** on how the programme is **likely** to affect them.

This report is the first published output from an independent comprehensive evaluation of Direct Payments Demonstration Projects, commissioned in January 2012, to monitor and evaluate the preparation and delivery of the Direct Payment Demonstration Projects, assess the effectiveness of the programme for tenants and landlords, learn lessons about effective implementation and provide regular feedback, to feed into relevant aspects of Universal Credit design. The report does not include data from the sixth project area, Edinburgh, as implementation and research activity in Edinburgh started later than the other areas and therefore, the data was not available at the time of writing this report.

Direct Payment Demonstration Projects started in June 2012, introducing four-weekly payment of Housing Benefit directly to social rented sector tenants in five English and Welsh areas. Edinburgh joined the project in August 2012, introducing monthly payment of Housing Benefit directly to their social rented sector tenants. The projects will run until June 2013 and will help us understand the support and assistance tenants need to manage these changes and look at the appropriate level of safeguards needed to help landlords protect their financial position to inform the design of Universal Credit.

If you would like to know more about DWP research, please email:
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