Housing Benefit: implications of the June 2010 Budget and October 2010 Spending Review

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Section Social Policy Section

This note outlines the measures aimed at reducing Housing Benefit expenditure set out in the June 2010 Budget and the October 2010 Spending Review, together with comment and an assessment of the impact of those measures.

The changes coming into force on 1 April 2011 are contained in the *Housing Benefit (Amendment) Regulations 2010* (SI 2010/2835) and the *Rent Officers (Housing Benefit Functions) Amendment Order 2010* (SI 2010/2836). These Regulations were laid on 30 November 2010. The DWP has issued guidance for local authorities on these changes in HB/CTB Circular A25/2010.

The measures affecting under-occupying tenants of social housing and up-rating Local Housing Allowance (LHA) rates by CPI, as well as the household benefit cap, are provided for in the *Welfare Reform Bill* which is currently before Parliament. For more information see Library Research Papers 11/23 and 11/48.

Both the Social Security Advisory Committee and the Work and Pensions Select Committee have carried out consultation exercises in relation to the changes announced in June 2010. Commentators submitted a substantial body of evidence to these inquiries – this note provides a brief summary of the main responses but if more detail is required the SSAC's report and the Work and Pension Committee's report, *Changes to Housing Benefit announced in the June 2010 Budget,* can be accessed online. The SSAC has also published a report on the proposal to extend the Shared Accommodation Rate (SAR) to single people and couples aged 35 or under from 1 January 2012.

In response to representations made by these Committees the Government has announced a delay in implementing the LHA changes in respect of existing claimants; additional flexibility to pay LHA direct to landlords where they reduce their rents; additional funding for Discretionary Housing Payments; and a commitment to carry out independent research into the impact of the changes to report by 2013, i.e. before the transition to Universal Credit begins. Some additional exemptions from the SAR have also been announced.

Related notes include: *Paying Housing Benefit direct to tenants*, SN/SP/3211; *Local Housing Allowance and the future reform of Housing Benefit*, SN/SP/4957; *Housing Benefit: summary statistics for local authorities* SN/SG/5699; *Housing Benefit: Size Criteria and Discretionary Housing Payments* SN/SP/4887; *Housing Benefit: Shared Accommodation Rate* SN/SP/5889.

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1 Background

Following the passage of the *Social Security Act 1986* the current Housing Benefit (HB) scheme was introduced in April 1988 along with the new Income Support and Family Credit Schemes. This Housing Benefit scheme applies to social sector tenants and private sector tenants who were in receipt of benefit on 7 April 2008 and who have not changed their accommodation or had a break in their claim since that date.

HB is a means tested benefit that is administered by local authorities and is paid to eligible tenants who live in the social and private rented sectors. The structure of the HB scheme is closely linked to that of the Income Support scheme. The basic level of personal allowances for the two schemes (and that of Jobseeker's Allowance) are the same (with some exceptions); these allowances vary depending on the age and composition of the household concerned.

Entitlement to HB is calculated by comparing the needs and resources of the household, taking their liability for rent payments into account. In calculating household net incomes the HB scheme provides for the disregard of some types of income (or a proportion of that income). Households in receipt of Income Support or income-based Jobseeker's Allowance, or who have an assessed net income at or below the Income Support threshold, receive maximum assistance. This may be equal to 100% of their eligible rent, less any deductions that have been made for non-dependents living in the household.

Claimants in private rented housing may have their HB entitlement reduced, for example, if they are living in accommodation that is deemed to be too large for their needs or if their rent level is above the Local Reference Rent for the area in which they live. These restrictions do not apply to claimants in social rented housing.

On 7 April 2008 the Local Housing Allowance (LHA) scheme was introduced for new claimants living in the deregulated private rented sector. In addition to applying only to claimants in private rented accommodation the LHA has three other key features:

Standard rates within Broad Market Rental Areas

The LHA is a flat rate allowance for different sizes of properties within a Broad Market Rental Area (BRMA). The Rent Service is responsible for determining BMRAs (the functions of the Rent Service transferred to the Valuation Office Agency on 1 April 2009). A BRMA comprises two or more distinct but adjoining areas of residential accommodation, within which a person could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping. When determining BRMAs the Valuation Office Agency (VOA) takes account of the distance of travel, by public and private transport, to and from facilities and services of the same type and similar standard.

Within a BRMA the LHA for different sizes of properties is calculated by reference to the median rent. The median rent is the rent that is halfway up the ordered distribution of rents for properties of the same size in a BRMA. For each category of property the VOA compiles a list of rents that represent the market within each BRMA and calculates the median rent from this information.

Direct payments

As a general rule LHA is payable direct to claimants and not their landlords. LHA can only be paid direct to landlords in certain circumstances, for example where the claimant is deemed unable to manage their own affairs. Direct payment to tenants is unpopular amongst private landlords and there is evidence that it has resulted in landlords being less likely to let to tenants who are reliant on LHA to meet their rent commitments. A CAB report in 2009, *Let Down*, involved a survey of 424 letting agents – the survey found that almost a quarter said that they would not let to Housing Benefit claimants.[1]

The Coalition Government responded to the Work and Pensions Select Committee report on the LHA[2] on 6 October 2010. The response notes the Government's support for the principles behind direct payment to tenants but goes on:

1 For additional information on the direct payment of LHA see Library note SN/SP/3211
2 HC 235 of Session 2009-10, 30 March 2010

> The Department is, however, aware of landlords' concerns about direct payment of Housing Benefit to tenants. The Department is conducting a review of the first two years' operation of the Local Housing Allowance scheme to monitor its impact at a national level. Direct payment to tenants is one of the issues that is being considered by the review. An in-depth focus group study of landlords concerning their attitudes to, and experiences of, the scheme has been included. The review will report by the end of the year.[3]

The *Two Year Review of the LHA* was published in February 2011. The report notes that in February 2010 81% of LHA cases were receiving direct payments of benefit. Around 8% of the LHA caseload had fallen into arrears and were having their LHA paid direct to their landlords.[4] During the review concerns were raised around a 'significant minority' of tenants who were not managing their finances.[5]

The Government has announced that the discretion of local authorities to make direct payments to a private landlord in some circumstances will be temporarily widened 'where it will support tenants in retaining or securing a tenancy.'[6] Guidance on the implementation of this has been issued in HB/CTB Circular A4/2011.

Keeping the difference

LHA is paid at the standard rate to the tenant based on the size of the accommodation they are deemed to need, e.g. a couple with no children would receive the LHA based on a one-bedroom property. Tenants who rent a property at below the LHA rate, or who move to a cheaper property in the local area, or who negotiate the rent below the LHA rate, are currently allowed to keep the difference between the rent charged and the allowance paid, up to a cap of £15 per week. Thus in theory, tenants have a choice of paying more (out of their own income) for larger/higher quality accommodation or living in smaller accommodation and retaining a percentage of the housing allowance. The Labour Government argued that this would give tenants more choice. It was also hoped that tenants would have a downwards influence on rent, resisting increases that would affect their income.

The previous Government had announced the removal of this provision from April 2010 as part of the 2009 Budget. After encountering opposition, its removal was to be delayed until 2011 pending the outcome of a consultation exercise.[7]

2 The June 2010 Budget provisions – an overview

The June 2010 Budget announced several measures to reduce Housing Benefit expenditure. These measures will be introduced from April 2011 onwards. The package of reforms is aimed at saving £1,765m by 2014/15 (7% of total expenditure).[8]

From the package of measures listed below the first three will only affect claimants living in private rented accommodation. Measure 4 will affect all claimants. Measure 5 has been dropped and measure 6 will only affect claimants living in social rented housing:

[3] HC 509 of 2010-11, p3
[4] DWP, *Two Year Review of the LHA*, February 2011, paras 10-11
[5] *Ibid* para 14
[6] HC Deb 30 November 2010 c72WS
[7] Cm 7747, para 5.17
[8] The expected savings will now be reduced as reducing Housing Benefit by 10% for JSA claimants who have been unemployed for over 12 months is not going to be implemented.

1. Changing the basis for setting Local Housing Allowance rates from the median to the 30th percentile of local market rents from April 2011. This measure was originally due to be introduced from October 2011 but has been brought forward in order to reduce complexities around introducing changes in both April and October. Saving £425m by 2014/15.

2. Capping LHA rates at £250 per week for a 1 bedroom property, £290 per week for a 2 bedroom property, £340 per week for a 3 bedroom property, and £400 per week for all properties with 4 bedrooms or more, from April 2011. This replaces the inherited policy to exclude the top 1 per cent of rents from the market evidence used to calculate LHA rates. Saving £65m by 2014/15. Limiting the maximum size of a property that the LHA will cover to four bedrooms is expected to save £210 million over 4 years.

3. LHA rates to be uprated by the Consumer Price Index (rather than the Retail Price Index) from April 2013 – saving £390m by 2014/15

4. Uprating non-dependent deductions to reflect increases in rent since 2001/02, in April 2011 and annually on the same basis. Saving £340m by 2014/15.

5. Restricting Housing Benefit to 90 per cent of the full award after 12 months for claimants who are in receipt of Jobseekers Allowance, from April 2013. Saving £110m by 2014/15). **This measure has now been dropped.**

6. Restricting Housing Benefit for working age social tenants who occupy a larger property than their family size warrants to a standard regional rate for a property of the appropriate size, from April 2013. Saving £490m by 2014/15

The Budget included two further provisions in respect of Housing Benefit which do not involve cost savings:

7. Increasing the Government contribution to the Discretionary Housing Payments budget by £10m in 2011/12 and by £40m per annum from 2012/13. Cost £55m by 2014/15.

8. Amending the size criteria to provide an extra bedroom for disabled claimants who have a non-resident carer, from April 2011. Cost £15m per year.[9]

In addition, the Government is proceeding with the previous Government's plan to remove the provision that allows claimants to keep up to £15 of the difference between the LHA rate and their actual rent level.[10]

All of the measures listed above are being implemented by secondary legislation aside from two which require primary legislation, namely:

- restricting the HB of working age residents in social housing who are under-occupying their home (from April 2013)

- uprating LHA rates by CPI from 2013/14

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9 For additional information on this measure see Library note SN/SP/4887, *Housing Benefit: Size Criteria and Discretionary Housing Payments*

10 More information on this measure and opposition to it when first raised by the Labour Government can be found in Library note SN/SP/4957

Measures to implement these two provisions are contained in the *Welfare Reform Bill* which is currently before Parliament.[11]

The Social Security Advisory Committee (SSAC) conducted a consultation exercise on the draft *Housing Benefit (Amendment) Regulations 2010* to implement those measures which will take effect in 2011 (i.e. measures 1, 2 and 8 as listed above) and associated amendments in the *Rent Officers (Housing Benefit Functions) Amendment Order 2010*. The SSAC's report, together with the Government's response, was issued at the end of November 2010. Overall, the Committee was highly critical of the proposals and recommended that the Government should not go ahead with the package of amendments:

> 6.1 In our view these proposed measures are neither a coherent expression of the Government's objectives for improving incentives and making work pay, nor a certain formula for achieving savings to the public purse as a whole. At the same time, the rationale for the measures suggests that the underlying problem that needs to be addressed is one of under supply of affordable housing, particularly in economically vibrant parts of the country.
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> 6.2 All the evidence we have seen from both the Department and from the many respondents to our consultation exercise suggests that these are high risk measures. If they go ahead, in around six months, and again at twelve months time, and at relatively short notice, the vast majority of HB recipients in the PRS will find themselves facing new – or increased – shortfalls between their HB and the rent they have contracted to pay. As one of our respondents noted: *'… there are few or no comparable precedents of such large income shocks affecting such a large proportion of households within a housing sector simultaneously.'*[12]

The Work and Pensions Select Committee also conducted an inquiry into the Housing Benefit changes announced in the June Budget which was published in December 2010.[13] While supporting the Government's objective of managing the costs of Housing Benefit, the Committee concluded that, in the light of concerns around an increase in evictions and homelessness expressed by respondents, the Government should 'monitor the costs of the policy to local government and be prepared to consider additional funding if necessary.'[14]

The Government's response to the SSAC report noted the committee's concerns but said it intended to proceed with its proposals – however the Government announced changes to the implementation timetable for existing recipients of the LHA:

> All changes that will adjust the way local housing allowance rates are calculated will come into force from April 2011 for new claims to ensure the measures are fiscally neutral over the spending review period. Existing claimants affected by the changes to local housing allowance rules will continue at their current rate of benefit until their claim is reviewed by their local authority; they will then have a further period of transitional protection at their current local housing allowance rate of up to nine months if there has not been a relevant change of circumstances. No one will be able to receive more in benefit than they pay out in rent once their claim has been reviewed.[15]

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[11] See Library Research Papers 11/23 and 11/48

[12] Social Security Advisory Committee's report, November 2010, p26: http://www.official-documents.gov.uk/document/other/9780108509551/9780108509551.pdf

[13] HC 469, Second Report of 2010-11, *Changes to Housing Benefit announced in the June 2010 Budget*, December 2010

[14] *Ibid* p3

[15] HC Deb 30 November 2010 c72WS

The Child Poverty Action Group (CPAG) is challenging the imposition of national LHA caps and the limitation of the maximum size of a dwelling which can be paid for by Housing Benefit to 4 bedrooms by way of judicial review. The legal basis of the challenge is as follows:

- The changes are contrary to what parliament intended the fundamental purpose of the housing benefit scheme to be; it was meant to be a national scheme to prevent homelessness. The overall cap would mean that a large area of central London would no longer be accessible to housing benefit claimants in the private rented sector.

