



THE EXPERIENCES OF FAMILIES CLAIMING HOUSING BENEFIT DURING A TIME OF CUTS AND CHANGES TO BENEFITS

A report on a longitudinal study on behalf of Shelter, January 2014

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1 Executive summary

1.1 Research background

The purpose of this research is to provide insight into the experiences of households with children claiming Local Housing Allowance during a time of cuts and changes to benefits. All households in the research were living in the Private Rented Sector (PRS) in London and claiming Housing Benefit. The aim of the research was to understand the awareness of households as to the impact of national policy changes on their incomes, and to understand how they responded to any changes. This report details the findings for this longitudinal study which was conducted over a period of 17 months from July 2012 until November 2013.

1.2 Research methodology and sample

Qualitative face to face depth interviews were selected as the most suitable approach for the study as they provided a context-rich, detailed and in-depth insight into participants' experiences. By the end of the study, each participant had been contacted twice for interview, once at the start of the research and once towards the end. The researchers also maintained contact with the participants throughout the study via telephone calls and diary exercises. In the first stage, 18 interviews were conducted and in wave two, 12 months later, 16 participants were successfully re-contacted for interview.

The research locations covered six London boroughs:

- Inner boroughs: Lambeth, Wandsworth, Westminster
- Outer boroughs: Barnet, Croydon, Haringey

1.3 Policy context

In June 2010 the Coalition Government announced its Emergency Budget. This spending plan was explicitly designed to reduce the deficit and included £2billion cuts to Housing Benefit. The Government also announced its longer term intention to reform the benefits system ('21st Century Welfare'), which was described as too complex and not one which encouraged claimants to work. The key stated aims of this reform were to simplify the welfare system and break the perceived culture of welfare dependency by making work pay, via the introduction of a single means-tested benefit, Universal Credit.

Three key reforms which we focus on in this research are:

Changes to the way that Local Housing Allowance is calculated

Local Housing Allowance (LHA) was introduced nationally in April 2008 and is a way of calculating Housing Benefit for households who rent their home from a private landlord. Local Housing Allowance rates determine the maximum amount that is payable to a household dependent on their household size and location. A number of changes to the way in which LHA was calculated took effect from April 2011, impacting the support that households receive dependent on their circumstances:

- The highest LHA rate was limited to the four bedroom rate, regardless of how many bedrooms the household required
- New upper limits for each property size (LHA caps) were introduced, regardless of local rents
- The LHA was set at the 30th percentile of rents in each broad rental market area, rather than the median
- In January 2012, the shared accommodation rate restriction applicable to those who were single without dependants and under 25 was extended to those under 35

These changes were introduced to all new claimants from April 2011 but rolled out to existing claimants throughout 2012. All of our project participants were subject to the reduced rates by the time of the second depth interviews.

Introduction of Universal Credit

The foundation of the longer-term welfare reform is the introduction of one single means-tested benefit for working-age adults. Universal Credit is an attempt to simplify and clarify the benefit system, making it easier to administer and with a view to minimising fraud and error. It aims to encourage individuals to work by allowing them to keep more of their income as they move into work and by making it easier for them to calculate how increasing their earnings will affect their benefit entitlement. Limited roll out of Universal Credit started in April 2013 in select geographical areas with select claimants groups, and the intention is that Universal Credit will be rolled out nationally to most claimant groups by 2017.

Introduction of an Overall Benefit Cap

In April 2013 a cap was introduced on the total amount of benefit that out-of-work working age people can receive. The amount people can receive in benefits was capped at the level of national average earnings: assessed to be £500 a week for a couple and single parent households – the equivalent of £26,000 per year (£350 a week for single adult households). The cap was rolled out between April and September 2013.

1.3.1 Benefit changes landscape as of November 2013

Since the start of the research, there have been a number of changes to benefits in addition to those outlined above:

- Disability Living Allowance is being replaced by Personal Independence Payment from 2013 for people aged 16 to 64.
- Council Tax Benefit was abolished in April 2013. Local councils in England (and the Scottish and Welsh governments in the devolved nations) have brought in their own Council Tax Support Schemes to replace it.
- Community Care Grants and Crisis Loans were abolished in April 2013. People can apply for help from their local authority in England. In Scotland people can apply for help from the Scottish Welfare Fund delivered through local authorities, and the Welsh Government is bringing in its own Discretionary Assistance Fund.

Budgeting Loans were replaced by a new system of Budgeting Advances from April 2013 onwards, as people are moved onto Universal Credit. The implementation of **Universal Credit** is underway

but operating along a slower timetable than originally planned. The focus is on introducing it slowly in select 'pathfinder' areas to select claimant groups.

| Date when Universal Credit is being introduced | Who this affects |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| 29 April 2013 onwards | Single households, newly out-of-work and living in Ashton-under-Lyne or Wigan. |
| 29 July 2013 onwards | Single households, newly out-of-work and living in Warrington or Oldham. |
| October 2013 onwards | Single households, newly out-of-work and living in Hammersmith, Rugby or Inverness. |
| After spring 2014 | Single households, newly out-of-work and living in Harrogate, Bath or Shotton. Universal Credit will expand to include couples in pathfinder areas. |
| From summer 2014 | Universal Credit will expand to include families in pathfinder areas and to the North-West. |

From 1 April 2013 onwards, if a social housing tenant has more bedrooms than their household size necessitates and they're renting a council or housing association property, then their Housing Benefit may be reduced.

The Housing Benefit (or the housing element of Universal Credit) was cut by the following percentage where applicable:

- 14% for one extra bedroom
- 25% for two or more extra bedrooms

This is sometimes referred to as the 'Bedroom Tax', the 'under-occupation penalty' or the 'removal of the spare room subsidy'.

Tenants will be affected by the penalty if:

- They're aged between 16 and the State Pension Age
- They rent their property from a local authority, housing association or registered social landlord
- They get Housing Benefit (or the housing element of Universal Credit)
- They are classed as having a spare bedroom

The following rules will be used when working out whether they have a spare room:

- They will be allowed one bedroom for each person over 16 or couple in a household.
- Two children under 16 of the same gender will be expected to share.
- Two children under 10 will be expected to share regardless of their gender.

There are also exemptions for certain groups where one spare bedroom is allowed for:

- any other child (other than a foster child or child whose main home is elsewhere)
- children who can't share because of a disability or medical condition
- a carer (or team of carers) providing overnight care
- an approved foster carer who is between placements, but only for up to 52 weeks from the end of the last placement
- a newly approved foster carer for up to 52 weeks from the date of approval if no child is placed with them during that time

Rooms used by students and members of the armed or reserve forces will not be counted as 'spare' if they're away and intend to return home. In addition, tenants may be entitled to additional bedrooms if they have recently suffered bereavement in the household.

1.3.2 Discretionary Housing Payment

A Discretionary Housing Payment can help towards housing costs. It can be paid if the Housing Benefit does not meet the full rent, there can be several reasons for this, for example:

- The Local Housing Allowance is lower than the rent in private rented property
- The Housing Benefit is reduced because of non-dependant deductions/housing costs contributions
- The Housing Benefit is reduced because of a decision that there is a spare bedroom/s in social rented property
- The Housing Benefit is reduced due to the Overall Benefit Cap

A Discretionary Housing Payment could also be paid to help with a rent deposit or rent in advance for a property that a claimant hasn't moved into yet as long as they are entitled to Housing Benefit for their current home. It could also help with lump sum expenses like removal costs. Claimants can still apply to their current local authority for assistance even if they are moving to a different area.

1.4 Key findings

The key findings from the research are detailed below, and have been split into three key areas: (i) changes to benefits; (ii) housing and rent; and (iii) impact of reduction in benefits / Housing Benefit due to changes to LHA.

One of the strongest themes to emerge from this research is the growing sense of insecurity around housing. Twelve months on from interviewing these participants there is a real fear of eviction or the threat of eviction and homelessness amongst some.

Over the last 12 months the relationship with their landlord has been affected by the reduction in Housing Benefit, placing a strain when participants have been unable to pay the full rent with their Housing Benefit.

Many participants report “feeling stuck” in their current housing situation with no means to improve this. With increases in rent and reductions in Housing Benefit, they are aware that this position is unsustainable. However, they feel unable to change this situation because they believe they cannot afford to move or because they fear homelessness if they attempt to move.

Changes to benefits

- *There was strong awareness that national changes to Government policy around benefits have taken place.* Many participants have already experienced changes to LHA as well as their benefits and this was driving high awareness around the changes. Some mentioned the single payment aspect but displayed low awareness and understanding of the term Universal Credit, when it would be implemented and what it would mean for them. This is not surprising given the slipping timetable for roll out for Universal Credit and the general lack of public facing communications

Those that had heard of Universal Credit, usually via word of mouth, had varied interpretations and understanding, including inaccurate ones such as this:

“They have this universal benefit where they pay all your JSA and council tax in one lump sum per month and it’s up to you to budget. Haringey, Enfield and Lambeth are the pilot schemes that are running this...if it’s deemed as credible then they’ll send it nationwide”

(Penny, reduction in Housing Benefit due to changes to LHA)

“I’ve heard of Universal Credit, but only that’s been on the telly (sic). All benefits will all be into one benefit but then nothing’s come up of it. I’ve heard that all the benefits will be into one benefit, but I wasn’t sure how that would work. It was last year they were talking about it, and that’s it.”

(Rimana, reduction in Housing Benefit due to changes to LHA)

- *There was passive acceptance of changes. All have experienced cuts to some benefits but are trying to manage on less.* Once the cuts took place participants did not feel they could do anything to challenge or reverse them. Instead they spoke of trying to manage their household expenditure with less money but with no sense that they could get any further help. This also contributed to a feeling of being ‘stuck’ in their situation as they realised their property was unaffordable, yet they perceived a move to be unaffordable too.
- *Most have already experienced changes to LHA but still do not know much about it.* They just know they are receiving less than before. They had all been expecting some change to their benefits ever since they received letters from their Local Authority in 2012 about the possible LHA reductions. However, they were not always sure of the extent until the changes actually took place. There was confusion about when the LHA changes took place with many thinking that it took place in April 2013, when really it took place throughout 2011

and 2012. For some experiencing a reduction in their LHA, it was not always obvious how much this reduction was. Those who received their Housing Benefit with other benefit payments often found it difficult to distinguish the reduction in LHA from other benefit reductions such as Council Tax benefit and Child Tax Credit.

Housing and rent

- *The ultimate goal for all participants was to be re-housed in a Council owned property.* Social housing outside the PRS was regarded by all to provide high levels of stability and this was very important for all of the participants.
- *For many it was inevitable that they will have to move as they envisage any future rent increases will be hard to manage. For now, most have adopted a “wait and see” approach.* Many have started looking at alternatives but a lack of suitable and affordable rental property nearby means that for some a move away from the area is also inevitable.
- *Respondents experienced an unsettled feeling driven by less money, children getting older and a change in family circumstances.* The benefit payment reductions have squeezed household finances even further with additional anxieties around lack of space as the family gets larger, children get older and therefore need separate bedrooms or children leave education.
- *Some feel “stuck” because they do not have enough money for a deposit in order to move.* They believe that their household finances could be improved if they moved to another more affordable property but they felt unable to do this because they could not foresee a time when they would have enough money for a deposit.
- *There is a tacit acceptance that if they move then they will have to move further out of London because the Housing Benefit would need to cover rent.* However, there is also a perception that Housing Benefit further out of London will be much lower to reflect lower rents which could mean no change in their day to day financial circumstances if they still have to manage on less.
- *While the reduction in LHA has not been enough to make most participants move in the last 12 months, those who have stayed in the same property have had to adjust their household spend so that they can continue to stay in the area.* The reduction in LHA, combined with annual rent increases means that there is a shortfall in the rent which has to be paid to the PRS landlord. If they are unable to pay this then they risk eviction. To ensure that they can stay in the property for as long as possible participants have reduced spending elsewhere.

Impact of a reduction in benefits / Housing Benefit

- *The impact of a reduction in benefits, or Housing Benefit due to changes in LHA, have been felt by all with most experiencing a reduction in Housing Benefit in the last 12 months.* Whilst not all have seen a reduction in their Housing Benefit due to changes in LHA, they have still experienced a squeeze on their household finances because of rent increases combined with other benefit reductions as well as higher food and fuel prices.
- *Many have cut back on household expenditure where possible. Those in debt and arrears continue to be so.* With a rent shortfall to meet, participants are finding it increasingly challenging to meet bill payments without cutting back on discretionary spending, which could include children’s activities and day trips. Those in debt and arrears have to manage

with less money while they try to prioritise debt repayments and some have crisis loan repayments deducted from their benefit payments, thereby prolonging the indebtedness.

- *Those affected by a reduction in LHA feel there is little they can do until they are evicted by their landlord or taken to court for rent arrears.* There is a strong belief that attempting to move before the threat of eviction would be regarded by the local authority as making themselves intentionally homeless. It is not clear where they learned this from, but from the interviews it is clear participants believed that to leave without being evicted is to become intentionally homeless meaning the local authority would no longer be obligated to re-house them. It is worth noting that while there is a very good awareness of some aspects of housing and benefits law, this can be combined with high levels of confusion in other regards

“The Council said to me they don’t have a duty to give me social housing, they would place me in another private rent, out of London because it’s affordable rent. I don’t want to go another private landlord because he’s always going to want his property back. I need to be somewhere secure with my children”

Vicky, Croydon, reduction in HB due to changes to LHA

- *Those that have received an eviction notice or have been evicted are in limbo, unclear where they will go and how they will be helped by the council.* These participants face an uncertain future causing anxiety for them and their families. The threat of eviction is stressful particularly if their relationship with the private landlord has deteriorated to the extent that they feel vulnerable in their home. The lack of control over where they will be in the short term means they cannot plan for the future, and lead a day to day existence anticipating eviction day. Those who have been temporarily re-housed following eviction spoke of the disruption to their children’s education and the uncertainties about schooling especially if they have had to move out of the borough.

2 Research background

In April 2011, the Coalition Government introduced a number of reforms to the Local Housing Allowance (LHA) system of Housing Benefit. LHA, which is a type of Housing Benefit for people living in the Private Rented Sector (PRS), determines the maximum amount of support payable based on the size and composition of the household, and rents in the locality. Households use this to pay for private rented accommodation.

The Government reforms applied to all new claims from April 2011, including those arising due to some changes in circumstances. The reforms were extended to all claims and claimants between January and December 2012. The key areas of reform were¹:

- The highest LHA rate being limited to the four bedroom rate, regardless of household requirement
- New upper limits for each property size
- The LHA was set at the 30th percentile of rents in each broad rental market area, rather than the median
- In January 2012, the shared accommodation rate restriction (applicable to those who are single without dependants and under 25) was extended to those under 35

The purpose of this research is to provide insight into the experiences of households with children claiming Housing Benefit in the PRS during a time of cuts and changes to benefits. All households in the research were living in the PRS in London and claiming Housing Benefit at the start of the research in 2012. By the end of the research most were still living in their original properties but many more feared the threat of eviction.

