

Holding on to Home

Tenancy sustainment in social housing: Final Report



The Holding on to Home study team
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About the Authors

The Holding on to Home study was directed by Paul Hickman and Kesia Reeve. Ian Wilson led the rent account analysis exercise and Peter Thomas oversaw the tenant survey, which was administered by Qa Research. Laura Kilby undertook the analysis of landlord/ tenant telephone conversations. She was assisted by Martin Lamb, who also contributed to the rent account analysis and led the diary keeping exercise. Martin was a member of the qualitative data collection and analysis team along with Emma Bimpson, Tony Manzi, Beth Speake, Hickman and Reeve. The team undertook in-depth interviews with national and case study stakeholders and tenants. They also analysed all the qualitative material collected by the study team and contributed to report writing. Maddy Arden contributed to the design of the study and provided expert, behavioural science, advice. Jon Land and Monica Teixeira from HQN ran the Tenant Steering Group and James Prestwich from the Chartered Institute of Housing coordinated the Institute's input into the study.

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¹ Not all members of the Steering Group gave their permission to be identified in this report.

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Glossary

ALMO	Arm's Length Management Organisation
CIH	Chartered Institute of Housing
COM-B	A framework for understanding behaviour that presents behaviour (B) as a result of the interplay between the <i>capabilities</i> (C) of subjects, the <i>opportunity</i> (O) they have to enact behaviours, and their <i>motivation</i> (M).
CS	Case study
DWP	Department for Work and Pensions
EHS	English Housing Survey
HA	Housing Allowance
HB	Housing Benefit
LCTS	Local Council Tax Support
LSVT	Large Scale Voluntary Transfer
MIS	Minimum Income Standard
RSH	Regulator for Social Housing
NHF	National Housing Federation
UC	Universal Credit
whg	Walsall Housing Group

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Executive summary

What is the Holding on to Home study?

This report presents the key findings of a major study of tenancy sustainment in the social housing sector: the Holding on to Home study. Historically, the concept has been defined as keeping people in their homes, although in recent years it has taken on a broader meaning to encompass maintaining wellbeing, ensuring cohesive communities and sustaining individuals within their neighbourhoods. However, the focus on ensuring that tenants remain in situ (or ‘hold on to their homes’) remains, as does the concern with rent arrears, which is seen as another key measure of whether a tenancy is being sustained.

The Holding on to Home study, which was conducted between March 2022 and September 2024, pays special attention to the drivers of rent arrears and the financial challenges faced by tenants, as these are the main reasons why tenants find it difficult to sustain their tenancies. It is particularly timely to look at these issues, and tenancy sustainment more broadly, because a number of developments have added to the pressures faced by tenants. These include a programme of welfare reforms, including the introduction of Universal Credit (UC), and the recent cost-of-living crisis. The study also examines landlords’ approaches to tenancy sustainment, paying particular attention to how they communicate and interact with tenants and tenants’ engagement experiences. Tenancy sustainment, and the drivers of rent arrears/ difficulties paying rent, are relatively under-researched areas, so the research addresses important gaps in knowledge.

This report should be read alongside other outputs produced by the Holding on to Home study team. These include a recently published report which presents the findings of an analysis of 140 rent arrears/ rent payment telephone conversations between landlord call handlers and tenants (Kilby & Lamb, 2024), and a tenancy sustainment guide for social housing landlords (Holding on to Home study team, 2024c), which has been published alongside this report. This report is also accompanied by a standalone summary, which highlights its key findings (Holding on to Home study team, 2024a). This report synthesises the findings of all the research undertaken by the study team, drawing extensively on material presented in other outputs produced by it.

What were our research objectives?

The study’s key objectives were to:

- Understand tenants' rent payment behaviour.
- Identify the factors that impact on tenants' ability to pay their rent, paying particular attention to identifying those that result in rent arrears accrual.
- Identify which population groups were most likely to experience difficulties paying their rent, highlighting the impact of a range of socio-demographic factors.
- Examine the impact of welfare reforms, and UC, in particular, on tenants’ ability to pay their rent.
- Explore the impact of the cost-of-living crisis (especially) and COVID-19 pandemic on tenants’ ability to pay their rent.
- Understand landlords’ approaches to tenancy sustainment.
- Explore how landlord/ tenant communications impact on tenancy sustainment, in doing so exploring the impact of the use of digital technologies on tenants’ ability to pay their rent.

What was the approach to the research?

Data collection for the study was centred on four case study landlords in England. A range of criteria were used to select them. Although the landlords selected could never be representative of the social housing sector given its diversity, the study team wanted to ensure sufficient diversity across the case studies, with certain key characteristics (landlord type and size; stock type and geographies) being represented within the sample. Doing so would make it more likely that the key findings and learning to emerge from the study would be relevant and transferable to as large a number of landlords as possible. It was also important that the tenant base across the sample was sufficiently diverse to ensure inclusion of tenants with diverse characteristics in relation to, for example: sex; ethnicity; disability; health; household type; economic status; and income levels. The case study landlords were:

- Southern Housing, a housing association with around 79,000 properties in London, the South-East, the Midlands and the Isle of Wight.
- whg (Walsall Housing Group), a Large Scale Voluntary Transfer housing association with 22,000 properties in the Midlands.
- Stockport Homes, an Arm's Length Management Organisation with 12,000 properties in Greater Manchester.
- East Riding of Yorkshire Council, a local authority with 11,300 properties in Yorkshire.

The study team were able to compile a comprehensive dataset on tenancy sustainment and the drivers of rent arrears/ 'difficulty paying rent' by employing a range of quantitative and qualitative research methods. These included:

- **National 'stakeholder' interviews.** In-depth interviews were conducted with 22 representatives of national and regional 'stakeholder' organisations in two waves over the course of the study: April-November 2022 and February-April 2024.
- **In-depth interviews with case study 'stakeholders'.** Officers from the case study landlords, including both senior manager and front line staff, and partner organisations were interviewed in two waves: December 2022-April 2023 and February-May 2024. In all, 45 interviews were conducted.
- **Documentary and secondary data analysis.** Key documentation relating to tenancy sustainment, including guidance provided to rent officers and strategy/ implementation plans, was analysed along with key secondary data, including Notice to Seek Possession, eviction rates, and financial and management data.
- **Rent account analysis.** The study team analysed tenant rent accounts provided by three case study landlords (Southern Housing; Stockport Homes; and whg). Rent accounts are electronic records held by landlords that record rent payments and charges on a tenancy, akin to a bank statement. The team analysed multiple months' worth of tenant-level rent account data and tenant management information. Records for 38,456 tenants were included in the analysis.
- **Tenant survey.** Some 1,213 tenants of three case study landlords – East Riding of Yorkshire Council, Southern Housing, and Stockport Homes – were surveyed face-to-face between April and June 2023. The survey was not designed to be representative of the social rented tenant populations of England or the case study landlords included in the survey. This is because of the purposive selection of the neighbourhoods where interviewing took place (areas with higher arrears rates, larger UC/ Housing Benefit (HB) populations and, in one case study, larger ethnic minority populations, were targeted).
- **In-depth interviews with tenants.** Some 64 tenants who participated in the tenant survey were interviewed in-depth by the study team between July 2023 and February 2024.
- **Solicited tenant diary keeping exercise.** Some 15 tenants who were interviewed in-depth were invited to complete a two week-long electronic diary of their financial and rent payment experiences. Four tenants completed diaries.
- **Analysis of rent payment/ arrears telephone conversations between case study landlord officers and tenants.** Two case study landlords provided access to telephone conversations that took place between

tenants and rent officers and/or money advisors. In total, 140 call recordings were analysed by the team using the research technique, conversation analysis. Particular attention was paid to identifying the 'ingredients' of successful conversations.

To help make sense of tenants' rent payment behaviour and the data we collected, we employed a model from behavioural science – COM-B. Specifically, we used the 'behaviour system' which lies at its heart as a loose framework for the collection and analysis of the data. The system presents behaviour (B) as a result of the interplay between the *capabilities* (C) of individuals, the *opportunity* (O) they have to enact behaviours, and their *motivation* (M).

What did we find?

Case study landlords' approaches to tenancy sustainment

Our case study landlords, like many across the country, face a number of challenges which have shaped their approach to tenancy sustainment. The current environment was described by one stakeholder as being *the toughest it's ever been...[involving] a whole panoply of different challenges*. Landlords and national stakeholders highlighted a range of challenges. The most significant one they face is the increasing demand for their services at a time when they are confronted by a number of financial pressures. Our case study landlords have responded to this by implementing cost efficiencies and rethinking how to allocate resources dedicated to tenancy sustainment. Other challenges identified by landlords included: the vulnerability of social housing tenants; the roll-out of UC; staffing challenges; siloed ways of working; and the challenge of reaching tenants who fall into arrears.

There was commonality in the tenancy sustainment approaches of the case study landlords. For example, all of them employed dedicated, specialised rent collection and financial inclusion teams, with housing officers' tenancy sustainment responsibilities being relatively limited and often confined to pre-tenancy and early tenancy support. And all the landlords highlighted the importance of holding accurate, relevant and up-to-date data about their tenants and had invested in new IT systems. Most tenancy sustainment activity was reactive – that is, concerned with engaging with tenants who accrued arrears. However, landlords did undertake preventative work with some key tenant groups.

Rent affordability, payment patterns and arrears

Rent arrears are a poor indicator of problems experienced by tenants. Many more tenants were struggling to pay their rent than was indicated by arrears figures. Nine per cent of survey respondents were in arrears, while 70 per cent were finding it difficult to afford their rent across a range of measures. There may, therefore, be a significant cohort of social housing tenants who are at risk of rent arrears, or who would benefit from support, but who are not known to be at risk by the landlord. An implication of this finding is that 'rent arrears' alone is a poor measure of whether tenants can manage their rent payment and so there is a need to rethink how we understand and measure tenancy sustainment.

Analysis of rent account data revealed that rent payment patterns fluctuated from one month to the next, such that tenants cannot be easily categorised into those who do/can and those who do not/cannot pay their rent. However, once a tenant underpays their rent for two consecutive months, regardless of the amount of the underpayment, these arrears are likely to become enduring.

Tenants' financial circumstances

The financial circumstances of the social housing tenants surveyed appeared to be very precarious, with many struggling to get-by. Analysis of the survey data revealed:

- Low income levels, a relatively high proportion in receipt of benefits, with lower than average employment rates (36 per cent were in paid employment) compared with the national population.
- Many employed tenants were on casual, insecure or seasonal contracts (31 per cent of employed tenants) and/ or worked part time (42 per cent of employed tenants).
- Many tenants had little or no savings and 66 per cent of all respondents had no savings at all.
- For many tenants (43 per cent) their household income did not last until their next salary/ benefit payment, one quarter were behind with at least one bill, and use of food banks in the past year was very common (21 per cent).

Tenants interviewed in-depth showed high levels of indebtedness and were often juggling essential bills and outgoings. The financial situation of tenants had become more difficult in recent years due to a combination of cost-of-living increases and (real-term) reductions in salary due to increasingly precarious employment. Paid work was often not protecting tenants from poverty and rent arrears.

Changes in the (working age) benefit system also appear to have increased the financial precarity of tenants and so contributed to risk of debt and rent arrears. This includes the introduction of UC, particularly the ‘direct payment’ of the housing costs element to tenants, where tenants are responsible for paying their rent, and the five-week wait for payment at the start of a claim. It was notable that tenants on UC emerged in our modelling of rent account data as more likely to be in rent arrears than those on HB. Modelling of survey data also found that UC claimants were more likely to find it difficult to pay their rent.

Further insight into the drivers of rent arrears and difficulties paying rent

Rent arrears and other debts were primarily caused by tenants’ financial circumstances, rather than their *capabilities* or *motivation*. This was a clear conclusion to emerge across our datasets, including from logistic regression modelling of survey and rent account data. The financial difficulties experienced by the social housing tenants, including rent arrears, cannot therefore be explained with reference to poor budgeting skills, disorganised management of money, or a cavalier attitude to financial obligations. We found quite the opposite in the detailed accounts that tenants provided of their approach to their income and budgets. Many used systems to manage their money, prioritised essential bills such as rent and Council Tax, and did all they could to maintain rent payments.

Tenants often prioritised rent payments over other essential items, frequently producing unsustainable situations where debts increased and their wellbeing was adversely affected. Many (69 per cent) were employing unsustainable strategies such as cutting back on food, incurring other debts, and selling personal items in order to pay their rent. In total, 61 per cent had cut back on essentials such as food and heating, and one in ten had sold personal possessions in order to pay their rent. Others borrowed from friends and family or missed payments on other essential bills.

It is, therefore, (lack of) *opportunity* in the COM-B model – specifically, financial precarity – that is driving rent payment behaviour and resulting in tenants finding it difficult to pay their rent. And it is only by increasing the financial resources available to them (i.e. by improving *opportunity*) that they will find it easier to pay their rent and be in a better position to sustain their tenancies.

Logistic regression modelling of rent account data found some populations to be at greater risk of accruing (additional) rent arrears: those with existing arrears, which emerged as a particularly strong predictor; those under the age of 35; non-White British tenants; tenants whose first language was not English; those who were charged higher rents; those whose benefit was paid to them (‘direct payment’); and as noted earlier, those in receipt of UC.

Landlord/ tenant communications

Engagement between landlord and tenant is a key element in maintaining tenancy sustainment, enabling residents to be offered support, an opportunity to negotiate rent payment arrangements and intervention in advance of a crisis. Analysis of landlords’ approaches to engaging with their tenants in relation to tenancy sustainment highlighted three

key priorities: holding 'quality' conversations and interactions with tenants; the aspiration to become more visible in local communities; and the importance of ensuring that all tenant population groups are engaged.

Analysis of quantitative (survey) and qualitative (in-depth tenant interview) data revealed that those tenants in the most need of support from landlords (i.e. those in arrears) are the least likely to seek it out. Anxiety and stigma were found to be greatest barriers to communications for this group.

Our analysis of telephone conversations between landlord call handlers and tenants found that the most productive discussions between them about rent were based on principles of: shared responsibility; both call handler and tenants taking ownership of problems; working together in a partnership to address challenges, rather than avoiding difficulty; and call handlers proposing mutually beneficial non-directive solutions.

Summary of Recommendations

For social landlords and professional housing bodies²

- Landlords should develop tenancy sustainment strategies that focus on the priority areas of: generating accurate, relevant data; maximising tenant incomes; and improving communications and engagement.
- Landlords should prioritise improving data collection and systems to support early tenancy sustainment intervention. It is vital that landlords are able to identify tenants at risk of arrears and who need support to maintain their tenancy.
- When developing interventions to improve rent payment levels, landlords should focus on activities that maximise tenants' income, rather than those that seek to improve *motivation* and financial *capabilities*.
- In the context of scarce resources, it is crucial that landlords, in the words of one of them, *make every conversation count*. Every contact with a tenant is an opportunity to identify tenancy sustainment risks, and to better understand tenants. Tenancy sustainment should be the responsibility of all staff, but it is essential that information systems are integrated.
- The research has highlighted the importance of the quality of interactions between landlords and tenants, and so landlords need to make every effort to provide tenants with agency and voice in all aspects of the services they receive.
- Training for staff who have direct contact with tenants about their rent should incorporate the lessons from our 'conversation analysis', which identified approaches that created significant barriers to communication and identified effective approaches that resulted in discussions concluding positively for landlord and tenant.
- Landlords should critically assess how they understand, define, and measure tenancy sustainment, developing a broad understanding which encompasses a range of measures relating to the health, quality and liveability of that tenancy. We suggest there would be value in developing 'minimum tenancy standards' that take into account tenant experiences of life within their homes.

For national policy makers

- Central government should rethink its approach to the implementation of UC in England and Wales. Specifically, it should provide tenants in England and Wales with the opportunity to opt-out of direct payment, as is offered to tenants in Scotland, and abolish the five-week wait for a first payment of UC.
- The migration of the final cohort of claimants onto UC (likely to be amongst the most vulnerable) will see landlords devoting even more resource to supporting UC claimants with adverse effects on their costs and

² See also: Holding on to Home study team (2024c) *Holding on to Home: Promoting Tenancy Sustainment: a guide for social landlords*. Available at: <https://holdingontohome.org/final-outputs/>

income (as arrears rates potentially rise) and, in turn, their business plans. It is important that this is recognised by government and regulators when assessing the performance of social housing landlords.

- We urge the Government to take a new approach to ensuring a decent standard of living for all and endorse the Minimum Income Standard (which was developed by researchers at Loughborough University), which should be operationalised to inform benefit rates and the national minimum wage, alongside measures to provide greater security within the labour market.
- The Household Support Fund has played a vital role in supporting tenants to get-by, financially, and to sustain their tenancies. It is, therefore, imperative that the fund continues beyond April 2025, when, unless it is extended again, the fund is due to end.

1. Introduction

1.1. Introduction

This report presents the key findings of a major study into tenancy sustainment in the social housing sector (Holding on to Home), which has been funded by the Nuffield Foundation. Historically, the concept has been defined as keeping people in their homes, although in recent years it has taken on a broader meaning to encompass maintaining wellbeing, ensuring cohesive communities and sustaining individuals within their neighbourhoods. However, the focus on ensuring that tenants remain in situ (or ‘hold on to their homes’) remains, as does the concern with rent arrears, which is seen as another key measure of whether a tenancy is being sustained.

The study, which began in March 2022, pays special attention to the drivers of rent arrears and the financial challenges faced by tenants, as these are the main reasons why tenants find it difficult to sustain their tenancies. It is particularly timely to look at these issues, and tenancy sustainment more broadly, because a number of developments have added to the pressures faced by tenants. These include a programme of welfare reforms, including the introduction of Universal Credit, the cost-of-living crisis, and the COVID-19 pandemic. The study also examines landlords’ approaches to tenancy sustainment, paying particular attention to how they communicate and interact with tenants and tenants’ engagement experiences. Tenancy sustainment, and the drivers of rent arrears/ difficulties paying rent, are relatively under-researched areas, so the research addresses important gaps in knowledge.

The report draws on data generated by a range of a quantitative and qualitative research activities, including: a survey of more than 1,200 tenants; more than 110 in-depth interviews with tenants and ‘stakeholders’; a tenant diary-keeping exercise; analysis of telephone conversations between tenancy sustainment officers and tenants in rent arrears/ experiencing difficulties paying their rent; documentary/ secondary data analysis; and rent account analysis. A model from behavioural science, ‘COM-B’, was used as a loose framework for the collection and analysis of the data. Data collection for the study was centred on four case study landlords:

- Southern Housing, a housing association with around 79,000 properties in London, the South-East, the Midlands and the Isle of Wight.
- whg (Walsall Housing Group), a Large Scale Voluntary Transfer housing association with 22,000 properties in the Midlands.
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This report should be read alongside other outputs produced by the Holding on to Home study team. These include a recently published report on the findings of an analysis of 140 landlord/ tenant tenancy sustainment telephone conversations (Kilby & Lamb, 2024) and a tenancy sustainment guide for social housing landlords (Holding on to Home study team, 2024c), which has been published alongside this report. This report is also accompanied by a standalone summary, which highlights its key findings (Holding on to Home study team, 2024b). As this report synthesises the findings of all the research undertaken by the study team, it draws extensively on material presented in other outputs produced by it, including the outputs that accompany it and Thomas *et al.* (2024)³ and Hickman *et al.* (2023).⁴ All of these publications can be accessed (free of charge) at the study’s website:

<https://holdingontohome.org/>

³ The report presents the findings of the tenant survey undertaken as part of the research.

⁴ This report highlights landlords’ approaches to engaging with their tenants in relation to tenancy sustainment.

1.2. Context

Landlords have historically given significant priority to the issue of tenancy sustainment. However, this has become an increasingly important issue within housing policy since at least 2010 (when austerity measures were introduced). These measures introduced by Coalition/ Conservative UK governments included a programme of welfare reform, involving punitive sanctions, and the introduction of a new 'integrated' benefit (Universal Credit), alongside restrictions on entitlement. At the time of writing (Autumn 2024), these pressures have been exacerbated by economic recession, a global pandemic and a cost-of-living crisis.

A study commissioned by the Chartered Institute of Housing (CIH, 2022) showed that one in six (4.4m) households are now in 'serious financial difficulty', with the poorest households particularly hit by inflation, as they spend a larger part of their budgets on energy and food. Other studies have demonstrated evidence of 'destitution' (Fitzpatrick *et al.*, 2023), estimating that around 3.8 million households are unable to meet basic physical needs, to stay dry, warm and fed. The study estimated that around three-quarters of those experiencing destitution are in receipt of social security benefits, whilst there are rising concerns about 'in work' poverty, as wages fail to match increasing costs. The Resolution Foundation (2022) projected an increase in absolute poverty from 17 to 22 per cent between 2020 and 2023 and work undertaken by the Trussell Trust (2023) shows evidence of increasing use of food banks (with 3m emergency parcels distributed in 2022/3). The Office for Budget Responsibility (OBR, 2022) has reported the fastest fall in living standards since the 1950s, with a significant impact on physical and mental health, alongside severe strain on support services. As a consequence of these developments, there is increasing concern about the implications for tenancy sustainment, as residents struggle with increased living costs and reduced ability to meet the competing demands of rent payment, heating, food, petrol and other essential items.

The context for this study is therefore to understand the importance of, and approaches to, tenancy sustainment, in the light of welfare reform, a cost-of-living crisis and the consequences of the COVID-19 pandemic.

- **Welfare reform.** A number of studies have highlighted the negative impact that government welfare reforms have had on social housing tenants (for example, Power *et al.*, 2018; Hickman *et al.*, 2018). Since April 2017, larger families in low-paid employment no longer receive means-tested support for each child above the second in their Child Tax Credit/UC: this has been calculated as a loss of £56.44 per week (2022/23) for each child to add to other, recent real-terms cuts in benefits. It is estimated that basic benefits are worth 11 per cent less than they were a decade ago (CIH, 2022). Claimants have been adversely affected by a Benefit Cap, a (so-called) 'Bedroom Tax' and the value of UC has been reduced progressively over time. Tenants have also been adversely affected by the introduction of direct payment to the tenant and the 'migration' from a range of benefits to UC. The then Prime Minister Rishi Sunak's April 2024 speech to the Centre for Social Justice (UK Government, 2024) indicates the trajectory of punitive sanctions for those in receipt of state benefits is likely to continue.
- **The cost-of-living crisis.** This crisis involves a range of factors including the following:
 - **Increasing inflation.** As studies have shown, the inflation rate of nine per cent (in 2022) was likely to be nearer to 11 per cent for the poorest households as they spend a larger proportion of their income on energy and food. Whilst the inflation rate had reduced to two per cent by the beginning of 2024, the impact on low-income families remains severe. Such families also tend to save less and have limited flexibility to address competing financial demands.
 - **Increasing energy prices.** An estimated 9.6m households have faced fuel stress (CIH, 2022) - meaning that 40 per cent of households would pay more than 10 per cent of their income on energy bills (after housing costs). It is estimated that poorer households spend 11 per cent of their budgets on gas and electricity, compared to four per cent of the richest households. Inflation in food prices is estimated at 6.6 per cent (the highest since 2009), with significant price increases for staples such as pasta (50 per cent) and bread (16 per cent), as well as supermarket price rises of 20 per cent since 2020 (Office for National Statistics, 2022).

- **Rent increases.** As landlords face greater pressures to maximise their income. Government policy has limited how much landlords can increase their rents by⁵, but they are under increasing pressure to maximise their rental income.
- **The COVID-19 pandemic.** Research by Tunstall (2023) has shown that the pandemic had a disproportionate impact on social housing residents who tended to be older, have higher rates of disability and to be in worse health than the average for the UK. The policy to stay at home transferred risk from the public to the private sphere, increasing the vulnerability of social rented tenants. Landlord policies to temporarily stop repairs in the home increased problems with stock condition. At the same time a large number of residents were affected by reductions in their income, as employers sought to reduce their costs. Landlords are experiencing increasing levels of rent arrears following the pandemic - one study (Mobysoft, 2023) reported that 66 per cent of social landlords stated that more of their residents were struggling with debt following the pandemic. Whilst there has been some temporary assistance, the lifting of these measures means that this support is no longer available.

At a wider level, residents are increasingly affected by insecurity and precarity in the labour market. Those households in work face an increasing level of insecurity, with frequent use of 'zero hours' contracts, freelance work and the existence of a 'gig' economy. Low income households have highly variable incomes and limited ability to meet unexpected challenges, such as ill health, sickness, and loss of work (Standing, 2014).

These factors have an important geographical component. As a study by Local Trust (2019) suggests residents living within what they term 'left behind neighbourhoods', specifically post-industrial areas in the North and Midlands, are experiencing a combination of severe challenges, including fuel poverty, financial insecurity and debt. These pressures have had a disproportionate impact on social housing tenants - around one third of the bottom three income deciles live in social housing.

The evidence suggests that these challenges have reached a 'tipping point' for households, with 'nothing more to cut' as one study has shown (Resident Voice Index, 2022, p.3). The impact of these different factors has seen a growing use of food banks, high levels of household debt and households having to cut back on basic needs. Figures from the ONS (2022) show people are making decisions to cut back on food and essential spending (41 per cent), using savings (21 per cent) and taking on debt (15 per cent). *Which?* magazine estimated that more than two million households have missed a bill payment every month. Studies have shown increases in the take up of free school meals, increases in domestic violence and high levels of vulnerability in the social rented sector. Social housing residents are reported as making increasing use of food banks, skipping meals to feed their children and in some cases eating only cold food to save energy (Resident Voice Index, 2022).

Certain groups are particularly at risk. For example, single parent families are almost twice as likely to be in relative poverty and larger two parent families struggle to pay essential bills. Disabled people often need additional heating to stay warm, face high electricity costs to use assistive technology, as well as petrol costs in areas where public transportation is limited. Unpaid carers have a high risk of debt and care users are vulnerable to unauthorised lenders. It is clear that these factors are having a profound impact on the physical and mental health of tenants and are putting increasing stress on landlord services (Tunstall *et al.*, 2013). Whilst residents have emphasised the benefits of neighbourliness and local community networks, there is an increasing emphasis on individualism and a sense of seclusion. There is growing demand for landlord services, as statutory services are restricted and financial assistance is limited.

In response to concerns about the cost-of-living crisis the UK (Conservative) government introduced a range of measures including: an energy price cap; assistance with energy bills for eligible households; a Household Support Fund (distributed by local authorities) for vulnerable households; and opportunities for advanced benefit payments. These measures helped mitigate some of the worst impacts of the cost-of-living crisis; however, they remain very limited in light of the significant problems experienced by social housing tenants. The energy price cap has reduced

⁵ <https://www.gov.uk/government/publications/limit-on-annual-rent-increases-2024-25-from-april-2024>

the rate of increase, but bills remained around 59 per cent above winter 2021/22 levels and any advances in benefit payments will have to be paid back.

From the perspective of the social housing sector, it is widely acknowledged that these are exceptionally challenging times for both tenants and landlords. The housing sector has become increasingly 'financialised', as social landlords have been encouraged to increase their income and to use their own resources to raise loans, to undertake repairs and improvements to their stock and to continue to develop new property. They have been significantly affected by increased construction and maintenance costs (specifically labour and materials) affecting their ability to invest in repairs and to undertake new development. They are encouraged to increase their rental income, whilst also subject to a rent cap as well as concerns at tenants' ability to pay rent following benefit changes (discussed above). The tragic death of Awaab Ishak (in 2020), from mould in the home, has raised severe concerns about housing conditions and landlord responsiveness. The *Better Social Housing Review* (BSHR, 2022) has further increased the pressure on housing associations to perform more effectively and to increase their accountability to residents. An action plan following the review (commissioned by NHF and CIH) recommended improving the information landlords have about their properties and tenants, having a local presence in the community, strengthening resident involvement in decision-making and ensuring landlords focus on their core purposes more effectively.

Landlords have responded to this challenging environment in a number of ways. Some landlords have chosen to adapt to this environment through merger activity, whilst other have been forced to scale back their development programme. The National Housing Federation (2024) pledged that no tenants will be evicted as a result of financial hardship, if they engage with their landlords about rent arrears. Some have adopted flexible rent payments, others have instituted funded programmes aimed at maximising social impact, ensuring social inclusion and enhancing tenancy sustainment. Landlords have made increasing use of technology to improve information systems, to identify where residents are struggling and to explore how to engage more effectively with tenants. It is therefore an important point in time to consider the impact of financial and other pressures on tenants, the responses of social landlords, the causes of rent arrears, and approaches to tenancy sustainment.

1.3. What we already know about tenancy sustainment and the drivers of rent arrears

An evidence review (Manzi & Bimpson, 2022) undertaken as part of the first phase of the Holding on to Home study found that, while there has been a wealth of research into the causes of rent arrears, much of the information is dated. The review found the key drivers of rent arrears to be a result of a complex range of processes. At the heart of the issue was the question of the financial resources available to tenants – with social landlords housing an increasingly high proportion of low income and economically inactive households. And previous research has been consistent in highlighting the structural determinants that cause housing debt: low-income households, poverty and social deprivation. The drivers of rent arrears are complicated by *motivational* factors (where an individual's *motivation* to meet rental obligations are compromised by other priorities, such as Council Tax, heating and food bills). Individual *capabilities* (including financial literacy, budgeting skills and health factors) also appear to play a role, but the evidence shows that in large part tenants are keen to meet their tenancy obligations. A number of studies have found that rent arrears may be triggered by an unexpected event, such as the receipt of a large energy bill or a household appliance breaking down.

The review found that some population groups were more likely to accumulate arrears: young people (particularly single men under 25); unemployed groups; families with young children; those with a history of rough sleeping; groups previously in institutional accommodation; and recently arrived migrants and refugees.

The pressure on rent payment and arrears has been exacerbated by a number of recent developments, some of which were highlighted earlier. These include the increasing financialisation of housing, which has seen organisations increasingly governed by economic considerations, following grant reductions (specifically, since 2010) and shifts towards providing 'affordable' (at near market rent) rather than 'social' housing (significantly below market rent), as well as low cost home ownership products. Other factors which have placed additional pressure on tenants' ability to

pay their rent include the COVID-19 pandemic and the cost-of-living crisis', caused by rising energy and food costs. Finally, there is some evidence that the welfare reform and benefit cuts programme introduced the 2012 Welfare Reform Act is making it more difficult for tenants to pay their rent. For example, a study by Williams *et al.* (2024), which examined the experiences of renters⁶ in England, found that when compared to HB or Jobseekers claimants, UC claimants had higher levels of 'housing insecurity', which was conceptualised as being behind with rental payments in a 12 months' period. The evidence review found that the above developments are affecting a much wider set of population groups than the ones identified above, suggesting that many more tenants are likely to be at risk of rent arrears and potential tenancy failure.

A number of studies have indicated concerns that landlords are adopting a tougher stance towards arrears, based on greater use of sanctions and threats of eviction. There is some evidence that landlords are adopting a 'risk averse' strategy which involves limiting access to vulnerable (financially risky) households. Other landlords are instituting more systematic approaches to tenancy support, sometimes referred to as 'Housing Plus' models. These strategies suggest that the idea of housing management incorporates a much wider set of approaches than merely rent collection and property maintenance. Much of the research identifies the issue of landlord/ tenant communications as central – with a move from enforcement to support, offering flexibility and building trust.

The evidence review highlighted a number of areas whether further research into rent arrears and tenancy sustainment is needed, all of which the Holding on to Home study explores. These included exploring the impact of the welfare programme, and the roll-out of UC in particular, and the cost-of-living crisis on housing poverty, debt and rent underpayment. Other future research areas identified by the review were the payment and budgeting strategies adopted by tenants and the impact of landlord/ tenant communications on rent arrears. Finally, /the review highlighted the need to undertake research into the impact of *motivational* factors, such as the extent to which tenants prioritise paying their rent, and their *capabilities*, such as digital literacy and budgeting skills, on rent payment and rent arrears.

1.4. Research objectives

The overall aim of the research was to provide evidence and guidance which would make it easier for one of the most vulnerable groups in UK society – social housing tenants receiving an income-related housing allowance – to sustain their tenancies. The study's key objectives were to:

- Understand tenants' rent payment behaviour.
- Identify the factors that impact on tenants' ability to pay their rent, paying particular attention to identifying those that result in rent arrears accrual.
- Identify which population groups were most likely to experience difficulties paying their rent, highlighting the impact of a range of socio-demographic factors. The study was particularly interested in comparing the experiences of tenants in receipt of UC with those on Housing Benefit.
- Examine the impact of welfare reforms, and UC in particular, on tenants' ability to pay their rent.
- Explore the impact of the cost-of-living crisis (especially) and COVID-19 pandemic⁷ on tenants' ability to pay their rent.
- Understand landlords' approaches to tenancy sustainment.

⁶ The study did not distinguish between social housing and private rented sector tenants.

⁷ When the first tenants who took part in the tenant survey were interviewed by the study team in April 2023, the worst of the COVID-19 pandemic in the United Kingdom had been over for more than 20 months, with the last national lockdown ending in July 2021. Therefore, perhaps not unexpectedly, it did not emerge as being a key driver of tenants' ability to pay their rent, and therefore does not feature prominently in the analysis presented later in the report.

- Explore how landlord/ tenant communications impact on tenancy sustainment, and in doing so, explore the impact of the use of digital technologies on tenants' ability to pay their rent.

1.5. Structure of the report

The report is divided into 12 chapters, including this one:

- Chapter 2 highlights the approach taken to the research. It presents: COM-B; the study's four case studies, paying particular attention to how they were selected; and the research methods used by the study team.
- Chapter 3 explores the approach of the case study landlords to tenancy sustainment. It begins by exploring some of the challenges faced by them as they have shaped their approaches.
- Chapter 4, which is the first of nine findings chapters, provides an overview of rent payment patterns, affordability and arrears, after first providing some context about how tenants pay their rent.
- Chapter 5 explores the financial circumstances of tenants that provide the context for the payment patterns outlined in the Chapter 4.
- Chapter 6 explores tenants' approaches to money management, exploring their attitudes and the budgeting techniques they employed.
- Chapter 7 identifies and explores the key strategies that tenants employ, and the resources they draw upon, to meet their needs, including making rent payments.
- Chapter 8 draws on qualitative data to identify the 'causes' of rent arrears. It explores tenants' experiences of, and trajectories into, rent arrears to identify those factors that seem to impact on their capacity to pay their rent.
- Chapter 9 provides further insight into the drivers of rent arrears, drawing exclusively on two quantitative data sources: survey data; and rent accounts provided by case study landlords. The statistical technique, logistic regression, is used to help analyse the data.
- Chapter 10 explores landlords' approaches to communicating with their tenants in relation to tenancy sustainment and tenants' experiences of engaging with their landlords.
- Chapter 11 presents the findings of an analysis of 140 of rent payment/ rent arrears telephone conversations between landlord call handlers and tenants provided by two of the case study landlords.
- Chapter 12, Conclusion, highlights the key findings of the research and the key learning to emerge from it. It also offers reflections on the approach taken to the research and outlines where further research is needed.

2. Approach to the research

2.1. Introduction

This chapter is concerned with highlighting the approach taken by the study team to the research. It begins by presenting COM-B, a model from behavioural science which was used as a loose framework for the collection and analysis of the data. It then moves on to outline how the study's case studies were selected, highlighting the criteria used to do so, and providing brief profiles of them. The final section of the chapter presents the research methods employed in the study.

2.2. COM-B framework

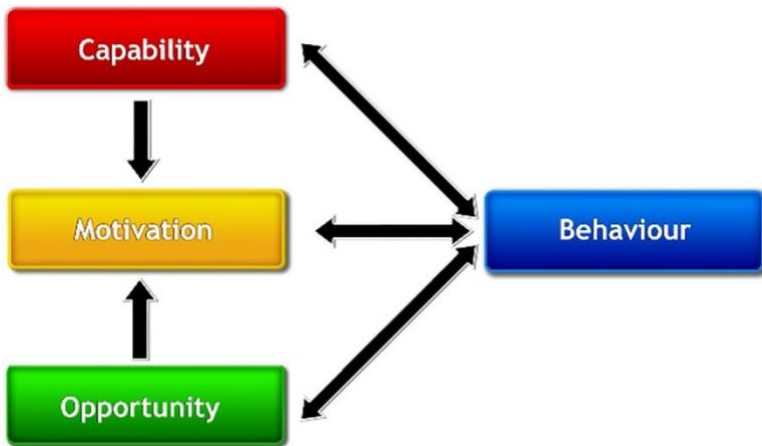
At the core of the COM-B framework is a 'behaviour system' which posits that behaviour (B) (in this case, rent payment) is a result of the interplay between the *capabilities* (C) of subjects, the *opportunity* (O) they have to enact behaviours, and their *motivation* (M), as presented in Figure 2.1. *Capability* is concerned with the characteristics of an individual and how they impact on their ability to undertake a behaviour (rent payment). These characteristics can be categorised into two groups: *physiological attributes*, such as disability and health (Alexander *et al.*, 2014; Michie *et al.*, 2011); and *psychological attributes*, which includes knowledge, skills, reasoning, comprehension, memory, and in the context of rent payment, digital capability.

Opportunity is concerned with the extent to which behaviour is constrained (or not) by potential restrictions external to the individual (Tombor and Michie, 2017). It therefore provides a context to behaviour change, something that many frameworks do not do (Michie *et al.*, 2011). Michie *et al.* (2011) make a distinction between *physical opportunity*, which is concerned with environmental factors and the resources (including financial resources) available to a person, and *social opportunity*, which is the social context within which behaviours are carried out. This includes social pressure exerted on individuals to behave in certain way, such as not smoking or drinking in public or, in the context of housing, ensuring that gardens are well kept and tidy.

Motivation is defined as the brain processes that determine behaviour, which can be classified into two categories. *Reflective processes* (or *thinking with the head*, Alexander *et al.*, 2014, p2) involve evaluation, assessment and reasoning by subjects, all of which link to *psychological capability*. *Automatic processes* (or *thinking with the heart*, Alexander *et al.*, 2014, p2) involve emotions and impulses that stem from inherent dispositions, learning or habit, an example being tenants spontaneously 'misspending' housing cost benefit monies. It may be difficult to distinguish between reflective and automatic processes with there being an interplay between them (Strack and Deutsch, 2004). Therefore, *motivation* is not driven only by the desire of subjects to achieve goals, such as sustaining a tenancy (i.e., reflective processes), although they are a key driver (Abraham and Sheeran, 2003).

It is important to recognise that the COM-B model is not without its limitations. The most commonly cited criticism is that it oversimplifies reality as it does not take account of the complexities of human behaviour. This is why COM-B is employed as a loose framework in this report. And one of the outcomes of the study will be to provide an insight into the value of the framework as a way of understanding rent payment behaviour.

Figure 2.1: The COM-B behaviour system



Source: Michie *et al.* (2011)

2.3. Case studies

2.3.1. Selection criteria

As noted earlier, data collection was centred on four case study landlords in England. Although the landlords selected could never be representative of the social housing sector given its diversity, the study team wanted to ensure sufficient diversity across the case studies with certain key characteristics represented in the sample. Doing so would make it more likely that the key findings and learning to emerge from the study would be relevant and transferable to as large a number of landlords as possible. For this reason, the study team avoided the inclusion of landlords that were unique within the sector or had characteristics shared by few others. With this in mind, the following primary considerations (the 'case study criteria') informed the selection of case studies:

- Landlord type - the sample had to include at least one local authority, one housing association, one Arm's Length Management Organisation (ALMO), and one Large Scale Voluntary Transfer landlord (LSVT).
- Landlord size (i.e. in relation to stock), so that not all the case studies were of a similar size.
- Geography, so that at least one case study landlord was from the North and Midlands of England, and at least one in the South (with one operating in London) and, relatedly, operating in different housing markets (e.g. in relation to average house prices and rents). We also wanted to include within the sample landlords operating in urban, suburban and rural locations.
- Stock type ('traditional' and 'non-traditional', in particular) and condition, specifically age / energy efficiency, so that there was representation of landlords with (and tenants living in) older and/or less energy efficient stock.

It was also important that the sample chosen included landlords employing a range of different tenancy sustainment approaches, interventions and techniques, in order to maximise the reach of our findings and guidance. It was also important that the tenant base across the sample was sufficiently diverse to ensure inclusion of tenants with diverse characteristics in relation to, for example: sex; ethnicity; disability; health; household type; economic status; and income levels. This would allow the study to explore the differential experiences of different population groups.

2.3.2. Selection process

There were three phases to the selection process, which took place in the Autumn of 2022: the generation of a long list of potential case study landlords; shortlisting; and securing agreement of case studies to take part in the research.

A range of sources were used to generate the long list. The study team canvassed the views of: members of its Policy and Practice Advisory Group and Tenant Steering Group; our project partners, the Chartered Institute of Housing and HQN; professionals we encountered through networks and events, including representatives of the National Housing Federation and the Northern Housing Consortium; and national 'stakeholders' we interviewed (see below). We also reviewed the grey literature on 'good practice' in relation to tenancy sustainment. An initial long list of 15 landlords was generated. A further scoping exercise saw five of them removed from the list because they were too small to generate the sample required for the tenant survey (see below), were specialist associations letting to very specific populations, or we had intelligence to suggest they would be unable to participate. This left us with a list comprising 10 landlords.

We then applied our selection criteria to the longlist and considered how different configurations would allow us to meet, as far as possible, our primary criteria. We also considered whether any landlord had been suggested by multiple stakeholders/ sources. This resulted in the selection of four case study landlords: East Riding of Yorkshire Council; Southern Housing; Stockport Homes; and whg (Walsall Housing Group).

After meeting with them, all agreed to participate in the study. Data collection in the case studies commenced in December 2022 and ran until June 2024.

2.3.3. The case studies

This section provides brief contextual information about the case study landlords – it does not explore their approaches to tenancy sustainment, as this is the focus of Chapter 3.

East Riding of Yorkshire Council is a local authority with approximately 11,300 properties in East Yorkshire. It covers a large geographical area with its stock dispersed across a number of towns and rural locations. Most of its stock is of traditional construction. There is high demand for its properties, with most lettings being made to applicants who are homeless. Most (92 per cent) East Riding tenants identify as White British, with 8 per cent identifying as a member of a minority ethnic group. Approximately 3,800 households were claiming UC in May 2024, with 5,000 households projected to be claiming the benefit by the end of December.

Formed as part of a merger in 2022 (between Optivo and Southern Housing Group), Southern are now one of the largest social housing landlords in the UK - with around 79,000 homes (167,000 residents): *Consolidation was a way of carrying on, doing all the things we wanted to do, namely investing in existing homes, building more homes and providing additional support for residents, including tenancy sustainment.* Southern has stock in London, the South-East, the Isle of Wight and the Midlands. Its tenants are ethnically diverse: 29 per cent identify as a member of a minority ethnic group, with 18 per cent of all tenants identifying as Black (African, Caribbean or other), and five per cent identifying as Asian or Asian British. Some 67 per cent identify as White British.

Stockport Homes is an ALMO with 12,000 properties in Greater Manchester, which was formed in 2005. Its stock, which comprises traditional and non-traditional housing, is located in some of the most disadvantaged parts of the country. Its staff are located in a central office – it no longer has local offices. In terms of the ethnicity of its tenants, 89 per cent identified as White British, with 11 per cent identifying as a member of a minority ethnic group. At the time of the tenant survey in May 2023, 4,855 tenants were in receipt of UC.

Whg (Walsall Housing Group) is a LSVT housing association with 22,000 properties in the Midlands, which was established in 2003. It has properties in a number of areas including Walsall, where most of its stock is located, Telford, Wolverhampton, Worcestershire and Staffordshire. It operates in some of the most disadvantaged areas in England. Its stock comprises a mix of traditional and non-traditional housing. Some 82.1 per cent of its tenants identify as White British, while 5.9 per cent identify as Black, Black British, Caribbean or African. Some 4.9 per cent identify as Asian or Asian British. In May 2023, 9,054 whg tenants were on UC – in May 2024, 10,700 were.

2.4. Methods

Reflecting the wide ranging scope of the study, the research team employed a range of complementary research methods. Data collection centred on the case studies, with the exception of two activities – national stakeholder interviews and workshops with housing officers.

2.4.1. National ‘stakeholder’ interviews

In-depth interviews were conducted with 22 representatives of national and regional ‘stakeholders’ organisations over the course of the study. Interviewing was conducted in two waves, the first of which took place between April and November 2022, concerned primarily with setting the research in context and informing the design of the study and the approach taken to the case studies. Interviews focused on the tenancy sustainment challenges facing social housing and the drivers of rent arrears, including the impact of the cost-of-living crisis and welfare reforms. They also explored challenges facing social housing landlords, such as rising costs and the introduction of a rent cap. Some of the key findings of the first wave are presented in Bimpson *et al.* (2022).

The second wave of interviews took place between February and April 2024. In addition to exploring the issues explored in the first wave of interviews, interviews were also concerned with securing feedback from participants on the content of the tenancy sustainment guidance for landlords that accompanies this report.⁸

Over the two waves of interviews, the Holding on to Home team spoke to representatives of a range of organisations, including: national tenant and landlord bodies; relevant charities; a lender to social housing landlords; support agencies; and national organisations representing particular communities (women, disabled people, black and minority ethnic tenants).

2.4.2. Housing officer workshops

The study team ran two specially convened workshops organised by national housing professional bodies which allowed them to road test their key findings and learning with officers from social housing landlords. The focus of the second of these, which took place in May 2023 with officers from the National Federation of ALMOs, was the content of the tenancy sustainment guide for landlords, with the study team receiving invaluable feedback.

2.4.3. In-depth interviews with case study ‘stakeholders’

Officers from the case study landlords, including both senior managers and front line staff, and partner organisations were interviewed in two waves: December 2022 to April 2023 and February 2024 to May 2024. In all, 45 interviews were conducted. A number of issues were explored in interviews, including: landlords’ approach to service delivery; their governance structures; their organisational ethos and culture; the characteristics of their stock; the challenges they faced; their understanding of ‘tenancy sustainment’; their approach to tenancy sustainment, including their approach to engaging tenants; the tenancy sustainment challenges faced by tenants; the extent to which tenants are getting-by; the drivers of rent arrears accrual; and the impact of the cost-of-living crisis and welfare reforms on tenants.

2.4.4. Documentary data analysis

The study team collected and analysed documentation relating to tenancy sustainment, including guidance provided to rent officers and strategy/ implementation plans.

⁸ Holding on to Home study team (2024c) *Holding on to Home: Promoting Tenancy Sustainment: a guide for social landlords*. Available at: <https://holdingontohome.org/final-outputs/>

2.4.5. Secondary data analysis

The study team collated and analysed data relating to Notice to Seek Possession, eviction rates and financial and management data. Some of this data were included in the rent account analysis (see below).