- The Government has failed to have due regard to the general equality duties under the Race Relations Act 1976 and the Sex Discrimination Act 1975. It is likely that black and minority ethnic groups and lone parents will be disproportionately hit by both cuts being challenged.[16]

The case was heard in the High Court on 21 July 2011 and the decision is awaited.

3 The October 2010 Spending Review provisions – an overview

As part of the Spending Review two further Housing Benefit measures were announced:

- raising the age at which the Shared (formerly Single) Accommodation Rate applies from 25 to 35 from January 2012 saving £215m a year by 2014/15 (this change will be achieved through regulations); and

- capping household benefits at £500 per week from 2013.

Shared Accommodation Rate

The Shared Accommodation Rate (SAR) applies to claimants in private rented accommodation in receipt of HB prior to the introduction of the Local Housing Allowance (LHA) *and* to those who receive the LHA. It was first introduced in 1996 "to ensure that Housing Benefit does not encourage young people to leave the parental home unnecessarily or to take on higher priced accommodation at the taxpayers' expense than they could afford form their own earnings."[17]

The effect of the SAR is to limit the amount of HB a claimant who is 25 years old or younger can receive to the average Local Reference Rent (for pre-April 2008 claimants in private rented housing) or the LHA (for post April 2008 claimants) for a room in a shared house or flat. Some categories of claimant are exempt from the SAR. The SAR has been controversial since its introduction: several organisations, e.g. Shelter and Citizens Advice, have lobbied for its abolition on the grounds that it makes it very difficult for young adults to find suitable accommodation.[18]

The effect of the current proposal will be to ensure that claimants in private rented housing who are 35 or younger will only receive HB to cover the rent on a room in shared housing. This change will apply to new claimants from January 2012 and to existing customers on the next review after January 2012.[19] Claimants who do not receive LHA, i.e. those in receipt of HB calculated under the pre-April 2008 rules will also be affected, although the detail on how

16 http://www.cpag.org.uk/welfarerights/HBchallenge.htm
17 Department of Social Security Press Notice, 96/09, 2 April 1996
18 See Citizens Advice, *Shared Room Rent - the case for abolition*, online at: www.citizensadvice.org.uk/**Sharedroomrent**4_final.pdf
19 When originally announced the implementation date was April 2012.

this will be phased in has not been finalised. It is possible that the new provision will apply on the anniversary of their claims.[20]

Draft regulations, an Impact Assessment and an Equality Impact Assessment were published and referred to the Social Security Advisory Committee (SSAC) for consultation. The consultation exercise ended on 17 June 2011 and the SSAC's report was published, with a Government response, in July 2011. The SSAC recommended that the proposals should not go ahead in their current form. The Government rejected the SSAC's recommendations but included in the final regulations (*Housing Benefit (Amendment) Regulations 2011* (SI 2011/1736)) two additional exemptions that will only apply to the extended age group.

Capping household benefits

This measure, which paves the way for the introduction of the Universal Credit, will apply to claimants in social rented housing in addition to those in the private rented sector:

> From 2013, household benefit payments will be capped on the basis of median earnings after tax for working households, which we estimate to be around £500 per week by 2013. All Disability Living Allowance claimants, War Widows, and working families claiming the working tax credit will be exempt from the cap. The cap will apply to the combined income from:
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> - The main income replacement benefits (Jobseeker's Allowance, Income Support, Employment Support Allowance);
> - Other means-tested benefits (including Housing Benefit and Council Tax Benefit);
> - Child Benefit and Child Tax Credit;
> - Other benefits (including Carer's Allowance and Industrial Injuries Disablement Benefit
>
> Benefits Cap
>
> - One-off benefits and non-cash benefits, such as social fund loans and free school meals, will not be affected
> - The cap will be delivered by Local Authorities. Local Authorities will assess the total benefit income of all new and existing Housing Benefit (HB) claimants, and reduce HB to ensure that they do not receive more than the cap.
> - Median income earnings after tax for working households is currently £479 per week (Family Resources Survey). It is estimated to rise to £506 per week by 2013.

Provisions to implement this measure are contained in the *Welfare Reform Bill.*[21] An Impact Assessment for the Household Benefit Cap is accessible online.

4 Rationale

The Government set out the rationale for the measures announced in June:

[20] For additional information see *Housing Benefit: Shared Accommodation Rate*, SN/SP/5889

[21] See Library Research Paper 11/23

The measures announced will provide a fairer and more sustainable Housing Benefit scheme by taking steps to ensure that people on benefit are not living in accommodation that would be out of the reach of most people in work, creating a fairer system for low-income working families and for the taxpayer. It will avoid the present situation where Housing Benefit recipients are able to live in very expensive properties in areas that most working people supporting themselves would have no prospect of being able to afford.

Housing Benefit expenditure has ballooned in the past 10 years, from £11 billion in 1999/2000 to £20 billion in 2009/10, in cash terms. Within this total, expenditure on working age recipients has increased from £7 billion to over £14 billion. Without reform, total expenditure is forecast to reach £25 billion by 2015/16, a further rise of 24 per cent. This is unsustainable in any economic climate, but the need to tackle the record deficit makes reform even more pressing.

The Government is clear that the overall cost of Housing Benefit must be controlled and constrained. The package of measures being introduced for the Local Housing Allowance in 2011/12, including the removal of the £15 excess planned by the previous administration, will achieve savings of around £1 billion by 2015/16. The other changes to Housing Benefit announced in the June Budget are estimated to save a further £1.1 billion in 2015/16. Overall, this represents a reduction of nine per cent in the total 2015/16 expenditure on Housing Benefit.

The reforms will also begin to address poor incentives to work inherent in the current system. The average Housing Benefit award for Local Housing Allowance cases is over £9 per week more than for customers still on the previous scheme in the private-rented sector.

More specifically, in London some rates are excessively high. For example, Local Housing Allowance rates for five bedroom properties in central London have risen as high as £2,000 per week (at July 2010 rates). However, even rates for two-bedroom properties can exceed £300 per week in some London areas.

A couple with one child spending a third of their gross income on accommodation would need a household income of over £45,000 a year to afford a rent of £290 a week, and would be in the top third of the household income distribution. More strikingly, a similar family would need an income of over £156,000 to afford a rent of £1,000 a week, and they would be in the top two per cent of the income distribution. What these reforms mean is that people receiving Housing Benefit may not be able to live in expensive city centres, but the same applies to most working families who do not receive benefit.

From April 2011, the overall caps on Local Housing Allowance rates will address excessively high Housing Benefit levels. At the same time the removal of the five bedroom rate will bring the housing choices of larger families more in line with those who do not claim Housing Benefit. Reducing all rates to the 30th percentile rather than the median should help bear down generally on the rental values being met through Housing Benefit from October 2011, whilst still making around 30 per cent of private rented properties affordable to Housing Benefit recipients. This again much more closely aligns the housing available to Housing Benefit recipients with that affordable to low-income working families not on benefit.

The £15 excess which allows tenants to receive more benefit than they need is not justifiable in the current fiscal climate. The previous administration had already decided to withdraw it from 2011. Although the aim of the excess was to give tenants an incentive to shop around for properties below the Local Housing Allowance rate, there is little evidence that this has had a big effect in practice.

In the March 2010 Budget, the previous administration also announced that they planned to address high rates of Local Housing Allowance by taking the highest one per cent of rents (nationally) out of the market evidence of rents collected by the rent services. This complex formula would have:

- led to distortions in the evidence collected for some bedroom sizes;
- left the problem unresolved (rents of over £1000 a week would still have been paid under the Local Housing Allowance); and
- lacked transparency.

The Government has replaced this measure with straightforward caps on the highest rates.

The Government is also responding to concerns that the criteria used to determine the size of property a customer requires only take account of people who live in the customer's dwelling as their home. Therefore a paid carer who resides with the customer is reflected in the size criteria but no allowance is made for carers who provide overnight care but who normally live elsewhere.

In recent years, local authorities have increasingly been asking for advice as they have come under pressure to include an extra room for the use of non-resident carers. This has led to inconsistency in treatment of non-resident carers. In some areas, the additional cost of a sleep-over room has been met by social services. Elsewhere the local authority has met the cost through a Discretionary Housing Payment but, on other occasions, the customer has had to meet the shortfall themselves. The Budget measure to fund an additional bedroom for non-resident carers puts right this unacceptable position.[22]

The two further measures announced in the October Spending Review are aimed at ensuring 'Housing Benefit rules reflect the housing expectations of people of a similar age not on benefits' and 'ensuring that no family can receive more in welfare than median after tax earnings for working households.'[23]

The Government also set out its position on the changes that will come into effect in 2011 in some detail in response to the Social Security Advisory Committee's report[24] and again in the response to the SSAC's report on SAR.

5 Impact and comment

5.1 DWP impact assessments

On 23 July the DWP published an initial Equality Impact Assessment, *Changes to the Local Housing Allowance arrangements and Housing Benefit size criteria for people with non-resident overnight carers.* The Government stated that 'Taking all the measures together, this does not show a disproportionate impact on any one group.' The DWP said it was 'considering the scope for commissioning primary research into the impact of the changes on

[22] http://www.dwp.gov.uk/local-authority-staff/housing-benefit/claims-processing/local-housing-allowance/impact-of-changes.shtml

[23] Treasury, *Spending Review 2010,* October 2010, p68

[24] See pages 6-13 of the SSAC's report: http://www.official-documents.gov.uk/document/other/9780108509551/9780108509551.pdf

particular groups such as large families and ethnic minority groups.'[25] A revised version of the Equality Impact Assessment was published by the DWP on 30 November 2010, *Housing Benefit: Changes to the Local Housing Allowance arrangements equality impact assessment.*

A general Impact Assessment was also published in July 2010, *Impacts of Housing Benefit proposals: Changes to the Local Housing Allowance to be introduced in 2011-12.* This paper is in three parts. The first shows the impact compared to now of the Local Housing Allowance measures that the previous Government had intended to implement, i.e:

- removing the £15 excess, and
- taking out the top one per cent of rents at a national level from the market evidence database.

The second shows the impact compared to now of the measures which are being introduced in 2011/12, including those announced by the Government in the Budget on 22 June 2010.

The third part considers the additional impact of the measures contained in the June Budget compared to those announced by the previous Government.

The Government has said:

> The changes already announced by the previous administration would have made 49 per cent of Housing Benefit recipients assessed under the Local Housing Allowance worse off by an average of £12 a week. Together with the package announced in the June Budget, the overall impact of the changes which are being introduced would be to reduce Local Housing Allowance entitlements by an average of £12 a week, based on current rent levels and accommodation choices. However, the purpose of reform is to influence rent levels and housing choices, which is likely to mitigate the impact of these measures.[26]

Detailed tables on the impact of the various measures planned for 2011/12 can be found online: *Impacts of Housing Benefit proposals: tables*

The notes provided by the DWP to the Social Security Advisory Committee, as part of its consultation on the draft *Housing Benefit (Amendment) Regulations 2010,* considered the wider impact of the LHA changes:

> Homelessness
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> 44. It may become more difficult for some Housing Benefit customers to find suitable accommodation, because the overall number of properties available is reduced. Some people may also face difficulties in moving, and may approach their local authority for assistance. However, in all areas except for the handful affected by the caps, around a third of properties will still be affordable to Housing Benefit customers. Housing authorities may experience difficulty finding suitable private rented sector accommodation locally for households that are accepted as homeless or at risk of homelessness. These impacts are more likely in London but could occur elsewhere.

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25 Social Security Advisory Committee's report, November 2010, p10

26 http://www.dwp.gov.uk/local-authority-staff/housing-benefit/claims-processing/local-housing-allowance/impact-of-changes.shtml

Overcrowding

45. In a small number of cases, the combination of the removal of the five bedroom rate and the reduction in Local Housing Allowance rates to the 30th percentile could result in overcrowding. The number of households currently receiving benefit at the five bedroom rate is a very small proportion of the caseload at 7,338 out of over one million.

Working households

46. There could also be negative impacts for Housing Benefit customers who are working if they have to move to an area where they need to extend their commute to their place of work. This impact may be more pronounced in inner London than elsewhere. We do not currently have robust data that allows us to determine the extent of an impact on working households by area.

47. However, a more positive impact is that moving to more affordable accommodation could encourage households to take up employment.[27]

In terms of further work on the impact of the measures, the Government said:

> We will be working with Communities and Local Government, the Welsh Assembly Government and the Scottish Government, along with local authorities, to assess the wider impacts on their housing functions. We will also publish a full impact assessment when legislation is laid before Parliament.[28]

A further Impact Assessment was published alongside the Regulations on 30 November 2010, *Housing Benefit: Changes to the Local Housing Allowance arrangements impact assessment.* This document includes an assessment of the potential impacts that the changes will have on local authority housing departments, education services and on health and social services.

