South East

Impact of welfare reform on the South East housing market – opportunity or hindrance?

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The Chartered Institute of Housing

The Chartered Institute of Housing (CIH) is the professional body for people involved in housing and communities. We are a registered charity and not-for-profit organisation. We have a diverse and growing membership of over 22,000 people – both in the public and private sectors – living and working in over 20 countries on five continents across the world. We exist to maximise the contribution that housing professionals make to the wellbeing of communities. Our vision is to be the first point of contact for – and the credible voice of – anyone involved or interested in housing.

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'Shaping the housing and community agendas'

This paper is one of a series of briefing papers prepared to inform housing professionals about key current housing policy proposals and potential impacts. It builds on a series produced by the Chartered Institute of Housing (CIH) looking at transitional impacts, and develops it further to look at what the implications of the proposed policy changes are for the South East.

More policy papers are available on the **CIH website** and also at **CIH South East**. Currently the Welfare Reform Bill is being debated in parliament. Several organisations, including CIH, have highlighted a number of concerns details of which can be found in in the **joint briefing on the second reading of the Welfare Reform Bill**.

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1 BACKGROUND: WELFARE REFORM AND HOUSING BENEFIT

The UK has some fundamental economic and social weaknesses that continue to impact on citizens and businesses. Tackling the budget deficit is the first priority for the Coalition. A key element to achieve this is reform of the welfare system to reduce government expenditure on social security programmes, including housing benefit.

The housing benefit bill has risen from £11 billion in 2000-01 to £21 billion in 2010-11. Without reform expenditure is projected to reach £25 billion in 2014-15. Some reform was undertaken by the outgoing Labour administration but the Coalition is looking to introduce more radical reform and at a greater pace. The blueprint for the government's proposals were originally set out in the Centre for Social Justice report *Dynamic Benefits: Towards welfare that works*.[1]

The Welfare Reform Bill largely implements the radical proposals set out in the Dynamic Benefits report. The broad vision is to produce a major shift away from communities that are dependent on state welfare to build ones that are independent, labour oriented and part of a thriving workforce that is able to deliver on its economic, social and environmental objectives. Providing greater incentives for claimants to move from reliance on state welfare and into work is the underlying aim. In practice this may prove to be difficult in the current economic climate where employment opportunities are limited and the economy continues to face uncertainty and instability.

The core elements of the Welfare Reform Bill are as follows:

- the introduction of universal credit[2] (UC) that will combine all of the current income-related out of work benefits into a single benefit that will ensure that people will always be better off in work
- a new 'claimant commitment' that more clearly sets out what is expected of claimants in return for benefit while providing protection to those with the greatest needs
- reforming the way the local housing allowance (LHA) is set for private tenants on housing benefit so that future increases will be restricted to the general increase in prices with the aim to bring greater stability to the market and improve incentives to work
- disability living allowance (DLA), will be replaced by a new *personal independence payment* with entitlement being based on a score derived from tougher 'ESA style' medical test
- the current council tax benefit scheme with national rules set by the DWP will be replaced with local schemes where each local authority will set its own rules.

1 **www.centreforsocialjustice.org.uk/default.asp?pageref=266**
2 **www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/universal-credit/**

2 WHERE ARE WE NOW? WELFARE REFORM AND HOUSING BENEFIT CHANGES

The main feature of the government's plans to help ensure people are always better off in work is the introduction of universal credit (UC) from October 2013. UC will simplify the welfare system by combining the full range of income-related working age benefits (income support, income-based jobseeker's allowance, income-based employment and support allowance, child and working tax credits and housing benefit) into a single combined payment.

UC will initially apply only to new claims. Existing claims for all the benefits it replaces ('the legacy caseload') will continue alongside the new system until 2017. Transfers from the legacy caseload to the new system will take place as and when a major change of circumstance occurs. All the other remaining cases will be converted through a series of block transfers with the final transfers taking place in 2017. All of the existing benefits (including housing benefit) will be phased out by October 2017.

The government has planned to invest £580 million in establishing the new infrastructure required to administer the new benefit. Both the government and providers will need to adapt their existing systems to ensure that they are compatible.

The main features of universal credit are:

- the current system whereby several working-age benefits and tax credits exist side-by-side each with its own rules as to the rate at which it is withdrawn as earnings increase (a feature known as the 'taper') will be replaced by a combined payment with a single taper
- the amount the claimant may earn before benefit is withdrawn (the 'earnings disregard') are restructured and, in many cases, more generous
- UC will comprise four main elements: a 'standard allowance'; child allowances; housing costs (rent or mortgage interest), and other needs (disability, childcare costs)
- the housing costs element (for rent) will be broadly based on the reformed housing benefit scheme
- the award will be subject to a maximum limit (the 'overall cap') set by reference to national average earnings
- most claims will be made on-line (with an initial target of 50 per cent of claims) and in all cases will be administered by the Department for Work and Pensions (DWP)
- payments (including any housing costs element) will be made on a monthly basis and in most cases will be made to the claimant.

The unified taper, income disregards and housing costs element

The **unified taper** is meant to simplify calculation of benefit, make the system more transparent and ease the deepest part of the poverty trap (which occurs in the current system where several benefits are withdrawn concurrently). Initially the Centre for Social Justice recommended a taper rate of 55 per cent but the Bill proposes a rate of 65 per cent. The higher taper will result in lower awards that somewhat reduce the overall work incentive. Nevertheless the current highest overall rate of withdrawal will be reduced from 95 per cent to around 81 per cent.

Another central feature relates to the restructured earnings disregards which start at a higher level and increase with family size, but are also subject to a complicated system of deductions. In most cases tenants will be entitled to a similar disregard as at present but in some cases the amount is considerably more generous.

Despite these improvements it is disappointing that the Bill will abolish **extended payments** of housing benefit which are currently available when the long-term unemployed start back into work and are believed by many to be a highly effective work incentive.

The clauses in the Bill that relate to the **housing costs element** do not provide a guarantee that it will continue to be based on the actual rent the tenant pays and leaves open the possibility that the Department for Work and Pensions (DWP) will move to a more rough and ready system based on standard allowances at a later date. CIH has called for the housing element to continue to be based on actual rents in both sectors so that it takes account of local circumstances including rent inflation and ensures that at least 30 per cent of the market in the private sector remains affordable.

Payment of universal credit

Recently the Welfare Reform Minister Lord Freud announced that the government intends to consider the practical consequences of paying the housing costs element to tenants especially if they are vulnerable or need support to manage their finances. Five demonstration projects operating in England and Wales will explore the implications of direct payment to tenants and in particular will look into:

- switch-back mechanisms, where payment reverts back to the landlord if arrears build up, and repayment of any arrears to social landlords
- the provision of financial support and advice to tenants
- exceptions, where the payment should still go direct to the landlord.

Statistics on housing benefit and social security

Key housing benefit statistics	Other key social security statistics
• 4.88 million in the UK claiming housing benefit* • 1.3 million (27%) are aged 65+ • 2.7 million claimants (56%) are single with no dependant children – all ages • 1.1 million claimants (23%) are single with dependant children - all ages • 0.5 million claimants (10%) are couples with dependant children - all ages • 3.29 million housing benefit claimants live in social housing • 1.14 million housing benefit claimants live in the private rented sector • 279,000 housing benefit claimants are working • 570,000 housing benefit claimants are on JSA	**February 2011** • 5.8 million working age benefit claimants • 631 thousand people claiming employment and support allowance and 1.91 million on incapacity benefit • 12.8 million people of state pension age claiming DWP benefit • 3.19 million claiming of disability living allowance **May 2011** • 5.8 million claiming council tax benefit **June 2011** • Total Child Support Agency (CSA) case load stood at 1.4 million cases.