3 Research methodology

This study is qualitative in order to understand people's personal experiences of the changes to benefit entitlements that are taking place nationally. Qualitative research provides a person-centric focus: participants drive the conversation and can talk about how they have been affected personally by the national policy changes; rather than the researchers imposing a rigid structure on participants. This discursive approach empowers participants to describe their attitudes, feelings, experiences and views in their own words.

The study has a longitudinal design so that it can be established whether, and how, experiences or situations change over the course of 12 months; and so that the impact of any changes can be understood.

¹ Changes to the way LHA calculations are made: The £15 weekly excess provision currently payable within the LHA rules has been removed; The property size criteria have been adjusted to provide for an additional bedroom for a non-resident carer where a disabled person has an established need for overnight care; Staged increases are being made in the rates of non-dependant deductions applicable to all housing benefit claimants; From April 2013 linking LHA rates to CPI inflation as opposed to market rents, and with a 1% cap on up-rating in 2014 and 2015; From April 2013 a cap of £500 per week will be placed on the benefit entitlement of households with dependent children if no adult is in work (£350 per week for single adults without dependent children)

Face to face in-depth interviews were selected as the most suitable approach for the study as they provided a context-rich, detailed and in-depth insight of participants' experiences. By the end of the study, each participant had been interviewed twice, once at the start of the research and once towards the end. The researchers also maintained contact with participants throughout the study via telephone calls and diary exercises. In the first stage of the research, 18 individual face to face depth interviews were conducted with participants in their homes. In the second and final stage, researchers successfully re-contacted 16 participants for final interviews. Each in-depth interview lasted for 1.5 hours.

Fieldwork took place in six London boroughs:

- Outer boroughs: Barnet, Croydon and Haringey
- Inner boroughs: Lambeth, Wandsworth and Westminster

All participants were living in London boroughs in the PRS; all participants had children; and all were receiving Housing Benefit. Participants met specific demographic and characteristic criteria to ensure a good spread of participant circumstances and experiences, and to provide a robust sample design.

Despite attempts to stay in regular contact with participants throughout the study there was some attrition with researchers unable to reach two participants for the second and final stage of the research. In the end, researchers interviewed 16 participants between July and November 2013, representing a retention rate of 89%. The two participants we were unable to contact were no longer at their original address and had moved without leaving a forwarding address. It is not possible to draw any conclusions as to why they moved or the circumstances that caused them to move. There are no significant characteristics that differentiate them from the other participants. As with the first stage, the interviews were conducted in participants' homes. Most participants were still living in London boroughs in the PRS and all were still receiving Housing Benefit, although reduced in most cases.

This report details findings from the 16 interviews conducted in wave 2.

4 Research sample

As mentioned earlier, a total of 18 participants were interviewed in the first round of interviews, which took place between July and November 2012. For the second wave researchers managed to re-contact and interview 16 participants between July and November 2013.

Table 2: sample table

| Demographics and characteristics | Wave 1 | Wave 2 |
|----------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------|
| Gender | 16 x women | 14 x women |
| | 2 x men | 2 x men |
| Boroughs | 1 x Lambeth (inner) | 1 x Lambeth (inner) |
| | 6 x Wandsworth (inner) | 5 x Wandsworth (inner) |
| | 1 x Westminster (inner) | 1 x Westminster (inner) |
| | 6 x Barnet (outer) | 5 x Barnet (outer) |
| | 1 x Croydon (outer) | 1 x Croydon (outer) |
| | 3 x Haringey (outer) | 3 x Haringey (outer) |
| Household working status | 10 x out of work (nobody working in household) | 7 x out of work (nobody working in household) |
| | 8 x working (participant or partner working) | 9 x working (someone in household working as employee or self-employed) |
| Size of family | 15 x smaller families (two children in household) | 14 x smaller families (two children in household) |
| | 3 x larger families (three children or more in household) | 2 x larger families (three children or more in household) |
| Affected / not affected by a reduction in Housing Benefit due to LHA | 11 x affected / will be affected | 12 x affected by LHA reduction |
| | 7 x not affected | 4 x no change in LHA |
| Ethnicity | 11 x White British | 10 x White British |
| | 3 x Black British | 3 x Black British |
| | 3 x British other | 3 x British other |
| | 1 x Other | 0 x Other |

Table 2 outlines the demographics and characteristics selected for the study's sample design. The demographics and characteristics were chosen to ensure a good spread of participant circumstances and experiences, and to provide a robust sample design. Quotas were set against some of these sampling criteria.

For the initial wave, a 'free-find' recruitment method was used, which meant that participants were independently sourced rather than recruited from any list or database. This involved specialist recruiters proactively 'free-finding' participants using a range of methods including street recruitment, networking and 'snowballing'². In addition, potential participants were engaged in the research through recruiters contacting local schools and children's centres and through placing adverts on specific websites.

Following the wave one interviews it was important to manage the sample for the duration of the study to ensure that researchers were able to re-interview as many as possible for the second and final wave. To reduce attrition rates researchers kept in contact with their participants throughout the research in a number of ways:

- Telephone calls to catch up on recent and/or significant events. This could include informal discussions about their families, finance, housing or any other news participants wanted to share.
- Emails and text messages to stay in touch and generally to see if they had moved or had received any further information that could impact on their housing
- Short diaries to record how they were feeling in a particular week and an opportunity to express their hopes and fears.

As well as shopping vouchers that were given as incentives at each stage of the research interviews, participants were also sent greeting cards and high street vouchers following each interaction with the researchers to ensure they stayed engaged with the research process.

It should be stressed that qualitative research is not, and does not seek to be, representative, which means that it is not possible to apply generalisations from qualitative research findings. In contrast to quantitative research which is representative, qualitative research uses comparatively small sample sizes and purposive sampling to understand individuals' experiences and behaviours.

² Snowballing involves recruited participants suggesting people they know who may be suitable and willing to take part in the research. These people are then taken through the screening process to ensure they are eligible to take part in the research.

5 Policy Context

In July 2010 the new coalition Government announced its Emergency Budget. This spending plan was explicitly designed to reduce the deficit and included £2billion cuts to Housing Benefit. Measures in the Emergency Budget were enacted by regulations laid in 2010 and the Welfare Reform Act, which received Royal Assent in March 2012.

The coalition Government announced its longer term intention to reform the benefits system ('21st Century Welfare'). This set out that change was needed because the existing system was too complex and did not encourage claimants to work. The key stated aims of this radical reform were to simplify the welfare system and break the culture of welfare dependency by making work pay, via the introduction of Universal Credit.

5.1 Housing Benefit, LHA and Size Criteria

Housing Benefit is a government payment made to those who cannot afford to pay their rent, for example because of: low pay, caring responsibilities, retirement, unemployment or illness. It is available, subject to a means test, to tenants of both private and social (public and not-for-profit) landlords.

LHA, introduced nationally in April 2008, is a way of calculating Housing Benefit for households who rent their home from a private landlord. LHA rates determine the maximum amount that is payable to a household dependent on their household size and location. Previously, rates were set at the 50th percentile of a sample of rents by property size in a government-determined area, known as a Broad Rental Market Area (BRMA). Households could choose to rent a more expensive property but would have to make up the difference themselves. Those who rented a property below the LHA rate could keep the surplus, capped at £15 per week.

Expenditure on Housing Benefit in cash terms increased from £11 billion in 2000/01 (£15bn in 2010/11 prices) to £21bn billion in 2010/11.³ In order to try to reduce spending on Housing Benefit, the Government has introduced new measures, the aim of which are to provide a fairer and more sustainable Housing Benefit scheme, by:

- Ensuring that people receiving benefit are not living in accommodation that would be unaffordable for most people in work, thus creating a fairer system for low-income working families and for the taxpayer.
- Addressing the incentives to work in the current system.
- Removing the £15 excess which allowed tenants to receive more benefit than they needed, which the Government felt was not justifiable in the current economic climate.
- Acknowledging that the criteria used to determine the size of a property a claimant requires should take into account people who do not live in the property full time, such as an overnight carer⁴.

³ DWP Universal Credit: Impact Assessment December 2012

⁴ <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/claims-processing/local-housing-allowance/impact-of-changes.shtml>

A number of changes to the way in which LHA was calculated took effect from April 2011:

- Staged introduction for existing claimants
- Overall LHA caps introduced
- Five bed LHA rate abolished
- LHA rates calculated from the 30th percentile of local rents
- £15 “keep the difference” surplus abolished
- Additional room allocated for an overnight carer

In the Comprehensive Spending Review of October 2013 the Chancellor made a further announcement affecting LHA claimants. The Shared Accommodation rate for single adults without dependents was extended from 25 years old to all those under the age of 35. This affected all new claimants from January 2012 and existing tenants from the time of their next annual review. The shared accommodation rate restricted single, “young people” without dependent children to sufficient Housing Benefit to rent a room in a shared house.

Households claiming LHA were also affected by above-inflation up-rating to non-dependent deductions. These are deductions made from a Housing Benefit award if the claimant shares their home with a non-dependent, typically an adult son or daughter.

The Emergency Budget also stated that from April 2013 LHA rates would be up-rated annually by the Consumer Price Index, rather than being calculated monthly by a rent officer based on actual rents in a BRMA. LHA rates were frozen in April 2012 in anticipation of this change. The Autumn Statement of 2012 further announced that LHA rates would be up-rated by a maximum of 1% in 2014 and 2015, with a limited exemption for the least affordable areas.

Social tenants below retirement age would also be subject to new restrictions to Housing Benefit, which took effect from April 2013. Housing Benefit will be deducted if a claimant is judged to have “spare rooms” based on the needs of their household. The impact of this change is not covered in this report as it does not affect private tenants.

The April 2011 changes to the calculation of available LHA, and other changes, affect how much rent claimants are able to pay and how much income landlords can derive from letting to LHA tenants. There are concerns that the changes will result in landlords leaving the LHA sub-market and/or increased homelessness.

Housing charities have expressed views that the changes in the way LHA is calculated will force many claimants to move out of higher cost areas - such as inner London, or intentionally overcrowd or move into very substandard accommodation. A study conducted by the Cambridge Centre for Housing and Planning Research⁵, commissioned by Shelter, predicted that by 2016, approximately two-thirds of London areas will be largely unaffordable to low-income tenants supported by LHA. The Chartered Institute of Housing has said that the changes to LHA payments are going to have “far-reaching effects on families and communities across the whole of the UK”.⁶

⁵ <http://www.cchpr.landecon.cam.ac.uk/Downloads/RF%20Shelter%20Final%20Report%20May%202011%202012%20rev.pdf>

⁶ http://www.cih.co.uk/news-article/display/vpathDCR/templatedata/cih/news-article/data/Tenants_and_landlords_braced_for_1_April_housing_benefit_reforms

In acknowledgement of the enormity of the changes taking place across the benefits system Steve Webb (The Minister of State, Department for Work and Pensions) stated on 18th November 2013, that the Government has made available £395 million in discretionary housing payment funding over the course of the spending round (2011-15). The settlement for 2014-2015 is £165million and local authorities have been advised of their allocations for 2014-15.⁷ Discretionary Housing Payment can be used by local authorities to provide claimants with financial assistance, when the local authority considers that additional help with housing costs is required.

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275971/s1-2014.pdf

6 Qualitative findings

6.1 Housing and expenditure

A struggle to stay in the current property

Of the 18 people interviewed in the first wave, 12 participants are still in the same property, struggling with the rent and bills, with some anticipating eviction. However, six participants are no longer living in the same property.

Of the six who have moved away:

- One was evicted and is now living in a refuge
- One moved in to a hostel voluntarily and is awaiting an application to be recognised as homeless
- One has been rehoused by the LA as a priority because of medical conditions i.e. had to be moved from 5th floor flat with no lift to a property with lifts to enable wheelchair access
- One was evicted (served with a possession order) and is now waiting for the LA to re-house her.
- Two have moved away without leaving a forwarding address so it has not been possible to contact them to find out the reason.

When researchers first interviewed participants in 2012, the lack of choice when searching for property was cited by many. Twelve months on participants mentioned feeling stuck because while they anticipate a move at some point, they believe that they cannot afford to.

Participants discussed wanting to stay in the area, even if they could not afford to stay in the same property. This appears to be driven by a desire to ensure that their children's schooling is not disrupted. Moving out of the area would mean uprooting the children from their school as well their school friends. It would also mean additional expense of a new school uniform which many had already struggled to provide.

Some participants mentioned losing their place on the council housing list because they were deemed to have had their housing needs met, with very little chance of appeal because the council had discharged their duty by giving them a PRS offer. This caused great stress because they believed that it now meant that another move to a PRS property was inevitable with the associated risks of uncertainty of length of tenure and therefore a lack of stability.

“I was number 98 on the council list and they took me off in January (2013) because they said my housing needs were met. They only sent me the letter telling me in April, and it was too late to appeal by then”

Vicky, Croydon, reduction in HB due to changes to LHA

Twelve months ago, very few contemplated having to move properties as a result of increased rent because they had not felt the impact of the reduction in Housing Benefit. Since then, with the increase in rent and the reduction in their Housing Benefit many are starting to think about moving to a more affordable property. However, with no money for a deposit they feel stuck where they are and this feeling is intensified by their struggle to find affordable property in the same area.

Many spoke about the constraints they faced based on their personal circumstances, for example, having children that were growing up and would need their own room. Ideally they would like a larger property but felt the likelihood of finding something they needed within their budget in the same area was very low.

“This area it’s just getting more and more expensive you know because of the school and everything like that.....I don’t feel we’ll be here much longer, but I’ll know closer to the time. But then, you know, if I’m going to start earning a little bit more money, hopefully which I will by the next 6 months, then we might be able to stay.”

Maddy, Wandsworth, reduction in HB due to changes to LHA

Participants placed great importance on staying in the same area because of support networks established with neighbours and children’s schools. Many had family nearby and relied on them for financial help and childcare. They perceived that a move away from the area could have a negative impact as they would need to re-build their support networks which could take time. Moving away from their friends and family would mean that they would have to cope alone, and find themselves isolated, which the lone parent families interviewed found particularly daunting.

Previously many had moved to their PRS property because it was the only choice that was given to them by the council. It is worth stating that of the original 18 participants, four had found their own properties with the remaining participants housed via Housing Options. Consequently those who went through housing options fear that their next move will also be an emergency move to another PRS property rather than a planned and considered one, due mainly to a lack of choice and control. It is also worth emphasising that some of those who had found their own property were keen not to let their landlord know that they were Housing Benefit recipients.