Impact Assessments related to Housing Benefit measures in the *Welfare Reform Bill*[29] were published alongside the Bill in February 2011:

Impact Assessment for the Household Benefit Cap

Impact Assessment on Housing Benefit – up-rating Local Housing Allowance rates by CPI

Under-occupation of social housing impact assessment

Draft regulations, an Impact Assessment and an Equality Impact Assessment on the SAR proposals were published in April 2011 and referred to the Social Security Advisory Committee (SSAC) for consultation.

5.2 Measures impacting only on private rented sector tenants

When the *1988 Housing Act* deregulated private sector rent levels for new tenancies created after 15 January 1989 a likely outcome was identified as an increase in the Housing Benefit bill. The then Minister for Housing, Sir George Young, responded to concerns expressed about increased rent levels in all tenures with reassurances that Housing Benefit 'would take the strain:'

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27 http://www.ssac.org.uk/pdf/housing-regulations-2010.pdf
28 *ibid*
29 See Library Research Paper 11/23

> **Mr. Soley:** Tenants of housing associations, councils and the private sector face a disgraceful position. Did not rents in the housing association sector go up by about 25 per cent. the other year? Is not it also true that council rents will go up dramatically in the next couple of weeks and that private sector rents are out of the reach of many people? In those three examples housing benefit does not meet the needs of many people, particularly pensioners with small occupational pensions. What will the Government do about rents that are increasingly unaffordable in a rented sector has suffered a collapse, with the loss of 1.5 million properties in the past 10 years? There must be an answer that produces affordable rents in affordable properties.
>
> **Sir George Young:** I do not accept the premise on which the hon. Gentleman based his question. Housing benefit will underpin market rents-- we have made that absolutely clear. If people cannot afford to pay that market rent, housing benefit will take the strain.[30]

Since this time several measures have been introduced with the aim of reducing the cost of Housing Benefit and improving work incentives. Most notably, in the Uprating Statement on 30 November 1994 the then Secretary of State for Social Security outlined plans to stem the growth of public expenditure on HB – at that point expenditure had doubled in real terms since 1988 (to £10 billion in 1994/95) while HB expenditure on the private rented sector had increased by 350% since 1988. The Social Security Committee's response to the Government's proposals, which included the introduction of Local Reference Rents, pointed out that the growth in the cost of HB had been offset by savings in other areas of expenditure, such as the reduction in bricks and mortar subsidies for the development of new social housing and surpluses in the Housing Revenue Account subsidy calculation.[31] Some of the arguments advanced to support restricting HB payments some 15 years ago are similar to those used being used to support the current proposals.[32]

The Government has agreed to commission independent external research into the impact of the Housing Benefit reforms in response to a request by the Work and Pensions Select Committee.[33] The review is being led by Ian Cole, professor of housing studies at Sheffield Hallam University. Initial findings will be reported in early 2012 with a full interim report in late spring and a final report in 2013, giving time to make any adjustments deemed necessary.[34]

LHA changes (rates based on the 30th percentile & national caps)

Basing LHA rates on the 30th percentile of local market rents will affect all claimants in receipt of LHA irrespective of the area in which they live. The Valuation Office Agency published tables showing the June 2010 rates of LHA for each bedroom size in all BRMAs compared with the rates calculated on the 30th percentile of local market rates (see Appendix A).[35]

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30 HC Deb 30 January 1991 cc939-40

31 SSAC, *The review of social security: housing benefit,* Paper 3, May 1995, para 2.1

32 For more information see Library Research Paper, 95/67, *Housing Benefit: The Proposed Changes*

33 HL Deb 24 January 2011 c778

34 HC 743-ii 2010-11 Q110. Note that this is an uncorrected transcript of evidence taken in public and reported to the House. The transcript has been placed on the internet on the authority of the Committee, and copies have been made available by the Vote Office for the use of Members and others. Neither witnesses nor Members have had the opportunity to correct the record. The transcript is not yet an approved formal record of these proceedings

35 Also on the VOA website at: http://www.voa.gov.uk/LHADirect/LHA-emergency-budget-news-2010.htm

The DWP's July 2010 Impact Assessment found that all private tenants claiming the LHA would receive less benefit, with an average loss of around £12 per week, with greater losses for tenants entitled to larger dwellings.[36]

Liz Phelps of Citizens Advice remarked:

> That is potentially the big one. The rental cap is going to affect most of London but cutting down to the 30th percentile will potentially affect people across the whole country. It will mean lower rates across the country. It is very crude, short-term thinking. It will cut the DWP budget but it will explode the homelessness budget. We will see a lot more rent arrears, a lot more debt and acute poverty, and then more homelessness.[37]

The introduction of national caps on the rates of LHA payable within BRMAs will impact most on claimants living in certain parts of London. The VOA tables referred to above, and reproduced at Appendix A, indicated that at June 2010 LHA rates based on the 30th percentile of local market rents there would be no one bedroom properties or larger that a claimant would be able to rent (without experiencing a benefit shortfall) in central London. In inner north London there would be no three bedroom or larger properties, and in inner west and south west London no four bedroom or larger properties.

A Parliamentary Answer illustrated the number of claimants who were likely to be affected by the imposition of the LHA caps:

> **Steve Webb:** At March 2010, for housing benefit claims in England assessed under the local housing allowance arrangements, our records show there were:
>
> 3,340 recipients with a one-bedroom entitlement receiving over £250 per week;
>
> 6,970 recipients with a two-bedroom entitlement receiving over £290 per week;
>
> 2,710 recipients with a three-bedroom entitlement receiving over £340 per week; and
>
> 1,010 recipients with a four-bedroom entitlement receiving over £400 per week.
>
> Notes:
>
> 1. All figures have been rounded to the nearest 10 recipients.
>
> 2. The Single Housing Benefit Extract does not have bedroom entitlement recorded in 6% of the local housing allowance cases so there may be some underestimation in the numbers reported.
>
> Source:
>
> Single Housing Benefit Extract[38]

The DWP's November 2010 Impact Assessment indicated that if housing choices or rent levels remain unaffected, the changes could mean that:

- households would lose on average £12 per week including any loss of excess;

[36] DWP, *Impacts of Housing Benefit proposals: Changes to the Local Housing Allowance to be introduced in 2011-12,* July 2010
[37] *The Times*, "Parents could face eviction from council houses when children leave", 24 June 2010
[38] HC Deb 28 June 2010 c389W

- 17,400 households in London could be affected by the caps, the majority currently living in central or inner London boroughs;

- Around 3,600 families nationally could be affected by the restriction to the four bedroom rate (including 200 in Wales and 110 in Scotland);and

- 770,000 households nationally could be affected by the reduction to the 30th percentile (including around 40,000 in Wales and a similar number in Scotland).[39]

Households with rent levels in excess of the proposed caps and LHA rates based on the lowest third of local market rents will be faced with a shortfall which will have to be met from other income if rent arrears are to be avoided. A Parliamentary Answer from March 2010 showed that 48% of LHA claimants already received a benefit payment which does not cover the full amount of their contractual rent:

> **Greg Mulholland:** To ask the Secretary of State for Work and Pensions what proportion of claimants of local housing allowance make an additional payment to cover the difference between benefit received and rent paid; and what estimate she has made of the average weekly payment made by such claimants in the latest period for which figures are available.
>
> **Helen Goodman:** In August 2009, 48 per cent. of customers who received housing benefit under the local housing allowance arrangements had a shortfall of £23 per week on average. This relates to shortfalls caused by a customer's contractual rent being higher than the appropriate local housing allowance rate.[40]

When questioned on the potential impact of the Budget provisions in London the Secretary of State for Work and Pensions, Iain Duncan Smith, responded thus:

> We believe that there is enough housing in London. Of course, I did not say that this was going to be easy. The point is that far too many people in houses in central London are paid significant sums-over £100,000 in some cases. That is unsustainable. As much as I like the right hon. Gentleman-he is a fellow Tottenham supporter-I have to say to him that he knows as well as I do that these are tough choices, but they are ones that we believe that we can manage. We have tripled the discretionary fund to allow for difficult cases, and I suspect that a significant amount of that will be used in London because the nature of London means that there will be issues. We will get through this, and I guarantee that we will keep the situation under review.[41]

References to claimants in receipt of Housing Benefit in excess of £100,000 per year resulted in several PQs being tabled to elicit the precise number of claimants in this position; for example:

> **Mrs McGuire:** To ask the Secretary of State for Work and Pensions pursuant to the Financial Statement of 22 June 2010, *Official Report,* column 174, how many families in *(a)* England, *(b)* Scotland and *(c)* Wales are receiving £104,0000 a year in housing benefit; and if he will make a statement.
>
> **Steve Webb:** The latest information the Department holds is for March 2010, when the maximum local housing allowance rate was £1,800, and shows that there were

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[39] DWP, *Housing Benefit: Changes to the Local Housing Allowance arrangements impact assessment,* 30 November 2010.

[40] HC Deb 5 March 2010 c1422W

[41] HC Deb 28 June 2010 c611

> customers who received this rate. All these customers were located in the central London broad rental market area.
>
> In June 2010 the maximum local housing allowance rate rose to £2,000 a week which would be equivalent to receiving £104,000 a year in housing benefit assuming the individual remains in receipt of the same level of benefit for 52 continuous weeks. Information on housing benefit awards in June will be available in September 2010.[42]

Housing bodies have expressed concern over certain areas becoming "no-go" areas for claimants, particularly larger families, with implications for mixed communities and community cohesion. The "ghettoisation" of the poor has been repeatedly referred to in responses. The DWP Impact Assessment refers to estimates by the Greater London Authority of over 9,000 households that may need to move as a result of the LHA caps of which 6,800 are families. Shelter's research has produced a figure of between 68,000 and 134,000 households that may need to move nationally. These figures are based on an assumption that a reduction in benefit will result in rent arrears and thus the loss of a tenancy.[43] The Impact Assessment refers to a range of options for tenants to mitigate the impact of the changes, such as starting work, increasing working hours, renegotiating rent levels with landlords and using savings. Where people do seek alternative, cheaper, accommodation the Impact Assessment does acknowledge the potential effect of this on other services:

> 29. Any resulting population movement could have wider impacts. People who move may need to rearrange their children's schooling, healthcare arrangements or, where relevant, social services support; they may also need assistance with finding accommodation. There is also a risk of households falling into rent arrears leading to eviction and an increase in the numbers of households that present themselves as homeless.
>
> 30. The Department has been working with the Department for Communities and Local Government (CLG), The Greater London Authority (GLA), the Departments for Education (DFE) and Health (DH), Ministry of Justice and equivalents in Scotland and Wales to assess these wider impacts and take mitigating action. The Scottish Government is preparing a separate impact assessment for these changes in conjunction with stakeholders, which will be ready shortly.[44]

As a result of its consultation exercise, the Social Security Advisory Committee (SSAC) recommended that the introduction of the LHA caps should be deferred until October 2011.[45] The Government rejected this but announced some transitional protection for existing claimants:

> ...to give existing customers sufficient time to adjust to their new set of circumstances, we will provide transitional protection at their existing LHA rate for a period of up to nine months. This nine month period will follow the date the local authority reviews the claim (transitional protection will continue for the full nine months unless there is a relevant change of circumstances in the meantime).[46]

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42 HC Deb 5 July 2010 c110W

43 DWP, *Housing Benefit: Changes to the Local Housing Allowance arrangements impact assessment,* 30 November 2010

44 *ibid*

45 Social Security Advisory Committee's report, November 2010

46 *Ibid* p.9

This transitional protection means that the LHA caps will not "bite" for the majority of claimants until January 2012.

Local authorities have expressed concern over the impact of the LHA changes on their ability to meet their statutory obligations to homeless households in the current tight financial circumstances:

> **Bob Russell:** To ask the Secretary of State for Communities and Local Government (1) what assessment he has made of the effects on the number of people declared homeless of the proposed changes to housing benefit entitlement in each of the next four years; and if he will make a statement;
>
> (2) what estimate he has made of the effect on local authority costs of fulfilling their statutory obligation to provide accommodation for families who have been made homeless of a reduction in housing benefit entitlements.
>
> **Grant Shapps:** The Department for Work and Pensions (DWP) has published estimates of the numbers of households that will be affected by the changes to local housing allowance rates in 2011-12. However, it is not possible to estimate the number of households that will move as a consequence of the changes.[47]

The Impact Assessment states that the DWP is working closely with Communities and Local Government and the devolved administrations to "minimise the risk of households becoming homeless as a result of these changes."[48] The SSAC called on the Government to ensure that "definitions of 'intentionally homeless', and associated guidance, is revised so as to ensure the position of households who fall into arrears because of changes to their HB entitlements are not excluded from the scope of the homelessness provisions."[49] The Government's response is reproduced below:

> ...There are no current plans to change the statutory definition of 'intentional homelessness'. Although the Government does not expect tenants to be made homeless as a result of its reform of Housing Benefit, it is the Government's s view that should any tenant be made homeless as a result of a reduction of Housing Benefit outside of their control, they should not be considered to have been made homeless intentionally. Guidance will be reviewed in light of the changes to Local Housing Allowance rates if required.[50]

The Government is currently legislating to 'give local authorities greater flexibility in bringing the homelessness duty to an end with offers of accommodation in the private rented sector, without requiring the applicant's agreement.'[51]

The changes to LHA may have implications for local authorities who use private sector housing as temporary accommodation for the placement of homeless families. This practice has reduced the use of unsuitable bed and breakfast accommodation, particularly in London. The DWP issued Housing Benefit/Council Tax Benefit Circular S7/2009 in December 2009. This Circular set out new Housing Benefit subsidy arrangements in respect of claims from

[47] HC Deb 28 October 2010 c390W

[48] DWP, *Housing Benefit: Changes to the Local Housing Allowance arrangements impact assessment,* 30 November 2010.

