

At home in Tewkesbury Borough

A housing strategy for our borough 2017-2021

Appendix 1b: Our Local Evidence – Homelessness Prevention



This page is intentionally left blank

Contents

1	List of charts and tables	Page	4
2	Introduction	Page	5
3	Homelessness in Tewkesbury Borough	Page	6
3.1	Homelessness acceptances	Page	6
3.2	Homelessness prevention decisions	Page	9
3.3	Reason for loss of last settled home	Page	11
4	Rough Sleeping	Page	15
4.1	Defining rough sleeping	Page	15
4.2	Rough sleepers count	Page	15
5	Impact of Welfare Reform	Page	18
5.1	General statistics about the cohort	Page	19
5.2	Characteristics of households affected by the LHA cap	Page	19
5.3	Analysis of the Benefit Cap	Page	20
5.4	Cumulative impact of Welfare Reform	Page	23
5.5	The impact of Universal Credit	Page	23
5.6	In-work conditionality	Page	26
5.7	The minimum income floor	Page	27
5.8	Moving out of Universal Credit	Page	27
6	Changes to benefits for young people	Page	28
7	The National Living Wage and increased personal living allowance	Page	28
8	Rents	Page	29
8.1	Median rents	Page	29
8.2	Social housing 'Rent in Advance'	Page	29
8.3	Affordable Rents	Page	30
8.4	Housing Benefit capped at LHA rates for social rents	Page	31
8.5	Pay to Stay	Page	31
8.6	Rent comparisons across the sectors	Page	32

1 List of charts and tables

Chart 1	UK Homelessness acceptances	Page 6
Chart 2	The trends of homeless acceptances and households in temporary accommodation	Page 7
Chart 3	Total approaches over the last 5 financial years by quarter: Tewkesbury Borough	Page 7
Chart 4	Homeless approaches, accepted homeless case and successful preventions: Tewkesbury Borough, by year, 2011/12 to 2015/16	Page 9
Chart 5	Homelessness preventions in Tewkesbury Borough where household was able to remain in their existing home, October 2015-September 2016	Page 10
Chart 6	Homelessness prevented or relieved in Tewkesbury Borough where households moved to alternative accommodation, October 2015-September 2016	Page 10
Chart 7	National homelessness by reason: UK	Page 11
Chart 8	Snapshot numbers of households in B&B: Tewkesbury Borough	Page 12
Chart 9	Households placed in B&B, average length of stay and cost per household per placement day: Tewkesbury Borough	Page 13
Chart 10	Total households placed in temporary accommodation: Tewkesbury Borough	Page 14
Chart 11	Rough sleepers in Tewkesbury Borough, by gender and household type, April 2015-September 2016	Page 17
Chart 12	Number in the cohort affected by the Benefit Cap: Tewkesbury Borough	Page 21
Chart 13	Percentage of those that will be capped by household type: Tewkesbury Borough	Page 21
Chart 14	Number of households affected by impact level: Tewkesbury Borough	Page 23
Chart 15	The impact of Universal Credit for Tewkesbury Borough cohort on household income in 2016	Page 25
Chart 16	Number and type of households affected: Tewkesbury Borough	Page 26
Chart 17	Median rents in private rented housing, social housing and the Housing Benefit rates, by bedroom size and cost (in pounds) in Tewkesbury Borough, 2016	Page 33
Table 1	Main reason for loss of last settled home of accepted homeless cases: Tewkesbury Borough 2015/16	Page 11
Table 2	Table 2: Number of rough sleepers reported to DCLG in the P1E returns, Tewkesbury Borough compared to the South West and England for the year 2011 to 2015	Page 16
Table 3	Rent uprating in the social and private sectors, from 2015 to 2020: Tewkesbury Borough	Page 22
Table 4	A summary of the reduction of work allowances by household type: Tewkesbury Borough	Page 24
Table 5	Earnings required to move out of entitlement to Universal Credit	Page 27
Table 6	Median rent (before Housing Benefit) by type of accommodation, full household sample	Page 29
Table 7	Impact of Localism Act 2011	Page 29

2 Introduction

This document outlines the evidence gathered by Tewkesbury Borough Council showing the homelessness context in which the council is working.

We have used this evidence as part of identifying our 4 key priorities for housing and homelessness along with key objectives for the next 5 years. Priority 2 of the Housing Strategy 2017-2021 is Homelessness and Homelessness Prevention.

The Housing Strategy will link with the priorities outlined in the Council Plan 2016-2020, set out the council's priorities and objectives for housing, and appropriate activities that will help us to meet our statutory housing duty under the Housing Act 1996.

Housing is a priority in the Tewkesbury Borough Council Corporate Plan because:

“We recognise how important it is for residents to be able to access good quality housing and housing related services that make a real difference to their lives.

“Not only is housing important for the health and well-being of residents it is also an important part of building and maintaining strong communities and supporting the economic prosperity of the borough.”

Tewkesbury Borough Council recognises that access to quality affordable housing underpins the success of our area and all of the overarching corporate priorities.

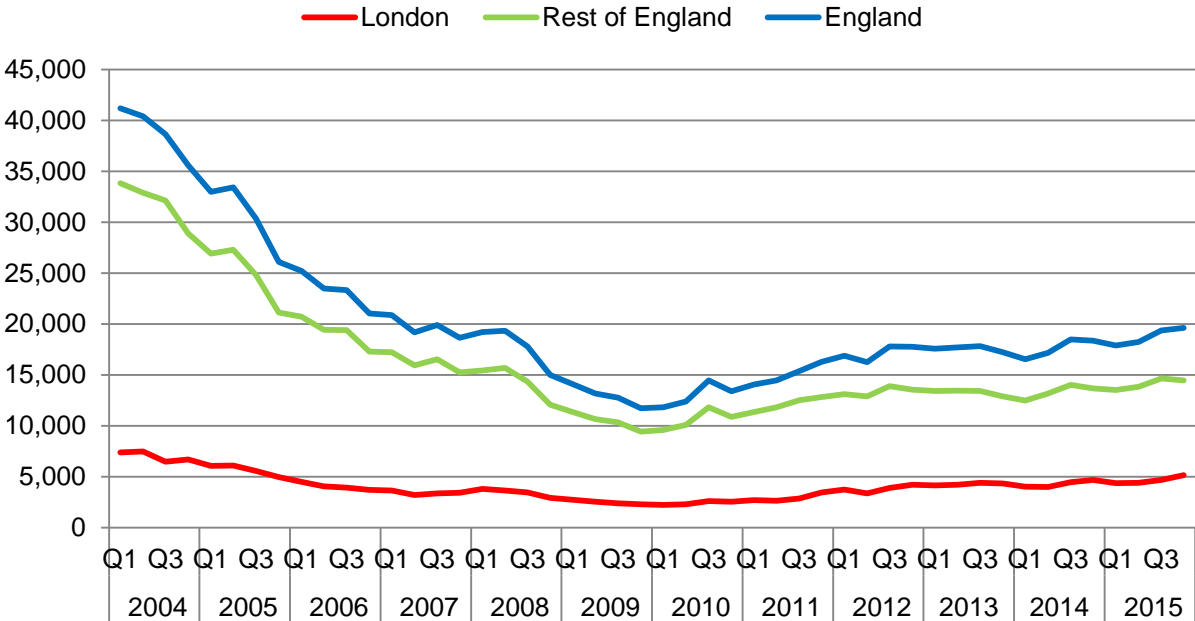
3 Homelessness in Tewkesbury Borough

Local Housing Authorities have a statutory duty to provide advice and assistance to anyone who is homeless or threatened with homelessness (as outlined in the Housing Act 1996 as amended).

3.1 Homelessness acceptances

Chart 1 shows the national trends in accepted homeless cases, compiled by the Department of Communities and Local Government (DCLG) 2016. It indicates a sharp fall in homeless acceptances between 2004 and 2010, and a gradual ongoing increase in homeless acceptances from 2011 onwards.

Chart 1: UK Homelessness acceptances



Source: DCLG, 2016

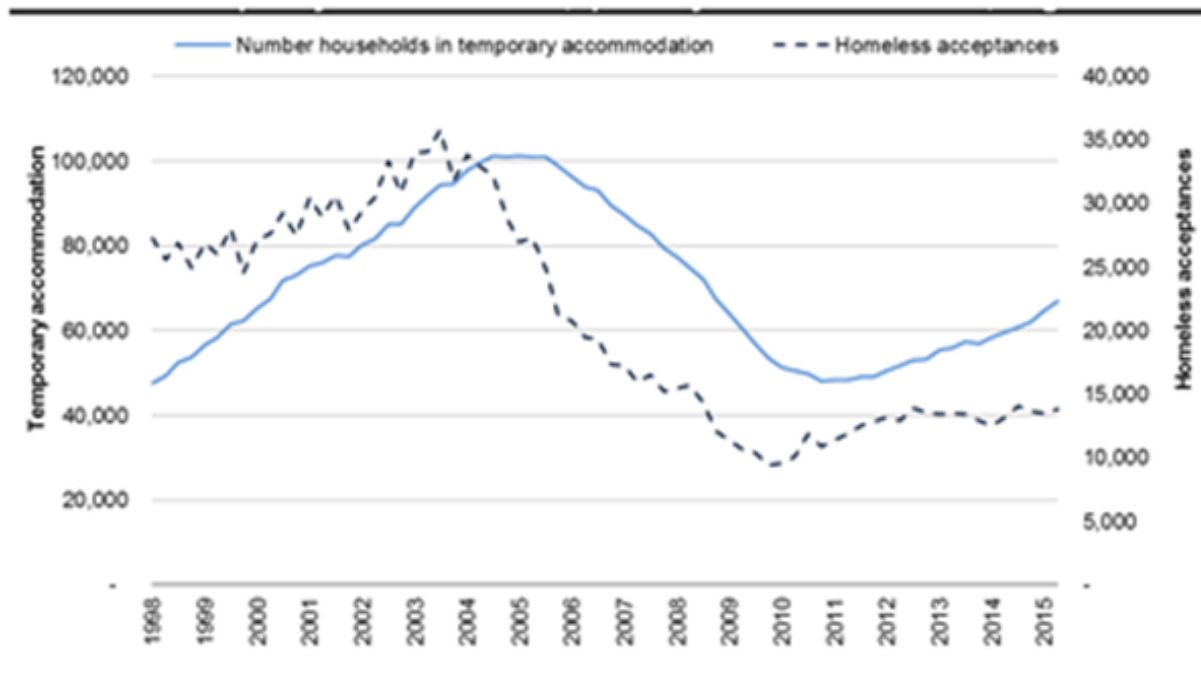
Points to note regarding this chart:

- Acceptances in 2015 are up 6% on 2014
- Acceptances up 6% on same quarter last year
- London saw a 10% increase in acceptances on Q4 2014.

