

A DATA-LED INVESTIGATION INTO THE IMPACT OF UNIVERSAL CREDIT IN WALES

The Welsh Government wants to understand how Universal Credit is affecting families in Wales. They have asked [Policy in Practice](#) to undertake research into this. This will help the Welsh Government make policy decisions to best support residents with Universal Credit.

WHY IS RESEARCH NEEDED?

There have been a variety of changes to benefit support that affects the income of low-income families in Wales. In particular, the introduction of localised council tax support, the replacement of most means-tested benefit with Universal Credit, and the implementation of welfare reform.

The Welsh Government wishes to understand the impact of these changes to inform strategies for supporting low-income households. Specifically, there is a need for further understanding of:

- The impact of Universal Credit on the level and take-up of council tax support
- Household income and the ability of households to meet rent costs
- Whether households in receipt of Universal Credit are sufficiently supported

RESEARCH INTO COUNCIL TAX SUPPORT

The Welsh Government wishes to understand the impact of changes to welfare benefits, most notably Universal Credit, on council tax support in Wales, and to identify households who are at risk of falling into council tax arrears. There is a concern that the introduction of Universal Credit could lead to unfairness in the level of council tax support between those in receipt of old-style benefits and those households in receipt of Universal Credit.

In addition, there is a need to understand the reasons for a fall in the number of applications for council tax support in recent years, given that socioeconomic evidence suggests that household circumstances in Wales have not substantially improved. The Welsh Government is concerned that there may be a lack of clarity in signposting of Universal Credit claimants to council tax support that may further reduce caseloads.

Currently, there is limited evidence as to how changes to welfare benefits have impacted or will impact on council tax support take-up.

RESEARCH INTO RENT ARREARS

There is some evidence that suggests Universal Credit is having a detrimental impact on rent arrears for some benefit claimants.

If this is the case, there needs to be further understanding of the cause. There have been suggestions that the design of the administration of payments for Universal Credit, and particularly the housing costs element, could be creating additional rent arrears. There may be an impact on a household's ability to pay rent due to the initial wait for the first Universal Credit payment, rent being paid directly to the claimant (rather than the landlord), and claimants moving to a monthly payment.

As well as the design of the payment processes for Universal Credit, cuts to the level of benefit entitlements have also been cited by some landlords as contributory factors to increasing rent arrears.

Research into the impact on rent arrears has so far has been limited and has not been specific to Wales. The Welsh Government would like to build upon the limited available evidence in this area, particularly at a Wales level, for both the private and social rented sectors. This would inform discussions on the implementation of Universal Credit, its payment processing, the managed migration of claimants from legacy benefits to Universal Credit, and any mitigation measures needed.

RESEARCH INTO ACCESSING ALTERNATIVE PAYMENT ARRANGEMENTS

Alternative Payment Arrangements (APAs) have been introduced under Universal Credit to enable household's greater choice on payment administration. These may assist with how a household can manage to pay priority bills. For example, paying the housing element of Universal Credit direct to the landlord, or payment of Universal Credit twice monthly.

There is a concern that these arrangements are not being accessed or may not go far enough to meet the needs of households.

WHAT IS THE OBJECTIVE?

The Welsh Government will use the findings from the research to:

- Make informed decisions on any re-design of council tax support to ensure fairness between households on legacy benefits and those in receipt of Universal Credit.
- Extend the reach of council tax support so that it could offset caseload reduction. Depending on research outcomes, this may involve increasing current awards for low-income households.
- Understand how Universal Credit impacts on rent arrears and council tax arrears and how interventions around alternative payment arrangements and support can affect this. This will inform policy decisions around support.

HOW ARE WE DOING THIS RESEARCH?

The research comprises surveys, interviews, and data analysis.



SURVEYS AND INTERVIEWS

We will use an online feedback survey on Universal Credit, council tax support and arrears levels, designed in collaboration with the Welsh Government, to send out to people who receive either Universal Credit or current benefits. We'll use the results to give an aggregate analysis of all council's survey data, which will be anonymised, creating a national picture of claimant's experience across Wales.

We will be asking agencies, such as local authorities, Housing Associations and representative organisations, to assist us in distributing the survey.

We will also be holding in-depth interviews with landlords and those supporting households on Universal Credit. This will involve interviewing staff in local authorities, Housing Associations, private landlords and other support organisations.

HOUSEHOLD-LEVEL DATASETS

Local authorities hold detailed data on low-income households in the form of the Single Household Benefit Extract (SHBE) and the Council Tax Reduction (CTR) Extract. Local authorities and housing associations also hold datasets on rent arrears.