[49] Social Security Advisory Committee's report, November 2010, para 13

[50] *ibid*

[51] Measures are included in the *Localism Bill* which is currently before Parliament – see Library Research Paper 11/03

households living in temporary accommodation from 1 April 2010.[52] The key changes included:

> For customers placed into non self-contained accommodation (board and lodging or licensed), HB subsidy will be limited to the 1 bedroom self-contained Local Housing Allowance (LHA) rate based on the location of the property.
>
> For those in self-contained licensed and short-term lease accommodation, the maximum HB subsidy will be determined by using 90% of the LHA rate for the size of the property plus an element for management costs (£60 per week for local authorities outside of London, £40 per week for authorities in London).

Restrictions on the LHA rates may therefore impact on the ability of authorities to continue to use private sector leased accommodation as temporary housing. *The Income-Related Benefits (Subsidy to Local Authorities) (Temporary Accommodation) Amendment Order 2010* (SI 2509/2010) will:

> ... extend the current subsidy scheme, from 1 April 2011, to include claimants living in temporary and short term accommodation: leased or licensed by registered housing associations; owned by registered housing associations; and some local authority-run leased accommodation in Scotland and Wales. This instrument also fixes the Local Housing Allowance rates used in the formula to calculate subsidy at the January 2011 rates, which it is intended will be reviewed in 2012.[53]

In terms of the impact on the market, it is possible that private landlords will be reluctant to let to LHA claimants if the rent levels that this benefit will meet do not yield a sufficiently attractive return. The Government has said that the purpose of the reforms is 'to influence rent levels and housing choices,' thus there is a clear expectation that private sector rent levels will be reduced. The Residential Landlords Association (RLA) submitted detailed evidence to the Work and Pension Select Committee's inquiry into the Housing Benefit changes in which it reported that, based on survey evidence, a majority of landlords would not be prepared to reduce their rent levels:

> 4.7 For some landlords adjusting rent will be difficult. This may or may not be feasible with about 20% of landlords claiming they break even or experience a loss with their rental property. Only 30% of landlords make enough from letting property to save money, with many smaller landlords attracted to residential renting for its capital gain. Contrary to perhaps popular opinion residential property is not a particularly high yielding asset income returns averaged only 2.7% in 2009 according IPD, whereas capital returns were 8.1%. The long run average net yield is a little over 3% and must take account of voids, maintenance, servicing debt, etc.
>
> [...]
>
> 4.9 The RLA statistics are based on an August 2010 survey, which was responded to by 852 member landlords of the RLA.
>
> 4.10 When asked how far they would be willing to lower their rent in light of the LHA reforms, 71% indicated not at all, 23% less than 10%, and 6% between 10 and 20%.
>
> 4.11 When asked what were the most common problems landlords faced with tenants on housing benefit, the most popular responses were LHA tenants failing to pay rent at

52 *The Income-Related Benefits (Subsidy to Local Authorities) (Temporary Accommodation) Amendment Order 2009* (SI 2009/2580)

53 Explanatory memorandum to SI 2010/2509

> 42%, followed by the allied answer of inability to obtain direct payment (34%), this was followed by administration problems (24%).[54]

A survey of private landlords in London, conducted by London Councils and the London Landlord Accreditation Scheme in August 2010, explored how landlords might react to the changes announced in the June Budget. Out of the 270 respondents 60% said that they would not reduce their rent *by even a small amount* if the tenant could no longer pay the full rent due to changes in LHA.[55] Some of the landlords who responded to the survey (46%) said that they might be prepared to lower their rent if direct payment of LHA to landlords was re-instated. However, *Inside Housing* magazine has reported that 55% of private landlords in Hammersmith and Fulham have agreed to reduce their rents to the LHA caps from April 2011.[56]

The DWP's November 2010 Impact Assessment addressed the potential impact of the measures on landlords:

> The changes to the Local Housing Allowance arrangements place no direct burdens on landlords. Indirectly, they could experience greater numbers of tenants with arrears and therefore incur additional costs in chasing debts or taking eviction proceedings. Some landlords may choose not to continue renting to Housing Benefit tenants if the rate of return is not sufficiently advantageous. This is most likely in the case of small-scale landlords who are less able to absorb reductions in income. In those areas where landlords let predominantly to Housing Benefit tenants and other demand is not high, landlords may accept lower rents but as a consequence they may do less to maintain properties. If there is a general withdrawal of landlords from the Housing Benefit market this would reduce the supply of tenancies available to people who are dependent on benefit and narrow the options for housing authorities who are increasingly reliant on private rented sector tenancies in their efforts to reduce homelessness.[57]

The SSAC recommended that the DWP and Communities and Local Government should work together to 'explore measures to encourage landlords to stay in/enter the LHA market, including wider availability of direct payment within the current benefits system and with the proposed Universal Credit.' In response, the Government announced increased discretion for local authorities in respect of direct payments:

> The Government intend that the measures they are introducing to adjust local housing allowance rates will act to reduce rents in the private rented sector. To support this, the Government are temporarily widening the discretion of local authorities to make direct payments to the landlord in some circumstances where it will support tenants in retaining or securing a tenancy. The Government will work closely with local authorities to ensure this provision is used only in very specific circumstances where landlords are reducing rents to a level that is affordable for claimants.[58]

Guidance on the implementation of this discretion has been issued in HB/CTB Circular A4/2011.

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[54] HC 469, Work and Pensions Committee, Second Report of 2010-11*, Changes to Housing Benefit announced in the June 2010 Budget,* December 2010, Ev 41

[55] http://www.londoncouncils.gov.uk/housing/briefings/landlordsurvey.htm

[56] *Inside Housing,* "Private landlords to lower rents", 18 February 2011

[57] DWP, *Housing Benefit: Changes to the Local Housing Allowance arrangements impact assessment,* 30 November 2010.

[58] HC Deb 30 November 2010 c72WS

The Citizen Advice submission to the Social Security Advisory Committee on the draft *Housing Benefit (Amendment) Regulations 2010* argued that the proposed cuts demonstrate a “fundamental and longstanding fault line” between Housing Benefit and housing policy:

> The proposals do not seem to recognise the fact that CLG’s housing and homelessness policy is increasingly dependent on the private rented sector with its unregulated rents to provide for low income households in housing need.
>
> This has inevitably fuelled the housing benefit budget, as the average weekly LHA payment of £112.89 to a private tenant is £40.44 per week (£2,310 per year) higher than the £72.45 average HB payment to a social housing tenant. The failure of successive Governments to fund adequate levels of social housing has led to the current situation where housing benefit accounts for around 80% of all government spending on housing. Yet policy responsibility for that spending rests with DWP rather than CLG. As a result, the housing implications of these cuts do not appear to have been given any consideration in advance of the decisions being made.[59]

One of the stated aims of the LHA cuts is to improve work incentives for claimants. Respondents have pointed out that 26% of HB recipients living in the private rented sector are in work – there are concerns that HB reductions may force some households to move away from the areas in which they are working.

Another key aim of the changes is to ensure that HB recipients do not live in housing/areas that are unaffordable for working households. The DWP commissioned research in June 2009 to consider:

> What comparisons can be made between Low Income Working Households (LIWH) and HB recipients in the PRS, and what do these comparisons show both in terms of the type, costs and access to PRS accommodation, and in terms of the type of households that are LIWH or HB recipients?[60]

This research found ‘the HB arrangements do not seem to unduly favour LHA recipients compared to most low income working households’ although an exception to this was identified:

> ...the exception is the small group of households with children aged under 16 who appear to be worse off than other household groups in terms of the property size that they occupy and the LHA rates they would be entitled to if they were eligible for HB. Many of these families will, for a range of reasons, not be eligible for HB in practice. However, that this small but important group appears to fare somewhat less well outside the HB arrangements rather than within them is a finding of some importance.[61]

Prior to the June Budget there had been significant debate around the size of BRMAs in terms of how this impacts on LHA rates. In May 2008 Shelter published *Shelter’s input into the review of the private rented sector* which included the following comment on BRMAs:

> Shelter has a number of specific concerns with regards to LHA. We note that the boundaries of the newly formed Broad Rental Market Areas (BRMAs) were determined without reference to the rent levels which will fall within those boundaries, relying instead on the more arbitrary measure of distance from services/facilities. In addition,

[59] CAB submission to SSAC, *Housing Benefit (Amendment) Regulations 2010*, September 2010: www.**citizens**advice.org.uk/hb_budget_changes_submission_to_ssac.pdf
[60] DWP, *RR 698 Low income working households in the private rented sector*, 2010
[61] *Ibid* p2

> the number of BRMAs under the new system stands at 153 – around half the number of localities under the HB system. We believe that the increase in the size of the areas covered by a specific LHA rate combined with the fact that rent levels do not feature as a factor in the determination of BRMA boundaries may force claimants to cluster in particular areas within the BRMA. Such an outcome would simultaneously worsen the effects of marginalisation often experienced by those on low incomes while also undermining the government's long-standing commitment to sustainable, mixed communities.[62]

The previous Government's consultation paper, *Supporting people into work: the next stage of Housing Benefit reform*,[63] (December 2009) had asked for views on how BRMAs should be set. One possibility was to base them on local authority areas. A reduction in the size of BRMAs could have the effect of reducing the impact of basing rents on the lowest third of market rents as it might be expected that the spread of rent levels will be less extreme over more compact geographical areas. The Government has said that it will look at the areas in which LHA rates are set in the context of its proposal to uprate LHA rates in line with the Consumer Price Index from April 2013.[64] In its response to the Social Security Advisory Committee's report the Government said it was 'keen to explore whether areas could be co-aligned with local authority boundaries.'[65] The SSAC recommended a review of BRMAs 'so as to ensure that 30% of PRS properties are available to HB claimants in each LA area.' During the Commons Report Stage of the *Welfare Reform Bill* Simon Hughes asked whether the independent review of the Housing Benefit changes would cover the question of BRMAs becoming more coterminous with local authorities.[66] The Minister, Maria Miller, said she was not sure but would consider the point in more detail.[67]

As a result of the Work and Pension Select Committee's inquiry, *Changes to Housing Benefit announced in the June 2010 Budget,* the Committee called on the Government to fully assess the impact of the Housing Benefit changes announced in the June 2010 Budget. As noted above, the Government agreed to commission independent external research into the impact of the Housing Benefit reforms and this research, led by Ian Cole, professor of housing studies at Sheffield Hallam University, is now underway.[68]

As noted in section 2 (above), the Child Poverty Action Group (CPAG) is challenging the imposition of national LHA caps and the limitation of the maximum size of a dwelling which can be paid for by Housing Benefit to 4 bedrooms by way of judicial review. The case was heard in the High Court on 21 July 2011 and the decision is awaited.

Uprating by CPI

LHA rates within Broad Market Rental Areas (BMRAs) had been set at the median of data on achieved rents collected by rent officers working for the Valuation Office Agency; this reduced to the 30th percentile of achieved rates from April 2011. LHA rates are currently reviewed and changed where necessary, on a monthly basis.

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62 p6
63 Cm 7769
64 HC 509 of 2010-11, p7
65 Social Security Advisory Committee's report, November 2010, p11
66 HC Deb 13 June 2011 c601
67 *ibid*
68 HL Deb 24 January 2011 c778

As part of the June 2010 Budget the Government announced an intention to up-rate LHA rates by the Consumer Price Index (CPI) from April 2013. Measures included in the *Welfare Reform Bill* will enable implementation of this change.[69]

The Government's intention is that LHA rates will be set annually on a common date from April 2013 and that increases to the rates will be restricted to the maximum of any change in the CPI. The *Impact Assessment on Housing Benefit – uprating Local Housing Allowance rates by CPI* estimates that the measure could save £300 million a year – this will be dependent on actual changes in the CPI. Lord Freud advised the Work and Pensions Select Committee that when the CPI figure is set for 2013 it will apply for two years as it will represent a settlement for the 2010 Spending Review: '...what we are doing is breaking the link into the market as a whole for two years, in order to keep downward pressure.'[70]

The rationale behind the policy is to reduce expenditure on Housing Benefit and to "move toward providing a fairer and more sustainable Housing Benefit scheme which will help address the disincentives to work inherent in the system.[71] The move is also in line with the Government applying the CPI, rather than RPI, to up-rate other social security benefits.

