

Impact case study (REF3)

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| Institution: Sheffield Hallam University | | |
| Unit of Assessment: UOA13 - Architecture, Built Environment and Planning | | |
| Title of case study: Direct payment of Housing Benefit and the development of Universal Credit | | |
| Period when the underpinning research was undertaken: 2011 - 2019 | | |
| Details of staff conducting the underpinning research from the submitting unit: | | |
| Name(s): | Role(s) (e.g. job title): | Period(s) employed by submitting HEI: |
| Paul Hickman | Professor | 1997-present |
| Kesia Reeve | Principal Research Fellow | 2000-present |
| Ian Wilson | Principal Research Fellow | 2004-present |
| Steve Green | Research Fellow | 2002-present |
| Period when the claimed impact occurred: August 2013 – August 2020 | | |
| Is this case study continued from a case study submitted in 2014? No | | |

1. Summary of the impact

Universal Credit combines six working-age benefits into a single payment system with Housing Benefit now paid directly to tenants through 'Direct Payment' (DP). CRESR led the national evaluation of the DP Demonstration Projects (DPDP) for the Department of Work and Pensions (DWP). The evidence base and research findings generated through the DPDP research **directly influenced national Government policy development and led to three changes in the design of UC:** the introduction of a data sharing policy between DWP and social landlords; implementation of additional safeguarding policies; and development of a 'Local Services Support Framework'. These policy changes **benefitted Government policy makers, 1,855 registered social landlords and the 1,179,940 UC social renter households** subject to DP and UC policy.

2. Underpinning research

In 2010, the Coalition Government announced the development of Universal Credit (UC) which combines Housing Benefit (HB) with five other working-age benefits into a single payment system. The policy aims included 'responsibilising' welfare recipients for the management of their own finances. A key design feature of UC was, therefore, to overturn the longstanding practice whereby HB was paid directly to landlords and instead pay rent directly to social housing tenants through a Direct Payment (DP) system. An evidence gap existed on how tenants would behave when given the responsibility to manage their own rent account and this hindered the Government's ability to develop effective policy in relation to DP.

In response, the Department for Work and Pensions (DWP) trialled DP in six 'Direct Payment Demonstration Projects' (DPDPs) from 2012 to 2013 and funded CRESR to undertake a national real-time evaluation to inform national policy development (GBP690,325, 2011 to 2015). DWP stated the CRESR research would:

"learn lessons from DPDPs to provide feedback into the implementation of the projects and the design of Universal Credit" **DWP Research Manager (06/02/2015, E1).**

The DPDP evaluation built on CRESR's long-standing research on the interaction of housing, poverty and welfare benefits systems. This included CRESR's research for DWP (including Wilson and Green) on the impact of HB reforms for tenants and landlords in the private rented sector (2011 to 2014, GBP1,159,000; **R1**). Theoretical and methodological insights from this study informed the design of the DPDP evaluation.

Professor Paul Hickman and Dr Kesia Reeve led the DPDP research team comprising of CRESR (including Wilson and Green), the University of Oxford and Ipsos MORI. They designed a multi-method, action-research study (2011 to 2015) to generate a **comprehensive evidence base**

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across the six DPDPs including: 305 in-depth interviews with tenants ($n=180$) and stakeholders including national and local housing providers, and national advisory bodies ($n=125$); an in-depth longitudinal panel of tenants ($n=48$); a longitudinal face-to-face tenant survey over three waves ($n_{\text{wave1}}=1,965$, $n_{\text{wave2}}=1,844$, $n_{\text{wave3}}=650$); and an econometric analysis of the rent accounts of tenants on DP ($n=7,252$) and a comparator sample ($n=4,941$) over an 18-month period. The research team produced nine evaluation reports (Hickman, Reeve and Wilson were the lead authors on six of these, including **R5**, **R6** and **R7**) and seven learning reports for the housing sector, alongside data and analysis to support a further three reports written by DWP.