*Source: DWP Table 9a Housing benefit recipients by age group and family type: June 2010

Source: DWP quarterly statistical summary, August 2011

3 SUMMARY OF CHANGES AND IMPACT FOR THE SOUTH EAST

The South East has been associated with prosperity and substantial economic growth in the years before the recession. However, the region faces significant challenges from some of the policy reforms that have been introduced. The South East area is second to London in many areas of development and growth; it also has a severe shortage of affordable housing and pockets of deprivation. The average house price in the South East in 2010 was £284,379, over 12 times the regional income of £22,870.[3] In November 2010, the South East had over 88,000 families with children claiming income support and over three million households living in poverty between 2005-11.[4] The following figures help to highlight some of the difficulties that the South East faces.

Key South East indicators	South East figures
Disability living allowance (DLA) claimants by Feb 2011	322,570
Households in temporary accommodation (including those homeless and at home waiting for accommodation), 2003-10	3,680
Households accepted as homeless by local councils in the South East in 2010/11, rise of 17% on previous year.*	4,500
Local authority housing register by 2010 - number of households on the waiting list, increase of 5% on the previous year*	215,373
Repossession actions by Q2 2011 - selected county courts-number	3,525
Social housing stock, 1994-2010 – districts, number of dwellings	491,345
Unemployed and economically inactive between 2004-11	251,500 and 812,600

Source: East Sussex data figures; * Communities and Local Government (CLG) statistics, 2010 and 2011

Rising numbers on housing registers indicate the increasing demand for affordable housing in the South East. This trend will continue as unemployment rises and more people are financially constrained. There are over 800,000 people that have been classed as economically inactive. This presents risks to the development of the South East economy and action to support people gaining employment is a critical factor to strengthen the economy and build skills and capacity in the region. However, in these austere times, jobs are limited in many areas and the labour market needs significant support and incentives to deliver the additional work and training initiatives.

The housing market in the South East faces difficulties with affordability in almost all existing tenures. The shortages in the supply of affordable housing, the small proportion of social housing stock to meet demand (as stock has fallen through transfers and sales including the right-to-buy) all mean affordable housing options are extremely limited. Creativity in allocations in the social sector (e.g. looking at how transfers can

3 Land Registry data, 2000,2005 and 2010; Annual Survey of hours and Earnings(ASHE), 2000 and 2010
4 East Sussex data tables available at **ESiF**

produce a chain of lettings) balanced with affordable rental alternatives can help the sector but do not present long-term solutions. These include increased supply of housing overall, and pathways into ownership, which in turn should be on an affordable basis.

Welfare reform and the impact for the South East

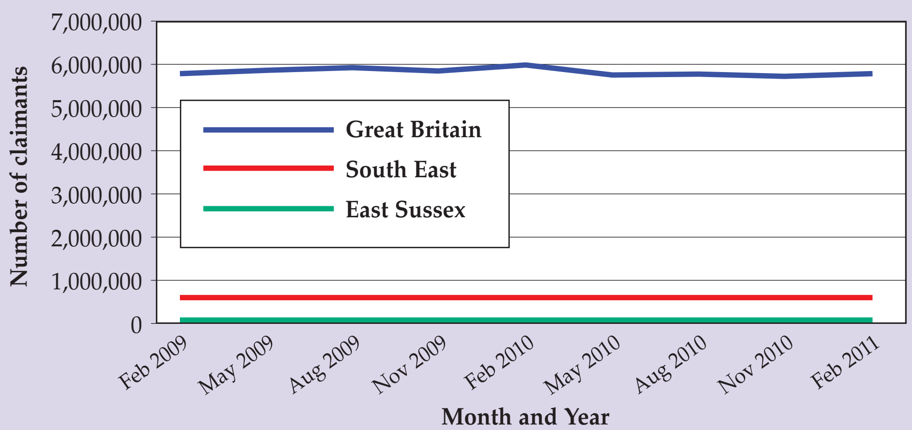
There are a number of reforms that have been introduced as outlined above. Other benefits are being phased out, for example incapacity benefit (IB) claimants will be transfered over to employment support allowance (ESA). ESA is a benefit that has replaced new claims for IB, severe disablement allowance and income support (IS). Claimants that have been receiving these as a result of sickness or, disability will be moved to ESA by 2014. There have been concerns raised about transitional impacts on claimants, for example it is predicted that up to 40 per cent of claimants will fail the medical tests and as result could be moved to jobseeker's allowance which is paid at a lower rate.

The introduction of similar checks and tests will possibly also mean people claiming disability living allowance (DLA), which is being replaced by the *personal independence payment* (PIP) will face reduction in their income. The South East has over 300,000 on DLA. It is also being proposed that the time required to qualify for PIP be increased to six months which is double the time under the existing DLA. This might prove difficult for applicants that are usually in need of immediate support upon becoming ill.

The household benefit cap for working age tenants

People of working age but not employed will, in future, not be allowed to claim more out of work benefits than the average wage. The maximum award that can be claimed will be capped at £26,000 per annum (£500 per week). The benefits included in this cap are: jobseeker's allowance (JSA), employment and support allowance (ESA), child benefit, child tax credit, council tax benefit, housing benefit and universal credit.

Working age claimants



There has been a steady decrease in the number of people claiming out of work benefits in the South East but as from February 2011, the numbers claiming rose again. It is difficult to predict the future trends but given the economic instability and constraints in spending capacity of individuals, this may mean that people seek more help.

The caps on total benefit entitlement will affect more expensive areas in the South East and it is one of the reforms that will have significant impact for people. The South East has over 250,000 people that are unemployed and a higher proportion that are economically inactive as outlined earlier. It is debatable if capping the benefit is enough to incentivise people into work, as that is also dependent on opportunities for employment. Within localities there needs to be greater local collaboration to assist in bringing people that can work back into employment.

Housing benefit for all tenants

Increased non-dependent deductions

Where a claimant has other adults living in the household that are not considered to be part of the family for benefit purposes such as adult children that may be sharing the home with their parents, reductions will be made to the amount of eligible benefit – non-dependent deductions – on the assumption that the adults can make a contribution to household expenses. This policy may lead some adult children to seek to leave home, but they may struggle to find an affordable alternative, due to other benefit changes, and this may also leave their parents under-occupying their home. Alternatively they could remain at home and reductions will be made to the parents benefits, which will result in shortfalls that will have to be made up, or arrears will accrue. Levels of deductions have been frozen in the past but, starting in April 2011, for the next three years these will increase by 20–30 per cent each year and thereafter, linked to prices.

TIP

Unemployment is very high. A more collaborative approach can be taken in promoting jobs available and offering support around this including advice on affordable housing options in the right locations. Greater insight into the local employment market and links to people that may skill up these markets is critical.

Housing benefit for social tenants and wider support for vulnerable households

The government is taking a very strong stand on under-occupation, to make best use of stock and address overcrowding, particularly in the social housing sector. People of working age under-occupying their home by one bedroom will lose up to 15 per cent of housing benefit and up to 25 per cent if under-occupying by two or more bedrooms. There are some negative outcomes for some claimants around these reductions, particularly those with disabilities who perhaps need extra room for family members/carers to support them.

Although tackling under-occupation is a significant measure to free up family housing, which is badly required in the South East, the measures need to be carefully implemented. The Coalition has made commitments to supporting disabled people and those who are vulnerable to remain at home, maintaining investment in the disabled facilities grant, but demand still exceeds capacity. Greater planning to deliver a wider provision of attractive housing options and help to move are important steps to encourage downsizing. This is applicable in all sectors of housing, not just the social sector. Housing professionals at the forefront, working with tenants, can perform a valuable role in recognising households that authorities can support to find solutions. The Making Best Use of Stock (MBUS) team,[5] within CIH, is a DCLG funded team aimed to help local authorities identify strategies to address this. Kent County Council has highlighted that under-occupation changes could impact on a large number of people within their boroughs and districts.

Another area of support that is being changed is the Social Fund which is usually used by poorer members of the community in need. Community care grants and crisis loans will be localised and under the remit of local authorities. The authorities will have control on the funding that is available but it is not expected that this funding will be ring fenced. As with the inclusion of un-ring fenced Supporting People grant in local formula grant settlements, local authorities are then forced to look at the provision of all services, and there is no guarantee that the funds available will be used for the intended purpose or if they will be forced to be diverted elsewhere, given the severe constraints on local authority finances.