The Impact Assessment notes that the precise impact on individual claimants will depend upon behavioural responses to choice of accommodation and on whether landlords will restrict their rent increases to changes in the CPI. An 'illustrative average notional loss' to claimants is identified of £5.50 per week.[72] Restricting rent increases to the CPI will, it is noted, result in landlords receiving a reduced income than they otherwise would have done under the existing Housing Benefit scheme.

If landlords increase their rents above the CPI LHA claimants could accrue rent arrears and landlords could incur additional costs associated with recovering debts and terminating tenancies. The Impact Assessment refers to the possibility of landlords refusing, in the longer-term, to let to claimants reliant on LHA – although the likelihood of this happening will be related to demand for privately rented housing from other groups. Landlords who are willing to reduce their rent levels in light of restrictions to the LHA will be able to receive payments of LHA direct.[73]

The British Property Federation (BPF) argues that the CPI, as currently constructed, is not an appropriate index for setting housing costs:

> ...it does not seem right that a benefit meant to cover a person's housing costs, should be set by an index that incorporates everything from the price of sausages to net curtains. Rent makes up a relatively small proportion of the current basket of goods that form the CPI, because the majority of the population are not renters. Even if the index is reformed to include mortgage costs this will not wholly resolve the issue because approaching half existing homeowners have no mortgage and therefore mortgage costs do not figure in their basket of goods.

69 See Library Research Paper 11/23

70 HC 469, Work and Pensions Committee, Second Report of 2010-11, *Changes to Housing Benefit announced in the June 2010 Budget,* December 2010, p20

71 *Impact Assessment on Housing Benefit – uprating Local Housing Allowance rates by CPI*, para 3

72 *Ibid* para 10

73 HC Deb 30 November 2010 c72WS

> Although the differences may appear small, a per cent or two a year, the consequences of getting caught on the wrong index can be severe. History illustrates this through the experience of pensioners.[74]

Respondents have expressed concern that increasing LHA rates in line with the CPI rather than actual rent levels will, over time, result in these claimants being unable to afford privately rented homes. The Chartered Institute of Housing (CIH) submitted a spreadsheet to the Work and Pensions Committee's inquiry into the Housing Benefit changes announced in June 2010 which explores how long it might be until LHA claimants' purchasing power, increased by CPI, can no longer meet the cost of the cheapest properties in different areas. The Institute projects that within 15 years all two bedroom properties in 42 of 154 rental market areas will be at rents above LHA rates (assuming demand and supply remain unaffected).[75]

The CIH's evidence to the Committee emphasised the potential impact of the move to CPI up-rating on the fundamental purpose of Housing Benefit:

> It is critical to understand that this means that over time the effect of the CPI cap will be to break the link between what help tenants receive with their housing costs and the actual rent they pay. At this point it can no longer be said that housing benefit will be meeting its central policy objective: to ensure that accommodation is available to all households regardless of their income.[76]

Consequently the CIH describes up-rating by CPI as the Budget measure that it is most strongly opposed to.[77]

The RLA, which represents around 13,000 members, also submitted detailed evidence to the Work and Pension Committee's inquiry. The RLA describes the CPI measure as "one of the most detrimental of all these proposals"[78] while the BPF states that it is the "most severe aspect" of the Housing Benefit reforms.[79] The RLA also predicts that the gap between market rents and LHA rates will grow over time.[80]

Homeless Link, a body representing over 480 organisations working with homeless people in the UK, has modelled all of the Housing Benefit reform measures, including the move to up-rating by CPI, and identified a "tipping point" at which increased levels of homelessness arising from the reforms will wipe out all of the expected savings. This "tipping point" is reached if one quarter of those households who are deemed to be at severe risk of being made homeless, actually do become homeless.[81]

After considering the submitted evidence the Work and Pensions Select Committee recommended:

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74 HC 469, Work and Pensions Committee, Second Report of 2010-11, *Changes to Housing Benefit announced in the June 2010 Budget,* December 2010, Ev42

75 *Ibid* Ev44-59

76 HC 469, Work and Pensions Committee, Second Report of 2010-11, *Changes to Housing Benefit announced in the June 2010 Budget,* December 2010, Ev55

77 *Ibid*

78 *Ibid* Ev103, para 125

79 *Ibid* Ev41

80 *Ibid* Ev103, para 124

81 Homeless Link, "tipping point" analysis", December 2010 (note that this analysis includes the 10% reduction in entitlement to Housing Benefit for claimants on Jobseeker's Allowance for more than 12 months - this measure has now been dropped).

> ...that the Government fully evaluate the impact of the changes to Housing Benefit introduced in 2011, including on rent levels, before introducing the change to using the Consumer Price Index (CPI) for uprating LHA. If uprating using CPI is introduced in 2013, it should be accompanied by an undertaking that the Secretary of State will review the Local Housing Allowance rates in relation to prices in the wider private rental market prior to 2015.[82]

While the Government has agreed to evaluate the impact of the changes that came into effect in April 2011, uprating LHA rates by CPI will be outside the scope of this review. The Government has said that the Secretary of State "will through secondary legislation be able to review rates and, if he considers it necessary, will be able to set rates at a different level than increases in the Consumer Price Index."[83]

Shared Accommodation Rate

The effect of this measure will be to ensure that claimants in private rented housing who are 35 or younger will only receive HB to cover the rent on a room in shared housing. This restriction currently applies to claimants under the age of 25.

Not surprisingly, those bodies that have campaigned for the abolition of the SAR are dismayed that the intention is to retain it and extend it to single claimants aged up to 35.

Citizens Advice has reported on the difficulties faced by claimants aged under 25 in finding suitable accommodation:

> Problems in finding affordable accommodation are likely to be particularly acute for claimants aged under 25 who are subject to the shared (formerly single) room rate (SRR) restriction. Shortfalls have always been particularly common for this group – DWP commissioned research published in 2005 found that 87% of all SRR claimants faced a shortfall, averaging £35.14 per week.5 Although the definition of the single room rate was slightly broadened with the introduction of the LHA, CAB evidence does not suggest that this has had any impact in easing the extent of these shortfalls. This is supported by research on the views from local authorities, recently published by DWP. When asked whether private landlords have been more or less willing to let to under 25s since LHA was introduced, only 3% of authorities replied in the affirmative. In contrast, 25% thought landlords were less willing to let to this age group and 50% thought there was no change.[84]

The National Landlords Association has said that shared housing is not always appropriate for single claimants and has made reference to "a fierce lobby against creating more houses in multiple occupation", which means that these people may find it more difficult to find shared accommodation.[85]

Draft regulations, an Impact Assessment and an Equality Impact Assessment on this measure were published and referred to the Social Security Advisory Committee (SSAC) for consultation in April 2011. The Impact Assessment states that around 20% of the 1-bedroom

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82 HC 469, Work and Pensions Committee, Second Report of 2010-11, *Changes to Housing Benefit announced in the June 2010 Budget,* December 2010, p21

83 HC 845, Work and Pensions Committee, Fourth Special Report of 2010-11, *Government response to the Committee's Second Report of Session 2010-11,* March 2011

84 Citizens Advice submission to SSAC on the Housing Benefit (Amendment) Regulations 2010: www.**citizens**advice.org.uk/hb_budget_changes_submission_to_ssac.pdf

85 *Inside Housing,* "Charities condemn 10-year extension of shared room rate", 22 October 2010 – for more information on policy in relation to the development of houses in multiple occupation see Library note SN/SP/5414

LHA caseload (at March 2010) will receive, on average, £41 per week less benefit than under the current rules when the measure is implemented. This will affect around 63,000 people.

The SSAC consultation exercise ended on 17 June 2011 and the SSAC's report was published, with a Government response, in July 2011. The SSAC recommended that the proposals should not go ahead in their current form. The Government rejected the SSAC's recommendations but included in the final regulations (*Housing Benefit (Amendment) Regulations 2011* (SI 2011/1736)) two additional exemptions from the SAR that will only apply to the extended age group:

- ex-offenders who are subject to management by more than one agency under the Multi Agency Public Protection Arrangements (MAPPA) and who are most likely to pose a risk of serious harm to others if they share accommodation; and
- people who have spent three months or more in a homeless hostel, or more than one hostel, specialising in rehabilitating and resettling this group within the community.

This measure is considered in more detail in Library note SN/SP/5889 *Housing Benefit: Shared Accommodation Rate.*

5.3 Measures impacting only on social sector tenants

Under-occupation

The proposal to 'restrict Housing Benefit for working age social tenants who occupy a larger property than their family size warrants to a standard regional rate for a property of the appropriate size' could force households who cannot make-up the shortfall in their Housing Benefit payments into arrears and subsequent eviction.

Measures to enable the implementation of this proposal are included in the *Welfare Reform Bill.*[86] The Government published the Under-occupation of social housing impact assessment alongside the Bill.

The Impact Assessment advises that, at the proposed time of introduction (2013/14) the application of size criteria to the social rented sector is likely to affect around 670,000 tenants in receipt of Housing Benefit – representing around 32% of all working-age Housing Benefit claimants in the sector. Claimants will see an average reduction in Housing Benefit of £13 per week – this estimate takes account of forecast increases in social sector rents. As the qualifying age for State Pension Credit increases, the number of affected claimants is predicted to rise to 760,000 by 2020.[87]

Different regional impacts have been identified: in the North East and North West it is estimated that, respectively, around 46% and 43% of social housing tenants will be affected compared to 19% in London.[88]

It is acknowledged that the measure could act as a spur to freeing up larger under-occupied social housing but social landlords believe it will only succeed if there are sufficient alternative properties available at the right size to move the affected tenants to. This will be most problematic in areas of high housing demand.

[86] See Library Research Paper 11/23

[87] *Under-occupation of social housing impact assessment* paras 25-26

[88] *Ibid* para 33

As with many of the responses to reforms to social housing tenure contained in the *Localism Bill,* respondents have emphasised the need for Housing Benefit reform for claimants in this sector to be linked with wider developments in housing policy, specifically the need to address the shortage in supply of affordable housing.[89]

Reductions in entitlement to Housing Benefit may increase the risk of tenants defaulting on their rent payments. An adverse impact on social landlords' rental streams could, in turn, destabilise the credit arrangements that housing associations have with financial institutions. Social landlords will no doubt seek to limit the likelihood of this by identifying under-occupying tenants ahead of April 2013 and working to resolve their status as under-occupiers. These landlords have no powers to evict or forcibly move tenants on grounds of under-occupation, except in some very limited circumstances involving succession, thus a process of education and persuasion is likely to be needed. This may be a costly process, as acknowledged by the Impact Assessment; the LGA is calling for the costs of the welfare reform measures to be fully met by Government.[90]

The housing sub-group of the Welfare Rights Consortium is calling for the under-occupation measure to be phased in for existing tenants in order to avoid a "big bang" approach in April 2013. Phasing in could enable landlords to focus on the most extreme cases of under-occupation in the first instance. The Consortium has also emphasised the need for clarity in relation to social tenants who move in and out of under-occupation, e.g. where their children leave home only to return again within months.[91] As the Bill has progressed through Parliament several attempts have been made to introduce amendments to exempt disabled tenants who are under-occupying homes specifically adapted for their needs.

5.4 Measures impacting on tenants in both sectors

Non-dependent deductions

The measures relating to non-dependent deductions apply to claimants living in both the social and private rented sectors.

A non dependant is someone who normally lives with the Housing Benefit claimant such as an adult son, daughter, relative or friend.[92] The pre-April 2011 rates of non-dependent deductions were:

Non-depended aged 18 or over and in remunerative work:

- gross income less than £120.00 = £7.40
- gross income £120 - £177.99 = £17.00
- gross income £178 - £230.99 = £23.35
- gross income £231 - £305.99 = £38.20
- gross income £306 - £381.99 = £43.50
- gross income greater than £382 = £47.75

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[89] Shelter, *Briefing on the June 2010 Housing Benefit announcements*, 2010

[90] LGA, *Welfare Reform Bill Briefing*, 18 February 2011

[91] Meeting of the Welfare Rights Consortium, 21 February 2011

[92] There are certain circumstances in which a non-dependent deduction is not made.

- Aged 25 or over and on Income Support, Job Seekers Allowance or Employment Support Allowance (IR), or aged 18 or over and not in remunerative work = £7.40

- In receipt of Pension Credit or not in receipt of main phase ESA(IR) rate = Nil

These amounts are deducted from the claimant's entitlement to Housing Benefit irrespective of whether the non-dependent actually pays this to the claimant or not. Backdating the uprating to 2001/02 will result in significant increases to the deductions from Housing Benefit which claimants will, in turn, have to recover from their non-dependents or from other household income.

The new rates of non-dependent deductions that have applied since April 2011 are set out in the *Social Security Benefits Up-rating Order 2011*.

