Research report

The Impact of Welfare Reform Bill measures on affordability for low income private renting families

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Summary

The Welfare Reform Bill, introduced 16 Feb 2011, contains two important measures which will affect Local Housing Allowance claimants (LHA) living in the private rented sector[1]. These effects are on top of changes to the calculation method and the payment caps announced in the 2010 budget and passed into law in November 2010[2]. This research, carried out by Shelter and Chartered Institute of Housing (CIH), finds that these further changes will have a severe impact on private renting families' ability to find decent affordable homes in areas with higher employment.

The first of these changes enabled by the Welfare Reform Bill, will allow the Government to use the Consumer Price Index[3] (CPI) inflation measure to adjust the levels of LHA, which historically have been set using a sample of local private rents. The Bill does not set out this proposal in detail, but it is understood from parliamentary questions and the emergency budget that Local Housing Allowance will be adjusted using CPI from 2013. The policy could be reviewed at the end of the Spending Review period, but at present there is no guarantee of this.

The second policy examined in this report is the proposal to limit the total amount of benefits an out-of work household[4] can receive to the equivalent of average earnings, currently £26,000 a year after tax. This is essentially a further cap on Local Housing Allowance, because the likelihood of households breaching the limit is heavily dependent on housing costs. It is understood that the cap will initially be applied by restricting the level of housing benefit that can be paid to households.

This research finds that, in different ways, both of these policy changes are very likely to further decrease the supply of decent, affordable, private rented homes for claimant families renting privately in the short and long term.

The change to CPI is likely to lead to areas with more employment locations becoming unaffordable more quickly than areas with higher unemployment. This will affect individual neighbourhoods in the short term, and whole local authorities and sub-regions in the longer term. The benefit limit has a severe short-term impact on households with children, living in the private rented sector. Both changes, particularly the benefit limit, will disproportionately affect the South of England.

Currently, 54% of children living in a private rented home survive below the poverty line, after housing costs, and this rises to 74% among housing benefit claimants[5]. The findings in this report, taken alongside the work of Cambridge University on the impact of the earlier changes to LHA, and the DWP's own figures on the losses claimants are facing, point to a bleak future for low-income families in private rented homes. Many (currently

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[1] http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-bill-2011/

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

[3] The target rate for CPI from 2013 is 2%. http://www.bankofengland.co.uk/publications/inflationreport/ir11feb.pdf

[4] Households with members working but not eligible for working tax credits due to insufficient hours will still be also affected by this proposal.

[5] Households below average income 2008/9, DWP, 2010

26%[6]) of these households will include people in work, and there will be many others, not claiming presently who may need to rely on this safety net in the future due to the loss of their job, and find it no longer allows them to remain in areas they have lived and worked in for many years.

Key Findings

1) Linking LHA to CPI inflation

Linking LHA to CPI will, over time, greatly extend the shortfall between LHA payments and rents people have to pay. If rents on two-bedroom homes[7] were to inflate following a similar geographic pattern, but 15% lower than recent historic trends[8]:

- 34% of local authorities would be very unaffordable by 2023 (10 years from introduction) [9]
- 40% of local authorities would be very unaffordable by 2025 (12 years from introduction)
- 60% of local authorities would be very unaffordable[10] by 2030 (17 years from introduction).

The region remaining affordable the longest (the North East) scores the lowest on employment indicators, whereas The South West and the East, the majority of which would become very unaffordable by 2023, have rates of unemployment and economic inactivity that are well below national average, and employment is higher than average.

Neighbourhood level analysis was carried out on five case study areas, using rent data from the Valuation Office Agency (VOA), which is used to set LHA rates[11]. This reveals:

- large variances in affordability between local neighbourhoods within Broad Rental Market Areas (BRMAs[12]), currently and in the medium and longer term. This shows that the boundaries for setting LHA frequently deny tenants who need help with their rent access to 30% of homes in their neighbourhood, and that the boundaries should urgently be reviewed[13].