“Well the only issue is that like you never know when they are going to turn up and say, ‘oh I’m coming back’ or ‘we’re selling the house’, you’re always sort of living under that kind of threat. Whereas if you were in more of a council property, you know you’ll be there forever and you know as long as you keep paying the rent, but that’s the only thing really ‘cause it can be a bit of an upheaval.

Maddy, Wandsworth, reduction in HB due to changes to LHA

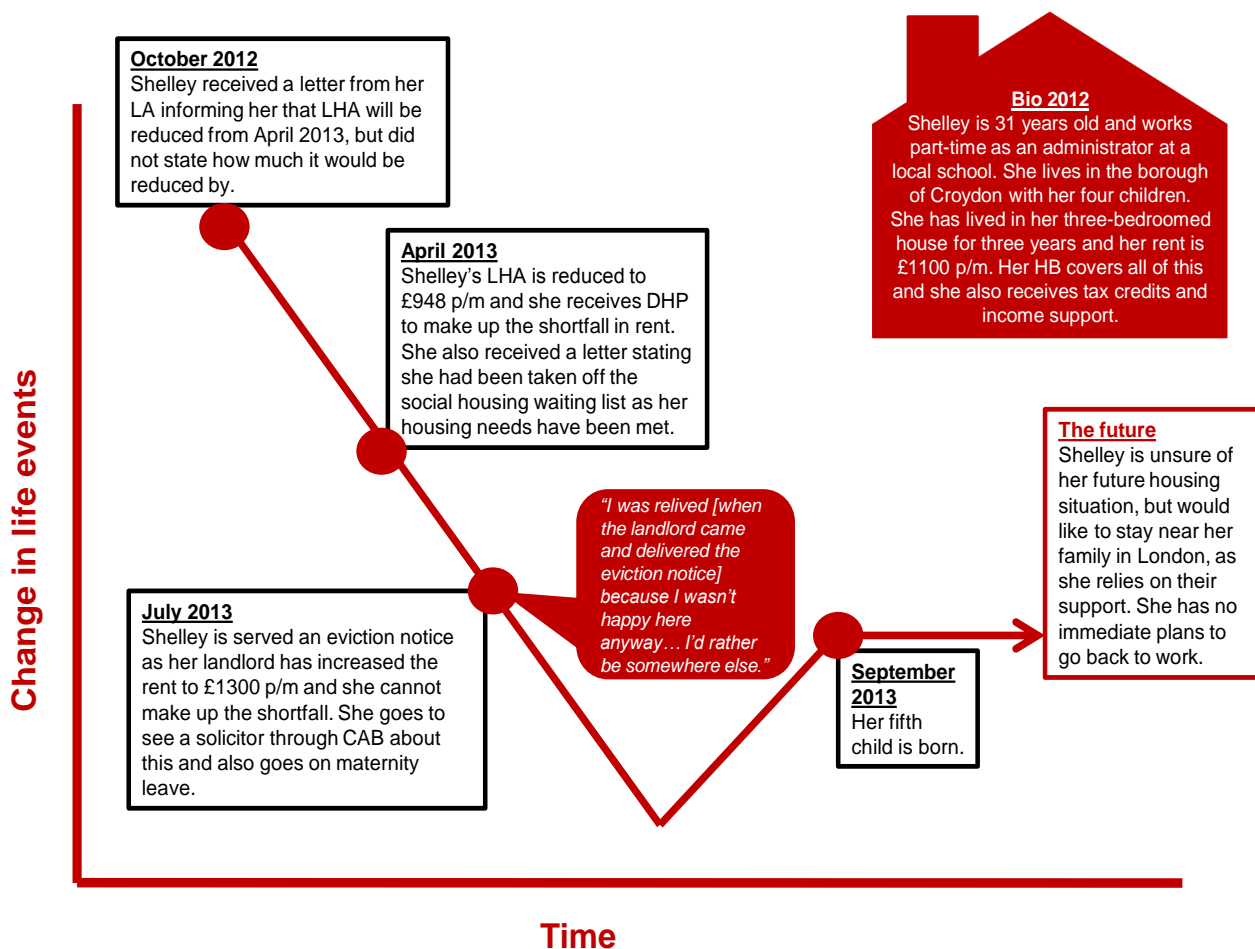
All parents spoke about a desire for stability, mainly for the welfare of their children. One participant who was temporarily rehoused following eviction ensured that her son stayed at the same school even though it entailed a long bus journey from Croydon to Lambeth every day. This was partly

because she expected to be rehoused in Lambeth and partly because she wanted to maintain some stability for her child. She felt a lot of pressure from her council to accept a property quickly and she was offered a few properties in Kent via housing options. She resisted a move to Kent because she did not want to put her children into different schools and is now in a 6 month tenancy in Croydon. During the interviews it was evident that as well as the decrease in LHA and the increase in rent, many participants' finances have been adversely affected by the delays to payments as a result of the benefit changes. Some have seen delays in payments following assessment of entitlements, and some spoke of being in debt due to their benefits being suspended and then waiting for these to be reinstated. Many felt it was impossible to plan their finances if they were not sure when their benefits, and in turn their finances, would stabilise. This is further exacerbated by the delays to Universal Credit which they thought was imminent but had no apparent guidance or support to tell them what to expect and how to prepare for and manage the change.

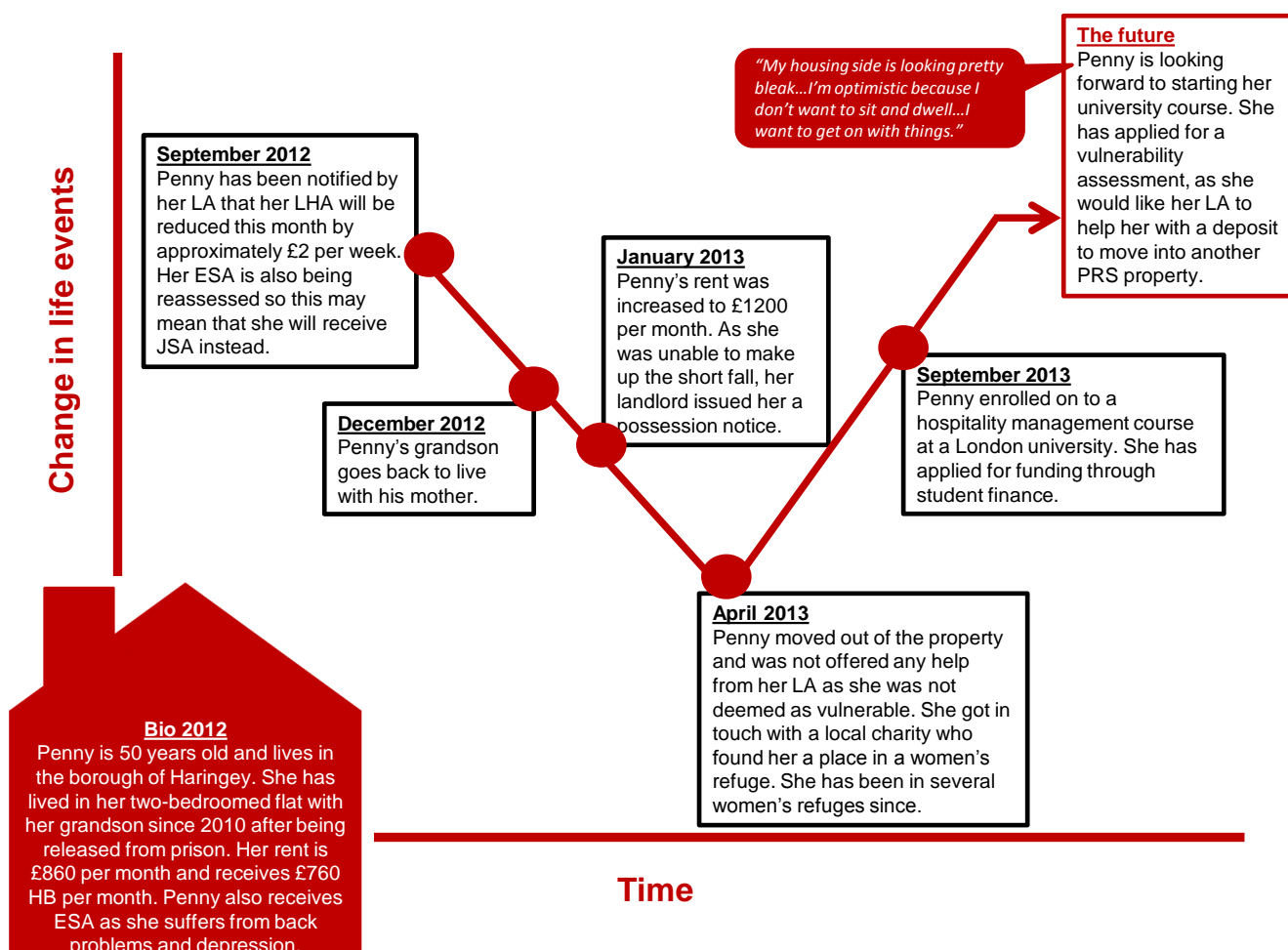
Participant PRS Housing Journeys

The following participant journeys provide both an overview and some micro- level information about how the LHA changes have affected them.

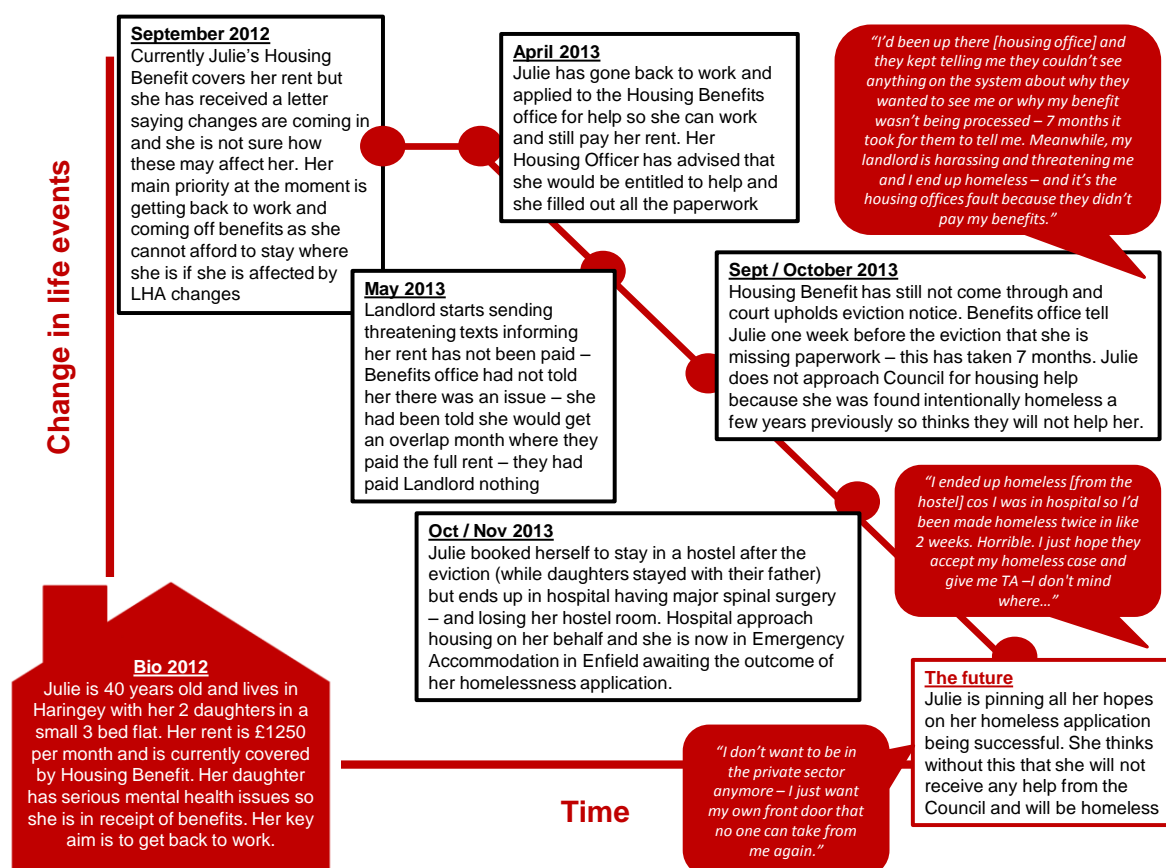
This participant's journey started in October 2012 when she received a letter informing her of the Housing Benefit reduction which takes place in April 2013 and is followed by an eviction notice in July 2013. When she was interviewed in October she was still waiting to be evicted and was unaware that she had been affected by the Overall Benefit Cap.



This participant fell in to arrears once her Housing Benefit was reduced and her rent was increased, resulting in eviction. She is now living in a women's refuge.



Delays in payments and lack of communication from the Benefits office have resulted in this participant being made homeless with a direct impact on her health and family's welfare.