2.4.6. Rent account analysis

This section summarises the approach taken by the study team to rent account analysis - a full account is provided in 'the additional information about research methods' report (Holding on to Holding on to Home study team, 2024a) that accompanies this report. Tenant rent accounts are electronic records held by landlords that record rent payments and charges on a tenancy, akin to a bank statement. These accounts were linked to tenant management information held by landlords, such as age, benefit claimant status and tenancy length, in order to:

- Analyse overall trends in rent payment and arrears.
- Identify patterns in tenant level payments and rent arrears accrual.
- Consider differences in rent payment and arrears by whether a tenant is in receipt of income-related housing allowance: Housing Benefit (HB) or Universal Credit (UC).
- Assess whether there is evidence of landlord contacts affecting rent payment and arrears.
- Identify factors that are associated with the likelihood of rent underpayment and arrears accrual.

The team analysed multiple months' worth of tenant-level rent account data and tenant management information, building on the approach taken in previous work conducted by the team (Wilson, 2019). Analysis was conducted on tenant-level data provided by three of the four case studies: CS1, CS2 and CS3.⁹¹⁰ Analysis was conducted on 12 months of data. For CS1 and CS2 tenants, the 12-month timeframe covered November 2022 to October 2023. The timeframe for the CS3 analysis was March 2023 to February 2024. The data provided by landlords included some demographic data about tenants, including their age, how long they had lived at their current property, ethnicity, and whether English was their first language.

As Table 2.1 highlights, in total, records for 38,456 tenants were included in the analysis. This includes: 13,550 tenants from CS1; 9,503 tenants from CS2; and 15,403 CS3 tenants. The characteristics of tenants of the first two landlords can be found in Table 2.1 in the 'additional information about research methods' report that accompanies this one (Holding on Home study team, 2024a).

Table 2.1: Sample size by landlord

Landlord	Number
CS1	13,550
CS2	9,503
CS3	15,403
Total	38,456

For people not familiar with the workings of rent accounts, the language associated with them may appear inaccessible and confusing. With this in mind, the 'additional information' report (Holding on to Home study team, 2024a) defines the key terms used in this report including: 'rent owed'; 'payments'; 'rent arrears'; 'rent arrears rate';

⁹ CS4 did not participate in this element of the study as they were unable to provide the study team with the data required. However, they did provide some headline, non-trend, data which is presented in Chapter 4.

¹⁰ We have anonymised the case study landlords for the purposes of rent account analysis reporting because our methodology is different to that used by social landlords to assess and report their arrears rates and it is important that our figures are not confused with landlords' official reported arrears rates.

'rent payment periods (RPP)'; 'rate of payment per rent payment period (ROP)'; and 're-basing'. The analysis incorporated a mix of descriptive, cross-sectional and longitudinal methods, including statistical testing of binary relationships and generalised linear modelling.

2.4.7. Tenant survey

This section provides an overview of our approach to the survey and analysis (a detailed account can be found in Appendix 2 of the survey findings report (Thomas *et al.*, 2024). The survey involved 1,213 tenants being surveyed face-to-face between April and June 2023. We aimed for at least 1,200 completed interviews, as a sample of this size would provide us with an opportunity to carry out meaningful sub-group analysis, allowing the identification of (statistically significant) differences between population groups.

The survey, which was conducted by researchers from the market research company, Qa Research, was undertaken in three of the study's case study areas: East Riding, where 293 interviews were conducted; Stockport Homes (465 interviews); and Southern Homes (455 interviews). In each of the case studies, interviewing was concentrated in a small number of neighbourhoods. Two broad criteria were used to select the areas where interviewing took place – ideally, the neighbourhoods selected had to:

- Have arrears rates that were at least average for the landlord and, ideally, above average. This is because, as noted earlier, one of the key objectives of the research is to explore the experiences of tenants in arrears and highlight the 'drivers' of rent arrears. In practice, most of the areas selected had above average arrears rates, although not all did.
- Be home to a reasonable numbers of tenants in receipt of UC and HB, and most of the areas selected were. Again, this is because one of the key objectives of the research is to explore the experiences of UC and HB claimants.

Another factor informed the selection of neighbourhoods: that is, taken together, the sample as a whole should reflect the ethnic diversity of social housing in England. As the proportions of minority ethnic households are lower in Stockport Homes and East Riding (especially) than the average for England as a whole, London was selected as the location for interviewing in Southern Housing, as it has an ethnically diverse population. And this was the case for the neighbourhoods selected there.

Given the purposive nature of the selection of the neighbourhoods where interviewing took place, the survey was not designed to be representative of the social rented tenant populations of England or the participating case study landlords. It was only necessary to weight the data in relation to one variable – age¹¹ – which was done using Census 2021 data in relation to the social housing tenant populations in the case studies. The data presented within this report is therefore weighted data. And there were many similarities between the characteristics of tenants in our survey and those nationally. These are highlighted, alongside the differences between the two, in Thomas *et al.* (2024), which provides a demographic profile of survey respondents.

The study team carried out three levels of analysis of the data, all of which are presented in the report: frequency tables; cross tabulations; and logistic regression analysis. In the cross tabulations and regression analysis, the statistical significance of results is highlighted. In the report we focus on reporting statistically significant results, as it is highly improbable that they will have happened by chance. A full explanation of statistical significance is provided in Appendix 2 of Thomas *et al.* (2024).

¹¹ As highlighted in Appendix 2 of the survey findings report (Thomas *et al.*, 2024), tenants aged between 35 and 49-years were under-represented within the survey sample, with all other age groups except tenants aged 65 and over being over-represented, albeit by a relatively small amount.

2.4.8. In-depth interviews with tenants

Some 516 survey respondents indicated at the end of their interview that they would be happy to be interviewed in-depth by a member of the study team, and 64 were. Two principal criteria were used to select the sample to be interviewed:

- Tenants had to be a member of one of six groups of interest to the study team - groups which emerged from an initial analysis of the survey data, all of whom were finding it difficult in some way to pay their rent: T1 'in arrears'; T2 ('struggling to pay rent') T3 ('sacrificers', who were tenants who had gone without in order to pay their rent); T4 ('employing strategies/ difficult choices to get-by'); T5 ('at risk' to rent arrears); and, T6 ('in severe financial difficulty').
- The final sample had to be reflective of the characteristics of the survey sample in relation to a number of quotas, including sex, ethnicity, age, disability and household type. We also wanted to ensure that (as much as possible) the distribution of interviews across the three case studies broadly matched the number of survey responses completed there.

Tenants were contacted by telephone (all tenants received at least one phone call), SMS text and by email. Securing tenants to be interviewed proved more difficult than we had anticipated, so we had to extend the fieldwork timetable, with the main body of interviews taking place between September 2023 and February 2024 (piloting took place in July/ August 2023). To boost the number of completed interviews, we also had to contact all members of the T7 group – that is, those tenants who were not experiencing difficulties paying their rent/ in severe financial difficulty¹². We interviewed seven T7 tenants. Interestingly, it became apparent when interviewing T7 participants that some (three) were in fact experiencing difficulties and could be classified as being a member of T1-6. And a similar picture emerged for the T1-6 interviews – tenants' survey responses were sometimes at odds with their interview responses, with the latter often underplaying the difficulties they faced. The characteristics of the tenants we interviewed, which broadly mirrored those of survey respondents, can be found in Section 2 of the 'additional information' document (Holding on to Home study team, 2024a).

Tenants were offered the choice of being interviewed face-to-face or by telephone. Most tenants chose the latter option. This did not appear to have an impact on the quality of data generated and a number of participants noted that they were more comfortable discussing sensitive financial issues over the phone than in person, face-to-face. Interviews lasted between 30 and 90 minutes, with an average interview length of 45 minutes. All interviews were recorded on an encrypted digital recorder. All interviewees received a £20 shopping voucher as a 'thank you' for their participation in the study.

A range of issues were included in interviews including tenants: financial circumstances (*opportunity* in the COM-B model); their approach to money management (*capability* and *motivation*); their attitudes towards rent payment and arrears (*motivation*); rent payment and rent arrears; and landlord/ tenant communications.

Using the data analysis software, Nvivo, the research team coded data independently, cross-validating and synthesising as the analysis progressed. We tested our interpretations and explanations by going back to the data and checking the robustness of the analysis.

2.4.9. Solicited tenant diary keeping exercise

Some 15 tenants who were interviewed in-depth were invited to complete a two week-long diary of their financial and rent payment experiences. Four tenants completed diaries¹³. Diaries were completed electronically, with diarists receiving daily reminders to provide a diary entry. Diaries were only asked to record an entry if they faced a rent

¹² We contacted all T7s, as we did for the other six groups, meaning that we contacted all 516 survey respondents who indicated that they would like to be interviewed.

¹³ This 'response rate' is in line with those secured by members of the study team when they have undertaken similar exercises using paper diaries.

payment/ financial issue. When writing an entry, diarists were asked to respond to the following questions: What was the issue you faced? How did you feel about it? Were you able to respond to the issue? If so, what did you do? How did you feel about having to take this course of action? Did you feel like you had a choice? Diary material is interspersed throughout the report.

2.4.10. Analysis of landlord/ tenant telephone conversations using conversation analysis

We worked with two of our case study landlords to collect a corpus of one hundred and forty telephone calls between call handlers and tenants where rent arrears and related matters were discussed. We used conversation analysis to examine the calls and to arrive at empirically grounded insight about what makes for effective communication for tenancy sustainment. A full account of our approach to this element of the study can be found in the 'additional information' report (Holding on to Home study team, 2024a).

2.5. Conclusion

This chapter has highlighted the study team's approach to the research. It began by providing an overview of the model – COM-B – which has been used as a loose frame for data collection and analysis. It then highlighted the rationale for the selection of the study's four case studies - East Riding of Yorkshire Council, Southern Housing, Stockport Homes and whg (Walsall Housing Group) – providing brief contextual information about each of them. The final part of the chapter was concerned with highlighting the quantitative and qualitative research methods employed by the study team.

3. Case study landlords' approaches to tenancy sustainment

3.1. Introduction

This chapter is concerned with highlighting the approach taken by the four case study landlords to tenancy sustainment. It is the first of two chapters that does this. Chapter 10 examines perhaps the most important element of tenancy sustainment: how landlords engage with their tenants in relation to rent payment, rent arrears and supporting their tenancies. In order to understand landlords' approaches to tenancy sustainment, it is important to understand the context within which they operate. This is the focus of the first part of the chapter, which highlights the key (tenancy sustainment) challenges faced by landlords and how they have responded to them. The second part is concerned with highlighting the key features of the tenancy sustainment approaches of our case study landlords. The chapter draws on data generated by the in-depth interviews with national stakeholders and officers from the case study landlords.

3.2. Key challenges facing the case study landlords

Our case study landlords face a number of challenges, which have shaped their approach to tenancy sustainment. The current environment was described by the Chief Executive Officer of one of them as *the toughest it's ever been...[involving] a whole panoply of different challenges*. The most significant challenge that landlords face is the increasing demand for their services at a time when they are confronted by a number of financial pressures.

3.2.1. Scarce resources and growing demand

A number of recent developments have had a negative impact on the finances of our case studies including: spiralling inflation and the cost-of-living crisis, including historically high energy prices, with one landlord reporting that it needed to find an additional £11 million for its communal energy programmes; the introduction of a rent cap which has seen rent increases lower than the rate of inflation; higher arrears rates for all four case study landlords (as highlighted in Chapter 4); and declining rental income, which landlords reported was brought about by the cost-of-living crisis and the continuing roll-out of UC, the broader impact of which is considered below. (The drivers of rent arrears are considered later in this report and are the focus of chapters eight and nine.)

Landlords identified another factor which had an adverse effect on their financial position: higher repairs costs. This could be attributed to the prevalence of mould and damp in properties of all four case study landlords brought about by many tenants not being able to afford to heat their homes, an issue which is explored in Chapter 7. Higher repair costs could also be attributed to the impact of the COVID-19 pandemic, which saw the emergence of a repairs backlog which landlords are still working through: *We built up a large, large backlog of several thousand repairs which we're still working through today. So, that's a very clear impact of COVID*. The cost of decarbonising their properties and building safety improvements were also adding to the financial burden of the case study landlords.

Two case studies highlighted how higher development costs were also having a negative impact on their financial models. One reported that increasing costs (labour, materials, building safety) had reduced their ability to raise income (due to rent restrictions on social landlords), and difficult land markets were making development much more challenging (and expensive), with an adverse effect on their business model. *Long term financial planning is our number one challenge...the environment within which we're building homes is much, much more challenging which puts far greater pressure on the financial plan*.

At the same time that their income has been squeezed, landlords have witnessed growing demand for their tenancy sustainment services. One marker of this, noted one officer, was the increasing number of tenants requesting support:

What's changed this year is the referral times, so previously the highest percentage of referrals were sort of either referral from a rent officer or a housing officer so like an internal referral, however that's, I think it's increased by about sixty percent this year, that customers are self-referring into the service. So, I think that's... like customers needing more support.

In a similar vein, another case study noted how demand for its financial inclusion service had increased significantly, noting that the team did not have the resources to meet it: *Demand for service is tenfold. If you look at the number of phone calls we get in; the number of issues that people are raising. It's just that demand is a lot higher than it ever was a few years ago. And we don't have more staff so the pressure's on, unfortunately.* And another officer from the same landlord noted: *We're getting more and more calls where people are struggling. Everybody's getting that.*

There are two principal reasons why demand for landlords' services had increased, which are explored later in this chapter: the increasing vulnerability of social housing tenants, most of whose financial circumstances were reported to be precarious; and the impact of the roll-out of UC, both of which are challenges for landlords in their own right.

Our case study landlords have responded to the financial pressures they face and the growing demand for their services by implementing cost efficiencies and rethinking how to allocate their resources dedicated to tenancy sustainment. As will be explored in Chapter 10, they have also changed the way they communicate with their tenants, shifting from face-to-face interaction to telephone engagement.

Another way the case study landlords have responded to the financial and resource challenges they have faced is by rethinking how they use office spaces, which have become increasingly centralised. For example, all the staff of one of our case study landlords are now housed in one building, with its last two remaining local offices having closed. Another landlord reported: *We can't go back to that [local offices]. It's not sustainable.* However, as noted above, all the case studies aspired to become a more visible presence locally, through a range of different ways, including holding estate walkabouts and sharing hubs with other agencies. But as highlighted by the previous quote, there is tension between this aspiration and the need to work as efficiently as possible: *We want to be big but local, and that ties in with tenancy sustainment. We want the benefits of scale, but we want to be providing a really highly localised housing management offer.*

Finally, our case study landlords have responded to the challenges they face by increasingly automating the tenancy sustainment process, and income recovery in particular: *It's [income recovery] like a sausage machine. We're just part of that process and cos it's now driven automatically we generate our letters. Our auto arrears run.* However, as will be explored in Chapter 10, there was another important benefit to result from this development: it freed up the time of rent and financial inclusion officers, allowing them to hold more and 'better' quality (telephone) conversations with tenants.

3.2.2. The vulnerability of social housing tenants

A recurring theme in stakeholder interviews in all four case studies was that the financial situations of tenants had deteriorated in recent years. It was reported that many required high levels of support, with many not be able to heat their homes or eat properly, an issue which is explored in Chapter 7.

It's difficult for me because when I'm speaking to them and trying to put a plan in place, cos the last thing I want is for them to lose their home or anything like that, but it's how to get blood out of a stone, if they physically haven't got any spare cash whatsoever how are they going to pay and how do I put a plan in place for them to stick to when they can't even afford gas, electric and food?

A number of stakeholders reported that the last two decades had seen a shift in the profile of social housing tenants, who were increasingly vulnerable, with more complex lives than their counterparts of 20 years ago. This view was also shared by a number of national stakeholders we interviewed, including a senior representative of a professional housing body:

Some of the things I've been hearing, the profile of tenants has changed over the years. We had this conversation at our conference last week.... some people said that there were just more tenants with vulnerabilities, so mental health needs, increasingly complex cases that housing managers are dealing with, increasing numbers of tenants coming from homelessness situations so they don't have any money, they're just in very precarious circumstances when they come into a tenancy.... It is that tenants have so many more calls on their money. We were just talking about the energy crisis and cost-of-living pressures and the fact that Universal Credit doesn't cover the essentials of what people need so from a tenancy sustainment point of view that's also causing challenges.

Another national stakeholder noted, along with a number of case study officers, that the impact of this development on landlords had been exacerbated by what was described by one respondent as the 'withdrawal' of the providers of statutory services, and local authorities in particular, from disadvantaged neighbourhoods as a result of cuts to their budgets:

They [social housing landlords] are like the last bank in the village. If we think about it, the retreat of the local state, the financial pressures on local authorities are so extreme that they're retreating to a kind of minimalist interpretation of statutory duties only, the degree to which other agencies will increasingly say to social housing organisations can't you do something here because we're not able to, police, social workers in particular get mentioned a lot. The challenge for housing associations of course is that unlike all of those other public service agencies, housing is locational, it's a visual asset so you remain in the community and I think a big concern for the leadership especially of social housing organisations is often we cannot do all of this in every place and when you have to think about those places where we can remain active and we're going to have to think about which things we can realistically do and which things we can't do.

Three of the case studies reported that they had had to fill this gap in service provision, with financial consequences. One case study stakeholder, along with the national stakeholder above, questioned whether this was sustainable: *The challenge we have is not stepping into spaces that we shouldn't. So, it is a hard balance to support to support a customer but not step into the realms of... You know, social services for example, because that's not what we're here to do. So, though that balance is quite challenging to support somebody, but ultimately, we need to make sure that they get the right support from the right people.*

3.2.3. The roll-out of Universal Credit

Like other landlords across the country, all of the case study landlords have had to manage the phased migration of tenants on HB onto UC, supporting tenants to transition. Officers from all four of the case studies noted that the roll-out of UC was adversely impacting on their organisations. They had had to allocate more resource to income collection and faced growing demand for their services: *All of those different changes [welfare reforms including UC] have meant that we've got a larger cohort of people who we're now working with who are now falling into arrears, who we now need to look at the reason why... it's become more of a pressure, I think.*

In a similar vein, another officer reported how collecting rent under UC was a 'struggle' and resource intensive: *Everything sort of worked until welfare reform change came in, until Universal Credit came in, because all of a sudden we had this huge migration of tenants from HB onto UC so we've had a one stage, I know it's nine years ago, but 64% of the debit was paid for by Housing Benefit and that's 64 per cent of your debit which is completely no risk, guaranteed income and now it's just under about 34 per cent and obviously it's a struggle.*

As highlighted in the above quote, landlords reported that UC, and direct payment in particular, represented a risk to rent payment. The five week period that UC claimants had to wait for their first payment was also highlighted as having a negative impact on collection rates. One landlord reported that the roll-out of UC had seen its arrears rise, with 80 per cent of its UC tenants being in some form of arrears in May 2024.

Landlords highlighted another concern about the impact of the roll out of UC – the considerable resource that needed to be allocated to verifying for DWP rent increases for UC recipients. The issue was reported by officers in

two of the case studies: *So, it took about six to eight weeks last year for the staff. I had five staff working on it all day every day, I think there was about 2500 and our manager even went to Universal Credit and said can we not send you a CSB file that you can upload on your system, but systems aren't compatible.* However, the same officer noted that from 2025 DWP would be rolling-out a new system which would see the *robotic processing* of verifications of rent increases.

A number of officers reported that they were concerned about the impact on their organisations of the migration of the (large) final cohort of claimants, who were perceived to be the most vulnerable of the UC cohorts: *We are very concerned about the final migration because of the cohort that it is. It's not people that have a change of circumstances regularly. We've got people that aren't on Universal Credit that have different benefit types that are going to have to move on to Universal Credit. It's completely different way of doing things.*

3.2.4. Staffing challenges

Stakeholders in the case study landlords highlighted a number of staffing related challenges. Low staff morale amongst front line tenancy sustainment staff was highlighted by a number: *For years working that for a housing association felt like a nice thing to do - helping people...They still do feel very good about what they do, but they feel somewhat embattled and under pressure.* It was reported the jobs of front line staff had becoming more challenging in recent times. Their workloads had increased as demand for tenancy sustainment services had risen and they had to work with more tenants with multiple needs, whose circumstances could often be desperate and very harrowing. This, understandably, had a negative impact on their emotional well-being and mental health. And they had to learn new skills, often involving undertaking training, and had had to work in different ways, which sometimes involved them using new (IT) operating systems.

Low staff morale had contributed to another staffing challenge that was identified by the case study landlords: staff retention. This was the case for one landlord, whose financial inclusion team had seen half its members leave in recent times, with adverse consequences for the service it provided: *We struggle with staff as well, so we've lost half, on our team alone we've lost half our team, they've gone onto better jobs so that's had a huge impact on the services we can deliver.*

While case study landlords were finding it difficult to hold on to key staff, they were also finding it difficult to recruit staff, particular those with expertise in income collection/ recovery and financial inclusion, as 'competitors' were (understandably) making every effort to hold on to these highly skilled, and, more often than not, highly trained, staff: *So, we're actually looking up skilling people within our customer services teams and things like that to move over to income rather than recruiting because we just found that, you know, everyone's retaining the strength in their income teams because of obviously Universal Credit. So, there's not really a huge market for extra people even if we wanted it.*

The reluctance of some staff to embrace new ways of working was also identified as being an issue by some case study stakeholders. For example, it was reported that some officers were uncomfortable with engaging with tenants in a more proactive way, which would see them actively identifying rent payment or support needs, a way of working that some of the case studies were in the process of implementing. This was the case for some housing officers in one case study who had been tasked with working more proactively with tenants at the beginning of their tenancies, in order to compile a more complete and rounded picture of their circumstances and, in doing so, identifying any support needs. It was noted that they did not see this task as part of the role of housing officers: *There's been some resistance and some uncomfortableness with asking those questions because I suppose there's a suggestion that the role is no longer a housing officer, there's a social work element to that.*

Finally, the reluctance of some staff to work with members of other teams was also identified as a staffing related issue, as will now be explored.

3.2.5. The challenge of breaking down siloed ways of working

When landlords are looking to (re) design their approach to tenancy sustainment, one of the first questions they need to address is: should tenancy sustainment functions, such as rent collection/ recovery and financial inclusion, be performed by generic housing officers or by specialists working in dedicated teams? All our case studies had gone down the latter route. While there are many benefits to this approach, there are some downsides. The most commonly cited by stakeholders was that it could result in siloed ways of working, which prevented landlords from being able to generate robust insights into tenants' circumstances because teams (often) did not share information with each other. A financial inclusion officer reported that this was the case in their case study, where the housing team was disconnected from the financial inclusion team:

I don't deal with the housing officers. I may send them an email or if there's a problem or something like that to get in touch with somebody but the housing side of things is totally separate yeah.

One way that two of the landlords have sought to tackle this issue is by the introduction of new common IT systems used by all teams, which record all interactions with tenants, thereby allowing them to generate a comprehensive picture of tenants' situations: *We've got teams working very much in silos and I think the big change that the new system will do will be to cut across those silos and open up a lot more obvious information in other parts of the business for people to use.*

3.2.6. The challenge of reaching tenants who fall into arrears

As noted above, all the case study landlords are committed to not evicting those tenants who engage with them when they accrue arrears. But officers from all four case studies reported many tenants were difficult to engage, with the reasons for this being explored in Chapter 11. The view of an officer from one landlord was typical of many we interviewed: *But they [tenants in arrears] don't always [engage]. They get ignored. So, you can't make people [engage].*

One way that the case studies have sought to tackle this problem is by ensuring that when tenants do engage their experience is positive, resulting in them being more likely to engage in the future. An officer from one landlord noted that this was one of the main reasons why there had been a significant increase in tenants contacting the landlord's financial inclusion team: *But also, customers that have previously worked with our money advice team and are having a really good experience referring themselves back to the team.* This was one of the reasons why the same landlord placed so much emphasis on the quality of the interactions it had with its tenants, as will be explored later in this chapter and Chapter 10. And the impact of tenants' experiences of interacting with their landlords on future engagement is explored in Chapter 11, which explores their experiences of communicating with their landlords.

Two other case study landlords also place great emphasis on the quality of their interactions with tenants, with the latter highlighting the importance of holding 'clever conversations' with them. And one landlord hoped that the introduction of its new IT system would improve tenants' experience of engaging with them: *I'm working with development of IT to try and streamline because we've bought an integrated housing package so we're trying to ensure that all of those packages are streamlining, all of those interactions so that we can improve our customer journey, minimise complaints and look to ensure that we're providing the best service across all of those different parts of the authority.*

3.2.7. Other challenges

Landlords identified other challenges. These included dealing with reputational challenges, with one stakeholder noting: *Because there's been so much negativity in the press, which has been driven by political narratives. And I think for the first time, it's almost turning our residents against housing associations as well.* Two landlords highlighted the increasing challenge of maintaining tenant satisfaction scores: *What we're finding across the board ...is that people are just generally less satisfied. We're having to work much, much harder to maintain satisfaction levels.* Finally, a

number of stakeholders highlighted the challenge of managing complexity in the context of scarce financial resources, recognising that: *There is no one size fits all approach...it's very much a two step forward, one step back, iterative process. It's always work in progress. We never quite get there, there's no destination. It's always about a journey and about learning and about discussion.*

3.3. Key features of the case study landlords' approaches to tenancy sustainment

3.3.1. East Riding of Yorkshire Council

At the time of the tenant survey in March 2023, the average weekly social rent for a three-bed house was £93.23 and was £82.43 for a two-bed flat. In April 2023, rents rose by five per cent and in 2024 they increased by seven per cent. East Riding abolished rent-free weeks in 2021. Arrears rates increased during the COVID-19 pandemic. They have continued to increase over the last three years.

East Riding has three housing area teams which are based in the towns of Bridlington, Beverley and Goole. Housing officers are not responsible for income collection/ recovery or financial inclusion. These functions are performed by centrally based, specialised teams: the rent team and 'Your Money' team, which secured £3 million of additional benefits for tenants in 2023. However, housing officers are responsible for setting-up tenancies.

East Riding engages with their tenants using a range of communication methods. They are committed to becoming a more visible presence in local areas. One way they have done this is by organising estate walkabouts. Compared to the other three case studies, East Riding places less emphasis on engagement *per se*, with the emphasis on it being a means to end – that is, a mechanism for securing rent payment/ income recovery. However, as will be explored below, East Riding authority is committed to improving the way it engages with its tenants.

Like all the case studies, East Riding's approach to income collection/ arrears recovery is largely reactive – that is, engagement occurs when tenants fall into arrears, with limited contact with tenants who pay their rent in full on time. But it aspires to work more proactively, and its 'Your Money' team does work in a proactive and preventative way. The team uses the software package, 'LIFT (low-income family tracker)' dashboard, to identify households to be targeted for support by one of their benefit maximisation campaigns, such as a campaign in 2022 to see more tenants claiming pension credits.

Like the other case studies, East Riding's rent arrears recovery process is highly automated and standardised, with extensive use made of generic letters. As is the case for all the case studies, tenants with rent arrears who actively engage with East Riding will not be evicted. And the authority has a relatively low eviction rate: in 2023 it evicted 36 tenants. Like the other case studies, eviction is seen by East Riding as an 'option of last resort' and it works with tenants to prevent it from happening. Despite putting in place repayment plans and supporting tenants to repay their arrears/ pay their rent, this has meant that the authority has had to tolerate some tenants having relatively high long-standing arrears.

Reflecting the picture at the national level, a number of officers we interviewed reported that the authority had high staff turnover, reflecting the challenges faced by tenancy sustainment staff. East Riding has introduced a new IT system: 'Active H'. It did so because it wants to build a more rounded, comprehensive and 'holistic' picture of tenants and because, like the other case studies, it believed that it was vital to hold up-to-date and accurate data about them. The system is up and running but not fully operational. It is hoped that it will result in more effective tenant engagement and different teams within the organisation, such as rents, income recovery, repairs and support, working more effectively together in a joined-up way. This should result in an improved 'customer journey', with tenants not having to tell their stories (in full) every time they engage with East Riding.

3.3.2. Southern Housing

Southern has a strong commitment to resident involvement (including resident Board membership). They described their identity as *'non-profit landlords... housing associations with a social purpose mission'*. Their key objective is to *'create communities where everyone has a safe home in a place where they're proud to live'*. Housing management patch sizes are on average around 2,500 properties per neighbourhood manager.

At the time of the tenant survey in March 2023, the average weekly social rent for a three-bed house was £124.05 and was £117.15 for a two-bed flat. In April 2023, rents rose by 11.1 per cent and in 2024 they increased by 7 per cent. Southern operates a range of support measures, including a scheme called 'Flex my Rent' where residents are offered opportunities to have rent-free weeks and periods when they can suspend payment.

Landlord rent arrears have shown a slight increase, reportedly due to the cost-of-living crisis. Southern acknowledge that their arrears rates underestimate the number of tenants struggling to pay their rent. Residents experiencing problems are referred to a tenancy sustainment team (for support and advice) and can be offered direct loans and grants (through a dedicated Social Impact team).

Southern have a strong commitment to tenancy sustainment, describing their goal as to see tenants 'thriving' rather than merely 'surviving'. Tenancy sustainment was described as a 'whole business responsibility' and it was reported that lenders are *now only interested in organisations that can show strong credentials on environment, society and governance*.

Southern's financial inclusion team employ a range of measures to support tenants. These include: the use of a web app called 'Nudge', offering help with debt, budgeting and saving; a partnership with an organisation called 'Togetherall' to raise awareness of the link between finance and mental health; and practical support in keeping energy bills to low levels. Residents have free access to the 'Lightning Reach' portal - a service which can identify external sources of funding and to provide support with grant and loan applications.

Like the other case studies, Southern is committed to not evicting tenants in arrears who actively engage with them. In 2023/24, Southern evicted 85 tenants. Nearly all - 83 - were because of rent arrears and a similar picture emerged in the other case studies.

Southern's Social Impact team have provided training (employment and practical skills) to over 10,000 residents and guidance and support to over 4,000 since 2001. The team, which includes tenancy sustainment staff, has a budget of around £3.5 million per annum in total. Southern also has a discretionary fund offering direct payments to residents in need - of around £1m per annum, which it uses, among other things, to mitigate the effects of the annual rent rise.

Separately, Fresh Visions - Southern Housing's own charity - supports children, young people and adults facing extreme poverty, domestic abuse, lack of education and social exclusion. It uses grant funding to provide discretionary subsidies to those referred for help, including counselling for those experiencing domestic violence, skills development (to gain employment), funding for youth clubs and initiatives designed to combat isolation.

Southern is committed to using 'smart' systems to identify residents in debt, monitor payment patterns and to train staff in providing an 'integrated service'. 'Business intelligence' is now seen as 'much more relevant' in order to provide more effective, individually tailored support - for example, to identify 'trigger points' and 'risk indicators' where there is potential tenancy failure. They use data to monitor *transition points where people fall in and out of work*. This, it was reported, helps *identify the segment, the population and the contact points and preferences for those people, and then try to run our proactive work*. Southern then works to improve communications through 'targeted, multi-channel messaging' - for example, about jobs and money advice.

3.3.3. Stockport Homes

The average weekly social rent for a three-bed house at the time of the tenant survey in May 2023 was £89.07, with the social rent for a two-bed flat being £79.64. Rents rose by seven per cent in April 2023 and by 7.7 per cent in April

2024. For most tenants in tower blocks, their rent includes a service charge, which includes a charge for energy use. Stockport Homes has a low eviction rate and in 2023 only evicted two tenants. Stockport Homes is committed to not evicting tenants who actively engage with them when they fall into arrears. In order to help tenants to avoid eviction, it sometimes offers tenants with arrears cheaper accommodation.

Some 800 of Stockport's properties are furnished. While these properties are available to all tenants, many tenants in furnished accommodation were previously resident in temporary accommodation. There are two furnished schemes: flooring only and white goods only. For tenants on benefits, the service charge for the scheme is covered by HB/ UC. The service charge is charged over the life of the tenancy.

Like the other three case studies, Stockport Homes's housing officers do not perform the key tenancy sustainment functions of income collection/ arrears recovery and financial inclusion – these are performed by dedicated, specialist teams. A rents team is responsible for income collection/ recovery, which includes a (tower) block rents team. A money advice team provides financial advice and support to tenants and helps tenants to access the benefits they are entitled to. A housing support team provides (time limited) support to tenants whose tenancies are at risk of failure, while the tenancy ready team does the same for new tenants.

Another key element of Stockport's approach to tenancy sustainment is the Your Local Pantry scheme. Its purpose is to create a *sustainable and long-term solution to food poverty and help low-income households eat healthily for less. Members pay a small weekly fee, typically £4.50, which entitles them to choose at least ten items of food each week from a selection including fresh fruit and vegetables, store cupboard items, frozen and chilled produce*¹⁴. The first pantry was established in 2014 and since then a further four pantries have opened in Stockport. Volunteers play a key role in the delivery of the scheme, which is managed by a dedicated team from Stockport Homes. A social impact evaluation conducted in 2018 found that, for every £1 invested, the pantries have returned £6 in social value.

Stockport Homes employ a range of mechanisms to engage with their tenants, including walkabouts in tower blocks. Like the other three case studies, the COVID-19 pandemic saw a shift away from face-to-face engagement with tenants to communicating by telephone, a development which has not been fully reversed. Stockport places particular emphasis on the quality of interactions with its tenants, with a commitment to ensuring that every conversation counts. It has drawn on theories from behavioural science to facilitate this happening.

In 2023, Stockport Homes introduced a new IT system designed to integrate key housing management and tenancy sustainment functions, with the intention of breaking down silos between them. The new system, which sees the storing of interactions with tenants within one repository, will make it easier for officers to hold quality conversations with tenants, as they will have a more rounded insight into their circumstances, with tenants not having to repeat their stories in full. Stockport uses a software package, Voicescape Caseload Manager, to identify those tenants who are most likely to fall into arrears.

3.3.4. Whg

In May 2023, the average social rent for a three-bed house was £104.56 per week and was £91.66 for a two-bed flat. The eviction rate for whg is relatively low, with only seven tenants being evicted in the financial year, 2023/24, with the emphasis on not evicting tenants who actively engage in the rent arrears recovery process.

Whg has put in place a 'community housing model'. This involves 38 Community Housing Officers being responsible for patches of an average of 570 homes. Officers are whg's key contact point for face-to-face interactions and provide holistic tenancy management services designed to help customers thrive in their homes. However, as is the case for the other case study landlords, they are not responsible for rent payment/ recovery and financial inclusion, which are undertaken by dedicated teams.

¹⁴ <https://www.stockporthomes.org/neighbourhoods/your-local-pantry/>

Nine money advisors, which form the money advice service, provide support to tenants in relation to arrears/ debt and improving their finances – they take a holistic approach looking at all their debt, not just arrears. The Income Team is responsible for rent collection/ income recovery. The Assistant Director with responsibility for the team also has responsibility for the allocations team. Whg took the decision to adopt this management approach with tenant sustainability in mind – they wanted to ensure that tenants were located in properties they could afford in (as much as possible) the most appropriate neighbourhood for them.

Whg has other teams that engage in tenancy sustainment activities. A ‘tenancy transition’ team works to ensure that support plans are put in place for new tenants, to ensure the transition into the new tenancy is smooth, whether someone is moving from HB to UC or they are not claiming benefits at all.

A key element of whg’s approach to helping its tenants to sustain their tenancies is the ‘collection with care’ initiative. The concept allows colleagues to provide intensive support to its most vulnerable tenants. The concept involves tenants receiving a monthly early morning ‘check in’ text message informing them that someone from the scheme will ring them later in the day. If they do not want this to happen, they can opt-out by sending a text response. If they do not respond, they receive an automated call from the team later that day, which, again, provides them with the opportunity to opt-out. If they choose not to, they are put through to a member of the team.

Whg has a long-established Community Champion model. Champions are whg customers with lived experience of inequalities and disadvantage and have *demonstrable resilience enabling them to take a leadership role within their own community*. Champions are trained in motivational interviewing and coaching skills which they use to engage customers into whg’s ‘five step programme’. The programme provides opportunities for customers to gain confidence, skills and qualifications which move them nearer to employment, with the intention of increasing income and improving tenancy sustainment. As customers themselves, champions can support other customers to *navigate often complex systems removing barriers by the creation of a human bridge between customers who require support and the services they need to access*. Over a typical year, whg expects to engage 1,000 customers within education and training and *move 300 customers into good work with sufficient income to live with financial security*. The Community Champion programme is seen by whg as being a key element of their approach to tenancy sustainment.

Whg uses a range of communication mediums to engage with their tenants in relation to their rent payment/ arrears. Whg led a digital inclusion programme on behalf of the housing sector across the Black Country. Whg places great emphasis on the interactions they have with their tenants, highlighting the importance of holding ‘clever conversations’ with them. To facilitate this, whg employs a popular software package that reportedly makes it easier for landlords to access their tenants and reduces their expenditure on contacting them. The system (in modified form) is used to contact tenants on the ‘collection with care’ scheme.

Like most landlords across the country and the other case study landlords, whg makes extensive use of automated (and standardised) processes when tenants fall into arrears. However, a different approach is taken to tenants who are part of the ‘collection with care’ scheme initiative – where possible, standard letters are not sent to them, with the focus being on personalised engagement.

3.4. Conclusion

This chapter has highlighted the context within which the case study landlords are operating, noting that they face a myriad of financial pressures and growing demand for their services. This context has had a profound impact on their approach to tenancy sustainment, as they have had to think carefully about how they utilise scarce resources, making cost efficiencies. This has seen a shift away from face-to-face conversations with tenants to contact by telephone, the increasing automation of processes, and landlords centralising their services.

The second part of the chapter highlighted some of the features of the case study landlords’ approaches to tenancy sustainment. There was some commonality in approaches. For example, all of them employed dedicated, specialised rent collection and financial inclusion teams, with housing officers’ tenancy sustainment responsibilities being

relatively limited and often confined to pre-tenancy and early tenancy support. And all the landlords were looking to engage with their tenants more effectively, with three of them placing particular emphasis on the quality of the interactions they had with their tenants, an issue which is explored in-depth in Chapter 10. Linked to this, all the landlords had invested in new IT systems which, it was hoped, would allow them to compile a more rounded and complete picture of tenants' circumstances, which would result in more effective communication with them. And all of them highlighted the importance of holding up-to-date and accurate information about their tenants, which was seen as being key to effective tenancy sustainment. Our case study landlords' approach to income collection/ arrears recovery was largely reactive. However, they had all engaged in some preventative work and were looking at doing more in this area. Finally, all the case study landlords are committed to not evicting those tenants who engage with them when they fall into arrears and all four have relatively low eviction rates.

4. Rent affordability: payment patterns and arrears

4.1. Introduction

The main aim of the Holding on to Home study was to explore tenancy sustainment. Assessing the extent to which tenants maintain rent payments is therefore key. There are other causes of tenancy failure – for example abandonment, people who can't cope or manage their tenancy, anti-social behaviour, domestic abuse, and cuckooing – but eviction due to rent arrears is the most common reason for a tenancy to fail. This chapter, therefore, begins our discussion of rent payment patterns and experiences with an overview of rent payment patterns, affordability, and arrears, after first providing some context about how tenants pay their rent. The chapter draws on the quantitative datasets generated by the study: the survey of tenants and analysis of tenant rent accounts.

4.2. Social Housing Rents

The majority of social rented accommodation is let at 'social rent' although social landlords can let some properties at 'affordable rents' of up to 80 per cent of market rent. All tenants participating in this study were paying 'social rent'. Social rent is based on a formula set by government and is usually around 50 per cent of market rent.¹⁵

Tenants sometimes pay charges with their rent for additional services such as maintaining communal areas (cleaning, gardening) and utilities. In total, 52 per cent of survey respondents reported paying a 'service charge' as part of their rent and by far the most common utility bill included in rent payments was for water (31 per cent of respondents who paid a service charge), followed by Council Tax (eight per cent of those who pay a service charge).

4.2.1. Help with housing costs

People on a low income, or with no income, can apply for help with their housing costs (rent and some eligible service charge costs) through the social security system, paid either in the form of Housing Benefit (HB) or as a component of Universal Credit (UC). UC was introduced in 2013 for people of working age and combined six benefits, including HB, into a single monthly 'Universal Credit' payment. Roll-out of UC has taken far longer than planned, and so some working age claimants were still in receipt of 'legacy' benefits, including HB, at the time of writing. Therefore, eligible tenants who are *not* of working age receive HB, as do working age tenants who have not yet migrated to UC. All other eligible tenants receive help with housing costs as part of their single UC payment.

Nearly two thirds (64 per cent) of survey respondents were in receipt of HB (31 per cent) or UC (33 per cent). This is broadly in line with the national average, with the latest Survey of English Housing reporting that 59 per cent of social rented tenants received help with their housing costs in 2022-23.¹⁶

UC and HB are means-tested and so the amount received depends on the claimant's income. Those with no other income, or on a very low income, will receive 'full' HB/UC, i.e. an amount that covers all the 'eligible' rent (the charge for rent and any eligible service charges). Those whose income is higher than the threshold for 'full' HB/UC will see their HB/UC reduced accordingly and are often referred to as being on 'partial' HB/UC.

The means-tested amount to which claimants are entitled can be capped or reduced in some circumstances, under a series of changes introduced alongside UC in the Welfare Reform Act 2012. A Benefit Cap was introduced in 2013 that limits the total amount a household can receive in benefits overall (which varies according to the composition of

¹⁵ [Social rented housing in England: Past trends and prospects - House of Commons Library \(parliament.uk\)](#)

¹⁶ [Chapter 2: Housing costs and affordability - GOV.UK \(www.gov.uk\)](#)

the household), and households with more bedrooms than they are deemed to require¹⁷ have their UC/HB reduced by 14 per cent (for one additional bedroom) or 25 per cent (for two or more additional bedrooms). Officially termed ‘the removal of the spare room subsidy’ this welfare reform is commonly known as the ‘Bedroom Tax’. Seven per cent of our survey sample were subject to the Benefit Cap and five per cent were subject to the ‘Bedroom Tax’.

Taking into account means-testing and any further caps or reductions, just over half of survey respondents in receipt of UC or HB reported that this covered all of their rent (see Table 4.1). These are tenants whose income is low enough to qualify for ‘full’ HB/UC and who are not subject to a cap or ‘Bedroom Tax’ reduction.

Table 4.1: UC and HB claimants: partial and full benefit receipt (n:778)

	Column percentage	
	All of the rent	Some of the rent
All respondents	52	48
UC claimants	46	54
HB claimants	57	43

4.2.2. Rent payment methods

HB for social housing tenants is paid straight to their landlord by the local authority. Therefore, tenants on full HB who are not subject to the Benefit Cap or ‘Bedroom Tax’ cannot accrue rent arrears. Social renters on *partial* HB are responsible for paying the remainder of their rent themselves from their income and so can accrue arrears if they fail to make these ‘top up’ payments.

The housing element of UC is paid (by DWP) to the tenant, rather than the landlord, as part of the single monthly payment. This is termed ‘direct payment’ and brings social housing tenants in line with private tenants. This means that under UC, social housing tenants on *full* as well as on partial benefit are responsible for paying the rent to the landlord, and so can accrue arrears if they do not make these payments. There is a safeguarding mechanism in place for tenants who are unlikely to cope with direct payment, or who have accrued arrears, to have a ‘managed payment’, whereby the housing element of their UC is paid to the landlord. These tenants are in the same situation with regard to rent payments as tenants on HB.

UC/HB recipients surveyed who were responsible for paying all or part of their rent¹⁸ were asked to identify the payment method they used. The most common responses were: Direct Debit (52 per cent); debit card (11 per cent); bank transfer (nine per cent); and rent payment card such as Allpay (six per cent). Some eight per cent of tenants cited ‘another method’. They were also asked to highlight how and where they paid their rent. Only one approach was cited by more than 10 per cent of respondents: paying online, which was cited by 34 per cent. The next most commonly cited responses were: in person at the landlord’s offices (eight per cent); mobile phone (four per cent); in person at the post office (four per cent); in person at the bank (three per cent); PayPoint outlet (two per cent); and, telephone (landline) (two per cent). It is noteworthy that 17 per cent paid their rent using in-person methods.

The rest of this chapter explores rent payment patterns and arrears amongst social housing tenants in the case study areas. Later in the report we identify the drivers of, and situations surrounding, rent payment difficulties, based on the accounts of tenants interviewed in-depth and modelling of the quantitative data (see Chapters 8 and 9).

¹⁷ For the purposes of assessing how many bedrooms a tenant needs it is assumed that children under the age of 16 of the same sex can share a bedroom, and children under the age of 10 of any sex can share. Couples are entitled to one bedroom, as are other adults over the age of 16. Therefore, a household in a three bedroom property comprised of a couple and two children of different sexes under the age of 10, or two teenage children of the same sex would be assessed as under-occupying and would be subject to the ‘Bedroom Tax’.

¹⁸ That is: partial HB recipients; all UC recipients on direct payment; and partial UC recipients on ‘managed payment’.

4.3. Rent payment rates and arrears

Survey respondents were asked whether they were up-to-date with their rent or were in arrears and nine per cent reported being in arrears. Of those who knew how much they owed, more than half (44 per cent) reported that they owed £500 or more, with 33 per cent owing at least £1,000. It is interesting that 30 respondents, representing 27 per cent of all those in arrears, did not know how much they owed.

The arrears rate of the survey sample is not a measure of arrears in the case studies, or a result generalisable to all social housing tenants. As noted in Chapter 2, we purposively selected neighbourhoods within the case study areas where arrears rates were higher, or no lower than average arrears rates amongst tenants of that landlord. This was because the primary aim of the study was to identify the drivers of rent arrears and explore the experiences of tenants who find it difficult to pay their rent. It was therefore important that enough tenants in the survey and interview samples were in arrears to conduct meaningful analysis of correlations between arrears and other factors (financial, demographic, and such like). For this reason, the study also collected and analysed the rent accounts of tenants in the case study areas. This provides an accurate and detailed picture of levels of arrears and trends over time. ‘Rent accounts’ are electronic records held by landlords that record rent payments and charges on a tenancy.

As noted in Chapter 2, the team worked with all four case study landlords to access rent account data over time, but it was only possible to access tenant-level data for three of the case studies (referred to as CS1, CS2 and CS3¹⁹ when reporting rent account analysis findings²⁰). Two of these (CS1 and CS2) provided data in comparable formats, and these were also the most comprehensive rent datasets. The analysis presented in the remainder of this section focuses mainly on these two more comprehensive datasets— comprised of the rent accounts for over 23,000 tenants over a 12-month period from November 2022 to October 2023²¹ – with data from the third introduced where possible. This rent account analysis includes tenants in receipt and not in receipt of UC/HB and those on direct payment and with managed payments (i.e. payment to the landlord).