Under the localism agenda, there will be significant differences in the level of investment and delivery mechanisms in different areas. It is possible that loans will be limited posing the real risk that many people will find themselves in deteriorating financial situations leading to increased debt and instability, and vulnerable to 'door-step lending'. There is a role here for authorities and partners to look at how they can

5 See: www.cih.org/MBUS

pool or draw in additional investment, establishing shared mechanisms across a close geographic spread. These partnerships can be focused on specific areas such as shared investment, perhaps for a 'new local funding pot' where authorities collectively build up a fund that can be used to continue to support some of the activities of the Social Fund. This does, however, require realistic assessment of each locality's priorities and capacity to deliver.

Housing benefit changes for private tenants

Significant changes have been introduced to the payment of local housing allowances for people in the private rented sector (PRS). In analysing the government's estimates on the impacts, the figures show that there will be annual reductions of up to £2,810 million of government spend on housing costs; £2,745 million will be savings made from housing benefit.

Setting LHA at the 30th percentile instead of the 50th percentile

LHA rates will be calculated on lower proportions of the rental market, that is the bottom 30 per cent of the market instead of the bottom 50 per cent within each local rental market area. This essentially suggests that 30 per cent of the market will be accessible to LHA claimants but there is no guarantee that all those seeking housing within this 30 per cent will be able to access a home that is affordable in this bracket. Tenants claiming LHA are therefore likely to have less access to properties that they can afford in their localities.

This could result in increased inter-regional migration forcing people to seek cheaper housing in less pricey locations. A clear risk to labour markets in expensive locations where the required workforce may be unable to find suitable affordable housing or alternatively be forced to spend a large proportion of their incomes on transport costs. This would pose problems for individuals and households as well as the economic development of these local economies. Affordable housing solutions, coupled with sustainable infrastructure and transport is important to provide a strong workforce, for successful economies.

Table 1 below highlights some of the areas affected by these changes and the number of people likely to face difficulty as a result of LHA being based on the 30th percentile. Brighton and Hove has by far the largest number of people in one- and two-bedroom properties to be affected by the change. There is a clear pattern with other areas such as the Isle of Wight, Milton Keynes, Thanet facing high numbers of claimants losing out in the one- and two-bedroom categories.

Table 1: Impact of setting LHA rates at 30th percentile – estimated number of LHA recipients losing or notionally losing

	Shared room	One-bed	Two-bed	Three-bed	Four-bed	Five-bed
Brighton and Hove UA	**0**	**4,200**	**2,500**	**500**	**60**	**0**
Isle of Wight UA	**0**	**1,530**	**1,120**	**350**	**50**	**0**
Medway UA	**0**	**1,630**	**1,900**	**690**	**70**	**30**
Milton Keynes UA	**0**	**1,220**	**1,750**	**740**	**110**	**20**
Portsmouth UA	**0**	**1,490**	**1,440**	**450**	**30**	**10**
Reading UA	740	760	1,070	280	30	10
Slough UA	410	640	1,060	360	70	30
Southampton UA	1,260	1,180	1,160	390	40	10
Eastbourne	0	1,050	870	280	30	0
Hastings	**0**	**1,790**	**1,070**	**310**	**50**	**10**
Shepway	0	1,070	890	300	40	10
Thanet	**650**	**2,070**	**1,540**	**550**	**100**	**30**
Arun	0	1,060	950	270	20	0

Source : DWP 2010 impact assesment

Increasing the upper age limit for the shared accommodation rate from 25 to 35 years old

In the past, the shared accommodation rate applied to single people under the age of 25 years old. The new shared accommodation rate (SAR – the rate for a room in shared accommodation) will be applied to an age limit of 35. The maximum amount of housing benefit that can be claimed by this group is now restricted to the rate for a single room in a shared property.

It has been estimated that 88,000 people will be affected by this change, 6,200 in the South East. Research conducted by the DWP indicate that at least 87 per cent of claimants will face shortfalls in the HB they receive. This will lead to an increased demand for shared housing or people facing significant shortfalls in their HB and the risk of increasing arrears and homelessness.

Table 2 below shows claimants on jobseeker's allowance (JSA) in the South East, majority of which fall under a similar age category of ages 25-34. In July 2011 over 30,000 people were on JSA in the South East. There is a high possibility that some of these claimants may require shared accommodation as they search for employment opportunities in various areas. Shared accommodation and one bedroom properties are popular options for single people and working young professionals in local jobs.

The difficulty is that shared accommodation can be scarce in some areas and the alternative may be one-bedroom properties which might be expensive and also unavailable to single people dependent on HB, either due to landlords' reluctance to take benefit claimants, or because they could not cover the difference between rent levels and HB.

Table 2: South East JSA claimant count by age, 2009-11 – districts

Month	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11
Total no. claimants	**127,445**	**134,850**	**139,430**	**138,500**	**136,675**	**135,340**	**132,210**	**135,830**
Age 20-24	22,500	24,035	25,525	25,165	24,820	24,310	23,485	25,920
Age 25-34	**28,995**	**30,795**	**31,760**	**31,785**	**31,315**	**31,255**	**30,725**	**30,940**
Age 35-44	27,510	29,130	29,550	29,510	29,180	29,210	28,640	28,670
Age 45-54	25,890	27,310	27,640	27,325	27,115	26,975	26,495	26,685

Appendix 1 shows a series of tables that show DWP assessments and in some tables CIH's calculations of the impacts as a result of the various reforms. Table 20 (Appendix 1) highlights the disparities in the number of LHA recipients loosing out and the average loss as a result of changes to the shared accommodation rate for those under 35 years; evidently some areas do not have high numbers affected (South Buckinghamshire, Canterbury, Wokingham) whilst Brighton, Medway, Hastings, Reading, Southampton, Thanet, Oxford and Worthing have more people facing higher levels of reductions.

Shortfalls in LHA as a result of changes under the shared room rate may also lead to an increase in demand for *discretionary housing payments (DHP)* as people find themselves struggling to make up the payments. Extreme hardship may also lead to increased arrears and in more severe cases, risk to homelessness. In almost all changes being made, the demand for DHP is highly likely to increase and be the only additional source of help with meeting higher costs that people face.

Although the government has increased discretionary housing payments, the increases will not have significant impact in addressing the shortfalls that people will face. Table 21 (Appendix 1) clearly shows the differences in the allocated DHP payments and the annual benefit shortfalls. Highlighted in red, annual benefit shortfalls in Brighton, Arun, Dover and Eastbourne are over one million and the percentage of DHP in relation to these shortfalls is very low. These are coastal areas which face a multitude of problems including adequate supply of suitable housing opportunities.

In yellow are higher proportions of DHP but this is in line with significantly lower benefit shortfalls in some areas that are not typically expensive rental markets. But this is not the case for all areas – Elmbridge is an expensive area which has over 700,000 benefit shortfall and the DHP allocated is not even half of the shortfall.

TIP

Assess the number of people that will be affected within this age category and provide some early advice and alternatives before people face difficulty. Work closely with job centres and other private organisations to highlight areas that have decent and affordable shared accommodation.

Benefit caps – the maximum LHA rates and the four-bed limit

A further change is the limit to the maximum LHA that will be paid – set at the level for a 4 bedroom property. Appendix 1, Table 16 shows impacts for the South East resulting from the combined measures introduced. Brighton and Hove, Medway, Hastings, Eastbourne and Portsmouth all show significantly high numbers of people affected in the one, two and three-bedroom properties category. This category, particularly the three-bedroom element has become increasingly popular as the demand for family homes rises in line with population and household changes.

LHA changes – What are the government policy objectives and the intended effects?