10% cut in HB where unemployed for over 12 months

The cut in Housing Benefit entitlement by 10% of those claimants in receipt of JSA for over 12 months was possibly the most controversial of all the measures announced by the Government. Its implementation would have required primary legislation but it has not been included in the *Welfare Reform Bill.*[93] Commentators have welcomed the fact that this measure has been dropped.

Capping household benefits

As noted previously in this paper, the proposal on capping household benefits will go wider than Housing Benefit and will apply to claimants in social rented housing in addition to those in the private rented sector:

> From 2013, household benefit payments will be capped on the basis of median earnings after tax for working households, which we estimate to be around £500 per week by 2013. All Disability Living Allowance claimants, War Widows, and working families claiming the working tax credit will be exempt from the cap. The cap will apply to the combined income from:
>
> - The main income replacement benefits (Jobseeker's Allowance, Income Support, Employment Support Allowance);
> - Other means-tested benefits (including Housing Benefit and Council Tax Benefit);
> - Child Benefit and Child Tax Credit;
> - Other benefits (including Carer's Allowance and Industrial Injuries Disablement Benefit
>
> Benefits Cap
>
> - One-off benefits and non-cash benefits, such as social fund loans and free school meals, will not be affected
> - The cap will be delivered by Local Authorities. Local Authorities will assess the total benefit income of all new and existing Housing Benefit (HB) claimants, and reduce HB to ensure that they do not receive more than the cap.
> - Median income earnings after tax for working households is currently £479 per week (Family Resources Survey). It is estimated to rise to £506 per week by 2013.

93 See Library Research Paper 11/23

Provisions to implement this measure have been included in the *Welfare Reform Bill.*[94]

The cap will operate by reducing the claimant's Housing Benefit entitlement where the total amount of their benefit entitlement (excluding certain specified benefits) exceeds £500 per week for a family. A cap of £350 per week will apply to single people.

The Impact Assessment for the Household Benefit Cap, published alongside the Bill, advises that the cap will affect large families (mainly with three or more children) who are out of work and households in high rent areas who receive large Housing Benefit payments.[95] It is estimated that around 50,000 households will have their Housing Benefit reduced as a result of this measure (representing around 1% of the out-of-work caseload) and that affected households will lose an average of £93 per week:

> Around 40% of the losers will lose less than £50 per week. Around 25% will lose between £50 and £100 per week. Around 20% will lose between £100 and £150 per week. The remaining 15% will lose more than £150 per week.[96]

The key non-monetised costs identified by the DWP are:

> The cap is likely to affect where different families types will be able to live. Housing Benefit may no longer cover housing costs and some households may go into rent arrears. This will require expense and effort by landlords and the courts to evict and seek to recoup rent arrears. Some households are likely to present as homeless, and may as a result need to move into more expensive temporary accommodation, at a cost to the local authority. It is not possible to quantify these costs because they are based on behavioural changes which are difficult to assess robustly.[97]

The National Housing Federation initially said that their analysis indicated that the cap would 'not bite' for existing tenants of social housing.[98] However, an article in *Inside Housing* indicated that some tenants with large families may be affected and provides the following example of an unemployed couple with five children claiming Jobseeker's Allowance:

- £102.75 couple rate for JSA
- £24.59 Council Tax Benefit (Band C)
- £231.63 Child Tax Credit
- £73.90 Child Benefit
- Leaving £67.13 for Housing Benefit

The average social sector rent in London is £98.22 per week and £76.51 per week in England.[99] The same article refers to lenders' concerns in terms of the impact of caps on housing associations' cash flows and, in turn, their ability to lever in and repay private finance for the supply of new housing and improvement of existing housing.[100]

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94 See Library Research Paper 11/23
95 *Impact Assessment for the Household Benefit Cap,* para 6
96 *Ibid* para 8
97 *Ibid* p2
98 National Housing Federation Briefing on the Comprehensive Spending Review, October 2010
99 *Inside Housing*, "£500 benefit cap puts landlords' income at risk", 15 October 2010
100 *ibid*

Reactions to this measure from housing bodies covering both the private and social rented sectors echo many of the comments previously made in relation to the package of Housing Benefit reforms. There are concerns around the impact on rent arrears, potential evictions and increases in homelessness amongst those affected. As the impact is expected to fall disproportionately on larger families, there are concerns about overcrowding as families might seek smaller, less suitable housing in order to reduce their costs. London Councils is calling on the Government to consider London as a special case when introducing the cap because of its high rent levels; it also wants to ensure that London receives a significant proportion of funding for Discretionary Housing Payments to assist in managing the change.[101] Richard Capie, director of policy and practice with the Chartered Institute of Housing, has said:

> The new out of work benefit cap at £500 per week fails to take into account the massive variation in housing costs that exists around the UK and will create hardship for families. Our calculations show that in 20 per cent of communities in England it will be difficult for households to pay their current rents. This will have a particularly severe impact on families with children. We would expect to see greater arrears, debt and evictions. Families will face the inevitable choice of living in overcrowded, poorer conditions in their current community, or having to move away from areas where they have established networks and children are in local schools.
>
> If the housing element of the new universal credit is not sensitive to local housing costs it will not only impact on individuals but also have implications for private and social landlords and jeopardise access to private finance to build new homes.
>
> We need welfare reform that lasts and that individuals and businesses can plan against. The risk is that the approach to housing costs in the current plans won't be sustainable and will require further adjustments in future.[102]

One of the Government's key policies for increasing the supply of social housing is the introduction of an "affordable rent" tenure. Under this model housing associations will be able to offer tenancies at rents of up to 80% of market rent levels within the local area. The additional finance raised will be available for reinvestment in the development of new social housing. Communities and Local Government's (DCLG) November 2010 consultation document, *Local decisions - a fairer future for social housing* confirmed that Housing Benefit would be payable to cover "affordable rents":

> Where a tenant cannot afford to pay, the new Affordable Rents will be eligible for Housing Benefit and local authorities will be able to discharge their homelessness function through the new tenancy.[103]

In responding to the "affordable rent" tenure proposals housing organisations have highlighted the apparent policy tension between the drive to reduce expenditure on benefits by imposing a weekly cap that will take effect by "squeezing" Housing Benefit entitlement while at the same time giving housing associations an incentive to charge rents of up to 80% of market levels. The Building and Social Housing Research Foundation's (BSHRF) written evidence to the Public Bill Committee considering the *Localism Bill* raised the following concerns:

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[101] London Councils, *Response to the Housing Benefit reform*, 2010
[102] Public Service, *£500 a week cap could see more overcrowded properties*, 5 November 2010
[103] DCLG, *Local decisions - a fairer future for social housing*, November 2010, para 2.6

Households who will gain access to the Affordable Rent tenure are likely to be those that might previously have been able to access social housing. Therefore it is reasonable to expect that a significant proportion of them will be in receipt of Housing Benefit. For these households, the amount of Housing Benefit needed to cover housing costs is likely to be higher than those in a traditional social tenancy, therefore placing a greater burden on Housing Benefit expenditure.

In order to analyse the potential impact of Affordable Rent on Housing Benefit expenditure, BSHF made requests to DCLG, DWP and HMT for modelling they had undertaken on the impact of Affordable Rent on Housing Benefit expenditure. The departments declined to provide this information as the policy was still under development.

In the absence of the government's modelling it is difficult to assess the likely impact of Affordable Rent on Housing Benefit expenditure. BSHF has only been able to perform basic modelling to estimate the impact; this has necessarily made significant assumptions and consequently should only be taken as a very broad guide of the scale of the impact. The modelling suggests that the introduction of Affordable Rent could add cumulatively £390 million to Housing Benefit expenditure each year. By the end of the Spending Review period that would amount to an increase of Housing Benefit expenditure of £1.56 billion per year. If £1.56 billion was spent on building affordable housing it could provide over 25,000 new social rented homes. The government needs to ensure that Affordable Rent does not simply transfer capital spending on housing to welfare budgets.[104]

The Housing Minister, Grant Shapps, rejected the idea that charging up to 80% of market rents would impact on Housing Benefit expenditure when giving evidence to the Communities and Local Government Select Committee in December 2010:

Q83 Stephen Gilbert: On that specific issue, what impact assessment have you made on the way in which the housing benefit bill might rise because we are putting in place this extra, up to 80% of market rent?

Grant Shapps: Interestingly, the answer is that it will have relatively little impact on housing benefit, because quite often you are taking people who are in the private rented sector, who are receiving benefit at 100% of the rent level, and putting them into a less expensive house. So the difference is marginal on all the modelling.

Q84 Chair: The calculations have been done.

Grant Shapps: Yes.[105]

The Council of Mortgage Lenders (CML) is concerned about the impact of welfare reforms, including the benefit cap, on the financial viability of housing associations:

For lenders and investors the social housing sector is viewed as a relatively low risk funding market. Comfort is derived from the sector having a strong regulator with the ability to intervene and indirect subsidies in the form of social housing grant and housing benefit. Changes to the welfare benefits system and move to a universal credit have already significantly raised potential risk to the sector. Rating agencies have flagged for investors during 2010 the factors that could be negative for the sector including housing benefit not meeting rent requirements and not being paid direct to providers.

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[104] BSHF Memorandum to the *Localism Bill* PBC, January 2011

[105] Uncorrected oral evidence to the Communities and Local Government Select Committee on the 2010 Spending Review, 21 December 2010

> The concerns about housing benefit are brought into sharp focus when considering the move to affordable rent. We await the publication of the Homes & Communities Agency prospectus and further impact assessment on housing benefit. However it is uncertain whether this will provide sufficient detail on the interaction of affordable rent, housing benefit and universal benefit to support providers and lenders in making prudent and realistic assumptions in the modelling work that must sit behind a move to affordable rent.[106]

6 Discretionary housing payments (DHPs)

Those receiving Housing Benefit and suffering from a shortfall in their rent can apply for an additional Discretionary Housing Payment. To qualify, the only rule is that there must be a shortfall between benefit being paid and the rent, but the council will usually take into account special circumstances that contribute to financial difficulties.

Local authorities are not under any duty to make a discretionary housing payment – they are generally not paid in perpetuity. *The Good Practice Guide on DHPs* was updated and reissued in March 2011.

A PQ from 2008 explains how funds for these payments are allocated:

> **Mr. Plaskitt:** The discretionary housing payment fund is allocated to each local authority based on the mid-point between the amount they were allocated and the amount they actually spent in the previous full financial year (e.g. the 2008-09 allocation was calculated using 2006-07 data, as this was the most recent full financial year data that was available at the time of calculation).
>
> Any remaining funding is then distributed across local authorities based on their annually managed expenditure, and their average rent restrictions. 50 per cent. of the remaining funding is allocated based on each local authority's proportion of overall annually managed expenditure, and the remaining 50 per cent. of the funding is allocated based on each local authority's average rent restrictions.
>
> The available information on the amount of money allocated to each local authority for discretionary housing payments and the amount of such payments unspent for each local authority has been placed in the Library.[107]

In order to mitigate the impact of some of the reductions to HB entitlement the Government has said it will increase funding for these payments for £10 million in 2011/12 and by £40 million in each year up to 2014/15.

Commentators have welcomed the commitment to increase this funding but believe that it will be focused on vulnerable claimants and will not mitigate the full impact of the loss of HB entitlement.[108] The Social Security Advisory Committee's report notes that the increase in DHPs represents around 4% of the total cash losses resulting from the measures and recommended:

> ...the Department reviews the allocation of DHPs to better reflect the scope and scale of projected impacts across LAs

[106] CML *Response to Local decisions: a fairer future for social housing*, January 2011
[107] HC Deb 29 September 2008 c2380W
[108] Legal Action, "Budget 2010 Reviewed", October 2010, p43

> ...considers the scope for bringing forward more of the increase in the DHP to year one of the changes[109]

In response the Government said it would work with local authority associations "to consider how best to allocate DHP funding for next year." On 30 November a Written Ministerial Statement contained the following additional information:

> In addition to the funding announced to increase the discretionary housing payment fund, the Government have allocated a further £50 million over the spending review period to support the implementation of these measures. This will provide targeted support to help meet the housing needs of claimants who are affected by the changes, and we will work with local government on its allocation.[110]

Bringing forward an increased sum for DHPs was rejected in the light of the transitional provisions to be introduced for existing claimants. HB/CTB Circular S2/2011, issued in January 2011, contains information on the allocation of DHPs to some authorities in 2011/12.

On 25 October 2010 the Housing Minister confirmed an additional £10 million in funding for this financial year for London local authorities to "help those households that are affected by the proposed Housing Benefit reforms:"[111]

On 2 August 2011 the DWP confirmed funding of £4m (from the additional funding already announced) for ten projects "designed to support the Government's housing benefit reforms by helping affected claimants get support and advice to make confident decisions on their next steps:"

> The ten successful projects will get a share of a £4m fund to provide innovative support by working with voluntary organisations, providing free advice to landlords and tenants, creating a digital service to match landlords with tenants, and providing digital support to hundreds of local authorities. This funding is part of a total of £190m of extra financial help over the spending review period.[112]

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[109] Social Security Advisory Committee's report, November 2010, p11

[110] HC Deb 30 November 2010 c72WS

[111] CLG Press Release, *Grant Shapps announces package of measures to protect the vulnerable*, 25 October 2010

[112] DWP Press Release, 2 August 2011

7 Appendix A

Table 1. Local Housing Allowance and Local Housing Allowance 30th Percentile for Broad Rental Market Area, June 2010.