4.3.1. Rent payment and arrears: overall rates and trends

The ‘rent arrears rate’ provides a measure of tenants’ rent payment. This is the *sum* of rent arrears, expressed as a proportion of the annualised rent roll (not the proportion of individual tenants who are in arrears in any given rent period, which is discussed in section 4.3.3. below). Figure 4.1 shows how the rent arrears rate changes over the rent periods: from the start of rent period 1 to the end of rent period 12 (a rent period is the equivalent to one month). The overall trend is that the rent arrears rate increased (combined, but also for CS1 and CS2 individually), from 3.8

¹⁹ As noted in Chapter 2, CS4 did not participate in the rent account analysis exercise. However, it did provide some valuable data which are presented below. As the table reveals, the number of tenants in arrears, the value of current arrears, and average current arrears, have all increased in recent years.

Date	Tenants with current rent arrears	Value of current rent arrears	Average current rent arrears
30 November 2023	3,681	£3,719,927	£1,010.58
30 October 2022	3,677	£3,408,878	£927.08
31 October 2021	3,768	£2,689,828	£713.86
25 October 2020	3,249	£2,199,177	£676.87
27 October 2019	2,877	£1,524,234	£529.80

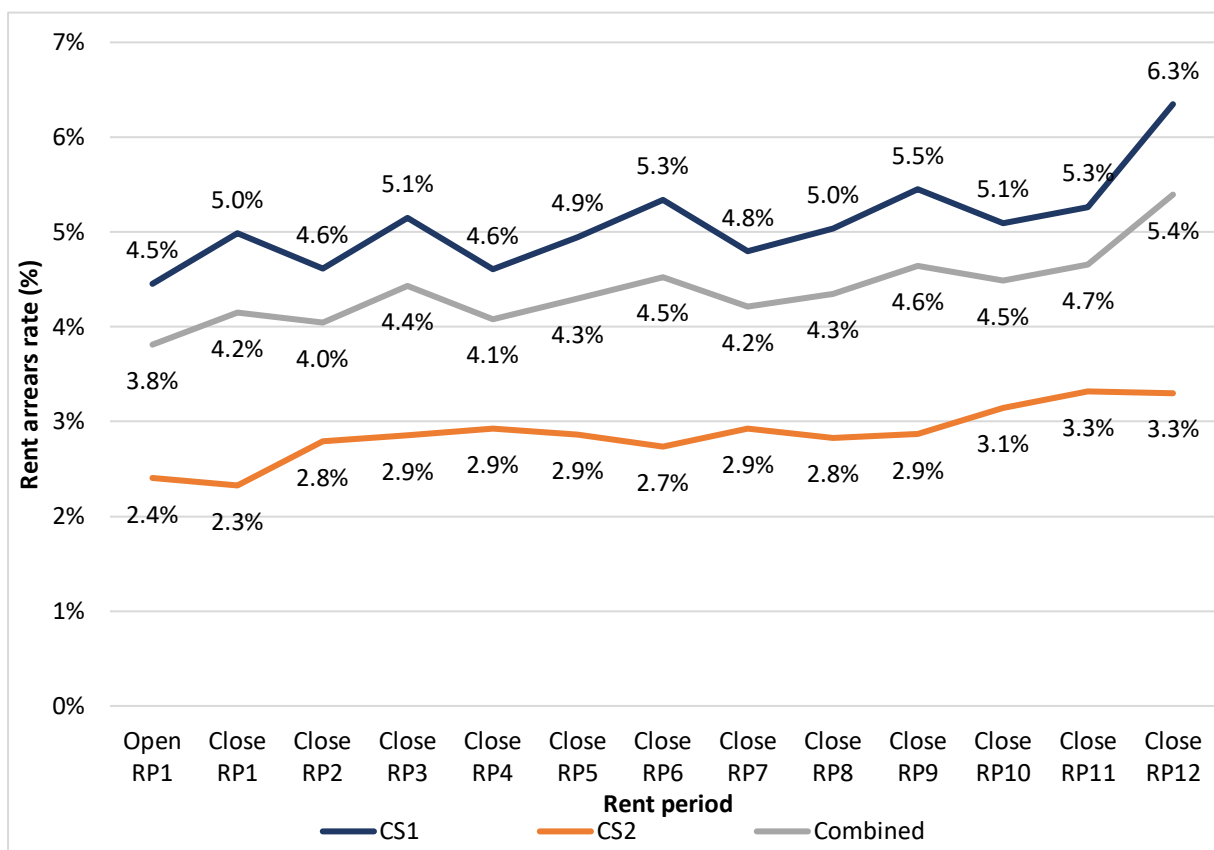
²⁰ As noted in Chapter 2, we have anonymised our case study landlords because our methodology for analysing and presenting rent account data is different to that used by social landlords to assess and report their arrears rates.

²¹ Our case study work with CS1 was concentrated in one area (city) where they had stock. They provided data for all their tenants in the city, while CS2 provided data for all tenants. Some incomplete records were removed.

per cent at the start of rent period 1 to 5.4 per cent by the end of rent period 12. However, the rent arrears rate fluctuated, rather than increasing steadily over time.

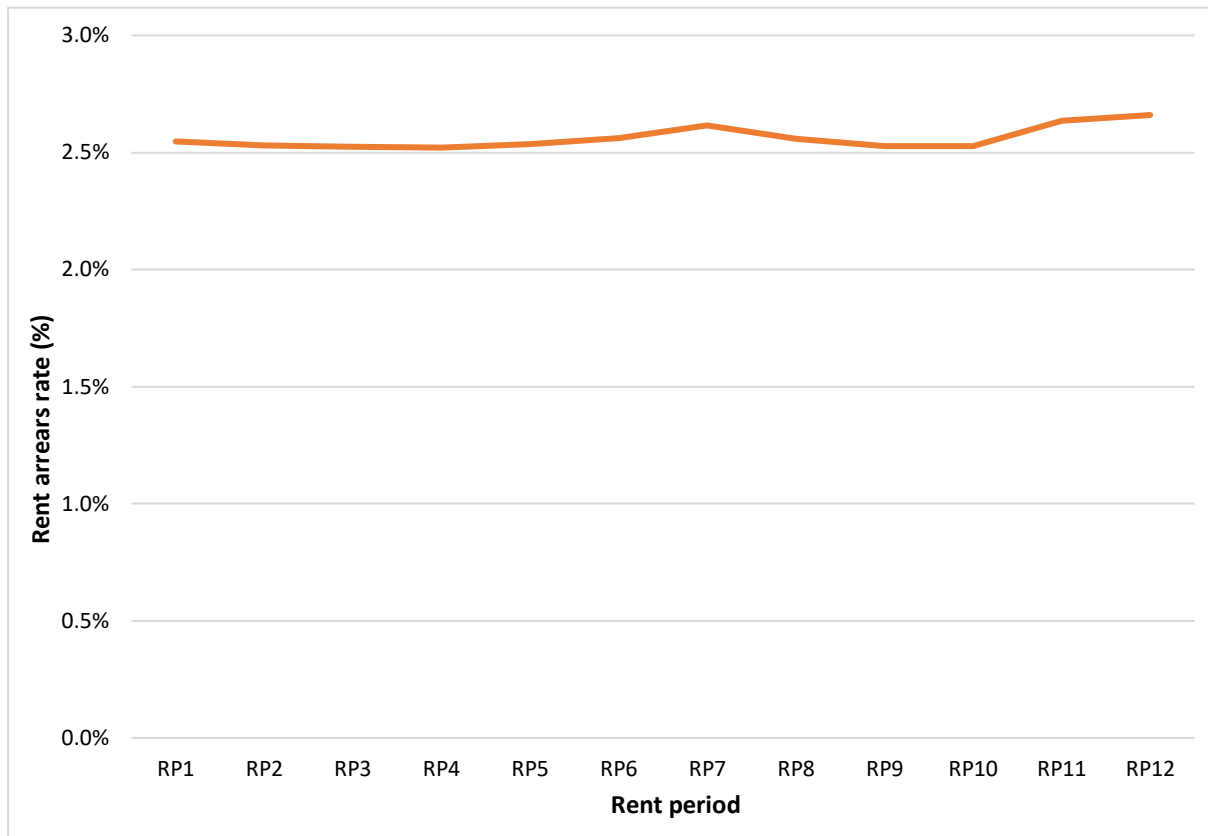
It is also possible to assess change in the rent arrears rate for CS3 tenants over a 12-month period. This has been presented separately, as it is based on a different measure of rent arrears: tenants’ best rent account balance in the month as a proportion of the annualised rent roll. Figure 4.2 shows that overall, the rent arrears rate increased slightly for CS3 tenants across the 12 months: from 2.5 per cent to 2.7 per cent. Most of this increase emerged in the final three months.

Figure 4.1: Rent arrears rates: CS1, CS2 and combined samples



Source: Rent account data from CS2 and CS1 and authors’ calculations
 Base: CS2 (9,503) CS1(13,550) Combined (23,053)

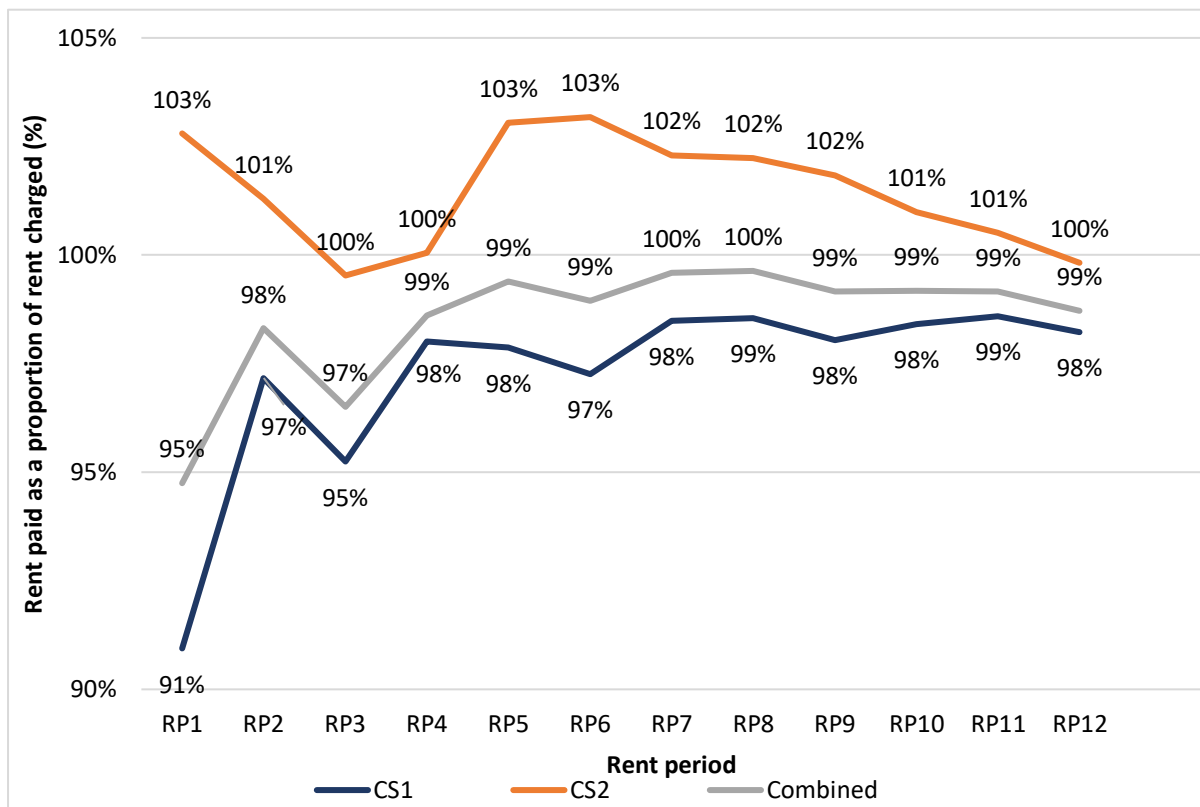
Figure 4.2: Rent arrears rates: CS3 tenants



Source: Rent account data from CS3 and authors' calculations
Base: CS3 (15,403)

Figure 4.3 shows that, across the 12 rent periods, the total cumulative amount (i.e. value) of rent collected equated to 98.7 per cent of the total amount of rent owed. Therefore, 1.3 per cent of the value of rent owed in this period was not collected, amounting to £1.984 million. As with the arrears rate, there were fluctuations over time, ranging from a low of 94.7 per cent in rent period one to a high of 99.6 in rent periods seven and eight. However, it is important to note that the amount of rent paid includes *overpayments*, for example to pay back previous arrears or to build up a credit on their rent account. This means underpayment by individual tenants will be offset in this reporting.

Figure 4.3: Cumulative amount of rent paid as a proportion of rent owed: CS1, CS2 and combined samples



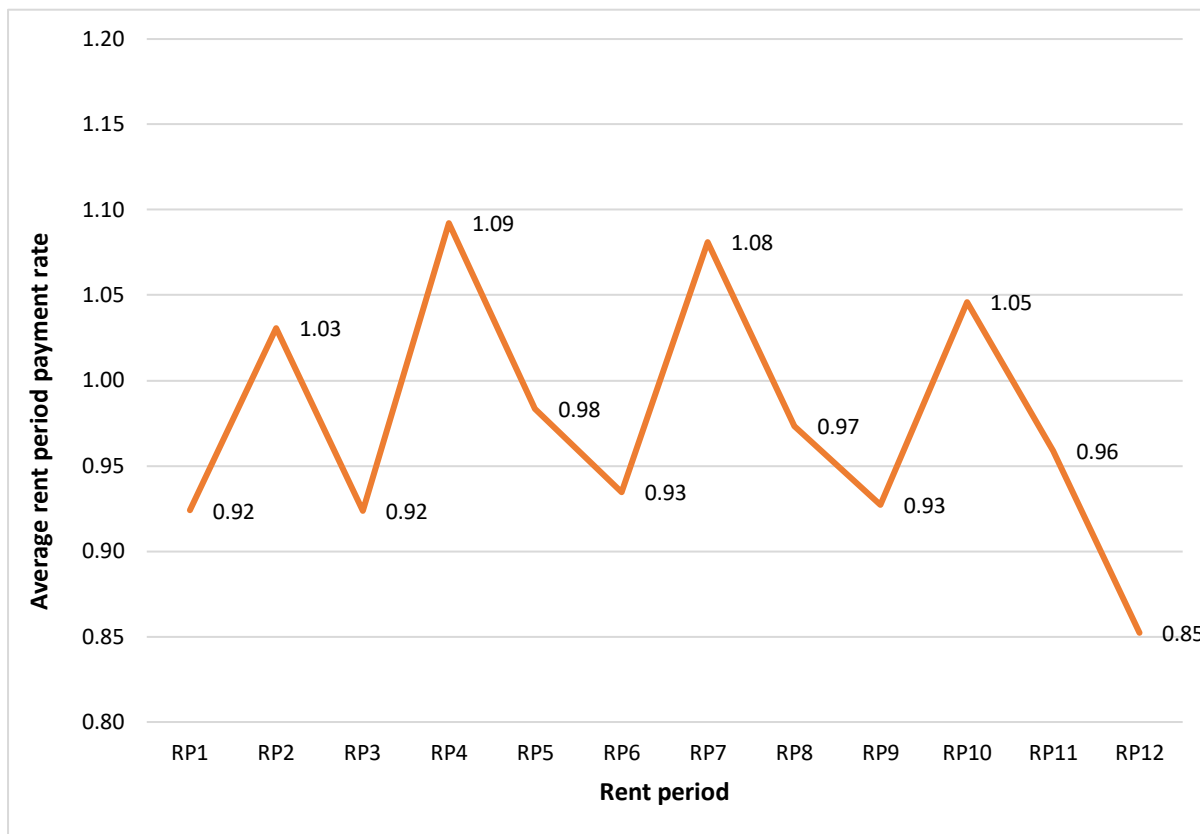
Source: Rent account data from CS2 and CS1 and authors' calculations
 Base: CS2 (9,503) CS1 (13,550) Combined (23,053)

4.3.2. Fluctuating Payment Rates

The previous two figures provide *cumulative* positions and, although they show fluctuations, they mask the full extent of variation in the amount of rent paid from one period to the next. If we look at rent payment for each individual payment period, rather than cumulatively, the extent of fluctuation in payments/arrears is clearer.

Figure 4.4 presents 'rent payment rates' (the ratio between the total amount paid compared to total rent charged) for each rent payment period and shows that this oscillates from one payment period to another. Rates were lowest in period 12 (0.85 meaning that on average tenants paid 85p for every £1 charged) and periods one and three (0.92), and highest in period four when on average £1.09 was paid for every £1 of rent that was due. In eight (mostly non-consecutive) periods, the average rate of payment was less than one (on average tenants paid less than the rent due for that rent period) and in four (all non-consecutive) periods the rate exceeded one.

Figure 4.4: Average payment rates by payment period: CS1/ CS2 combined sample

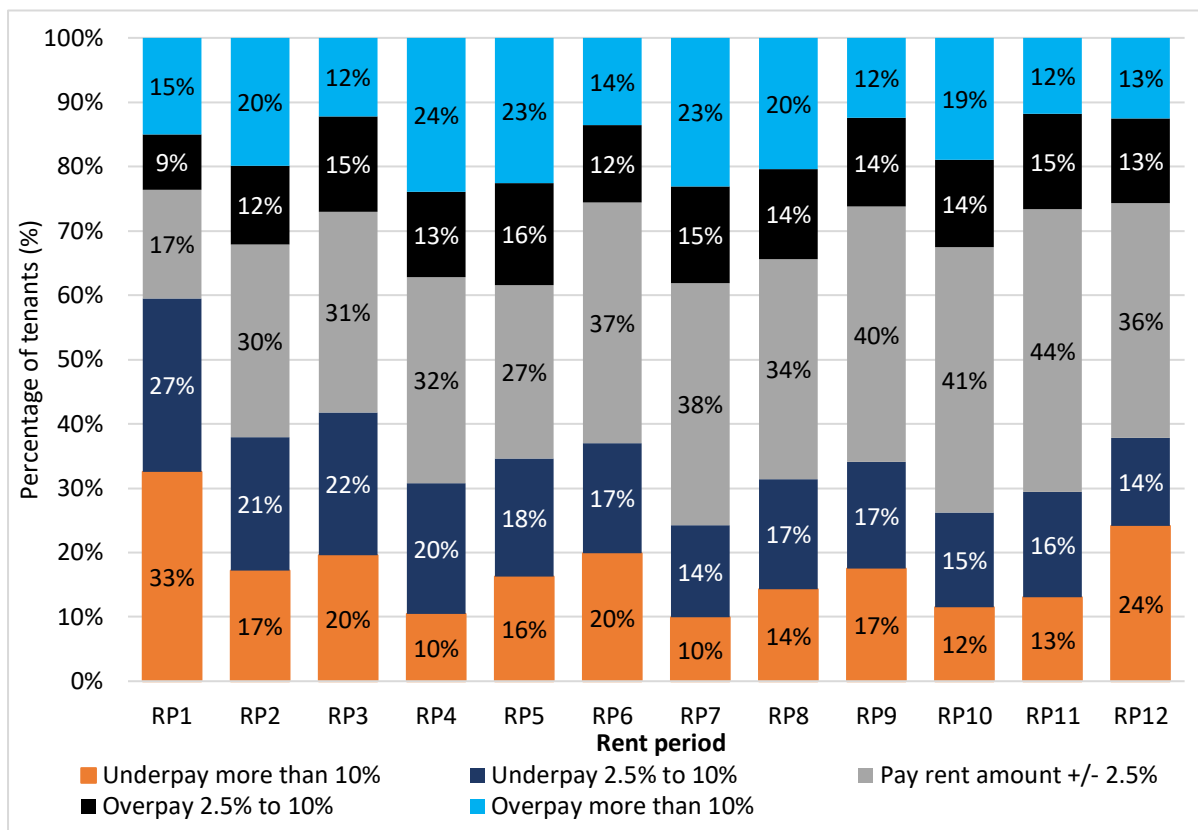


Source: Rent account data from CS2 and CS1 and authors' calculations
 Base: CS2 and CS1 combined (23,053)

Figure 4.5 presents the percentage of tenants who paid at different payment rates in each of the 12 rent periods and further highlights the variability in the amount of rent paid by tenants from one period to the next. Looking at the proportion who underpaid their rent by more than 10 per cent, for example, we can see that this applied to 33 per cent in period one, reducing to between 17-20 per cent in periods two and three before dropping to 10 per cent in period four and rising again to 16 per cent and then 20 per cent in the next two periods. By period 12, nearly one quarter of tenants underpaid by more than 10 per cent, which was the highest proportion since period one. In relation to overpayment, similarly, the proportion of tenants overpaying between periods five and seven dropped from 23 per cent to 14 per cent and then increased back up to 23 per cent.

Figure 4.5 also shows that many tenants do not pay an amount that equates to their full rent each period. In seven rent periods the percentage of tenants underpaying was greater than the proportion who overpaid, and it is notable that 1-in-6 tenants underpaid by more than 10 per cent of the rent due in half (six) of the rent periods. In the next section we look in more detail at tenant-level rent payment and arrears patterns to help understand the extent to which tenants manage to maintain consistent full rent payment.

Figure 4.5: Proportion of tenants underpaying/overpaying by different amounts by payment period: CS1/ CS2 combined sample



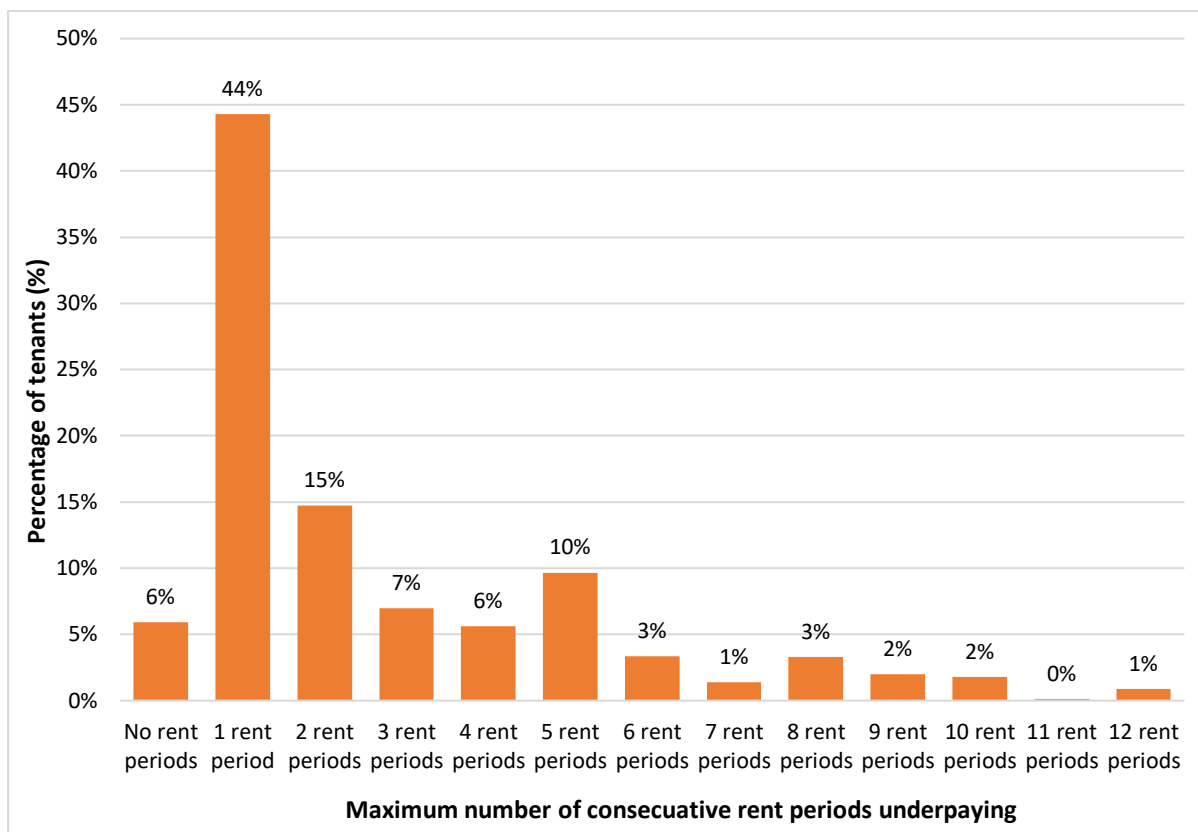
Source: Rent account data from CS1 and CS2 and authors' calculations
 Base: CS1 and CS2 combined (23,053)

4.3.3. Tenant-level payment patterns: a typology of rent payment

Figure 4.6. shows that only six per cent of tenants did not underpay their rent in any period, but only one per cent underpaid in *all* 12 rent periods. The majority of tenants, therefore, displayed payment patterns that fell between these two extremes, suggesting that tenants cannot be divided into simplistic and fixed categories of those who 'can/do', and those who 'cannot/do not' pay their rent. Rather, these patterns indicate that tenants' circumstances may change often and rapidly within a short timeframe. Thus, in addition to the six per cent who did not underpay in any period, a further 44 per cent made no *consecutive* underpayments (underpaid at some point during the 12 periods but erratically) and a further 15 per cent made no more than two consecutive underpayments (i.e. underpaid briefly within a period of consistent full or overpayment). In terms of those underpaying their rent (by any amount) consistently over a longer period:

- 35 per cent made three or more consecutive underpayments payments.
- Seven per cent underpaid in three consecutive periods.
- Six per cent underpaid in four consecutive periods.
- 10 per cent underpaid in five or more consecutive periods.
- 13 per cent underpaid in six or more consecutive rent periods, including the one per cent who underpaid in all 12 rent periods.

Figure 4.6: Highest number of consecutive underpayments: CS1/ CS2 combined sample



Source: Rent account data from CS1 and CS2 and authors' calculations

Base: CS1 and CS2 combined (23,053)

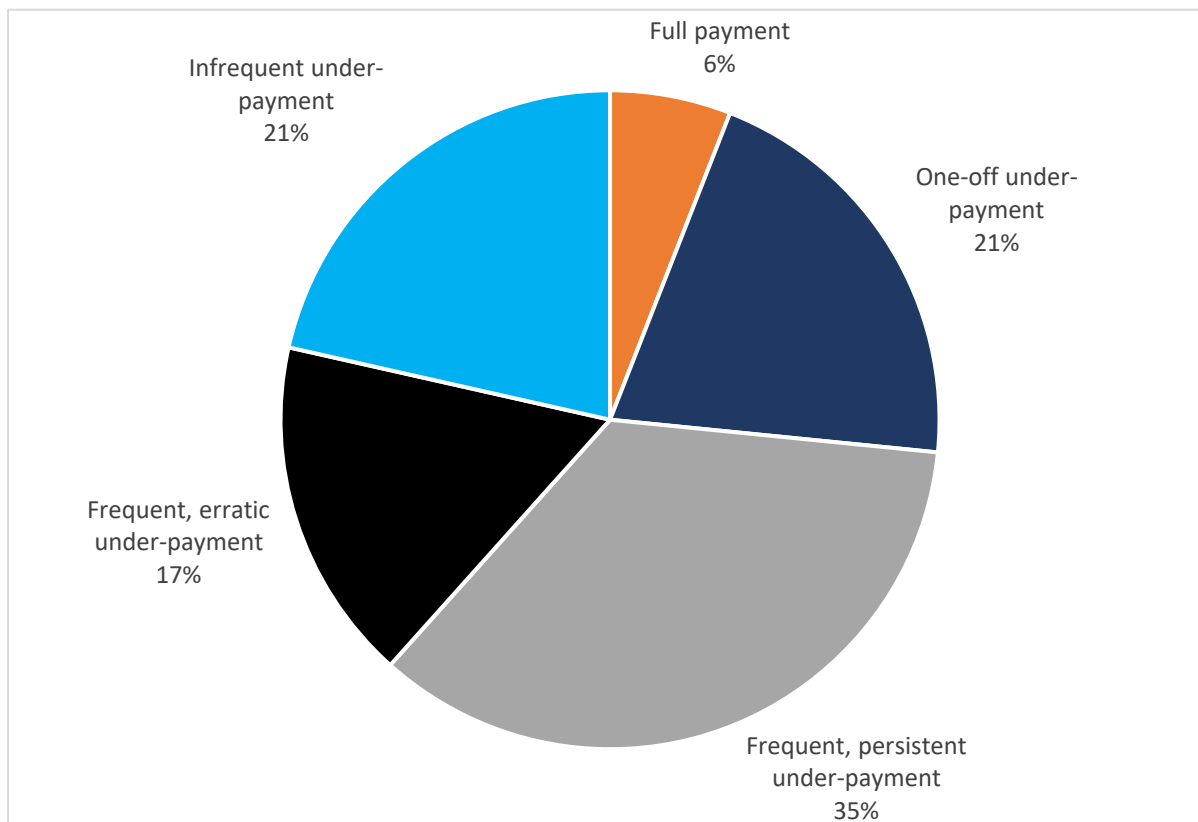
From this analysis the following **typology** was developed, categorising tenants into one of the following groups.

- **Full payment:** no under-payment in any of the 12 payment periods.
- **One-off under-payment:** only one under-payment made.
- **Infrequent under-payment:** three or fewer under-payments, with no more than two made consecutively.
- **Frequent, erratic under-payment:** at least four underpayments, with no more than two under-payments made consecutively.
- **Frequent, persistent under-payment:** at least three under-payments, made consecutively.

This typology could be useful to help social landlords segment tenants to identify different categories of 'rent arrears risk' so that different forms of communication and intervention can be targeted more effectively.

Applying this rent payment pattern typology, Figure 4.6 shows that only six per cent of tenants were 'full payers', therefore 94 per cent of tenants made at least one underpayment during the 12 rent payment periods. Twenty-one per cent of tenants were 'one-off underpayers'. The largest typology grouping was *frequent persistent underpayers*, accounting for 35 per cent of tenants. In addition, 17 per cent of tenants were *frequent erratic underpayers*, meaning just over half of tenants (52 per cent) were frequent underpayers (persistent or erratic).

Figure 4.7: Typology of rent payment patterns: CS1/ CS2 combined sample



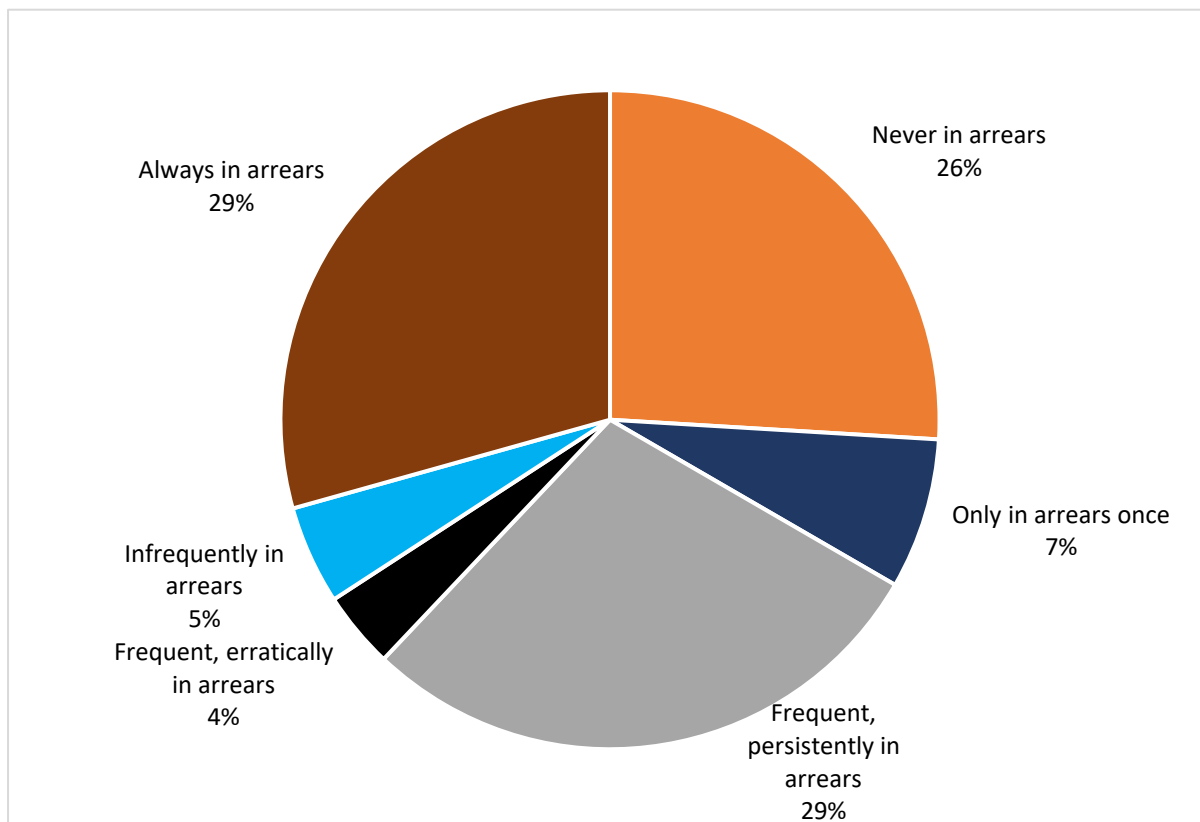
Source: Rent account data from CS1 and CS2 and authors' calculations
Base: CS1 and CS2 combined (23,053)

The analysis above is based on patterns of payment (underpayment, overpayment and payment equivalent to the rent charge). However, tenants who underpay may do so because their rent account is in credit, and so underpayment is not always an indication of payment or affordability problems. Similarly, tenants who overpay may do so because their account is in arrears and they are repaying towards these arrears each period, and so is not necessarily a good measure of a healthy rent account. Looking more specifically at the *arrears* position of tenants at the end of each rent payment allows us to generate a **second typology** based on patterns of arrears accrued. This produces the following groupings:

- **Never in arrears.**
- **Only in arrears once:** in arrears at the end of one payment period only.
- **Infrequent arrears:** arrears at the end of at three or fewer rent periods, with no more than two consecutively.
- **Frequent, erratic arrears:** arrears at the end of at least four rent payment periods, with no more than two consecutively.
- **Frequent, persistent arrears:** arrears at the end of at least three rent payment periods consecutively.
- **Always in arrears:** arrears at the end of every rent payment period.

Figure 4.8 shows the distribution of tenants according to these groupings and shows that only 26 per cent of tenants were 'never in arrears' during the 12-month period and that being 'always in arrears' (29 per cent) or 'frequently persistently in arrears' (29 per cent) was more common than being in arrears occasionally or infrequently.

Figure 4.8. Typology of rent arrears patterns (any arrears): CS1/ CS2 combined sample

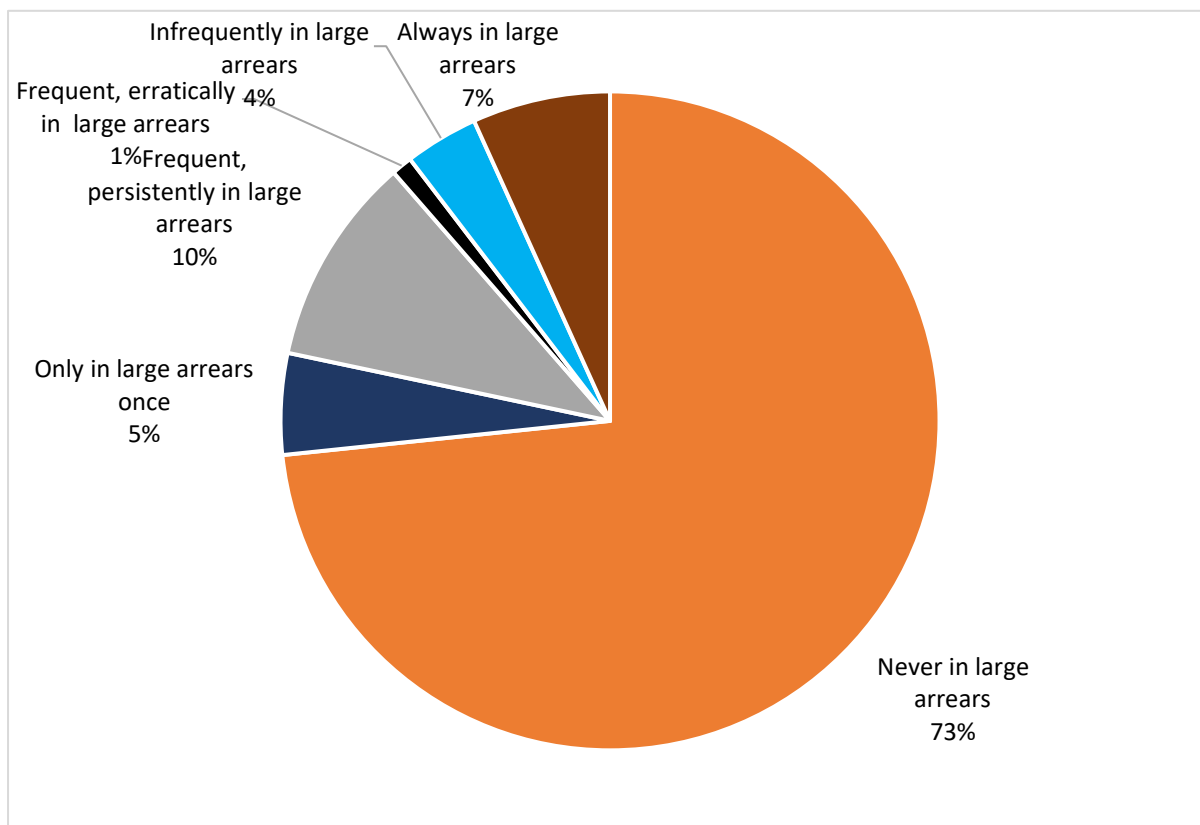


Source: Rent account data from CS1 and CS2 and authors' calculations
 Base: CS1 and CS2 combined (23,053)

However, this does not tell us the *extent of arrears*. Some of these tenants, even those showing frequent persistent arrears, may be in arrears by just a few pounds. We therefore recreated this typology of a tenant's rent account position based on whether the arrears amounted to the equivalent of *four or more weeks' worth of rent*. This is the point at which the tenancy may be at risk and an amount of arrears that landlords are likely to be most concerned about. This analysis is presented in Figure 4.9 and shows that:

- 73 per cent of tenants never ended a rent payment period with arrears equivalent to four or more weeks' worth of rent on their rent account.
- Conversely, 27 per cent did end a rent payment period at least once with arrears equivalent to four or more weeks' worth of rent.
- Five per cent of tenants only once had arrears equivalent to four or more weeks' worth of rent on their rent account.
- Seven per cent of tenants had arrears equivalent to four or more weeks' worth of rent on their rent account at the end of all 12 rent periods.
- In addition, 11 per cent of tenants frequently had arrears equivalent to four or more weeks' worth of rent on their rent account. For 10 per cent of tenants this was persistently the case: at the end of at least three consecutive rent payment periods.

Figure 4.9: Typology of rent arrears patterns, arrears equivalent to four or more weeks' rent: CS1/ CS2 combined sample



Source: Rent account data from CS1 and CS2 and authors' calculations
 Base: CS1 and CS2 combined (23,053)

This analysis highlights that nearly all tenants underpaid their rent and accrued arrears at least once over the 12 rent periods, but that most did not accrue arrears amounting to four or more weeks' worth of rent. Nevertheless, a significant minority frequently, or at some point in the 12-month period, accrued arrears of at least four weeks' worth of rent. The majority of those who did accrue arrears equivalent to four or more weeks' worth of rent had this level of arrears at the end of at least three consecutive rent payment periods. This suggests that once arrears take hold for two or more rent payment periods, they become more entrenched or persistent, with implications for social landlord management of arrears, and underscoring the importance of early intervention. In the next section we consider this issue further, assessing whether arrears become more entrenched once tenants begin to accrue arrears.

4.3.4. The impact of arrears on the likelihood of further arrears

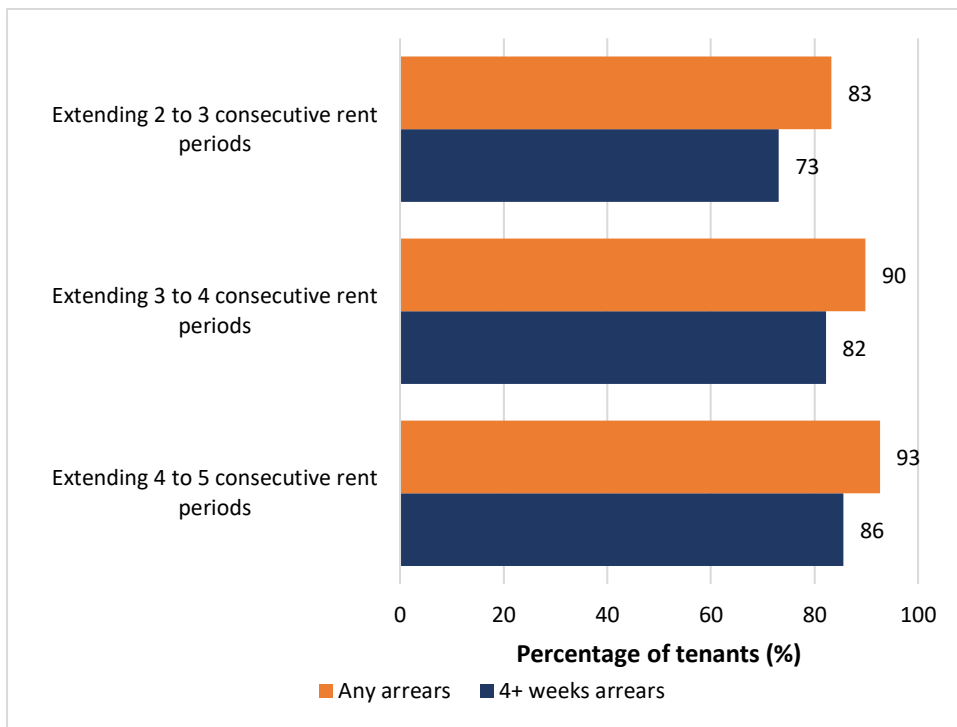
This section builds on the preceding analysis by considering the probability that tenants will avoid or accrue further consecutive periods in arrears once they have entered arrears. Figure 4.10 presents three scenarios based on two levels of arrears - any arrears; and arrears equivalent to four or more weeks' worth of rent, to answer the following questions:

- what proportion of tenants who end two consecutive rent periods with a) any arrears; and b) arrears equivalent to four or more weeks' worth of rent go on to end a third consecutive rent period with this level of rent?
- what proportion of tenants who end three consecutive rent periods with a) any arrears; and b) arrears equivalent to four or more weeks' worth of rent then go on to end a fourth consecutive rent period with this level of rent?

- what proportion of tenants who end four consecutive rent periods with a) any arrears; and b) arrears equivalent to four or more weeks' worth of rent then go on to end a fifth consecutive rent period with this level of rent?

Figure 4.10 shows that, if tenants end consecutive rent payment periods in arrears, there is a very high likelihood this will continue for an additional rent period. When 'any arrears' are considered, for example, the figure shows that 83 per cent of tenants remained in arrears for a third rent period once they had already ended two rent periods in arrears.

Figure 4.10: Probability of extending the number of rent periods in rent arrears: CS1/ CS2 combined sample



Source: Rent account data from CS1 and CS2 and authors' calculations

Base: CS1 and CS2 combined, extending 2 to 3 consecutive rent periods (2,470), extending 3 to 4 consecutive rent periods (1,774), extending 4 to 5 consecutive rent periods (1,329)

This suggests that, once tenants enter arrears, for many they will become enduring. Based on these results, once a tenant ends two consecutive rent period in 'any arrears' there is a 69 per cent likelihood that they will go on to remain in arrears for at least three more rent periods (so five or more rent periods in total). When 'arrears equivalent to four or more weeks' is considered, there is a 51 per cent chance that tenants will go on to end at least three more rent periods with at least this level of arrears.

The percentage of tenants who extend a run of consecutive rent period in arrears also increases as the initial number of consecutive rent periods in arrears increases. Although the percentages are lower when arrears equivalent to four or more weeks' worth of rent are considered, they are still high and increase as the number of consecutive periods in arrears increase.

4.4. Difficulties affording rent payments

The analysis of tenant rent accounts presented above provides a detailed and accurate picture of rent payment patterns and arrears, but it cannot tell us about tenants who are struggling to afford their rent but manage, in one way or another, to maintain rent payments. For this reason, the survey of tenants included several questions designed to elicit information about rent affordability. A standout finding from the survey is that it was not just tenants in arrears who struggled to afford their rent. In fact, a much higher proportion of respondents indicated difficulties paying rent than the proportion who were in arrears.

In addition to asking whether respondents were up-to-date or in arrears with their rent, the survey asked: how easy or difficult respondents found it to afford their rent; and, from a list provided, whether they had made sacrifices such as cutting back on food or employed coping strategies such as borrowing money in order to pay their rent. It was important to include these questions because these measures would suggest a risk of rent arrears, even if a tenant is currently managing to keep up-to-date.

More than one in five (22 per cent) tenants who were responsible for paying all or part of their rent²² reported finding it difficult to afford, with nine per cent finding it very difficult to do so. Many of these tenants were managing to pay their rent (77 per cent of those who reporting finding it difficult to afford their rent were *not* in arrears) and so may not have been identified by their landlord as a tenancy potentially at risk.

Similarly, respondents were presented with a list of ‘strategies’, which included cutting expenditure on a range of ‘essentials’,²³ delaying payment of other bills, and increasing income through incurring debt or selling possessions, and were asked if they had employed any of these strategies *in order to pay their rent* in the last 12 months. The results are presented in Table 4.2 and show that nearly half (46 per cent) reported that they had cut back on their spending on heating, with 43 per cent and 35 per cent reporting that they had reduced their expenditure on food and ‘other essentials’, respectively. Some 61 per cent had reduced their expenditure on at least one ‘essential’ (food, heating and ‘other essentials’) and more than one in five (22 per cent) had reduced their expenditure on all three. Respondents also reported incurring debt by borrowing from family and friends or commercial lenders and, notably, one in ten respondents had resorted to selling possessions to pay their rent. More than two thirds of respondents (69 per cent) had employed at least one of these coping strategies in order to pay their rent in the last 12 months.

Table 4.2: Coping strategies used by tenants in order to pay their rent (n:1,213)

	Column percentages
Coping strategy	Tenants
Cut back on spending on food	43
Cut back on spending on heating	46
Cut back on spending on other essentials	35
Cut back on non-essentials	46
Sold things owned to raise extra cash	10
Borrowed from friends, family or other individuals	19
Taken out new loans from commercial lenders	5
Increased the amount owed on a credit card	5
Delayed making payments on money owed	5

These strategies had clearly been successful in some cases, with 88 per cent of this cohort not currently in arrears. Again, it is likely that at least some of these tenants will not be known to their landlord as being in financial difficulty and at risk of arrears.