We look at ethnicity of our homelessness cases in order to determine whether any groups are disproportionately affected by homelessness. Our homelessness data submitted to the DCLG shows that in 2015/16, 100% of our homelessness acceptance households were White.

Chart 2 overleaf demonstrates that the use of temporary accommodation nationally is rising with homeless acceptances. According to our own dataset of the number of households who have approached the Council by quarter over the last 5 years, there does not appear to be a seasonal pattern to the Borough’s homelessness approaches.

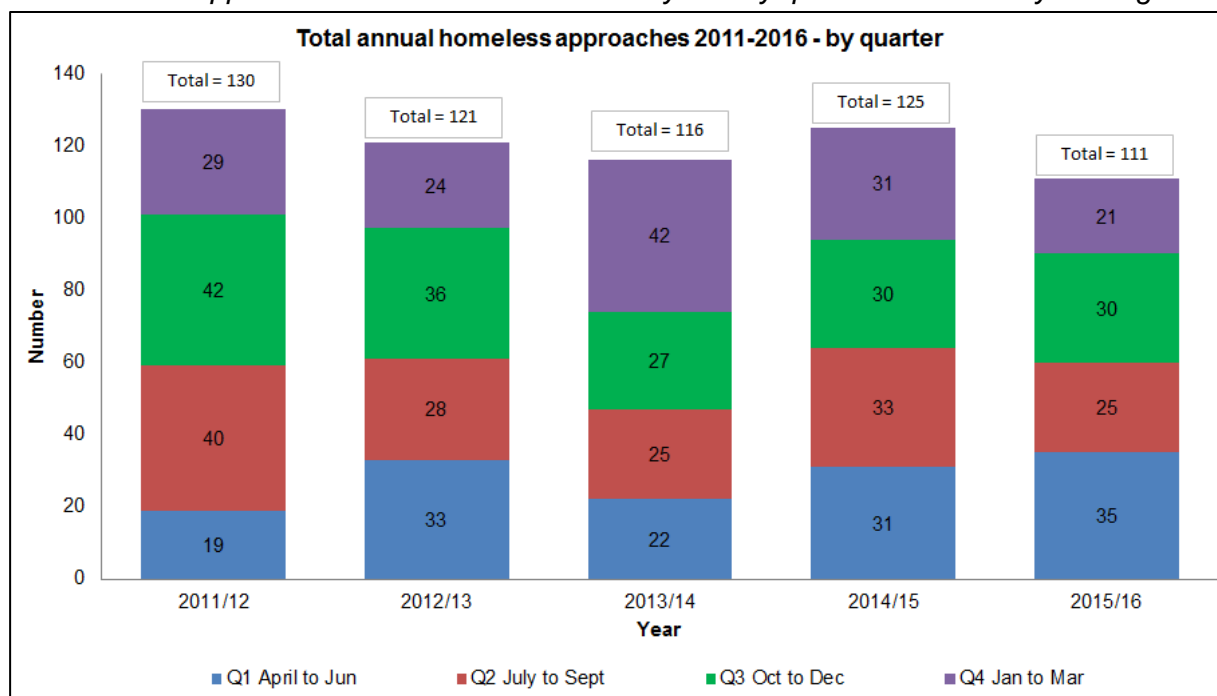
Chart 2: The trends of homeless acceptances and households in temporary accommodation



Source: DCLG, 2016

Overall we are unable to predict the number of households that will approach. Chart 3 shows the change in annual figures and by quarter to shows no trends.

Chart 3: Total approaches over the last 5 financial years by quarter: Tewkesbury Borough



Source: Tewkesbury Borough Council dataset

The three primary causes of homelessness within Tewkesbury in 2015/16 were:

- Loss of Assured Shorthold tenancy (private sector tenancies) (20%)
- Relationship breakdown involving domestic abuse (19%)
- Parents or family no longer willing to accommodate (17%)

Underlying vulnerabilities often contribute to the immediate causes of homelessness outlined above. These vulnerabilities include poor education, poor physical and mental health, involvement in crime, unemployment, and poor life skills. The government have set out overarching priorities to meet these vulnerabilities¹. These are:

- tackling troubled childhoods and adolescence
- improving health
- reducing involvement in crime
- improving skills, employment and the availability of financial advice.

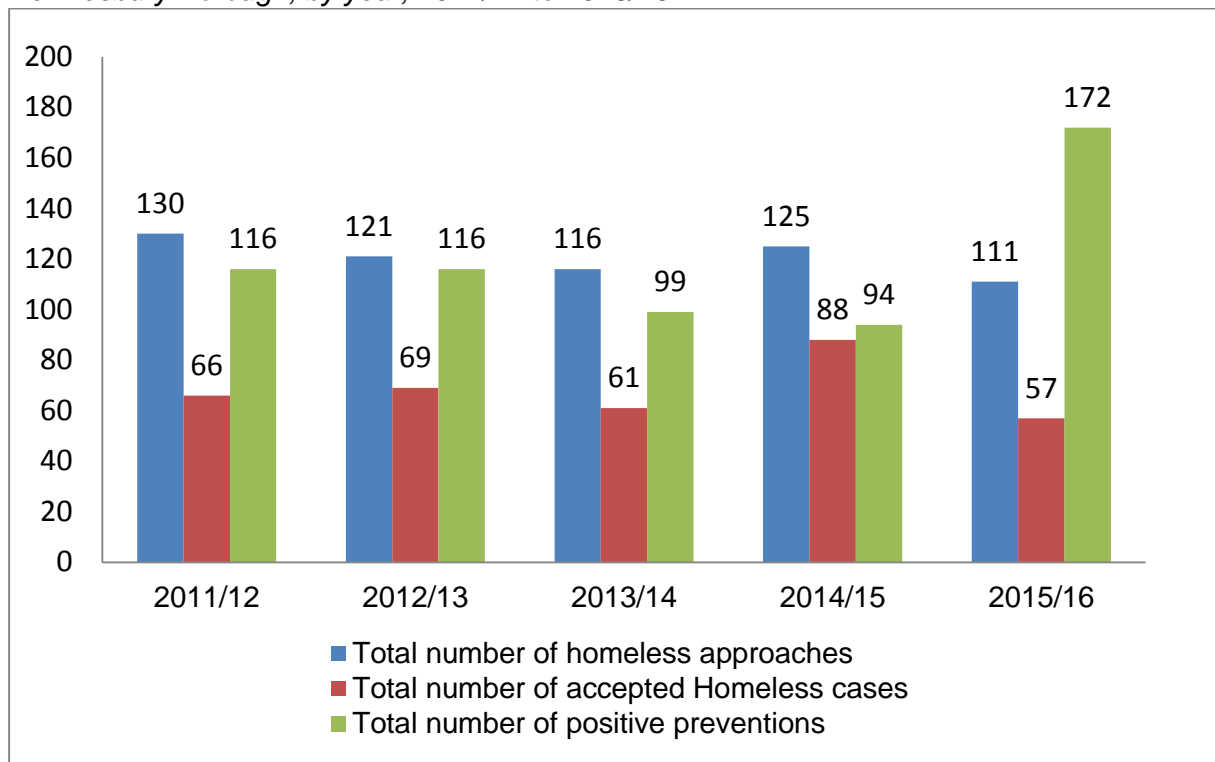
The importance of partnership working is imperative to tackle homelessness, particularly the underlying vulnerabilities and priorities. Tackling underlying causes and the prevention of homelessness is better for those affected and more cost effective than seeking to assist households through statutory homelessness provisions or bringing them inside from rough sleeping.

Chart 4 overleaf shows the number of approaches each year alongside the number of homeless cases accepted and number of positive preventions by housing services. From the start of 2015, the council's housing services team have concentrated efforts towards a more prevention-focussed service and are enhancing their housing advice work to support people to remain in their present homes if possible or find an alternative solution with the household.

Homeless acceptances have fallen within Tewkesbury Borough as a result of this, as households are assisted to find alternative housing solutions. The numbers approaching our service, however, have increased as indicated by the national statistics indicated by the DCLG.

¹ Making Every Contact Count
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7597/2200459.pdf

Chart 4: Homeless approaches, accepted homeless case and positive preventions: Tewkesbury Borough, by year, 2011/12 to 2015/16



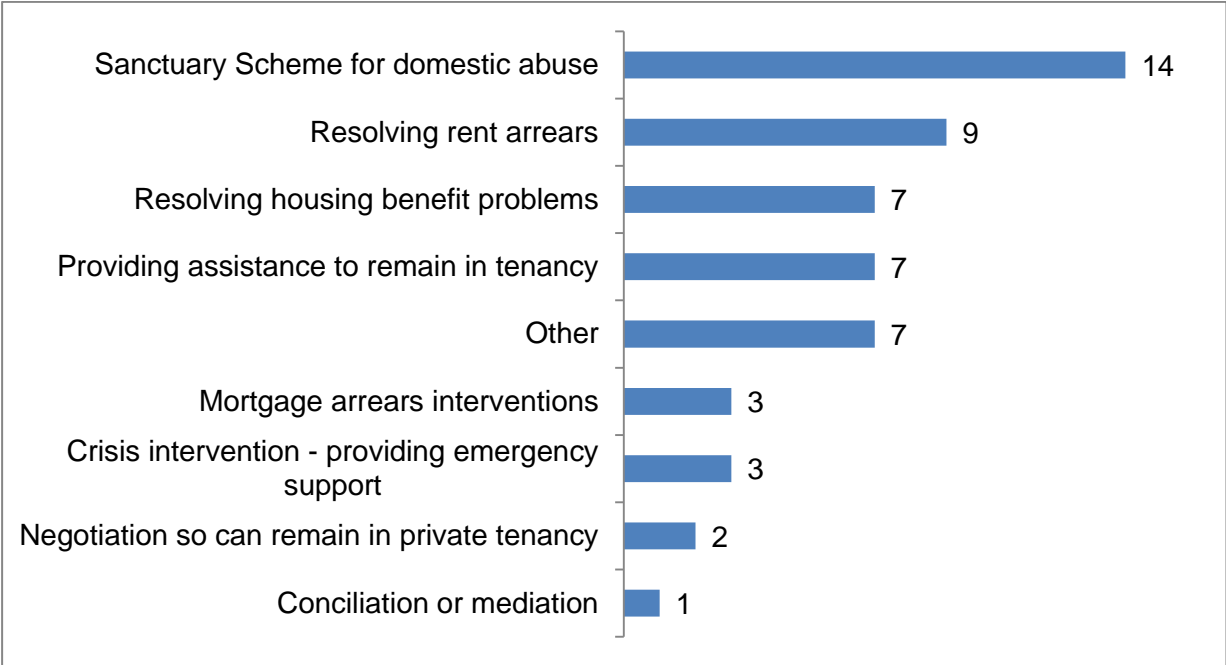
Source: Tewkesbury Borough Council dataset

Accepted homeless households are prioritised on the council's choice based lettings system, Homeseker Plus, and therefore are able to be placed relatively quickly providing the right type of accommodation becomes available in good time.