'The 2011 changes to the LHA arrangements will both significantly reduce the levels of rent met by housing benefit in expensive areas and apply downward pressure on expenditure more generally. Currently, people can pay high rents in some areas because of the availability of housing benefit. These changes will mean that people on benefit cannot choose to live in properties that would be out of the reach of most people in work and will result in a fairer and more sustainable housing benefit scheme. They will also begin to address disincentives to work in the current system created by high rates of benefit. The measures will achieve cash-term benefit savings of around £1 billion by 2014-15. To provide additional support for disabled people the changes also allow for an additional room for non-resident carers.'

Source: DWP impact assessment on changes to LHA arrangements, November 2010

A significant number of people rely on accommodation in the PRS, a tenure that has expanded to at least 15 per cent of the overall housing market today. The people that use the PRS usually cannot access social housing and are not in a position to be homeowners (due to difficulty in obtaining mortgages etc). A large proportion of economic migrants are reliant on the PRS, which allows them to access job opportunities and support labour markets in various areas. Following the social housing reforms, it is expected that in future the PRS will be utilised more, for example by local authorities in meeting their homelessness duty. There are, however, some concerns here about the condition and quality of housing within the PRS. A study that is being conducted following this will provide some insight into the challenges within the PRS in the South East.[6] In the South East approximately 39 per cent of PRS housing does not meet the Decent Homes Standard.

6 Contact the author for more information about the follow-up project on PRS.

Tenants in the PRS and receiving LHA can only claim a maximum amount for each property size; the overall limit is the rate set for a four-bedroom property (£400) and hence benefit allowance cannot exceed this. Although the caps will hit areas in inner London in particular, expensive areas of the South East will also be badly affected particularly areas with one- and two-bedroom properties but also with fewer available larger properties (four and five bedrooms).

This will mean that people with more expensive properties/large properties will have a shortfall to meet if they rely on HB. Table 3 below shows the numbers affected by restricting LHA levels to the four-bedroom rate and applying the maximum caps in many areas of the South East.

Table 3: Impact of restricting LHA levels to the four-bedroom rate and apply maximum weekly caps – estimated number of LHA recipients losing or notionally losing

Area	Five-bed – number of people affected
Brighton and Hove UA	20
Medway UA	**30**
Milton Keynes UA	**40**
Portsmouth UA	20
Slough UA	**50**
Southampton UA	20
Hastings	20
Oxford	20
Thanet	**30**
Shepway	20

Source: DWP 2010 impact assessment – see also Appendix 1, Table 19 for other area impacts

TIP

Monitor local area activity in terms of internal migration and increased demand for affordable housing options. A closer assessment and understanding of property sizes, occupants and forecasted demand for each will assist to analyse the real impacts.

Linking LHA rates to CPI

From 2013 LHA rates will be linked to the consumer price index (CPI) instead of being based on local market evidence. CPI is based on calculating costs of a combination of consumer goods but only around 5 per cent of the index relates to housing costs. Consequently, LHA rates are likely to become disconnected from actual rent levels. If rental inflation is much higher than CPI rate then tenants on LHA will find it difficult to access affordable housing within properties that are in the 30th percentile. The people that are to be affected by this include low income earners, pensioners and vulnerable groups unable to work.

As rents rise, there will be less property and a shrinking proportion of the market that will be available to tenants claiming LHA. Historically rents have risen by up to 70 per cent (between 1997 and 2007), meanwhile CPI rose only by 20 per cent.[7] The **CIH/BPF analysis** provides a more detailed study of the relationship between LHA and rental inflation. It highlights that since the introduction of LHA scheme up to March 2011, there has been a modest rise in rents. This review challenges the government's assumption that rent increases can be checked by reducing LHA rates.

7 National Housing Federation Briefing, 2010

Rent increases in the South East have risen at a higher rate than in England. The South East is one of the most expensive regions and has limited access to affordable housing. The region struggles with developing new housing due to a combination of reasons: high land costs; planning constraints; difficulty in finance; significant opposition to development and the desire to maintain a predominantly greenbelt area (about 80 per cent of the South East is made up of greenbelt[8]). Following the launch of *Laying the Foundations*, the **housing strategy 2011**, additional investment of £400m to provide 16,000 new homes from stalled projects has been announced. The proportion of South East homes amongst this is as yet uncertain. However, the Build Now, Pay Later scheme using freed-up public land can be useful to areas like the South East where land is difficult to access.

TIP

Monitor rental inflation in each local area and the impact this will have for private tenants and costs associated with using the PRS to house homeless households. Movements between areas will increase as people seek cheaper properties – is your area able to cope with a likely increase?

8 House of Commons, South East regional committee, *Housing in the South East, First report of the session 2009-10*, March 2010

4 IMPACT FOR SUPPORTED HOUSING AND VULNERABLE TENANTS

Despite the government securing £6.5 billion for the Supporting People programme in the Spending Review, funding for this programme has been significantly constrained and providers are encouraged to seek additional private funding to meet the needs of often vulnerable and elderly people, for example by designing services that are useful and attractive to self funders in their own homes. The inclusion of the Supporting People grant into the reduced local authorities' formula grant has impacted on the services that local authorities can now fund. Many authorities and providers are looking at how they can continue to maintain or reshape services. A significant number of authorities have had to cut spending, some by up to 60 per cent. Brighton and Hove City Council will need to cut expenditure by £54 million over the next three years.

In this climate, it is important for authorities and providers to work closer together, developing the right partnerships to address these difficulties and source other means of extra funding. Supporting People services have demonstrable benefits for care and particularly health costs. Local authorities and partners may consider how they might work with these services to attract other investments. CIH[9] argued for the importance of housing based solutions to address some of the challenges in the future for providing social care, as highlighted in the **Dilnot report**.

The DWP recently undertook a consultation: ***Proposals for change in the way housing benefit assists people living in supported housing within the social and voluntary sector with their rent***. The consultation focused on identifying appropriate means of administering HB to support vulnerable people so that these claimants are able to exercise choice and access specialist services that can enable them to live independently. The paper explores HB for supported housing; evaluating the potential of using LHA as a basis to calculate HB and using a simplified system to administer the benefit. It further outlines the various categories of supported housing. It is hoped that the simplified system that will be used will:

- recognise that supported housing carries higher costs but come with appropriate controls on levels of rent
- be clear about the types of additional activities that might be covered and those which would not
- be better targeted at those who need help
- be easier to understand and administer
- provide a predictable level of income for providers
- where necessary, use local expertise in setting the level of help available
- provide robust expenditure control and provide value for money
- compatible with UC.

The proposal categorises supported housing within two groups.

Group 1: people in **conventional supported housing** with low level support needs and possibly short term in nature (hostels, foyers, refugees, sheltered housing).

9 CIH response to Dilnot report: **www.cih.org/resources/policy/Consultation%20responses/Long%20Term%20Care%20Commission%20call%20for%20evidence.pdf**

Group 2: people with more **specific housing needs** (people that may need more intensive levels of personal care to help them live independently). The needs of this group go beyond services provided through mainstream supported housing. Housing for this category is specially adapted or built for this group.

For both groups, it is being proposed that HB is based on LHA. For the conventional supported housing, it is proposed that there is a system that takes into account higher housing costs, therefore to allow for additional payments to be made. In regard to people with more specific housing needs, on top of their rent, additional payments are proposed to be accessed through a 'supported housing fund' administered locally to meet additional cost.[10] Decisions about exact funding arrangements are being encouraged to be made locally by local authorities, perhaps given that local service provision and requirements will be different in each locality.

CIH has given a full response[11] to the consultation which welcomed some elements but raised concerns about:

- the lack of clarity and definitions for the two groups; in particular which schemes or client groups will be in group 2
- the move from a system that supports rights, entitlement and choice to a discretionary system
- the risks for providers in an area where many are considering retrenchment/withdrawal from provision.

Focusing on a regional example, Kent County Council provided a response to the consultation questions that were raised as shown in Appendix 2.

Kent's Supporting People programme funds most of their short-term supported housing, some long-term supported housing and self contained sheltered accommodation. For conventional supported housing Kent argues that, in working out the additional amount, it should not be a flat rate but be based on the standard additional facilities, building or management and fixed costs attached on a differential basis.