Policy in Practice (the research organisation) has the analytical and modelling capacity to use these datasets to provide an understanding of:

- the impact of the current council tax support scheme
- the impact of any proposed council tax support scheme devised by the Welsh Government
- the financial circumstances of households both before and after migration to Universal Credit
- levels and trends in council tax arrears
- levels and trends of rent arrears

In order to undertake this analysis, we are asking local authorities to provide anonymised versions of these datasets to us on a quarterly basis throughout 2019.

We are asking Housing Associations to provide us with anonymised versions of their rent arrears datasets.

HOW DO WE ENSURE DATA COMPLIANCE?

We are highly experienced in working with local authority household-level datasets and routinely receive and analyse them for more than 60 local authorities in England, Scotland and Wales.

All the data we receive will be in an anonymised form. We have set up a simple secure procedure for data transfer and, before transfer, require a signed GDPR-compliant Data Protection Agreement (DPA). This can be [downloaded here](#).

The DPA states Policy in Practice's role as a data processor and references the Social Security (Information-sharing in relation to Welfare Services etc.) Regulations (2012), which provide the legal basis for local authorities to hold, use and, where appropriate, share revenues and benefits administrative data for the purposes of improving local welfare provision.

HOW DOES THIS RESEARCH ASSIST LOCAL AUTHORITIES?

The Welsh Government has written to all local authorities asking them to take part in this research. The more local authorities that take part, the more complete the picture of the impact of welfare reform and Universal Credit on households in Wales.

By taking part, local authorities will:

- Inform an understanding of the impact of Universal Credit in Wales
- Enable a detailed regional analysis of impacts
- Provide information to inform decisions by the Welsh Government that will support their residents.

The research will be using local authority specific household-level data. This means that all participating local authorities will be provided with a local-authority specific briefing with information on:

- The impact of council tax support on household finances both now and under full Universal Credit for local authority residents
- The impact of welfare reform and Universal Credit on household finances of residents
- Localised trends in rent arrears

Further information, on how local authorities can participate can be found on our dedicated project webpage. This contains detailed instructions on how to transfer the data required for this research.

HOW DOES THIS RESEARCH ASSIST HOUSING ASSOCIATIONS AND LANDLORDS?

The research will provide a Welsh-specific understanding of the impact of Universal Credit, and other welfare reforms, on the financial resilience of tenants and their ability to pay rent.

By taking part, Housing Associations and Private Landlords will help to:

- Inform an understanding of the impact of Universal Credit in Wales particularly on the financial resilience and rent arrears of tenants. This will enable the Welsh Government to understand if further mitigation or support measures are required.
- Inform decisions by the Welsh Government that will support their residents and promote fairness in benefit support.

Throughout 2019 we will be contacting Housing Associations, landlords, and their representative bodies throughout Wales with an invitation to participate in this research.

We welcome the participation of landlords from all areas of Wales, whatever the number of properties. If we haven't contacted you and you are able to participate, please contact Dr Ben Fell at Policy in Practice on 0330 088 9242 or email ben@policyinpractice.co.uk.

TIMETABLE

The research will take place throughout 2019. An interim report will be published in August 2019 with the final report published in January 2020.

March (2019)	<ul style="list-style-type: none">● First set of household data uploaded by local authorities● Survey sent to local authorities● Initial discussions with Housing Associations
April	<ul style="list-style-type: none">● Household data collected● Initial discussions with landlords and other agencies● Surveys & interviews with local authorities, housing associations, landlords & tenants start
May	<ul style="list-style-type: none">● Second set of household data uploaded by local authorities● Rent arrears data from Housing Associations
August	<ul style="list-style-type: none">● Third set of household data uploaded by local authorities● Initial survey data compiled and analysed● Interim report published
October	<ul style="list-style-type: none">● Interviews completed
November	<ul style="list-style-type: none">● Fourth set of household data uploaded by local authorities
January (2020)	<ul style="list-style-type: none">● Final set of household data uploaded by local authorities● Final report published

FURTHER INFORMATION

To find out more visit the project web page at www.policyinpractice.co.uk/wales (English) or www.policyinpractice.co.uk/wales-cy (Welsh)

For questions relating to data handling and data upload contact the project's lead on data analysis, Juan Alvarez Vilanova via juan@policyinpractice.co.uk.

For questions relating to surveys and interviews contact the project's lead on research, Dr Ben Fell, via ben@policyinpractice.co.uk.

The project manager is Zoe Charlesworth, Head of Policy at Policy in Practice. You can contact Zoe via zoe@policyinpractice.co.uk.

Please call 0330 088 9242 to speak directly to any member of the team.