3.2 Homelessness prevention decisions

For the 12 months October 2105-September 2016 the housing advice team assisted 53 households to remain in their home, see Chart 5.

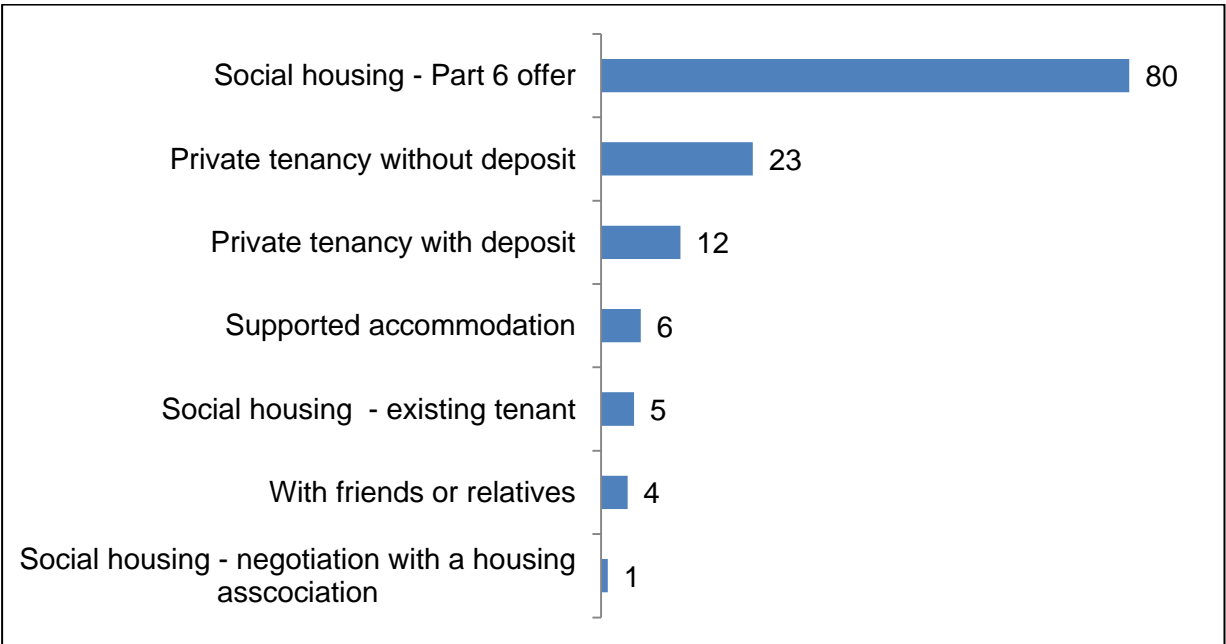
Chart 5: Homelessness preventions in Tewkesbury Borough where household was able to remain in their existing home, October 2015-September 2016



Source: Tewkesbury Borough Council dataset

For the 12 months October 2105-September 2016 the housing advice team prevented or relieved 131 households homelessness, see Chart 6 below.

Chart 6: Homelessness prevented or relieved in Tewkesbury Borough where households moved to alternative accommodation, October 2015-September 2016

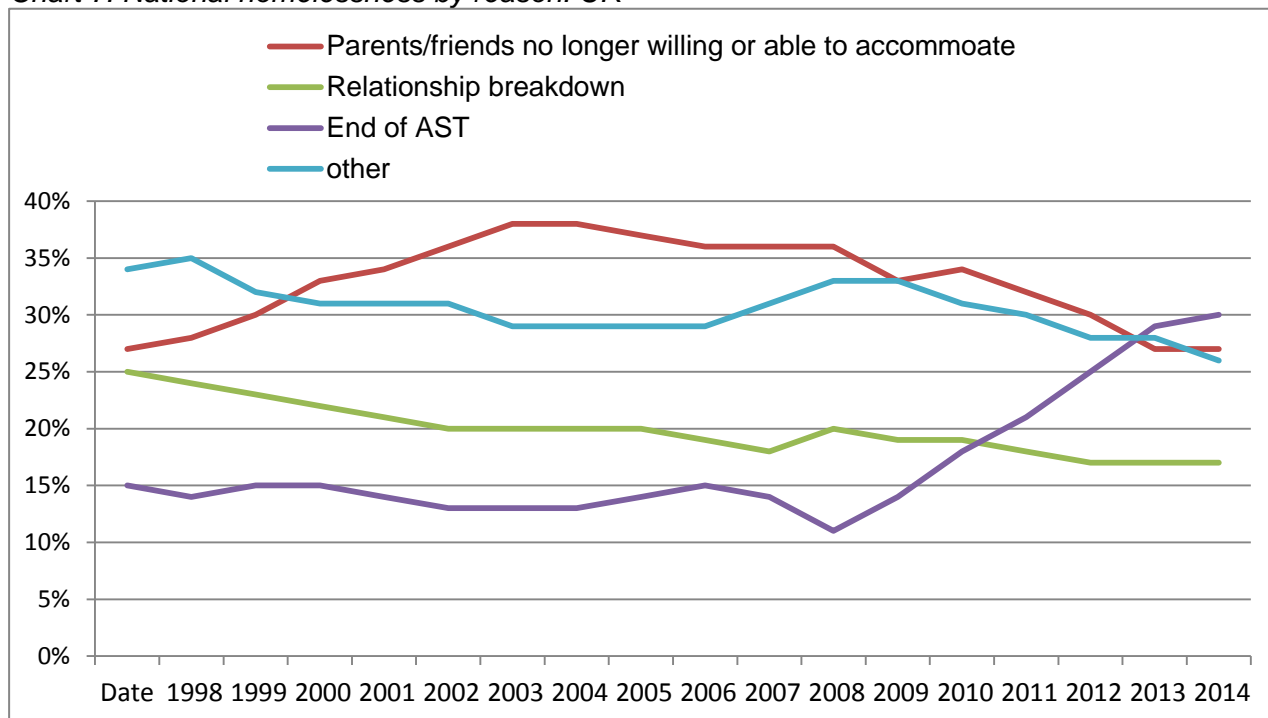


Source: Tewkesbury Borough Council dataset

3.3 Reason for loss of last settled home

Chart 7 shows the main reasons for the loss last settled homes for homeless households nationally. It demonstrates that the loss of private rented tenancies has become the primary cause of homelessness nationally, having risen from just over 10% of homeless applications in 2008 to 30% in 2014.

Chart 7: National homelessness by reason: UK



Source: DCLG 2016

Table 1 below lists the main reasons for loss of the last settled homes the Borough for the 57 accepted homeless cases during the financial year 2015-16.

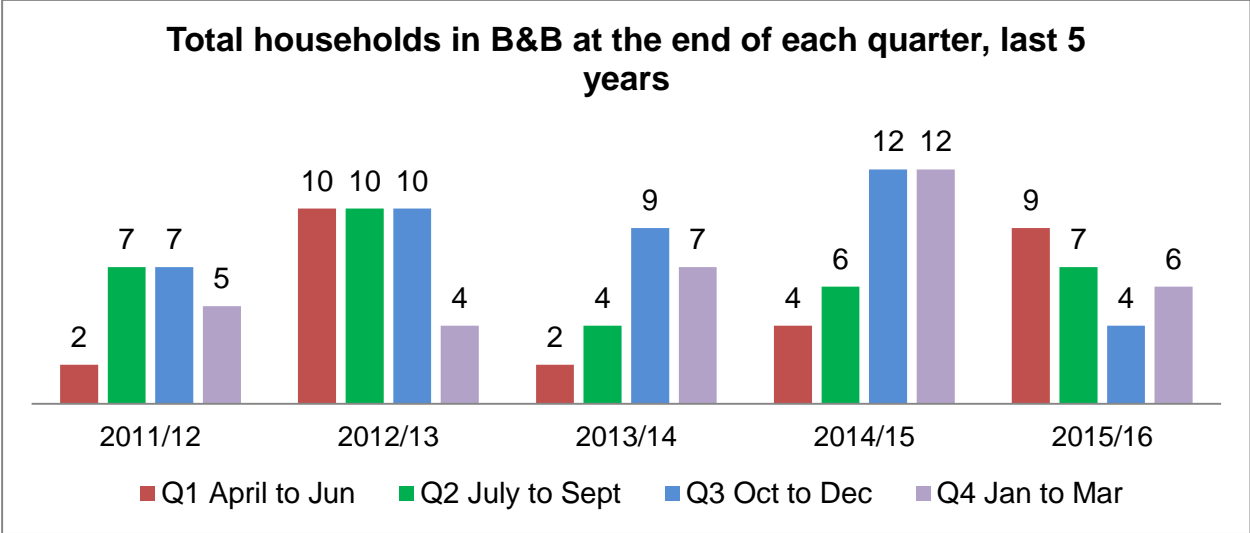
Table 1: Main reason for loss of last settled home of accepted homeless cases: Tewkesbury Borough 2015/16

Termination of Assured Shorthold Tenancy	20%
Violent breakdown of relationship with partner	19%
Parents no longer willing/able to accommodate	17%
Other forms of harassment	14%
Non-violent breakdown of relationship with partner	10%
Other forms of violence	5%
Other	4%
Mortgage Arrears	3%
Other relatives/friends no longer willing/able to accommodate	3%
Violent breakdown of relationship with associated persons	2%
PRS rent arrears	2%
Left prison/ on remand	2%

Source: Tewkesbury Borough Council dataset

Placing households in bed and breakfast (B&B) is a last resort but continues to be used to provide short term emergency accommodation for individuals and families. Chart 8 below indicates the snapshots of numbers in B&B at the end of each quarter in the P1E returns to DCLG². The numbers of households placed in B&B have fluctuated year on year. There does not appear to be seasonal trends.

Chart 8: Snapshot numbers of households in B&B: Tewkesbury Borough



Source: Tewkesbury Borough Council dataset

Our review of homelessness indicates that violent relationship breakdown continues to be one of the main causes of homelessness locally. We have worked hard to develop solutions and alternatives to emergency accommodation for those who are experiencing violence in their home.

Following the recent closure of women’s refuges in the county, a joint bid from the six District Councils in Gloucestershire to the DCLG was successful in securing £500,000 for ‘Places of Safety’ to provide safe self-contained emergency accommodation for those fleeing domestic abuse in April 2015. 12 properties will be made available across the county for this purpose in partnership with Gloucestershire Domestic Abuse Support Services (GDASS) and local housing associations.