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[6] DWP two-year review of LHA, 2010.
[7] Two bedrooms homes were chosen for their commonality among families with one or two children and the larger sample sizes available for this type of home. Results for other bedroom sizes would be expected to follow a similar pattern.
[8] See page 7 for details on sources for the research model. The source for rent inflation produces a conservative figure compared to other sources.
[9] The local authorities included in the CPI study are all those in England, excluding London. This is because Cambridge University studied the impact of changes to LHA on London affordability. http://england.shelter.org.uk/professional_resources/policy_library/policy_library_folder/how_will_changes_to_local_housing_allowance_affect_low-income_tenants_in_private_rented_housing
[10] Very unaffordable is defined as less than 10% of rents in the area being affordable at maximum eligible Local Housing Allowance. See page 7 for details.
[11] The VOA provided Lists of Rent data only for five BRMAs; the analysis and conclusions derived from that data are solely the work of Chartered Institute of Housing and Shelter.
[12] These are the areas used to set LHA rates by the VOA, they do not exactly match to any local authority or ward boundaries, but these are approximated throughout the research.
[13] The findings on neighbourhood affordability in this study are similar to those in previous research by Shelter, A Postcode Lottery, Reynolds, L, 2009.

- the BRMAs studied differed, but a pattern emerged of neighbourhoods and towns with the most jobs, best transport links and lowest levels of unemployment tending to become unaffordable more quickly than areas that are more remote or have higher levels of unemployment. For example, in Peak and Dales BRMA, the town areas with most opportunities for work become unaffordable more quickly than the rural surrounds, which can be an hour away by bus from the nearest town.

2) Household benefit cap

Of all the proposed changes to housing benefit and Local Housing Allowance, the benefit cap is likely to produce the most dramatic shortfall between households' rent and benefit entitlement . The DWP estimates that about 50,000 households will be affected by the measure, losing an average of £93 a week, with 15% of those affected losing more than £150 a week.[14]

The benefit cap will fall disproportionately on families in London and the South East, where housing costs are higher. Larger families are more likely to be impacted than smaller families, but this will in part be dependent on their location and eligibility for LHA.

We looked at areas where the limit would mean that households were no longer eligible for the full LHA entitlement (at the 30th percentile) based on the relevant BRMA and household size. We found that:

- two child families with young children will have their LHA cut in 4% of BRMAs
- two child families with older children of the opposite sex will have their LHA cut in 9% of BRMAs
- three child families will lose some of their LHA in 30% of BRMAs
- four child families eligible for the three bedroom LHA rate will have their LHA cut in 97% of BRMAs
- all families requiring four or more bedrooms will lose LHA in every single BRMA.

[14] DWP. Impact assessment for the household benefit cap, February 2011.

Background

The changes to LHA and housing benefit first announced in the 2010 budget have generated an enormous media, Parliament and public debate. The changes cut the benefit received by almost all Local Housing Allowance claimants by using a measure based on the 30th percentile of rents rather than the median, removing the £15 per week excess claimants could keep, and capping LHA payments. New claimants will be affected from April 2011. Evidence of the impact these changes will have has already been published by Cambridge University.[15]

Attention is now turning toward further changes enabled by the Welfare Reform Bill, published February 2011. The first change studied here – and a campaigning priority for Shelter, CIH and many others – is a new power which will enable the Secretary of State to use the Consumer Price Index (CPI) to uprate LHA. This breaks a long-established tradition of linking the allowance to local movements in rents. In its inflation figure, CPI incorporates only a small element of rental costs[16] and historically this has fallen well below private rental inflation.

This research paper, produced jointly by Shelter and Chartered Institute of Housing (CIH), examines the question of which areas could become unaffordable, and how quickly, with long-term use of CPI to uprate housing allowances for private tenants.

The analysis covers local authority areas in England, excluding London. This is because Cambridge University's research has already detailed the impact of changes in London, including the change to CPI, and found that data from London's unique, private rental market could not be directly replicated in modelling across the country.

It is impossible to predict future private rental inflation at a local level with accuracy, and indeed its past is hard to track. What is clear, however, is that demand for private rented homes is high, and the sector is experiencing rapid growth[17], while the other two main tenures reduce in size, for reasons of access and affordability. Additionally, all survey data shows that rents move at varying speeds in different areas, meaning that any policy fixing increases in housing allowances to a set inflation measure will result in a geographic disparity in the real value of the allowance; the question is only how much disparity will there be.

This research shows the potential impact of this policy change in the long term, based on the best available evidence. It should not be viewed as a firm prediction of the future, rather a strong indication that a long-term switch to CPI would significantly reduce the availability of affordable private rented homes for claimants.