²² Although asked of all respondents, this question was only applicable to those who are responsible for paying their rent. For this reason, we have excluded from analysis those respondents who are: in receipt of HB/UC AND whose benefit covers all of their rent AND is paid to the landlord. As these tenants do not make rent payments, they cannot find it easy or difficult to afford their rent.

²³ Expenditure identified by tenants interviewed as being non-essentials, or ‘luxuries’ as they were often referred to, included: buying healthier and better quality food; purchasing clothing and footwear for themselves and their children; having a meal/night out; the cost of entertaining their children; day trips; and going on holiday. It therefore felt appropriate to include ‘cutting back on non-essentials’ as a coping strategy within this calculation.

Drawing together these different indicators reveals that a significant proportion of respondents were experiencing some difficulty affording their rent. Some 70 per cent exhibited at least one of the following markers: they were in arrears; they reported finding it difficult to afford their rent; and/or they had employed a coping strategy in the last year in order to pay their rent. As the survey was conducted in areas with above average rates of arrears, survey results about the proportion of tenants finding it difficult to pay their rent cannot be generalised. However, what is of most interest here is the significant *difference* between the proportion of tenants in arrears (nine per cent) and the proportion struggling to afford their rent when all indicators are considered (70 per cent).

4.5. Conclusion

The gulf between the proportion of survey respondents in rent arrears and the proportion who find it difficult to afford their rent suggests that rent arrears alone is a poor measure of tenancy sustainment risk. Indeed 'arrears' may be the tip of an iceberg, wherein many more people are struggling to pay their rent and doing all they can to maintain their rent payments. Social landlords are easily able to identify tenants in arrears, but these findings suggest that there is a potentially large tenant population who are far less visible to their landlords, yet may be at risk of developing arrears and may benefit from support.

The difficulties tenants face making rent payment is also seen playing out in the results of analysis of tenant rent accounts. This analysis shows that most tenants underpay their rent and accrue arrears at some point during a 12-month period but also, crucially, that payment patterns are erratic, fluctuating from one month to the next, such that tenants cannot be easily categorised into those who do/can, and those who do not/cannot pay their rent. A possible picture emerges, therefore, of a significant cohort of tenants who are struggling month to month, sometimes managing and sometimes not managing to make their full rental payment. In subsequent chapters we explore tenants' financial circumstances and money management capabilities in more detail in an effort to understand those factors underpinning the results presented here.

5. Tenants' Financial Circumstances

5.1. Introduction

In the previous chapter we saw that tenants' rent payment rates fluctuated over time, with the vast majority underpaying their rent during a 12-month period. The erratic nature of tenants' payment patterns, and the fact that so many accrue arrears at some point during a year, indicates that some tenants' financial situations are changeable and challenging. Drawing on survey data and in-depth interviews with tenants, this chapter explores the financial circumstances that provide the context for the payment patterns outlined in the previous chapter. Tenants' financial situations represent the *opportunity* component of the COM-B model (see Chapter 2.2).

5.2. Key findings from the tenant survey

The survey provided insight into respondents' financial circumstances, revealing that many appeared to be in precarious financial situations. It is worth reiterating that the survey was conducted in neighbourhoods where arrears rates were higher (or at least no lower) than the average for that landlord, and where a high enough proportion of respondents were in receipt of UC or HB to be able to conduct sub-group analysis for this population. As such, it is possible that the results are skewed towards those in more difficult financial situations, although the final sample was broadly similar to the general population of social housing tenants in terms of UC/HB receipt (59 per cent of the population of social housing tenants in 2023-23, compared with 64 per cent of the survey sample). Nevertheless, the following indicators of financially constrained circumstances were evident amongst the survey sample:²⁴

- **Low rates of economic activity.** A relatively low proportion of survey respondents were in paid employment: 45 per cent of working age respondents, and 36 per cent of the full sample were in paid employment (compared with around 75 per cent of the UK population,²⁵ and around 40 per cent²⁶ social housing tenants nationwide). In total 62 per cent of all respondents lived in households where no adult was economically active.
- **Receipt of benefits.** Nearly two thirds of respondents (64 per cent) were receiving help with their housing costs through Universal Credit (UC) or Housing Benefit (HB), which are means-tested.
- **Precarious and low paid employment.** Of those who were in paid employment, many worked part time (42 per cent of respondents in paid employment) and/or received incomes low enough to qualify for help with housing costs through the benefit system (46 per cent of employed respondents were in receipt of UC or HB). The contractual situation of many of those in paid employment could also be described as 'precarious': 31 per cent had zero hours, seasonal, casual, fixed term or temporary contracts.
- **Limited or no savings.** It was common for respondents to report having no savings: 66 per cent lived in households with no savings at all and a further 14 per cent had savings of less than £500. A small minority (five per cent) had between £500 and £999 saved and 14 per cent had savings of £1,000 or more.
- **Debt.** As reported in Chapter 4, nine per cent of respondents had rent arrears. The survey also asked respondents if they were behind with any household bills. One quarter reported that they were behind with at least one bill and eight per cent were behind with at least two bills. Most commonly, respondents reported being behind with Council Tax (13 per cent), gas (12 per cent) and electricity (10 per cent). Automatic deductions can be made from benefits or wages to repay certain debts (rent and service charges,

²⁴ These results are presented in full in a [survey report](#)

²⁵ [Employment in the UK - Office for National Statistics \(ons.gov.uk\)](#)

²⁶ See Survey of English Housing statistics [2022-](#)

[23 EHS Headline Report Chapter 1 Profile of households and dwellings Figures.xlsx \(live.com\)](#)

water, Council Tax, gas, electricity and fuel cost debts) and so this is another indication of indebtedness. Twelve per cent of survey respondents reported having automatic deductions from their income (mostly from benefit income) and nearly two thirds of these had more than one deduction.

- **Regularly running out of money:** Around one third of respondents reported that their household income lasted until their next payment and a further 23 per cent of households ‘hardly ever’ ran out of money before the end of the week or month. This leaves a significant proportion (43 per cent) running out of money on a regular basis, with 22 per cent and 21 per cent respectively ‘very’ or ‘fairly’ often running out of money before the end of the week or month.

Across these various measures of financial insecurity and low income, certain groups frequently emerged as being disproportionately affected. For example, households containing children, people looking after the home, Black Caribbean and Black African households, and people with mental health issues were disproportionately likely to have difficulties getting-by (e.g. run out of money, have no savings), while virtually all minority ethnic groups were more likely than White British respondents to be in precarious employment. To some extent this reflects broader inequalities that produce income differentials and leave certain population groups at greater risk of poverty.

Qualitative interviews allowed us to explore tenants’ circumstances in greater depth and the regret expressed by one tenant at spending money on a coffee with a friend is a stark illustration of how finely balanced many participants’ household budgets were:

I have to be very careful and very conscious of what I spend. I had a coffee in Costa yesterday and then I spent two hours after that coffee thinking I shouldn't have spent that money because I know it will leave me short. (Female, aged 35-44)

The survey did not include many questions about levels of indebtedness (apart from rent arrears and whether tenants were behind with bills), or allow detailed analysis of the interrelations between employment, health and poverty. In the remainder of this chapter, we therefore draw on in-depth interviews to explore financial insecurity experienced by tenants in more detail.

5.3. Indebtedness

Debt was relatively common amongst the tenants interviewed. This was, perhaps, not surprising: we had inferred from the survey findings that many tenants’ incomes were low (rates of unemployment, precarious employment, and benefit receipt were high); and that many were struggling to get by financially (few had savings and running out of money was commonly reported). In this context, it is more likely that households will have to borrow, and will struggle to maintain payments for bills, credit payments and other financial commitments. In addition, interview participants were recruited from our survey sample, and we surveyed in some neighbourhoods with above average rates of rent arrears. Levels of general indebtedness may also, therefore, have been higher than average. Nevertheless, the in-depth interviews gave a rich picture of the daily efforts to get by, and the causes of debt, amongst those living in poverty.

it was clear from participants’ accounts that they were often managing from day-to-day, negotiating every month with one or more of their energy suppliers, landlords and creditors, and often paying what they could towards a bill. One woman’s account of her financial situation illustrates this point. She had multiple debts, including to a payday lender and to her family, and was behind with many of her routine bills (rent, utilities). She explained how she was going to deal with a payment due for her gas and electric that she could not afford to pay:

I'm going to cancel it [Direct Debit for utilities] because there's no way I can make that payment on 1st September....I'll call up and pay or go on the app and pay some of it but it won't be what they want in the direct debit, but I won't pay nothing....you have to pay your bills, I'm just trying to do what I can. (Female, 35-44)

For many respondents, debts were routine and just another feature of challenging financial and day-to-day circumstances. As the quote below shows, some participants noted a distinction in the perception of debts such as credit cards, where regular payments were made, and debts such as rent arrears or arrears in utility bills:

Well, they are debts but they're not debts cos I pay them every month. So, catalogues, credit cards, it's all debt that's just my way of living really. (Female, 25-34)

Commercial borrowing and debt

Forms of credit enabled many tenants to manage rising living costs and one-off payments, in many ways helping them to manage living on low incomes. For example, tenants told us they used a range of commercial borrowing services to pay for large expenses like holidays, additional family expenses such as Christmas and birthdays, as well as day-to-day expenses like children's clothing and activities. Credit cards and catalogues were described by several participants in a positive way, enabling tenants to spread the cost of payments to meet family needs and afford occasions that they would otherwise not be able to afford:

Yeah, everyone knows how expensive it is to have kids and you want them to have the best, you don't want them to go without but certain things you can't really afford. (Female, 35-44)

I tend to put any large purchases, like we needed a new cooker so that went on the credit card which is because it's easier to manage the payments on the credit card than it is to finance a new cooker. [with companies like Brighthouse] you're getting hit with higher APR so it might be okay for the short term but in the long term you're paying way over the odds, whereas with my credit card, because it's an agreed rate for every purchase it's easier. (Male 45-54)

It [amount owed] has gone up a little bit because obviously sometimes we do have to rely on that [credit] a little bit more in certain months or sometimes we might rely on it for summer, so we spend our money, we go on like a little break away so we use the money for that instead of buying them what they need and whatever and we use that instead and then we'll pay it off. But at the moment we're managing everything alright, we're going alright. (Male 25-34)

In the previous extract the tenant described their situation as manageable, in that instance owing around £2000 on a catalogue and £1500 on a credit card. As long as minimum monthly payments could be made, tenants described these forms of credit as useful resources. However, if circumstances changed or if mistakes were made with payments, tenants were subject to penalties:

I did have a credit card that I had to pay off and a few little catalogue stuff, but they're almost paid off. That has caused me a bit of stress because it did cause me to get a CCJ cos I wasn't aware that I was owing a [catalogue] company something and when I found out that I had a CCJ. (Female, 25-34)

Some tenants did, therefore, face impossible financial situations linked to being in debt and in poverty, where repayments had become unfeasible and where cycles of debt had escalated and become hard to break. Some owed relatively small amounts, or were behind with just one or two bills or credit repayments, but it was more common for tenants to report high levels of indebtedness and to be struggling to meet repayments. Many were juggling multiple debts of different kinds, including being behind with regular bills and/or rent alongside credit repayments that they were struggling to maintain, where the cycle of debt had become unmanageable:

I was paying off the credit cards and then using the credit cards to get through the month. (Female, 55-64))

Debt with household bills

While payment of rent was a top priority (see Chapter 6) and rent arrears were a source of significant stress for participants, there was a general view that social landlords were more understanding and accommodating with payment plans than other services. Debt with Council Tax payments appeared to be the most significant concern due to the severity and inflexibility of repayment demands and escalation:

They're not the nicest to deal with, Council Tax, it was one of the worst experiences and I was at my lowest in my mental health at that point as well, they made things worse. (Female, 25-34)

I'm trying to pay the Council Tax, they have a no nonsense attitude and take you to court straight away so I would try to cover that as much as possible. (Female, 35-44)

The quote below reveals another rationale for prioritising Council Tax payments, based on credit ratings:

I knew from someone that if you miss Council Tax that's really bad for your credit so I made sure I tried not to miss it and sometimes I'd pay half this month, half the next month but at least I would give something every single month. (Female, 25-34)

Despite these concerns, like the tenant quoted above, participants sometimes found the gap between their income and expenditure too great to manage their Council Tax payments in full:

Yeah, we was really struggling, there's many times we didn't have bread and milk and I've had to leave a month's Council Tax but then when it come to the next month I was having to double it up. (Female, 55-64)

Falling into debt with energy companies was another immediate concern. Tenants reported borrowing from friends and family to pay energy bills, as well as using money that might be used for rent, and many were behind with at least one household bill at some point in their budgeting cycle. The quotes below illustrate how difficult it can be to break free from a cycle of debt:

I borrow money from friends but I manage to pay that back, or sometimes I have to juggle between paying a bill and paying my rent. So, at the moment my energy bill, my EDF bill, I have to take a hit on that one to cover the rent. I just juggle them and rent is priority cos I need a roof over my head, energy bills, they're going to do what? Send me to debt collectors and I'll have a payment plan or something so the collateral damage as opposed to not having a roof over my head, I have to weigh that up. I pay my energy bill bit by bit, I pay a bit today and Council Tax bill as well, that's a nightmare. (Female, 35-44)

Even when I was working it was hard and I think sometimes, I don't know how to explain it. It's not even just the rent, it's the gas, the electric, the electric is horrendous. You're getting like an evil circle and you just go round and round, you're borrowing money to put on your electric and then you give that money back you've borrowed and then you've got no money for your electric so then you have to borrow it again. (Female, 25-34)

We notified EDF before this letter and told them we will pay them on the 26/11/2023 but they still sent out the debt recovery letter, so we had to use our shopping money to make the difference and have less money for food for that week. (Male, 55-64, diary entry)

It was also clear from participant accounts that energy bills vary considerably. Some reported energy bills that they considered excessively high, and which were unaffordable. As in the case above, this could impact on tenants' ability to pay rent and other bills. There were participants on pre-payment meters where lack of money for energy presented immediate difficulties. As the quotes below indicate, emergency credit provides a crucial buffer for people who have run out of credit on their meters, but this does represent a 'debt' that, once used, has to be repaid before supply is reinstated:

Well, it very often is in the emergency credit, I think on two occasions because of outside of circumstances I had to, Ovo's quite good, you can actually go in and borrow. (Male, 55-64)

Well, when we got the payments that they gave us, the £60 odd a month up until March this year, so that was okay cos I wasn't using as much then and then when I've had to do it myself it's always gone, I put 20 quid on and then it'll go down and be in the emergency so then I'll top it up again. (Male, 55-64)

It should be noted that in the survey people in receipt of HB or UC were slightly less likely to be behind with more than two bills (24 per cent and 19 per cent, respectively) than those not in receipt of benefits (28 per cent of whom

were behind with at least two bills). The difference may partly be explained by the higher proportion of UC and HB recipients in the survey paying for energy through prepayment meters, where usage must be paid upfront.

5.3.1. Routes into debt

Our interviews revealed a range of situations and routes into indebtedness, but the root cause was a mismatch between income and outgoings. Tenants described the impossibility of income and expenditure they had to manage, and cycles of debt whereby the shortfall increases month on month, exacerbated, according to one participant, by the monthly UC payment cycle:

I only get about £100 off Universal Credit so between paying the other bills, your water, your Sky, everything else, internet, car insurance, car tax, clothes, food, you're just picking which one you don't, you're kind of choosing which one you're not going to pay. (Female, 35-44)

That's it, it's a nightmare for people, monthly pay is a nightmare. When you got your benefits fortnightly you still might have struggled but instead of borrowing maybe, like now people are borrowing between maybe £80 and 120 to get them through that last fortnight, but when you was paid fortnightly you might think I get paid in six days so if I just borrow 30 quid I can bang a tenner on the gas, so it's like you don't owe as much. Then trying to find that 120 quid that you borrowed for the month cos of Universal Credit, you're in the same boat the following month, if not deeper. (Female, 55-64)

The cause of debt was attributed by tenants to precarious employment, variable income related to UC payments, HB and UC overpayments, the financial difficulties of wider family members, and changes in circumstances such as illness and unemployment. In the remainder of this section, we discuss these issue/s in more detail.

Changes in circumstances

Debts sometimes accrued over time but could also escalate quickly, for example following a change of circumstances. Participants reported falling into debt due to changes of circumstances such as illness and, relatedly, periods of unemployment:

There has been times, unfortunately [partner] got Covid so that put us a little bit back on work so we were only getting sick pay. My partner had a back injury where she slipped four discs in her back. (Male, 24-34)

As the quote below shows, debt that was previously managed through monthly payments can become difficult to manage with a change of circumstances:

I've got loads of debt; I'm trying to pay it off. I was fine with it when I was working, we sorted out money out, what we pay, whatever, and I was paying my debts back and now they've just built up and built-up cos we've not had the money for them. It is hard, life's hard. (Female, 25-34)

Making payments on loans and credit cards is a normal part of budgeting for many people, until illness or life events halt earnings from employment. The participant below had built up an emergency fund from earnings and had received a subsequent redundancy payment. However, a prolonged period of illness had exhausted those funds, and the tenant had to use their children's savings:

Oh yeah, which I do, you can build it up, pay it off, get a loan, I've lived like that for years until that, and then oh, how do I now pay it without the income? That six months thing that Martin Lewis talks about, I follow that, however six months is only six months and if you don't get back on your feet in time it's lost and that's what happened to me. There was a whole year plus, I think I budgeted for 18 months I could stay at home and live off the redundancy money and get myself better, it took longer than that to get myself better and that's where everything went. I had to raid my son's savings, poor thing. (Female, 45-54)

The majority of tenants who struggled with debt were unlikely to have earned enough to have these kinds of emergency funds or substantial savings. As reported above, survey results showed that 66 per cent of respondents

lived in households with no savings at all and further 14 per cent had savings of less than £500. Situations varied depending on terms and conditions of employment such as sickness pay. For one woman, the trauma of losing a baby and subsequent illness had resulted in a period of absence from work, with sick pay only for the statutory minimum period. Being unable to pay monthly mobile phone contract payments had quickly escalated into an unmanageable situation:

I had a phone and when I come out of work I tried to pay my phone bill and I couldn't pay it off so now I've got to pay the full phone price, that's like 700 quid and then I'm getting debt letters through door, like we're going to have to do a court order and then I'm panicking and thinking what do they expect. (Female, 25-34)

Another described their struggle with sickness throughout their pregnancy, which resulted in repeated time off. She described the employment conditions associated with her full-time role, where their employer was not legally obliged to pay for the first 3 days of sickness absence, and another explained the impact of maternity leave on their capacity to pay household bills, as she was only receiving statutory maternity pay:

If you have to take any time off the first three days you're not paid and you're paid statutory sick pay thereafter which isn't great. (Female, 25-34))

I struggle at the moment, I'm on maternity as well because obviously my baby's seven months now so I'm not getting my wages because I only work part-time so I have had help off the council a couple of times for help with my heating cos it's just so expensive.

Time off work due to sickness was particularly worrying for tenants employed on zero hours contracts.

Another participant described falling behind on rent due to an unexpected expense. Following this, a period of illness and a major operation led to a break in employment, making arrears repayments difficult. As they explain, it is not difficult for arrears to escalate, especially where rent is high.

I slipped into arrears then, and I tried to play catch-up but then less than a year later that's when I had my lung operation, so everything was in close proximity and then a couple of months behind but because of how high the rent is it's not hard to fall into arrears. By that time I was owing about 5000 or something, it was like four months' worth of rent arrears and so I gave them 1500. They were, like, fine we can set up a payment plan when you get paid when you go back into work next month and you get your first pay, contact us and we'll set up a payment plan so I said that's fine. (Female, 35-44)

Other tenants had also accumulated debt and arrears during periods of serious illness in hospital. One tenant explained that he had been in employment and making regular payment on credit cards but a three-month period of hospitalisation led to rent arrears. As his quotes below demonstrate, miscommunication between housing management and rent departments led to the escalation of arrears recovery action.

When I come out of hospital and I was getting in all this debt and that and they were sending eviction notices and what have you.

... Because it's so departmentalised nobody's communicating with each other and telling each other what's what, the housing knew where I was but the rents team didn't. (Male 55-64)

Debt transferred from family and relationships

Debt had sometimes been passed on to tenants from deceased or living family members, current and previous relationships. Often, smaller amounts of money owed to utility companies had accumulated with interest into large sums over time:

...I think it was 490 on the credit card and we've had to pay back £1,000 and something on that one. As I said, she [mum] got it out when I was 18 and I didn't find out about it until about five years ago. She had Virgin Media, a phone contract with 3 in my name as well so I have to pay them off as well. (Female 25-34)

after my first husband ran off with a 22 year old and we'd been married 17 years, that was really hard, I had no idea he'd left me with £10,000 debt. (Female, 65+)

The majority of those with debts incurred from relations had payment plans in place. However, the stress caused by those debts continued for years in some cases. As the quote below shows, paying those debts also made it difficult for tenants to meet their own financial commitments and day-to-day living expenses:

There were some debts which had to be paid off which was left behind after her father passed away and it did take a bit of juggling and a bit of trying to work out how to financially secure ourselves to be able to continue paying the bills, continue having food and stuff like that as well as paying what was left over after he passed and of course still having money spare. (Male 25-34)

Debt from benefit overpayments

Twelve per cent of survey respondents who were on benefits reported having at least one automatic deduction made from their benefits to repay rent arrears or other debts. Interviews also revealed situations where benefit overpayments and deductions had caused debt, often because of administrative complications where changes in circumstances occurred. Ultimately, tenants were responsible for repaying those overpayments, even if they had notified their landlord and the DWP about their change in circumstances. In the quote below, the tenant describes their frustration at being liable for thousands of pounds worth of debt that they felt had been beyond their control:

It's like I've got an overpayment which I'm not really liable for it because when I worked for [supermarket] cleaning and that, all my benefit, before I met [partner] all my benefits got messed about and it went into so many thousands overpayment, I think it were about 4000. She said it wasn't actually your fault. I said if it weren't actually my fault why the hell am I having to pay that back? (Female 55-64)

Another reported falling into debt due to a Housing Benefit overpayment, owing £5000. Initial automatic deductions from subsequent benefit payments were taken without negotiation and created significant hardship for this tenant who was already out of work for sickness. Again, the frustration and sense of injustice is clear in their quotes below.

Housing benefit said they overpaid me, I was five grand in debt, and I got all that... so what made it even harder for me is at the time when Housing Benefit had done that, obviously they automatically take their payments before issuing your Housing Benefit into your account, so I had no real say with that. So, they take £50 a month, that's a big hindrance when you're on statutory sick pay and stuff so I felt the pinch there as well...

...I said you get all my information from HM revenue, nowadays you don't even have to send any information because you don't even have a choice, how did it get to that point? They were like just because we overpaid you over so many years but that's not really, that shouldn't really be my issue, that's something you were doing, you never looked into; for me my circumstances didn't change so I don't understand, so the award notice was based on my circumstances at the time so I don't know what happened there. (Female, 35-44)

Other tenants reported debt because of the gap in payment from HB to UC. Tenants who were in these situations expressed a sense of powerlessness in their position, resulting in significant stress and, at times, avoidance. Part of the complexity in resolving these situations is the need for the DWP and the tenant's landlord to communicate effectively with each other to resolve the issue, leaving the tenant as a third party who must mediate and negotiate between two large organisations, as one tenant's experience shows:

... Universal Credit says it's my landlord, my landlord says it's Universal Credit and I'm like I can prove to anybody that I've not received it so, they pay it directly to the landlord so that's why I'm a bit like 'take me to court and then you lot can fight it out' cos it's not my argument, they didn't send it to me.....I've just had enough of it, I just keep putting my head in the sand because I can't get blood out of a stone and I've said I'll even go to one of them places and have a meeting. I want both of them there and have a meeting together but obviously they can't do that. It's hard cos you can't phone Universal Credit and get in touch with someone

sitting with the landlord and then I can't arrange an appointment to be on the telephone. It's just really hard for me to be able to try and get both of them on the phone at the same time and say he said you owe it, you said he owes it or whatever, so that's why I'd rather go to court. (Female 35-44)

5.4. Mental health impacts of indebtedness

It was clear from interviews that debt affected emotional wellbeing, and in some cases contributed to mental ill health. In the most extreme cases, respondents had indicated suicidal thoughts because of debt and subsequent mental health impacts:

I got diagnosed with depression and anxiety when I found out about all the debts. It got to a point where I walked out of work one day and almost walked in front of a car. So, it got a little bit bad but I've been a lot better since with getting everything back on track, my doctor doesn't think my depression's quite so bad anymore. But it affected me quite a lot mentally because obviously I ended up with debt collectors at the door and all the debt letters coming because they finally found out where I was living and that's how I found out about the debt. (Female 35-44)

Another woman described 'losing her mind' and hinted in her interview at having suicidal thoughts during this time. She attributed this to the extreme stress caused by a period of illness and unemployment, and subsequent arrears, eviction notices and threatening communication from a housing provider. Rent increases and the Benefit Cap had then exacerbated financial hardship for this respondent and her family:

There's been probably three or four threats to evict me, all of which I went to the solicitor for and he's won on my behalf, and they were calling me up and asking me for the rent and how I'm going to pay it and I'm like 'I don't have the money'. I had two different times when I've spoken to two, once a man and once a woman, and they both sort of threatened me and said: 'this is unacceptable, you got yourself into this, you need to get yourself out'. When I was really unwell the last thing I needed was something making me even worse. At one point I did have really, I sort of lost my mind....I just said: 'what do you actually want me to do?'. (Female, 35-44)

As in this woman's case, loss of control and a sense of hopelessness was a recurring theme in discussions relating to debt:

I can't give them what I haven't got. I understand that I knew what I was doing when I was in that situation, but something happened to me what was out of my control and it's stressful. (Female, 25-34)

Where tenants had persisted with trying to resolve complex situations between their landlord and the DWP in relation to UC, stress had impacted mental health. This respondent hinted at their more serious, and somewhat hidden difficulties with mental health:

Sometimes it's a bit difficult because, well, Universal Credit blame my landlord and my landlord blames Universal Credit, sometimes there's a discrepancy in the amount that needs to be paid and that can get quite stressful. I think it was last year between June and October there was miscommunication between the two parties and I had to be the go-between and it was quite stressful. It got sorted out in the end but I don't handle stress very well and also, unfortunately, I'm what's known as a well-presenter, which means to talk to me like you are now you wouldn't suspect there was anything mentally wrong with me. (Female 35-44)

In the quote below, a tenant described how powerless they felt in a situation of debt caused by benefit overpayments. Yet, rather than contest the unmanageable level of automatic deductions that had been implemented, they accepted those deductions and fell into greater hardship as a result:

I was just so emotionally broken at that time I was like whatever, I can't be bothered, I'm not fighting, I was fighting too much, I was trying to get my health as well, I was really down about my health. I was like you

know what, pick your battles and it was stressing me out so I was like this is not helping my health so do whatever you need to do, that was my attitude at the time. (Female 35-44)

Beyond situations of debt, the emotional impact of living in poverty and struggling to get by came across strongly in many of our interviews:

To be honest it does make me feel depressed because what type of life is this? My life is just crap because I can't get basic needs so it's not a nice feeling. (Female, 18-24)

If you've got no money, what do you do? Dying of hunger like. Sometimes I walk these streets and I'm going crazy and I'm like, I walk in a shop there and I'm hungry like and I'm thinking ?? know what I'm saying. It's very hard on me, I've got no family. (Male, 45-54)

5.5. Impact of the cost-of-living crisis on social housing tenants' finances

The cost-of-living crisis refers to the fall in 'real' disposable income, as household costs (food, energy, other bills) increase, driving high inflation which, in turn, tends to drive increases in interest rates, with implications for households with borrowing. The survey findings suggest that the cost-of-living crisis at the time the survey was conducted was having a considerable impact on the capacity of respondents to 'get-by'. Only 14 per cent of survey respondents said that their ability to 'get-by', financially was not affected at all by the current cost-of-living, whilst half of all tenants surveyed said their ability to manage financially was affected either 'quite a lot' (26 per cent) or 'very much' (24 per cent) by the increased cost-of-living. In total, then, 86 per cent were struggling to 'get-by' to some extent because of the cost-of-living crisis.

This was reflected in the accounts of tenants interviewed in-depth, many of whom reported a notable increase in their outgoings in the preceding couple of years (see Box 5.1).

Box 5.1: Impact of the cost-of-living crisis

Electric's going up now, the bread's going up now, the milk's gone up now, the food's gone up now, know what I mean? Sometimes I go to the homeless place and they see me in the worst way, I'm stressed out like, they look at me and go 'what's up with you?' I go 'I'm stressed out with this crisis now' everything's gone up now. (Male, 45-54)

It was really bad, you're looking at like 350, over 350 a month for my gas and electric when it was before that, I think it doubled, it was about 150. The food bills, your food shopping, that's near enough doubled as well and petrol, cos I drove at one point, that had pretty much doubled, luckily that's dropped a bit now. (Female, 35-44)

My rent went up at the start of this year by an extra £100 which was lovely and then my electric, the cap has increased on my electric, my water has increased so I'm paying double than what I used to. Pretty much everything. (Female, 18-24)

It's practically doubled since last year, it used to cost me about 25 quid a week for gas and electric but now it's costing me at least 50 quid a week, 50 quid each fortnight, so it has doubled. (Male, 65+)

We used to be able to go to Aldi and spend £90 a week on our food shop for five people and get the same as what we're getting now at 140. (Female, 35-44)

The rise in the cost-of-living had impacted on participants' ability to manage financially. One tenant, for example, reported that she had fallen behind with some household bills, including her rent, because of this increased expenditure. Indeed, further analysis of the survey data showed a clear correlation between those most affected by

the cost-of-living crisis and those struggling to pay their rent (see Chapter 9), suggesting that rising prices had directly affected tenants' ability to avoid debt. Tenants interviewed in-depth linked rising prices to various forms of debt:

The cost-of-living crisis, it's food prices and gas and electric. I've got £1500 worth of debit on my gas and electric at the moment because there's some weeks that you can't afford to pay what you've been using. Unfortunately, it's just one of them things. (Female, 35-44)

It's just down to bills going up and cos my Universal Credit doesn't go up and my bills do I can't afford anything so I'm left with minus in my account, so more money's being taken out than money putting in and it's really difficult. (Female, 18-24)

In some cases, tenants reported rising energy and other utility bills that were included in service charges. It is notable that while services like grass cutting or window cleaning might be the first to go when managing a diminished budget, participants had no choice but to pay the increased costs for services that maintain their communal areas. Tenants reported some limited agency in the ability to shift and prioritise payments or reduce use of utilities where possible, but service charge payments were set annually and, in some instances, had risen steeply. For example:

I hadn't got my rent statement, or I'd give you the breakdown, but the service charge it was something like £18 a week and apparently now it's about £45 a week. (Female, 35-44)

With my gas I'm in rent arrears and I don't even have gas in my house so it's for basically to heat up, I don't know, would it be for my washing machine, heating up the water there, to wash myself and to wash my dishes? Cos apart from that I've got electric cooker and I've had the heating on twice since I've lived here. (Female, 35-44)

All the rent's covered [by benefits] apart from water rates and the maintenance to cutting the grass, the lights outside in the hallway, the window cleaner, it comes at 30 quid a week I think..... I have to pay that with my benefits. (Male, 55-64)

Tenants also reflected on the way that their lives had become limited by the cost-of-living, making small occasional social outings or activities impossible:

The cost-of-living has made things quite a bit worse, that wasn't always the case, we used to be able to go and enjoy ourselves at the cinema and stuff like that but over the last couple of years it's got a lot worse. (Female, 25-34)

I do go to Costa coffee now and again with a friend but even then I've started trying to go to little independent cafes, Costa coffee used to be £2 summat and now you're looking at £4 for a flavoured latte, that's a small one. It's not an option... (Female, 35-44)

Price increases for essential goods and services will have the greatest impact on those with low incomes, with limited or no disposable income and/ or savings and so lacking a financial buffer to absorb increased financial commitments. As discussed above, this applied to many tenants participating in the study. Serious concerns were also expressed by national and case study stakeholders about the capacity of low-income households to cope financially with the cost-of-living crisis. However, they emphasised that the cost-of-living crisis has come after a period in which low-income households' budgets have already been squeezed (partly as a result of welfare reforms), and so should not be seen in isolation, but as compounding an already significant problem.

Stakeholders also noted that people who spend more time in the home are disproportionately affected by rising prices. Increased energy costs, in particular, impact disproportionately on those without the resources, or are less able for other reasons, to spend time out of the home. This can include unemployed people, people with ill-health, and some disabled people. As a national stakeholder commented:

What policy people need to understand is that if you're not working, if you're disabled, you spend time at home. Mostly your time you spend at home. So, you're gonna have the heating on. You have to use it. It's necessity, isn't it? So, they're struggling. They're struggling even more. (national stakeholder)

It was clear from interviews with tenants that households with health issues faced higher costs relating to their additional needs, making any increase in living expenses even harder to manage. The quotes below demonstrate the increased costs associated with certain conditions, as well as the importance of housing standards in relation to thermal comfort:

It is just how much everything is - to try and budget. To make sure there's enough food... That we've got enough money for the gas and electric. And just day-to-day things - the children need extra clothes. One of my children has a medical condition.... - he is actually allergic to cold weather, so in this weather we have to make sure he is wearing extra layers, so he doesn't come out in massive welts. (Female, 35-44)

Yeah, it's pay cheque to pay cheque really, once you've factored in inflation to your food bill, the gas and electric of course, I need the heating on all the time because my wife's in a wheelchair so her mobility is not what it was. So, we have to make sure that she's warm all day, all night sort of thing. (Male, 45-54)

Some tenants reported particularly high energy costs that were paid for as part of their service charge. The respondent quoted below, for example, described monthly charges of £200-250 for a minimal level of heating that was not adequate for the family's health needs:

I was only putting the heating at 18 degrees; I was putting it at the minimum that they say you should keep it for winter. We're a cold family, anaemia and everything as well, my kids have asthma so we need it at a minimum of 35, especially with multiple heaters, to feel it you need that. I would keep it at 18 and we were still cold and still using electric heaters, I had two electric heaters so we were still doing that and toggling between rooms and even then it was coming between £200-£250 so imagine if I put it up at 35 my bills would be in the 500s. (Female, 35-44)

As reported in the previous section, changes in circumstances such as sickness or disability were particularly worrying for tenants managing on low incomes. This was the case for tenants in work and for those in receipt of Universal Credit, where the Benefit Cap applies. These concerns drove one tenant to return to work before they had recovered from a succession of major surgeries:

Obviously, I don't want to fall short and hit Benefit Cap, say something happened... for example, I had lung cancer surgery about a year ago and I was out of work for a year. I was forced back into work and I hadn't fully recovered because I had about three surgeries in that one year. I hadn't fully recovered; I wasn't ready mentally to go back into work but because of the Benefit Cap I was forced to go back into work to be able to afford my rent. It's not manageable I would say for people who are living as a single adult in the house. (Female, 35-44)

5.6. Conclusion

The financial circumstances of many of the social housing tenants participating in the study were precarious. Notwithstanding the caveat that tenants were recruited to the study from neighbourhoods with above average rates of rent arrears, the survey findings indicate low income levels, a relatively high proportion in receipt of benefits, and lower than average employment rates compared with the national population. Many employed tenants were on casual, insecure or seasonal contracts, and few had savings of an amount sufficient to get them through periods of sickness, unemployment or to manage unexpected expenses and rising costs. Unmanageable debt was common amongst interview participants, such that some were juggling debt repayments and essential outgoings from month to month.

The cost-of-living crisis had certainly compounded participants' financial precarity, with implications for tenancy sustainment: for a group already experiencing financial stress, any increase in costs or reduction in income potentially impacts on their ability to sustain full rent payments. Meeting essential outgoings such as rent payments on a low-income, especially in a context of an increase in the cost-of-living, demands careful budgeting and so in the next chapter we explore tenants' attitudes and approaches to money management.

6. Approaches to money management: attitudes and budgeting techniques

6.1. Introduction

Drawing on tenant interview and survey data, this chapter explores tenants' approaches to managing their money, their budgeting skills, and attitudes towards essential outgoings such as rent and bills (their *capabilities* and *motivations* in the COM-B model). Common budgeting strategies identified were: operating systems of prioritisation; keeping written or digital records of income and outgoings; aligning payment dates for essential bills with 'payday'; and employing strategies to make income stretch. We discuss each of these in turn.

6.2. Prioritising outgoings

The majority of survey respondents described themselves as organised money managers who did not buy things impulsively that they could not afford. Nearly three quarters (74 per cent) agreed that they were very organised when it came to managing their money day-to-day while 20 per cent – a small but nevertheless significant minority – agreed that they were impulsive and tended to buy things they could not afford (64 per cent disagreed with this statement and the further 15 per cent were neutral). There were no significant differences in responses to these questions between different socio-demographic groups, although younger people were more impulsive in their spending than older people, with levels of impulsiveness decreasing as age increased.

In the main, however, participants described thinking carefully about what they could and could not afford, with many having a set order in which they paid bills and made essential purchases. Prioritisation was a way of ensuring that outgoings considered the most essential would always be paid and, if their income ran out, the remaining items or bills were those they felt were easiest to 'do without'.

Interview participants were asked which outgoings they prioritised, and the response was nearly always 'rent' or 'rent and Council Tax'. Electricity and sometimes water rates were also given high priority alongside rent, and participants sometimes had reasons for prioritising a particular bill that others deemed less of a priority. One, for example, explained that they prioritised *rent and my internet bill, because I work online*.

Prioritisation of rent was reflected in the survey results. Respondents were asked: *If you have had to choose between expenses so you can afford to pay your rent, to what extent do you prioritise paying your rent?*. The majority (82 per cent) reported that they 'always' prioritised paying their rent with a further 14 per cent reporting that they did so 'sometimes'.

Decisions about how to prioritise payments were not always straightforward, however, and even tenants with a positive attitude towards rent payment sometimes prioritised other expenditure. Tenants with children, in particular, frequently grappled with conflicting priorities: paying priority household bills, or meeting the immediate needs of their children. Parents tended to prioritise expenditure for children in general terms – *I always make sure that I prioritise things for the kids (Female, 25-34)* – but this could involve purchasing items that would otherwise be considered 'low priority' (clothing, for example). Tenants also described shifting priorities from one week to the next, depending on the needs of children, and prioritising things for their children that they did not prioritise for themselves. Thus, while tenants held general and quite firm views about what constituted priority expenditure, day-to-day decision-making was more complex and fluid:

When Ben's daughter's here I don't want her coming in and we've got no electric or got no food, we've never not had food or electric, but I just mean we prioritise more things when she's here. (Female, 25-34)

I can go without and as long as they're [children] all happy. (Female, 25-34)

Paid rent but was meant to pay extra to reduce arrears but couldn't as had Christmas presents to buy for my children. (Male, 55-64, Diary entry)

A national stakeholder added an important insight on this issue, noting that responsibility for budgeting does not fall evenly within households. She reported that it is often women in households containing children who bear the main responsibility for this difficult decision-making and so absorb the mental stress and are more likely to 'go without':

Those who manage the budgets, in particular, in low income households, we know that women are more likely to do that. When resources are scarce, and the mental toll that that takes. When you have to make, you know, impossible decisions, basically, on where to allocate the money. And that's certainly something also that came out from the pandemic. Women's mental health deteriorated to a higher degree than the male peers, and parents, or mothers, more so than childless women. They are what we call the 'shock absorbers' of poverty. So, again, when resources are scarce, they tend to go without, to feed others or to heat others or to provide for others. (National stakeholder)

Health and disability were also found to influence the expenditure participants prioritised, because this gave rise to different or additional needs (see also Chapter 5). One tenant, for example, spent a good proportion of their income on taxis – a form of expenditure others would have considered low priority – because their health condition made it very difficult to take their children to school any other way. Another prioritised electricity over heating because they needed to charge their mobility scooter, and another had incurred priority expenditure in the form of repaying a loan to buy a wheelchair:

I say I've just taken on this other wheelchair which I've had to add to that budget which is costing me £223.80 a month but having said that I don't have to pay for tyres, I don't have to pay for servicing, if anything goes wrong with the machine I just make a phone call and they come out and either take it away or fix it and leave me a standby machine. (Male, 55-64)

Several others explained that they prioritised expenditure for heating, electricity and healthcare because of health conditions or disabilities, a point also made by a national disability rights stakeholder:

Gas and electric is a bit awkward because with me suffering from arthritis I feel the cold a lot more. I've budgeted everything out so that when the next bill comes in, we should be clear of any arrears. (Male, 55-64)

People forget that, although you've got your PIP, it's still an awful lot more expensive to live with a disability. You have to have the heating on more because you might not be that mobile, you might need a medical equipment, you might need to charge your battery on your Motability scooter and you might have to have the washing machine on every day rather than every other day because you've got extra laundry costs. (National stakeholder)

Yeah, and the thing is I've had to pay privately which is not very easy when you're on benefits, but I've had to pay privately for a hypnotherapist and also for an osteopath, so a lot of money has come out of my money to try and get me healthy to fill this gap that the NHS has left. Not that I blame them, I know they're under stress, but you've got to do what you've got to do to heal yourself. (Female, 35-44)

One tenant described the expenses associated with looking after a child with additional needs. Additional needs such as neurodiversity are less visible, and often excluded from discussion of health, housing and financial insecurity. In the quotes below, the tenant responded to questions about their main sources of financial stress and the day-to-day costs of looking after a child with additional needs:

Heating and electric. He won't sleep without the lights on. He has to have a light on in his bedroom, the toilet light has to be always on. There's always got to be a light on downstairs, in case he goes wandering. He's wanting to turn everything off - we are not able to do that. So, it's finding the money. We don't have pre-payment meters - we have a direct debit. Smart meters are taking an amount out each time, but we need to have a set amount to pay.

And

I also have to drive everywhere as there is nowhere you can walk the little boy. He has no sense of danger whatsoever. He will run in front of cars. He has done it multiple times and I have to find the money for petrol and insurance, car tax on top of everything else. Even though I've been driving 9 years, instead of going down it's going up, there is very little left. (Female, 35-44)

6.3. Accounting techniques

Most of the tenants interviewed described managing their money very carefully and employing detailed accounting of their income and expenditure. Most knew exactly how much income they received (sometimes from different sources at different times of the month) and what funds they needed to meet their outgoings. They described different 'accounting' methods – some used digital methods such as spreadsheets and apps, others recorded notes and calculations in notebooks or on their phones – but all were designed to record and monitor their income and outgoings. The descriptions provided by tenants, presented in Box 6.1, are illustrative of the kinds of techniques reported by many of those interviewed.

Using accounting techniques was, however, no guarantee that income would cover expenditure, but it was reassuring to participants that they had done what they could to fulfil their financial obligations. One woman described a 'tally chart' that she used each week and month but went on to say:

[So, you write it down every month, you know where it's going?] Yeah...To be honest I look at it and go 'is there any point in me even doing this because I'm going to have no money anyway', just looking at it stresses me out so it's not the best...it gives me a bit of peace of mind knowing that I've wrote it down so I have thought about where everything's going and I've not just been like 'oh I'll figure it out', been a bit careless with it, because I can't afford to be careless. (Female, 18-24)

Box 6.1: Accounting techniques employed by tenants to manage their budgets

We put a spreadsheet and we list it...I'm the one who's able to work the numbers, but she's really good when it comes to the computer, so we work together on that and then I think we do really well, because I don't know computers like she does, she knows how to set all these up, but then I'm really good with the calculation side of things. (Male, 24-34)

I have a thing on my banking app, it tells me what days bills are due and I've just done that, but I've always written everything down every month what's got to be paid, the date it's got to be paid so I make sure it's in the bank. (Female, 35-44)

I write things down or I'll use a calculator on my phone to see where I'm up to, especially when my wage comes in, and calculate it all out to what we've got left over, and then what that then needs to be paid out on. (Female, 24-39)

I just make a tally chart cos I've got this big booklet and I'll do four lines and I'll be from week one to week four, I'll split the money into four separate weeks and then I'll go through each week of what I need to pay off and what I need to get. I usually always end up with minus anyway, so it doesn't really shock me. (Female, 18-24)

6.4. Aligning payment dates with income

To support efforts to prioritise certain household bills (or to prioritise household bills over other expenditure), it was common for participants to align payment dates with income. In this way, they ensured that the bills they prioritised would be paid first:

Rent is the first thing; it's set to go out as soon as my wage hits my bank. (Female, 25-34)

I try to get everything to come out on the one day and then once all that's gone out on the 20th I'll check and that's what we've got now for the month and I work it that way. (Female, 35-44)

All my bills, everything goes out on 15th of the month from my bank account, so I know exactly what's going out and when. (Male 55-64)

As the quotes above indicate, use of automation was a common method for aligning income and outgoings. Having selected payment dates that aligned with income, these tenants had set up direct debits or standing orders to guarantee that funds left their accounts as soon as their benefits or wages were paid.

However, not all participants were able or wanted to use automated payment methods. This included tenants who were concerned about direct debit payments, and tenants whose utilities were paid through prepayment meters rather than monthly or quarterly bills. Tenants reported particular anxieties related to payment of bills and debt repayments by direct debit. Direct debits are usually fixed on a monthly cycle that does not always align with benefit payment cycles, resulting in income and outgoings falling out of sync and missed payments. Participants also shared their concerns about a perceived lack of control relating to direct debit payments. The following quotes demonstrate the importance of control over payments where individuals must manage multiple payments and debts with limited budgets each month:

Yeah, what annoys me about direct debit is that they can take it out whenever they want and they can take as much out whenever they want. So, if I was in debt with them and I was in debt with something else and I had a plan, say pay 20 quid off this, 20 quid off that, they could take all the arrears off what I owe and then I'd be stuck with them other ones so I don't do that. (Male, 65+)

I don't know how we've managed this, but they said they were going to take my rent out on 19th which is when I get a tiny pension from there and they emptied my bank account, put me in debt. I had to rake round, borrow a bit here and a bit there and I managed to pay it and then rang them to complain and she said: 'we're sorry, do you want the money back?' I said: 'well no cos I owe it but why didn't you take it out on 1st when I thought I'd asked you to because I don't know where I am with my pension yet'. So, we've scrapped the direct debit now and I've agreed to pay for it when I get paid. (Female, 65+)

Even in these cases, however, many tenants mimicked an automated transaction by aligning payment and income dates and then making the payment manually on the same day, for example using their banking app, or by telephone.