	Local Housing Allowance (LHA) June 2010						Local Housing Allowance 30th Percentile (Based on the June 2010 LHA).				
Broad Rental Market Area (BRMA)	1 Room	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Room	1 Bed	2 Bed	3 Bed	4 Bed
Ashford	£67.50	£118.52	£138.08	£161.10	£207.12	£264.66	£62.50	£113.92	£132.33	£155.34	£202.75
Aylesbury	£79.40	£126.58	£155.34	£195.62	£299.18	£350.96	£74.10	£116.68	£143.84	£182.96	£276.16
Barnsley	£58.75	£75.48	£90.90	£103.56	£149.59	£149.59	£57.10	£70.40	£86.30	£92.05	£126.58
Barrow-in-Furness	£58.50	£80.55	£92.05	£120.82	£160.48	£161.10	£56.50	£74.79	£86.30	£109.32	£138.08
Basingstoke	£67.32	£126.58	£159.95	£184.11	£264.66	£344.63	£62.09	£120.82	£149.59	£172.60	£228.99
Bath	£71.34	£136.93	£172.60	£195.62	£266.96	£353.26	£69.04	£126.58	£155.34	£172.60	£228.99
Bedford	£70.00	£103.56	£132.33	£155.34	£211.73	£316.44	£70.00	£98.96	£126.58	£149.59	£184.11
Birmingham	£60.00	£103.56	£126.58	£133.48	£184.11	£207.12	£55.00	£97.81	£115.07	£126.58	£159.95
Black Country	£63.50	£90.90	£111.62	£126.58	£159.95	£172.60	£55.00	£85.15	£103.56	£115.07	£143.84
Blackwater Valley	£83.66	£138.08	£172.60	£206.43	£287.67	£379.73	£77.10	£136.93	£165.01	£195.62	£255.45
Bolton and Bury	£48.87	£86.30	£103.56	£113.92	£161.10	£201.37	£45.00	£80.55	£92.05	£109.32	£148.44
Bournemouth	£72.93	£126.58	£155.34	£195.62	£258.33	£339.45	£68.81	£117.37	£144.99	£181.01	£228.99
Bradford & South Dales	£58.71	£86.30	£103.56	£115.07	£138.08	£149.59	£57.55	£80.55	£96.66	£109.32	£126.58
Brighton and Hove	£82.84	£149.59	£189.86	£253.15	£322.19	£411.37	£77.50	£138.08	£172.60	£227.14	£299.18
Bristol	£63.29	£115.07	£143.84	£161.10	£218.63	£299.18	£59.84	£109.32	£132.33	£155.34	£195.62
Bury St Edmunds	£62.50	£100.11	£126.58	£149.59	£230.14	£356.71	£57.50	£92.05	£115.07	£136.93	£205.97
Cambridge	£75.95	£143.84	£163.40	£186.41	£269.84	£345.21	£68.08	£126.58	£138.08	£161.10	£228.99
Canterbury	£69.23	£120.82	£149.59	£178.36	£266.96	£330.83	£64.48	£113.92	£140.38	£161.10	£228.99
Central Greater Manchester	£65.00	£103.56	£126.58	£138.08	£184.11	£253.85	£59.84	£92.05	£113.92	£126.58	£166.85
Central Lancs	£48.00	£92.05	£115.07	£132.33	£172.60	£201.37	£44.00	£87.45	£109.32	£120.82	£149.59
Central London	£140.94	£350.00	£480.00	£700.00	£1,000.00	£2,000.00	£137.50	£310.00*	£414.63*	£600.00*	£800.00*

	Local Housing Allowance (LHA) June 2010						Local Housing Allowance 30th Percentile (Based on the June 2010 LHA).				
Broad Rental Market Area (BRMA)	1 Room	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Room	1 Bed	2 Bed	3 Bed	4 Bed
Cheltenham	£65.00	£113.92	£143.84	£172.60	£253.15	£299.18	£61.18	£103.56	£134.63	£161.10	£212.88
Cherwell Valley	£72.49	£126.58	£149.59	£177.21	£228.99	£345.21	£63.29	£118.29	£143.84	£161.10	£207.12
Chesterfield	£52.95	£89.75	£103.56	£120.82	£150.00	£172.60	£48.50	£80.55	£96.66	£109.32	£138.08
Chichester	£72.50	£132.91	£165.70	£201.37	£276.16	£390.08	£67.50	£126.58	£155.34	£187.27	£253.15
Chilterns	£83.77	£138.08	£177.79	£218.63	£345.21	£621.37	£73.41	£126.58	£164.90	£201.37	£287.67
Colchester	£67.50	£103.56	£132.33	£165.70	£207.12	£276.16	£58.33	£97.81	£126.58	£155.34	£195.62
Coventry	£62.00	£103.56	£113.92	£126.58	£172.60	£207.12	£60.00	£90.90	£103.56	£120.82	£149.59
Crawley & Reigate	£83.08	£136.93	£172.60	£212.88	£299.18	£420.00	£74.18	£132.33	£165.70	£195.62	£276.16
Darlington	£55.00	£82.93	£97.81	£115.07	£159.95	£172.60	£54.50	£80.00	£88.60	£105.52	£149.59
Derby	£50.00	£86.30	£105.86	£126.58	£172.60	£205.97	£47.00	£74.79	£97.81	£113.92	£159.95
Doncaster	£57.77	£84.46	£97.81	£109.32	£143.84	£189.29	£53.00	£74.79	£90.00	£97.81	£132.33
Dover-Shepway	£57.50	£95.51	£126.58	£149.59	£195.62	£264.66	£55.21	£88.60	£115.07	£138.08	£172.60
Durham	£67.05	£80.55	£92.05	£103.56	£140.96	£195.62	£53.35	£69.04	£86.32	£97.81	£126.58
East Cheshire	£78.83	£97.81	£132.33	£161.10	£275.01	£402.74	£71.40	£92.05	£115.07	£149.59	£218.63
East Lancs	£51.00	£84.89	£92.05	£113.92	£159.95	£166.85	£46.00	£80.55	£87.45	£103.56	£137.51
East Thames Valley	£87.50	£149.59	£193.32	£230.14	£333.70	£575.34	£79.46	£138.08	£178.36	£212.88	£299.18
Eastbourne	£73.64	£115.07	£149.59	£178.36	£230.14	£299.18	£68.25	£109.32	£143.84	£172.60	£207.12
Eastern Staffordshire	£63.33	£90.90	£107.01	£126.58	£172.60	£224.39	£57.53	£86.30	£101.26	£113.92	£155.57
Exeter	£79.27	£115.07	£143.84	£170.65	£218.63	£345.21	£72.49	£105.63	£130.61	£149.92	£195.62
Fylde Coast	£66.00	£90.90	£124.27	£138.08	£180.00	£218.25	£60.20	£85.00	£113.92	£132.33	£159.95
Gloucester	£66.74	£94.36	£120.82	£143.84	£192.74	£218.63	£57.88	£86.30	£113.92	£136.93	£177.90
Grantham & Newark	£58.50	£80.55	£103.56	£119.67	£161.10	£207.12	£53.50	£73.64	£96.66	£109.18	£149.59
Greater Liverpool	£57.53	£92.05	£115.00	£126.58	£159.95	£223.81	£50.00	£86.30	£103.56	£115.00	£143.84
Grimsby	£56.00	£75.00	£92.05	£97.81	£138.08	£169.73	£53.31	£70.00	£86.30	£92.05	£126.58
Guildford	£85.15	£172.60	£212.88	£276.16	£368.22	£543.12	£77.56	£159.95	£195.62	£241.64	£322.19
Halifax	£65.00	£86.30	£103.56	£115.07	£159.95	£184.11	£57.53	£76.53	£97.81	£109.32	£149.59

	Local Housing Allowance (LHA) June 2010						Local Housing Allowance 30th Percentile (Based on the June 2010 LHA).				
Broad Rental Market Area (BRMA)	1 Room	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Room	1 Bed	2 Bed	3 Bed	4 Bed
Harlow & Stortford	£77.50	£126.58	£159.95	£201.37	£276.16	£379.73	£70.38	£120.82	£149.59	£184.11	£238.77
Harrogate	£68.00	£109.32	£136.93	£159.95	£218.63	£345.21	£63.29	£103.56	£126.58	£149.59	£189.86
Herefordshire	£63.50	£94.36	£120.82	£143.84	£171.45	£226.69	£58.04	£88.60	£113.00	£132.33	£159.95
High Weald	£77.97	£136.93	£172.60	£224.38	£345.21	£483.29	£70.00	£126.58	£161.10	£201.37	£299.18
Hull & East Riding	£54.00	£73.64	£92.05	£113.92	£149.59	£166.85	£50.00	£67.89	£80.55	£103.56	£126.58
Huntingdon	£72.50	£103.56	£126.58	£149.59	£218.63	£281.92	£67.50	£99.50	£120.82	£143.84	£195.62
Inner East London	£102.50	£235.00	£300.00	£350.00	£430.00	£550.00	£91.10	£210.00	£265.00	£315.00	£400.00
Inner North London	£102.60	£245.00	£330.00	£425.00	£575.00	£700.00	£77.10	£215.00	£290.00	£370.00*	£478.00*
Inner South East London	£89.75	£184.11	£240.00	£299.18	£402.74	£530.00	£82.50	£172.60	£207.12	£264.66	£345.21
Inner South West London	£115.07	£231.00	£300.00	£379.73	£550.00	£775.00	£102.60	£210.00	£276.16	£333.70	£460.00*
Inner West London	£107.47	£240.00	£303.78	£395.00	£525.00	£812.50	£94.36	£220.00	£277.00	£333.70	£450.00*
Ipswich	£57.50	£95.51	£116.22	£136.93	£182.96	£253.15	£54.68	£90.90	£109.32	£126.58	£161.10
Isle of Wight	£67.00	£97.81	£126.58	£155.34	£195.62	£253.15	£54.00	£90.90	£115.07	£149.59	£172.60
Kendal	£67.50	£103.56	£126.58	£149.59	£184.11	£207.12	£63.80	£92.05	£115.07	£143.84	£172.60
Kernow West	£66.05	£109.32	£134.63	£155.34	£195.62	£228.99	£60.00	£103.56	£126.58	£146.14	£172.60
Kings Lynn	£62.50	£92.05	£115.07	£134.63	£182.96	£275.00	£57.50	£86.30	£109.32	£126.58	£166.85
Kirklees	£62.00	£85.00	£103.56	£120.82	£155.34	£195.62	£56.00	£74.79	£92.05	£113.92	£139.61
Lancaster	£57.00	£95.51	£120.82	£136.93	£156.49	£156.49	£50.00	£87.45	£113.92	£126.58	£138.08
Leeds	£68.44	£109.32	£126.58	£149.59	£205.97	£305.00	£63.32	£97.81	£115.07	£135.39	£172.60
Leicester	£56.50	£90.90	£113.92	£126.58	£172.60	£218.63	£55.00	£86.30	£109.32	£120.82	£158.70
Lincoln	£54.50	£89.75	£103.56	£120.82	£158.79	£195.62	£52.50	£80.55	£97.81	£109.32	£143.84
Lincolnshire Fens	£57.00	£90.90	£110.47	£126.58	£155.34	£160.53	£48.50	£80.55	£103.56	£115.07	£143.84
Lowestoft & Great Yarmouth	£65.00	£87.45	£109.32	£120.82	£155.34	£183.54	£62.31	£81.24	£102.21	£111.62	£143.84
Luton	£57.69	£115.07	£138.08	£161.10	£195.62	£276.16	£52.50	£109.62	£132.33	£155.34	£182.96
Maidstone	£72.50	£120.82	£149.59	£182.96	£230.14	£298.61	£67.50	£113.92	£143.84	£172.60	£207.12
Medway & Swale	£63.75	£109.32	£136.93	£155.34	£228.99	£276.16	£62.38	£101.03	£126.58	£143.84	£200.34