In regard to people with more specific housing need, Kent agrees that long-term supported housing should be treated on the same basis as mainstream housing. It is suggested that claimants should be able to apply for funding above the LHA level to meet additional cost through administrators of LHA.

The government paper further consults on another alternative to consider **wider reform**, therefore thinking in broader terms about how care, support and supervision is commissioned, provided and financed. Under this, it is queried if an alternative approach would be to remove extra help for supported people from housing benefit altogether to administer locally in same way as personal budgets.

Supported housing provided by **registered providers and registered social landlords** is currently included in the more generous rules on HB and local authorities treat providers in the same manner as mainstream social housing. Rent levels in mainstream social housing are kept below market rents and are often fully supported by HB. The consultation proposes to treat supported housing provided by registered providers and registered social landlords in the same way for HB purposes.

More detailed information on each of the proposal is outlined in the consultation. In broader terms, local authorities that administer these services will find it challenging to continue to provide the same levels of

10 DWP, July 2011, *Proposals for change in the way housing benefit assists people living in supported housing within the social and voluntary sector with their rent.*

11 CIH response: **www.cih.org/resources/policy/CIH%20briefing%20papers/Housing-Benefit-Reform-Supported-Housing-200911.pdf**

service provision and care given limitations in funding and resources. A number of local authorities evaluated the impacts of some of the changes prior to this consultation as highlighted in CIH's earlier report, ***Supporting People***.[12]

The housing sector should continue to seek closer engagement with health and care professionals and those who commission services, to promote better the contribution that housing can make in meeting more personalised care service provision. Housing has an important role for the prevention agenda, significant in minimising costs associated with care provision. Following the changes that the reform of the National Health Service and engaging with the new commissioning groups will be important for housing in the future.

The housing sector recognises the growth in the number of people requiring extra support and subsequently the necessity for more affordable housing that is adaptable to suit the needs of clients. It is difficult to establish how many new homes built under the affordable homes programme will be used to meet this growing need. To save costs and have effective solutions that are more suited to the individual, it is critical that, whatever funds are available, they are better targeted.

12 CIH (2010) *Supporting People in a time of pressure*

5 CONCLUSIONS AND RECOMMENDATIONS

The UK's economy is still fragile, with very slow growth. There are signals that times will continue to be difficult and constrained. Both citizens and businesses are feeling the strain of the pressures within the economy. The government intends to continue with the existing policy and fiscal rules to maintain focus on debt reduction. The government's ambitions for growth is still a primary focus and efforts are being made to reform policies to revive businesses – the recent measure of 'credit easing' being tailored to improve credit access for businesses.

The housing sector is facing many changes as key legislative measures are introduced. The Localism Act and the Welfare Reform Bill have particular significance. The many changes that have been outlined above present significant challenges for housing, more so because there is limited investment for the sector in particular financing models that can work within the current economic environment. Despite the government's investment in housing projects, announced in the housing strategy,[13] many hurdles remain before the housing market can start to see a closer balance between demand and supply. The market remains complex and volatile.

The introduction of UC and the preceding reforms in housing benefits are intended to deliver a welfare environment that incentivises work and supports growth. The critical element is the pace of the changes and the difficulties associated with implementation of some of the policies. There is clear indication that some policies being introduced will be difficult to implement in practice or may, in the current climate, have greater adverse impacts for many households. It is important that in these cases, the sector is quick to identify these disparities. It is likely that the sector will also need to be innovative in finding solutions that are not necessarily stimulated by government thinking, but that can be used to address issues on a long-term basis.

The cumulative impact of so many changes is that private landlords, already reluctant to let to benefit claimants, will increasingly target those in employment, reducing the housing options of those in receipt of HB. With tenants receiving HB payments directly to them, some households will struggle to balance the competing calls on their limited finances. Direct payments to tenants has also caused concerns for housing providers in relation to increased arrears and the costs and logistical challenges of different payment systems. These in turn could result in falls in steady stream of rental income that is heavily relied on by providers.

In response to the welfare and benefit changes that have been summarised, housing providers and professionals can prepare to meet these challenges by considering some of the tips highlighted in the document but also the following:

- analyse and understanding the impacts of these changes for your customers and business structures
- know your local areas so that you understand who might be affected, where, and the best approach to help them
- profile your area in terms of stock, stock conditions, rent levels and income levels
- work closely to monitor the impact for vulnerable people and those with severe disabilities.

13 See *Laying the Foundations*: **www.communities.gov.uk/publications/housing/housingstrategy2011**

- consider if your area is well placed to manage increased numbers of people seeking additional support (through your housing or health services) or can you work better in partnership with other authorities etc.
- is the area equipped with adequate support services (advice and counselling services)?
- can the housing allocations system handle the increased numbers seeking social housing? What are the alternatives?
- how can you work with the private rented market in your area: to monitor movements in the sector, to assess how well the PRS is prepared to respond to additional demand (e.g how many landlords will take tenants on housing benefit/UC?), issues of quality and standards etc.
- consider how to work across geographical boundaries with other authorities/partners to develop a pot of money for community support projects to add to what the government has in place
- map potential inter-regional migration and the impact to that particular local economy
- consider the practical challenges in adjusting systems to adapt for the UC system
- understand the longer term impacts of the policies and plan ahead.

APPENDIX 1: DWP AND CIH IMPACT ASSESSMENTS

Table 16: Combined impact: estimated number of LHA recipients losing or notionally losing

Estimated number of LHA recipients losing or notionally losing						
	Shared room	**1-bed**	**2-bed**	**3-bed**	**4-bed**	**5-bed**
Bracknell Forest UA	170	250	380	100	30	10
Brighton and Hove UA	**0**	**8,490**	**3,040**	**830**	**160**	**30**
Isle of Wight UA	0	1,970	1,170	410	60	10
Medway UA	0	2,190	2,020	770	210	60
Milton Keynes UA	0	2,280	1,860	790	230	60
Portsmouth UA	0	2,770	1,550	500	110	20
Reading UA	**770**	**870**	**1,200**	**330**	**70**	**20**
Slough UA	430	710	1,270	500	140	70
Southampton UA	**1,280**	**1,410**	**1,470**	**510**	**110**	**40**
West Berkshire UA	0	440	520	160	20	10
Windsor and Maidenhead UA	200	230	350	140	30	0
Wokingham UA	0	350	380	110	20	10
Aylesbury Vale	0	730	540	170	30	0
Chiltern	50	160	180	40	10	0
South Bucks	50	90	130	50	20	10
Wycombe	0	720	540	180	40	10
Eastbourne	**0**	**1,590**	**1,000**	**350**	**60**	**10**
Hastings	**0**	**2,280**	**1,120**	**360**	**70**	**30**
Lewes	220	540	640	230	60	10
Rother	160	550	550	190	50	10
Wealden	130	460	610	230	50	10
Basingstoke and Deane	220	280	460	150	20	10
East Hampshire	60	250	250	80	20	0
Eastleigh	170	300	460	130	30	10
Fareham	0	330	320	130	40	10
Gosport	0	660	540	190	30	10
Hart	60	110	180	80	10	0
Havant	0	650	600	230	50	10
New Forest	0	700	680	210	30	10
Rushmoor	0	770	410	140	40	0
Test Valley	0	320	350	100	20	0
Winchester	0	270	190	70	10	0
Ashford	0	570	620	230	50	10
Canterbury	**0**	**1,180**	**740**	**210**	**60**	**10**
Dartford	130	330	460	120	20	10
Dover	270	780	780	280	50	10
Gravesham	0	670	580	240	80	10
Maidstone	340	570	590	200	50	20
Sevenoaks	70	190	260	90	10	10
Shepway	0	1,340	960	340	80	20
Swale	240	800	1,100	400	100	20
Thanet	670	2,170	1,660	630	160	30
Tonbridge and Malling	0	320	270	100	20	0
Tunbridge Wells	130	370	350	100	20	0