6.5. Making income stretch

Participants showed a keen awareness of prices – and price changes – in different outlets, reported 'shopping around', *going in the evening when they are doing offers (Female, 45-54)* and *penny pinching, watching what you buy, meal planning (Female, 35-44)* so as not to spend even small amounts unnecessarily. In this way, tenants were able to retain as much income as possible for priority expenditure (utility bills, Council Tax, rent) and do all they could to provide enough food and buy other essential for the households. If a food or household item they purchased regularly increased in price, they would switch for a cheaper or alternative item or brand (or do without – see Chapter 7) and participants reported minimising 'waste', especially in relation to food, demonstrating skill at making food stretch to as many meals as possible. For example:

Well I usually get minced meat and then, before I put it in the freezer., I separate it into four bits or even three bits, it depends on how big it is, so I have like two sessions, so that's like two days in the week and then I get a bag, every week you get like three potatoes or whatever or get baby potatoes, so I can always make a shepherd's pie or something and then I've got frozen veg in. You can get those packets where you get four steamed veg or something so I use one of them each time I use a meal. (Female, 45-54)

At the moment I'm careful what I buy, I check the prices and some things, for example a bag of frozen sausages, they'll do four meals. I'll go for things like that knowing that they'll do four meals for us. (Female, 55-64)

Due to the extra money coming out last week we didn't have enough money to get what was needed and didn't want to borrow again, so we got less shopping this week and stretched what we could get to go further. (Male 55-64, Diary entry)

Buying second hand items, particularly clothing and household goods, and using local Facebook, Freecycle and WhatsApp groups to obtain items that others were giving away or selling cheaply was another way that participants minimised expenditure so their income would stretch further.

In a small number of cases, all in London, participants considered more radical ways of generating more 'disposable' income after household bills were paid. These tenants reported that they were considering requesting a transfer or seeking a mutual exchange out of London, where they expected rents and the cost-of-living would be lower, as one woman explained:

I've said to them, I know there's rent arrears, as it currently stands there's about £4000 rent arrears, I can't afford to live here no more, please move me out, because if you want to get that rent from me how you want it, they've called me at times and said: 'you've got £4260 rent arrears, can you clear that?' And I find that so insulting, cos I'm like I'll just pull it out of thin air shall I? I just said you could move me somewhere else..... what I'm saying is please move me somewhere out of London that I can afford that's only £100 instead of £200 or £150. The money, I'll be in a better position. (Female, 35-44)

However, this was a strategy typically considered once a tenant had already accrued arrears, as was the case for the tenant quoted above, and rent arrears usually prohibits a transfer.

6.6. Saving

Savings can act as a vital buffer against unexpected expenses or a temporary reduction in income, for example due to illness, benefit sanctions or automatic deductions, and fluctuating hours for those on flexible employment contracts. Savings can also help households manage the transition from paid employment to UC during the five-week waiting period and can reduce the need to borrow and accrue the interest payments that accompany most debt.

We reported in Chapter 5 that the majority of respondents had no savings (66 per cent) or savings of less than £500 (an additional 14 per cent). This was reflected in the accounts of in-depth interview participants. Participants' income levels made it very difficult for them to save or to overpay on bills to provide a buffer if their income reduced, a bill was unexpectedly high, or in order to pay for something they could not immediately afford, but a few managed to do so. In some cases, participants were saving very small sums over time to accumulate enough to afford something later in the month. One, for example, talked about saving around £2 per week so she had a fund for essential items of clothing, and another saved small coins – *when I've got loose change I put it in a pot, 50p or something* – so she could take her son to the cinema or give him pocket money during his access visits – *it adds up to like a fiver or something.... he says 'mam, what pocket money have I got?' and I'm thinking you've got about a fiver*. It was rare for participants to save larger sums, but one woman had an arrangement with her father that served as a savings plan but also provided 'credit' when necessary. Her regular saving provided reassurance that he would recoup any money lent. She explained:

Yeah, cos what I do with my dad, every week out of my child benefit, cos I get child benefit and child tax credit, I send him £20 a week and he puts it in a separate account, so if I do need it for a cooker breaking or my washer, nine times out of ten I've got it there already that I've put away for myself. But if I do need the help, say I haven't got enough for a washer, he puts the difference and then I just pay back and then he just takes £10 out of that until his bit's took out and then he carries on saving up for what I need in the future. (Female, 35-44)

A small number of participants tried to overpay bills – typically utilities and occasionally rent – as a form of saving, sometimes periodically, for example if they had a windfall or were anticipating a change of circumstances.

We have been getting cost-of-living payments, there's a £300 coming sometime in September. But what I've said to her is because we're alright for food you might as well use that money to pay off the electric and gas and keep it topped up, not so much topped up but if we can get in front with the gas then you've always got a little bit of leeway, so if we do run into difficulties (Male, 55-64)

I realise winter's coming up, I have a prepayment meter, I have £64 on my gas because I know cos I'm such a wuss with the cold. I'm aware now that it's October and I'm thinking you need to start putting money on your gas now so you have a nice little bundle so that you won't be like last year and making yourself sick with cold cos you don't want to turn the bloody heating on. (Female, 35-44)

The accounts of the two participants quoted below, however, gives a sense of how difficult it can be to accrue credit in this way:

We used to always pay extra. A couple of years ago we used to pay a bit extra, about £20 extra, so come Christmas it wasn't as much, so we had about 200 quid. Whereas now, cos the rent went up, the extra's not what I would like it to be, but we still pay a little bit extra but not a lot. (Female, 45-54)

We do try and put more in if we've got the money to do so, but it's not always the case unfortunately. We're trying to build up a bit of a credit on the gas because our baby's due on 24th December so we don't want her getting cold when we do bring her home.... Ideally by the time baby girl is here I would like to be about £150 in credit, if possible, but it's not really been possible to put that additional on. (Female, 25-34)

6.7. Conclusion

There is now a wealth of evidence demonstrating the financial literacy of low-income households. Often intended to dispel myths about a lack of financial acumen and irresponsible spending habits of people living in poverty, this body of research points to the myriad strategies and techniques employed by low-income households to improve their financial resilience (cf. Patrick *et al.*, 2022; Hickman *et al.*, 2015; Packman, 2018,). The findings from the 'Holding onto home' study concur with this evidence-base, finding that many participants were careful budgeters and organised money managers, utilising a range of skills and techniques to balance their household budget and manage their income.

We saw in chapters 4 and 5 that many of the tenants participating in the study had debts and were behind with their bills; some had rent arrears and running out of money was a common experience. Exploring participants' approaches to managing their household income, however, suggests that indebtedness, including rent arrears and late payment, was not typically a product of poor budgeting. Most tenants, including those in rent arrears and/or with other debts, described careful systems and strategies for managing their money, to maximise the possibility of meeting their rent and other financial commitments and essential needs.

The evidence presented in this chapter strongly suggests, therefore, that the financial difficulties experienced by the social housing tenants participating in the study – whether arrears or other debts, or being behind with their bills – cannot be explained primarily with reference to poor budgeting skills, disorganised management of money or a cavalier attitude to financial obligations (i.e. the *capability* and *motivation* of the COM-B model). We found quite the opposite in the detailed accounts that tenants provided of their approach to their income and budgets. Many used systems to managing money, prioritised essential bills such as rent and Council Tax, and did what they could to make their income stretch. They looked ahead at expenditure that would come due and kept track of income and expenditure.

7. Sustaining tenancies and meeting basic needs on a low income: resources, strategies and sacrifices

7.1. Introduction

As noted in Chapters 5 and 6, many of the tenants participating in this study reported running out of money regularly, having very little remaining income once priority bills were paid, and struggling to afford their rent. In this context, participants drew on a range of resources and employed strategies in addition to the careful budgeting described in Chapter 6, and made sacrifices in order to run their tenancy, maintain rent payments and meet their households needs.

This chapter identifies and explores the key strategies that tenants employ, as reported in the survey and in-depth interviews, and the resources they draw upon to meet their needs, including making rent payments.

7.2. Using charitable services to meet basic needs

Tenants who struggled to get by on their household income frequently relied on charity to meet their needs. This took various forms, but commonly involved use of foodbanks and similar services, and vouchers offered by landlords, local authorities or utility companies.

7.2.1. Food banks and low-cost food schemes

Over the last decade the need for food banks in the UK has increased significantly. Food banks in the Trussell Trust network, the largest network of food banks in the UK, reported a 37 per cent increase in the number of food parcels distributed in the year 2022-23 compared with the same period in the preceding year.²⁷

More than one in five (21 per cent) survey respondents reported that they, or someone in their household, had used a food bank at least once in the 12 months prior to completing the survey in spring 2023, with 11 per cent relying on a food bank more than once, and six per cent using a food bank at least once every month in the preceding year. The most recent Family Resources Survey (FRS) found that three per cent of households in the UK surveyed between May 2021 and April 2022 had used a food bank in the 12 months prior to being surveyed.²⁸ Although not directly comparable (the FRS was undertaken in the year prior to the Holding on to Home survey and covers the whole of the UK), this suggests that food bank use was considerably higher amongst the survey sample than the UK average.

The in-depth interviews provided further detail about the circumstances under which tenants used food banks. Food banks were a last resort for participants and so were used when they ran out of money altogether, or were left with too little after meeting other financial obligations (rent and other household bills and sometimes repaying arrears or servicing debts) to buy enough food for the household.

Some participants used food banks occasionally or sporadically in response to a short-term financial difficulty. One, for example, obtained food from a food bank while waiting for benefits to adjust to their lower wage, explaining that *We had to go to a food bank once just to cover a week's shopping for the boys and for us (Male, 25-34)*. The financial circumstances of others, however, were such that they found themselves without the funds to buy enough food for their household on a monthly basis, and so relied on food banks regularly.

²⁷ [Microsoft Word - EYS UK Factsheet 2022-23 FINAL \(trusselltrust.org\)](https://www.trusselltrust.org/2023-03-23/microsoft-word-eys-uk-factsheet-2022-23-final/)

²⁸ [Family Resources Survey: financial year 2021 to 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/family-resources-survey-2022)

One woman, meanwhile, had to change her employment when her husband passed away, to manage childcare. Now on a zero hours contract and only able to work certain shifts, her income fluctuates so much that she is often left without enough to get by:

Before I never used to go to the food bank to get the food, I just go to Aldi or Asda; but now I really, sometimes I go to the children's school and asking them please can you give me the voucher, I just need to go and get some food....I go twice a month. (Female, 45-54)

This woman's situation highlights that participants using food banks were often in work, and this was reflected in the survey results. Indeed, 19 per cent of part-time workers and seven per cent of full-time workers responding to the survey had used a food bank in the past year. While this is lower than the proportion of unemployed respondents using food banks (35 per cent), it strongly suggests that, in a context where precarious, part time and/or low paid work was common (see Chapter 5), paid employment does not necessarily protect people against the deepest forms of poverty.

Food banks were not the only service through which tenants obtained food that was more affordable than in mainstream shops. In a couple of the case study areas the landlord or other local agencies ran membership schemes or other services offering low-cost food. These schemes allowed tenants to purchase food for the household at a fraction of the cost of a supermarket. For example:

If I run out of money we've still got food...we tend to go to [X service] which is cheaper. I think it's a council owned scheme...it's like a cheap supermarket at the back of what used to be the council offices in [local area], small tin of peas 30p, whereas you go to Tesco or somewhere like that it can cost you anything from 55 to 70p for the same size tin. But all the stuff is donated from shops, it's not out of date, it's still within date so you've still got a few days. Our lass can go and fill the cupboard up for a tenner. (Male, 55-64)

On a Thursday we have like a Pantry at the library and you can get 10 items, you get free bits as well, but you get 10 items for £4.50 and if you went to Asda or Morrison's you'd be paying like £20.... I got a steak last week and it still had the price on, it had £3.50, one item, so you get three reds and seven blues and you get freebies like fruit and veg as well, but it's really quite good to go to. (Female, 45-54)

Up until we got back up on us feet we was using what they call The Pantry and that, was it 10 items for £5 which was handy. (Female, 55-64)

These schemes are not food banks and so tenants using local pantries are unlikely to be captured in the survey results about food bank use (there was some, but not much, overlap between use of food banks and pantry schemes amongst interview participants). This tells us that food insecurity is likely to be even more prevalent amongst the sample than the findings about food bank use (see above) indicate.

7.2.2. Fuel vouchers

We will see below that it was very common for participants not to use their heating and to minimise use of electricity. Those on prepayment meters often made use of the 'emergency' setting as a way of maintaining supply of electricity when they ran out of money. Fuel vouchers are available to eligible households and provided by local councils, energy suppliers and some charities. Some participants had received these, typically just once or twice at critical times when they could not afford to maintain their supply. For example:

I rang them up and I went 'look I pay my rent, I pay my Council Tax and I've got no money left for me with the kids' and the lady said 'don't worry we're going to send you a voucher, you go to the shop with your key for the electricity'... and they gave me £158. (Female, 35-44)

When I was sorting out Universal Credit and that, I rang Scottish Power and said I can't afford to top up until I get paid but it's going to run out, because I've got [son]. I said I've got a priority electric thing cos he's got a disability, so Scottish Power, they put £100 on. (male 55-64)

I struggle at the moment. I'm on maternity as well because obviously my baby's seven months now so I'm not getting my wages because I only work part-time; so, I have had help off the council a couple of times for help with my heating cos it's just so expensive...they give fuel vouchers to help with the cost of your heating if you're struggling and stuff. (Female, 25-44)

7.3. Support from family and friends

In interviews, tenants were asked how they met their basic needs when they ran out of money or didn't have funds to fully meet their needs, or when essential appliances (cooker, washing machine) needed mending or replacing. As noted above, local services providing free or low-cost food were a vital resource but there was also evidence of informal support, typically from family members. Borrowing money was relatively common, and family (and, to a lesser extent friends) were also relied upon to meet participants' daily needs, such as meals and laundry.

Participants talked about family members cooking meals for them, giving them food items to cook at home, and allowing them to use their white goods. One woman explained that her mother often invited her round for dinner because - *'she'll know that we would have got food in for when she [step-daughter] comes for the four days...so we're going to go without. So, my family do help a lot. (Female, 25-34)* and another explained that she had adult children living on her estate and could take her laundry to any one of their houses. Others recounted similarly:

I had to walk to [X] estate to go to my mum's to be able to have a proper meal because I just didn't have the money. (Female, 25-34)

Family and friends provided financial as well as non-financial support. Participants did report borrowing from friends, but it was usually family who provided informal financial support, partly because participants felt more comfortable asking family for money than friends, as one explained:

Sometimes I do run out of money. I have had to borrow money in the past from friends or my sister, mainly I try to use my sister if anything cos family, it's a bit personal when you run out of money; sometimes I just struggle until I get paid. (Female, 25-34)

We reported in Chapter 4 that 19 per cent of survey respondents had borrowed informally (from friends, family, or other individuals) in the past year so they could pay their rent. It is concerning that informal credit may have been the only way these tenants avoided rent arrears. One interview participant's account brings home the very stark difference this informal financial support can make. She expressed the view that she could have lost or had to relinquish her tenancy if her mother had not helped them financially:

Yeah, I think if my mum hadn't been helping us out then it could have been a different process of events, but I suspect, this is speaking with hindsight, we'll never know what would have happened. But if we didn't have that help from my mum I suspect we probably would have had to have moved out.

Another participant similarly reported having relied on family to avoid losing her tenancy. Facing eviction, she borrowed a significant sum to clear some arrears that had accrued during a period of sickness:

I had to speak to my sister, my brother-in-law, and borrow £3000 off them to get out of the arrears I was in with the rent, with the Council Tax and just pay some other bills that had piled up. (Female, 55-64)

Borrowing money from family or friends – or occasionally accepting money without an expectation of repayment – was a common way in which interview participants met other needs too. Aside from borrowing for rent payment, most commonly, interview participants had received financial support from family and friends to buy food. One man, for example, described regularly skipping meals and *my aunty found out and she said 'here' and she give me a tenner or 20 quid every now and again and when I got any money I just went and bought food with it. (Male, 55-64)*. There were also examples of informal borrowing to cover unexpected large expenses such as replacing a broken cooker or washing machine, and to pay essential household bills. One woman, for example, struggled to afford all her priority outgoings and so borrowed to maintain her electricity supply. .

As these examples indicate, informal borrowing tended to be a last resort to meet essential needs when funds were completely exhausted. Tenants would 'do without' or cut back significantly (see section below) before accepting informal financial support. One woman, for example, described cutting back to the bare minimum before borrowing from her father:

My dad will lend me money if I need to. We do try to not use that option, we usually just don't get anything extra, we just get the bare minimum for the fridge and the freezer and gas and electric. (Female, 25-34)

The fact that informal borrowing was so common, despite it being a strategy of last resort, is an indication of just how difficult some participants found it to meet their basic needs from their income. In this context it is perhaps not surprising that informal financial support often sat alongside other strategies for getting-by, such as commercial borrowing, using foodbanks, or missing payments on other household bills. One woman, for example, was behind on several bills, including rent, had borrowed from a payday lender, and cut back on heating and food, as well as borrowing from her mother. Another similarly explained that '*I have had to borrow money off friends and family and I've even had to start going to the food bank in order to keep on top of bill payments.*

We did not question participants about the financial circumstances of their extended family, but some did provide information about their family and friendship networks during their interview. From this, it was clear that the family members and friends from whom participants borrowed were rarely affluent themselves. As such, there was evidence of financial favours circulating amongst people with limited funds, and of tenants borrowing from those who were not in a strong position to provide financial support. For example:

Actually, I've got friends that used to borrow me money, when they pay me I pay her back so that's how it works sometimes. (Female, 35-44)

Well, we do get by, just about. There is certain weeks when I'm shorter than others. We get by, I don't smoke, I rarely have a drink, I'm quite savvy when it comes to cooking. So, I'd say probably 70 per cent of the time I get by, or I get by with the help of lending money.... normally [from] my mum and my dad but they're pensioners so it's not a case of they always have it. (Female, 35-44)

It was interesting that participants who had borrowed informally often did not view their lending as 'debt'. Several reported not being in debt, or emphasised that they would not incur debt, expressing the view that they would prefer to 'go without' than borrow money. Yet, later in the interview they reported having borrowed from family or friends.

7.4. Going without essentials

We know from the survey data that a relatively high proportion of tenants regularly ran out of money before their next wage or benefit payment (see chapter 5). Exploring this further with tenants who were interviewed in-depth, it became clear that many ran out of money *before* their basic needs – e.g. rent, household bills, food, clothing and travel to work or school - had been met. In these cases, tenants had to make difficult decisions, prioritising one 'essential' over another, including sometimes facing a choice between paying their rent – the highest priority payment for many – or meeting other basic needs. In Chapter 4 we reported that many survey respondents had cut expenditure on essentials such as food and heating in order to afford their rent. To reiterate: 46 per cent had cut back on their spending on heating, 43 per cent had reduced expenditure on food and 35 per cent had reduced expenditure on 'other essentials' in order to pay their rent. Some 61 per cent had reduced their expenditure on at least one 'essential' (food, heating or 'other') and more than one in five (22 per cent) had reduced their expenditure on all three in order to be able to meet rental payments.

Our findings concur with other recent evidence that going without essentials such as food and heating has become a routine part of daily life for people on low incomes (Patrick *et al.*, 2022). It became clear through in-depth interviews with tenants that 'reducing expenditure' often took the form of doing without altogether. Participants did not reduce expenditure on food just by buying cheaper brands or items, but they also skipped meals altogether, or did not eat

adequately. They would reduce the amount of time their heating was on to keep bills low, but they would also turn the heating off altogether, even during cold spells. And they would cancel all outgoings that they considered non-essential. Participants were often cutting back on multiple forms of expenditure, as the account of one participant illustrates:

my subscriptions, memberships, so cancelled the gym, cancelled some other subscriptions. I think I cancelled Netflix at a point as well, and then also heating-wise, not never, but I hardly turned on the heating cos it's so expensive, gas is so expensive, so I hardly turned the heating, even now I'm literally wrapped in my bed. So, it was mainly my electricity and things like water. I only washed the plates in the morning, wash it all in one go. I showered mornings, so literally for 10, 15 minutes in the morning the hot water's on...I wash the plates and then I have a shower all within that 15 minutes. Then I cook just whenever and I skim on food as well. I shop at Lidl and sometimes I go to Morrison's and get the savers options. I have a plan of what I cook, so I know I'm making pasta, I can only buy pasta and that's it; or whatever I'm making, I literally just buy the ingredients that I'm going to use that week, I don't buy extra. (Female, 25-43)

National and local stakeholders reported similarly that their tenants, or the communities they represent, were cutting back to the point where their essential needs were not being met, particularly in relation to food and heating:

And to be honest, the energy crisis at the moment is: it's just people can't afford to pay. Full stop. We've got people now living in our homes that don't put heating on in the winter. They can't afford to... They probably have one meal a day. (National Stakeholder)

So, we're working with a group of unpaid carers and nearly all live in social housing. Some are disabled themselves. Some are carers and also have, are also on means tested benefits. So, they're on an income-related ESA [Employment and Support Allowance], for example, or Universal Credit and, basically, we know from speaking to them that energy is a real issue because it's gone up so much that it's the biggest driver of their debt. So, they're basically not using any energy, or barely trying to use it to the point where people are using candles to cook food. It's really shocking. (National Stakeholder)

In this section we explore tenants' experiences of making these kinds of 'sacrifices' when money is too tight to cover all essential outgoings and needs.

7.4.1. Food

Food and heating were the two most common 'essentials'²⁹ that interview participants reported going without. Some reported skipping meals altogether – *I eat I'd say one meal a day at teatime (Female, 35-44)* – or not eating adequately, for example eating toast in place of an evening meal, or insufficient portions. One woman, for example, reported going without meals at one point in order to pay their rent – *I'd sooner do without food myself to do the council [rent] cos they're on your back (Female, 55-64)*. Others similarly recounted times when they were paying rent rather than buying food because they were falling into arrears:

..cos of rent, how much they charge, and get a bit behind and you fall in and you can't get yourself back because you've fallen so far behind that you are scrimping and saving and paying that [rent]; but you haven't paid for this week's shopping or whatever else. (Male, 25-34)

I'm still catching up with my rent arrears because I have to top that up myself. It was picking from eating or paying [the landlord] 120 quid, that's pretty much what it came down to over the winter. (Female, 35-44)

²⁹ By the time tenants resorted to cutting expenditure on food and heating they had already cut out many items that could be described as essentials, but that they viewed as 'non-essential' or luxury items, such as clothing and leisure activities with children.

One tenant had to make up a shortfall between his HB and his rent because of the bedroom tax reductions and an administrative problem that reduced his income further, leaving him with very little for food:

The flat I lived in before this, I paid 'Bedroom Tax' which worked out about £11.30 a week and then for nearly six to eight months I lived on £5 a month for food. I had food in, so it didn't really affect me until all the food ran out and then it affected me and I didn't have anything.... (Male, aged 55-64)

He described his eating patterns during this time:

Because I had food in I didn't really notice the money side of it, and then when [that] ran out I noticed, so it was just bills and bread and milk.Don't eat a lot. I got a loaf, two loaves and a pint of milk and I had to go in shop up here and go can I buy three loaves off you, one this week, one next week and one the week after, cos bread was only 90p or summat daft like that and then I had a pint of milk. So, I ate a lot of toast. (Male, aged 55-64)

Others similarly reported running out of money for food, skipping meals, or replacing substantial cooked dinners with snack-based meals:

Well, I used to do myself a proper meal every evening, but now I just do it two times a week, on a Sunday, and I have beans on toast or something like that. (Female, 65+)

Well, I don't really have a life anymore, so I don't do anything, but it's like food... [Interviewer: so, would you potentially not eat and skip meals to make sure the kids are okay?] Yeah. (Female, 25-34)

Not enough money for food but luckily have some for today until I get paid tomorrow. (Female, 35-44, Diary entry)

There were also many examples of participants doing without *nutritious* food because it was more expensive than processed food. These tenants were very aware of the lower nutritional value of the food they were buying and lamented not being able to afford the fresh food they preferred. This included pregnant women and people with children in the household for whom nutritious food is particularly important. Recognising this, some talked about buying healthier food for their children than for themselves when they could (see Box 7.1).

Box 7.1: Doing without nutritious food

I quite enjoy quite a lot of fresh fruit, especially during the pregnancy. I would just not get the fruit; we just get cheap freezer bits instead so we've got something in that we can eat. (Female, 25-34)

We tend to rely on frozen food cos trying to cook everything from scratch with the price of fresh food is becoming an issue as well really. (Male, 45-54)

Yeah, things I've cut down, like lemonade, fruit I don't buy much of, where I used to buy fruit every week but not now, orange juice, cartons of orange juice I don't buy anymore. (Female, 55-64)

Well, I used to buy steak and kidney, that kind of thing, where I don't now. Quite often we have these ham and cheese slices that you cook, I'll buy the cheapest, I go for the cheapest. I know it's not the best quality but as far as I'm concerned, it's food. (Female, 55-64)

I'd say we don't eat as healthy, it's all processed crap which I don't really like. I'd rather eat fresh food, but obviously everything's just expensive so I try to do a bit of both. When I do have spare money left over, if I've paid a debt off, then I try to buy bits. I always buy bits of vegetables and fruit and stuff so the kids will eat. (Female. 25-34)

7.4.2. Heating, gas and electricity

It was very common for tenants to report cutting back on heating, turning off appliances and using hot water sparingly - *I had to turn the heating off today. As the last bit of money I had was used to buy packed lunch things for my daughter for school. (Female, 35-44, diary entry)*. They reported a range of strategies for keeping warm without using their gas or electricity, including sitting in sleeping bags, wearing thermal clothing and thick jumpers indoors, covering themselves with blankets and fleeces and using hot water bottles. Those living on the upper floors of tower blocks reported benefiting from the rising heat from the flats below and talked in positive terms about how this reduced the need to heat their own flats. Those who did use their heating reported putting it on for just one hour, and one woman with a seven-month-old baby reported using *the heating minimal, mainly at night when the temperatures really drop, so I just keep him wrapped up usually. (Female, 25-34)*. Others reported similarly:

Yeah, we don't tend to put the heating on unless it becomes exceedingly cold, we will get blankets, jumpers, jackets, night gowns, slippers; we'll just cover ourselves. (Female, 25-34)

Ah that's one thing, I don't use the heat, I'll put it on for perhaps an hour. This house is absolutely freezing in winter and I can run the central heating for hours, it hardly makes any difference. I sit in a sleeping bag in the room in the winter. I'll put the heating on for an hour just to take the chill off the air, but it doesn't really do anything. (Male, 64+)

Well, I hardly have the heating on anyway because that's gone up ridiculous. But, when I do, I just have it on for half an hour; it does warm the flat up for a bit. (Female, 55-64)

it depends how cold it gets and it depends how many jumpers I've got. I've got thermals and I can always put hot water on my back and I've got some fleecy blankets. We can always cuddle up. (Male, 55-64+)

Tenants also reported using their electricity minimally, not watching television, *boiling the kettle if I need to do the washing up (Female, 45-55)* and sitting with the lights off, as the following accounts show:

I was putting nearly £100 a month on [the electric], and that's like wow, in two weeks I put nearly £60 on, and I was like that's a bit steep for what we're using. It got to the point where all day no TVs on, no nothing, we just sat in the quiet. (Female, 35-44)

Switch everything off...We would switch the TVs off, to be fair we switch them off when they're not in use anyway, but we wouldn't use them quite so much. We'd just switch everything off as much as we could. We wouldn't use the lights, we'd just use the torches on our phones. (Female, 25-34)

A national stakeholder made an important point that having entertainment in the home, such as a television, is particularly important for people who spend more time in the home and who have no disposable income for leisure outside the home (see below). This includes many of the tenants interviewed for this study, who spent more time in the home because they were unemployed or not working due to sickness, or who had disabilities that affected their mobility. Illustrating this point, one tenant explained that his leisure activities outside the home involved visiting his dad once a week, or travelling on the buses when he can *borrow my cousin's megarider, but otherwise I'm stuck at home. (Male, 55-64)*

7.4.3. Leisure, activities for children and 'treats'

Expenditure that participants considered 'extras' or 'luxuries' was the first to be cut from their budgets. In general, 'extras' comprised any expenditure other than regular financial commitments (rent, other household bills, arrears or credit repayments) food, and essential travel to work or school. One woman summed up the situation that many tenants were in:

Really there is no wiggle room, for treats. It is a case of bills, food, gas, electric, tv licence, water. All of that is paid. We don't have treats. We don't go out - if we go out, we do things that are free. (Female, 35-44)

It was clear from participants' accounts that the kinds of items they were 'doing without' were far from luxuries. One, for example, had stopped buying the 'box of fancies' (Female 55-64) they used to treat themselves to each Friday, and another no longer bought the jar of curry sauce he liked to cook with, because the price had increased. Another only bought a lottery ticket *..once in a blue moon, but I couldn't afford to do it every week cos it's too much to gamble and give that money I don't have.* (Male, 65+). Others had stopped buying sweets for their children - *we stopped all the treats, we just basically got what we needed rather than, you know what kids are like, they like sweets, chocolate, stuff like that, I just stopped all that* (Female, 35-44) - and clothing was only purchased when absolutely necessary, and nearly always for children only. One tenant recounted a recent time when new trainers were needed for his children, but he managed without by giving his shoes over to his eldest son and making do with a pair too large for another son:

Yeah, because we have all boys. The eldest will always have to get new shoes, but cos he's same size as me now he will just wear my shoes; if I can't afford it, I said just use my shoes, my trainers, cos I have plain black ones so I give them to him and I just wear a mashed up pair. That's if the worst comes to the worst. We were doing that last year where the boys all had to wear their brothers' shoes and one of them was a bit big for him, but I had to tighten the laces up a bit so they wouldn't come off his feet. But that was last year; I wasn't in a full-time, I was waiting for work but I wasn't getting anything. That's the thing with agencies, you don't have a steady income. (Male, 25-34)

Very few tenants interviewed were able to afford basic family holidays or day trips, and parents in the sample lamented not being able to pay for leisure activities and days out with their children:

I feel like [daughter] does miss out on a lot like that. My friends will go 'we're going Blackpool for the day, do you want to bring [daughter]?' and I'm like 'got no money, I can't'. (Female, 25-34)

Well, me and my son don't really go anywhere. We don't have family days out, I can't take him to a play centre, we can't go out for meals or go to a nice park by getting the bus, because we don't have the funds to even get on the bus to go somewhere and I can't drive because I can't afford a car. So, we're just very isolated at the moment. (Female, 18-24)

The quote directly above raises two important points that were evident in the accounts of other parents. *First*, her situation shows that even free leisure activities can be inaccessible for families on a low income because the cost of travel is prohibitive. Other participants talked about the expense of train travel - *we can't even afford to go to Blackpool, one of the cheapest destinations to go to, it's £55 on a train now* (Female, 25-34) – but in some cases, like the young woman quoted above, even the price of a bus fare was unaffordable. *Second*, her account brings home the detrimental impact – an isolating effect on mother and son - of 'doing without' what many participants considered 'extras' or 'treats'.

7.5. Conclusion

The evidence presented in this chapter shows that, despite the careful budgeting described in Chapter 6, many participants were regularly reliant on charities and informal borrowing and support to meet their basic needs, or simply had to 'do without'.

In this context, the fluctuating rent payment patterns identified through the Rent Account Analysis in Chapter 4 begin to make sense. The resources and strategies tenants can draw on are likely to shift and change from one month to the next, and so their capacity to meet rent payments will change accordingly. If they have received a fuel voucher one month, for example, or been helped by a family member, more of their own income can be put towards the rent, but these resources are only available occasionally. It is perhaps no surprise, then, that analysis of rent accounts revealed a corresponding 'erratic' and fluctuating pattern of rent payment and arrears. And, because rent was a priority for most participants, they reported paying *what they could* towards their rent, even if not the full amount,

an amount likely to change from month to month. This included paying part of the rent or missing one month but paying the next. For example:

I didn't have enough to pay my full rent; I managed to pay some of it off at the time and then paid the rest in the February. (Female, 55-64)

There were times when I missed the rent payment for a month or two. I would pay what I could and keep it going.... I was always able to keep it under control, if that makes sense, it never got to the point, so I would always be able to pay something to keep them content. (Male, 65+)

The evidence in this chapter also suggests that we need to think about tenancy sustainment in broader terms than whether the rent is being paid, the tenant is still in situ, and there are no obvious housing management issues relating the tenancy (anti-social behaviour or property damage, for example). If tenants are managing to pay their rent, or remain below an arrears threshold where their landlord would take action but are incurring debt to do so, or are not eating, or are living in cold homes because they cannot afford the heating, can we really say that these are 'sustained tenancies'?

8. Exploring the causes of rent arrears: tenant experiences

8.1. Introduction

This chapter draws on qualitative data to identify the ‘causes’ of rent arrears. It explores tenants’ experiences of, and trajectories into, rent arrears to identify those factors that seem to impact on their capacity to pay their rent. In the next chapter we then use the quantitative data generated for the study – the tenant survey and the rent account analysis – to explore statistical relationships between rent arrears and other factors, in an effort to identify some key ‘drivers’ of arrears.

8.2. Overview

Amongst interview participants, the immediate trigger for rent arrears was nearly always that they did not have sufficient funds to pay rent and all the other outgoings that they judged to be necessary. In the remaining cases, problems with, or misunderstanding about, the administration of their Universal Credit (UC)/ Housing Benefit (HB) had triggered arrears. We have seen in previous chapters that tenants were trying to meet their household needs and financial commitments by cutting back on expenditure, by relying on or borrowing from family and commercial lenders, by drawing on charitable resources, and sometimes by selling possessions to raise funds. We have seen that debt was relatively commonplace and so many were also repaying historic arrears debts (bills and rent) and repaying loans. In short, participants often simply did not have enough money to meet all their needs and financial commitments. One woman, for example, was repaying an amount towards historic arrears each month as well as her ongoing rent, but these outgoings, along with other bills, left no money for food. As a result, she was unable to keep up with her current rent payments. In her case, non-payment was treated more seriously because of the legacy arrears, and she received an eviction notice:

I was just desperate, I didn't have nothing and I'd used the rent money and I was panicking cos I'd paid the arrears, but I hadn't paid the rent because I had nothing to eat, not even a slice of bread or anything and I thought I'm going to have to use the rent. I ended up using the rent and then I got an eviction order....they sent me an eviction order cos I'd missed paying the rent. (Female, 55-64)

Although insufficient funds were the immediate trigger for non-payment of rent, a number of underlying factors were present in many tenants’ accounts. In most cases, arrears could be traced back to one of the following (overlapping) issues:

- Precarious employment and fluctuating income.
- Issues related to welfare benefits, such as moving from one benefit to another (for example, from Housing Benefit to UC), the five-week wait for a UC payment, the ‘Bedroom Tax’, administrative problems, and complexity in the benefit system.
- Change of circumstances, mainly related to changes in health, employment or benefit status.
- Financial emergencies and unexpected expenses.

In the remainder of this chapter, we consider these factors in turn, but it is important to note that they rarely existed in isolation. Rather, they were often found in combination, with one issue compounding another to result in rent arrears. The case study presented in Box 8.1, for example, shows how health problems prompted a change of circumstances that resulted in lower and unstable income that, in turn, led to spiralling debt, including rent arrears.

Box 8.1: Case Study example

'Marianne', a woman in her late 20's, had to give up her job because of the impact on her mental health. - *I quit a job that I found really, really hard; it was hard on my mental health.* Her plan was to start her own business as a consultant, using her professional skills - *I was trying to help people that are business owners, manage their social media or manage their admin. I put myself on social media, on LinkedIn as well...* She did not make a claim for benefits during this period, because she fully expected that her consultancy business would take off or she would find another less stressful job, but things didn't work out as she had hoped:

So, I tried that and obviously it didn't work out but I kept hoping that it would work out as source of income till I found the right job for me....I wasn't thinking to go to the job centre to go onto job seeker's allowance cos I was thinking that by the time that allowance comes in I'll have a job. I was thinking there's no point going through the whole process because I'm going to get a job soon. It didn't occur to me that it would take me so long to find a job, that was the issue... I just kept thinking that my business would pick up.

During this six-month period, she used her credit card to meet her outgoings, making sporadic rental payments but little more than that:

I had to use my credit card to keep me afloat during the six months, which is why I couldn't really pay my rent because I had to pay the gas, pay the electricity, pay my phone, pay my wi-fi, get food. At first I wasn't paying the full rent, I would pay maybe a third or half and then at a point I just wouldn't pay at all and it got to the point where it was 1,000 in arrears. And I think a call of 'by the way you're 1,000 in arrears, you've missed two months, is everything okay?' and I explained my situation and 'no it's fine, I'm looking for a job and I'm going to get a job soon and then I'll have the money'. And they'll be like 'is there anything you can pay now?' I was like 'there's nothing I can pay now because I've got nothing coming in, but I promise as soon as I do have something I will' and they'll say: 'are you sure you can't pay anything now?' And I'd be like 'I can try a little bit but not really' and then they understood. I think it wasn't until it got to the 2000 mark that it became a letter of 'we tried to contact you and make arrangements, you haven't arranged anything, so we're going to have to start the process of' I don't know what they call it...

8.3. Precarious employment

Nearly one third of paid workers in the survey sample had insecure, temporary, seasonal or zero hours contracts (see Chapter 5). These respondents were more likely than their counterparts on permanent contracts to be in arrears: 12 per cent of those in precarious employment were in rent arrears, compared with seven per cent of those on permanent contracts.

Causality cannot be inferred from this because we do not know when survey respondents accrued arrears and so whether they were in precarious employment *at that time*. However, the experiences of tenants interviewed in-depth also suggest a relationship between insecure employment and rent arrears. Amongst interview participants, this was particularly true of those who had *irregular* hours, such that their income fluctuated from one week or month to the next. These tenants sometimes earned enough for a few weeks to afford their rent and cover other outgoings, but were then offered so few hours the following week that it left them short, sometimes by a significant amount. Participants reported not knowing from one day to the next how much work (and so how much income) they would have. It is important to note that a household was often reliant on this precarious income. It was rarely a second or additional wage. One man, for example, was a lone parent and explained how his fluctuating hours and income led to rent arrears:

I wasn't on regular hours every week cos they give me some jobs... It was stupid really cos on a Monday morning I might get one job where I'd be doing 8 till quarter past 9 and then I'd have nothing for the rest of

the day, then I might have three or four jobs on the Tuesday and one job later on the Wednesday afternoon, so it wasn't regular hours so I couldn't rely on getting the same money every month from the cleaning job....It was a bit of a struggle, I got in a bit of a mess with the rent... (Male, 55-64)

Tenants often had an expectation of more hours than they were given. Several described an ongoing situation where they expected, or were told by their employer, that they would be allocated more hours in the near future. On this basis, and taking into account a five-week wait for payment under UC, they judged it not worthwhile making a benefit claim, assuming that by the time it was processed, they would be earning too much to claim. One explained how he accrued arrears and other debts in this way:

When I come out of hospital I was in and out of work, I had [several] jobs before someone turned round and went 'you shouldn't be working'; but I was with an agency and it was three days here and two days there, and they said you've got to go to the social and do this and I thought this is a lot of travelling and a lot of walking so it was getting me into debt cos I didn't like dealing with it. I went to the social for the first time and they told me it gets processed in five weeks. I thought I'm with an agency, I'll have a job in a couple of days or a week, so I left it and it just got me into debt. (Male, 55-64)

This example shows how insecure employment interacted with other factors – poor health and the operation of the benefit system – in a way that resulted in arrears. These factors are discussed further below.

8.4. Issues with the benefit system

Analysis of the survey data suggested that there are aspects of the benefit system that may be impacting on tenants' ability to afford their rent. For example, consistent with the findings of other studies (Williams *et al.*, 2024; Hunter, 2020; Peabody, 2019; National Housing Federation, 2019) tenants on UC were more likely than their counterparts on HB to be in rent arrears: 14 per cent of UC claimants in the survey sample were in arrears, compared with eight per cent of those in receipt of HB (see Chapter 9 for further analysis of UC/HB and rent arrears). Tenants who were subject to the Benefit Cap were also more likely to be in rent arrears (20 per cent) than the sample as a whole (nine per cent), as were those who had been subject to a benefit sanction in the past year (42 per cent, or eight out of 19 respondents), although this represents a very small number of respondents and so should be treated with caution.

Stakeholders interviewed also referenced the many changes to the benefits system that were introduced under the umbrella of welfare reform as having a detrimental financial impact on the community they represented (which included: social housing tenants; low income families; minority ethnic households; people with disabilities; people experiencing homelessness; and women). Changes cited were: the introduction of the 'Bedroom Tax'; the overall Benefit Cap; the introduction of Universal Credit (UC); the two-child limit for UC and Child Tax Credits; the change from Council Tax Benefit to Council Tax Reduction; and the introduction of more stringent benefit sanctions. They expressed concern that tenants affected by these reforms are left with no further headroom, or 'financial resilience' to accommodate increased outgoings (for example, due to inflationary price rises or unexpected expenses) because they have already maximised incomes and minimised spending to accommodate these changes. In this context, timely payment of rent can prove challenging. It was reported, for example, that arrears often accrued in the early period of a UC claim or transition:

What we did find, because obviously people are on very low incomes, was they're on UC and they've had that five week wait and they've probably had to borrow either from friends or family, or in the worse cases some credit places, high cost credit places, and used food banks and various things. What we found in our early years was it took about 18 months for tenants to pay back the original debt [rent arrears] because of all the other things that they ended up in debt with and the amount of deductions. (National Stakeholder)

All case study landlords also identified the transition to UC as a key factor in rising rent arrears, for example:

Pre-Universal Credit, when more people were entitled to Housing Benefit, and rent accounts were being paid and that was all working, our arrears were relatively low [but] obviously all of those different changes [through welfare reform], which were beyond our control obviously, have impacted massively in terms of the arrears balance that we have now; so, the bad debt provision that we carry forward year on year... (Case study Landlord)

Primarily, this was attributed to the shift to 'direct payment' that accompanied UC, whereby the housing cost element was no longer paid straight to the landlord as it had been under HB. One case study landlord explained that the 'collectable debit' (i.e. the amount of rent that was paid straight to the landlord through the benefit system) had reduced significantly as a result of UC:

All of a sudden we had this huge migration of tenants from HB onto UC, so we've had, at one stage, I know it's nine years ago, but 64 per cent of the debit was paid for by Housing Benefit and that's 64 per cent of your debit which is completely no risk, guaranteed income. And now it's just under about 34 per cent and obviously it's a struggle..... (Case study landlord)

He went on to express concern that this situation would worsen as the remaining households migrated from HB to UC, commenting that *obviously with Universal Credit [full] migration we're going to see increased rent arrears*. This concern was shared by other case study landlords who noted that households who had not migrated 'naturally' (new claimants and those experiencing a change of circumstances have already migrated to UC) might find the change more difficult, and may be more vulnerable:

We are very concerned about the final migration because of the cohort that it is. It's not people that have a change of circumstances regularly. We've got people that aren't on Universal Credit that have different benefit types that are going to have to move on to Universal Credit. It's a completely different way of doing things. (Case study landlord)

Stakeholders also pointed to ways in which certain households are disproportionately affected by some of these reforms. In particular, it was noted that larger low-income households, including some minority ethnic groups, such as South Asian households, were disproportionately affected by:

- The Benefit Cap, introduced in 2013 and subsequently extended in 2017: the more children within a family, the higher the overall amount of eligible benefit (before the cap is imposed) and so the more likely they are to be subject to the cap on their benefits.
- The two-child limit, introduced in 2017 for means tested benefits (such as UC, HB and Child Tax Credits), whereby additional benefit is not paid for third and subsequent children.
- The 'Bedroom Tax' – as children grow up and leave home, these families are likely to be under-occupying larger homes.
- Local Council Tax Support (LCTS), introduced in 2013 to replace Council Tax benefit, is a local discount on Council Tax bills that is applied differently across local authorities. Previously, a household in receipt of HB and/or other means-tested benefits would qualify for full Council Tax benefit. However, under LCTS, the amount of discount received (or amount of Council Tax paid) is partly based on income bands. As larger families have higher benefit entitlement their income is more likely to exceed the threshold for LCTS, or for the higher discounts.

The in-depth interviews with tenants provided further detail on the way in which the operation of the benefit system creates challenges for tenants that impact on their rent payment. The following two issues relating to the benefit system were the most prominent in tenants' accounts of how they accrued arrears:

- **The five-week wait for UC payment.** New UC claimants wait five weeks before UC is paid, and it is then paid on that date every month. Existing HB claimants transferring onto UC will receive HB for an additional two

weeks during this period, and all claimants are entitled to apply for an advance during the five-week wait, but this must be repaid. Echoing other evidence and the point made by the stakeholder quoted above, this led to financial difficulties for some tenants interviewed, who were unable to pay their rent that month. Two participants who had not previously had rent arrears, and accrued around £900 of arrears making a new claim or changing from HB to UC, explained:

So, rent arrears is because I changed from Housing Benefit to Universal Credit and there's a big gap in it.... I put down straight away that I don't want to receive the money, can they pay it straight to my landlord, so that's what they do, but then there's still a gap of like £900. (Female, 35-44)

Because you have to miss out a month of [UC] pay, then the rent comes [due].... So, you have to wait till the following month and then that put us that month behind. (Male, 25-34)

- **The 'Bedroom Tax'**. As noted in Chapter 4, HB and the housing costs element of UC is reduced by 14 per cent for tenants who have one more bedroom than they are deemed to need, and 25 per cent for two or more 'additional' bedrooms. Tenants have to make up the shortfall each month from other income. Households in receipt of HB/UC will, by definition, be on a low income. Some households will only have income from benefits and others will have income from employment that is low enough to qualify for help with their housing costs. Either way, finding money each month to meet a shortfall between their benefits and rent proved too difficult for some, and they could not meet their rent payments, as two tenants explained:

[they said] this is what we'll pay you towards your rent and your service charge and then they say then it's minus cos you're underoccupancy. So, they would take £57 off me for having a spare bedroom, and I was like it's not spare, there's beds in there and the kids come and stay so it's not a spare room. Then they were 'do you get child benefit' and I was like 'no, cos their mum gets that' 'so they technically don't live with you', which to me it's wrong because there's a lot of people I think in the same position. (Male, 55-64)

It was just the 'Bedroom Tax' I went in arrears with, and if I'm right I was about 3 or 400 quid in arrears cos it was just over £55 a month I had to pay. (Male, 55-64)

In other cases, arrears arose because of misunderstandings (for example about the amount payable by UC/HB to cover rent), apparent miscommunication between the tenant and DWP, administrative issues, or verification problems (the rent level reported by the tenant has to be verified by the landlord for UC housing element to be paid).