Three key insights emerged from this research:

1. **Many tenants encountered difficulties with DP, with most falling into rent arrears, thus highlighting the importance of UC 'safeguarding' measures (R2, R3, R4, R5, R6, R7).** Only eight per cent of DPDP tenants paid their rent in full (**R2, R4, R5**). This resulted in a significant negative effect on landlords' arrears (GBP1,900,000; 2.3 per cent of their annual rent roll over the 18-month period) raising landlord's concerns about their income streams and the resource intensive nature of managing DP (**R2, R5**). The research challenged the prevailing Government thinking when UC was conceived (**R4**) by providing evidence that: all household types found DP challenging; rent payment patterns were unpredictable; and very few tenants 'misspent' their HB (**R3, R6, R7**).
2. **Tenants required additional support mechanisms, and this emerged as being an important issue for Government, landlords and tenants (R2, R4, R5, R7).** In response to the difficulties identified for many tenants with DP, the evaluation assessed the appropriateness and effectiveness of different support approaches, making recommendations about how best to support tenants.
3. **Landlords were very concerned about the absence of data sharing under DP (R2, R4, R5, R7).** DWP assumed responsibility for the administration of benefit payments under DP when previously local councils fulfilled this role. Under the new arrangement, data would not be shared by DWP with DPDP landlords. This was problematic for multiple reasons as it prevented landlords from identifying which tenants had moved onto DP or who might benefit from safeguarding measures.

3. References to the research

Peer Reviewed Journal Articles:

- R1.** Sanderson, E. and Wilson, I. (2017). Does locality make a difference? The impact of housing allowance reforms on private landlords. *Housing Studies*, 32(7), pp. 948-967.
<https://doi.org/10.1080/02673037.2017.1291911>.
- R2.** Hickman, P., Kemp, P, Reeve, K. and Wilson, I. (2017). The impact of the Direct Payment of Housing Benefit: Evidence from Great Britain. *Housing Studies*, 32(8), pp. 1105-1126.
<https://doi.org/10.1080/02673037.2017.1301401>.
- R3.** Hickman, P. (2019). Understanding social housing tenants' rent payment behaviour: Evidence from Great Britain. *Housing Studies*. <https://doi.org/10.1080/02673037.2019.1697799>. (Draws on a social psychology framework called COM-B to understand rent payment behaviour in its societal context.)
- R4.** Wilson, I (2019). Direct Payment of Housing Benefit: Responsibilisation at what cost to landlords? *International Journal of Housing Policy*, 19(4), pp. 566-587
<https://doi.org/10.1080/19491247.2019.1584493>

Key policy reports to Government:

- R5.** Hickman, P., Reeve, K., Kemp, P., Wilson, I. and Green, S. (2014) *Direct Payment Demonstration Projects: Key findings of the programme evaluation - Final report*. DWP Research Report No 890. London: DWP. ISBN:978 1 910219 63 8.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/388565/rr890-direct-payment-demonstration-projects-key-findings-of-the-programme-evaluation.pdf.

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R6. Reeve, K., Wilson, I., Hickman, P. and Dayson, C. (2014) *Direct Payment Demonstration Projects: Key findings of the 18 months' Rent Account Analysis exercise*. DWP Research Report No 891. London: DWP. ISBN: 978 1 910219 64 5.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/388673/rr891-direct-payment-demonstration-projects-18-month-rent-account-analysis.pdf

R7. Hickman, P., Reeve, K and Green, S (2014). *Direct Payment Demonstration Projects: 12 months in extended learning report*. DWP Research Report No 876. London: DWP. ISBN: 978 1 910219 33 1. <http://shura.shu.ac.uk/id/eprint/27004>

All articles were rigorously peer-reviewed prior to publication. The research reports are key points of reference and have been accessed extensively by policymakers and practitioners.