Cherwell	0	780	710	200	30	10
Oxford	680	420	640	200	60	30
South Oxfordshire	130	210	330	100	30	10
Vale of White Horse	110	210	280	80	20	0
West Oxfordshire	0	420	300	120	20	0
Elmbridge	140	300	480	140	30	10
Epsom and Ewell	180	150	250	110	20	10
Guildford	290	370	510	170	30	10
Mole Valley	60	180	220	60	20	0
Reigate and Banstead	0	500	460	120	20	0
Runnymede	0	270	260	70	20	10
Spelthorne	150	240	430	130	20	10
Surrey Heath	0	270	190	70	20	0
Tandridge	80	170	290	80	20	10
Waverley	80	270	300	90	10	0
Woking	160	210	410	120	20	10
Adur	150	230	360	110	20	0
Arun	0	1,490	1,110	310	50	10
Chichester	0	530	400	140	30	10
Crawley	0	690	620	250	60	20
Horsham	120	360	370	90	20	0
Mid Sussex	160	360	420	130	20	0
Worthing	370	930	740	160	30	10

Table 17: Availability of accommodation in the PRS, based on April 2009 market evidence dataset information

Broad rental market area	**Current average estimate of availability of PRS accommodation**	**Post-reform average availability of PRS accommodation**
Central London	52%	7%
Inner North & West London	51%	25%
Inner South West London	51%	29%
Rotherham	57%	30%
Crawley & Reigate	**58%**	**30%**
Bridlington	51%	30%
Outer North London	53%	30%
West Pennine	53%	31%
Aberdeen and Shire	59%	31%
Bath	54%	31%
Inner East London	51%	31%
Highland and Isles	52%	31%
Swindon	52%	31%
Lincolnshire Fens	51%	31%
Menai	51%	31%
Wigan	57%	31%
Staffordshire North	56%	31%
Dundee and Angus	54%	31%
Central Glamorgan	56%	31%
Exeter	57%	31%
Yeovil	56%	31%
Greater Liverpool	52%	31%
Lowestoft & Great Yarmouth	51%	31%
Portsmouth	**51%**	**31%**
Kirklees	58%	31%
Cambridge	52%	31%

Mid Staffs	54%	31%
Teesside	51%	31%
Tyneside	54%	31%
Hull	53%	31%
York	60%	31%
Greater Glasgow	54%	31%
Bolton and Bury	52%	31%
Central Greater Manchester	52%	31%
Central Lancs	54%	32%
Newbury	**51%**	**32%**
Chichester & Sussex Downs	54%	32%
North Nottingham	52%	32%
Leeds	51%	32%
Wirral	53%	32%
North-East Greater Manchester	52%	32%
Swansea	53%	32%
High Weald	52%	32%
South West Essex	56%	32%
Devon South	52%	32%
North Cornwall	62%	32%
Wolds and Coast	52%	32%
Ashford	**51%**	**32%**
Forth Valley	52%	32%
Sussex East	55%	32%
Bradford & South Dales	58%	32%
West London	51%	32%
Fylde Coast	52%	32%
Chesterfield	52%	32%
Oxford	**52%**	**32%**
Wakefield	69%	32%
Lothian	53%	32%
Mid & East Devon	54%	32%
Guildford	**52%**	**32%**
North Devon	51%	32%
The Scottish Borders	51%	32%
Rural Monmouth	54%	32%
Delyn	55%	32%
Weston-S-Mare	52%	32%
Luton	56%	32%
Derby	51%	32%
Wrexham	51%	32%
Outer East London	54%	32%
Cheltenham	53%	33%
Cardiff & Vale	52%	33%
Brecon & Radnor	52%	33%
Medway & Swale	**55%**	**33%**
Bristol	55%	33%
North Cheshire	57%	33%
Darlington	52%	33%
Northumberland	52%	33%
Bridgend	55%	33%
Dover-Shepway	55%	33%
Durham	51%	33%
North Cumbria	58%	33%
Sheffield	55%	33%
Fife North	51%	33%

Leicester & Surrounds	52%	33%
Nuneaton & Hinckley	56%	33%
Scarborough	54%	33%
Outer South West London	51%	33%
West Wiltshire	58%	33%
Bournemouth	54%	33%
Peaks & Dales	56%	33%
Gloucester	51%	33%
Maidstone	**52%**	**33%**
West Lothian	67%	33%
Argyll and Bute	51%	33%
South West Herts	59%	33%
South Cheshire	54%	33%
Coventry	56%	33%
Carmarthen	54%	33%
East Thames Valley	52%	33%
Aylesbury	**53%**	**33%**
Walton	59%	34%
Lancaster	53%	34%
Herefordshire	55%	34%
Central Norfolk & Norwich	58%	34%
Chilterns	58%	34%
Chelmsford	52%	34%
Plymouth	51%	34%
Kings Lynn	54%	34%
Peterborough	55%	34%
Grimsby	55%	34%
Ipswich	53%	34%
Lincoln	52%	34%
Kendal	52%	34%
Basingstoke	54%	34%
Taunton & West Somerset	53%	34%
Barrow-in-Furness	56%	34%
Blackwater Valley	54%	34%
North West London	53%	34%
North Clwyd	53%	34%
Black Country	59%	34%
Okehampton & Launceston	62%	34%
Dumfries and Galloway	50%	34%
Barnsley	58%	34%
Solihull	53%	34%
East Cheshire	54%	34%
South Wales Valleys	53%	34%
Southport	53%	34%
Eastern Staffordshire	53%	34%
Rugby & East	58%	34%
Stevenage & North Herts	52%	35%
Reading	**57%**	**35%**
Nottingham	53%	35%
St Helens	54%	35%
Kernow West	52%	35%
Bury St Edmunds	55%	35%
Northampton	53%	35%
Sussex South	55%	35%
Harlow & Stortford	56%	35%
Outer South London	55%	35%

West Dorset	54%	35%
Severn Gateway	52%	35%
West Cumbria	56%	35%
Colchester	53%	35%
Richmond & Hambleton	51%	35%
Warwickshire South	55%	35%
South Lanarkshire	53%	35%
South East Herts	55%	36%
Worcester North	54%	36%
Mid Dorset	56%	36%
Thanet	53%	36%
West Sussex Coast	55%	36%
Brighton and Hove	**52%**	**36%**
Birmingham	58%	36%
Grantham & Newark	51%	36%
Worcester South	55%	36%
Welshpool & Newtown	51%	36%
Mendip	62%	37%
Sunderland	54%	37%
Southend	56%	37%
Outer South East London	54%	37%
West Dunbartonshire	54%	37%
Bedford	57%	37%
Tremadog Bay	56%	37%
Southern Greater Manchester	54%	37%
Ayrshire	60%	37%
North Lanarkshire	55%	37%
Scunthorpe	53%	37%
Milton Keynes	**59%**	**37%**
North West Kent	55%	37%
Doncaster	52%	37%
Isle of Wight	**54%**	**37%**
Salisbury	55%	37%
East Lancs	56%	37%
Salop	53%	38%
Harrogate	52%	38%
West Cheshire	53%	38%
Cherwell Valley	55%	38%
Halifax	58%	39%
Renfrewshire / Inverclyde	56%	39%
Canterbury	**51%**	**39%**
Outer North East London	56%	39%
Winchester	**53%**	**39%**
East Dunbartonshire	62%	40%
Fife South	52%	40%
Northants Central	54%	41%
Southampton	**53%**	**41%**