Satisfaction with current property

Those who were dissatisfied with their property in 2012 remained so when researchers visited them in 2013. The two most common reasons for dissatisfaction were:

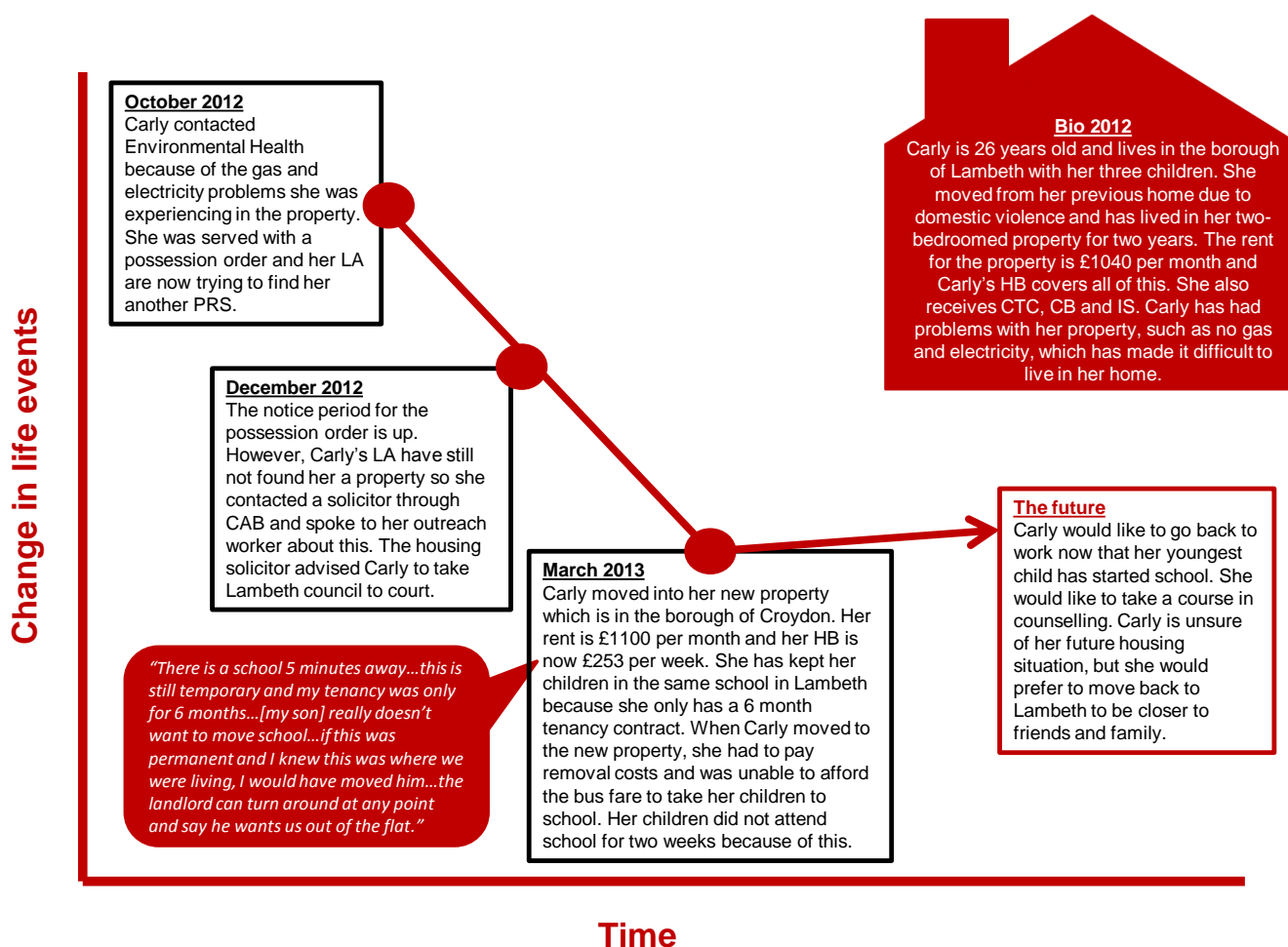
- Their property was not in a suitable state of repair
- There was a lack of space and not enough bedrooms

Other reasons for dissatisfaction included:

- Not being in close proximity to family
- Not being close to children's school
- Lack of familiarity with the local area/not feeling safe
- Not being close to public transport
- Inconvenient for employment or education opportunities
- Lack of or poor local amenities
- Lack of or poor local facilities for children

Despite their dissatisfaction with their property, these participants did not feel they could move until they received an eviction notice. Even then they did not know whether they would be re-housed somewhere more suitable.

This participant had to move as a result of problems with her PRS property and was moved to a temporary accommodation (6 month tenancy) in a neighbouring borough, following eviction. When she was interviewed in September 2013 she was still waiting to be re-housed. It is worth noting that this participant was reliant on her LA to help her with her housing needs.



Relationship with landlord

The type of relationship participants had with their landlord seemed to affect the levels of satisfaction with the property. Over the last 12 months the relationship with the landlord had been strained for participants affected by the reduction in Housing Benefit, who were then unable to pay the full rent with their Housing Benefit.

Very few have managed to negotiate a rent decrease with their landlord.

One participant was unable to pay the shortfall following changes to LHA. Although she was unable to secure Discretionary Housing Payment, the landlord would not evict her so she has managed to stay in her property at a reduced rent, despite not negotiating a decrease. She believes that the landlord had to lower it because the local authority told them to.

“They’re not horrible people but I think they try to do everything on the cheap and I think they’re quite greedy in the sense that they didn’t want to lower the rent until this new tenancy agreement where they have put it down to £1240 from £1340, so that’s now the third time they’ve had to lower the rent.”

Jane, Wandsworth, reduction in HB due to changes to LHA

Others mentioned that their landlords received Discretionary Housing Payments from the local authority and they believed that this was only available for 6 months; so participants understood that they will eventually receive an eviction notice, unless they are able to make up the shortfall and keep paying the full rent. Most participants fully expect to move after the period of Discretionary Housing Payment as they do not foresee a change in their financial circumstances that will enable them to pay the full rent charged by their landlord.

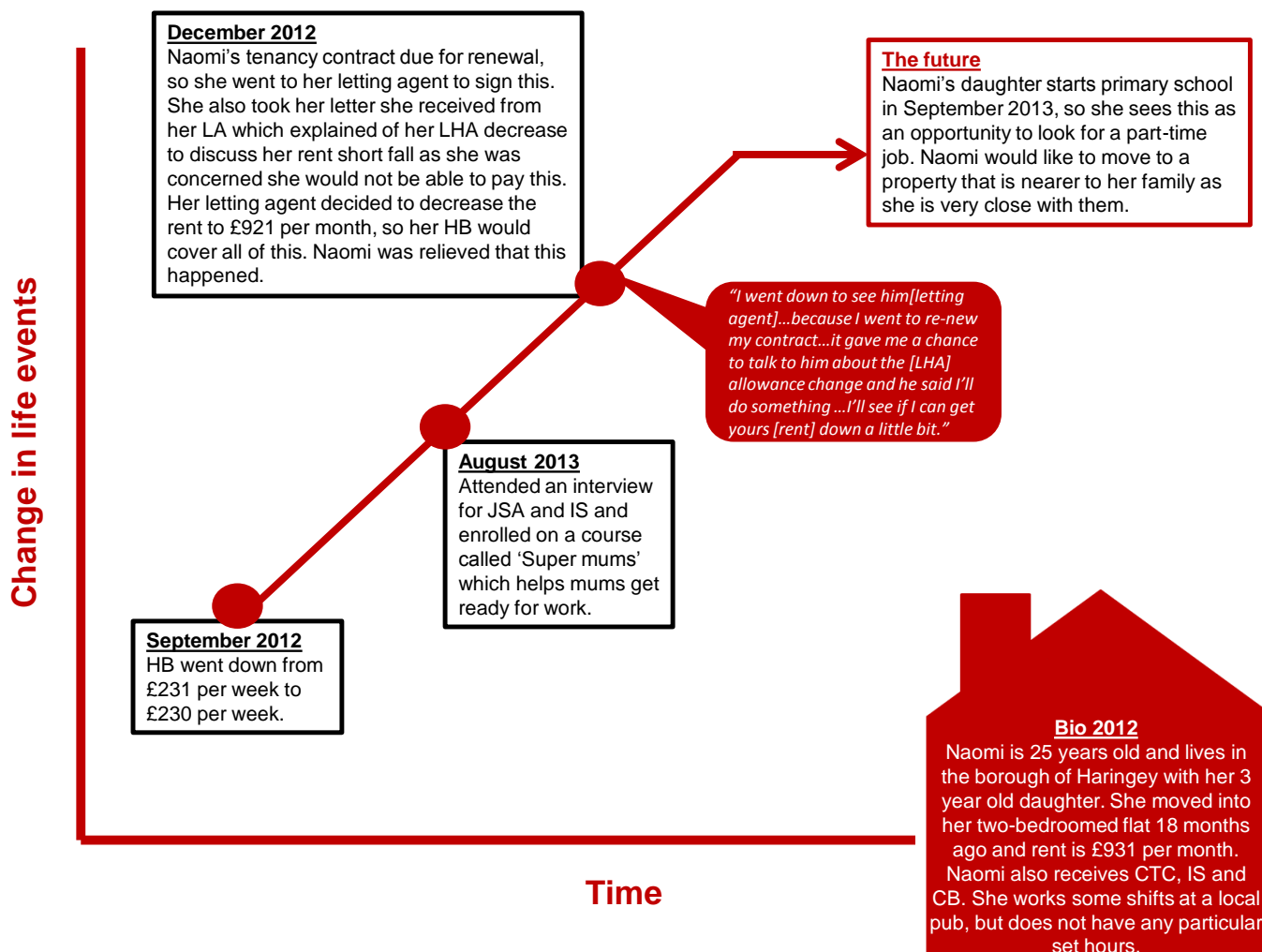
Some participants mentioned that they have been able to negotiate a reduction in rent increase with the landlord. For example, if the landlord was going to increase the rent by £100 a month they were able to ask if this could be lowered to £50 a month instead as they could manage this.

This was the case for a couple of participants who appeared to have a good relationship with their landlord.

“When he was putting up the rent I did sort of negotiate with him, ‘cause he did say would you be able to afford a 100 and I was like no. So he just put it up by 50 you know.”

Maddy, Wandsworth, reduction in HB due to changes to LHA

This participant sought help from her letting agent on learning that her Housing Benefit was going to be reduced (by £1 a week), resulting in a positive outcome when the agent was able to reduce the rent to match the new amount.



“So my allowance fit to what it (rent) changed to. So I haven't had to pay anything extra, thanks to my landlord. So, you know so...he obviously put the rent down obviously a little bit, to make it reflect the change, which I wasn't too sure, I said I don't know if I can pay you....”

Naomi, reduction in HB due to changes to LHA

However, a couple of participants reported that their landlords have been threatening and verbally abusive, after they fell in to arrears when their rent was increased, and their Housing Benefit stayed the same, or was reduced.

“He just wants me out basically. He doesn’t want anyone in any of his properties. It’s not just me that he’s doing it to, there’s 6 other properties in this area that all belong to the same Landlord and he’s kicking us all out.....It just seems like it’s benefit cleansing, it’s the only way I can talk about it, because every one of his properties that have got benefits people in are all going through eviction.”

Jo, Wandsworth, reduction in HB due to changes to LHA

Table 2 below shows how landlord-tenant relationships have worsened for some over the last 12 months. The darker boxes at the bottom of the table indicate the way the relationship has changed since the reduction in LHA took effect.

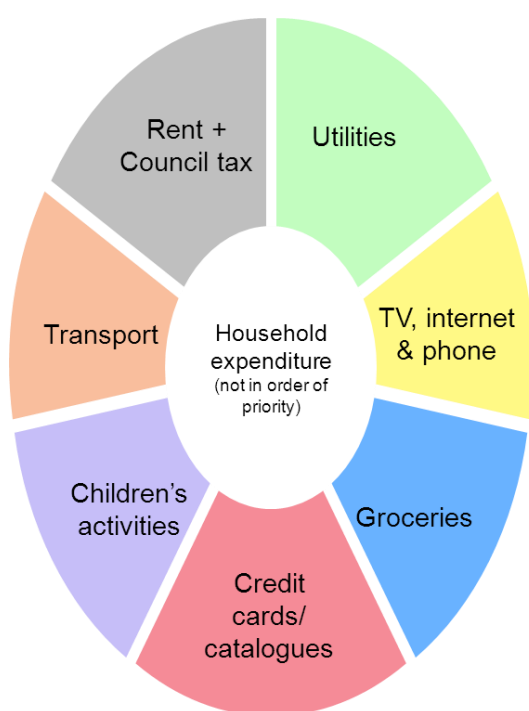
Table 2: Relationship with landlord

| Relationship has worsened for those who had a poor one to start with. | |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Good relationship | Poor relationship |
| Easy to contact and quick response from landlord / letting agent | Unable to get hold of landlord / difficult to navigate letting agent |
| Landlord open to making changes to the property (e.g. decorating, carpets) | Unable to get quick changes made to the property (e.g. decorative, fixing of white goods) |
| Tenant feels able to ask landlord questions / ask for changes to be made to property | Tenant prefers to avoid contacting the landlord where possible |
| Landlord encourages home improvements | Tenant may put off improving home / asking for changes they want |
| Tenant feels sense of control over property | Tenant feels lack of control over property |
| Landlord keeps rent same or increases by an affordable amount following negotiation with the tenant | Because HB no longer covering rent, tenant falls in to arrears so landlord serves eviction notice, sometimes in a threatening manner. |
| Landlord happy to let them stay despite shortfall because of temporary discretionary payments | Landlord has made it clear that they no longer want HB tenants and want to increase revenue from their property |

6.2 Change in Household Expenditure

Participants struggled to manage household finances with little money, if any, left over to put in to savings or put aside for a deposit for their next move. Since the cuts household finances have worsened for most despite attempts to cut back on household expenditure. In some cases participants have had to start using food banks.

The household income of participants comprised benefit entitlements sometimes supplemented with wages. All were struggling financially, irrespective of their working status, with one or two reporting that they were worse off despite moving into full time work. This tended to be because their entitlements had decreased as a result of working, coupled with having to meet childcare and travel costs.



Money was very tight for all participants and cutbacks and budgeting included:

- Children's activities
- Changing utility providers
- Consolidation loans
- Negotiating cheaper mobile tariffs
- Sky/cable TV
- Using food banks e.g. Trussell Trust.

Over the last 12 months all participants mentioned having taken steps to reduce their bills or cut out certain expenditures. Some looked at other ways to meet the shortfall in the rent as a result of the LHA reduction:

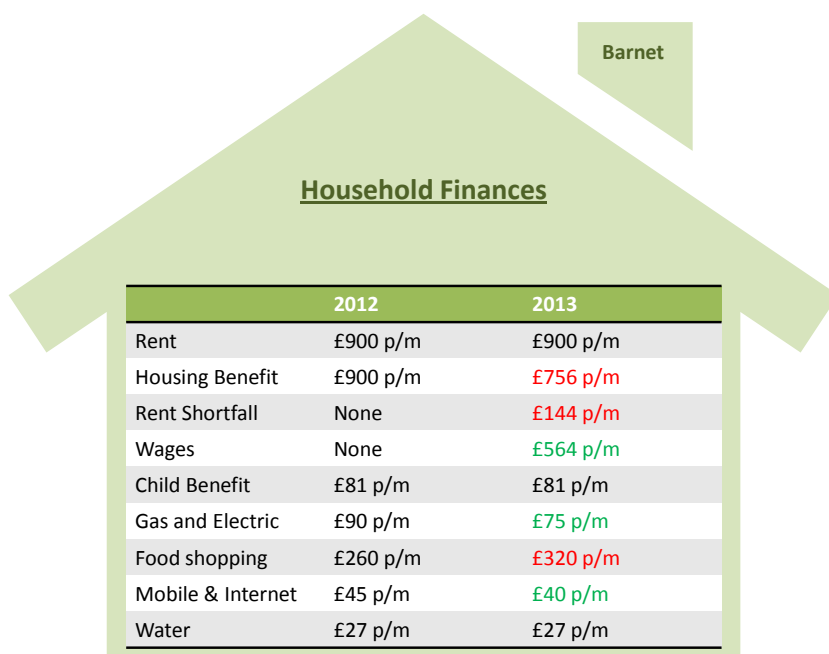
- Self-employment
- Running chores for neighbours in exchange for help with paying utility bills
- Borrowing from family
- Getting help with food shopping

“I've run out of people to ask for lending money and now basically food is provided on a 3 daily basis from our local church.”