Four properties are currently available across Gloucestershire, and in Tewkesbury Borough our partner Severn Vale Housing Society is currently identifying two properties which will be available within our area. These will be used as emergency homeless accommodation for all household types, including men, and households with older boys, with bespoke support from GDASS. We will continue to work with this group and our partners to ensure that a high quality alternative to bed and breakfast continues to be available for those who become homeless as a result of violence.

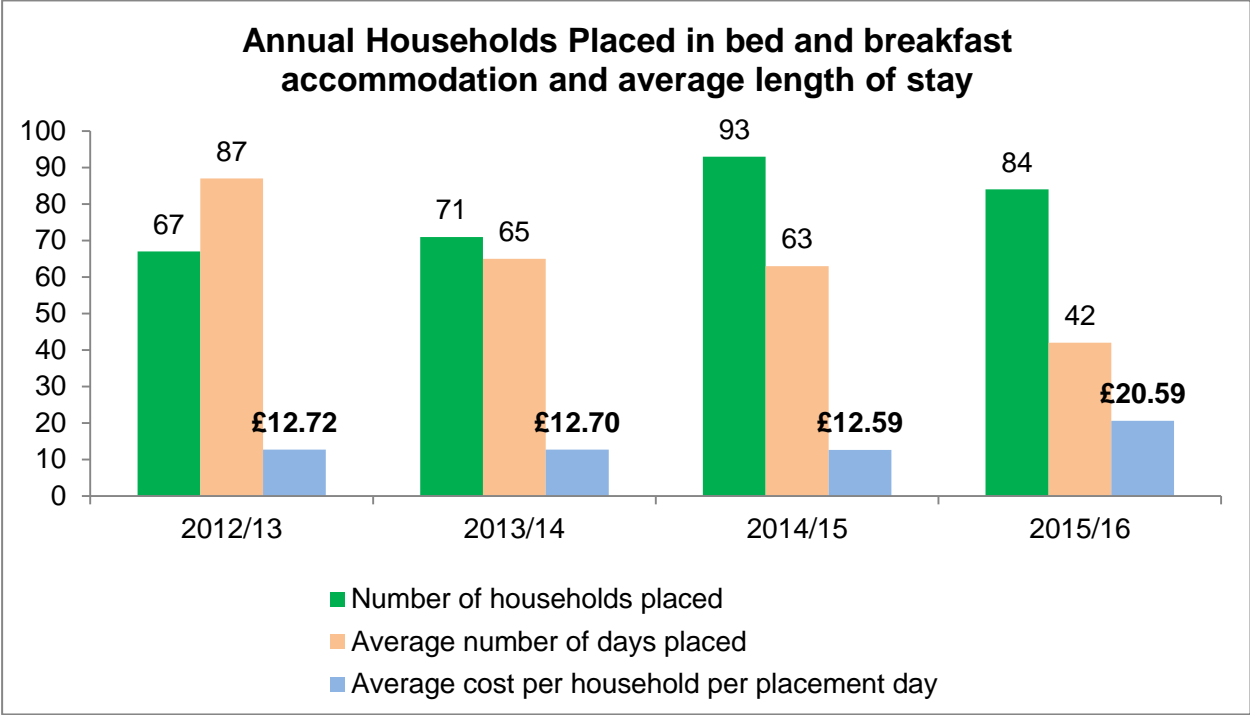
The council has access to five three bedroom houses across the borough which is primarily used for homeless family households and has been invaluable to largely avoid the use of bed and breakfast for families in our area. In times of high demand, however, homeless family

² P1E return is a DCLG form that all Local Housing Authorities complete stating the households dealt with under the homelessness provisions of the 1996 Housing Act, and homelessness prevention and relief.

households may be placed into bed and breakfast, and we will seek further alternative accommodation provision for this group.

Chart 9 overleaf shows the number of households placed in B&B (in green) by the average length of stay per household (in orange) and the cost per household per day whilst they were placed in B&B (in blue).

Chart 9: Households placed in B&B, average length of stay and cost per household per placement day: Tewkesbury Borough



Source: Tewkesbury Borough Council dataset

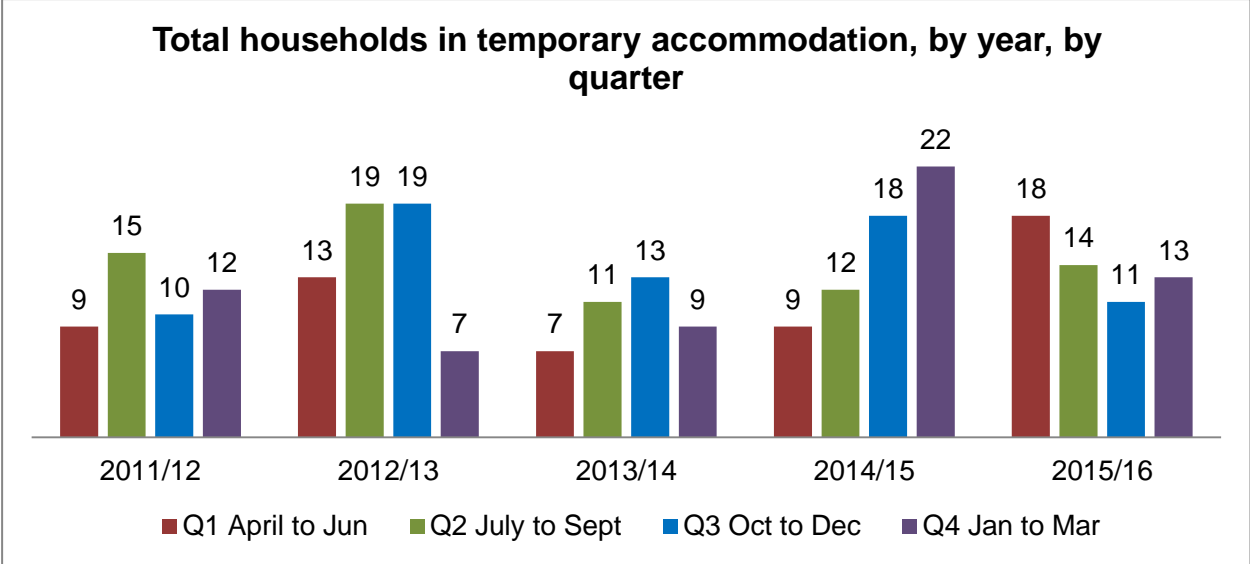
Most B&B accommodation sourced by Tewkesbury Borough tends to be within the urban areas of Gloucestershire, which results in homeless clients having to move out of district. Furthermore, the demand and cost of emergency accommodation across the county has risen, placing extra pressure on the service, and further disruption for homeless households.

Further work needs to be undertaken within the borough to source appropriate emergency accommodation for single homeless people locally. This is important to enable them to maintain their support networks and prevent isolation. As well as being less suitable for our applicants than local solutions, the cost of private B&B continues to be problematic for the service. Whilst we have been successful in reducing the number of placements and length of stay in bed and breakfast during 2015/16, the average cost of emergency B&B has remained similar to previous years. Locally we need to source suitable alternative emergency accommodation which also minimises housing benefit subsidy losses and costs to Housing Services through unsuccessful claims.

While the council’s housing services team have reduced the average number of days placed during 2015/16, Tewkesbury Borough Council is paying much more for B&B because more often than not currently smaller B&B’s are full and the council have to use more expensive national chains of hotels. Whilst such chains are accessible 24 hours a day allowing for better service, the costs are comparatively more expensive.

Chart 10 shows the numbers placed in temporary accommodation (overall) including Tewkesbury Borough Council owned temporary accommodation and B&B. These figures are based on the quarterly snapshot figures collated for the P1E returns. The chart indicates the numbers have fluctuated year on year. There does not appear to be seasonal trends.

Chart 10: Total households placed in temporary accommodation: Tewkesbury Borough



Source: Tewkesbury Borough Council dataset

If vulnerable households are roofless or become roofless during homeless enquiries, local authorities have a duty to provide accommodation, often in an emergency, while homeless enquiries are ongoing. The review of our housing and homelessness statistics indicate that the local demand for emergency and temporary accommodation will continue, and we expect this trend to continue due to the economic climate and the impact of ongoing welfare reform.

Emergency and temporary accommodation is an important resource used to house urgent homelessness cases quickly and locally. Many local authorities, including Tewkesbury Borough Council, rely heavily on privately owned B&B accommodation. However it is widely recognised to be of variable quality, expensive, and damaging to family life as households often don't have their own kitchen facilities or access to more than one room.

We are committed to limit the use of B&B accommodation for all groups. This is especially important for Tewkesbury Borough applicants as there is limited private B&B style accommodation available within our Borough. We are reducing the use of B&B in many client groups through use of prevention initiatives and other more suitable temporary accommodation provision.

4 Rough Sleeping

4.1 Defining rough sleeping

As part of the government's guidance for rough sleeper counts³, they state that:

"In order to ensure a consistency of results, it is essential that those included in the count figure fall into the following definition:

People sleeping, about to bed down (sitting on/in or standing next to their bedding) or actually bedded down in the open air (such as on the streets, in tents, doorways, parks, bus shelters or encampments). People in buildings or other places not designed for habitation (such as stairwells, barns, sheds, car parks, cars, derelict boats, stations, or "bashes").

The definition does not include people in hostels or shelters, people in campsites or other sites used for recreational purposes or organised protest, squatters or travellers.

It does not include people who were rough sleeping in the area on a previous night or earlier in the evening but who were not there at the time of the count. It does not include people wandering around or empty sleeping sites.

Bedded down is taken to mean either lying down or sleeping. About to bed down includes those who are sitting in/on or near a sleeping bag or other bedding. The intention is to establish that they are or will be rough sleeping on the night of the count.

Research has found that in many areas people seen drinking in the street or begging (even if they have a blanket or a sleeping bag) are not necessarily sleeping rough and they should not be included unless they are clearly bedded down or about to bed down at the time of the count."

Source: DCLG, Evaluating the Extent of Rough Sleeping: A new approach

4.2 Rough sleeper count

The most recent snapshot rough sleepers count⁴ in 2015 indicated there were no people sleeping rough in Tewkesbury Borough. Whilst the prevalence of rough sleeping within the borough is low, there are instances of rough sleeping throughout the year and we are committed to ensuring that rough sleepers in our area have the assistance they need to find and maintain accommodation.

For the past two years, the officially reported Tewkesbury Borough rough sleepers estimate⁵ indicated that there were zero rough sleepers.

³ DCLG, Evaluating the Extent of Rough Sleeping: A new approach

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6009/1713784.pdf

⁴ A count is a single night snapshot of the number of rough sleepers in a local authority area. Counts are independently verified by Homeless Link.

⁵ An estimate is the number of people thought to be sleeping rough in a local authority area on any one night in a chosen week.

Table 2 shows the number of estimated rough sleepers (individuals) in the borough along with the actual count results on the night of a count from 2011 to 2015. This is compared with the South West and England.