4. Details of the impact

Processes through which research led to impact

The CRESR research team engaged with Government Ministers and senior policy makers in DWP to inform and influence national policy development in real time. Sector level learning was maximised through engagement with social housing providers. The reach of the findings was extended through engagement with national media outlets to highlight the implications of DP for low-income households. Specifically this included:

- **Ministerial briefings:** Hickman and Reeve provided two policy slide packs and face-to-face briefings to the then-Parliamentary Under Secretary of State for Welfare Reform (Lord Freud) to discuss the implications of the research findings for policy development and implementation (11/03/14; 20/10/14).
- **Senior policy makers in Government and social housing providers:** Hickman, Reeve and Wilson fed the study findings and emerging lessons into real-time policy development via 35 meetings and workshops (August 2013 to December 2014) with senior civil servants and policy makers in DWP responsible for various aspects of UC policy, and the DPDP social housing providers (including the Chief Executives, Directors of Housing and Directors of Finance).
- **Keynotes at national policy and practitioner conferences:** Hickman and Reeve delivered keynotes at two Chartered Institute of Housing National Conferences (13/06/12, audience=500; 26/06/15, audience=300); and a National Housing Federation National Conference (23/05/12, 200).
- **Media:** Hickman discussed the research findings on BBC 6 o'clock news (11/10/2017); BBC Today Programme (12/10/2017); Panorama (12/11/2018); BBC Wales Investigates (12/11/2018).

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The DPDP research directly influenced Government national policy development in relation to UC (R2, R5).

This is demonstrated by a DWP Ministerial response to a written question in UK Parliament on the impact of UC policy on rent arrears. The then-Minister of State for Disabled People, Mark Harper MP, stated:

"In December 2014, we published the independent evaluation of the Universal Credit Direct Payment Demonstration Projects ... we are drawing on the findings from these Projects as part of our approach to continually improving the service" Mark Harper, Minister of State for Disabled People, (18/03/2015, E2).

The DPDP research led to changes in the design of UC which benefitted Government policy makers, landlords and claimants (R5, R6, R7).

This is evidenced by a testimonial from the DWP lead civil servant managing the DPDP evaluation:

*"The evaluation of the Demonstration Projects led by CRESR has helped to ensure that the correct mechanisms, support and financial tools are available for **both landlords and claimants**. And it has **helped DWP and landlords** to develop best practice in working with Universal Credit. Examples include...**the introduction of data sharing processes with social***

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landlords; the implementation of housing cost safeguards such as the two month rent arrears triggers; and the enhancement of the Personal Budgeting Support (PBS) work coach role where the PBS diagnostic discussion now sits" DWP Research Manager, testimonial (06/02/2015, E1).

The research findings and engagement with Ministers, senior DWP policy makers and social housing providers influenced Government UC policy development and **led to changes in three specific aspects of national UC policy:**

The Government introduced a data sharing policy

The Government had been clear at the outset of UC policy that data sharing between social landlords and DWP would not be a feature of UC design. The research demonstrated that without a data sharing policy, social landlords could not identify tenants on DP to support them effectively, or move tenants with known vulnerabilities onto Alternative Payment Arrangements (APAs) (i.e. tenants not being put on DP). CRESR repeatedly recommended in its policy and learning reports (R5, R7) and in meetings with ministers and senior civil servants, that a data sharing policy would be essential for the effective and fair operation of UC. The Government subsequently acknowledged the need for correct mechanisms to be introduced (E1). DWP stated in their Spring 2015 UC progress report that they had **shifted their position in response to the evidence:**

*"The [Evaluation of DPDP] projects also provided clear evidence as [sic] the importance of effective data sharing with social landlords ... **In response to this, DWP has laid regulations** which ... enable DWP to share with social landlords when a tenant is in receipt of, or has made a claim for Universal Credit ... The landlord will then have the opportunity to identify claimants who may need advice, support and assistance in managing their financial affairs." **DWP, Universal Credit at Work: Spring 2015, pp 32-33** (February 2015, E5).*

The Government implemented additional DP safeguarding policies

Lord Freud had originally stated in a speech before the DPDP evaluation (14/09/11) that the intention was that only 10 per cent of tenants would be safeguarded under UC. The DPDP research subsequently demonstrated that rent arrears increased under DP and across all household types. This evidence influenced a change in Government policy and led to stronger safeguarding measures being developed and implemented. This was confirmed in a speech by Lord Freud (02/10/2013) which stated that evidence from the evaluation of DPDPs had informed the introduction of two safeguarding policies for social tenants: APAs and rent arrear 'triggers' (i.e. tenants being taken off DP as arrears begin to accrue):