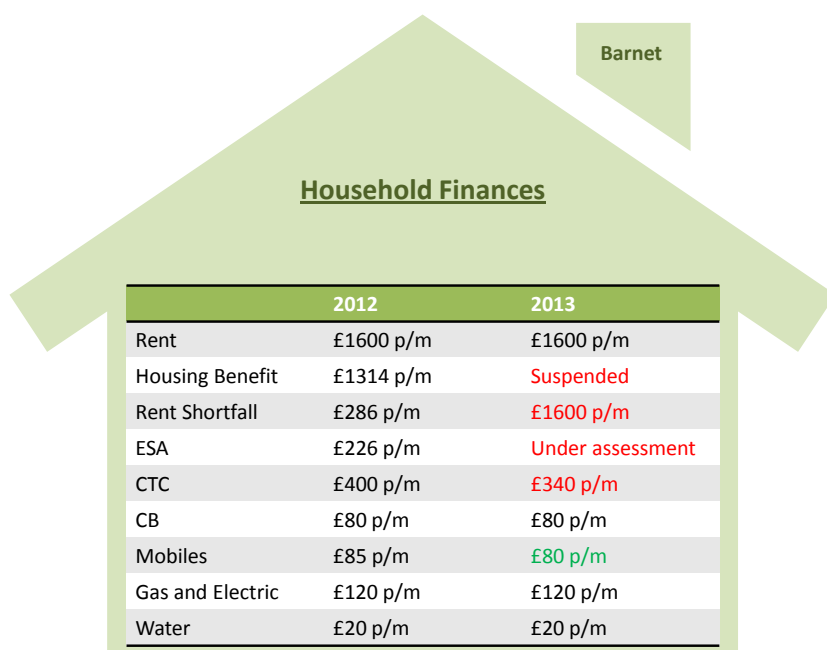
Jo, Wandsworth, reduction in HB due to changes to LHA

6.2.1 Case studies of Household Expenditure

The charts below show the changes in household expenditure over the last 12 months as a direct result of the reduction in benefits. Red text indicates where participants are worse off and green indicates being better off than before. Some charts are more detailed than others reflecting the diversity of the participants in the way they engage with and manage their household finances. The charts below are typical of those who are more aware of exact amounts coming in and going out of their household on a monthly or weekly basis.



This household saw a reduction in Housing Benefit although their rent stayed the same. They now have a rent shortfall as they have moved into employment and are paying the difference between housing benefit and rent. They envisage that their rent will increase at some point and the shortfall will become even harder to manage.



This household had Housing Benefit suspended in 2013 because they were going through benefit entitlement assessment and experienced an even greater rent shortfall than 12 months previously. They are much worse off as a result of their benefits being suspended.

Croydon

Household Finances

| | 2012 | 2013 |
|------------------|-------------------|-----------------|
| Rent | £1100 p/m | £1100 p/m |
| Housing Benefit | £1100 p/m | £948 p/m |
| Rent Shortfall | None | £152 p/m |
| Food shopping | £560 p/m | £560 p/m |
| Sky contract | £103.30 p/m | Cancelled |
| Taekwondo | £90 p/m for three | £40 p/m for one |
| Childcare | £160 p/m | Cancelled |
| Gas and Electric | £140 p/m | £160 p/m |
| Mobile | £40 p/m | £60 p/m |

This participant has a rent shortfall as a result of a reduction in her Housing Benefit. As she is currently on maternity leave she can reduce her childcare costs. This participant has received an eviction notice due to rent arrears and was waiting for a court date when researchers interviewed her recently.

For this Haringey participant her rent has decreased and she has also noticed a reduction in her Housing Benefit. As the HB amount meets her rent amount exactly there is currently no shortfall.

Haringey

Household Finances

| | 2012 | 2013 |
|-----------------|----------|----------|
| Rent | £931 p/m | £921 p/m |
| Housing Benefit | £924 p/m | £921 p/m |
| Rent Shortfall | £7 p/m | None |
| Water | £26 p/m | £31 p/m |
| Food shopping | £200 p/m | £120 p/m |
| Travel | £56 p/m | £60 p/m |
| TV package | £40 p/m | £45 p/m |
| Gas | £40 p/m | £44 p/m |
| Electric | £36 p/m | £38 p/m |

Haringey

Household Finances

| | 2012 | 2013 |
|------------------|----------|-------------------|
| Rent | £860 p/m | Refuge £844 |
| Housing Benefit | £760 p/m | £844 p/m |
| Rent Shortfall | £100 p/m | None |
| ESA | £270 p/m | JSA £280 p/m |
| Crisis Loan | None | £40 p/m |
| Gas and electric | £68 p/m | Surcharge £56 p/m |
| Food shopping | £100 p/m | £56 p/m |
| Travel | £40 p/m | £32 p/m |
| Broadband | £16 p/m | £15 p/m |

This Haringey participant appears from the green text to be better off than before. However, it is worth noting that she is in a refuge following eviction by the landlord. Although she may be currently better off she is not permanently housed so her future is uncertain.

Wandsworth

Household Finances

| | 2012 | 2013 |
|-----------------|------------|----------------------|
| Rent | £1340 p/m | £1240 p/m |
| Housing Benefit | £1160 p/m | £840 p/m |
| Rent Shortfall | £180 p/m | £400 p/m |
| Wages | None | £720 p/m |
| CTC and IS | £532 p/m | CTC and WTC £520 p/m |
| Council Tax | None | £45 p/m |
| Travel | £37.60 p/m | £88.60 p/m |
| Food shopping | £160 p/m | £240 p/m |

This participant appears to be better off than before as her Housing Benefit has increased following the birth of her child. As a result her rent shortfall has decreased. She has also managed to reduce some other household expenses very slightly such as her phone bill and TV licence.

Wandsworth

Household Finances

| | 2012 | 2013 |
|------------------|----------|-------------------------------|
| Rent | £975 p/m | £975 p/m |
| Housing Benefit | £670 p/m | Had another child £816 p/m |
| Rent Shortfall | £305 p/m | £159 p/m |
| Wages | £713 p/m | £713 p/m |
| Council Tax | £60 p/m | £61 p/m |
| Gas and Electric | £125 p/m | £121 p/m |
| Telephone | £34 p/m | £24 p/m |
| Water | £20 p/m | £22 p/m |

This Wandsworth participant, while gaining income from employment and benefiting from a rent reduction appears worse off than before because of a reduction in her Housing Benefit and increase in travel and food shopping bills. She also has to pay council tax now.

6.3 The benefits system

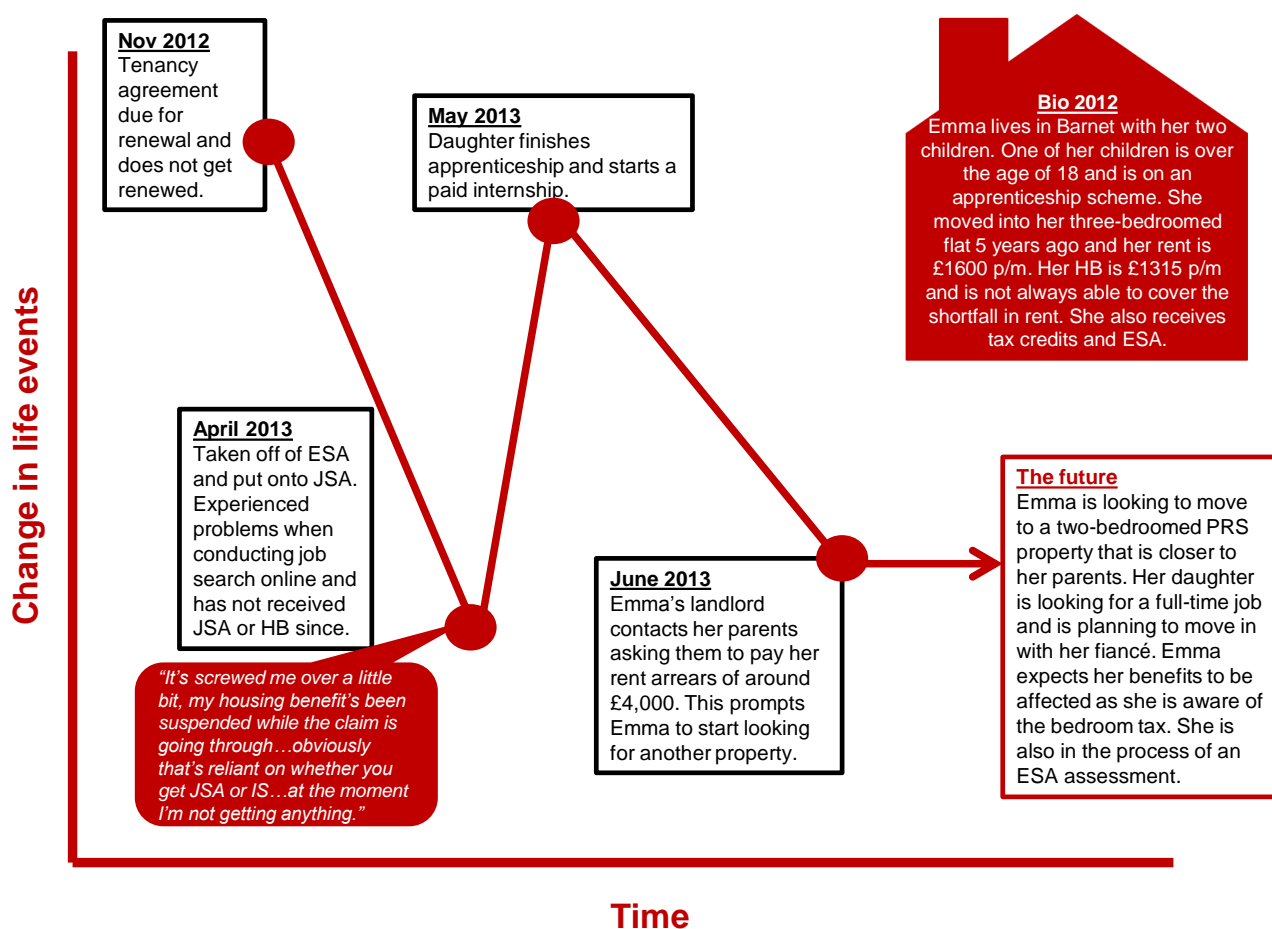
The household finances charts in the preceding pages illustrate the variation in shortfalls experienced by participants as their Housing Benefit decreased and their rent increased. While many had not been contemplating a move to a more affordable property prior to the cuts, many more say they are considering a move now in anticipation of further rent increases. Their household finances were already squeezed because of the changes and they were concerned they wouldn't be able to manage any further rent increases.

Housing Benefit participants also spoke about a lack of control over where they would move to if and when they were evicted by their PRS landlord. However, the aspect of housing they did not want to have control over was the process by which the landlord was paid. Those that had rent paid by the council directly to the landlord wanted this to continue. They were concerned that changes to the benefits system would require them to take responsibility for paying rent which they believed would cause additional stress and financial worry. People who already had control over rent payments were in favour of retaining control. This tended to be particularly strong amongst those who did not want their PRS landlord to know they were in receipt of benefits. By managing the payment themselves they were able to live in the property they wanted to despite having to walk a tightrope when having to negotiate the rent while their Housing Benefit was being cut.

Although there was some dissatisfaction with their current property, many expressed anxieties about having to move. Aside from the financial aspect of moving property, they raised some other concerns including:

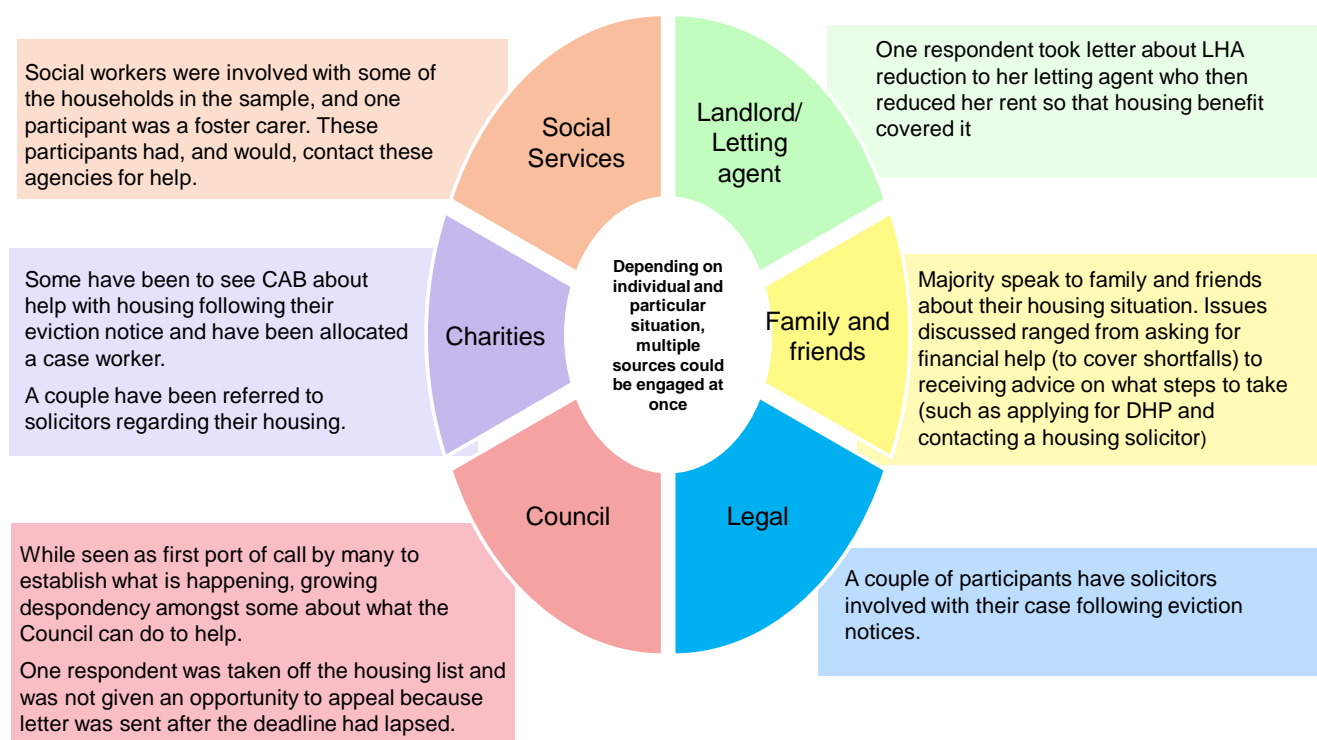
- What assistance is offered by council if they are evicted from the property?
 - This could include legal assistance following threat of eviction and potentially homelessness or information and support from a dedicated caseworker.
- What are the council's obligations in re-housing them?
 - Much confusion around with some reporting being told by council staff that there is no obligation to help.
- Will the next accommodation be temporary or will it be permanent?
 - Desire for stability so that children's education does not suffer.
- Where will they find the deposit for the next move?
 - Lack of money is one of the obstacles to moving when and where they want to.
- How long will the process take?
 - Ideally need some idea of the timeline to allow time to prepare for the move.
- How much choice will they have?
 - Want to know whether they will have to take whatever is given to continue to receive council assistance.