Table 2: Number of rough sleepers reported to DCLG in the P1E returns, Tewkesbury Borough compared to the South West and England for the year 2011 to 2015

Area	Year	Total (no)
Tewkesbury Borough Council	2011	2
	2012	2
	2013	1
	2014	4
	2015	0
South West	2011	337
	2012	301
	2013	308
	2014	362
	2015	509
England	2011	2181
	2012	2309
	2013	2414
	2014	2744
	2015	3569

Source: DCLG, P1E dataset <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2015> Note: Official 2016 data is yet to be released

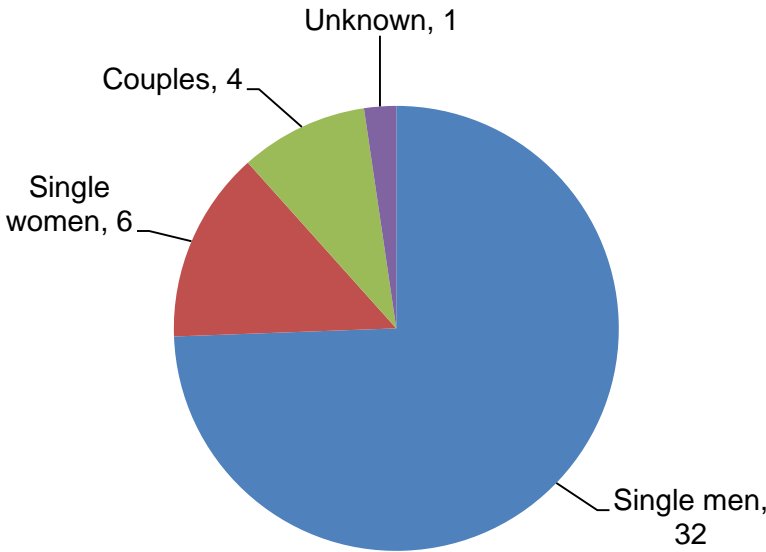
Our low figures are comparable with the Forest of Dean with the other rural districts in Gloucestershire, Stroud and Cotswolds, having a much higher rate; although Stroud have seen a fall from 5 in 2013 to 1 in 2014 and 1 in 2015.

The rough sleeper outreach service within Tewkesbury Borough has been provided as part of a county-wide service by St Mungo’s Broadway with effect from April 2015. Notifications to the service can be made by members of the public or professional agencies via Streetlink⁶. They are then visited by St Mungo’s Broadway to link them into local services, support, housing services, and accommodation in the county.

We have been notified of 43 incidents of people sleeping rough within Tewkesbury Borough by Streetlink since April 2015. The reports indicate that the majority of those who have slept rough in our area have been men. Chart 11 overleaf shows the breakdown of rough sleepers by gender and household type. It is not surprising that the majority are single men.

⁶ Streetlink website: <http://www.streetlink.org.uk/>

Chart 11: Rough sleepers in Tewkesbury Borough, by gender and household type, April 2015-September 2016



Source: Streetlink

The majority of rough sleepers in Tewkesbury Borough are reported to be aged 25-50 (62.7%) and many are identified as likely to have substance misuse and/or mental health problems (37.2%)

Rough sleeping reports indicate that there does not tend to be popular sleep sites within the borough. 58% of rough sleepers were found to be in the Tewkesbury Town area, with the remaining 42% spread across the borough; 9% of were in the rural parishes of Gotherington, Woodmancote, Uckington Sandhurst and Twigworth.

We are unable to understand through the data from Streetlink if any have been double-counted as no data is collected by Streetlink that can identify the individual at this early stage.

5 Impact of Welfare Reform

A number of welfare reforms have already been introduced such as:

- The under-occupation charge (also known as the 'removal of the spare room subsidy' or the 'bedroom tax') reduces Housing Benefit for households living in the social-rented sector who are deemed to have a 'spare' room.
- The Local Housing Allowance limits the amount of Housing Benefit tenants in the private-rented sector can receive.
- The benefit cap limits the total benefit income most working-age households can receive.

A number of further measures were announced in the Summer Budget in July 2015 including:

- The benefit cap has been reduced to £20,000 per year for couples and families with children and to £13,400 for single people without children.
- Work allowances under Universal Credit have been reduced, to £0 for non-disabled households without children and substantially for families with children.
- Reforms affecting young people, including the loss of Housing Benefit for people under 21; the introduction of 'earn or learn' for 18-21 year olds, and the capping of Housing Benefit at LHA rates for tenants in the social-rented sector (overwhelmingly affecting people under 35).
- The withdrawal of entitlement to child tax credit for families having a third child (to be introduced after April 2017).
- Increases in the minimum wage, the personal allowance, and additional childcare support for 3-4 year olds.

In 2016 Policy in Practice⁷ undertook analysis of all households receiving either Housing Benefit or Council Tax Reduction as at May 2016. There are 5,217 households in the cohort, which represents approximately 14.85% of the population of Tewkesbury Borough.

Of the cohort, 46.27% is of pension age and thus protected from the vast majority of welfare reforms.

The remaining 53.73% of the cohort are working-age households and are the focus of analysis in this report.

⁷ The Cumulative Impact of Welfare Reform in Tewkesbury Borough, Policy in Practice

5.1 General statistics about the cohort

44% are lone parents
33% are single
18% are couples with children
5% are couples without children
37% are receiving DLA and/or ESA (the remaining 63% are not disabled)
60% are in social rented housing
29% are in private rented accommodation
11% are owner occupiers
0.46% are temporary accommodation
24% of households have no savings
39% are in employment

Policy in Practice assessed those affected by the under-occupation charge. The under-occupation charge (or more commonly known as the bedroom tax) was introduced in April 2013. It applies to households who are tenants of social housing who are deemed to have a 'spare' room. The rent used in the calculation of any Housing Benefit is reduced by 14% if the house is assessed as having one spare room and 25% if the house is assessed as having two or more spare rooms.

A total of 322 (19.3%) of the 1,687 working-age households living in social housing, receive reduced Housing Benefit due to the under-occupation charge. The average Housing Benefit reduction is £16.49 per week for affected households.

The majority of affected households, 81.73%, have one spare room and 17.34% have two or more spare rooms.

The majority of households affected are singles (50.15%), followed by lone parents (20.80%). 31.80% of households affected by the under-occupation charge have children.

There are 171 children living in affected households in Tewkesbury Borough.

5.2 Characteristics of households affected by the LHA cap

The Local Housing Allowance (LHA) was introduced in April 2008 and significantly changed Housing Benefit for people living in the private-rented sector. It places a cap on the maximum amount of rent taken into account for the purposes of Housing Benefit calculation. The applied LHA rate is based on broad geographical regions, household composition and age of household members. In effect, Housing Benefit is not related to the actual rent charged unless the rent is at or below the applied LHA amount.

There are 1,152 households living in the private-rented sector in the cohort. The data shows that 55.58% (657) of these households are charged rent at a level that is above the LHA rate applied to calculate their Housing Benefit. Households paying rent above their applied LHA rate have an average reported difference between their rent and their Housing Benefit of £31.97 per week.

The Local Housing Allowance applies to both working age and pension age households. The majority (72.30%) of the 657 households affected by the LHA cap in Tewkesbury Borough are of working-age.

5.3 Analysis of the Benefit Cap

5.3.1 Number of households affected by the current benefit cap of £26,000 per annum, by weekly Housing Benefit reduction

There are 5 households in Tewkesbury Borough affected by the benefit cap, with an average Housing Benefit reduction of £45.17 per week. The household most heavily affected has a £95.64/week reduction to their Housing Benefit. No households currently lose all of their Housing Benefit as a result of the benefit cap.

All of the affected households have children, on average 4.20 per household. 60% of households affected are lone parent families and 40% of households are couples with children. A total of 21 children are currently affected.

None of these households appear to be living in temporary accommodation. The majority of affected tenants are in the social rented sector (60%), with the remainder (40%) being private renters.

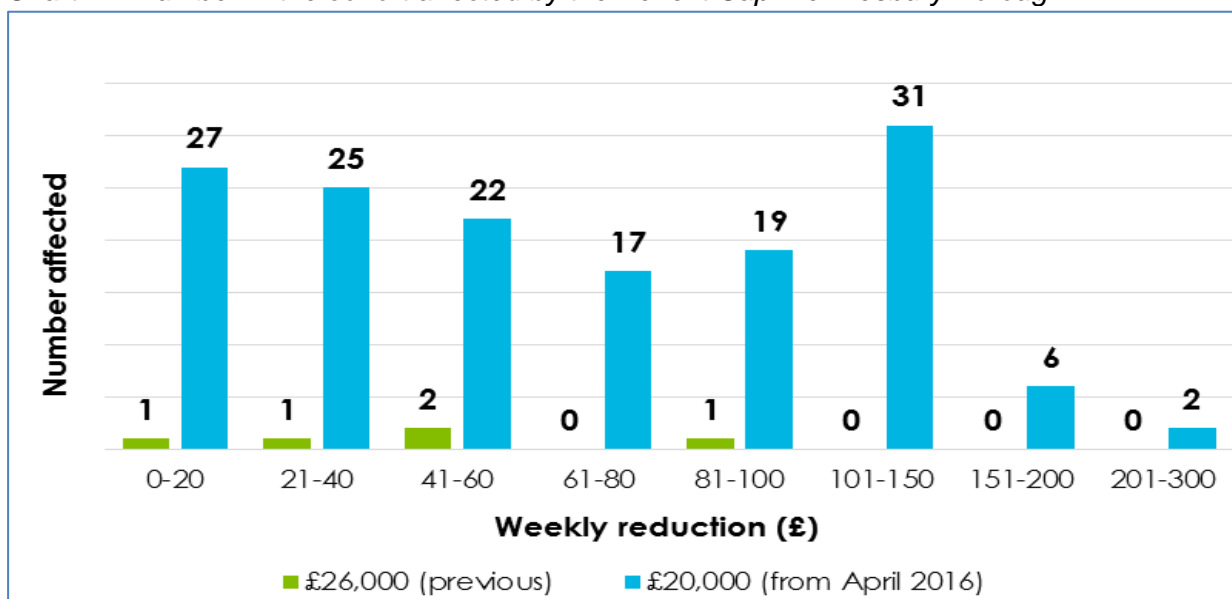
5.3.2 Reducing the benefit cap to £20,000

The benefit cap in Tewkesbury Borough will be reduced to £20,000 per year (£380 per week) for couples and households with children and to £13,400 per year (£258 per week) for single people with no children.

Policy in Practice's analysis estimates that the number of households that will be affected by the lower benefit cap will range between 149 (for couples and households with children) and 80 (for single people with no children). This is between 29.8 times and 16 times the number of households that are currently capped.