Table 18: Impact of setting LHA rates at the 30th percentile – caseload

Estimated number of LHA recipients losing or notionally losing						
	Shared room	One-bed	Two-bed	Three-bed	Four-bed	Five-bed
Bracknell Forest UA	170	240	380	100	30	10
Brighton and Hove UA	0	4,200	2,500	500	60	0
Isle of Wight UA	0	1,530	1,120	350	50	0
Medway UA	0	1,630	1,900	690	70	30
Milton Keynes UA	0	1,220	1,750	740	110	20
Portsmouth UA	0	1,490	1,440	450	30	10
Reading UA	740	760	1,070	280	30	10
Slough UA	410	640	1,060	360	70	30
Southampton UA	1,260	1,180	1,160	390	40	10
West Berkshire UA	0	280	480	150	10	0
Windsor and Maidenhead UA	200	200	310	110	20	0
Wokingham UA	0	190	340	100	10	0
Aylesbury Vale	0	410	490	120	10	0
Chiltern	40	120	160	40	10	0
South Bucks	50	70	120	50	10	10
Wycombe	0	370	470	140	10	0
Eastbourne	0	1,050	870	280	30	0
Hastings	0	1,790	1,070	310	50	10
Lewes	210	450	530	120	20	0
Rother	150	530	530	170	30	10
Wealden	120	420	550	180	30	0
Basingstoke and Deane	220	240	430	140	10	0
East Hampshire	60	200	210	70	0	0
Eastleigh	170	260	430	110	10	0
Fareham	0	220	300	110	10	0
Gosport	0	380	480	150	10	0
Hart	60	100	160	70	10	0
Havant	0	400	570	210	20	0
New Forest	0	470	620	190	10	0
Rushmoor	0	230	330	110	10	0
Test Valley	0	200	300	70	10	0
Winchester	0	130	160	50	10	0
Ashford	0	310	580	200	20	10
Canterbury	0	600	670	180	20	0
Dartford	130	310	410	120	10	0
Dover	270	720	700	230	20	0
Gravesham	0	460	490	200	20	0
Maidstone	320	450	520	160	30	10
Sevenoaks	60	170	230	70	10	0
Shepway	0	1,070	890	300	40	10
Swale	240	690	1,020	370	30	10
Thanet	650	2,070	1,540	550	100	30
Tonbridge and Malling	0	220	240	70	10	0
Tunbridge Wells	130	300	300	60	10	0
Cherwell	0	400	610	170	10	0
Oxford	670	350	580	190	30	10
South Oxfordshire	120	160	300	80	10	0
Vale of White Horse	110	180	250	60	10	0
West Oxfordshire	0	230	220	70	0	0
Elmbridge	130	270	430	120	10	0
Epsom and Ewell	170	130	230	100	10	10
Guildford	280	280	410	120	20	0

Mole Valley	60	150	180	50	10	0
Reigate and Banstead	0	310	400	110	10	0
Runnymede	0	150	220	50	10	0
Spelthorne	140	210	370	100	10	0
Surrey Heath	0	110	170	60	10	0
Tandridge	70	150	260	70	10	0
Waverley	70	180	250	70	0	0
Woking	160	160	320	80	10	10
Adur	150	210	310	70	10	0
Arun	0	1,060	950	270	20	0
Chichester	0	340	350	110	10	0
Crawley	0	310	510	200	10	0
Horsham	120	300	320	70	10	0
Mid Sussex	150	290	360	110	10	0
Worthing	**370**	**850**	**670**	**130**	**20**	**0**

Table 19: Impact of restricting LHA levels to the four-bedroom rate – caseload

Estimated number of LHA recipients losing or notionally losing	Five-bed
Bracknell Forest UA	10
Brighton and Hove UA	**20**
Isle of Wight UA	10
Medway UA	**30**
Milton Keynes UA	**40**
Portsmouth UA	20
Reading UA	10
Slough UA	**50**
Southampton UA	**20**
West Berkshire UA	10
Wokingham UA	10
South Bucks	10
Wycombe	10
Eastbourne	10
Hastings	**20**
Lewes	10
Rother	10
Basingstoke and Deane	10
Gosport	10
Havant	10
New Forest	10
Ashford	10
Canterbury	10
Gravesham	10
Maidstone	10
Sevenoaks	10
Shepway	**20**
Swale	10
Thanet	**30**
Oxford	**20**
Epsom and Ewell	10
Guildford	10
Woking	10
Arun	10
Crawley	10

Table 20: Impact of extension of shared accommodation rate to 35 years of age

Estimated number of those losing or notionally losing, by local authority	Losers or notional losers	% of total one-bedroom caseload	Average loss per loser, £ per week
Bracknell Forest	40	-0.16	-42
Brighton and Hove	840	-0.15	-51
Isle of Wight	220	-0.16	-35
Medway	270	-0.17	-35
Milton	290	-0.25	-45
Portsmouth	270	-0.18	-42
Reading	220	-0.25	-60
Slough	160	-0.22	-56
Southampton	310	-0.22	-45
West Berkshire	50	-0.16	-51
Windsor and Maidenhead	50	-0.21	-56
Wokingham	20	-0.11	-63
Aylesbury Vale	70	-0.15	-40
Chiltern	20	-0.15	-46
South Buckinghamshire	10	-0.16	-54
Wycombe	70	-0.18	-49
Eastbourne	**150**	**-0.14**	**-36**
Hastings	310	-0.19	-24
Lewes	60	-0.11	-48
Rother	50	-0.08	-25
Wealden	50	-0.11	-41
Basingstoke and Deane	50	-0.17	-50
East Hampshire	30	-0.13	-46
Eastleigh	60	-0.19	-46
Fareham	20	-0.09	-43
Gosport	80	-0.19	-40
Hart	20	-0.17	-51
Havant	60	-0.14	-43
New Forest	30	-0.06	-46
Rushmoor	50	-0.17	-50
Test Valley	20	-0.07	-51
Winchester	20	-0.12	-52
Ashford	40	-0.11	-47
Canterbury	10	-0.05	-45
Dartford	70	-0.21	-46
Dover	120	-0.15	-30
Gravesham	110	-0.21	-44
Maidstone	90	-0.16	-41
Sevenoaks	20	-0.1	-51
Shepway	150	-0.15	-30
Swale	110	-0.14	-35
Thanet	330	-0.15	-25
Tonbridge and Malling	30	-0.11	-49
Tunbridge Wells	70	-0.18	-48
Cherwell	70	-0.16	-48
Oxford	110	-0.26	-69
South Oxfordshire	30	-0.16	-62
Vale of White Horse	20	-0.11	-57
West Oxfordshire	30	-0.12	-63
Elmbridge	50	-0.17	-73
Epsom and Ewell	30	-0.17	-72
Guildford	40	-0.11	-74

Mole Valley	30	-0.16	-56
Reigate and Banstead	30	-0.1	-54
Runnymede	30	-0.15	-69
Spelthorne	40	-0.15	-71
Surrey Heath	20	-0.13	-51
Tandridge	20	-0.1	-59
Waverley	50	-0.17	-55
Woking	40	-0.18	-70
Adur	30	-0.12	-51
Arun	130	-0.12	-43
Chichester	40	-0.1	-47
Crawley	60	-0.17	-55
Horsham	40	-0.12	-51
Mid Sussex	50	-0.13	-51
Worthing	130	-0.14	-43
South East	**6240**	**-0.12**	**-45**

Table 21: Discretionary housing payments in relation to shortfalls in benefits

Local authority	DHP allocation 2011-12	Annual benefit shortfalls	DHP as % of shortfall
Adur	21,421	475,800	4.5%
Arun	80,180	1,287,520	6.2%
Ashford	42,111	468,000	9.0%
Aylesbury Vale	37,836	696,800	5.4%
Basingstoke and Deane	42,407	608,400	7.0%
Bracknell Forest	21,716	520,000	4.2%
Brighton and Hove	387,835	7,101,120	5.5%
Canterbury	48,030	729,040	6.6%
Cherwell	90,326	664,040	13.6%
Chichester	129,619	466,440	27.8%
Chiltern	38,759	292,760	13.2%
Crawley	52,388	625,560	8.4%
Dartford	25,507	535,600	4.8%
Dover	71,209	1,011,920	7.0%
East Hampshire	23,066	291,720	7.9%
Eastbourne	88,847	1,029,080	8.6%
Eastleigh	20,028	598,000	3.3%
Elmbridge	126,926	745,680	17.0%
Epsom and Ewell	32,780	542,880	6.0%
Fareham	23,076	307,320	7.5%
Gosport	18,358	549,120	3.3%
Gravesham	22,864	741,000	3.1%
Guildford	43,929	900,640	4.9%
Hart	13,872	203,320	6.8%
Hastings	98,509	2,026,960	4.9%
Havant	33,584	602,680	5.6%
Horsham	34,414	432,640	8.0%