	Local Housing Allowance (LHA) June 2010						Local Housing Allowance 30th Percentile (Based on the June 2010 LHA).				
Broad Rental Market Area (BRMA)	1 Room	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Room	1 Bed	2 Bed	3 Bed	4 Bed
Mendip	£61.50	£97.81	£126.58	£155.34	£205.97	£241.64	£46.03	£90.90	£120.82	£148.44	£181.58
Mid & East Devon	£72.50	£97.81	£126.58	£149.59	£195.62	£233.02	£66.74	£90.90	£115.07	£143.84	£172.60
Mid Dorset	£68.08	£103.56	£130.03	£159.95	£205.97	£237.05	£66.30	£97.81	£122.90	£155.11	£186.41
Mid Staffs	£69.08	£97.81	£115.07	£136.93	£184.11	£228.99	£58.50	£90.90	£110.47	£126.58	£170.88
Milton Keynes	£71.00	£120.82	£149.59	£172.60	£230.14	£310.68	£66.00	£113.92	£138.08	£161.10	£212.88
Newbury	£71.36	£126.58	£159.95	£195.62	£264.66	£402.74	£67.77	£117.14	£149.59	£184.11	£241.64
North Cheshire	£60.00	£94.36	£110.47	£132.33	£182.96	£253.15	£55.23	£90.90	£103.56	£120.82	£161.10
North Cornwall & Devon Borders	£62.14	£97.81	£126.58	£143.84	£172.60	£207.12	£56.61	£90.90	£115.07	£136.93	£161.10
North Cumbria	£55.00	£85.73	£101.26	£120.82	£149.59	£159.95	£53.50	£80.55	£94.36	£110.47	£136.93
North Devon	£67.50	£96.66	£120.82	£143.84	£172.60	£207.12	£59.94	£90.90	£113.92	£132.33	£161.10
North Nottingham	£60.00	£80.55	£97.81	£109.32	£149.59	£177.21	£53.80	£74.79	£88.60	£97.81	£136.93
North West Kent	£70.38	£120.82	£149.59	£166.85	£253.15	£310.68	£65.86	£115.07	£142.68	£155.34	£209.42
North West London	£87.53	£172.60	£218.63	£276.16	£333.70	£439.00	£80.00	£166.85	£205.97	£258.90	£310.68
Northampton	£55.00	£103.56	£126.58	£138.08	£189.86	£247.40	£50.40	£96.66	£120.82	£132.33	£172.60
Northants Central	£58.00	£86.30	£109.32	£126.58	£167.08	£207.12	£58.00	£80.55	£100.57	£115.07	£149.59
Northumberland	£63.50	£80.28	£92.05	£113.92	£149.59	£172.60	£58.50	£74.79	£86.30	£103.56	£138.08
Nottingham	£64.00	£90.90	£113.92	£126.58	£172.03	£205.97	£59.06	£75.42	£103.56	£115.07	£143.84
Oldham & Rochdale	£57.53	£86.30	£103.56	£121.97	£155.34	£195.62	£52.96	£80.55	£97.81	£113.92	£143.84
Outer East London	£75.95	£165.00	£202.00	£253.15	£295.00	£350.48	£69.04	£160.00	£195.00	£230.14	£277.00
Outer North East London	£71.00	£149.59	£189.86	£230.14	£299.18	£425.76	£63.18	£143.84	£178.36	£207.12	£276.16
Outer North London	£87.50	£178.36	£230.00	£287.67	£380.00	£520.00	£74.30	£170.00	£218.63	£275.70	£345.53
Outer South East London	£79.40	£149.59	£184.11	£218.63	£293.42	£391.23	£69.53	£143.84	£172.60	£207.12	£264.66
Outer South London	£80.55	£155.34	£195.62	£241.64	£322.19	£402.74	£75.00	£149.59	£184.11	£218.63	£295.50
Outer South West London	£92.05	£189.86	£253.15	£299.18	£402.74	£577.00	£82.50	£178.36	£218.63	£276.16	£345.21
Outer West London	£85.34	£166.85	£207.12	£253.15	£310.68	£345.21	£77.50	£161.10	£195.62	£230.14	£276.16
Oxford	£79.59	£155.34	£184.11	£218.63	£299.18	£379.73	£69.04	£143.84	£172.60	£205.97	£276.16

	Local Housing Allowance (LHA) June 2010						Local Housing Allowance 30th Percentile (Based on the June 2010 LHA).				
Broad Rental Market Area (BRMA)	1 Room	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Room	1 Bed	2 Bed	3 Bed	4 Bed
Peaks & Dales	£71.00	£92.05	£115.07	£133.25	£165.70	£247.40	£63.50	£87.42	£109.32	£126.58	£149.59
Peterborough	£58.50	£92.05	£115.07	£136.93	£182.96	£230.14	£54.82	£88.60	£109.32	£126.58	£161.10
Plymouth	£68.12	£101.03	£126.58	£147.87	£195.62	£276.16	£64.44	£92.05	£115.07	£136.93	£178.36
Portsmouth	£68.08	£115.07	£143.84	£172.60	£230.14	£304.93	£65.20	£109.67	£136.93	£161.10	£218.63
Reading	£79.63	£149.59	£182.96	£207.12	£287.67	£362.47	£72.72	£138.08	£172.60	£195.48	£260.00
Richmond & Hambleton	£66.50	£90.90	£115.07	£136.93	£173.52	£241.65	£65.00	£86.30	£109.32	£126.58	£159.95
Rotherham	£58.50	£80.55	£100.00	£113.92	£149.59	£200.80	£58.50	£78.25	£90.90	£103.56	£136.93
Rugby & East	£66.50	£92.05	£113.92	£138.08	£182.96	£230.14	£58.50	£86.30	£109.32	£126.58	£172.60
Salisbury	£74.99	£126.58	£155.34	£182.96	£230.14	£299.18	£66.49	£120.82	£143.84	£172.60	£218.63
Scarborough	£49.00	£80.55	£109.32	£121.97	£143.84	£161.10	£48.00	£75.00	£97.81	£110.47	£126.58
Scunthorpe	£56.00	£75.00	£92.05	£103.56	£140.38	£172.60	£56.00	£70.00	£87.45	£97.81	£126.58
Sheffield	£65.00	£92.05	£113.92	£120.82	£155.34	£212.76	£60.00	£86.30	£103.56	£113.92	£139.81
Shropshire	£69.08	£92.05	£113.92	£136.93	£174.33	£230.14	£65.00	£87.45	£109.32	£126.58	£159.95
Solihull	£69.08	£115.07	£149.48	£166.85	£253.15	£355.56	£63.38	£113.92	£136.93	£149.59	£218.63
South Cheshire	£55.46	£90.00	£113.35	£126.58	£178.36	£230.14	£50.00	£80.55	£103.56	£120.82	£161.10
South Devon	£67.00	£98.96	£130.00	£155.34	£195.62	£253.15	£62.50	£92.05	£120.13	£144.99	£182.96
South East Herts	£76.37	£138.08	£178.36	£218.63	£293.42	£444.16	£69.04	£135.78	£166.85	£201.37	£272.01
South West Essex	£73.83	£126.58	£159.95	£184.11	£276.16	£345.21	£67.50	£115.07	£149.59	£172.60	£230.14
South West Herts	£83.08	£155.34	£195.62	£241.64	£391.23	£575.34	£74.99	£143.84	£184.11	£212.88	£333.70
Southampton	£67.89	£120.82	£155.34	£182.96	£253.15	£322.19	£61.37	£113.92	£143.84	£172.60	£228.99
Southend	£71.57	£113.92	£149.59	£184.11	£252.00	£322.19	£68.12	£109.32	£138.08	£172.94	£218.63
Southern Greater Manchester	£63.29	£103.56	£126.58	£149.59	£207.12	£298.03	£56.42	£96.66	£115.07	£136.93	£182.96
Southport	£65.00	£92.05	£126.00	£143.84	£178.36	£218.63	£65.00	£89.75	£115.07	£136.93	£171.45
St Helens	£61.00	£90.90	£103.56	£120.82	£172.60	£228.99	£59.98	£75.02	£97.81	£113.92	£149.59
Staffordshire North	£55.00	£80.55	£97.81	£115.07	£159.95	£205.97	£43.76	£74.22	£87.45	£103.56	£146.62
Stevenage & North Herts	£73.83	£126.58	£149.59	£182.96	£253.15	£344.63	£67.31	£115.07	£143.84	£172.60	£218.63

	Local Housing Allowance (LHA) June 2010						Local Housing Allowance 30th Percentile (Based on the June 2010 LHA).				
Broad Rental Market Area (BRMA)	1 Room	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Room	1 Bed	2 Bed	3 Bed	4 Bed
Sunderland	£45.00	£90.90	£109.32	£120.82	£160.53	£207.12	£43.00	£86.30	£100.00	£109.32	£149.59
Sussex East	£62.50	£92.00	£116.80	£161.10	£195.62	£275.01	£60.00	£86.30	£103.56	£143.84	£178.36
Swindon	£69.04	£103.56	£126.58	£161.10	£201.37	£276.16	£65.00	£99.54	£120.82	£149.59	£184.11
Tameside & Glossop	£58.00	£92.05	£103.56	£126.58	£169.73	£205.97	£54.31	£86.30	£100.11	£120.82	£149.88
Taunton & West Somerset	£67.58	£103.56	£126.58	£149.59	£195.62	£287.67	£62.95	£92.05	£119.67	£143.84	£182.96
Teesside	£49.00	£92.05	£103.56	£120.82	£159.95	£207.12	£43.50	£85.25	£94.82	£109.32	£149.59
Thanet	£60.00	£90.90	£120.82	£149.59	£184.11	£195.62	£56.57	£82.85	£113.92	£136.93	£165.82
Tyneside	£60.00	£92.05	£105.86	£126.58	£172.60	£207.12	£55.00	£86.30	£97.81	£113.92	£149.59
Wakefield	£55.27	£92.05	£109.32	£126.58	£157.65	£203.67	£52.99	£87.91	£103.56	£115.07	£149.59
Walton	£88.00	£161.10	£205.97	£264.66	£356.71	£529.32	£79.59	£155.34	£195.62	£237.96	£322.19
Warwickshire South	£63.29	£115.07	£143.84	£172.60	£228.99	£298.61	£59.00	£109.32	£136.93	£159.95	£205.97
West Cheshire	£65.00	£103.56	£126.58	£143.84	£195.62	£253.15	£63.00	£98.40	£115.07	£132.91	£182.96
West Cumbria	£60.00	£80.00	£96.66	£110.47	£159.95	£161.10	£55.00	£74.79	£87.45	£97.81	£135.55
West Dorset	£69.04	£113.92	£138.08	£166.85	£208.50	£276.16	£59.76	£103.56	£132.33	£155.34	£195.62
West Pennine	£59.00	£79.00	£86.30	£103.56	£149.59	£195.62	£55.83	£74.79	£85.00	£95.00	£138.08
West Wiltshire	£64.44	£103.56	£126.58	£154.19	£195.62	£230.14	£59.84	£97.81	£120.82	£143.84	£184.11
Weston-S-Mare	£68.27	£103.56	£126.58	£151.89	£195.62	£218.63	£62.10	£97.81	£120.82	£149.59	£182.96
Wigan	£62.00	£86.30	£97.81	£115.07	£149.59	£155.35	£57.57	£80.55	£92.05	£109.32	£138.08
Winchester	£74.79	£149.59	£189.86	£230.14	£299.18	£371.10	£69.04	£143.84	£172.60	£201.37	£287.67
Wirral	£64.44	£90.90	£113.92	£132.33	£159.95	£172.60	£56.38	£86.30	£103.56	£124.27	£143.84
Wolds and Coast	£68.00	£78.25	£96.66	£115.07	£138.08	£140.27	£61.00	£73.64	£89.75	£103.56	£122.27
Worcester North	£59.50	£97.81	£120.82	£136.93	£182.96	£210.00	£58.50	£90.90	£113.92	£126.58	£172.60

Broad Rental Market Area (BRMA)	Local Housing Allowance (LHA) June 2010						Local Housing Allowance 30th Percentile (Based on the June 2010 LHA).				
	1 Room	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	1 Room	1 Bed	2 Bed	3 Bed	4 Bed
Worcester South	£66.00	£103.56	£126.58	£149.59	£189.86	£230.14	£58.92	£94.64	£120.82	£138.08	£172.60
Worthing	£70.00	£115.07	£153.85	£182.96	£241.64	£299.18	£62.00	£109.32	£143.84	£172.60	£218.63
Yeovil	£63.43	£96.66	£126.58	£149.59	£201.37	£333.70	£60.00	£90.90	£118.52	£138.08	£182.96
York	£67.57	£113.92	£132.33	£149.59	£232.00	£323.80	£63.33	£103.56	£120.82	£136.93	£195.62

Notes:

* LHA rate w ill be subject to upper limit to be introduced for each property size from April 2011. These rates are as below:
£250 a w eek for a 1 bedroom property
£290 a w eek for a 2 bedroom property
£340 a w eek for a 3 bedroom property
£400 a w eek for a 4 bedroom property or larger.

The table of information above provides indicative figures show ing how the planned changes announced by the Chancellor of the Exchequer on 22 June could affect Local Housing Allow ance rates. It is not a statement of the rates that w ill apply. All figures are based on data used to produce the June 2010 LHA rates. The figures are indicative only, and not statements of fact.

The planned change from median to 30th percentile w ill not be introduced before October 2011. LHA rates are likely to change in the interim period.

Source:

Valuation Office Agency. *Emergency Budget 22 June 2010*

http://w w w .voa.gov.uk/LHADirect/LHA-emergency-budget-new s-2010.htm