This participant was adversely affected when her benefit payments were suspended for a time. Wider changes to benefits lead her to believe that she would be affected by the 'bedroom tax' despite the fact that she is in the PRS, illustrating the general confusion surrounding the communication with regards changes to the benefits system.



6.4 Organisations and individuals approached for support with housing

Participants discussed housing issues with a range of organisations and individuals, some of which are shown below:



One participant mentioned approaching CAB after she found she could not cope on her own.

.....

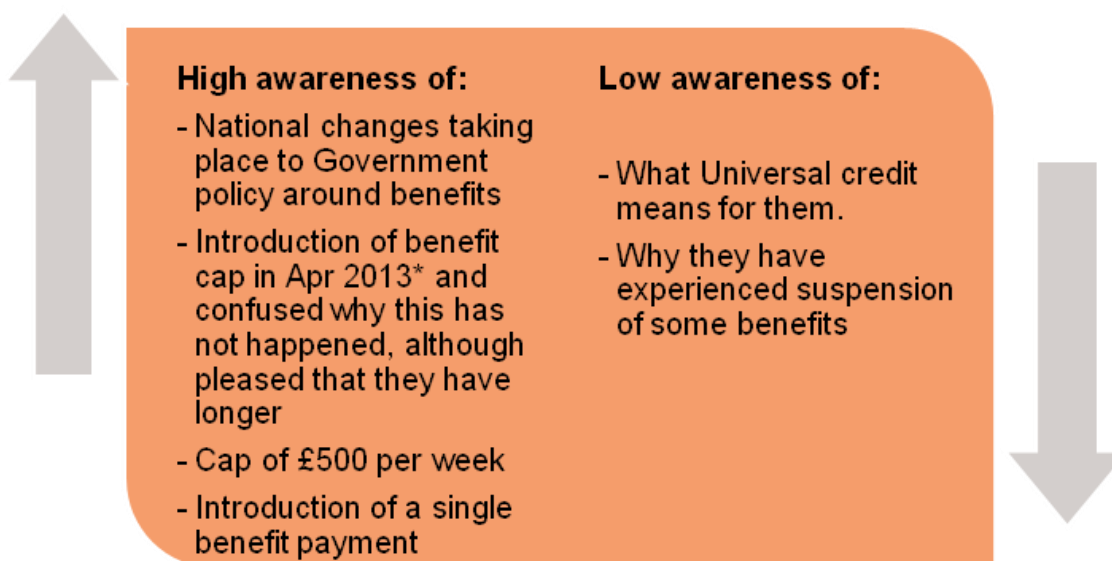
“I’m not allowing myself to be dragged down any more, I actually hit breaking point and it was a choice of going on pills or finding a way to deal with it and not letting it affect me too much which was why I ended up getting the CAB to get the funding for the Solicitors involved because I couldn’t deal with it anymore and it was getting to the stage where I just wanted to go jump off one bridge and then it wouldn’t have done me any favours,.....”

Jo, Wandsworth, reduction in Housing Benefit due to changes to LHA

.....

6.5 Changes to benefit entitlements: LHA and Universal Credit

One year on, participants' displayed a lack of understanding around the Overall Benefit Cap and how it had been calculated. That said many spontaneously mentioned the amount of £500. With regards to Universal Credit, some mentioned this but were very unclear on the detail and what it will mean for them.



With regard to Universal Credit it is worth stating that during wave 1 (first stage of the research in 2012) there was no mention of October 2013 being the date that the single benefit payment would be introduced.⁸ During wave 2 (the most recent stage in 2013) there was no indication that participants knew the date.

The general confusion and uncertainty around benefit changes both experienced and anticipated, reflect the complex, fast moving and sometimes uncertain policy context. It is hard to distinguish between participants' confusion over the changes they should be aware of and their legitimate confusion in an uncertain climate, particularly in regards to Universal Credit.

Most recall hearing about the Universal Credit by word of mouth, relying on information captured second hand from friends, neighbours and other parents at the school gate.

⁸ At the time of the wave 1 interviews, the benefit cap was set to be introduced in April 2013 and the delay to the introduction of the Benefit Cap had not yet been announced by Government.

When asked about any communications they had received in the last 12 months since the first letter about LHA in 2012, participants stated that they had not received any further communications about their Housing Benefit, or the Overall Benefit Caps.

“I mean the only thing that I got told about benefits is that they would be paid monthly, which is another new thing that I’ve got told. Don’t know whether that’s happening or if that’s going to happen. And if it did happen monthly I don’t know how I’d cope, ‘cause I’m so used to using my money weekly and on a every 2 weekly basis, I don’t know how I would cope with that one monthly thing, it would be quite hard.”

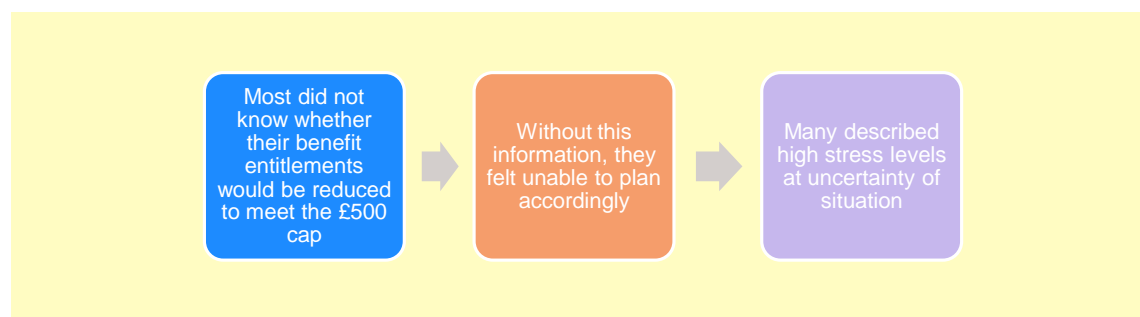
Naomi, Haringey, reduction in HB due to changes to LHA

The only other communications for some were eviction notices and letters and text messages from their landlords in the lead up to the notice of eviction.

While they anticipated some kind of impact, most likely negative, they tended to focus on their short term needs, perhaps as a way of dealing with the unknown.

There is however strong concern over what will happen to their housing situation once the Overall Benefit Cap is introduced.

At the time of the wave 1 interviews:



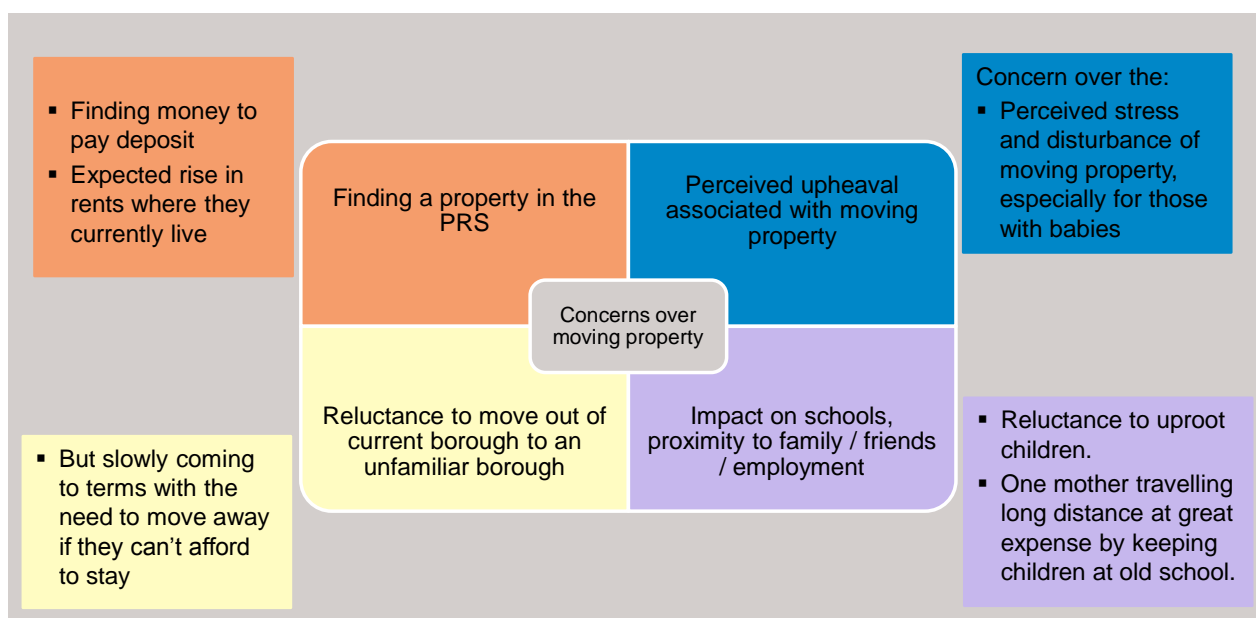
At the time of the wave 2 interviews:



6.6 Impact of reduction in LHA and changes to benefit entitlements

While moving property had been seen as a last resort for many in wave 1, from the second wave of interviews it was clear that it is becoming a reality for all, whether or not they were satisfied or dissatisfied with their property. For the majority at least this can be regarded as a direct result of the reduction in LHA. This created more anxieties about their housing circumstances with main concerns around moving property cited as:

- Finding a suitable property in the PRS (although ideally they would like a council property)
- Possibly having to move out of the borough they are familiar with
- The practicalities of moving including organising the move and paying for it
- Impact on schools, proximity to family, friends and employment.



There is a strong reluctance to move out of London. In wave 1 participants stated that moving out of London was not a realistic option for them and that they would resist a move out of London if they were faced with this. However, 12 months on, some are considering moving further out, although still in Greater London, to somewhere more affordable.

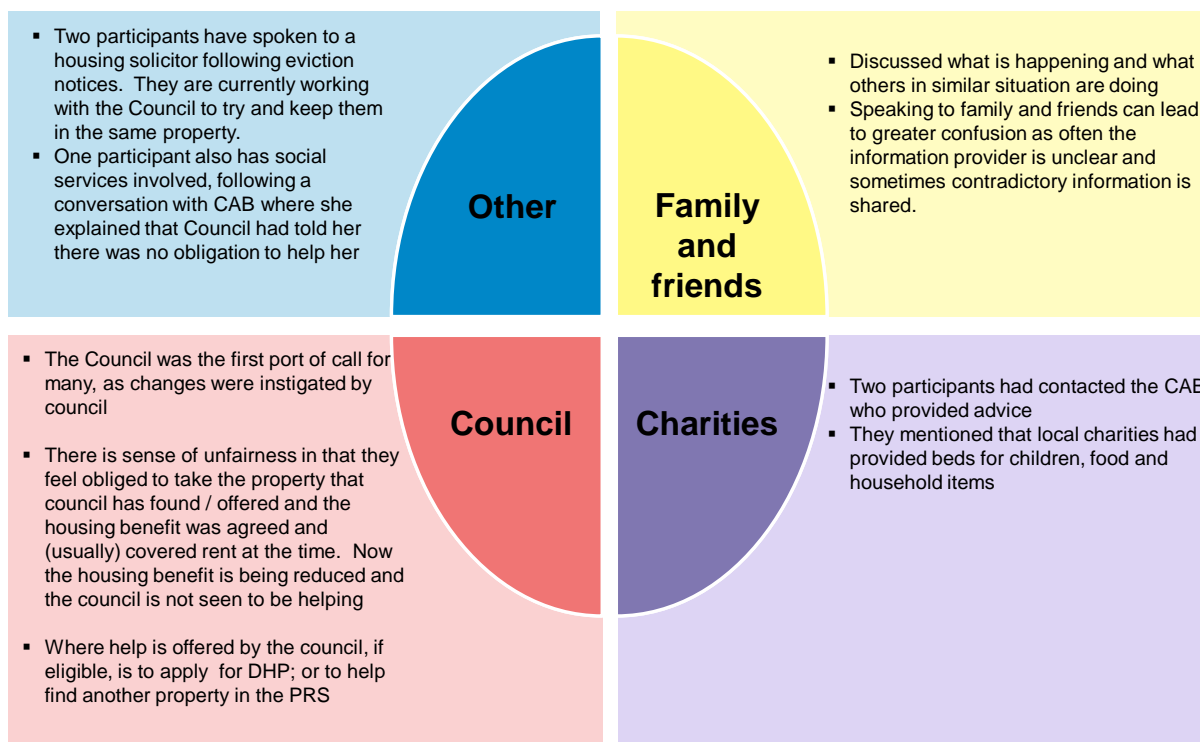
.....
 "I might not be here very long. I'm really thinking about moving. In March my tenancy comes up and I'm just thinking if he's going to keep putting it up, we really have to move away or find somewhere smaller"

Maddy, Wandsworth, reduction in HB due to changes to LHA

Those that mentioned moving out of London expressed concern that if they moved out of London their Housing Benefit would be reduced. Previously they did not feel that this would necessarily be reflected in terms of lower rental prices. However, now that they have experienced the Housing Benefit cut they are considering places where the rent will be covered by the Housing Benefit.

6.7 Sources of support with housing for people affected by LHA changes

In section 6.4 the report details the range of organisations, agencies and individuals that participants approached to discuss their housing issues. The chart below shows the range of organisations and individuals that participants approached for help and advice about LHA specifically.



At the time of the second wave of interviews 12 participants had experienced a reduction in Housing Benefit while four participants had not.

Of the 12 who have been affected by the reduction in LHA, while some are starting to take control and think about moving, there is still a feeling that their choices are limited both in terms of location and property type. They fear that they will be worse off whether or not they are proactive, so revert to a reactive state of mind by choosing to “wait and see”. Some knew where to look for help and are seeking it and others do not know who can help so they are waiting until they have to seek help.

This reactive state of mind can be explained by the sense that these participants feel that few options are available until one of two situations occur, both out of their control:

- Eviction or threat of eviction by landlord
 - Some regarded eviction as a possible route to moving to a more affordable property or getting council housing.
- Taken to court for rent arrears

While they appear to be part of the same process, in participants’ minds, a threat of eviction and being taken to court for arrears are two separate actions because of the time lag between the two events, often beyond their control.

This lack of control is intensified by uncertainty around how much help they would receive from the council and some fear that they may be encouraged to move out of London.

“Unless I get evicted I can’t get re-housed, and the council won’t re-house me unless I’m evicted...stuck in limbo. And that’s just one big stress that I think about every day, that they come in and I don’t even wanna be evicted, it’s not a nice thing...”