The long-term use of CPI should be viewed in the context of the Government's wider welfare reforms. By 2017, the Government intends to have incorporated housing benefit and LHA into a Universal Credit, which will combine all benefits and include a housing credit to cover housing costs. However, housing credit within Universal Credit will be

[15] http://england.shelter.org.uk/professional_resources/policy_library/policy_library_folder/how_will_changes_to_local_housing_allowance_affect_low-income_tenants_in_private_rented_housing.

[16] Rents account for 5.4% of household basket, whereas around a quarter (24%) of Private tenants pay more than half their household incomes on their rent, Breaking Point, Shelter 2008.

[17] The number of households living in the private rented sector has risen by 40% over the last five years, English Housing Survey 2009/10 headline report, DCLG.

based on the contemporary structure of LHA and housing benefit. As such the rules concerning up-rating of Local Housing Allowance from 2013 will be highly significant for the long-term design of Universal Credit.

The impact of the CPI change is examined at a regional and sub-regional level, with results by local authority and, in section 1.2, at neighbourhood level, using rent data from the Valuation Office Agency.

The second major policy change studied in this report is the household benefit cap, or limit. The October 2010 Spending Review announced plans to cap the total amount of out-of-work benefits that households may claim, to the average level of earnings: £500 for couples and lone parents and £350 for singles. The cap will take effect from 2013, before the Universal Credit is introduced, and it has been suggested that the cap should be enforced via local authorities restricting housing benefit and LHA payments.

This paper also considers the extent to which the household benefit cap will affect claimants' entitlement to LHA, and consequently their ability to access housing in the private rented sector in different areas of the country. It considers the extent to which households could be expected to make up shortfalls between pre-cap LHA entitlement and post-cap restrictions and the impact this may have on job seeking behaviour.

Section 1: Long-term impact on private rental affordability of using CPI to uprate housing benefits

1.1 Affordability at national, regional and local authority level[18]

Method

Each local authority in England, excluding London, was assigned a rent inflation indicator which was used to estimate how long it would take for less than 10% of private rented homes to be affordable at the maximum rate of LHA in that area. More detail on the steps taken and sources used follow:

Step one: Rent inflation indicator
This was set by using the seven-year (2001–02 to 2007–08) sub-regional[19] annual average increase, from the best available data source on local housing benefit rents[20]. This was then reduced by 15% to reflect the possibility that rents may not rise as quickly as in the past, due to economic conditions. This rent data from Cambridge University (Dataspring Ltd) has the advantage of large sample sizes – the lowest annual average sample per sub-region is more than 1,700 rents. It produces a relatively conservative estimate of private rent inflation – its average annual national rent inflation figure (3.8%) is lower than the equivalent figure from the Survey of English Housing[21] (4.1%), and lower than the inflation figure applied nationally in the DWPs impact assessment of this clause (4%). The Survey of English Housing estimated an increase of 10% in median private rents from 2007– 08 to 2008– 09, a period of house price falls.

Step two: A maximum LHA payment
This was based on the 30th percentile rates, for January 2011 and BRMAs were aligned as closely as possible with local authority boundaries.

Step three: An estimated 10th percentile rent
This was calculated by applying the average ratio of the 10th percentile rent to 30th percentile rent in five BRMAs from current rent data, which the VOA supplied. The average ratio was 0.87, and there was little variation between the five BRMAs.

The 10th percentile rent was selected as it allows an area to be designated 'very unaffordable' with confidence. At least half of landlords operate a 'no DSS' policy at this end of the market[22], and some properties will be hazardous, so that less than one in 20 homes on the market at any given time will be affordable, available and decent. Even outside London, where LHA rates are much lower, the estimated 10th percentile rent lies an average of £70 per month (ranging from £48 to £110) below the 30th percentile in the same area, and while a small number of claimants will be able to live in these areas, it will

[18] England, excluding London for reasons in introduction.
[19] This was NUTS3 sub-regions, the closest comparator to this is county level.
[20] Housing benefit referred rents 2001–02 to 2007–08 (this represents all available consecutive years), Dataspring, Cambridge University.
[21] The Survey of English Housing, now known as the English Housing Survey, is the Government's official housing survey. This provides a robust measure of private rent inflation at national level for all sizes of homes, but cannot reliably be analysed at lower geographic levels.
[22] Postcode lottery, Shelter, 2008 and various landlord surveys including those published by BDRC, NLA.

be extremely difficult for most LHA claimants to find affordable, accessible and decent homes.