One tenants, for example, was on partial UC and also subject to the 'Bedroom Tax' and so was paying £50 per month from his income towards the rent. The housing cost element of his UC was paid straight to the landlord (i.e. he was on 'managed payment'). When his rent increased, he continued paying £50 per month, wrongly assuming that UC would automatically update, but this is not the case, and he should have increased his 'top up' payment to £80. He gradually accrued arrears, increasing every month until he received a notification from his landlord. Another, also on UC, similarly reported miscommunication/misunderstanding about her rent, which left her underpaying for several months. She was on direct payment (i.e. received her UC directly as one payment) and so was responsible for paying her rent in full. She explained:

I was phoning them up and paying it over the phone.... they said it [rent] was less than I actually owed, so I owed, I think [the rent is] £450 and they said I only owed 300 and something, £303 or something, £312, so I owed them like £150 so for the next two months. I'm just planning to pay it off so I can get out of arrears because that's my worst thing, being in rent arrears and arrears with Council Tax. (Female, 25-34)

Another, who had already accrued arrears due to the five-week wait for UC (see above), then found that his rent had been incorrectly entered into the UC system, or verified incorrectly³⁰ and so although he was entitled to full help with

³⁰ The source of this error is unclear. At the time, tenants receive notification from their landlord of their rent, the tenant uploads this information into a portal, and the landlord verifies it.

housing costs, his UC payments fell short of this for a few months. In total, he accrued £2k of arrears in the few months after he made his UC claim:

It said on their [UC] paperwork that we were paying something like £660 [rent] or something, but it was £992. We said that to them [DWP] a number of times but they were giving us, they'd [landlord] given us a letter to prove evidence. They wouldn't accept the letter, so we had to keep going backwards and forwards and when you upload it the UC don't tell us that this letter is okay, so then we have to wait till the following month. (Male, 25-34)

Other tenants also described, in general terms, encountering administrative issues at the start of a claim or when reporting a change of circumstances, including back and forth contact with DWP that left them in arrears. This happened to one tenant when she moved into her social housing property:

It was when I was first in here and I was getting benefits at that time. Unfortunately, I wasn't working. I think I was two months behind cos of issues with benefit; they kept messing me about. (Female, 45-54)

8.5. Change of circumstances

It is implicit in the discussion above that changes in circumstances can be a risk factor for arrears. This is because changes in circumstances often resulted in reduced income (and see Chapter 5 for further details on the financial difficulties associated with changes in circumstances more generally). Relationship breakdown, a period of illness or deteriorating health, pregnancy (and maternity leave), increased childcare responsibilities, and changes to employment, often prompted a change of financial circumstances that impacted on tenants' capacity to pay their rent. In some cases, arrears resulted.

One tenant, for example, could not afford to pay the rent when his partner, who worked full time, had a series of health problems – COVID-19 and then a back injury – and her income was reduced to sick pay only. Their experience shows how difficult it can be for households on low incomes and/or with limited savings to cope with even a temporary disruption to earnings. Other participants also struggled to maintain rent payments when their wage reduced during periods of illness. The two tenants quoted below both received eviction notices as a result:

When I had my surgery, with work the longer that you're off you end up getting less wages, it goes down to half then it's a third..... explained it to them, said 'this is the situation, I'm really struggling at the moment'. First of all, they were like 'okay', then every month I would get a letter to say X, Y, Z. First of all, I got a warning letter; I explained to them again. I got back several warning letters and I said to them, you can see it was written on the system, I'm going back to work in April, once I get my first pay I can set up a payment plan, you guys are not the only one I'm falling into debt with and in the end they summoned me to court. In the end what happened, cos I didn't want to go to court, they said, first they said I had to find £1,500 and it would stop me from going to court so I ended up borrowing £1,500 off somebody. (Female, 35-44)

I was working full time and then I started to struggle with my health and they decided to do, I had to have, surgery - which meant that I was off work and managing on sick pay for 12 weeks... but your sick pay is nowhere near enough, cos then I was on gas and electricity meters and on the water meter, so everything just spiralled out of control and I ended up with an eviction notice. (Female, 55-64)

Participants also traced arrears to changes of employment circumstances unrelated to periods of illness, for example redundancy, changes in hours, and having to change employment for childcare purposes; as well as those whose employment situation changed because of the COVID-19 pandemic, as was the case for the following participant:

Not really, no, it's more come across since Covid. I was self-employed during Covid and so I couldn't work, and I didn't get any of the grants because I hadn't been self-employed for more than two years, so that's kind of when it hit hard really. (Female, 35-44)

8.6. Financial ‘emergencies’ and unexpected outgoings

We reported in Chapter 6 that tenants tended to prioritise their rent over other routine expenditure. However, decisions about how to prioritise outgoings were not always straightforward, and when survey respondents in receipt of UC/HB were asked whether they would be tempted to use the UC/HB they receive for housing costs to cover an unexpected expense such as a large bill, 21 per cent reported that they ‘strongly’ or ‘tended’ to agree that they would (45 per cent ‘strongly disagreed’ with this statement, a further 17 per cent reporting that they ‘tended to disagree’ and 18 per cent were neutral). This inconsistency was also evident in some in-depth interviews, where tenants expressed strong views about the importance of prioritising rent above all else, but could cite occasions where, in that moment and in a particular situation, they felt they had no choice but to prioritise another expense over their rent. Arrears resulting from unexpected expenses was not as common as the other factors discussed above, and usually occurred in rather exceptional situations, as the account of one tenant shows:

I remember during Covid I got into a little bit of, I had five family members that had passed away and we all had to contribute and they all passed away in the space of like six weeks....We all had to contribute so I had to forfeit my rent for about a month and a half to be able to afford these funeral costs, or my portion of the funeral costs, so I slipped into arrears then. (Female, 35-44)

Interview participants rarely reported that they had used rent money for unexpected expenses, such as replacing broken essential white goods. In these situations, they were more likely to rely on friends and family for a while, or borrow money (informally or commercially, including on a ‘buy now pay later’ basis). However, essential expenditure for children, particularly at times of the year when outgoings are high, such as the new school year and Christmas, did sometimes take precedence over rent payment. One woman, for example, anticipated that she would underpay her rent that month because it coincided with her children returning to school:

Well, I still get some help off Universal Credit towards the housing, so I’m only going to make this first 150 this month, so I’ll have to see when it comes to it how I’m going to cope. This month it’s going to be hard, because it’s when the kids go back to school and you’ve got to pay for uniforms and all that as well. I think that’s going to be a bit of a struggle to be honest. (Female, 35-44)

Again, however, the specific circumstances under which participants prioritised items like Christmas presents for children over rent were usually exceptional in some way, such as the situation one woman found herself in one Christmas, just after she had separated from her partner and her UC claim had not yet been processed:

It was Christmas and my son asked me for a particular X Box, one of the latest X Box consoles, and I couldn’t afford it. So, what I decided to do, I shouldn’t have done that, but I took half the rent out cos I wanted to make him happy... At that point I just broke up with their father, so we were going through a really rough patch and I wasn’t at that time receiving Universal Credit cos I [had been] with him and he was working...and me and him had literally just broke up, Christmas was coming, he was upset because we broke up so he wasn’t being very supportive and I promised my son that. With his autism, they just don’t understand if I’m going through something, so that’s the only thing I could turn to, cos I was still waiting for my claim for Universal Credit... That was the only thing I could turn to; I just didn’t want to let him down. (Female, 35-44)

Stakeholders interviewed were acutely aware of the financial pressures bearing down on tenants and, while this was challenging for them in terms of revenue collection, acknowledged that tenants were often facing very difficult decisions about their household budgets. As one commented:

To be honest, if you’re sensible you know what your social landlord is like and they might not evict you straight away; you’ll probably use that money to pay off the people who are really harassing you and maybe pay for fuel to heat your home this winter and buy kids’ stuff that they need. So, it’s a constant battle from the landlord perspective to try to make sure that the rest of the support’s in place, so that they can give you the money for the rent. Otherwise, it’s going to go elsewhere. (Case study landlord)

Here we begin to see how, in the context of low incomes and without savings to provide a buffer, even tenants who are organised money managers who theoretically prioritise rent payment, can accrue arrears when facing a financial 'emergency' or exceptional situation.

8.7. Conclusion

This chapter has charted tenants' trajectories into rent arrears, identifying those factors commonly present in these journeys. Here we see how tenants' financial precarity, evidenced in Chapter 4, feeds through into rent arrears and, therefore, potentially undermines tenancy sustainment. We see how a drop in income, administrative issues with benefits, or an unexpected expense can rapidly translate into rent arrears. Importantly, the findings also raise questions about the operation of the benefit system and the way this appears to contribute to risk of debt and arrears. We pick up this point in the next chapter, which draws on the quantitative study and statistical modelling to further explore the drivers of arrears.

9. Further insight into the drivers of rent arrears and difficulties paying rent

9.1. Introduction

The previous chapter explored tenants' trajectories into rent arrears, drawing extensively on qualitative data generated from in-depth interviews with them. This chapter provides further insight into the drivers of rent arrears by drawing exclusively on two quantitative data sources: survey data and rent accounts provided by case study landlords. The statistical technique, logistic regression, is used to identify those variables that are statistically associated with being in rent arrears, drawing on both survey and rent account data. This section also presents the outcomes of logistic regression on survey data in relation to the other two measures of difficulty paying rent: 'difficulty affording rent' and the composite measure, 'finding it difficult to pay the rent'. This analysis is important because, as noted earlier, rent arrears is a flawed measure of the affordability of rent, with most tenants who are experiencing difficulties paying their rent not in arrears.

The chapter begins by highlighting the reasons given by survey respondents for being in arrears. It then moves on to revisit a key objective of the research and an issue that has been explored in previous chapters: the impact of Universal Credit (UC) on tenants' ability to pay their rent. It does so by drawing on rent account data, highlighting the differences in the arrears rates of UC and HB tenants and those not on a housing allowance. The following section explores the impact on rent arrears of how a housing allowance is paid to a tenant, with the remaining sections exploring the drivers of the three rent affordability measures used in this study. The chapter draws extensively on analysis and material presented in the survey findings report (Thomas *et al.*, 2024).

9.2. Reasons given by tenants for being in arrears

Survey respondents who were in arrears were asked to identify all the reasons why this was the case. As Table 9.1 highlights, most tenants highlighted financially related reasons with the most commonly cited being: rising prices (48 per cent); low income (41 per cent); a rent increase (27 per cent); and unexpected expenses (25 per cent). And 11 per cent cited problems with the administration of their UC/ HB payments. Notably, only nine per cent attributed their arrears (in part) to spending their rent money on something else.

Table 9.1: Reasons given by tenants for being in arrears (n:109)

Reason	Percentages
Loss of income due to redundancy	2
Loss of income due to sickness or disability	6
Loss of income due to relationship breakdown	5
Loss of income due to COVID-19/ Long-COVID	8
Loss of income due to other reasons	6
Rising prices	48
Low income	41
Unexpected expenses	25
Over-committed financially	9
I spent my rent money on something else	9
Increase in rent	27
Problems with Housing Benefit/ Universal Credit administration	11
Confusion over the due dates for rent payment	1
Drug or alcohol habit/addiction	3
Mental health problems	8
Health problems due to COVID-19/ Long-COVID	5
Some other reason (specify)	12
Nothing/ none of these	3

Source: Thomas *et al.* (2024)

9.3. Further exploration of the impact of Universal Credit on rent payment behaviour: rent account analysis

Interviews with tenants and landlords suggested that tenants in receipt of UC appear to find it more difficult to pay their rent than counterparts on HB, resulting in them accruing higher arrears. This section draws on rent account data from two case study landlords (CS1 and CS2) to provide further insight into whether this is the case, comparing tenants on UC, tenants on Housing Benefit (HB), and tenants who do not receive any housing allowance. Whilst it will not be the case in all instances, generally HB will be paid direct to the landlord ('landlord payment'). In comparison, most UC claimants will receive their housing allowance along with their other benefit payments, with them being responsible for paying their rent ('direct payment'). Tenants who do not receive a housing allowance will be responsible for paying their rent.³¹

Analysis reveals that HB claimants paid the most rent: 99 per cent of the rent due for that period. This was slightly higher than the proportion paid by UC claimants (98.8 per cent of rent due) and tenants who did not claim any of the benefits (98.4 per cent).

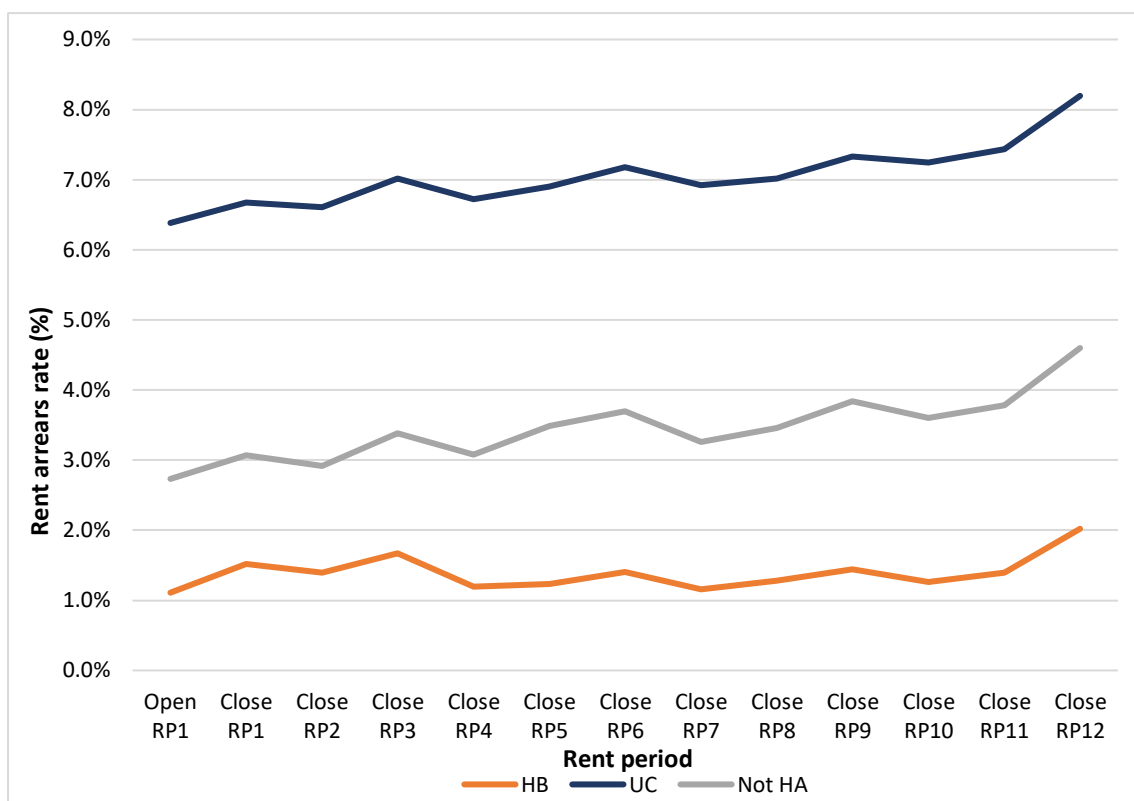
Figure 9.2 shows how the rent arrears rate changed for each of the claimant groups over the 12 rent periods. The first point to note is the absolute difference in the rent arrears rates over the duration of the analysis. HB claimants had the lowest rent arrears rates, ranging from 1.1 per cent at the start of the analysis to 2 per cent at the end of the

³¹ Tenants benefit status was determined based on whether they were claiming one of these benefits at the end of the 12 month reporting period. This means some tenants' status may have been different at some point during the period.

12th rent period. Tenants who did not claim a housing allowance benefit had the second lowest rent arrears rate. UC claimants had the highest rent arrears rate for the whole analysis period.

The second main point of comparison is the change in the rent arrears rate across the 12 rent periods. In *absolute terms*, HB claimants saw the smallest increase in their rent arrears rate. The increase for UC claimants and non-housing allowance claimants was similar, and double that of HB claimants. In percentage terms, UC claimants had the lowest *percentage* increase in rent arrears, although this was from a higher starting point.

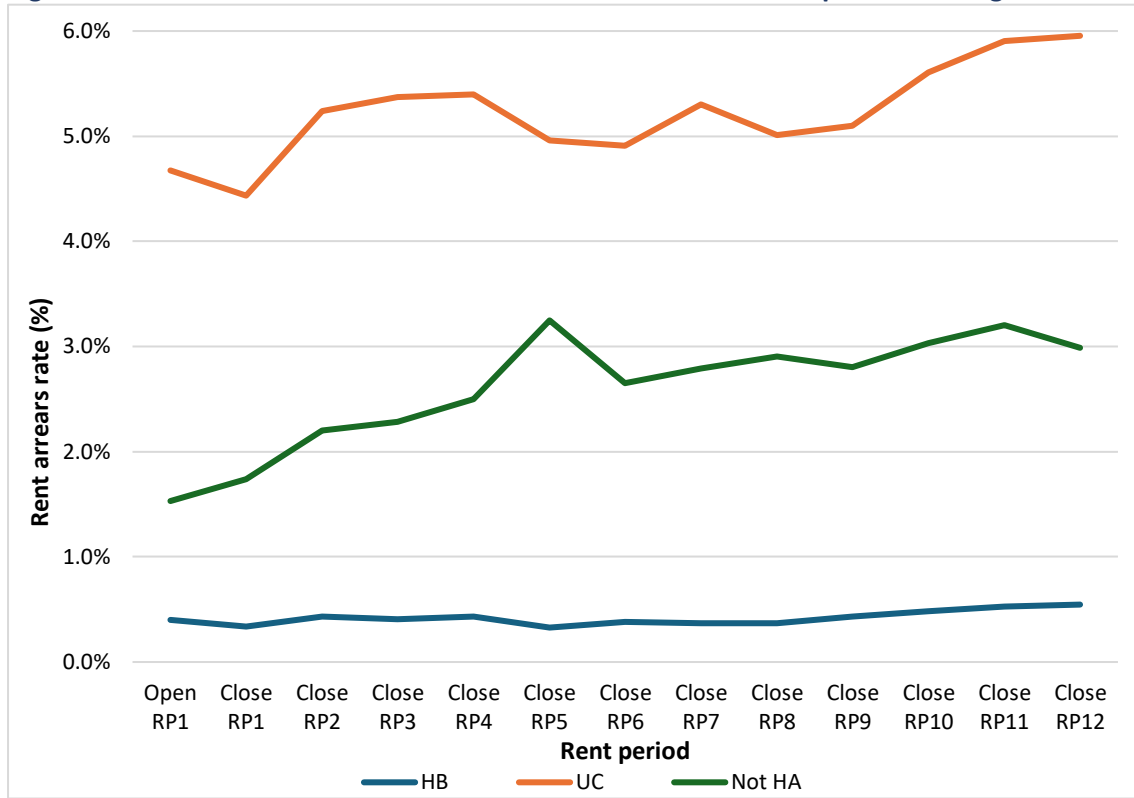
Figure 9.2: Rent arrears rates of tenants on UC or HB or not in receipt of a housing allowance claim: CS1 and CS2 tenants



Source: Rent account data from CS1 and CS2 and the authors’ calculations
 Base: CS1 and CS2 combined, HB (6,774), UC (9,362), Not on HA (6,915)

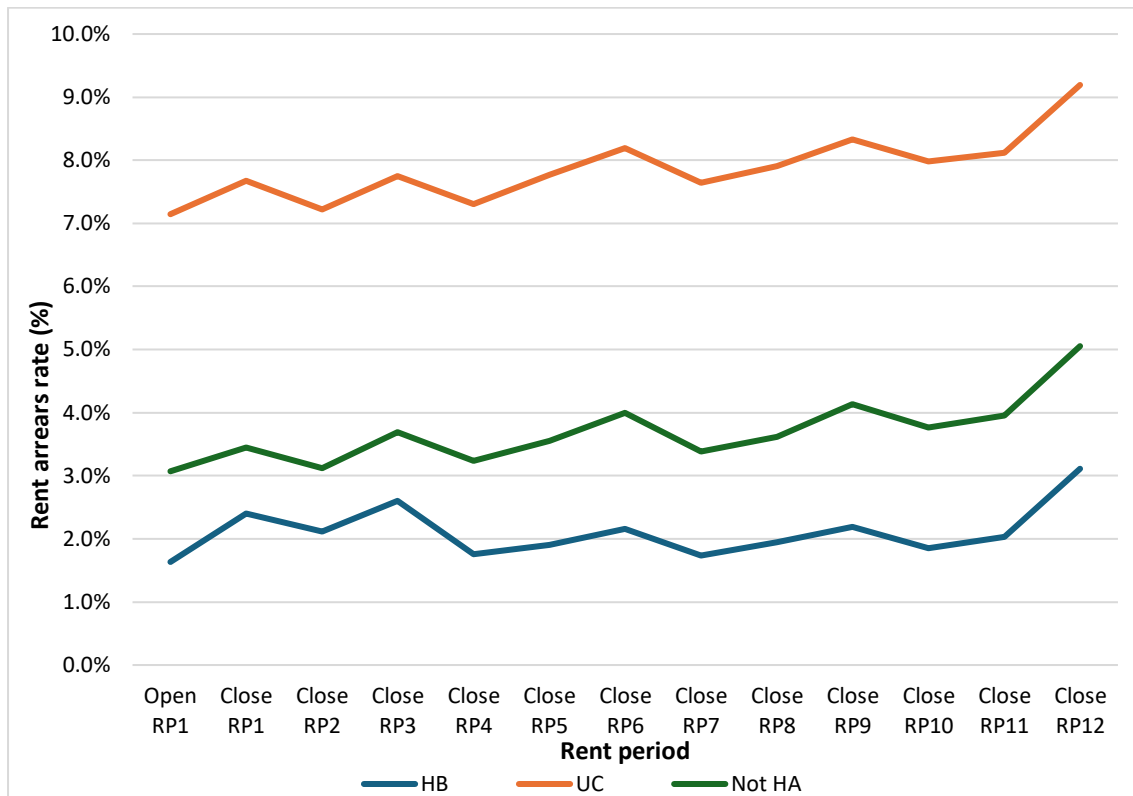
This general pattern holds true when analysis focuses on tenants from each of the two landlords separately (see Figures 9.3 and 9.4). In other words, the difference in arrears rates between UC/HB/non-housing allowance tenants is not skewed by stark differences present in the data of only one landlord. There are noticeable differences in the *absolute levels* of rent arrears and the *magnitude of increase* in rent arrears - CS1 tenants in all benefit status displayed higher absolute arrears rates and higher percentage rises in arrears than those in CS2 – but, in both, HB claimants had the lowest arrears and percentage rise in arrears, followed by tenants not in receipt of a housing allowance, and UC claimants displayed the highest arrears rates and percentage rise in arrears.

Figure 9.3: Rent arrears rates of tenants on UC or HB or not in receipt of a housing allowance claim: CS2 tenants



Source: Rent account data from CS2 and the authors' calculations
 Base: CS2, HB (3,615), UC (3,856), Not on HA (2,032)

Figure 9.4: Rent arrears rates of tenants on UC or HB or not in receipt of a housing allowance claim : CS1 tenants

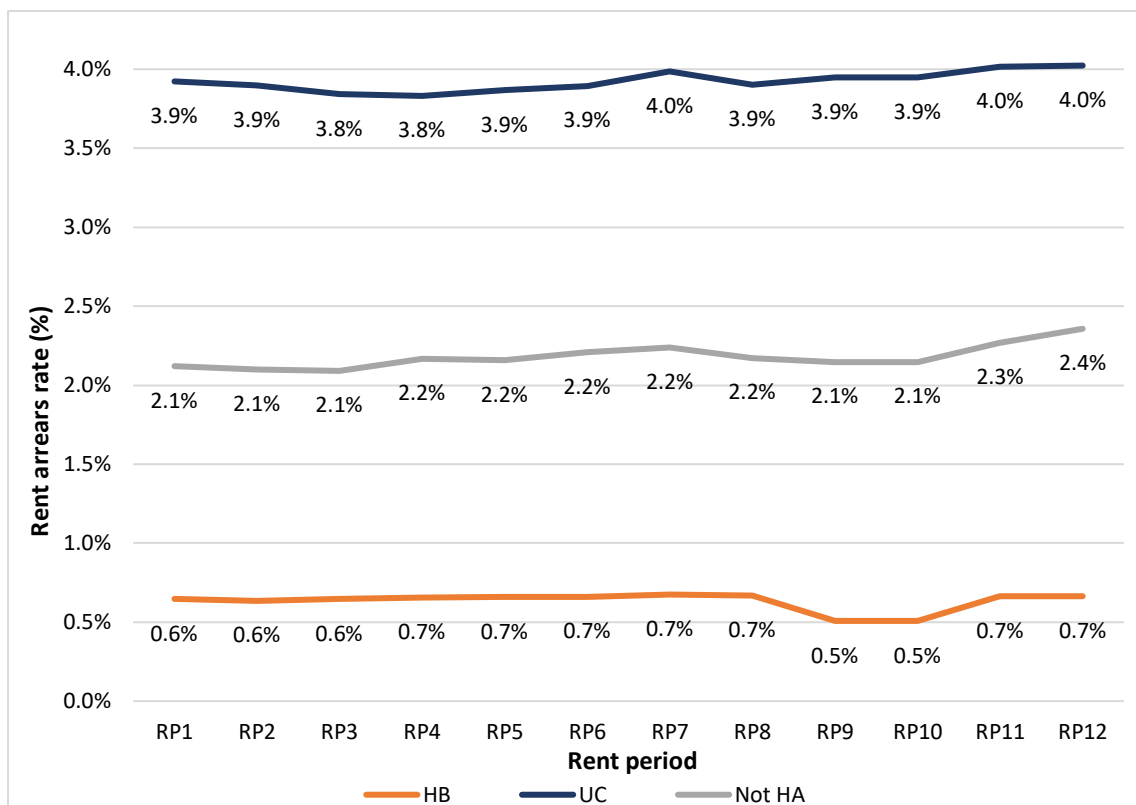


Source: Rent account data from CS1 and the authors' calculations

Base: CS1, HB (3,161), UC (5,506), Not on HA (4,883)

The same pattern emerges when we look at the data from CS3 (see Figure 9.5). The data for CS3 tenants has been shown separately, due to CS3 measuring arrears in a different way than CS1 and CS2. As in CS1 and CS2, HB claimants had the lowest rent arrears rates, followed by tenants who did not claim a housing allowance benefit. UC claimants had the highest rent arrears rate for all of the analysis period.

Figure 9.5: Rent arrears rates of tenants on UC or HB or not in receipt of a housing allowance claim: CS3 tenants



Source: Rent account data from CS3 and the authors’ calculations
 Base: CS3, HB (4,496), UC (7,050), Not on HA (3,857)

Further analysis of arrears and payment patterns across these three claimants groups consistently suggests that UC claimants are most likely, and HB claimants least likely, to accrue arrears. For example:

- 91 per cent of HB claimants *never* ended a rent payment period with arrears equivalent to four or more weeks’ worth of rent. This is statistically significantly higher than the proportion of UC claimants (57 per cent) and the proportion of non-housing allowance claimants (78 per cent).
- Conversely, only one per cent of HB claimants had arrears equivalent to four or more weeks’ worth of rent at the end of *each* rent payment period. This is statistically significantly lower than the percentage of UC (13 per cent) and non-housing allowance (four per cent) claimants.
- A higher proportion of UC claimants also had frequent, persistent arrears (i.e. for three or more consecutive rent periods) equivalent to four or more weeks’ worth of rent (17 per cent). This is higher than the proportion of non-housing allowance claimants (nine per cent) and HB claimants (three per cent).

It is also notable that the payment patterns of HB claimants were more stable than UC or non-housing allowance claimants. Analysis of average payment rates provided by CS1 and CS2 shows that, reflecting payment patterns of all tenants (see Chapter 4), payment rates oscillated across the rent periods for all three claimant groups, but the variance was greatest for non-housing assistance claimants, followed by UC claimants. HB claimants had the lowest level of variability, although it was still a defining feature.

In conclusion, reading across the findings of all the analysis in relation to the impact of UC on rent payment and arrears, the key findings were:

- Tenants in receipt of HB had the highest overall payment rates; had the lowest arrears; had the smallest absolute increase in arrears; had the smallest variance in arrears rates; were more likely to have never accrued larger arrears; and, were the least likely of three groups examined to have frequent arrears.
- UC claimants had the highest rent arrears rate and experienced the largest absolute increase. In terms of arrears on their account, they were the most likely to always have arrear worth 4+ weeks of rent, or for this

to be the case for a frequent persistent period. Given that most tenants on HB were on ‘landlord payment’ and those claiming UC were on ‘direct payment’, this finding is not unexpected – as will be explored in the next section, being on direct payment was associated with higher arrears.

- The rent payment behaviour on non-housing assistance claimants generally fell between HB and UC claimants, although it was closer to the latter group. However, they paid the lowest proportion overall and had the greatest volatility in their average rent period payment rate.

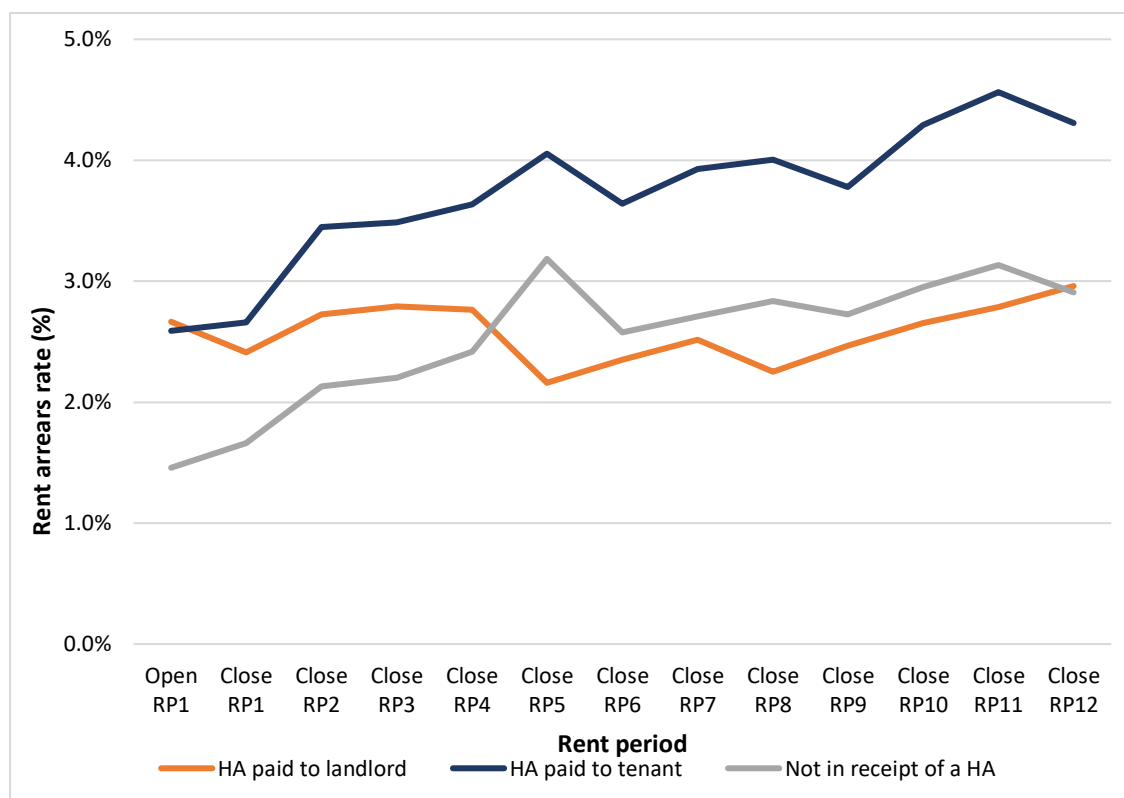
9.4. The impact of direct payment on rent arrears: rent account analysis

This section considers differences in rent payment and arrears between three groups of CS2 tenants: those on landlord payment; those on direct payment; and tenants not in receipt of a housing allowance.³²³³

All HB claimants had their housing allowance paid direct to CS2. Some 40 per cent of UC claimants had their housing allowance paid in the same way, leaving 60 per cent on direct payment. Analysis reveals that claimants on landlord payment had the highest payment rate: 99.9 per cent of rent due over the 12 month period. This was slightly higher than the proportion paid by tenants who were not claiming a housing allowance (99.8 per cent of rent due) and claimants in receipt of a housing allowance that was paid to them (99.7 per cent).

Figure 9.6 presents rent arrears rates over the 12 rent periods and shows that tenants on landlord payment saw the smallest increase in their rent arrears rate (0.3 percentage points), followed by non-housing assistance claimants (1.4 percentage points), and that the increase for housing allowance claimants who received their benefit was the largest, at 1.7 percentage points.

Figure 9.6: Rent arrears rate for CS2 tenants by whether the housing allowance was paid to the landlord or tenant



Source: Rent account data from CS2 and the authors’ calculations

Base: CS2, HA paid to landlord (5,166), HA paid to tenant (2,305), Not in receipt of a HA (2,011)

³² These data were only provided by CS2.

³³ Tenants were classified into these groups using their status at the end of the 12 month reporting period. The analysis draws on data provided by CS2 from DWP’s landlord portal.

9.5. Risk factors for rent arrears: survey data

Earlier, it was noted that nine per cent of survey respondents were in rents arrears. The statistical technique, logistic regression, was used to identify the factors that were statistically associated with being in arrears; in lay terms, identifying those factors that are important in themselves. The approach taken to this exercise, along with the model generated, is presented in section 2 of the Appendix. As highlighted in Table A1, seven variables were identified in the model. Consistent with the findings presented earlier, the majority (five) related to tenants' financial situations and financial precarity (or *opportunity* in the COM-B model). The likelihood (or 'odds') of being in arrears was higher for tenants who: were behind on at least two bills; had automatic deductions from their wages or benefits to pay back arrears or other debts; had no savings; had cut back on spending to pay the rent; and were precariously employed (with no automatic deductions). Precarious employment, then, was only statistically significant in the absence of an automatic deduction. However, given that only 6 out of 120 of survey respondents in precarious employment had automatic deductions, in most cases the variable was important in its own right.

Tenants who had difficulty communicating with their landlord about their rent were also found to have higher odds of being in rent arrears. The reasons why tenants found it difficult to communicate with their landlords is explored in Chapter 10.

Tenants who reported that they would use their HB/ UC to pay for an unexpected bill or large bill were also found to have higher odds of being in arrears. This finding, along with the prevalence (and importance) of finance-related variables in the model, strongly suggests that the decision of tenants on UC to use the benefit to pay for expenditure other than their rent is driven by financial necessity rather than a desire to 'misspend' it.

It is important to reflect on those variables that were not identified as being significant in the model. In relation to the COM-B model, no variables relating to *motivation* and *capability* were highlighted as being significant. And this was also the case for all socio-demographic factors.

9.6. Risk factors for rent arrears: rent account logistic regression

Logistic regression was used to test, identify and analyse the influence of a range of variables on the likelihood of two additional arrears outcomes - 'any arrears' and 'sizeable arrears' (that is additional arrears equivalent to at least four or more weeks' worth of rent) - with eight models being generated. These are presented, along with an account of the approach to modelling, in the Appendix. As Tables A2, A3, A4 and A5 reveal, a number of common factors emerged as being associated with new rent arrears, including:

- The characteristics of tenants (ethnicity; age; tenants whose first language is not English).
- Whether tenants were already in arrears, which emerged as being a particularly strong predictor of further rent arrears.
- How housing allowances were paid to tenants, with tenants on landlord payment being less likely to have accrued additional arrears.
- Being in receipt of UC.
- The level of rent charged by landlords.
- Whether a tenant had been in contact with their landlord. However, too much should not be read into this finding, as one of the principal reasons that landlords have contact with their tenants is to recover arrears.

9.7. Risk factors for 'difficulty affording rent': logistic regression

As noted in Chapter 4, 22 per cent of survey respondents who were responsible for paying all or part of their rent reported that they found it difficult to afford. Logistic regression modelling was used to identify those variables that

were associated with the condition. Nine variables were identified as being significant by the analysis, five of which related to tenants' financial circumstances and financial precarity (*opportunity* in the COM-B model), as Table A6 in the Appendix illustrates. Specifically, the odds of 'finding it difficult to afford the rent' were higher among tenants who: were affected 'a lot' by the current cost-of-living; paid rent that included a service charge; had cut back on spending on other essentials in order to pay the rent; were behind on at least two bills; and ran out of money by end of week either 'fairly' or 'very' often. Two of the variables identified related to household type: households with children and 'households with other adults' had higher odds of finding it difficult to afford their rent. So, too, did tenants who 'found it difficult to communicate with the landlord about their rent'. Finally, tenants who reported that their highest level of education was 'secondary (A-level; BTEC)' were less likely to find it difficult to afford their rent.

9.8. Risk factors for 'finding it difficult to pay rent'

As noted in Chapter 4, 70 per cent of survey respondents could be described as experiencing difficulties paying their rent because they exhibited at least one of the following conditions:

- They were in arrears.
- They found it difficult to afford their rent.
- They had had to employ a coping strategy, such as cutting back on their expenditure on essentials, including food and heating, and selling possessions, in order to pay the rent in the last 12 months.

Table 9.8 identifies how difficult some key population groups found it to pay their rent. The following groups were (statistically significantly) more likely than the survey samples as a whole to find it difficult: Southern Housing tenants (76 per cent); women (73 per cent); tenants aged between 35 and 49 (79 per cent); tenants who identified as Black/ African/ Caribbean/ Black British (78 per cent); respondents who identified as Asian (77 per cent); households with children (82 per cent); tenants with a medically diagnosed mental health condition (75 per cent); tenants who were employed on a 'part-time/ self-employed/ freelance' basis (85 per cent); and, respondents who were 'looking after home or family' (80 per cent). UC claimants were also more likely to find it difficult pay their rent (80 per cent) and found it harder to do so than HB recipients (72 per cent).

These differences are likely to be influenced by the wider experiences and characteristics of the tenants and the places that they live in. For example, the higher cost-of-living in London might partly explain the greater difficulties tenants in that case study faced; or that women, part-time workers and some minority ethnic respondents found it more difficult might reflect the greater prevalence of poverty and low income amongst those groups.

The following groups were (statistically significantly) less likely to find it difficult to pay their rent: Stockport Homes tenants (62 per cent); men (65 per cent); respondents aged 65 and over (57 per cent); single occupants (63 per cent); full-time employees (62 per cent); and retirees (56 per cent).

Table 9.8: An overall assessment of the affordability of rent: comparing tenants who found it difficult to pay the rent with those who did not – sub-groups (n:1,213)

	Row percentages	
	Tenants who did not find it difficult to pay their rent	Tenants who found it difficult to pay their rent
All respondents	30	70
Case study ***		
East Riding	28	72
Southern Housing	24	76
Stockport Homes	38	62
Gender of respondent**		
Female	27	73
Male	35	65
Age of respondent***		
16 to 24	35	65
25 to 34	30	70
35 to 49	21	79
50 to 64	31	69
65+	43	57
Ethnicity*		
White: English/ Welsh/ Scottish/ Northern Irish/ British	33	67
White: Irish/ Irish or Gypsy Traveller/ White other	27	73
Mixed/ multiple ethnic group	24	76
Asian/ Asian British	23	77
Black/ African/ Caribbean/ Black British	22	78
Other ethnic group	38	63
Household type***		
Single occupant	37	63
Household with children	18	82
Adult occupants	31	69
Physical disability		
Yes	31	69
No	30	70
A long-term physical condition or illness		
Yes	28	72
No	31	69
A medically diagnosed mental health condition*		
Yes	25	75
No	32	68
Benefit type***		
Universal Credit	20	80
Housing Benefit	28	72
Other benefits	41	59
Not on benefits	42	58
Economic status***		
Full-time employee	38	62
Part-time/ self-employed/ freelance	15	85
Retired	44	56
Looking after home or family	20	80
Signed-off/ long-term sick or disabled	29	71
Unemployed	33	67
Other	20	80

Statistical significance: *** p<0.001; ** p<0.01; * p<0.05 Source: Thomas *et al.* (2024) p52

Logistic regression was used to provide insight into the characteristics of tenants who had experienced difficulties paying their rent. As Table A7 in the Appendix illustrates, five variables were identified in the model: tenants had higher odds of experiencing difficulties if they: were claiming UC; were employed on a part-time, self-employed or freelance basis; had run out of money before the end of the week; were in receipt of HB; and found it difficult to communicate with their landlord about their rent.

9.9. Conclusion

This chapter has further explored the drivers of rent arrears, drawing on survey and rent account data to do so. The analysis presented in this chapter suggests that UC is a driver of rent arrears and rent payment difficulties. It revealed that tenants in receipt of UC had higher arrears rates than their counterparts on HB or not in a receipt of a housing allowance. And UC was included in rent account logistic regression models for new arrears. Furthermore, UC was also identified in one of the survey models ('difficulty paying rent') and appeared as a proxy variable in another (arrears).

Another key take-home from this chapter is that it is financial precarity, or lack of *opportunity* in the COM-B model, is the principal reason why tenants find it difficult to pay their rent and accrue arrears. Many of the factors identified in the logistic regression models for the three survey measures of rent affordability related to tenants' financial circumstances. And while rent account data contained very limited information about tenants' financial circumstances, the two 'financial' variables included – 'existing arrears' and 'level of rent' paid – were statistically significantly related to having higher odds of accumulating additional arrears.

In addition to UC claimants, this chapter has highlighted other population groups who are more likely to be in arrears. Logistic regression modelling of rent account data found the following groups be at greater risk of accruing (additional) rent arrears: those with existing arrears, which emerged as a particularly strong predictor; those under the age of 35; non-White British tenants; tenants whose first language was not English; those who were charged higher rents; and those whose benefit was paid to them ('direct payment').

10. Tenancy sustainment landlord/ tenant communication

10.1. Introduction

This chapter is the first of two chapters which explores landlord/ tenant communication in relation to tenancy sustainment, and rent payment/ arrears in particular. The first part, which presents the key findings of an earlier output from the study team (Hickman *et al.*, 2023), explores the case study landlords' approaches to engaging with their tenants, drawing on in-depth interviews with their officers. The remainder of the chapter is concerned with examining tenants' experiences of communicating with their landlords, drawing-on survey data and in-depth interviews conducted with tenants.

10.2. Case studies landlords' approaches to engaging with their tenants

The approaches of our case study landlords to engaging with their tenants in relation to tenancy sustainment have been framed (and constrained) by the context within which they are operating. As noted in Chapter 3, they face a number of challenges, including financial pressures and growing demand for their services. Our case study landlords have responded to these challenges by making cost efficiencies and thinking very carefully about how they allocate their resources in relation to engaging with their tenants to sustain their tenancies.

The case study landlords engaged their tenants in many different ways and in a range of circumstances. However, it is possible to highlight some common features in their approaches. First, all the case study landlords attached great importance to how they engaged with the tenants and their interactions with them, albeit to different degrees and in different ways.

Landlords engaged with their tenants in three contexts in relation to tenancy sustainment. They undertook routine and everyday communication concerned (primarily) with providing tenants with information about their tenancies, the services provided by their landlords, and developments in the neighbourhoods where they live. A range of communication media were employed to do so including letters, newsletters and social media. They also engaged with their tenants to support them to sustain their tenancies in a range of different areas, including benefit maximisation, debt and financial advice, financial support, digital capability, health and well-being, employability and finding employment, and, the provision of furnishings. Finally, landlords engaged with their tenants to support rent payment and rent arrears recovery, with a range of communication media employed including letters, SMS text messages, phone calls and face-to-face meetings.

For those tenants not identified as being at risk of arrears or vulnerable in other ways, most engagement was *reactive* – that is, it was triggered by a tenant accruing arrears. However, landlords did undertake preventative work with some key tenant groups and all aspired to do so.

In terms of other features of landlords' engagement approaches, landlord-initiated engagement was more prevalent than tenant initiated interaction, although, reflecting the challenges facing tenants, the latter has grown in recent times. Another finding is that the use of non-traditional engagement methods, such as digital platforms and social media, has grown in recent years. Another feature of landlords' approach is their use of theories from psychology and behavioural science, which was particularly evident in two of the case studies, with a third placing great emphasis on affecting behaviour change, as will be explored in the next section.

As noted earlier, another key finding was that our case study landlords had increasingly moved away from engaging with their tenants face-to-face to communicating by telephone, triggered by the COVID-19 pandemic. However, it is important to note that face-to-face interactions, and home visits, were still a significant feature of the tenancy sustainment approaches of our case studies, particularly in relation to engaging with vulnerable tenants and those most at risk to accruing rent arrears. The increasing automation of landlords' approaches to tenancy sustainment,

and income recovery in particular, has freed up the time of rent and financial inclusion officers allowing them to reach more tenants and have more in-person (telephone) conversations with them.

Finally, the level of engagement that landlords had with most tenants, particularly the large cohort that were not in arrears, was relatively low. If tenants were not behind with their payments, then most would receive little or no contact from their landlord, aside from automated letters outlining rent increases.

Our case study landlords had several engagement priorities. Three of them were common across all four landlords: the importance of holding 'quality' conversations and interactions with tenants; the aspiration to become more visible and have a stronger local presence in communities; and the importance of ensuring that all tenant population groups are engaged.

'Quality' interactions with tenants

Case study landlords - in different ways, and at different stages of their journey – were all engaged in efforts to maximise the 'quality' of their interactions with tenants. Underpinning these efforts is the view that an interaction, communication, or conversation between tenant and landlord does not, in itself constitute the meaningful 'engagement' from which positive outcomes flow, but should be designed to result in a positive outcome for both landlord and tenant. Quality interactions helped to foster trust and a positive relationship between landlord and tenant. In turn, this was reported to foster sustained engagement and greater willingness among tenants to contact their landlord; for example, when experiencing financial difficulties that might impact on payment of rent. A range of approaches were used by the case studies to support quality interactions. However, some common approaches were employed, including: targeting engagement; developing detailed knowledge and understanding of tenants' needs and circumstances; utilising third sector partner organisations and community-based teams; changing the nature of the conversation; and making every conversation count.

Case study landlords were looking to develop a detailed understanding of tenants' needs and circumstances across the organisation. Two case study landlords had invested in new IT systems so that information from all teams, including all tenant contacts, could be recorded centrally and accessed by all relevant staff. Case studies were concerned with ensuring that every conversation counted or, as described by one landlord, by holding *clever conversations*. In efforts to maximise each tenant-landlord interaction, every contact was seen by case study landlords as an opportunity to identify wider support or housing management needs, and to better understand their tenants.