*"The Direct Payment Demonstration Projects are showing us what support people will need to make the transition to Direct Payments and what safeguards will need to be in place. ... As a result, we have developed a package of safeguards to protect landlords, including Alternative Payment Arrangements for those with the greatest need and an automatic trigger point should claimants accrue arrears of up to 2 months' rent." **Lord Freud, Parliamentary Under Secretary for Welfare Reform, (02/10/2013, E3).***

The role that the research findings (R5, R6, R7) had in informing the additional national safeguarding policies introduced was also explicitly acknowledged in Parliament by the Minister for State for Pensions:

*"DWP has developed three levels of safeguards for tenants and landlords based on findings from the Direct Payment Demonstration Projects." **Steven Webb, Minister for State for Pensions, (26/06/14, E4).***

The Government developed a 'Local Services Support Framework'

This policy was informed by CRESR's DPDP research findings which identified the needs, capabilities and challenges faced by tenants and how these impacted on rent arrears (R5, R6, R7). These findings contributed to the Government's decision to develop local support mechanisms which were appropriate for UC claimants (E1). The influence of the research on this policy development is demonstrated by extensive deployment of our research findings in DWP's blueprint for a comprehensive framework of local support:

*"captures the lessons learned from ... the Direct Payment Demonstration Projects". **DWP, Universal Credit Local Support Services: Update and Trialling Plan, (December 2013,***

E6).

The DPDP research led to further policy development and refinement of this local services support framework including a specific policy change detailed in the Autumn 2014 UC progress report:

"Originally, budgeting support was offered as part of the initial triage process over the telephone' ... [but] learning from Direct Payment Demonstration Projects [identified this as ineffective] ... With this in mind, Work Coaches will now initiate a face-to-face conversation with all claimants to make them aware about assistance available." DWP, Universal Credit at Work, (October 2014, E7).

The development of these three aspects of Government policy were directly informed by the DPDP research findings (E1, E3, E4, E6, E7). These changes to policy benefitted social landlords and UC claimants as well as Government policy makers (see DWP testimony earlier, E1). In August 2020, there were **1,855 Registered Social Landlords in Britain housing 1,179,940 UC social tenant households**. All of these social landlords and social tenants were directly affected by the introduction of DP and UC policy development. The three changes to government policy introduced on the basis of our research findings resulted in better support mechanisms being available to reduce rent arrears for social landlords and tenants. For example, in August 2020, 367,145 UC claimants equivalent to **31 per cent of all UC social renter households were safeguarded** through the use of an APA. This meant that three times the number of UC social tenants were protected against rent arrears by the introduction of this safeguarding policy compared to the 10 per cent originally envisaged by Lord Freud, Parliamentary Under Secretary for Welfare Reform (see above 14/09/2011).

5. Sources to corroborate the impact

Testimony from DWP

E1. *Principal Research Officer, Department of Work and Pensions:* Written testimonial from the DWP Research Manager of the DPDP Evaluation and UC Policy Lead, (06/02/2015).

Reference to the research findings by Ministers of State

E2. *Minister of State for Disabled People, Department for Work and Pensions:* Written response by Mark Harper to written question 227440 in Parliament, (18/03/2015).

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2015-03-12/227440/>

E3. *Parliamentary Under Secretary for Welfare Reform, Department for Work and Pensions:* A speech by Lord Freud on the progress of welfare reforms, (02/10/2013).

<https://www.gov.uk/government/speeches/welfare-reforms-progress-update>

E4. *Minister for State for Pensions, Department for Work and Pensions:* Hansard Parliamentary business, Steven Webb, Column 326W, (26/06/2014).

<https://publications.parliament.uk/pa/cm201415/cmhansrd/cm140626/text/140626w0003.htm>

Reference to the research by DWP in policy documents

E5. *Department for Work and Pensions (2015). Universal Credit at Work: Spring 2015,* (February 2015). https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/405921/uc-at-work-spring-2015.pdf

E6. *Department for Work and Pensions (2013). Universal Credit Local Support Services Update and Trialling Plan,* (December 2013).

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754551/universal-credit-local-support-services-update-trialling-plan.pdf

E7. *Department for Work and Pensions (2014). Universal Credit at Work,* (October 2014).

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/368805/uc-at-work.pdf