Step four: Set a CPI inflation rate, based on the Government's long-term target rate of 2%

In the research model, each year, the maximum LHA entitlement is increased by CPI, and the bottom 10% of rents is increased by the rent indicator at step one. A local authority becomes very unaffordable when the bottom 10 per cent of rents overtakes the maximum eligible amount of LHA in that area.

This analysis simulates when quite large areas become very unaffordable. Neighbourhoods within these areas will become very unaffordable at different speeds, and some will remain relatively affordable – this is examined later, in section two of this report.

Key findings

If a long-term policy of using CPI inflation to uprate housing allowances in the private rented sector was adopted from 2013, and private rental inflation ran at 15% below its historic trend:

Affordability

- More than a third (34%) of England's local authorities (excluding London) would be very unaffordable by 2023 – within 10 years of the policy change, with 60% very unaffordable by 2030.
- The South and Midlands becomes very unaffordable more quickly than Northern regions
- The South East Region remains affordable for longer than other Southern regions, due to its relatively low historic rent inflation, but this should be viewed alongside our findings later in this report, on the impact of the household benefit limit, which predominantly affects London and the South East. If the South East does remain relatively affordable for smaller households, demand for affordable private rented homes in the region could increase significantly, given the greater average size of the 2011 set of cuts in London, and Cambridge University's findings that swathes of London will become largely unaffordable by 2016.

Figures 1 & 2 below set out the results on affordability. A full list of local authorities and when they become very unaffordable is contained in the appendix.

Figure 1: Future affordability with a long-term use of CPI, and rent inflation 15% less than historic trend

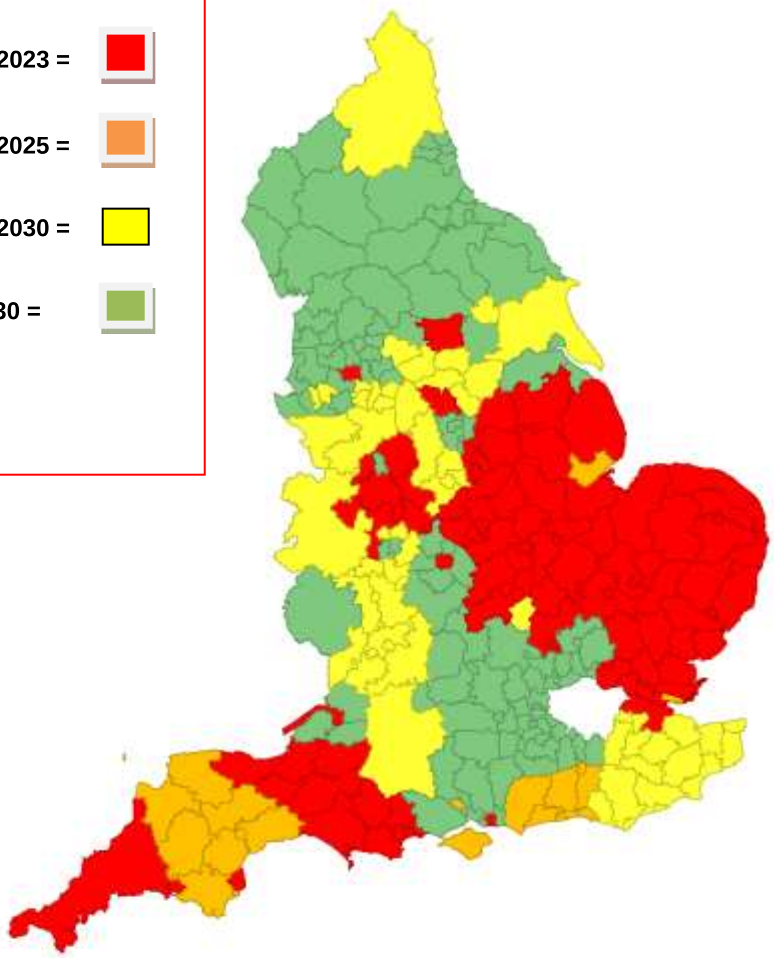
Figure 1: Key

Becomes very unaffordable by **2023 =**

Becomes very unaffordable by **2025 =**

Becomes very unaffordable by **2030 =**

Not yet very unaffordable at **2030 =**



Contains Ordnance Survey data © Crown Copyright and database right 2010

Figure 2: Future affordability with long-term use of CPI, and rent inflation at 15% less than historic sub-regional trends, national and regional, 2020-2030