The analysis finds that the average Housing Benefit reduction as a result of the benefit cap will increase from £45.17 per week under the current benefit cap to £68.41 per week under the new, lower, benefit cap. For households already affected by the benefit cap, the average weekly loss under the new cap will be £120.71 see Chart 12.

Chart 12: Number in the cohort affected by the Benefit Cap: Tewkesbury Borough



Source: Policy in Practice

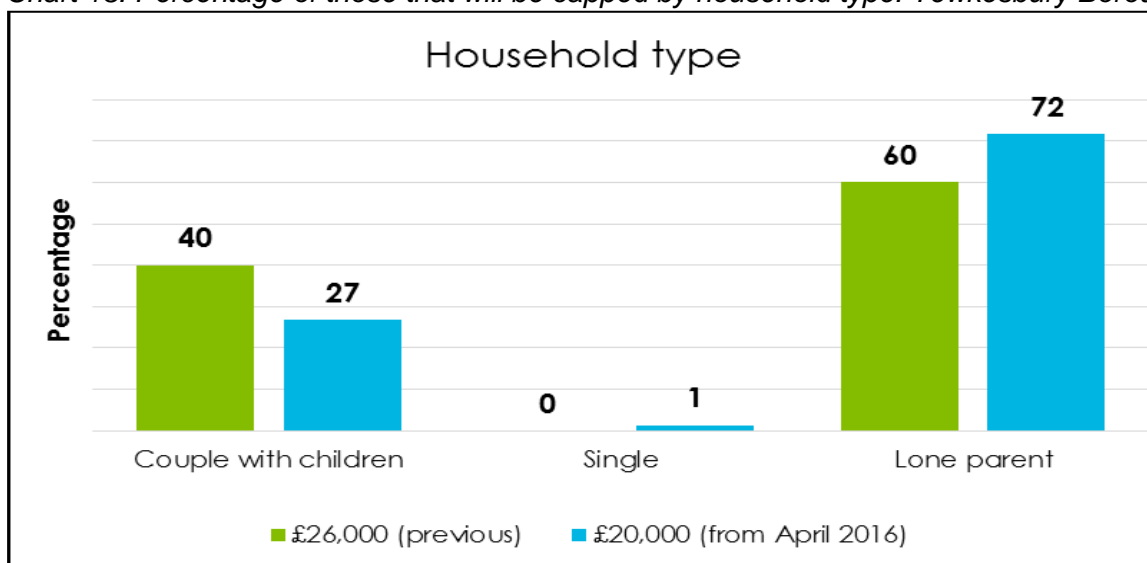
32 households can expect to lose their Housing Benefit altogether as a result of the lower cap. Under Universal Credit these households may lose even more income since the cap will be achieved through reduction from all Universal Credit and not be limited to just the housing element.

5.3.3 The profile of households that will be capped

72% of those capped are lone parent households, with 27% couples with children and just 1% single households. 79% live in social rented housing with 21% in private rents.

Chart 13 shows all household types affected by the £26,000 benefit cap (in green) and now the £20,000 benefit cap (in blue).

Chart 13: Percentage of those that will be capped by household type: Tewkesbury Borough



Source: Policy in Practice

The lower benefit cap (to £20,000) will change the types of families that are affected:

- Smaller families.
- The number of children affected by the reduced benefit cap will rise from 21 to 499.
- 1.34% of those affected have no children; these new cases occur due to the lower benefit cap of £13,400 for single households having to rent 1-bedroom properties as introduced in November 2016.
- Those affected by the lower benefit cap are predominantly lone parents, and from the social rented sector.
- The proportion of affected households living in the private-rented sector will fall significantly from 40% to 21.48%. A greater proportion of households living in the social rented sector properties will be affected, rising from 60% to 78.52%.

The Chancellor of the Exchequer has also announced his intention to freeze LHA rates in the United Kingdom for the next four years. The Government has stated that this will provide a cap on rental increases. However, this did not occur in most areas with the introduction of LHA rates and therefore the freeze in LHA rates is unlikely to have any significant impact on rent levels.

We assume that private rents in Tewkesbury Borough will continue to rise at the current rate of 1.5% p.a. for the next four years while LHA rates remain stable. Rents for social tenants are assumed to fall by 1% per year as instructed by the Government in the Summer Budget 2015.

Table 3 shows average rents according to our model in the social and private sectors, in 2015 and in 2020.

Table 3: Rent uprating in the social and private sectors, from 2015 to 2020: Tewkesbury Borough⁸

	Private Rent		Social Rent	
	Current average	2020 average	Current average	2020 average
1 bedroom	£98.32	£102.80	£97.24	£94.36
2 bedrooms	£140.43	£143.25	£101.05	£98.06
3 bedrooms	£160.14	£163.35	£111.12	£107.83
4 bedrooms	£204.38	£208.48	£135.91	£131.88
5 bedrooms	£201.83	£205.89	£150.82	£146.33

Source: Policy in Practice

Analysis suggests that an additional 28 private tenants would be affected by the LHA cap if rents in Tewkesbury Borough continue to increase at current rates. This would bring the total number of households affected by the LHA cap to 685, and the average weekly shortfall of these households, between their rent and their Housing Benefit, will be £33.73. For social sector tenants, 51 properties could fall back below the LHA cap once the LHA rate is applied to all social tenancies in 2018.

⁸ Table note: rents for 5 bedroom properties in the private rented sector are slightly lower than for 4 bedroom properties; this is likely to be due to the low number of households living in such large properties.

5.4 Cumulative impact of Welfare Reform

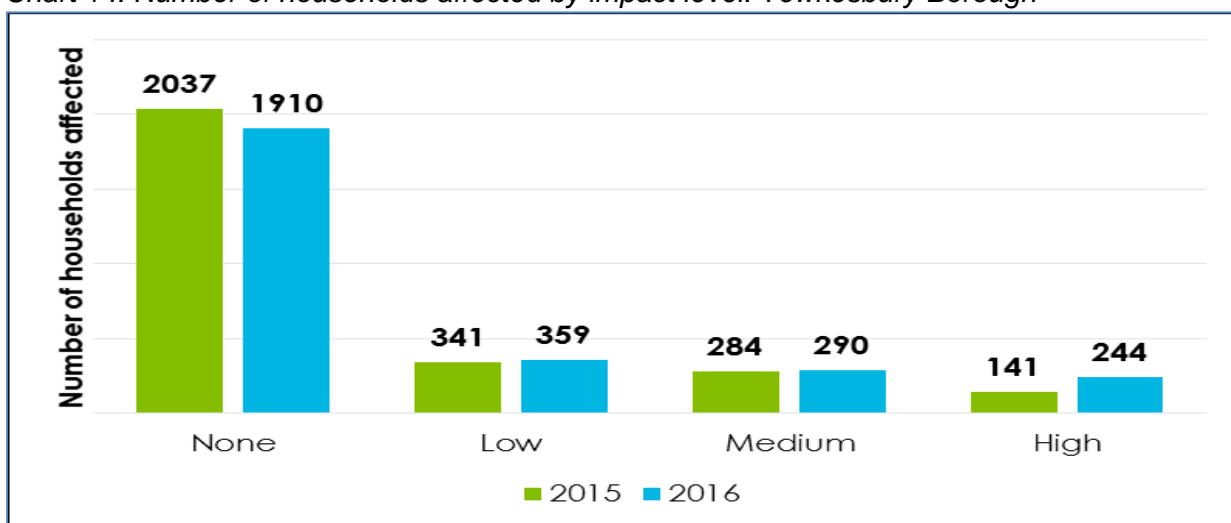
By taking into account the impact of reforms already effective, we identify 141 households will be highly impacted. The analysis suggests that as a result of the reduced benefit cap, there will be an additional 103 further households for which welfare reform will have a high impact.

Low-income working-age households in Tewkesbury Borough have seen their incomes fall by an average of £6.30 per week as a result of welfare reforms implemented in the previous parliament. These include the under-occupation charge, the benefit and LHA caps.

The lower benefit cap introduced in November 2016 will result in a rise in the average income loss to £9.85 per week across the whole working age cohort of this analysis. As Universal Credit is rolled out, these losses will be partly mitigated by increases in the minimum wage and tax allowance. This could lead to an average loss of £7.22 per week by 2020 compared to 2016 if Universal Credit is fully rolled out.

Chart 14 shows 244 households are estimated to face a 'high' impact, defined as a fall in household income of over £30 per week as a result of the under-occupation charge, the reduced benefit cap, LHA cap, and cuts to council tax support. Lone parents, households in the private-rented sector, and those in work are most likely to have a 'high' impact due to welfare reform. There are no households affected by four welfare reforms.

Chart 14: Number of households affected by impact level: Tewkesbury Borough



Source: Policy in Practice

5.5 The impact of Universal Credit

Universal Credit (UC) will replace six⁹ existing means-tested benefits and is intended to simplify the system and improve work incentives. The implementation of UC in Tewkesbury Borough has begun for single people making a new claim for who would have claimed income-based Jobseeker's Allowance.

⁹ The six existing means-tested benefits: income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Income Support, Housing Benefit, Child Tax Credit, and Working Tax Credit.

Numbers in receipt of UC will remain low in the short term, but our analysis estimates that at least 2,932 households in Tewkesbury Borough will receive UC when it is fully implemented.

For modelling purposes, if we assume that Universal Credit was fully rolled out in 2016 and circumstances remained the same, then:

- 1,291 households (44.03%) would have a lower benefit entitlement under Universal Credit and need transitional protection
- 702 households (23.94%) would have a higher income under Universal Credit
- 939 households (32.03%) would see no change in entitlement.

The transition to Universal Credit is expected to extend over the course of the next five years. Based on the same cohort in 2020, and assuming circumstances remained the same:

- The percentage of households with lower benefit entitlement and in need of transitional protection will fall slightly to 41.58%
- 27.11% of households would see their entitlement increase under Universal Credit
- 31.31% would face no change in income.

The extent to which the reduction in work allowances will affect income will depend upon level of earnings, as well as household type. It is estimated that at least 2,932 households in Tewkesbury Borough will receive UC when it is fully implemented. This is shown in Table 4.