Julie, Wandsworth, reduction in HB due to changes to LHA

6.8 Cost of moving

When participants mentioned Discretionary Housing Payment it tended to be in relation to payments to their landlords to cover the rent shortfall following Housing Benefit reductions. The understanding of some participants was that it was available to the landlord for 6 months and after that they risked falling in to arrears and would therefore be told to leave. It should be stressed that this was participants’ perception; in reality Discretionary Housing Payment can be renewed after 6 months. There was no awareness that Discretionary Housing Payment could be accessed for any other purposes. For example, no one mentioned Discretionary Housing Payment entitling them to getting a deposit for another PRS property, even those who appeared to be better informed.

For most the lack of a deposit is the main obstacle to moving. While micro management of finances is something they are used to doing, there is little financial planning around putting money aside for a deposit and this can be explained by the extreme squeeze on their household finances.

There is little mention of agents’ fees or moving costs, with the stress and upheaval of moving being top of mind for most.

Some participants felt they were in a vicious circle. While they know the sensible thing would be to move so that they can avoid going in to debt, they fear that if they did move of their own volition they would lose any assistance from the council as they will have made themselves intentionally

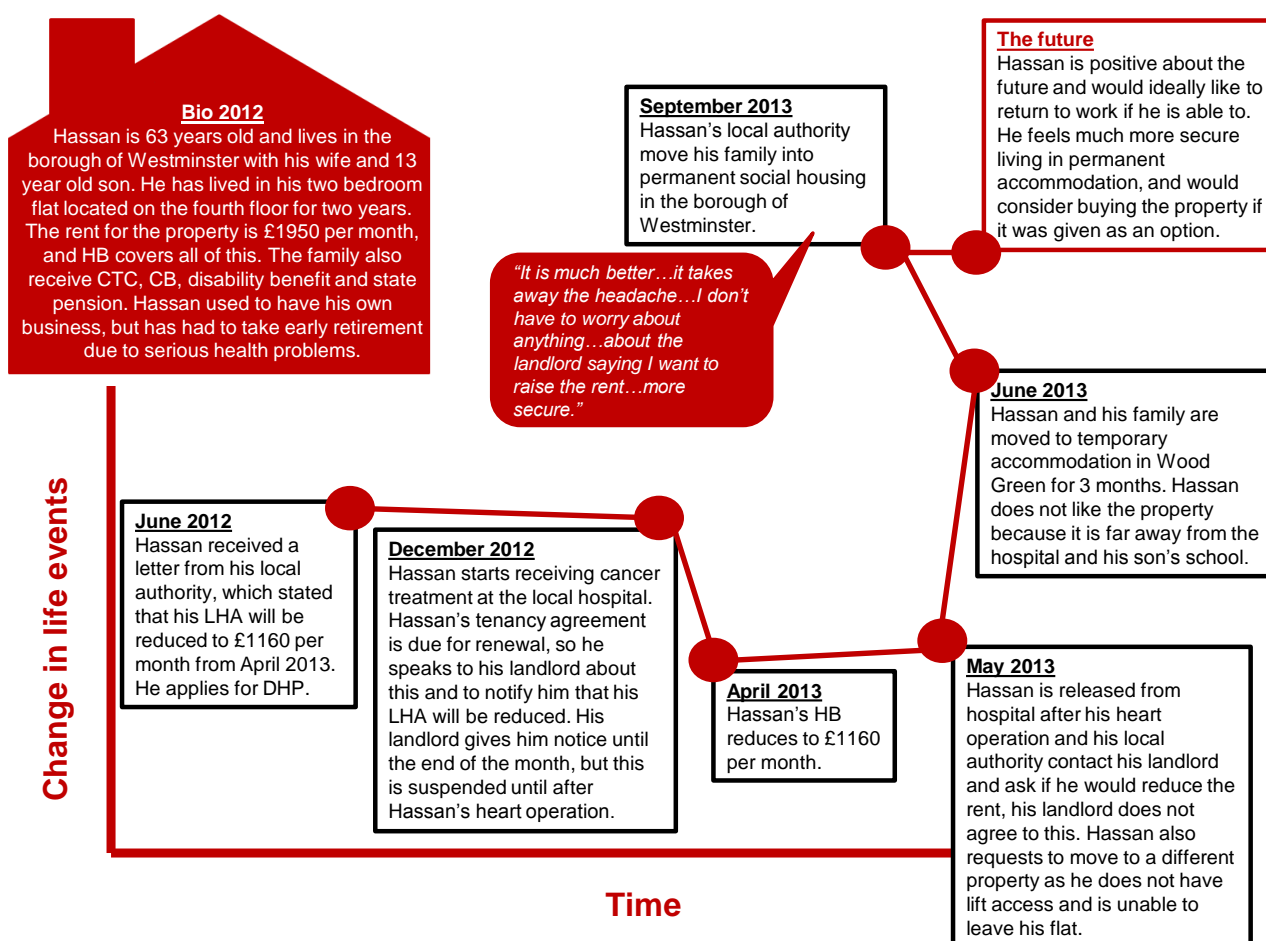
homeless. On the other hand, staying in an unaffordable property risks them getting evicted once they fall in to arrears, and means having to make an emergency move rather than a considered and planned one.

The quote below illustrates yet another concern, landlords and agents' reluctance to take on benefit claimants, which could be increased as a result of the Housing Benefit reductions.

"I think it will be even more difficult [to find another property] because people are even more reluctant to take people who are on benefits, that's my biggest worry, finding an estate agent who would actually take me on because I'm signing on and because there's so much competition with people not being able to afford to buy, tenants are almost haggling with estate agents..."

Eileen, Barnet, reduction in HB due to changes to LHA

This Westminster participant had many problems with his housing over the last 12 months, exacerbated by his poor health which involved both cancer treatment and heart operations. His housing outcome appears to be the most positive of all as he has managed to secure council housing which makes him feel very lucky. However, despite being offered help with the move, he decided to pay for this himself because of the restrictions placed on how many boxes the LA would fund.



6.9 Impact of changes to benefits on work incentives

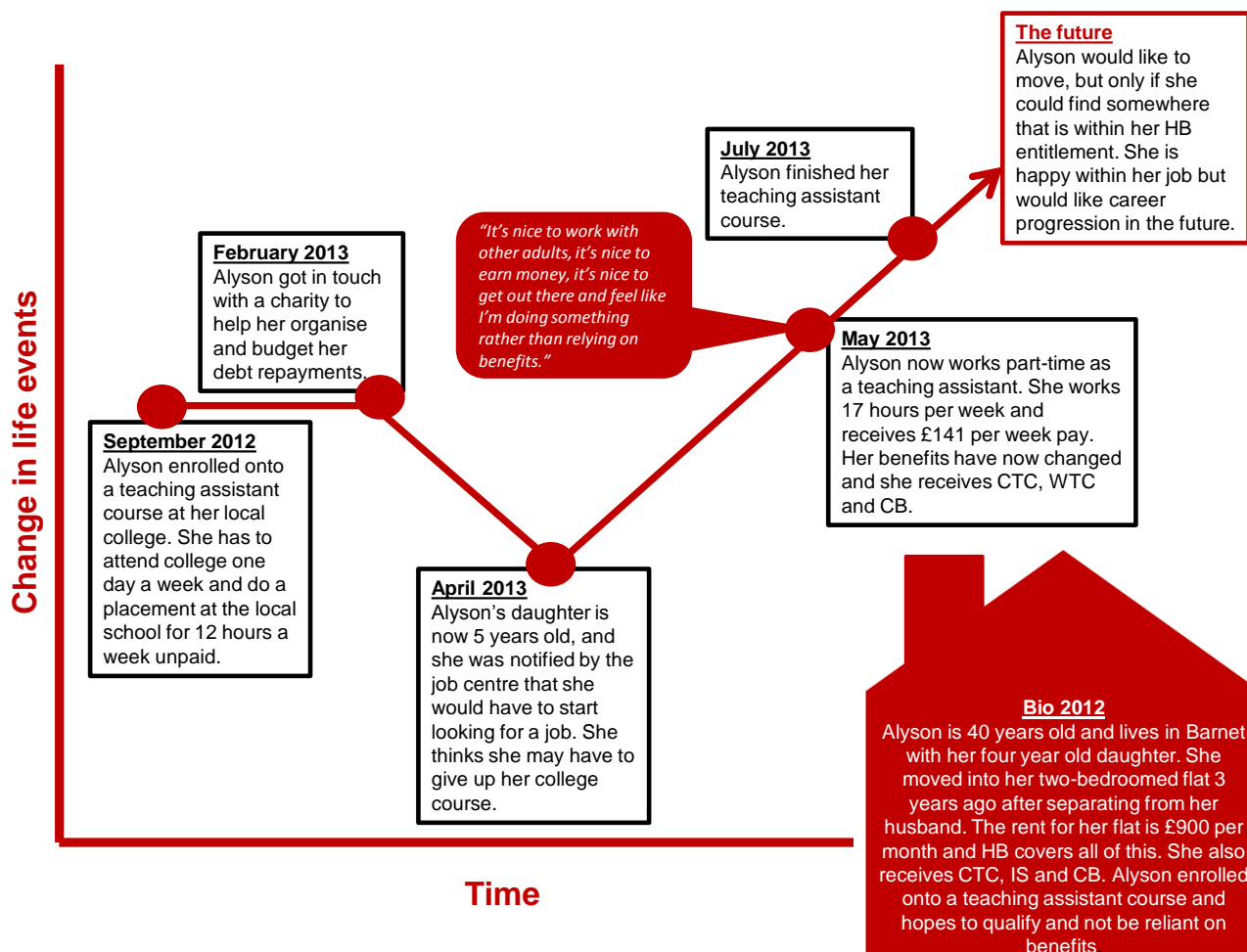
The changes to benefit entitlements so far appear to be a trigger for those who already have a work mindset, rather than being a catalyst to securing work by those who have been on benefits. Other important factors include good health, access to affordable child care, and availability of suitable employment offering flexible working hours e.g. work during school hours

In the first wave of interviews, a few participants who were not in work were very determined to return to work. These participants tended to be people who had been used to working all their lives, until they had stopped to have children. They had not returned to work either because they could not find employment or because they were unable or unwilling to find suitable childcare. They talked about how they did not enjoy being out of work and reliant on benefits, and felt there was a stigma attached. Those who were single mothers felt there was a double stigma to their situation. Many discussed how they wanted to set a good example to their children by showing them that it was important to work and earn money to support themselves.

One participant (journey below) mentioned that her child attends a breakfast club two days a week at her school, and stays behind for after school club two evenings a week to fit in with her working hours. She started applying for jobs before her child's 5th birthday

"I was applying for job because I knew when [NAME] turned 5 the job centre expected you to look for work. It's nice to work with other adults, it's nice to earn money, it's nice to get out there and feel like I'm doing something rather than relying on benefits and dragging myself down thinking there's nothing out there...I feel quite good getting back in the workforce"

Alyson, Barnet, reduction in Housing Benefit due to changes to LHA



These participants had already been looking for work or training courses, or applying for jobs and training courses. Whilst the national changes to benefit entitlements were not perceived as a trigger to finding work for all participants, because some already had an aspiration to work, the changes were seen to create an increased sense of urgency in the need to find work.

In the second wave of interviews it was clear that while some have started work, others have stopped because they are on maternity leave and considering whether or not to return to work given childcare costs and difficulties of finding work for the appropriate number of hours locally. So while work was the ultimate aim there was a real uncertainty about being able to manage childcare costs. Some who were determined to work have taken up training, self-employment or seeking work. That said, there is a fear amongst many that they may be worse off if they take a job.

I am really worried about how I'm going to survive...the majority of my pay will go on my rent ...if I go full-time I have to pay for childcare, so I know it's going to be really difficult.

Vicky, Lambeth, reduction in Housing Benefit due to changes to LHA

Childcare costs could be prohibitive to staying in work. One working participant found childcare costs during school holidays particularly expensive as she had to pay a child-minder £7.50 per child per day. She had contacted the housing department at Barnet Council about this but they did not reply. She then went to the council offices to ask for help with childcare and had to provide pay slips and P60's as well as a letter from her Ofsted registered child-minder. In the end she received help from HMRC who paid 70% of the child-minder's fees. However, she had to pay the remaining 30% with a credit card because she did not have any money to pay this.

I never end up paying my credit card so I'm still £3000 over drawn ...70% was not enough...when the next holiday comes up hopefully I can put them in a play centre where it's slightly cheaper

Rimana, Barnet, reduction in Housing Benefit due to changes to LHA

A few participants talked about returning to work earlier than they had planned after having children, because they could be affected by a reduction in benefit entitlements. Others were less positive about finding work, or did not think that it would benefit them financially to work. Their main barriers to work are the impact on their benefit entitlements and how they will manage once they are no longer eligible for help with their rent. There was low understanding of in-work benefits and the thresholds for maximum incomes and eligibility to certain benefits. Specifically, there was a great deal of uncertainty about the earning thresholds and how much they could earn from employment in order to retain help with the rent. If they felt that they would only be marginally better off, they would prefer to stay at home.

This is illustrated here where this participant wonders about the number of hours someone could work before they were in breach of benefit rules. This participant wants to work more hours but she believes that she will be committing benefit fraud if she does, so she feels she is trapped in to working fewer hours in order to retain eligibility to benefits.

"I reckon if you did 10 hours plus each month, to me that's a red flag because you're earning more money and you're not informing the people who are giving you benefit and that's what they ask you to do...that's why I feel like I'm in this trap. I'm in the private renting trap, I'm in the HB trap, I'm in the WTC trap...you get stuck in this vicious circle..."

Eileen, Barnet, reduction in Housing Benefit due to changes to LHA

According to some, self-employment was seen as a preferred route as it appeared to secure entitlement to Working Tax Credit and meant there was no obligation to seek employment, while allowing them to stay at home with young children.

Some also mentioned being encouraged by council staff to consider self-employment, possibly as a stepping stone to employment.

“They [the council] did say to me to go self-employed but when they told me to do that they gave me no information on how to set up a business...you can’t tell me to go self-employed and not give me the right information”

Susan, Croydon, reduction in Housing Benefit due to changes to LHA

While some clearly needed additional guidance and support, others were more pro-active and enthusiastic about self-employment, especially if this is something they had done previously.

This participant used to run a market stall where she sold hand knitted items that she had made herself. Recently she has embarked on a business selling skin care products which helps her to earn enough money to cover the rent shortfall each month.