Becoming more visible and having a stronger local presence in communities

As social housing landlords across the country have increasingly centralised their resources, with many local housing offices closing, there have been calls on them to become more active and visible in local communities. This was one of the recommendations of the *'Better Social Housing Review'* (BSHR, 2022³⁴), which was commissioned by the National Housing Federation and the Chartered Institute of Housing: *Housing associations should develop a proactive local community presence through community hubs which foster greater multi-agency working*. Only one of the case study landlords had local housing offices, and this landlord only had a small number. However, all landlords aspired to be more visible and active in the localities in which they operated – for example, one aimed to be 'big but local'. The case studies had put in a place a range of initiatives designed to achieve this. There are a number of challenges associated with developing a stronger local presence, which are explored in Hickman *et al.* (2023).

³⁴ Better Social Housing Review (BSHR) (2022) *Better Social Housing Review*. Available at: https://s41584.pcdn.co/wp-content/uploads/BSHR_Report_FINAL_embargoed_until_Tues13thDec.pdf

Ensuring that that all tenant population groups are engaged

Not unexpectedly, all our case studies reported that one of their key engagement aspirations is to ensure that they are able to engage with *all* of their tenants, including ethnic minority households, those with additional communication needs, younger people, and older tenants. Landlords identified various challenges that potentially made it difficult for it to reach all of their tenants.

For example, landlords noted that the diversity of the population groups that they housed, who often had different engagement needs and preferences, was a challenge for them. In particular, it was noted that older and younger tenants had unique engagement needs. Another challenge reported by landlords was digital poverty, with many tenants not having access to the internet and digital platforms or finding it difficult to communicate digitally. One of our case studies estimated that this was the case for a third of its tenants. It was also reported that some tenant population groups were more difficult to engage. Older people, for example, were reportedly less likely to be able to engage digitally. Another challenge faced by landlords was that some tenants, particularly the most vulnerable, may require more intensive levels of engagement.

10.3. Tenants' tenancy sustainment engagement experiences: context

Turning now to the communication experiences of tenants, for those tenants who had not experienced arrears, most reported that they had relatively little contact with their landlord in relation to tenancy sustainment. For most, the extent of engagement was confined to receiving 'standard' letters on issues such as rent increases and service charges:

We've not actually seen or heard from anybody from Stockport Homes really apart from the letters with regards to rent. We've not even had an inspection actually since 2019. (Female, 35-44)

However, tenants living in tower blocks and those estates where walkabouts took place reported that they had more contact, as did those identified as having support needs. A tenant living in a tower block highlighted how much he valued having access to the local housing officer who was a visible and active presence locally, and who was accessible to local residents via telephone or a WhatsApp group.

Yeah, I'm happy [with level of contact]. She keeps us in the loop and if I've got any issues. Every message she sends has her mobile number. So, she says: 'if you have any issues feel free to contact me directly'.... She normally prefers to either be called over the phone. Or she's created a WhatsApp group for people that live in the block. So, everyone who lives in xx is part of a WhatsApp group. (Male, 45-54)

However, it is important to note that reporting and chasing-up repairs was the most common issue raised in WhatsApp groups/ walkabouts, and repairs more broadly was an area where many tenants did regularly engage with their landlords. This is important because whether a tenant would engage with their landlord in relation to their rent payments/ arrears was related to their previous engagement experiences, even if this engagement did not relate to tenancy sustainment. As will be explored later in the chapter, an unsatisfactory experience made them less likely to engage. This reinforces the importance of quality of interactions with tenants, which was highlighted in the previous chapter, and is an issue which is returned to later.

A number of tenants reported that their experience of communicating with their landlords about a repair was not a positive one. For several, their dissatisfaction could be attributed to their dislike of having to report repairs online, with some expressing a preference for in person reporting/ communication:

They keep saying it's best if you contact online: 'report a repair online'. You report a repair online and then it says: 'someone will get back to within seven working days'. Well, what good's that? (Male, 65+)

Yeah, I like to speak to people. You can fill repairs in online but I want to speak to somebody and sort it that way, so I know it's done properly, cos online there can be glitches and errors and they might not always get back to you or whatever. I'd rather just know it's done on the phone. (Female, 35-44)

A number of tenants who reported repairs in person also expressed dissatisfaction with their interaction with their landlord. A recurring theme to emerge from the interviews, which is revisited later in this chapter, is that many tenants reported that their landlord ignored their requests or acted on them very slowly, with their communications not having the desired impact:

Because my kitchen windows - two of them have no handles on; they've been nailed shut since I moved in and my other one the mechanism broke on it. So, I haven't actually got a kitchen window. And I reported it when I moved in - that was three years ago - and I'm still waiting now for them to fix it. (Female, 35-44)

Several respondents expressed frustration about their landlords' failure to tackle mould in their homes, with the experience of one participant being typical of many:

I have mould all over my windows in the three bedrooms and my bathroom is covered in mould.... I've got to wait [three months] until December for someone to come out to sort it out for the second time. We had an old heating system where it was just paying for heating ... but they've changed the system now where we're on meters. So, it's a lot more expensive and obviously you can't use the heating the same. So, cos the heating's not constantly on it's just causing properties to be mouldy. I'm not the only flat that's got mould, there's quite a few. (Female, 35-44)

One participant noted how a local housing officer had not taken her request to repair a gate seriously and did not care about it. The quote below from the same tenant also highlights another important issue, which is revisited later: some tenants reported that their communications with local housing officers about repairs were often difficult and they did not enjoy good relationships with them, making them less likely to engage with their landlord:

I don't [engage with my landlord]. I've only ever spoken to her [local housing officer] once on the phone and when she's come, here, she's been very - I think she's been to look at the back gate or something - but she was very blasé and kind of didn't give a... didn't care about her job. It was just trying to get away as quick as possible - didn't really care. That's the impression I got, anyway; bit obnoxious. (Female, 25-34)

The above quote highlights a recurring theme to emerge from the in-depth interviews with tenants that provides an important context to the communication between landlords and tenants: the unequal distribution of power between them, with many tenants feeling that they had little very little agency. In addition to lacking power in relation to reporting repairs/ ensuring repairs happened in a timely fashion, there were other areas of tenants' lives where they expressed frustration at their lack of influence. This included the increasing digitalisation of the housing service, which a number of tenants felt had been imposed on them, providing them little choice to opt-out, an issue which is returned to later in this chapter.

Another area where tenants reported that they lacked agency is in relation to where they lived, with many reporting that they were unhappy in their current location, expressing a desire to live elsewhere:

Don't get me wrong, I didn't grow up on a nice, posh estate. But where I live now, it's rough. The police are here every day; the ambulance, people ringing ambulances, like crackheads in the flat. I didn't realise it was going to be this bad, cos I've seen a few bits in my life. I was on a council estate myself. But it's bad. Anyone can come in the flats; concierge doesn't work. (Female, 25-34)

The same participant, along with many others, expressed frustration that the allocation process had afforded her little or no choice: *I just needed somewhere fast and I was like: 'right, it's my last option. I'm going to have to take it.' I was not getting anywhere else...I thought: 'I'm just going to have to take it'. So, I took it. (Female, 24-34)*

Another area where tenants expressed frustration about their lack of power was in relation to service charges, which they felt were imposed on them, with tenants not having the choice of being able to opt-out, as noted in Chapter 5.

For example, one tenant noted: *We don't have any choice [but to pay the service charge]. We can't leave or anything like that (Female, 35-44)*. Related to this, several residents living in tower blocks highlighted another area where they lacked agency: they could not choose who provided their energy. This was the case for one participant who was unhappy that she was locked into an arrangement with her energy provider which would see her paying a high price for her electricity until 2035:

I don't have.... gas. We have just electricity. But the electricity was expensive. It was £253 a month. They want me to pay because everything here is electrical: the cooker; we use electricity for everything else. So very expensive. That's the worst thing about here [tower block]. We don't have a choice to just [change supplier] ... we can't do anything because they're the only suppliers and.... up to 2035.... for 10, 12 years we're stuck with them. (Female, 25-34)

10.4. How difficult did tenants find it to communicate with their landlords?

As highlighted in Chapter 4, a large proportion of tenants find it difficult at times to afford their rent. Many of these households manage to pay their rent, even if it means sacrificing essentials, selling personal items, or accruing other debts. A small but significant minority, however, fall into arrears. When tenants are at risk of falling into arrears it is essential that they have contact with their landlord. Many landlords have money advice/ financial inclusion teams, employment support schemes, or can refer to other support agencies. This advice and support can prevent arrears from accruing or escalating, and arrangements can be made for arrears to be repaid over time. In addition, many landlords will not instigate possession proceedings if a tenant is engaging with them, and courts are very unlikely to grant a possession order in such circumstances. Thus, for tenants at risk of falling into arrears, or who are already behind with their rent, communication with the landlord can be essential for their tenancy to be sustained. For this reason, survey respondents were asked whether they found it difficult to communicate with their landlord about their rent.

The majority (92 per cent) of survey respondents reported not finding it difficult to communicate with their landlord about their rent, with many reporting that they had had positive experiences when they had engaged with their landlords in relation to tenancy sustainment. This was particularly the case for those who had engaged with landlords' specialist income and money advice teams. This included one participant who was surprised how much help she received from her landlords' income team when she and her partner encountered difficulties paying their rent, caused by her partner not being able to work. She was impressed that her landlord was prepared to 'shoulder the burden' of their financial challenges, working with them in a 'problem space' to generate a solution which involved the award of a grant:

But then to be fair when I rang xx [landlord], they did actually really help me, the women on the phone. They did help me go through the system of getting - I can't remember what it was called - but basically, they helped us with rent for the month. They paid like our rent for the weeks that he was off and then when he went back into work it just went back as normal. They did help us with that and they was quite fast as well. They said: 'don't worry. We'll cancel the direct debit. We'll sort it out. Don't panic'. They was good like that..... I didn't know if they could help me. To be honest, I did think they was just going to go: 'sorry, there's nothing we can do, you've got to pay your rent'. And they didn't. I filled out this form - well I answered the questions over the phone. And she filled it out for me and sent it off and a few days later I got a letter saying I'd been awarded the - it's called like a grant, I think.Yeah, it was a weight lifted off my shoulders, it really was. (Female, 25-34)

Another participant felt the same way about his landlord when he had engaged with them, noting that they had (satisfactorily) resolved his situation: *To be fair, when I rang them [landlord] and explained the situation, they were the ones that provided me with solutions really. They said: 'we're here to help you. We don't want you to get in debt unnecessarily'. So, they basically notified Universal Credit about how much my rent was and why we'd need to*

receive Housing Benefit. So, that went quite smoothly which helped because I had a lot on my mind at the time.
(Male, 45-54)

The issues of 'shouldering the burden' and landlords and tenants working 'together in the problem space' to generate solutions are returned to in the next chapter as they were two of the three key themes to emerge from the analysis of telephone conversations between income/ financial inclusion officers of two of the case study landlords and tenants.

While most tenants, then, did not find it difficult to communicate with their landlords in relation to their rent payments/ arrears, an important minority (eight per cent) reported that they did. And, linked to this, several tenants interviewed in-depth reported how stressful and challenging conversations rent payment/ rent arrears conversations could be, including one participant who had had a '*bit of a breakdown*' in one conversation with an officer from her landlord:

When everything with Council Tax finally came to a head, because I had moved my partner in and I'd made them aware when he moved in - they hadn't put him on the Council Tax information. And they was going through how much debt was my debt in my name and I was like: 'okay'. So, I ended up having a bit of a breakdown on the call and they put me through to the rent team and said just ask them for financial help.
(Female, 25-34)

With regard to the characteristics of tenants who found it difficult to communicate with their landlords, there were no stark differences by socio-demographic sub-group. However, it is noteworthy that respondents in rent arrears and who are struggling to afford their rent were more likely to report difficulties communicating with their landlord. Respondents in rent arrears were around three times more likely than those up-to-date with their rent to say they found it difficult to communicate with their landlord about their rent (22 per cent of those in rent arrears, compared with seven per cent of those who were up-to-date). Similarly, 39 per cent of those struggling to afford their rent, compared to 10 per cent of those finding it easy to afford their rent, reported difficulties communicating with their landlord.

This represents a relatively small number of respondents³⁵ and we cannot determine from the survey responses alone whether tenants find it difficult to communicate with their landlord because they are in arrears, or whether they are at greater risk of arrears because they did not contact their landlord for preventative support (or, indeed, whether there is a causal relationship at all). This applies to the findings of logistic regression for arrears, which found 'difficulty communicating with landlord about rent' to be associated with having higher odds of being in arrears, as highlighted in Chapter 9. But it is concerning, nevertheless, that those who were, arguably, in greatest need of communication with their landlord to help them sustain their tenancy were also those who find it most difficult to do so.

With the caveat that sample numbers here are very small, survey responses suggest that anxieties and stigma are greater barriers to communications than practical challenges such as digital access and capabilities. Thus, 23 per cent (n: 22) of those who reported difficulties communicating with their landlord about their rent said it was because they were 'nervous about contacting their landlord', 12 per cent reported that they were 'too embarrassed to contact their landlord about their rent' (n: 11) and 11 per cent (n: 11) said that difficulties communicating stemmed from being 'worried to open/ read letters from their landlords'. A number of tenants interviewed in-depth reported that they found the rent arrears letters from their landlords 'scary' and something which caused them anxiety. Interestingly, for one tenant, who it is important to stress was very much in the minority, it was this 'scariness' and

³⁵ 24 respondents who were in rent arrears and 41 respondents struggling to afford their rent reported difficulty communicating with their landlord about rent.

formality of receiving a letter that had triggered her into making contact with her landlord, something which she had been hitherto reluctant to do.³⁶

It was probably - I don't know - three, four months before I got a letter saying: 'you're in arrears'. So, then I was like I'm going to have to call now. It doesn't matter if I don't want to speak about it or not. I'm just going to have to because I'm not losing my house. It didn't say that I was going to lose my house; it was just like you need to sort this out before we have to take action. (Female, 25-34)

Factors relating to anxieties about communicating with their landlords, then, were the three most commonly cited reasons cited by survey respondents. It is also worth noting that these tenants, albeit small in number, were much more likely to be in rent arrears and to report difficulties affording their rent than the sample as a whole. Increased anxiety can also impact mental and physical health, potentially exacerbating difficulties sustaining a tenancy.

The anxiety and embarrassment that tenants felt about engaging with their landlords could be mediated, to some extent, if they believed landlords' officers were approachable and would make them feel comfortable. This was the view of one participant, who spoke in very positive terms about his relationship with a local rent officer:

I'd feel comfortable [contacting a rent officer]. She's been helpful to me when I've needed her the most and know she's always said when she's emailed or sent me a letter that she is there if we need her. So, yeah, she is very approachable. (Male, 65+)

In-depth interviews with tenants highlighted another factor which made it difficult for tenants to engage with their landlords, a difficulty which effectively acted as a barrier to communication for many: they did not believe that there would be a positive outcome from the engagement, believing that they had no power. This was the case for one participant who reported that she would not engage with a local housing officer because she saw it as 'pointless', as previous engagement with them had not resulted in a positive outcome for her.

You get - I think I've had one - you get a letter: 'oh your housing officer's going to be around this area at this date.' And people do go and say whatever they're thinking. But then I think I'm not even going to waste my breath cos nothing ever comes of it.... I wouldn't mind seeing my housing officer every month just for a little catch up or any concerns, but nothing ever, there's never any actions so there's no point. It's pointless.... it's like putting money in a piggy bank and then not getting the piggy bank at the end. I just don't see the point. (Female, 25-34)

Conversely, a number of tenants noted that they were comfortable engaging with their landlord because they believed that their landlord would be able to help them, and engagement would result in a positive outcome. This was the case for one participant who noted: *I would speak to the rent team because they can get you information sent to help to certain organisations that they get help from. They help you consolidate and make budgets and stuff like that within your means or to see if there's any help that can be found. (Female, 25-34)* In a similar vein, another tenant noted: *I'd probably be a lot more comfortable doing it [contacting their landlord to discuss rent payments/ arrears] cos I know how much they were willing to help. (Female, 25-34)*

In terms of other potential factors which made it difficult for tenants to communicate with their landlords, it is interesting to note that (*psychological*) *capability* in the COM-B model (that is, tenants' knowledge, skills and reasoning) did not appear to be a key barrier to engagement. Only nine per cent of respondents who reported difficulties communicating with their landlord about rent (n:9) said this was because they did not understand how to communicate digitally, including one participant who noted: *But like I said to a lot of people [about] these apps and things like that, I haven't got a clue. (Male, 65+)*

³⁶ This is consistent with the findings of the evidence review of the impact of the use of 'nudge' style techniques in printed communications in relation to personal debt and/or rent arrears undertaken as part of the 'Holding to home' study, which found that letters could encourage tenants in arrears to engage with their landlords (Kilby, 2023).

10.5. Tenants' communication preferences

Survey respondents were asked how they would like their landlords to communicate with them. As Table 10.1 illustrates, by telephone was the preferred method of communication, cited by 58 per cent of tenants. This is consistent with a key finding to emerge from the in-depth interviews with tenants: that most tenants preferred to have in person conversations, preferably by telephone, about rent payment/ arrears issues: I think it's easier to have a phone call than an email or like a robot.

The next most cited preferred communication medium was 'in writing by letter', which was cited by 34 per cent of survey respondents (they could select more than one preference). Notably, only 10 per cent wanted their landlord to communicate with them through a face-to-face conversation and hardly any respondents selected online communications such as social media and webchat.

Table 10.1: How tenants preferred their landlord to communicate with them about their rent (including arrears) (n:1,213)

Communication medium	Column percentages
By telephone	57
In writing - Letter	34
In writing - Email	26
In person through a face-to-face conversation	10
In writing - Text message	5
In writing - Webchat	0 ³⁷
Through social media [e.g. Facebook]	0 ³⁸
Other	1

Source: Thomas *et al.* (2024)

Several tenants who were interviewed in-depth expressed a strong preference for not wanting to communicate digitally, noting how challenging they found communicating in this way. Several were unhappy that their landlords were utilising digital platforms and resented being encouraged to use them. For example, one tenant who found digital engagement very challenging noted:

It's annoying [digital engagement]. We are not used to this digital age. We get me daughter to come and do anything. I've just tried to change my private pension over to this address and they won't accept my address over the phone. I've got to do it by email. So, I've got to get my daughter to do it on my email and send it. I probably know how to do it, but I don't want to do it wrong. I think they're trying to shove everyone onto [digital mediums] but.... I haven't got a clue. (Male, 65+)

Tenants who were interviewed in-depth were asked whether they would like their landlords to contact them on a regular basis to see how they were getting-by and whether they had any financial, rent payment/ arrears issues. Some tenants reported that they would welcome being contacted, noting that doing so showed that their landlord was concerned about them: *Yeah, [being contacted on a regular basis] is quite nice cos it's like they're more concerned: How do you pay your rent? Are you coping? (Female, 35-44)*

But other tenants were clear that they did not want to be contacted. This was the case for one participant who noted: *Since Covid hit we've not had nothing off them at all, which I'm not complaining about. (Female, 25-34)*

³⁷ N: 3

³⁸ N: 2

However, for some tenants who reported that they did not want to be contacted, including this tenant, it appears that their poor relationship with their local housing officer was partly behind this:

Oh, I'm buzzing. It means I don't have to speak to anyone. To be fair over Covid they gave us a phone call to check that everything was okay because I know we're supposed to have a call or an inspection at least once a year to see if everything's going alright. But we had a phone call in 2020, that wasn't even with xx [local housing officer] - that was with one of these tenancy [sustainment officers] and we've had nothing from them since.... Absolutely, if I don't have to speak to xx [local housing officer] that's fine, I don't care. (Female, 25-34)

The same participant continued to note that she was *dreading* having a conversation with the officer about moving home: *We're kind of dreading it, because now we're going to have to go back onto the housing thing to get out of this property and he has to come down and do an inspection. So, we're dreading that. I'm going to call up and ask if there's any way somebody else could do it (Female, 25-34).*

Tenants who were interviewed in-depth were asked what they thought about receiving emails, SMS texts, newsletters and social media updates from their landlords. Again, there were mixed views. Some tenants reported that they welcomed regular communications, particularly email updates and newsletters. But others did not. And then there were some respondents who only valued communications that potentially could have a beneficial outcome for them, which links to an earlier point about the value that many tenants placed on having impactful communications with their landlords: *It sounds awful, but unless it's going to benefit me, I'm not really interested in receiving all those sorts of things into my inbox (Female, 35-44).* One participant expressed dissatisfaction with another form of communication from their landlord: a Christmas card. They were irritated by receiving it as they believed it was a (behavioural science informed) 'nudge' from their landlord to get them to pay their rent:

No, I think it [sending a Christmas card] is insulting. If they send me a card every year each year it wouldn't have bothered me. But the fact that they only sent me it because they thought I was going to be arrears or not pay my rent that week. But I wasn't - I was paying my rent. That annoyed me. (Male, 65+)

As noted earlier, in recent times there has been a call for social housing landlords to become a more visible presence in neighbourhoods and for their staff to spend more time there. Most tenants we interviewed reported that they would welcome this and valued having access to officers at the local level. This was the case for one participant who spoke positively about the time when locally based housing officers were (physically) based on his estate (which comprised tower blocks and traditional housing) prior to the relocation of all staff into one central office by their landlord:

Yeah, I would like to see them [officers in the neighbourhood]. I used to like to.... sort of challenge ... the housing officers.... So, you'd try and do this and try and we'd try and do that to sort of out-better them. And I think that was good. (Male, 65+)

A number of tenants highlighted the importance of landlords providing easy access to their locally based staff. If this was not the case, this could cause frustration. For example, one tenant reported that she did not visit a local neighbourhood office: *Because if you go there, you may not be able to see someone to tell. But if you ring them on the phone and you tell them, they will tell you what to do, that's all. Before they do have a lot of people to walk in and, say what you want, but now, like after Covid if you, if they didn't give you an appointment to come and see them, you wouldn't be able to get in. That's why (Female, 35-44).*

In a similar vein, another participant noted: *We [landlord] have an office in xx. It's only open, I think, it's a Wednesday. I've even stopped going across there now because you've only got a time slot, about an hour's time slot when it's open. And for an estate this size that's no good (Female, 65+).* However, other tenants from the same landlord reported how easy they found it to access officers in their local neighbourhood office: *That [accessing staff in the local office] has been great. When I first got this place into my name, I had to go to the office a few times because I needed to sort out the key. I needed to sort out the fobs to get into the flat and it was quite easy. You just went in, made an appointment and spoke to somebody (Male, 65+).*

As highlighted in the previous chapter, as part of a move to have a more visible local presence and have more interactions with tenants at the neighbourhood level, some landlords across the country are encouraging other staff, such as repair officers, to initiate 'check-in' tenancy sustainment conversations when they visit their homes, to alert colleagues to any rent payment/ financial problems that the tenant may be having. Most tenants reported that they would be happy with this scenario. However, one tenant was not and reported that she would only be comfortable speaking to an officer with financial expertise: *Not really [I wouldn't be happy speaking to a generic officer] not unless it was somebody who dealt with you on the financial side of that...Not really, no. Not unless they were from the financial side of things (Female, 25-34).*

10.6. Conclusion

The first part of the chapter explored how our case study landlords engaged with their tenants in relation to tenancy sustainment. It described the nature and form of engagement, noting that much of it is reactive. The chapter has also highlighted the importance placed by landlords on engaging with all their tenants and their aspiration to be a more visible and active presence in localities. Finally, it has also highlighted the importance attached by landlords to holding quality conversations with their tenants.

The second part of the chapter explored tenants' experiences of communicating with their landlords. Like the first part, it has highlighted the importance of the quality of the interactions between them, with unsatisfactory ones in the eyes of tenants making them less likely to engage in the future. For many tenants, it is their inability to exert agency when they engage that is at the root of their dissatisfaction, and the unequal power relationship between landlord/ tenant provides an important context to landlord/ tenant communication in relation to tenancy sustainment. This highlights the importance of landlords making every effort to (where possible) provide tenants with agency and voice in all aspects of the services they receive, including tenancy sustainment. Furthermore, the findings highlight the importance of ensuring that conversations are impactful, resulting (where possible) in tangible outcomes. The findings also highlight the importance of officers feeding back to tenants the outcome of conversations, even if tenants are unhappy with them, and the importance of landlords making tenants aware of how they can help them: tenants who believed that landlords could help them were more likely to engage. The issue of holding impactful conversations where tenants have agency is returned to in the next chapter, which analyses a corpus of rent payment/ rent arrears telephone conversations between officers from two of the case study landlords and tenants, using the analytical tool of conversation analysis.

11. An analysis of tenancy sustainment telephone conversations between case study call operators and tenants

11.1. Introduction

The previous chapter has shown that communicating with landlords can be acutely challenging for tenants. Our survey revealed that spoken communication is the preferred method of interaction for tenants and that the quality of interpersonal communications between landlords and tenants is important. However, there has been relatively little research into what ‘quality’ interactions look like and their key characteristics. This chapter presents analysis of a corpus of telephone conversations between income/ financial inclusion officers from two of the case studies and tenants in arrears/ experiencing difficulties paying their rent, using the analytical tool, conversation analysis. The full results from this analysis are presented in a separate report which can be found in Kilby and Lamb (2024³⁹), which highlights the approach to the analysis along with the ‘research methods: additional information’ report (Holding on to Home, 2024a) that accompanies this one.

Analysis revealed systematic patterns in these data that were organised under three thematic areas of communicative competency: (i) *shouldering the burden*; (ii) *together in the ‘problem space’*; and (iii) *non-directive solutions*. When present, these competencies are seen to gain commitment and/or move the interaction toward solution focussed outcomes. In contrast, when they are not present, the interaction more commonly derails. Findings are presented below taking each thematic area in turn.

11.2. Shouldering the burden

All the calls analysed concern rent arrears and/or debt related matters. By definition, these are sensitive and, often, ‘problem orientated’ interactions. Engaging tenants in talk about money is therefore challenging for both parties. Moreover, these conversations often require tenants to work through layers of administrative burden in order to access and/or share personal information with call handlers, or to agree or dispute information already held by landlords. This adds to the challenge that tenants are facing when speaking with call handlers. Analysis reveals that where call handlers actively seek to shoulder the burden, the calls typically progress more smoothly and toward solution-focussed outcomes.

There is a basic communicative approach that call handlers engaged across the range of calls that is seen to help shoulder the burden. When this approach is demonstrably used by call handlers, it conveys to tenants an appreciation of the challenges they are facing, and an active commitment to help. The basic linguistic structure of this interactional competency is: ***‘I am going to do x for you’***. Examples below demonstrate how this competency operates within these data, and variations of the basic linguistic structure.

The following example is taken from a call where the tenant has just moved into a new property.

CH:	Okay, okay, well <u>what I’ll do-</u>
CLR:	Well, if you give me a ring Monday.
CH:	Yeah, yeah, <u>yes, I’ll give you a ring Monday.</u> Just to say, don’t worry, it’s fine. <u>It’s just I want to notify Housing Benefit as soon as you move in</u> to make sure they start paying from that day.

* CH = Call Handler, CLR = Caller

³⁹ [Conversation-analysis-report-FV.pdf](#) .

Analysis further reveals that when call handlers use the basic structure of *'I am going to do x for you'*, the call routinely moves into a negotiation phase, and the tenant works with the call handler to arrive at agreed next steps, even when that requires the tenant to shoulder further burdens.

The following example is taken from a call where the tenant is initially extremely frustrated by the complexity of the benefits system and ongoing issues around making a claim for Council Tax benefit. The call handler advises the tenant that they still don't have a claim lodged despite repeated attempts. Despite strong worded annoyance voiced by the tenant, the call handler maintains the discussion and the tenant further reveals that they are expecting a baby within days. The call handler moves to shoulder the initial burden which then progresses the call to a negotiation phase.

CH: Right, okay. So, it takes five minutes to do this application I'll do it over-
CLR: Oh, does it?
CH: -the phone with you so you don't need to come in. You'll have-
CLR: Yeah.
CH: -enough on your plate. And then we'll check out where everything is up to.
CLR: Yeah.
CH: It'll be really helpful on Thursday, like when I've- I'll set you an appointment now, but if you can get on-
CLR: Yeah.
CH: -to your Universal Credit journal-
CLR: Yeah.
CH: -erm, just so we can have a look at what Universal Credit entitlement is.
CLR: Yeah-
CH: Erm, and then [pause] we'll get the application-
CLR: Do you, do you need me to do that now?

The interaction above demonstrates how shouldering the burden leads to negotiation. Linguistically the above example demonstrates how the basic interactional competency *'I am going to do x for you'* can be developed to a more complex 'if-then' formulation whereby *'I will do 'x', could you do then do 'y'?*' This is shown in the example to be highly effective. The frustration of the caller is overcome, and they are motivated to re-engage with the process. The tenant's motivated response is indicated by their offer to complete the task immediately.

A final example of this competency highlights how, even when the call handler is not able to deliver practical assistance, the mere attempt at shouldering the burden works to position the call handler and tenant in collaborative problem solving. The following example involves a call in which the call handler has established that the tenant has not updated their benefits journal with details of an earlier rent increase. As a result, the tenant's arrears have increased. Notably, the call handler does not focus on why the arrears have increased; instead, they focus on the practical steps of updating the information held by the benefits system.

CLR: would I be able to get a letter sent out so that I can put it on my journal, then?

CH: Yes. Well, I'm just going to see if I can do it at this end for you, and it's done then.

CH: Yeah.

CH: Just give me one second.

CLR: Yeah, see I'm new to Universal Credit. I only claimed it last year, so it's quite- It's still- I'm still getting used to it.

CH: Ah, so is this your first, erm, year-end, then? Like, the end of March.

CLR: Yes, last year- Not this April, last April was when I started claiming it, so obviously- But then I started getting, clai-, DLA from last year as well.

CH: Yes. It's not letting me do it. What I'm going to do- If I send you a text from this number with what your rent is- So, if you go into your journal, when- If you go into the homepage, it should say- Erm, you've got some tabs at the top, and I'm sure it's under home. If you scroll down, it says, where I live and what it costs. If you click on there, it's pretty self-explanatory. It'll say what your new rent amount is, the date that it comes, it starts from, what your eligible charges are.

CLR: Can you send me all that in a text message?

CH: Yeah, I'm gonna send you that. I mean, yours is pretty straightforward...

Again, in the above example, the call handler begins by using the linguistic structure of *'I am going to do x for you'*. When it becomes apparent that they cannot deliver on this offer by completing the task directly, they reframe their offer to *'I will do 'x', could you do 'y'?*. The acceptability of this is indicated by the tenant's response, in which they make a further request for a text message that will help them complete the task.

Constructing Burden

Whilst the basic structure of *'I am going to do x for you'* is a simple one, it is important to recognise that it is not universally engaged by call handlers. To help understand the value of this relatively easy way to engage competency, it is useful to consider an alternative linguistic structure whereby burden is created or elevated. These formats also feature frequently in the data but with notably different outcomes.

The example below demonstrates how, rather than shouldering the burden, call handlers actively construct burden. In this example, the call handler is seeking to set up a payment plan to reduce arrears on the account. The tenant advises that they have no income beyond their Universal Credit (UC), and they indicate that they might need to give the flat up. This is difficult conversation for the tenant who is clearly distressed.

CH: Okay, erm, now what we'd have to do, if you- You know, you're saying that you haven't got the affordability to pay it- We'd have to look at doing income and expenditure with you, so you'd have to come down and see us, erm, and we'd have to work out what your affordability is. So are you able-

CLR: Not very much-

CH: – to pop in and see the duty officers at some point?

CLR: Er, I'd be able to do it- What are we on now? I'd be able to come on Thursday.

CH: Yes? That's fine, no problem. So, if you come into the office on Thursday and see the rent officer on duty, we would need to go through an income and expenditure with ya. Er, I mean have you got anything- Did you say last time you mentioned that you had some debts that you'd consolidated?

CLR: Yeah, but I'm not-

CH: Yeah, is, is that-

CLR: -even making the payments on that. That's what I mean.

The basic linguistic structure above is *'If you can't do 'x', then we will do 'y'*. The example above demonstrates how an 'if-then' formulation can be used to variable outcomes. In this example it both creates a level of demand-driven burden for the tenant, leading to a directive whereby they will have to visit the office; moreover, it constructs the tenant as burdensome to the organisation, such that the organisation will have to complete a series of tasks for the tenant. Also notable in this example is the call handler's framing of the tenant's financial hardship in subjective terms. A lack of affordability to pay their rent as something the tenant is 'saying' they are experiencing, rather than an objective framing as something they *are* experiencing. In this call, the tenant becomes progressively more distressed and, immediately following the extract shown above, they state a degree of suicidal ideation. Whilst we make no empirical claim that the handling of this call contributed to the extreme distress of the caller, we do note that in calls where call handlers effectively manage the burden, tenant distress or frustration tends to dissipate. Conversely, in calls where this interactional competency is not used, or calls where burden is actively constructed, displays of negative emotional state tend to maintain or increase during the interaction.

11.3. Together in the Problem Space

The second theme reflects an interactional competency whereby call handlers align themselves alongside tenants within the 'problem space'.

The most straightforward example of how call handlers position themselves alongside tenants within the problem space relates to displays of affirmation/empathy. This takes a basic linguistic structure of *'I hear and affirm that x is a challenge'*. The following example concerns a tenant who is waiting for a house swap to be finalised.

CLR: So, long story short, it has turned into a four-way swap.
CH: Oh, no.
CLR: Now, yeah, so all the paperwork's been put in. Er, we were told-
CH: Yeah.
CLR: -that we would hear something back within 41 days of the paperwork being put in.
CH: Yeah.
CLR: We are coming up to nearly over 50 days now-
CH: Yeah.
CLR: -and, er, I spoke to somebody this morning, erm, who's in with the Mutual Exchange and they, they've now been told that as of today it's been put down as a new application and we've got to wait another four to six weeks. So, we are looking at the middle of June before we really even get anywhere in, in signing paperwork and moving.
CH: **I can't even imagine how difficult a four-way Mutual Exchange would be.**

A further example highlights how 'sitting in the problem space' sometimes requires call handlers to acknowledge challenges faced by tenants that are not directly about housing need; rather they concern the wider reality of tenants' lives and events that compound the stress and worry of managing rent related matters.

A final example reveals how, on occasions, call handlers offered a sense of shared experience. In this case it serves to instil dignity by normalising the experience of financial hardship and the impact of the cost-of-living crisis. In this example we see how the tenant and call handler linguistically align, as the call handler mirrors the language as well as the concerns of the tenant.

CLR: **I used to be able to go** into the shops and fancied a treat I'd get it. I don't even look at treats.

CH: Even in the prices of them things in the local shops they're all just increased dramatically. **Even you know, go to get** a chocolate that was a £1.00 before it's now at least £1.30.

CLR: Oh at least some are £1.50 now, **I don't even** go down that aisle anymore. I just stay – I make a list before I go and then as I say I make this list and then off I go to the shops, fish fingers are £1.50 or £3.00 I take the £1.50 ones.

CH: **I know what you mean.**

CLR: I prefer cod, you know I'd be in more debt if I bought all the expensive stuff that I used to be able to buy. It's silly. Anyway, if you're happy to deal with that £12 a month at least it's something off of it.

CH: Exactly that **and like you said** it's better to be paying something than nothing.

Notably in the above example we see how this call seamlessly flows from a potentially non-relevant sequence of talk about the cost of food, back to the tenant confirming the payment plan that has previously been discussed. As the call progresses further, the tenant later indicates that if other bills reduce, they will increase their payments.

As the above examples all indicate, sometimes 'sitting in the problem space' involves a competent use of empathy or affirmation. This interactional competency helps to flatten the power relations between call handler and tenant, as the call handler is heard to position themselves alongside the tenant.

Hearing and affirming tenants' problems as objective problems, rather than matters of subjective opinion puts both parties on an equal footing, which then allows them to jointly engage in solution seeking. Moreover, given the stigma associated with financial worries and/or debt, this competency minimises any potential moral judgement the tenant might be alert to, and creates a space in which the tenant and their problems are approached with respect and understanding.

The other way in which call handlers used this interactional competency concerns engaging in problem-solving behaviour. The basic linguistic structure demonstrates a cognitive load formulation⁴⁰ on the part of the call handler, using a linguistic structure of 'I am thinking x'. As the following example demonstrates, when this cognitive load formulation is used it locates the call handler as an active agent in the problem space, working alongside the tenant in jointly seeking a solution.

⁴⁰ A cognitive load formulation refers to a 'thinking' or 'feeling' type of inner mental activity or behaviour.

CH: so, in April they usually send award letters out just advising what the new rates are. **So, I am just thinking-**

CLR: Right.

CH: -it doesn't look like they have got proof of the, erm, ESA and DLA and sometimes award a letters are really good to send for that, erm, [pause] just to-

CH: Yeah, yeah, no, that's fine. So, erm, **so I'm assuming that the bank statements showing the ESA, so do, do you remember,** did they show the DLA as well?

CLR: Yeah, I, I, I took- There was two pictures I took because obviously they're separate, you get 'em different dates-

CH: Yeah, yeah, yeah-

CLR: -so I sent both. Yeah, I sent both-

CH: Right, okay.
[...]

CH: I've just been trying to get a bit more information on, erm, just you, your daughter's ESA, erm, and-

CLR: Yeah

CH: -sort of what that means. So, erm, **so sorry, I think I have asked this before but** is, she does definitely doesn't have any letters from ESA to, to advise sort of what her, her claim is?

CLR: Let me just have a quick look but I'm, I'm pretty sure I've not seen one for quite a while. One minute love-

CH: Yeah, **just, just because at, at the moment what they have done is they, they have added a £5 none debt deduction which I do think is correct and I, I just don't think they added it previously**

The next example is drawn from a lengthy call where the tenant has already articulated frustration and anxiety about the ongoing difficulties that they are facing related to a longstanding problem around their benefits and pension. As the call handler works to help the tenant unravel the problem, sharing the cognitive burden is a primary interactional competency used.

CH: The only- Yeah, **the only thing I was thinking of**, erm, so I know that your private pension, that comes from Ireland, is it?

CLR: Well, that's from my first job. It wasn't called a pension in those days. That's why I was reluctant to call it a pension but it is in effect like one. Now that goes into my bank account at the end of each month and that's what's basically paying my phone and my, you know, like what I see-

CH: Mhmm hm.

CLR: -as total necessities like, erm, my, my electric, you know, that kind of a way. But then-

CH: Yes, yes.

CLR: -and then some money for food because that's what that pays. Do you know what I mean?

CH: Yes, yes.

CLR: And my TV licence. But it can't pay anything else because it isn't enough, do you know what I mean?

CH: Yeah.

CLR: And that's me living very meagrely, do you know what I mean? Really watching every penny-

CH: Yeah.

CLR: -you know, because that varies every month depending on the rate of exchange. You know what I mean?

CH: Mhmm hm.

CLR: So, it's not-

CH: So, with-

CLR: So, it's not a State Pension. It's nothing to do with that.

CH: No, no-

CLR: Yeah-

CH: -so, what I am thinking is, with you being, erm, sort of an Irish citizen, I am just wondering whether your State Pension is coming from Ireland or coming from, erm- I, I don't know sort of whereabouts in Ireland, erm-

CLR: Well, it's, er, it was Dublin I lived in but, you know, I have worked here since I was 40 and like I'm 70 now, you know, so-

CH: Yeah, I'm, **I'm just wondering if-** I'm just **trying to think of all the options** on why there-

CLR: Oh, I know, like I understand-

The example above highlights how displays of 'thinking' can locate the call handler alongside the tenant, thus the tenant's anxiety is validated. Moreover, it is framed as a problem that requires some exploration in order to find the solution, and the call handler is actively engaged in exploration alongside the tenant.

Across these data, the majority of calls centred on discussions about benefits claims related to rent payment and/or arrears. These calls provide compelling evidence of the complexities of the benefits system and the challenges facing both tenants and call handlers in negotiating them. This is particularly so for tenants who are in receipt of universal credit. This aligns with our survey and rent account analysis findings which suggest that tenants on UC are more likely to be in arrears, and to experience other financial challenges than tenants on HB or other legacy benefits.

Problem avoidance and problem ambivalence

As discussed earlier, interactional competencies are not universally or consistently engaged by call handlers. To help demonstrate the utility of '**sitting in the problem space**', it can be helpful to consider a counter example where an alternative means of interacting reflects '**problem avoidance**' or '**problem ambivalence**' on behalf of the call handler.

CLR: Erm, what it is, erm, I've got no food in or anything and, er, I just wondered if you have got a number for the local foodbank or **if there is any way you can help me.**

CH: Okay, what's your name?

CLR: My name's <name>.

CH: And what's your address?

CLR: It's <address>

CH: Okay. Er, I'll have a look where's open. **What-what's happened** that means you need the food voucher? Have you had any issues with your benefits or anything?

CLR: Erm, I've just got er, **I've just got no, no money.** Erm, I were, I've not- I was down in like staying out here, there and everywhere, erm, and I've just used me money up, to be honest

CH: What does, sorry, I didn't catch that. What's eating the money up?

CLR: Well, it, it, it was just the electric and that, like eating my money up at the flat and, you know, just, just paying debts off an that. I've got myself in debt and a bit of a, er-

CH: Okay, let's have a look then. [long pause] Sorry I just have to put your name and postcode in on the system. [long pause] Okay, it is just you in the property, isn't it?

CLR: Yes, it's just me self.

CH: **Okay, er, so your closest one is at St Mark's Church but that's not open now until Tuesday,** erm-

CLR: **I'll be dead by, I'll be dead by then** [laughs]

Silence

CH: There's one open in <town> today at-

CLR: Where?

CH: -<town> Methodist Church.

CLR: No way of getting there]

CH: That's open from 11 until half 12. Would you be able to get there?

The above example demonstrates significant 'problem avoidance' whereby the call handler makes no attempt to offer affirmation or empathy when the tenant makes a direct request for help to access food. 'Problem avoidance' is especially troublesome here given the shame and stigma associated with poverty. The discomfort of the tenant is indicated in this example through the display of hesitation markers (e.g. uhm, er) that feature around the initial request for help at the start of the example, and again when the tenant is asked to explain why they require help. There are multiple opportunities where 'sitting in the problem space' via minimal markers of empathy or affirmation were possible. Notably, immediately following the initial request, before asking for the tenant's address details, and towards the end of the extract where the tenant indicates that they have no food to eat. The comment *I'll be dead by then* is met with silence, followed by a continuation of the conversation without giving any acknowledgement or response to this remark.

Our survey research (Thomas *et al.*, 2024) and in-depth tenant interviews suggests that anxiety and stigma associated with financial problems lie at the heart of tenants' reluctance to communicate with their landlord when they fall into arrears. Developing strong interactional competencies amongst call handlers to enable them to sit in the problem space with tenants is therefore a crucial, but also simple and cost-effective means to help landlords in overcoming this challenge.

11.4. Non-directive solutions

The final theme relates to how call handlers engaged with tenants in the pursuit of the primary call objectives. In the context of these calls, the main objective for call handlers is to secure payment for overdue rent and/or agree

payment plans to gradually reduce debt. What is clear from this analysis is that tenants and call handlers are broadly aligned in this objective. Across the entirety of this corpus of one hundred and forty calls between landlords and tenants, there is not a single example of a tenant displaying a disregard for arrears they may be in, a disinterest in making payments to reduce their arrears, or a lack of desire to be debt free. To the contrary, and concurring with our survey and qualitative evidence, these data offer compelling evidence that tenants are highly **motivated** to pay their rent and/or reduce their arrears. Furthermore, in these calls, tenants were often seeking out means by which they could make payments and/or they were engaging with call handler's practical advice regarding how they could manage their finances and maintain regular rent payment. In behavioural terms, tenants are seeking and engaging with **opportunities** to pay their rent and/or reduce arrears. The primary limiting factor that impacts tenants' rent payment behaviour relates to their financial circumstances and experience of relative poverty, which negatively affects their **capability** to pay their rent and or/reduce arrears. The job of call handlers in these circumstances requires awareness of the material and psychological challenges facing tenants and sensitive, skilled communication.

Analysis reveals a valuable interactional competency that, when used by call handlers, often helps in navigating these challenges with a primary distinction between making directive payment demands and working with tenants to arrive at 'non-directive solutions'. Typically, this involves making 'offers' to the tenant. Examples below demonstrate the variable ways in which this competency operates within these data and describes the basic linguistic structures.

The first example demonstrates how call handlers encouraged tenants toward an action by making an offer of help. The conversation below concerns a tenant who is in arrears and experiencing significant financial hardship. The call handler uses a linguistic structure of '**has anyone suggested that we do x?**' to make an open offer of support. As the call progresses, the tenant takes up this offer and a referral is made.

CH: It's just as you've said none of the agencies have come through with anything for you, so you've not been working?

CLR: Well, nothing nearby. I'm literally, I've got behind with you and the Council Tax and basically all the jobs that they're sending me are like 40 miles away, do you know what I mean, which is you know, just ridiculous.

CH: Not much help. Yeah of course, **has anybody suggested us doing a referral to the social impact team**, where anything job-wise, like you're looking for work or erm, anything like that then they can help see – I think they basically help you to get back into like permanent jobs and things.

In the next example the tenant has recently moved into the property and the tenant indicates a desire to have the housing allowance component of their UC paid directly to the landlord. The call handler picks up on this and makes an offer using the linguistic structure 'Would you like x to be the case'. In this way the call handler does not close down alternative options; rather they invite the tenant to select a preferred option. As the extract shows, the tenant takes up this offer immediately, and the call handler moves directly to progress the agreed solution and thereby also manages the burden.

CH: Right okay so you've just moved in. So, do you know when the Universal Credit's going to be paid?

CLR: Yes they sent me an email saying it'll be paid on 19th of this month. **I did erm, I did put in my application for them to pay you directly** but I don't know if that's going to happen, it literally just says on my Universal Credit account that I've been awarded the total or what you guys have asked for like £705.63 or whatever it is.

CH: Right okay then. **Would you prefer it to come direct to us ongoing?**

CLR: Much prefer it. **I would much prefer it to come direct to you.**

CH: Right **let me just ask for that to be done.** I won't be one moment, just wait for a code.

CLR: Alright thank you.

In the final example below, the tenant is experiencing long-standing rent arrears. In this call they have described a complicated history in which variable earnings from paid employment have resulted in unpredictable changes to their UC payments. This shifting financial picture has contributed to the build-up of arrears. During the call, the tenant and call handler are working through an agreement to manage the arrears. Throughout the conversation the call handler has maintained tenant autonomy and presented the tenant with offers rather than directives. As they move toward an agreement, the tenant has suggested that they will pay all of the arrears the following month. In the extract below, the call handler invites the tenant to reappraise that plan using the structure of **'x might not be feasible, how about y?'**.