Table 4: A summary of the reduction of work allowances by household type: Tewkesbury Borough

	2015	2016	Change
Single person	£1,332.00	£0.00	-£1,332.00
Lone parent (without housing support)	£3,156.00	£2,304.00	-£852.00
Lone parent (with housing costs)	£8,808.00	£4,764.00	-£4,044.00
Couple without children	£1,332.00	£0.00	-£1,332.00
Couple with children (with housing support)	£2,664.00	£2,304.00	-£360.00
Couple with children (no housing costs)	£6,432.00	£4,764.00	-£1,668.00
Disabled people (no housing support)	£2,304.00	£2,304.00	-
Disabled people (no housing costs)	£7,764.00	£4,764.00	-£3,000.00

Source: Policy in Practice

5.5.1 Assuming full Universal Credit implementation 2016

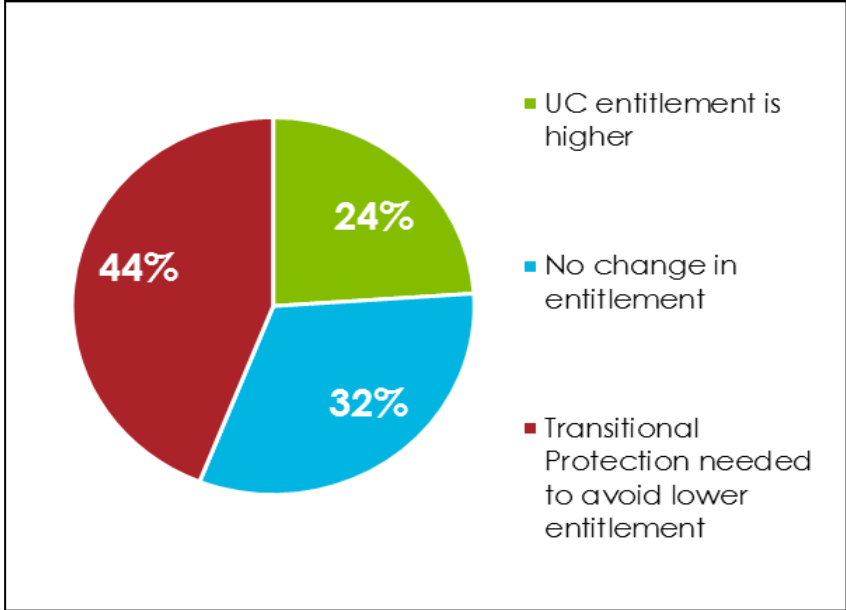
The analysis takes into account welfare reforms that come into effect from April 2016. This includes changes to the benefit cap and the reduction of work allowances in Universal Credit.

The analysis is based on the current caseload of HB and CTRS claimants on the understanding there are no changes in circumstances except for earnings increasing in line

with minimum wage levels for claimants in work. Differences in entitlement are identified as those that are greater than £5 per month.

Chart 15 overleaf shows that under Universal Credit, 23.94% of households will have a higher income than under the current system. 44.03% will have a lower income and need transitional protection and 32.03% will see no change in income if their circumstances remained the same. This analysis does not take into account any changes in behaviour (e.g. moving into or out of work) as a result of Universal Credit.

Chart 15: The impact of Universal Credit for Tewkesbury Borough cohort on household income in 2016

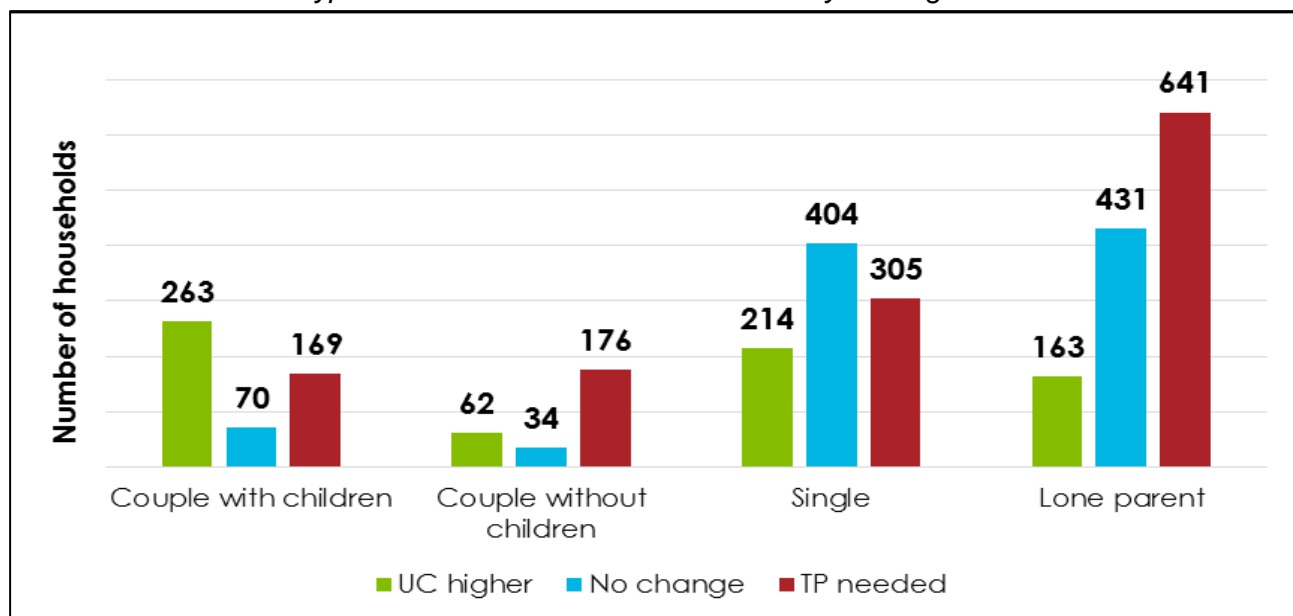


Source: Policy in Practice

5.5.2 Impact of Universal Credit on different household types

Chart 16 shows that there are 'winners' and 'losers' within each household type. All household types are more likely to be worse off than better off, except for couples with children, who are the most likely group to see an increase in their income. Couples without children and lone parents are most likely to be worse off, and singles are the most likely to see no change in income.

Chart 16: Number and type of households affected: Tewkesbury Borough



Source: Policy in Practice

Following the implementation of Universal Credit, tenants are more likely to see incomes reduced and therefore need transitional protection. Owner-occupiers and those in temporary accommodation have a slightly greater likelihood of not being affected, but are the least likely to see their income increase. Social and private renters are most likely to lose income under Universal Credit.

Almost half of households that will need transitional protection are in work. This is due to the reduction in work allowances under Universal Credit. The result of these cuts to work allowances is to make Universal Credit less generous to those in work than the current tax credits system.

Households in receipt of a disability-related benefit are also significantly more likely to see their income fall under the new system than other economic groups.

The numbers used in this report are based on assumptions around employment and support allowance (ESA)¹⁰ categories and may differ under further investigation.

In general, those not in-work are less likely to see a change in their income following migration to Universal Credit.

5.6 In-work conditionality

For the first time, Universal Credit will introduce conditionality for recipients who are in work but have earnings below a certain level. This conditionality threshold will be set as the number of hours the householder is expected to work (similar to the current hour requirement in tax credits), multiplied by the minimum wage. Certain groups, such as disabled people and lone parents with children under five, will still not be subject to full conditionality under Universal Credit.

¹⁰ Employment and support allowance is a benefit for people who are unable to work due to illness or disability

26.64% of working-age households in the cohort will be subject to conditionality under Universal Credit. Of these, 371 households are in work and will be subject to conditionality because earnings are below the required threshold. These households do not have any conditionality in the current system and could be subject to sanctions for not fulfilling their conditionality requirements under Universal Credit.

5.7 The minimum income floor

Universal Credit will introduce a ‘minimum income floor’ that will apply to self-employed people. Similar to the in-work conditionality threshold, this will be set at the number of hours the individual is expected to work multiplied by the minimum wage.

For self-employed households earning below this threshold, Universal Credit will be awarded based on an assumed level of income rather than actual earnings. Many of these households will see a fall in their Universal Credit entitlement as a result.

In Tewkesbury Borough, there are 171 households with at least one partner who is self-employed. 49.71% of these households are earning below their applicable ‘minimum income floor’ and are at risk of seeing their income fall under Universal Credit.

5.8 Moving out of Universal Credit

On average, households in Tewkesbury Borough will have to earn at least £22,343.69 per year to move beyond an entitlement to Universal Credit. However, this varies by household type and tenure, as shown in Table 5.

5.9 Table 5: Earnings required to move out of entitlement to Universal Credit

By Household Type	
Single	£15,432.48
Lone parent	£25,174.41
Couple without children	£16,730.96
Couple with children	£31,128.10
By Tenure	
Private Rent	£24,421.45
Social Rent	£23,061.58
Owner Occupier	£13,619.18

Source: Policy in Practice

6 Changes to benefits for young people

There are 2 core changes to benefits for young people were announced in the Summer Budget 2015:

- 18 to 21 year olds will no longer have an automatic entitlement to the housing element of Universal Credit if they are out of work. In Tewkesbury Borough, there are 45 such households at risk of losing their housing support under Universal Credit.
- 18-21 year olds will be expected to 'earn or learn' and will have to participate in an intensive regime of support under Universal Credit. There are 75 young people in the Tewkesbury Borough cohort (including non-dependants) that could be affected if they make a claim for Universal Credit. It is not yet clear how much, if any, of this support will be provided by Local Authorities.

In addition there are significant implications for people under the age of 35 in terms of LHA entitlement. Since they are only eligible for the lower shared accommodation rate of the Local Housing Allowance they would be unable to afford a 1-bed social/affordable rented property through a Registered Provider. Chart 17 on page 30 shows how the actual median rent levels compare to LHA rate.

7 The National Living Wage and increased personal living allowance

The Summer Budget 2015 announced an increase in the minimum wage for people over 25, called the 'National Living Wage'. It has been set at £7.20 per hour from April 2016 (compared to £6.70 before). From 1 April 2017, the National Living Wage will increase from £7.20 to £7.50 and will rise to £9.00 per hour by 2020.

This does not apply to 70 under-25s in work in Tewkesbury Borough, or to 171 self-employed people, but it could affect the income of the latter under Universal Credit.

The impact of the National Living Wage combined with the increased personal allowance will help 791 households in work, by an average £22.96 per week.

It is worth pointing out that this will only happen if all employers respond to the higher National Living Wage by increasing their workers' wages accordingly rather than reducing hours or hiring younger people who are not affected by the reform.

From April 2016, the new minimum wage (£7.20) will increase the earnings of 886 low-income families in Tewkesbury Borough. 764 of households in receipt of Housing Benefit and Council Tax Support aged 25 or over, in work (not self-employed) earn below £9 per hour. Source: Policy and Practice analysis

8 Rents

8.1 Median rents

Over the period all social sector rents have increased by 35% and private sector rents by 15%. The gap between the two sectors is lessening; this is shown in Table 6.

Table 6: Median rent (before Housing Benefit) by type of accommodation, full household sample

Median £ per week	Year						
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
All social sector renters	£68	£72	£74	£79	£83	£88	£92
All private sector renters	£130	£133	£137	£138	£138	£144	£150
<i>Difference</i>	<i>1.91x</i>	<i>1.84x</i>	<i>1.85x</i>	<i>1.75x</i>	<i>1.66x</i>	<i>1.64x</i>	<i>1.63x</i>

Source: English Housing Survey

Table 7 shows that with the introduction of affordable rents from 2011 the percentage change over a 3 year period has been quite significant for the social/affordable rented sector, while the same period for the private sector there has actually been a decrease.