	2020	2023	2025	2030
England, excluding London (total=292)				
Number of local authorities very unaffordable	23	98	117	176
% of local authorities very unaffordable	8%	34%	40%	60%
North East (total=12)				
Number of local authorities very unaffordable	0	0	0	1
% of local authorities very unaffordable	0%	0%	0%	8%
North West (total=39)				
Number of local authorities very unaffordable	0	0	0	9
% of local authorities very unaffordable	0%	0%	0%	23%
Yorkshire & Humber (total=21)				
Number of local authorities very unaffordable	1	2	2	10
% of local authorities very unaffordable	5%	10%	10%	48%
East Midlands (total=40)				
Number of local authorities very unaffordable	1	31	31	37
% of local authorities very unaffordable	3%	78%	78%	93%
West Midlands (total=30)				
Number of local authorities very unaffordable	1	10	10	20
% of local authorities very unaffordable	3%	33%	33%	67%
East of England (total=47)				
Number of local authorities very unaffordable	19	36	37	37
% of local authorities very unaffordable	40%	77%	79%	79%
South East (total=67)				
Number of local authorities very unaffordable	0	2	12	30
% of local authorities very unaffordable	0%	3%	18%	45%
South West (total=36)				
Number of local authorities very unaffordable	1	17	25	32
% of local authorities very unaffordable	3%	47%	69%	89%
Source: Shelter and CIH analysis				

Affordability and employment

There is a general pattern of the regions remaining affordable the longest having poorer employment related figures and vice versa – see figure 3:

- The region remaining affordable the longest (the North East) scores the lowest on all four employment indicators – it has the lowest rate of claimants currently in employment, the lowest overall employment rate, and the highest unemployment rate and economic inactivity rate.
- The three regions that become unaffordable the quickest: East Midlands, South West, and East of England; all have rates of claimants that are in work at or above the national average and rates of economic inactivity that are at or below average.
- The South West and the East, the majority of which would become very unaffordable by 2023, have rates of unemployment and economic inactivity that are well below national average, and employment is higher than average.
- Table 4 shows that local authorities that become very unaffordable by 2025 have higher rates of claimants in employment (27%) than those that do not become very unaffordable within this timescale (23%). These differences are small but statistically significant as they are based on claimant counts rather than a sample survey.

Figure 3: regional affordability and current employment statistics, ranked by most unaffordable regions at 2030					
Region	% very unaffordable 2030	% of LHA claimants in employment[23]	Working age employment rate[24]	Working age unemployment rate	Economic inactivity rate
East Midlands	93%	25%	68.2%	8.2%	23.1%
South West	89%	30%	74.1%	6.3%	20.9%
East of England	79%	29%	73.9%	6.8%	20.7%
West Midlands	67%	23%	67.9%	10%	24.5%
Yorkshire & Humber	48%	21%	68.2%	9.5%	24.7%
South East	45%	31%	75.0%	6.2%	20.0%
North West	23%	20%	69.3%	7.8%	24.9%
North East	8%	18%	65.6%	10.3%	26.9%
England Average	60%[25]	25%	70.7%	8%	23.1%
Sources: Affordability: Shelter and CIH analysis; LHA claimants in employment: DWP statistics; employment statistics: ONS/ NOMIS, official labour market statistics					

Figure 4: Rates of claimant employment by affordability in 2025 and 2030		
Year	**2025**	**2030**
	% claimants in employment	% claimants in employment
Local Authorities very unaffordable by	27.4%	25.9%
Remaining Local Authorities	23.3%	22.9%
Sources: Affordability: Shelter and CIH analysis; LHA claimants in employment: DWP statistics		

[23] DWP statistics, sourced from PQ no 12676, House of commons library
[24] Source: NOMIS/ ONS official statistics on employment, these are on claimant counts of working age people, latest available figures, Oct-Dec 2010. https://www.nomisweb.co.uk/Default.asp
[25] This national average excludes London, as does the one to the right, but not the three that follow across.