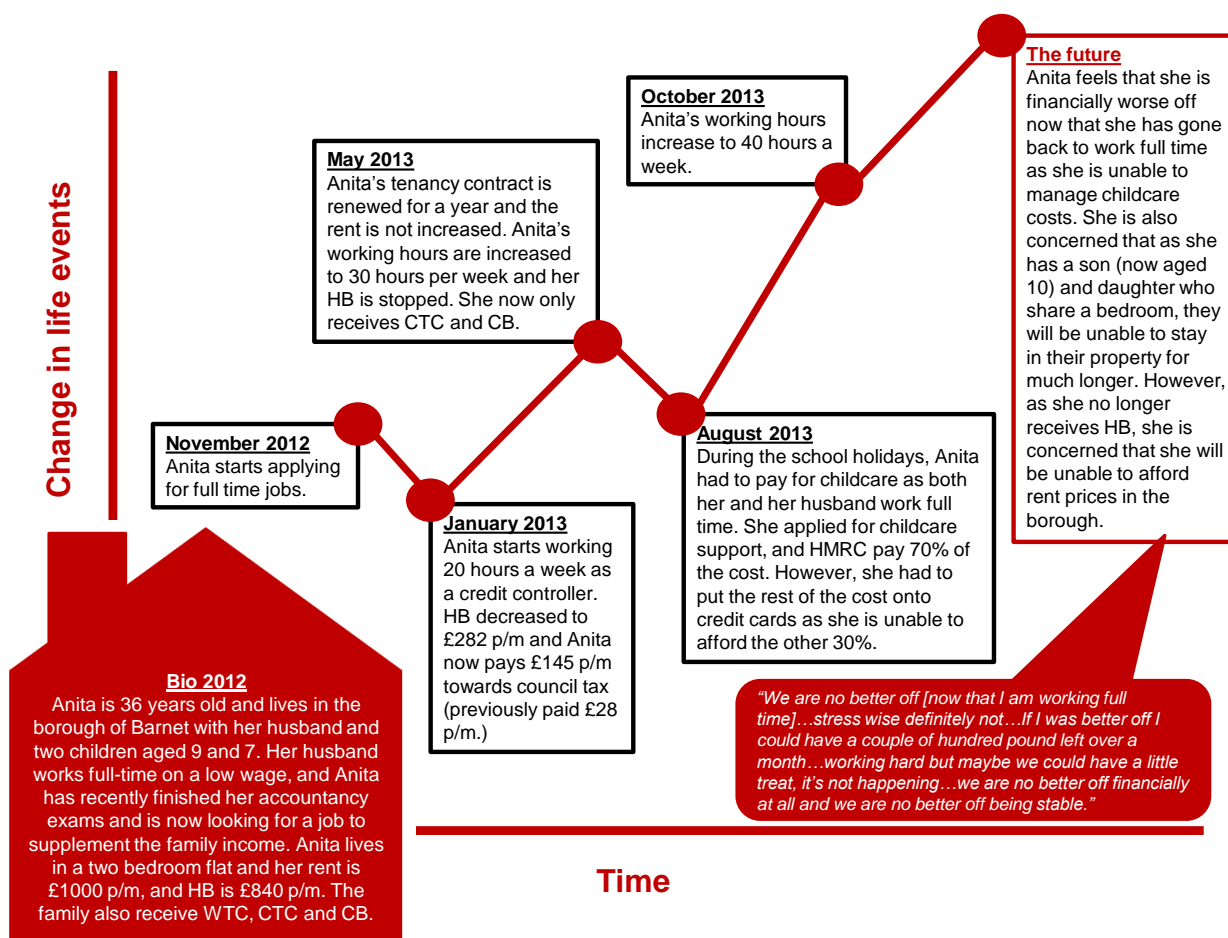
“I’m an independent associate for this health and wellness company and they were selling this supplement. I go out and do presentations get people interested and stuff like that. So the way they pay you is commissions and everything. They pay it in to this smart wallet which doesn’t get paid straight into your bank account but you could just leave it in there to build up and then you can transfer it wherever you need to transfer it. I’ve just transferred twice. Once to make up the rent and the other bit was for just a bit of spending money.

Maddy, Wandsworth, reduction in Housing Benefit due to changes to LHA

“‘cause I’m part time self-employed I’m entitled to the working tax credit. So I’m encouraging people to become self-employed because with single parents, once their children get to 5 they’re forced to go in to work, the choice is taken away...so you don’t have the jobseeker people on your back all the time...”

Maddy, Wandsworth, reduction in Housing Benefit due to changes to LHA

The journey of the following participant appears to be a positive one at first given the transition to working full time for 40 hours per week. However, with no Housing Benefit payments she is worried how they will be able to afford to live in the borough as her children are growing older and she will need a bigger property to give them separate bedrooms.



7 Conclusion and next steps

This report has detailed the experiences emerging from two stages of qualitative research interviews with families living in the PRS and claiming Housing Benefit at a time of cuts and changes to benefits.

The findings of wave one of the study showed that there was high awareness amongst participants that national changes to benefits were due to take place, but there was some confusion around the forthcoming Universal Credit. This is to be expected given that the policy context around Universal Credit has been extremely uncertain during this period. This was evident from some participants describing the features of Universal Credit without ever referring to it by name, and some mistakenly thinking that Universal Credit is being introduced at the same time as the Overall Benefit Cap in April 2013. Reductions in benefit entitlements were perceived by some as an additional incentive to find work, but not a trigger. A few participants, who had been used to working all their lives until they had stopped to have children, were determined to return to work. They had not returned to work either because they could not find employment or because they were unable or unwilling to find suitable childcare.

By the time the second and final wave of interviews took place, it was clear Universal Credit would be rolled out slower than expected and currently it has only been rolled out in limited geographic areas and to limited groups of people. The changes that have taken place include LHA cuts and the Overall Benefit Cap. However most had not seen the full effects of the overall benefit cap by the time of the second wave.

However it is possible to draw the following conclusions from the research about the participants who took part:

- Participants are increasingly in contact with CAB, solicitors or social workers to help with housing issues, after trying to contact the council first.
 - The council was originally seen as a first port of call by many but they now realise that the council was responsible for sending out the LHA letter in the first place.
 - While some understand that the changes are due to central government policy, from what they have seen on television and read in the papers, they are unlikely to seek information and support from DWP directly (which is to be expected)
- Participants felt trapped for fear of being found 'intentionally homeless'
 - More participants were anticipating eviction and were waiting for the eviction notice before they could consider a move. They felt this was the only option whereby they could rely on some support from the council. If they moved out before eviction they feared that they would be making themselves intentionally homeless and therefore no longer be eligible for support from the council or Housing Benefit.
- Awareness and understanding of the changes remains largely unchanged:
 - Continued low awareness of Universal Credit
 - Patchy understanding of the Overall Benefit Cap
- While circumstances and mind sets may vary, it is clear that these participants have low awareness and knowledge about access to Discretionary Housing Payment for deposit

payments. They also have little understanding of the council's obligations to re-house them, often relying on second hand information from friends and family.

- There has been an adverse impact on household expenditure
 - Once cuts have taken place there is a further squeeze on already financially straitened households
 - Many are looking at ways of saving money such as shopping around for cheaper utility and phone deals
 - Some are cutting back on luxuries such as children's activities and trips to cinema
 - Accessing food banks and charities to provide for family's needs

- There has been a deleterious impact on participants' and their family's health and well-being
 - Children's lives in turmoil as they travel extra distances to school or have to live with other family members while their housing situation is determined

- Attitudes to moving have changed
 - When participants were interviewed in wave one there was a strong resistance to moving with many expressing a desire to stay in the same area if not the same property. However, 12 months on there is a growing realisation that they may not be able to afford to stay in the same property or area with rent increases unmatched by the Housing Benefit.
 - While moving property was seen as a last resort by many in wave one, because of concerns about potentially moving away from family, friends, schools and familiar surroundings, this was now a strong possibility with the main barrier being money for a deposit.

- Benefit delays and suspensions have negative impacts
 - Benefit suspensions and then delays in getting them reinstated can have devastating consequences for some. As the participant journeys have illustrated in detail, any delays in the process can have deep and long lasting effects both on household finances and the mental health and well-being of tenants. It is no surprise that many spoke of a "wait and see" approach as they had little control over when and why their benefits would be stopped and little time to prepare for this.

Most participants felt unable to say in practical terms how they would cope once Universal Credit starts and they were unsure how they would be able to make the further cutbacks they perceived would be required. This was because they had already made cutbacks and some were struggling financially even further, to the extent they were having to use food banks. At the same time, participants were concerned their landlord could increase their rent.

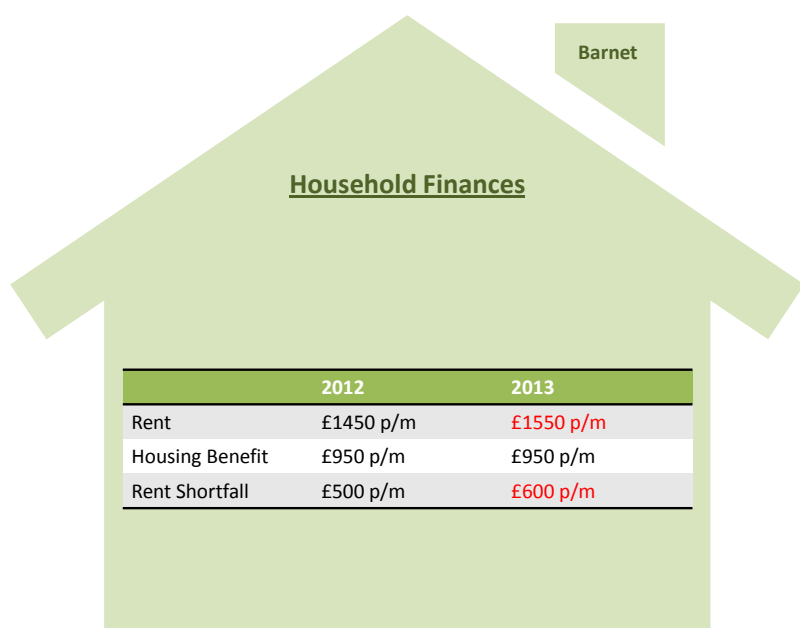
In addition, participants were worried about being able to afford to rent a new property and concerned that estate agent / landlords would not be willing to rent property to them because they were claiming Housing Benefit.

None of these participants accessed Shelter for information or advice during the 12 months of the research despite being told about the research sponsor. This is partly because there was a lack of

local Shelter services but also because some participants lacked the capacity and motivation to seek help from beyond already known sources (family, friends, CAB and Council).

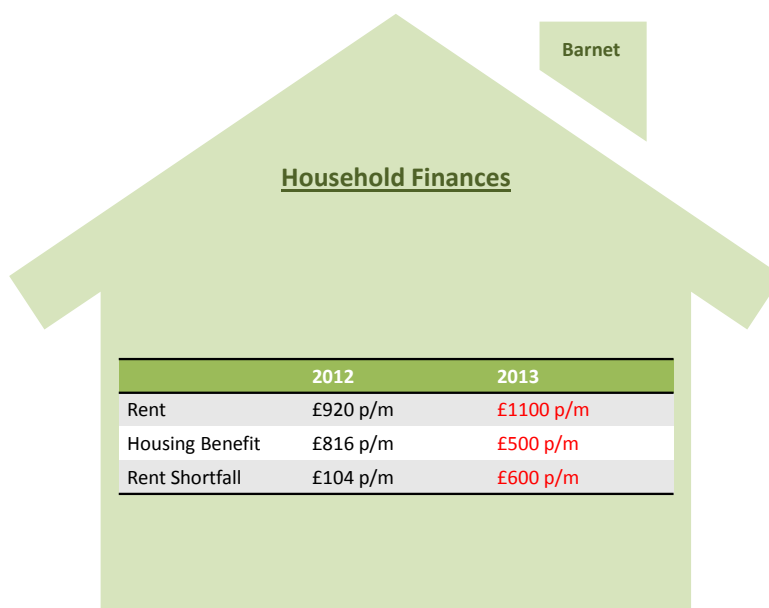
8 Appendix

The following charts show details for participants who were not able to recall their household finances in as much detail.



This Barnet participant has had a rent increase but their Housing Benefit has remained the same leaving them with a greater shortfall each month.

This participant is worse off as not only has their rent increased but their Housing Benefit has also decreased, increasing their shortfall by over 500% in the last 12 months.



Barnet

Household Finances

| | 2012 | 2013 |
|-----------------|-----------|------------------|
| Rent | £1000 p/m | £1000 p/m |
| Housing Benefit | £840 p/m | None – works F/T |
| Rent Shortfall | £120 p/m | None |

This Barnet participant no longer receives Housing Benefit as they now work full time. They have no rent shortfall as they are able to cover the rent fully.

This example demonstrates clearly where a Haringey resident has had to be re-housed in emergency accommodation.

Haringey

Household Finances

| | 2012 | 2013 |
|-----------------|-----------|----------------------------|
| Rent | £1350 p/m | In emergency accommodation |
| Housing Benefit | £1350 p/m | Under assessment |
| Rent Shortfall | None | N/A |
| CB and CTC | £559 p/m | £248 p/m |

Household Finances

Wandsworth

| | 2012 | 2013 |
|-----------------|-----------|------------------|
| Rent | £1000 p/m | £1000 p/m |
| Housing Benefit | £920 p/m | Under assessment |
| Rent Shortfall | £80 p/m | N/A |

Similarly with this Wandsworth participant it was not possible to calculate the rent shortfall as their Housing Benefit was being assessed when researchers interviewed them most recently in 2013.

Wandsworth

Household Finances

| | 2012 | 2013 |
|-----------------|-----------|-----------|
| Rent | £1600 p/m | £1650 p/m |
| Housing Benefit | £1450 p/m | £1396 p/m |
| Rent Shortfall | £150 p/m | £254 p/m |
| WTC and CTC | £752 p/m | £760 p/m |
| CB | £132 p/m | £132 p/m |

This Wandsworth participant noticed a rent shortfall as a result of an increase in rent and a reduction in Housing Benefit.

This Westminster participant has secured council property outside the PRS, mainly as a result of ill health and being treated as a priority. Even though this participant's Housing Benefit had decreased substantially, there was no shortfall as the rent had also reduced to the same amount. Despite a reduction in pension credits and other benefits, this participant was managing better now as a result of an increase in Disability Allowance.

Westminster

Household Finances

| | 2012 | 2013 |
|----------------------|-----------|--------------------------------------|
| Rent | £1800 p/m | Now lives in social housing £640 p/m |
| Housing Benefit | £1800 p/m | £640 p/m |
| Rent Shortfall | None | None |
| Disability Allowance | £80 p/m | £300 p/m |
| Pension | £539 p/m | £470 p/m |
| CTC and CB | £320 p/m | £300 p/m |

Household Finances

Lambeth

| | 2012 | 2013 |
|-----------------|-----------|--------------------------|
| Rent | £1040 p/m | Moved property £1100 p/m |
| Housing Benefit | £1040 p/m | £1100 p/m |
| Rent Shortfall | None | None |
| CTC | £660 p/m | £616 p/m |
| CB | £188 p/m | £188 p/m |
| IS | £188 p/m | £178 p/m |

This participant moved property as a result of a possession order and now pays more rent but this is matched by her Housing Benefit so she has no rent shortfall. However she has seen a reduction in some of her benefits.