CH: What day are you planning on paying the others? Let me just check one second-

CH: The usual date, 5th of- You know, 5th of the month.

CLR: Right. So- I mean **is that going to be feasible?** Because you- Your payments are £552.04.

CH: Yeah.

CH: To catch that up you're looking at paying-

CLR: I'll have a full- Yeah.

CH: -about £805, roughly. £804.08.

CLR: Really? Oh, it won't be that much.

CH: Yes, so you- You're £252 short, so- To catch it up-

CLR: Ah, yes.

CH: -you'd have to add it on, you see. So-

CLR: Right. **Could I not catch it up over a couple of months** or something, or-?

CH: **This is where I'm going with it.** If we've got something in place to catch it up, erm, let me just-

CLR: Yeah.

CH: [long pause] If we split that over three months, it's £636.06. **Is that better?**

CLR: **Yes. That's, that's, yeah, that's brilliant.**

CH: Okay. Erm, do you want me to set your direct debit back up from next month?

CLR: Oh, if you- Yeah, if you would, please. Yeah.

The example above shows how agreement is reached through a gradual turn-by-turn interaction and again highlights the value of using 'offers' in the pursuit of non-directive solutions. It also provides a further example of how call handlers combine 'non-directive solutions' with 'managing the burden'. This combined use of competencies is quite typical in the data and, as these examples show, when a call handler reaches agreement with a tenant around rent payment, 'managing the burden' often enables the call handler to close the agreement by progressing the conversation from agreement to action.

Doing to versus doing with

As with the prior themes, call handlers' use of non-directive solutions was variable. Across the data there were many occasions where more directive formats were used to try and seek a solution to arrears management with tenants. The following example is a clear demonstration of this, using a linguistic structure of **'You did x, y is the case, so I am going to do z'**. As the extended extract shows, rather than move the tenant toward an agreed solution, it invites disagreement.

CH: So, I'm just giving you a quick phone call as your direct debit, it's not been set up for the correct amount on your account, erm, so it's currently not covering the correct rent charges.

CLR: Mhmm hm.

CH: So, when you contacted and you spoke to <name> to set up your direct debit, erm, you'd advised that your Housing Benefit was going to be £91.14 per week. But they've not, erm, awarded you with that amount, erm, they've awarded you £86.61.

CLR: Right, yes.

CH: So, so it's lower than we expected, therefore I need to change your direct debit to £139.18.

CLR: How much?

CH: £139.18.

CLR: But, but it was- Huh, no, no, that can't be right. That just can't be right.

CH: It is correct because Housing Benefit aren't paying-

CLR: No, it can't be-

CH: -the amount that you contacted-

CLR: Er, it just can't be right, because- First of all you, you sent me a letter that it was £120, then the next letter it was £121 or something. So, it's going up and up and up.

CH: That's because your Housing Benefit's-

CLR: It just can't be right.

CH: -come down.

CLR: Yes, but just a bit, I mean, 91, it was 91, and then you say 86. That's like a £5.

CH: So-

CLR: It just, it just can't be right, I'm sorry.

CH: It was never- It was never £91, you contacted us to say you were getting £91.14, but housing-

CLR: No, no, you, you- No, no, you- I'm sorry, but you- Oh, this is too much. It's just ridiculous.

CH: I can, I can only apologise that you think that that's too much, but it is the correct amount that needs to be paid, is your Housing Benefit award isn't what, erm, you advised us of when we set your direct debit up.

As the talk progresses in the extract above, the call handler presents the arrears as a 'hard truth', namely, debt is the upshot of the tenant's own error. The call handler then frames the solution as a straightforward, non-negotiable outcome of that error. Thus, a narrative emerges where the tenant is at fault and the solution is framed as a penalty for their faulty action. As the call progresses there is an increasing disjuncture between the 'reality' focussed upon by the call handler and the 'experience' of the tenant, and the tenant becomes increasingly distressed as this disjuncture grows. Another notable feature of this extract is the display of *'problem ambivalence'* as the call handler elects not to offer any response to the tenant's explanation of why they do not want to downsize. Just as the earlier example highlighted that 'non-directive solutions' are often aligned with 'managing the burden', this example demonstrates how 'directive solutions' are often aligned with 'problem ambivalence' or 'problem avoidance'.

The final example demonstrates another linguistic structure of 'You won't do x, so y is the case'. In this example, the tenant is in minimal arrears of less than £100. The call handler establishes the tenant has two bedrooms and lives alone. This becomes the basis for the call handler shaping another 'hard truth' via an if-then formulation, namely; if you won't move then you need to pay.

CH: What's that shortfall for then? Erm, are you, is there a spare room there or?

CLR: Yes I've got a spare room.

CH: Okay are you looking to downsize?

CLR: Not really.

CH: Okay so obviously you will need to continue paying that. Do you work or is?

CLR: No erm, I've applied for PIP.

CH: Yeah.

CLR: I won't hear nothing; well, they said six weeks which is sometime in erm September.

CH: Right. Do you get limited capability for work then from Universal Credit?

CLR: Yes.

CH: Okay, I mean obviously if you were looking to downsize then we could apply to your local authority erm, and you know sometimes they do help cover that 'Bedroom Tax' if you are actively seeking you know to move to a smaller property, but if you're not, you know they won't entertain that. Erm, so yeah unfortunately it's because your home is obviously too big for your needs. Erm, which is why you've got that quite high shortfall in your account. Is there any reason why you don't want to downsize?

CLR: Just I've got – I've planted rose bushes like some for my late partner, my husband, and I've got dogs.

CH: Erm.

CLR: I can't really dig up my roses, they're quite wild now.

CH: Right okay. Erm, okey doke. So, I'm afraid that's where we're at so that does need to be paid then erm if you want to stay in a two bedroomed home.

Akin to the previous extract, this call handler frames the solution as a simple upshot of the tenant's own problematic actions. Again, the call handler focuses on a 'reality' whereby the tenant has more than their needs require, whilst the tenant is focussed on the 'experience' of their attachment to their home and garden and the memory of their late husband.

11.5. Conclusion

Three core interactional/behavioural competencies were engaged to a lesser or greater extent by call handlers when talking to tenants about rent arrears and/or debt and financial hardship. These competencies are labelled as: (i) **Shouldering the burden**; (ii) **Together in the 'problem space'**; (iii) **Non-directive solutions**.

When engaged at appropriate points during conversations between call handlers and tenants, these competencies typically gain commitment and/or move the interaction toward solution-focussed outcomes. What counts as a 'solution-focussed outcome' is highly dependent on the specifics of the call, but broadly defined, they are outcomes that support tenancy sustainment. The most immediate factor for ensuring tenancy sustainment arguably relates to how call handlers secure rent or rent arrears payment, and/or how they reach agreement with tenants for ongoing payment plans. However, tenancy sustainment is not solely a matter of financial transaction between parties. It is also about how landlords understand and respond to the social and psychological needs of their tenants. Our analysis reveals that, when call handlers use these competencies appropriately, they not only address rent payment issues with tenants, but, they also support tenant wellbeing by minimising feelings of shame or stigma associated with debt and financial hardship.

In contrast, when these interactional competencies are not engaged, there is a greater likelihood that the interaction derails and/or calls progress less smoothly. Additionally, our analysis identifies a series of interactional behaviours that appear to work in opposition to those competencies discussed above. Namely: **'Constructing burden'**, **'Problem avoidance/ problem ambivalence'**, **'Doing to versus doing with'**. Notably, when these antithetical behaviours are

engaged, not only are solution-focussed outcomes threatened, but non-desired outcomes are invited. On a practical level, our analysis suggests that when antithetical behaviours are engaged, calls that are focally about rent payment are more likely to move to matters of tenant complaint about other unrelated matters, for example estate management or property maintenance. Furthermore, there is a greater likelihood that emotional or psychological wellbeing is negatively impacted, with tenants becoming tearful or in distress. Lastly, it is also notable that when calls do not progress smoothly and oppositional behaviours are engaged by call handlers, the call length typically extends beyond the average call length. Often these calls become lengthy in nature, as call handlers and tenants become immersed in disagreement and/or tenants become frustrated and the calls spiral into other matters of complaint which often cannot be addressed by call handlers in the rent account teams.

12. Conclusions and recommendations

This report has shared the full findings from a major study (Holding on to Home) into tenancy sustainment in social housing, which began in March 2022. Tenancy sustainment has become an increasingly important issue within housing policy since at least 2010, when austerity measures were introduced by the UK government, including a programme of welfare reforms such as the introduction of a new ‘integrated’ benefit (Universal Credit) alongside restrictions on entitlement. These pressures have been exacerbated by economic recession, a global pandemic and a cost-of-living crisis. As a consequence, there is increasing concern about the implications for tenancy sustainment, as residents struggle with increased living costs and reduced ability to meet the competing demands of rent payment, heating, food, and other essential items. These pressures have a disproportionate impact on social housing tenants because one third of the bottom three income deciles live in social housing. It is against this backdrop that the Holding on to Home study was conducted.

12.1. Key messages

The research findings presented in this report are detailed and numerous but give rise to some key lessons and messages – for social landlords, for national and local policy-makers, and for organisations working with low-income families – that can help promote tenancy sustainment and improve the lives of social housing tenants. A point worth noting is that if tenants are better enabled to maintain rent payments and sustain their tenancies then this, in turn, supports the (financial) viability and success of the social housing sector.

Widespread financial precarity

Our *first key message* is that many social tenants are struggling to get-by, financially, often unable to adequately meet their essential needs and financial outgoings every month, and it is financial precarity that is driving rent payment behaviour/ rent arrears. Disproportionately affected by welfare reforms (a high proportion are in receipt of benefits) and subject to high levels of insecurity and precarity in the labour market (nearly one third of those in paid work were in precarious employment), many had highly variable incomes and limited ability to meet unexpected challenges, such as ill health, loss of work, and the inflationary price rises seen in recent years. The choice between ‘heating and eating’ was, therefore, very real for many, and basics such as food were often competing with rent within budgets that did not stretch to both. Our findings concur with other evidence that some households have reached a ‘tipping point’, with ‘nothing more to cut’ (Resident Voice Index, 2022, p3). The participants in our study were resourceful, employing sophisticated and careful budgeting strategies, and doing all they could to meet priority expenditure such as rent. But this was not always enough, and many were relying on a range of sometimes problematic strategies, such as doing without essentials, relying on charitable giving such as foodbanks and fuel vouchers, incurring further debt, and selling possessions in order to meet rental and other essential payments.

Rent affordability, payment patterns and drivers of rent arrears

This general picture of financial precarity and fluctuating income and resources is reflected in our analysis of rent payment patterns, which revealed a corresponding ‘erratic’ and fluctuating pattern of rent payment and arrears. This brings us to *two further key messages*. First, that the financial difficulties experienced by the social housing tenants, including rent arrears, cannot be explained with reference to poor budgeting skills, disorganised management of money, or a cavalier attitude to financial obligations. As such, efforts to increase rent collection rates by influencing tenants’ attitudes towards rent payment or improving budgeting skills are unlikely to achieve significant positive outcomes compared to those which maximise and stabilise incomes. Second, tenants cannot be easily categorised into those who do/can pay their rent, and those who do not/cannot pay their rent, because their capacity to pay is highly changeable. More hours of work, receiving a fuel voucher or food bank parcel, or being helped by a family member one month will leave more income for rent payment, but the next month may look very different. This raises

challenges for social landlords who need to be able to identify tenants at most risk of arrears and engage with them to offer support. This is difficult to achieve when tenants' circumstances and payment patterns can change rapidly.

While acknowledging this challenge for social landlords, our *fourth key message* is about the importance of prevention and early intervention. Two findings support this conclusion: first, that although rent payment patterns are rather 'messy', once a tenant underpays their rent for two consecutive rent periods (each rent period is the equivalent to one month), regardless of the amount of the underpayment, these arrears are likely to become enduring. Our analysis finds that there is a 69 per cent likelihood that a tenant underpaying for two consecutive rent periods will go on to remain in arrears for at least three further rent periods. Promptly identifying a change in payment patterns, even if arrears have not reached the equivalent of four weeks (the point at which many landlords will flag risk), could be vital for preventing further arrears accruing. Second, our survey findings strongly suggest that there is a much larger cohort of tenants who are struggling to afford their rent than rent arrears data alone would suggest. Across a range of measures, 70 per cent of survey respondents were struggling to afford their rent, but many of these were not (yet) in arrears (nine per cent were in arrears at the time they were surveyed). These tenants are likely to be in need of support to avoid future rent arrears and to ensure that they are not only managing to pay their rent by cutting back on essentials, or employing other strategies mentioned above, such as borrowing or getting behind with other essential bills.

Our analysis of the causes and drivers of rent arrears reveals that some population groups are more at risk at accruing arrears/ encountering difficulties paying their rent, which is our *fifth key message*. Logistic regression modelling of rent account data found some populations to be at greater risk of accruing (additional) rent arrears: those with existing arrears, which emerged as a particularly strong predictor; those under the age of 35; non-White-British tenants; tenants whose first language was not English; those who were charged higher rents; those whose benefit was paid to them ('direct payment') and those in receipt of UC. UC was also identified in one of the survey data logistic regression models, and appeared as a proxy variable in another, and both survey and rent account data found tenants on UC to be more likely to be in arrears than those on HB. This, then, brings us to our *sixth key message*, which raises questions about the detrimental impact of the design and operation of aspects of the benefit system. That is, welfare reforms, and especially the introduction of UC (particularly the introduction of direct payment for social housing tenants, and the five-week wait for new claims) are impacting on tenants rent payment capabilities and therefore on tenancy sustainment.

Re-defining tenancy sustainment

Picking up on the points above brings us to our *seventh key message*, namely that a broad understanding of tenancy sustainment is needed that goes beyond whether a tenant has managed to remain in their tenancy and is maintaining rent payment. We want to see tenants thriving in their tenancies, not 'just about managing' to sustain them. Landlords should critically assess how they understand, define, and measure tenancy sustainment, developing a broad understanding which encompasses a range of measures relating to the health, quality and liveability of that tenancy.

Landlord/ tenant communications

Our *eighth key message* speaks to the importance of engagement between landlord and tenant as a crucial element in maintaining tenancy sustainment, enabling residents to be offered support, an opportunity to negotiate rent payment arrangements, and intervention in advance of a crisis. However, the study found that those tenants in the most need of support from landlords are the least likely to seek it out. Anxiety and stigma were found to be the greatest barriers to communications for this group: 23 per cent of respondents who reported difficulties communicating with their landlord stated that they were 'nervous' about contact; 12 per cent were 'too embarrassed' to speak about rent and 11 per cent were 'too worried' to open or read letters from the landlord. To overcome these barriers, positive communication between landlord and tenants is essential, and will result in higher levels of engagement: the research found that if tenants' engagement experiences were positive, they were more

likely to engage in the future. Our analysis of telephone conversations between landlords and tenants identified approaches which created significant barriers to communication. These were classified as ‘constructing burden’ (seeing tenants as a problem), ‘problem avoidance or problem ambivalence’ (heightening the shame and stigma of conversations surrounding debt) and ‘doing to rather than doing with’ (where the tenant is assumed to be at fault and will face penalties for their actions). Conversely, our analysis found that the most productive discussions between landlord call handlers and tenants were based on principles of: shared responsibility; both call handler and tenants taking ownership of problems; working together in a partnership to address challenges, rather than avoiding difficulty; and call handlers proposing mutually beneficial non-directive solutions.

The study team used a model from behavioural science – COM-B – as a loose framework for the collection and analysis of data. We can, therefore, now reflect on what COM-B tells us about rent payment and arrears, before turning to the recommendations for social landlords and national policy-makers that arise from these key messages.

Using COM-B as a framework for understanding rent payment behaviour

COM-B posits that behaviour – in this case, rent payment – is a result of the interplay between the *capabilities* (C) of subjects, the *opportunity* (O) they have to enact behaviours, and their *motivation* (M). COM-B has been applied in a range of contexts, most commonly (public) health, but has seldom been applied in the context of housing.

Using this framework, as highlighted earlier, a key message to emerge from our analysis of the causes and drivers of rent arrears is that (lack of) *opportunity* – in this case financial precarity - is the main reason why tenants find it difficult to pay their rent and accrue arrears. Many of the factors identified in the logistic regression models for the three survey measures of rent affordability related to tenants’ financial circumstances. And, while rent account data contained very limited information about tenants’ financial circumstances, the two ‘financial’ variables included – ‘existing arrears’ and ‘level of rent’ paid – were statistically significantly related to having higher odds of accumulating additional arrears. Furthermore, a clear message to emerge from the in-depth interviews with tenants was that their precarious financial circumstances were the main reason why most had accumulated arrears.

In relation to *motivation*, most tenants prioritised paying their rent, and reported they would not spend their (housing allowance) benefit on other things. The erratic payment patterns of many tenants is indicative of an ‘*I pay my rent as soon as I can*’ approach to rent payment, a conclusion which is supported by the findings of the in-depth interviews with tenants, which revealed that most prioritised the payment of their rent. Furthermore, this commitment was also evident amongst those tenants whose rent payment/ rent arrears telephone calls with their landlord were analysed by the study team, using conversation analysis.

In relation to *psychological capability* (knowledge, skills, reasoning), most tenants reported that they were effective money managers and described using a range of budgeting techniques and were highly skilled at juggling debt repayments and essential outgoings from month to month. With regard to *physiological capability*, tenants who had a medically diagnosed mental health condition were more likely to have sold possessions in order to pay their rent and to have reduced their expenditure on one or more of heating, food and ‘other essentials’. However, disability and health conditions were not highlighted in the risk to arrears/ ‘difficulty paying rent’ regression models.

However, it is important to note that there was interplay and correlations between the three domains of the COM-B model – *capability*, *opportunity* and *motivation*. For example, there was a clear relationship between *opportunity*, and a lack of financial resources, specifically, and motivational factors, which saw tenants having to manage competing financial obligations, such as buying food, paying a large bill or a rental payment. And there was a clear connection between *capability* and *motivation*, which saw some tenants’ commitment to paying their rent being undermined by their individual capabilities, such as their financial literacy and budgeting skills.

It is important to offer some reflections on the value as an analytical tool of COM-B. It provided a valuable framework for analysis, allowing the team to systematically explore the drivers of rent arrears/ difficulty paying rent. The emphasis it places on exploring the interplay between the three domains of the model – *capability*, *opportunity* and *motivation* - was very helpful. Not unexpectedly, *social opportunity* – social pressure to enact a behaviour - did not

emerge as being significant and this was the only element of the model that had only limited applicability to rent payment behaviour. However, this a reflection of the unique nature of the payment being examined (rent payment behaviour) and *social opportunity* will be relevant to other housing behaviours, such as ‘resident involvement’ (that is, engaging with landlords through participation structures) and ensuring that gardens are well kept and tidy.

12.2. Recommendations

The primary aim of ‘Holding onto Home’ study was to generate evidence that could support landlords to promote tenancy sustainment, in turn improving the housing experiences and security of social housing tenants. To this end, we have produced a separate short guidance report⁴¹ that offers suggestions for effective tenancy sustainment approaches and interventions, and we also make recommendations below for social landlords. However, the study clearly found that tenants’ challenging financial circumstances and low-incomes drive rent arrears, compounded by various aspects of welfare (benefits) policy, a precarious labour market, and inflationary rises in the cost-of-living. We recognise that social landlords cannot fix all these issues and that they face challenges and financial constraints of their own. We also, therefore, make recommendations for national policy makers, urging them to make changes that would vastly improve the lives of social housing tenants, reduce risks of tenancy failure and, in turn, support the viability of the social housing sector.

*Recommendations for social landlords and professional housing bodies*⁴²

- Landlords should review their tenancy sustainment strategies, paying attention to the key findings from the Holding on to Home study. We recommend that strategies focus on the priority areas of: collecting accurate data; maximising tenant incomes; and improving engagement.
- Landlords should prioritise improving data collection and systems, in order to support early tenancy sustainment intervention. It is vital that landlords are able to identify tenants ‘at risk’ of arrears and who need support to maintain their tenancy. They need the ‘*business intelligence*’ to be able to identify changes in circumstances (e.g. a transition to UC, changes in household composition) and changes in rent payment patterns promptly. This will allow landlords to develop a profile of risk factors, making use of techniques such as customer segmentation to classify tenants based on common characteristics, and to tailor appropriate interventions and forms of communication. Landlords can make use of, or subscribe to, existing software and IT packages designed for the social housing sector to support these efforts. They could also make better use of, and better integrate their own data and systems; for example, rent accounts, housing management data, customer service contacts, and financial inclusion team data.
- When developing interventions to improve rent payment levels, landlords should focus on activities that maximise tenants’ income, rather than those that seek to improve *motivation* and financial *capabilities*. Advice and support in the form of income maximisation, benefit checks, debt advice, and initiatives to facilitate economic activity – support that many landlords already provide – are likely to have the greatest impact on payment of rent.
- In the context of scarce resources, it is crucial that landlords make ‘every conversation count’. If a tenant has to repeat their story to several officers, this is time-consuming for both landlord and tenant and can damage rather than foster good relationships. Similarly, if a method of communication – whether a newsletter, visit, text, telephone call – does not translate into positive outcomes, this represents an inefficient use of financial and human resources. Every contact with a tenancy is an opportunity to identify wider support or housing management needs, and to better understand tenants. Officers in different teams can be trained to be alert to signs of support beyond their immediate roles, and tenancy sustainment should be the responsibility of all staff. It is essential, however, that information systems are integrated, and processes in place to ensure that

⁴¹ Holding on to Home study team (2024c) *Holding on to Home: Promoting Tenancy Sustainment: a guide for social landlords*. Available at: <https://holdingontohome.org/final-outputs/>

⁴² See also the guide produced by the study team.

issues identified through a repairs visit, for example, can be communicated to the housing management team, and triangulated with rent and other data.

- The research has highlighted the importance of the quality of the interactions between landlords and tenants, with unsatisfactory communication in the eyes of tenants making them less likely to engage in the future. For many tenants, their inability to exert agency when they engage is at the root of their dissatisfaction and the unequal power relationship between landlord/ tenant provides an important context to landlord/ tenant communication in relation to tenancy sustainment. This highlights the importance of landlords making every effort to (where possible) provide tenants with agency and voice in all aspects of the services they receive.
- Training for staff who have direct contact with tenants about their rent should incorporate the lessons from our ‘conversation analysis’, which identified approaches that created significant barriers to communication and reinforced stigma (to be avoided), and identified effective approaches that resulted in the best outcomes (to be enacted).
- Landlords should critically assess how they understand, define, and measure tenancy sustainment, going beyond whether tenants have remained in their tenancies and are paying their rent. It is clear from our findings that many more tenants are struggling to afford their rent than is indicated by rent arrears figures and that some of those apparently sustaining their tenancies are doing so at the expense of a good quality of life. A broader understanding of tenancy sustainment should be developed which encompasses a range of measures relating to the health, quality and liveability of that tenancy. We suggest there would be value in developing ‘minimum tenancy standards’ that take into account tenant experiences of life within their homes.

Recommendations for National policy makers

- The key finding of the Holding on to Home study is that it is social tenants’ precarious financial circumstances that is the principal reason that they fall into arrears. We would therefore urge the Government to take a new approach to ensuring a decent standard of living for all, so that households do not have to choose between paying their rent and heating their homes, incurring debt or doing without essentials. Food banks, charities and family and friends should not be plugging holes in a welfare safety net. We, therefore, endorse the Minimum Income Standard⁴³ and recommend that this is operationalised to inform and review benefit rates and the national minimum wage, alongside measures to provide greater security within the labour market, as our research found that tenants in precarious employment were more likely to encounter difficulties paying their rent.
- The research has shown that claimants on UC exhibit higher arrears rates than those on HB, and UC is a driver of rent arrears/ difficulties paying rent. While falling into arrears has an adverse impact on tenants, potentially threatening whether they can ‘hold on to their homes’, (higher) arrears have a negative impact on public finances, as landlords’ incomes reduce and their costs rise (recovering arrears is very resource intensive), which affects their ability to develop and potentially, the cost of borrowing. It is therefore imperative that central government rethinks its approach to the implementation of UC in England and Wales. Specifically, it should:
 - Provide tenants in England and Wales with the opportunity to opt-out of direct payment (that is having the housing cost element of UC paid to them, with tenants being responsible for paying their rent). This choice is already provided to tenants in Scotland, where it was one of the two so-called ‘Scottish choices’. The other, which also has considerable merit and should be extended to England and Wales, is the payment of UC twice a month rather than monthly.
 - Abolish the ‘five-week wait’ for a first payment of UC. This delay caused many tenants to accrue arrears and was the cause of considerable hardship.

⁴³ The standard was developed by researchers at the Centre for Research in Social Policy at Loughborough University, who were funded by the Joseph Rowntree Foundation: <https://www.lboro.ac.uk/research/crsp/minimum-income-standard/>

- Social housing landlords have invested significant resources into supporting tenants on UC, particularly as they transition. The on-going migration of the final cohort of claimants onto UC - claimants who are particularly vulnerable, according to several case study officers - will see landlords devoting even more resource to supporting UC claimants. This is likely to have an adverse effect on their costs and income (as arrears rates potentially rise), with an adverse impact on their business plans. It is important that this pressure is recognised by government and regulators when assessing the performance of social housing landlords.
- The study has demonstrated the value to low-income households of secure, stable housing, at below-market rents, provided by landlords who want to see their tenants and communities thrive. Despite high levels of financial and labour market precarity amongst tenants in the study and worrying evidence of significant difficulties paying the rent each month, evictions in the social rented sector remain very low and landlord support is available to those who are struggling. These households are likely to fare far less well in the private rented sector. Social housing is therefore acting as a protective factor against tenancy failure and potential homelessness. This provides a strong argument for government support to local authorities and social housing providers to ensure that social housing comprises a significant proportion of new housing targets.
- The Household Support Fund⁴⁴ has played a vital role in supporting tenants to get-by, financially, and to sustain their tenancies. It appears to have an uncertain future. Its demise would have a profound impact on vulnerable social housing tenants, potentially pushing many into (higher) arrears and tenancy failure. It is, therefore, imperative that the fund continues.

12.3. Methodological reflections

Not unexpectedly, given the number of research methods that were employed in the Holding on to Home study, we have several methodological reflections which, it is hoped, may be of use to researchers working in the areas of tenancy sustainment and the lived experiences of low income households, particularly those living in social housing. In terms of the design of the study, the adoption of a multi-disciplinary approach which saw the inclusion of psychology researchers within the team, resulted in invaluable insights that would not have gleaned by a team solely comprising housing researchers. The inclusion of the analysis of tenancy sustainment telephone conversations significantly strengthened the study, providing new and unique insights. As we expected, employing a range of quantitative and qualitative research methods proved successful, allowing the team to unpack and explore issues through different lens.

As to be expected for a study of such complexity and scale, we encountered some methodological challenges. The biggest was securing tenants to be interviewed in-depth by the team. We contacted tenants using a range of communication media. We found the least effective method to be sending emails, which were ignored by most tenants. The most effective approach was to phone tenants shortly after they had been sent a SMS text notifying them that a member of the study team would be in touch later that day (tenants could opt-out of the phone call by simply texting 'no').

Another potential methodological learning point to emerge from the study is that, much to our surprise, most tenants expressed a preference to be interviewed in-depth by telephone. This did not appear to affect the quality of data garnered and a number of tenants we interviewed reported that they found it easier to discuss sensitive financial issues with someone that was 'faceless', rather than in person, face-to-face. This is consistent with the survey findings which found that tenants who expressed a preference to communicate with their landlords by phone significantly outnumbered those who preferred face-to-face engagement.

⁴⁴ In September 2024, it was announced that the programme would be extended by six months:

<https://www.gov.uk/government/news/government-support-extended-to-help-struggling-households-with-bills-and-essential-costs-over-winter>

12.3. Further research

It is hoped that the research has provided a valuable insight into tenancy sustainment and the drivers of rent arrears. But there are several areas where more research is needed. Perhaps the most important of these is the nature, form and quality of interactions between landlords, whether face-to-face or over the phone, because this research has shown that these interactions are vital for securing positive outcomes. Building on the work of the Holding on to Home study, attention should focus on highlighting the characteristics of both 'successful' and 'unsuccessful' interactions in a range of contexts and for different population groups, and answering the question: what makes a quality interaction? There is merit in exploring these issues over time.

The Holding on to Home study was conducted with four social landlords in England so there would be value in exploring issues of tenancy sustainment in other contexts. This could include different geographies, including Scotland, Wales and Northern Ireland, other parts of England, and countries in Europe with large social rented sectors, such as the Netherlands; different types of landlords; and different types of population groups. Finally, there would be great value in exploring tenancy sustainment and the drivers of rent arrears in the private rented sector.

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Appendix: Logistic regression – further information and analysis

A1 Introduction

This Appendix provides more information about the logistic regression modelling exercises undertaken by the study team and the models presented in Chapter 9.

A2 Survey data: arrears model

The statistical technique, logistic regression, was used to identify the factors that were statistically associated with being in arrears. Odds ratios are used to compare the comparative likelihood of being in rent arrears given exposure to a predictor variable (such as employment status, a health characteristic, needing to use a food bank and so on). Odds ratios greater than one mean that exposure to the predictor variable is associated with higher odds of being in rent arrears. Odds ratios less than one mean that there are lower odds of being in rent arrears when exposed to the predictor variable.⁴⁵

Key socio-demographic variables – age, gender, ethnic status, household composition, disability status and case study landlords – were entered into the model first, so were analysed in the model prior to the introduction of other variables. The socio-demographic variables were not statistically significant. Subsequently, other variables, including those related to *capability*, *opportunity* and *motivation*, were added to the models. The key socio-demographic variables were retained in the models in order to hold them constant while analysing the other independent variables. The same approach was adopted for all logistic regressions models generated by the team. The list of variables included in the model, including those relating to *capability*, *opportunity* and *motivation*, can be found in Table A2.5 in 'Appendix 2: Tenant survey: further information' of the survey findings report (Thomas *et al.*, 2024), which presents further information about logistic regression modelling and how it works.

As noted in Chapter 9, seven variables were identified in the model,⁴⁶ as Table A1 illustrates.

⁴⁵ Odds ratios and significance levels are reported only for the predictor variables in the rent arrears model that were statistically significant.

⁴⁶ The model was run for all respondents.

Table A1: Logistic regression odds of being in rent arrears: survey data (n:1,213)

	Respondents in rent arrears	
	Sig	Odds
Behind on at least two bills***	0.000	4.5
Automatic deductions***	0.000	3.6
Use HB/ UC to pay for unexpected expense/large bill**	0.003	3.0
Difficulty communicating with landlord about rent**	0.002	2.8
No savings**	0.008	2.6
Cut back spending on food to pay rent**	0.001	2.5
Precariously employed (with no automatic deductions) *	0.048	2.2
Base		1,213

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

It is useful to compare these findings with those of the last major study into the factors driving rent arrears undertaken in Great Britain: the evaluation of Direct Payment Demonstration Projects (Hickman *et al.*, 2017). As part of this study, HB tenants, a cohort of whom were on direct payment (as a trial), were surveyed at three points. Peter Kemp (Kemp, 2014) used logistic regression to identify the odds at the last survey of tenants being: i) in rent arrears; and ii) in new arrears. There are some similarities between his and our findings, with the most notable being:

- Most of the factors Kemp identified in both his models were related to tenants' financial circumstances:
 - Being behind on bills was highlighted in both the 'arrears' and 'new arrears' models.
 - 'Automatic deductions from benefits or earnings' was included in the 'new arrears' model.
 - 'Would use HB [benefit payment] if had a bill that was difficult to pay' was highlighted in the 'new arrears' model.⁴⁷
- The absence of socio-demographic factors from either of Kemp's models.

A3. Rent account new arrears models

A3.1 Approach to the analysis

As noted in Chapter 9, logistic regression (using a forwards selection criteria) was used to test, identify and analyse the influence of a range of variables on the likelihood of two (additional arrears) outcomes:

- Whether a tenant accrued any additional arrears between the start of the analysis period and the end of the 12th rent period (for the purposes of simplicity, this is referred to '**any arrears**').
- Whether a tenant had accrued additional arrears over the 12 months' rent period, with the value of the additional arrears on their rent account at the end of the 12th rent period being equivalent least four or more weeks' worth of rent (herein referred to as '**sizeable arrears**').

⁴⁷ The other factors identified by Kemp were: 'HB only covers part of the rent' ('rent arrears' and 'new arrears' models); 'fluctuating income' ('rent arrears' model); 'HB is paid to the tenant' (or direct payment) ('arrears' model); 'keeps separate HB or rent cash/ bank account' ('rent arrears' model); 'not claiming HB' ('rent arrears' model); and, 'welfare reform benefit reduction' ('new arrears').

The following modelling was undertaken:

- Regression modelling of variables that were provided by both CS1 and CS2. These variables included: age; ethnicity; English first language; housing allowance; rent and service charges; property type; number of bedrooms; opening rent account position; and tenancy length (more information about the variables included in the analysis can be found in Table 2 in Holding on Home study team (2024a). These models are referred to as the '**common variables**' models. For each outcome, we created models which combined both landlord samples (CS1 and CS2) and ones for the landlords, separately.
- Modelling which considered additional variables that were provided by CS2. They provided additional information about their tenants, specifically: whether they receive a housing allowance which is paid direct to their landlord; their primary payment method; whether they have had contact with their landlord; whether they are affected by the removal of the spare room subsidy or Benefit Cap; and, whether they have a joint tenancy. These models are referred to as the '**CS2: additional variables**' models.

More information about our approach to the modelling of rent account data and our approach to rent account analysis more broadly can be found in the 'additional information about research methods' report (Holding on to Home, 2024a) that accompanies this one.

A3.2 Findings

Outcome one: any arrears

Table A2 presents the results of regression modelling for the three '**common variables**' samples examined: the combined CS1/ CS2 samples; CS1; and CS2. For the combined sample, the following factors were found to be statistically significantly associated with the likelihood of acquiring additional arrears, with factors presented in order of their relative importance:⁴⁸

- Tenants who started with arrears which were less than the value of four weeks rents on their rent account were statistically significantly more likely to accrue (additional) arrears over the 12 rent periods than those who were not in arrears or had arrears equivalent to four or more weeks rent.
- Rent levels were found to be associated with accruing rent arrears: tenants with lower rent levels⁴⁹ were statistically less likely to accrue arrears compared to those with higher rents.
- Tenants who claim HB were significantly less likely to accrue additional arrears than UC claimants and tenants who did not receive a housing allowance. Furthermore, UC claimants were statistically more likely to accrue additional arrears compared to tenants not in receipt of a housing allowance. These findings are not unexpected given those presented in Chapter 4, which revealed that UC claimants had higher levels of arrears than their counterparts on HB/ not in receipt of a housing allowance.
- The likelihood of accruing arrears reduced with age. Households where the named tenant was under 35 years were most likely to accrue additional arrears. Whereas households where the named claimant was aged 70 years or over were least likely to accrue arrears.
- Non-White British tenants were statistically significantly more likely to accrue additional arrears than White British tenants.

The table shows that, although the factors were similar when the models were run for CS2 and CS1 tenants separately, a number of important differences emerged:

⁴⁸ Relative importance has been determined by the relative change in the -2 log likelihood from excluding the factor in the model. The same approach is adopted for all of the models.

⁴⁹ The rent categories used in the analysis, which were based on the sample distribution, were: <£110, £110-£140, £140-180 and >£180.

- Rent level did not emerge as a statistically significant factor for CS1 tenants, but it did for CS2 tenants, which is perhaps due to a smaller variation in rent levels for CS1 tenants.
- Ethnicity did not emerge as a statistically significant factor in the CS2 model but it did in the one for CS1 tenants.
- 'English is not the tenant's first language' emerged as a statistically significant factor for CS1 tenants, with tenants being statistically less likely to accrue arrears if this was the case. However, this factor was not statistically significant for CS2 tenants.
- For CS1 tenants, the direction of effect for tenants not in receipt of a housing allowance was negative, indicating a lower likelihood of accruing arrears. The opposite was the case when the model was run for CS2 tenants.

Table A2: Logistic regression odds for accruing any additional arrears: CS1 tenants, CS2 tenants, and combined sample: common variables

		Combined		CS1		CS2	
		Odds ratio	Significance	Odds ratio	Significance level	Odds ratio	Significance level
Rent account position	Credit	<i>Base</i>		<i>Base</i>		<i>Base</i>	
	Arrears less than 4 weeks rent	3.947	0.000	3.445	0.000	5.007	0.000
	Arrears more than 4 weeks	0.988	0.793	0.943	0.295	1.108	0.268
Rent and service charges	Less than £110pw	<i>Base</i>				<i>Base</i>	
	£110pw to £140pw	1.322	0.000			1.106	0.044
	£140pw to £180pw	1.615	0.000			1.266	0.004
	More than £180pw	1.543	0.000			0.996	0.983
Housing allowance	HB	<i>Base</i>		<i>Base</i>		<i>Base</i>	
	UC	1.496	0.000	0.934	0.193	2.551	0.000
	Not in receipt of HA	1.248	0.000	0.712	0.000	2.549	0.000
Age	34 years or younger	<i>Base</i>		<i>Base</i>		<i>Base</i>	
	35 years to 54 years	0.908	0.037	0.895	0.080	0.928	0.281
	55 years to 69 years	0.780	0.000	0.771	0.000	0.786	0.002
	70 years and over	0.645	0.000	0.657	0.000	0.637	0.000
Ethnicity	White British	<i>Base</i>		<i>Base</i>			
	Non-White British	1.260	0.000	1.186	0.000		
English first language	English first language			<i>Base</i>			
	English not first language			0.758	0.012		

Source: Rent account data from CS1 and CS2 and authors' calculations
 Base: CS2 (9,502) CS1 (12,956) Combined (22,458)

Table A3. presents the results of logistic regression modelling for all the variables provided by CS2 (**‘CS2: additional variables’**). The following factors were found to be statistically significantly associated with the likelihood of acquiring additional arrears:

- Tenants who started with arrears which were less than the value of four weeks rents on their rent account were statistically significantly more likely to accrue (additional) arrears over the 12 rent periods than those who were not in arrears, or had arrears equivalent to four or more weeks rent. Tenants who had arrears equivalent to four or more weeks rent were also more likely to accrue additional arrears compared to those with no arrears on their rent account at the beginning of the analysis period.
- Tenants on ‘landlord payment’ were statistically less likely to accrue additional arrears compared to both tenants on ‘direct payment’ and those not in receipt of a housing allowance.
- Tenants who had contact with their landlord were statistically significantly more likely to accrue additional arrears compared to those tenants who did not have a contact with their landlord.
- The likelihood of accruing additional arrears reduced with age. Households in which the lead tenant was under 35 years were most likely to accrue additional arrears. Conversely, households where the lead claimant was aged 70 years or over were least likely to accrue arrears.
- Tenants whose first language is not English were statistically significantly more likely to accrue additional arrears compared to those tenants whose first language is English.

Table A3: Logistic regression odds for accruing any additional arrears: CS2 tenants: additional variables

		Odds ratio	Significance
Rent account position	Credit	<i>Base</i>	
	Arrears less than 4 weeks rent	5.112	0.000
	Arrears more than 4 weeks rent	1.347	0.002
Housing allowance	HA paid to landlord	<i>Base</i>	
	HA paid to tenant	2.558	0.000
	Not in receipt of a HA	2.366	0.000
Contact with landlord	No	<i>Base</i>	
	Yes	1.755	0.000
Age	34 years or younger	<i>Base</i>	
	35years to 54 years	0.836	0.011
	55 years to 69 years	0.689	0.000
	70 years and over	0.573	0.000
English first language	English first language	<i>Base</i>	
	English not first language	1.736	0.016

Source: Rent account data from CS2 and authors’ calculations
Base: CS2 (9,296)

Outcome two: accruing ‘sizeable arrears’

As noted above, this outcome focuses on tenants who had accrued additional arrears over the 12 months’ rent period, with the value of the additional arrears on their rent account at the end of the 12th rent period being equivalent to four or more weeks’ worth of rent (or ‘sizeable arrears’). Table A4. presents the results of the ‘common variables’ logistic regression modelling. For the CS1/ CS2 combined sample, the following variables emerged as being statistically significant:

- Tenants who started the analysis period with no arrears on their rent account were statistically the least likely to have accrued ‘sizeable arrears’. Tenants who had arrears equivalent to four or more weeks rent were also

statistically more likely to have accrued 'sizeable arrears' than those who started with arrears worth less than four weeks rent.

- Tenants who claim HB were significantly less likely to accrue 'sizeable arrears' compared to UC claimants and tenants who did not receive a housing allowance.
- Rent levels were found to be associated with accruing 'sizeable arrears': tenants with lower rent levels were statistically less likely to do so compared to those with higher rents.
- The likelihood of accruing 'sizeable arrears' reduced with age. Households where the lead tenant was under 35 years were most likely to accrue 'sizeable arrears'. Conversely, households where the lead claimant was aged 70 years or over were least likely to have done so.
- Non-White British tenants were statistically significantly more likely to have accrued 'sizeable arrears' compared to White British tenants.
- Tenants whose first language is not English were statistically significantly more likely to have accrued 'sizeable arrears' compared to those tenants whose first language is English.

The table also shows that, although the factors were similar when the models were run for CS1 and CS2 tenants separately, a number of differences emerged:

- Rent level did not emerge as a statistically significant factor for CS1 tenants but did for CS2 tenants.
- Ethnicity and whether English was the tenants first language did not emerge as statistically significant factors for CS2 tenants. However, both did for CS1 tenants.

Table A4: Logistic regression odds for 'sizeable arrears': CS1 tenants, CS2 tenants and combined sample: common variables

		Combined		CS1		CS2	
		Odds ratio	Significance	Odds ratio	Significance	Odds ratio	Significance
Rent account position	Credit	<i>Base</i>		<i>Base</i>		<i>Base</i>	
	Arrears less than 4 weeks rent	3.009	0.000	3.064	0.000	3.949	0.000
	Arrears more than 4 weeks	7.582	0.000	6.587	0.000	11.951	0.000
Housing allowance	HB	<i>Base</i>		<i>Base</i>		<i>Base</i>	
	UC	2.509	0.000	1.957	0.000	5.013	0.000
	Not in receipt of a HA	2.221	0.000	1.749	0.000	3.978	0.000
Rent and service charges	Less than £110pw	<i>Base</i>				<i>Base</i>	
	£110pw to £140pw	1.522	0.000			1.121	0.204
	£140pw to £180pw	2.070	0.000			1.794	0.000
	More than £180pw	2.069	0.000			0.568	0.196
Age	34 years or younger	<i>Base</i>		<i>Base</i>		<i>Base</i>	
	35years to 54 years	0.879	0.027	0.898	0.150	0.900	0.267
	55 years to 69 years	0.691	0.000	0.745	0.000	0.477	0.000
	70 years and over	0.445	0.000	0.527	0.000	0.196	0.000
Ethnicity	White British	<i>Base</i>		<i>Base</i>			
	Non-White British	1.367	0.000	1.238	0.000		
English first language	Yes	<i>Base</i>		<i>Base</i>			
	No	0.729	0.046	0.699	0.037		

Source: Rent account data from CS2 and CS1 and authors' calculations
 Base: CS2 (9,502) CS1 (12,956) Combined (22,458)

Table A5. presents the results of the logistic regression model for all of the variables provided by CS2 ('CS2: additional variables'). The following variables emerged as being statistically significant in the logistic regression model:

- Tenants who had contact with their landlord were statistically significantly more likely to have accrued 'sizeable arrears' compared to those who did not have a contact with their landlord.
- Tenants who started the analysis period with no arrears on their rent account were statistically the least likely to accrue 'sizeable arrears'. Tenants who had arrears equivalent to four or more weeks rent were also statistically more likely to accrue 'sizeable arrears' compared to those who started with arrears worth less than four weeks rent.
- The likelihood of accruing 'sizeable arrears' reduced with age. Households where the lead tenant was under 35 years were most likely to accrue 'sizeable arrears'. Households where the lead claimant was aged 70 years or over were least likely to have done so.
- Rent levels were found to be associated with the accrual of 'sizeable arrears': tenants with lower rent levels were statistically less likely to have accumulated arrears compared to those with higher rents.
- Tenants on landlord payment were statistically less likely to have accrued 'sizeable arrears' compared to both tenants on direct payment and those not in receipt of a housing allowance.
- Tenants with a joint tenancy were statistically less likely to have accrued 'sizeable arrears' compared to tenants who did not have a joint tenancy.
- Non-White British tenants were statistically significantly more likely to accrued 'sizeable arrears' compared to White British tenants.

Table A5: Logistic regression odds for 'sizeable arrears': CS2 tenants: additional variables

		Odds ratio	Significance
Contact with landlord	No	Base	
	Yes	10.435	0.000
Rent account position	Credit	Base	
	Arrears less than 4 weeks rent	3.675	0.000
	Arrears more than 4 weeks rent	8.665	0.000
Age	34 years or younger	Base	
	35years to 54 years	0.824	0.052
	55 years to 69 years	0.425	0.000
	70 years and over	0.156	0.000
Rent and service charges	Less than £110pw	Base	
	£110pw to £140pw	1.125	0.210
	£140pw to £180pw	1.888	0.000
	More than £180pw	0.586	0.225
Housing allowance	HA paid to landlord	Base	
	HA paid to tenant	1.425	0.000
	Not in receipt of a HA	1.644	0.000
Tenancy	Sole	Base	
	Joint	0.741	0.025
Ethnicity	White British	Base	
	Non-White British	1.304	0.046

Source: Rent account data from CS2 and authors' calculations
Base: CS2 (9,296)

A4: Survey models

Table A6 Logistic regression odds of finding it difficult to afford the rent – tenants responsible for paying all or part of their rent: survey data (n:945)

	Respondents finding it difficult to afford rent	
	Sig	Odds
Affected by the cost-of-living: A lot***	0.000	7.8
Difficulty communicating with landlord about rent***	0.000	3.8
Rent includes a service charge***	0.000	3.2
Households with children*	0.013	2.5
Households with other adults**	0.006	2.4
Cut back spending on other essentials to pay rent**	0.003	2.0
Behind on at least two bills*	0.013	2.0
Run out of money before end of the week*	0.022	1.8
Highest level of education: Secondary (A-level; BTEC)**	0.002	0.4
Base		945

Table A7: Logistic regression odds of finding it difficult to pay the rent (n:1,213)

	Respondents finding it difficult to afford rent	
	Sig	Odds
Universal Credit***	0.000	3.5
Part-time, self-employed or freelance **	0.004	3.2
Run out of money before the end of the week***	0.000	2.7
Housing Benefit**	0.003	2.5
Difficulty communicating with landlord about rent*	0.016	2.4
Base		1,213



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