1.2 Affordability at the local and neighbourhood level

Method

The section above examines affordability for relatively large geographic areas and provides a longer-term picture. The neighbourhood level analysis in this section allows future affordability under a policy of linking LHA rates to CPI to be examined in case study areas, at a far more detailed level. The VOA provided Lists of Rent data only for five BRMAs; the analysis and conclusions derived from that data are solely the work of Chartered Institute of Housing and Shelter.

This analysis was carried out on two-bedroom homes in five BRMAs[26] randomly selected from urban and rural areas in the North and South of England.

The neighbourhoods used by the VOA were grouped into geographic clusters, with reference to ward maps. The 10th percentile (very unaffordable) and 20th percentile (fairly unaffordable) rents were then calculated for each neighbourhood group.

The same methods were employed as in section one, with maximum LHA entitlement uprated by the 2% target for CPI each year, and the 10th and 20th percentile rents by the appropriate rent inflation indicator, to see when a neighbourhood group will become very or fairly unaffordable.

Whereas the national model in section one is driven by differences in sub-regional rent inflation, this local model applies the same rent inflation across all neighbourhoods and the results reflect the expensiveness of the neighbourhood relative to others in the BRMA. In reality, it is highly likely that neighbourhoods will experience different rates of rental inflation, and this will affect the speed at which they become very unaffordable.

The results of the affordability analysis are mapped to groups of wards in the closest way possible. These are then compared to mapped employment data from the Office for National Statistics[27].

[26] These are the areas used by the VOA to set LHA rates, following the emergency budget changes, 30% of rents within each BRMA should be affordable at the maximum LHA rate.
[27] NOMIS

Key findings

In the five BRMA areas studied, if neighbourhood rents rise at approximately 15% below the historic sub-regional trend[28]:

- some neighbourhoods are already very unaffordable prior to 2013, as a result of the move to the 30th percentile to calculate LHA.
- there is an extremely wide variation in the long-term affordability of neighbourhoods, with some neighbourhoods becoming unaffordable within a few years of a switch to CPI, with others not becoming unaffordable by 2030 and beyond.

The geo-demographics[29] of each area, and the patterns of unaffordability in the future, differ, but a clear pattern emerges of neighbourhoods with more opportunities for work or less unemployment becoming unaffordable the quickest:

- In Brighton, the areas with the most locations of employment become very unaffordable the quickest, with the more remote rural areas and the Eastern coastal area, which has relatively high unemployment remaining relatively affordable.
- In Derbyshire (Peak and Dales), the four main town areas, which also have the most locations of employment, become very unaffordable the quickest. Some of the areas remaining relatively affordable are an hour or more away by bus.
- The two more urban case study areas differed somewhat. In Manchester, the central district, with by far the highest number of locations of employment, is very unaffordable even before a change to CPI. Some parts of the city near to the centre do remain relatively affordable for ten years or more, but these areas tend to feature the highest rates unemployment.
- In Teeside, the central locations with the highest number of locations of employment do tend to remain relatively affordable, in contrast to the other three case study areas. However, in this BRMA, unemployment is also concentrated in these urban centres.
- In South Devon, the areas remaining affordable the longest, coincided with those with the lowest numbers of employment locations.

[28] The analysis in this section requires ward boundaries to be matched to neighbourhood and BRMA boundaries. This is not possible with 100% accuracy, but has been matched as closely as possible in the time available.
[29] Geodemographics is the description of people according to where they live, derived from the study of spatial information

Case study 1 – Brighton & Hove BRMA

Figure 5: Neighbourhood affordability to 2030, Brighton & Hove BRMA

Neighbourhood	Year becomes 'fairly unaffordable'	Year becomes 'very unaffordable'
Rent inflation indicator = 3.0%		
Brighton city centre	**Fairly unaffordable before CPI change 2013**	**2015**
Hove	**Fairly unaffordable before CPI change 2013**	**2019**
East Brighton (Kemp town, Hanover, Marina)	**2015**	**2023**
West Hove, Shoreham, Portslade	**2023**	**2027**
Outer Brighton (Withdean, Preston)	**2023**	**2030**
Lewes, Downs/rural	**2030**	**Post 2030**
East Coastal (Newhaven, Peacehaven, Rottingdean)	**Post 2030**	**Post 2030**
Affordability based on analysis of VOA data. Neighbourhood sample sizes range from 73 to 238. Rent inflation figure of 3.0% applied.		