Table 7: Impact of Localism Act 2011

Median £ per week	3 years prior to Act 2008/09 to 2010/11		3 years post-Act 2011/12 to 2013/14	
	Change (£)	% change	Change (£)	% change
All social sector renters	6	8%	9	11%
All private sector renters	7	5%	6	4%

Source: English Housing Survey

8.2 Social housing 'Rent in Advance'

A key concern for housing professionals over the last 18 months has been that many housing associations are enforcing the rent in advance condition ranging from 1 weeks rent to 1 months rent.

New tenants on low incomes often struggle to afford this in a lump sum, particularly those who may have been rehoused in crisis (following relationship breakdown or homelessness) and local authorities have been concerned that vulnerable people may be financially excluded from social housing.

In practice, our housing association partners within Tewkesbury Borough who apply this policy have been sensitive to financial hardship and have agreed small weekly payments over the first few months of tenancies to enable new tenants to meet the rent in advance criteria. We will continue to work with our partners to ensure that when the rent in advance condition is applied to new tenancies; there will be a generalised sensitivity to financial hardship which does not exclude new tenants.

8.3 Affordable Rents

Affordable rents were encouraged by the DCLG through the HCA who provided grant funding through the Affordable Homes Programme 2011-2015 and are defined as part of the affordable housing definition in the National Planning Policy Framework 2012¹¹.

Tewkesbury Borough is an area where there is significant new-build housing development and the introduction of affordable rents¹² has become the preferred rental tenure in Affordable Housing on these new developments.

Higher rent levels mean more income for housing associations to build capacity within and to develop new affordable housing. Affordable rent also meant the increased viability of new sites particularly market-led development where the affordable housing provision is more likely to be met with increased value of the homes.

The introduction of the LHA rates as a maximum housing benefit rate for social/affordable housing is likely to cause significant affordability issues for our residents in affordable rented properties. This is because the market value of a rental property takes into account the desirability of a local location and the property type. The LHA rate, however, applies to: flats, maisonettes, houses and bungalows irrespective of where they are located. This has caused significant affordability issues for our residents.

Whilst affordable rents may be less expensive for a similar property in the same location in the private sector, they can considerably exceed the social rental values and the LHA rates. This is demonstrated in the following example:

In Tewkesbury Borough, a flat rate of £122.36 per week housing benefit is payable in the Gloucester broad rental market area.

A recent completion of a 2-bed new build bungalow in Longford is rented at an affordable rent of £165 per week.

This leaves a shortfall of £42.64 per week or £184.77 per calendar month.

A significant issue at present has arisen with the LHA rates where a single person, with no children, under the age of 35 will only be granted a set amount known as the single room rate regardless of the accommodation type. This amount is not sufficient to cover the rent for a 1-bed property (as shown in Chart 13 on page 30) and so single people are left with few options to meet their housing needs.

It has been confirmed that the LHA rate will apply to supported and sheltered accommodation for tenancies commencing after April 2017 with take effect in the next 2 years. The cohort likely to be most affected will be those in supported accommodation under the age of 35 (as they will be affected by the single room rate).

¹¹ National Planning Policy Framework 2012

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60772/16950.pdf

¹² Affordable rents are to be set at a maximum of 80% of the market rent (inclusive of service charges) of an area (based on mean rental levels).

Tewkesbury Borough has just one supported housing project based in Tewkesbury Town for vulnerable homeless young people (aged 16-22). Rents in this sector are considerably higher than the LHA to reflect the amount of housing management costs associated with supported accommodation. Supported housing providers in Gloucestershire have confirmed they are concerned regarding the future of their projects following these reforms.

An example of the financial impact on young people is below:

The LHA shared accommodation rate for Tewkesbury Town (Cheltenham area broad market rental area) is £67.08 per week or £290.68 per calendar month
Whereas the rent at the supported scheme in Tewkesbury Borough is £114.03 per week or £494.13 per calendar month
This represents a shortfall of £46.95 per week.

8.4 Housing Benefit capped at LHA rates for social rents

There are 375 households in social/affordable rented housing in Tewkesbury Borough paying rent above the applicable LHA rate. 94.21% of these tenants live in a 1-bedroom property and the average age of these tenants is 69 years. In Tewkesbury Borough the average difference between the weekly rent of affected properties and their applicable LHA rate is £16.42.

Source: Policy and Practice analysis

In November 2015, the Chancellor announced the extension of the LHA cap to the social/affordable rented sector. This measure will apply to new tenancies started after April 2016 and it will become effective in April 2018.

8.5 Pay to Stay

In a House of Commons Library briefing paper¹³, the detail of the now discretionary 'pay to stay' scheme is published. The full report details the issues where higher income earners are paying low rents and therefore needing fairer rents in social housing. In November 2016 it was announced that mandatory pay to stay would not be introduced and so Councils and housing associations have discretion over whether or not they wish to implement higher rents for higher earning tenants:

*“On 21 November 2016 the Housing Minister, Gavin Barwell, announced that the Government had decided **not to proceed with a compulsory approach** and that local authorities and housing associations “will continue to have local discretion.”*

Source: Parliament; House of Commons Research Briefing 06804

<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06804#fullreport>

¹³ House of Commons Briefing Paper Number 06804, 22 November 2016 Social housing: 'pay to stay' at market rents <http://researchbriefings.files.parliament.uk/documents/SN06804/SN06804.pdf>

8.6 Rent comparisons across the sectors

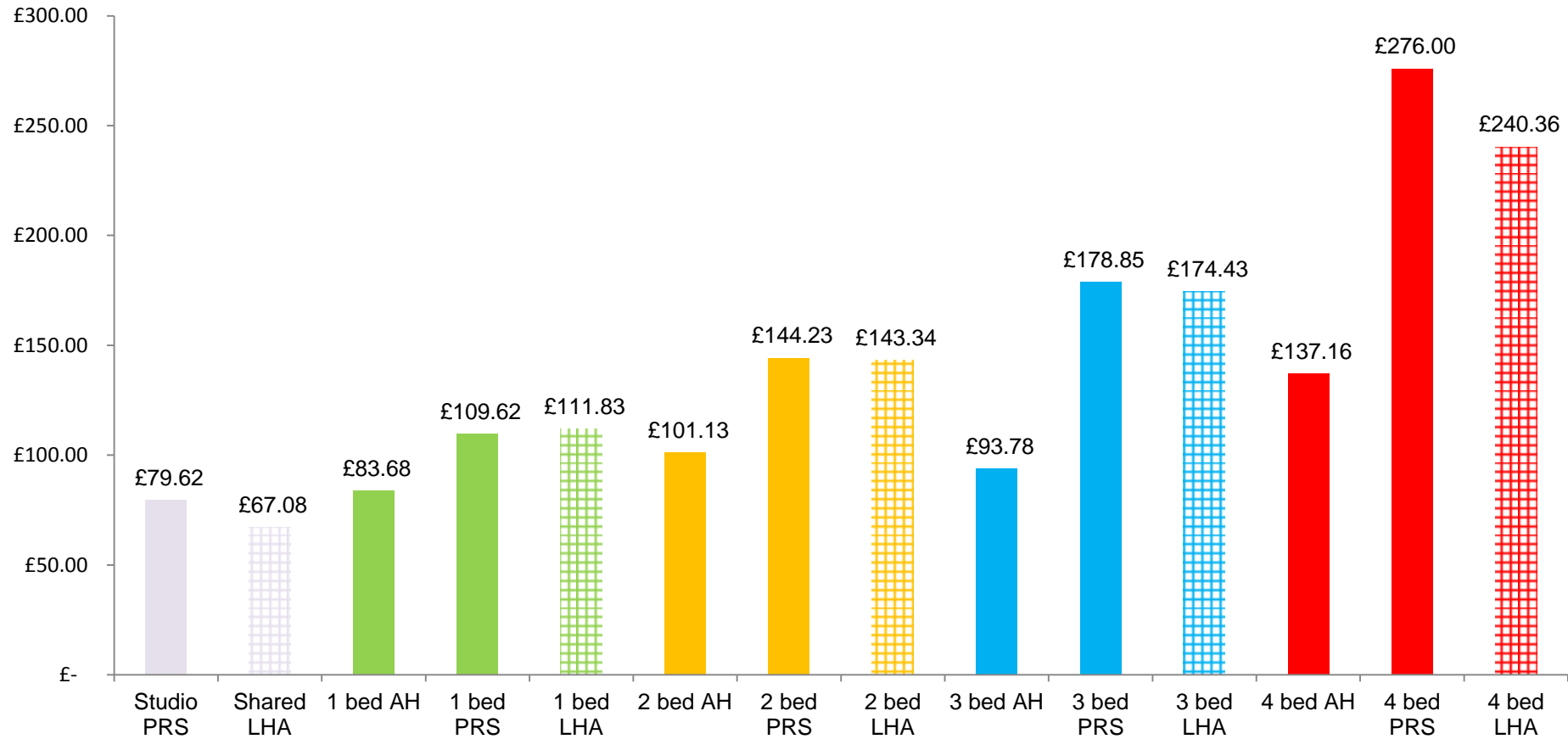
Chart 17 overleaf shows the median rents in Tewkesbury Borough in the private rented sector (PRS), the affordable rented sector (AH), and the LHA rates in the Cheltenham Broad Rental Market Area¹⁴ for 2015/16.

The hatched columns in Chart 17 show the LHA and so comparisons can be made between the rental sectors and against the LHA rate. Analysis shows that:

- 1-bedroom accommodation in all sectors is unaffordable to the under 35s on housing benefit who receive the shared accommodation rate.
- 1-bedroom accommodation for those over 35 - the median rent would be affordable for all households on housing benefit in all sectors.
- 2-bedroom and 3-bedroom properties are affordable providing properties are let to the correct sized households; the median rent is affordable on housing benefit in all sectors.
- 4-bedroom properties - the median private sector rent would be difficult to afford to households on housing benefit.

¹⁴ A broad rental market area is where a person could reasonably be expected to live taking into account access to facilities and services <https://www.gov.uk/government/publications/understanding-local-housing-allowances-rates-broad-rental-market-areas>

Chart 17: Median rents in private rented housing, social housing and the Housing Benefit rates, by bedroom size and cost (in pounds) in Tewkesbury Borough, 2016¹⁵



Source: Tewkesbury Borough Council dataset

¹⁵ Chart notes:

There is no shared/studio social rented housing in the borough at this time and so no 'AH' amount can be shown.
 There is no information on the PRS rents for in 5 bedrooms and above and so the 4 bedroom LHA rate would apply.