Isle of Wight	65,820	1,774,240	3.7%
Lewes	58,716	888,160	6.6%
Maidstone	109,924	744,120	14.8%
Medway	109,500	2,748,200	4.0%
Mid Sussex	25,054	505,440	5.0%
Milton Keynes	94,404	2,779,920	3.4%
Mole Valley	23,365	288,080	8.1%
New Forest	57,765	743,600	7.8%
Oxford	105,520	1,518,400	6.9%
Portsmouth	95,125	1,827,280	5.2%
Reading	102,237	2,207,920	4.6%
Reigate and Banstead	25,106	438,880	5.7%
Rother	73,222	838,240	8.7%
Runnymede	20,996	351,520	6.0%
Rushmoor	15,303	335,400	4.6%
Sevenoaks	46,746	366,080	12.8%
Shepway	54,651	1,407,120	3.9%
Slough	82,579	2,912,000	2.8%
South Bucks	27,737	433,680	6.4%
South Oxfordshire	27,489	457,600	6.0%
Southampton	100,882	2,508,480	4.0%
Spelthorne	25,811	605,280	4.3%
Surrey Heath	17,589	197,600	8.9%
Swale	83,537	1,314,040	6.4%
Tandridge	29,291	330,200	8.9%
Test Valley	29,957	317,720	9.4%
Thanet	75,708	2,415,400	3.1%
Tonbridge and Malling	32,834	324,480	10.1%
Tunbridge Wells	35,904	616,200	5.8%
Vale of White Horse	24,533	370,240	6.6%
Waverley	42,011	472,160	8.9%
Wealden	81,775	592,280	13.8%
West Berkshire	59,456	654,160	9.1%
West Oxfordshire	23,385	372,320	6.3%
Winchester	20,708	249,080	8.3%
Windsor and Maidenhead	75,801	687,440	11.0%
Woking	33,480	819,000	4.1%
Wokingham	18,060	460,200	3.9%
Worthing	38,742	1,140,360	3.4%
Wycombe	57,617	840,320	6.9%
South East	**3,797,937**	**63,306,880**	**6.0%**

Source: DWP and CIH assessment

APPENDIX 2: THE KENT SUPPORTING PEOPLE PROGRAMME RESPONSE

Conventional supported housing

1. **What types of supported housing are available and how do you suggest they be identified and grouped?**

   The Kent Supporting People programme funds the majority of short-term supported accommodation (shared and self contained) and some long-term supported accommodation (shared and self contained), sheltered accommodation (which is all self contained but includes bedsit-type accommodation) and some extra care provision. The programme also funds supported lodgings (for people moving on from foster care) and some adult placements and two units of shared ownership.

   Accommodation funded by the Kent Supporting People programme should be grouped as short term accommodation (maximum two years), long-term accommodation and sheltered accommodation and extra care sheltered accommodation. Long term supported housing tends to be a home for life and should be treated as such as should sheltered and extra care sheltered.

   Adult Social Services/Children Social Services also fund some supported housing and extra care sheltered services, supported lodgings and adult placements and shared ownership which receives no funding from the Supporting People programme.

2. **Should there be different geographical rates for each type of identifiable supported housing, such as hostels, sheltered housing or refuges or should a single rate be applied?**

   The Supporting People programme in Kent would like to see the same level of cost applied across the county for short term supported housing. In long term supported accommodation, sheltered and extra care sheltered accommodation differential rates should apply to those for short term supported accommodation.

3. **What types of additional activities or resources are typical of supported housing and how should these be quantified into a weekly amount per unit?**

   In short term supported accommodation, additional cost should be added to benefit rates. Higher build cost and housing management should be recognised.

4. **Should an amount for additional help be worked out using a flat rate addition representing typical additional costs or should a different method be used? Please tell us what you think are the advantages of your preferred option.**

   The additional amount should be looked at on the basis of standard additional facilities, building or management and fixed costs attached on a differential basis. Therefore there may also need to be additional consideration relating to client group: housing management cost is likely to be higher in services for often highly mobile vulnerable people such as single homeless.

People with more specific housing needs

5. **What types of supported housing would fall into this group and how do you suggest they should be identified?**

   Long-term supported housing should be treated on the same basis as mainstream housing. Individuals should be able to apply for funding above the Local Housing Allowance level to meet additional cost via the administrators of LHA and its successors (Universal Credit). This type of accommodation is in general provided for people with mental health problems, learning disabilities, physical disabilities and older people.

6. **What types of higher housing costs are typical of this type of supported housing, that are over and above adaptations or specialist equipment which have funding sources elsewhere, and how should these be quantified?**

   We do not think that there are necessarily additional costs over and above special adaptations or specialist equipment that cannot be met by personal care.

7. **Would the additional help for those with very individual housing needs be better met from separate funding administered by local authorities, expert in providing housing and/or care in the community?**
   This should be funded by local authorities that provide care in the community (Social Services).

8. **Which tier of local government should have responsibility for deciding how extra help should be allocated? And, which department within a local authority do you think is best placed to manage the allocation of this funding?**
   The decision should be made by Kent County Council.

9. **Should a different method be used? If so please explain.**
   No.

10. **How can funding be made sufficiently flexible to changing caseloads and demands without being unlimited or increasing unit costs compared to the existing system?**
    Personalisation and individualised budgets/direct payments.

A wider reform than these

11. **Is there a case for considering housing costs more fundamentally within a wider context by having the extra help with supported housing taken out of housing benefit altogether and administered locally in the same way as Personal Budgets?**
    Not in short-term supported accommodation but in long-term supported accommodation.

12. **Would this sort of approach only be appropriate for those that live in more specialised or adapted properties?**
    As in 11.

Supported housing of registered providers

13. **Should the supported housing of registered providers and social landlords be treated in the same way, for HB purposes, as their mainstream housing?**
    There should be a differential in treatment between short term supported and long term supported accommodation.

14. **What do you think of the proposed categorisation of supported housing; is there a sound basis for treating these three types of supported housing differently? (registered providers, those who can be identified by their accommodation type and those with more intense, individual needs)**
    The differential should be between short term and long term supported accommodation no matter who the provider is.

15. **Is the process of rent-officer referral sufficient to ensure that only 'reasonable' supported accommodation costs are met in the registered provider sector? Are there ways in which the rent referral process could be improved?**
    The rent officer should deal with all short term supported accommodation within a district/borough context until and unless a different model is applied, ie the application of Universal Credit (DWP or its successor agents).

Transitional arrangements

16. **How do you think the new rules should be introduced?**
    The rules should be introduced at the same time as Universal Credit.

About CIH

CIH is committed to supporting housing professionals and the sector to address the challenges arising from housing benefit and welfare reform, as well as the other changes being introduced.

CIH continues to raise the issues arising from housing benefit and welfare reform and its impacts for tenants and businesses. For some of our impacts see: **www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Still_worried_about_welfare_reform_still_more_to_do**

Free briefing papers are available which will inform you about the implications of the Welfare Reform Bill and housing benefit changes:

- Welfare reform **www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Welfare_reform**
- Housing benefit **www.cih.org/policy/display/vpathDCR/templatedata/cih/policy/data/Housing_Benefit**

Housing benefit calculator

This is a tool to help organisations assess the impacts of housing benefit changes for tenants and businesses. It enables you to:

- Estimate the number of tenants at risk of losing housing benefit
- Estimate the possible impact on future arrears
- Support business planning and informed decision making
- It is regularly updated as new announcements are made, keeping you up to date with the latest intelligence.

The housing benefit calculator can be provided in a range of packages from one which provides the calculator with telephone and email support through to more bespoke and intensive support.

For more details see: **www.cih.org/housingbenefitcalculator**

CIH SE has produced a number of publications that develop key housing issues in relation to the region. Find these at: **www.cihse.co.uk**

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