Brighton and Hove BRMA consists of the whole of Brighton and Hove local authority, most of Lewes local authority, and the Eastern part of Adur. Brighton and Hove itself is the hub of the area, with the majority of employment locations based there, with smaller numbers of jobs in the centre of Lewes and in the suburbs of Brighton & Hove – see figure 7, employment locations - Brighton and Hove BRMA.

Figure 5 above, shows the results of the neighbourhood affordability analysis for this BRMA, and figure 6 presents the results geographically, fitting neighbourhoods to wards as closely as possible[30].

The maps show a strong correlation between areas with high levels of employment locations, and becoming very unaffordable relatively quickly. The hub of this area is fairly unaffordable before 2013, and becomes very unaffordable within six years of implementation. In the long-term, a switch to CPI would leave only the rural north-western part of the BRMA, and the eastern coastal neighbourhoods, which have relatively high rates of unemployment (see figure 8) affordable for families claiming Local Housing Allowance.

[30] The boundaries used by VOA to set LHA do not tie exactly to any local authority or ward boundaries, and they have been best fitted in this and other parts of the analysis.

Figure 6: Neighbourhood affordability with long term use of CPI to uprate housing allowances: Brighton and Hove BRMA

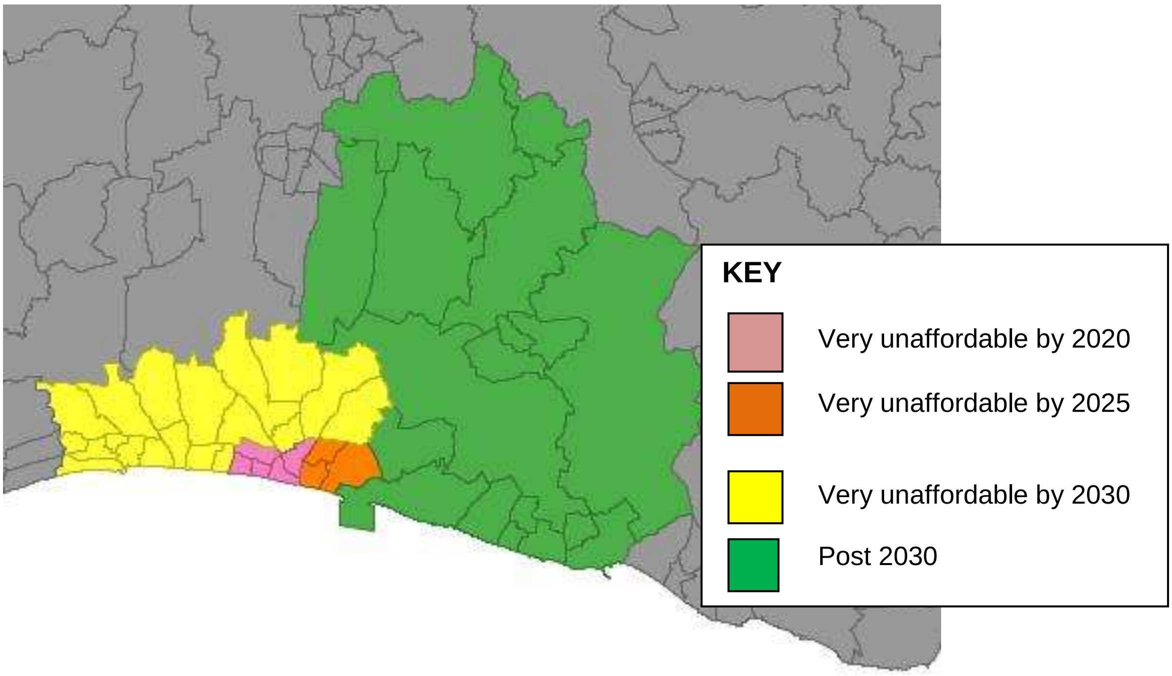


Figure 7: Employment locations (numbers of jobs) by ward – Brighton & Hove BRMA

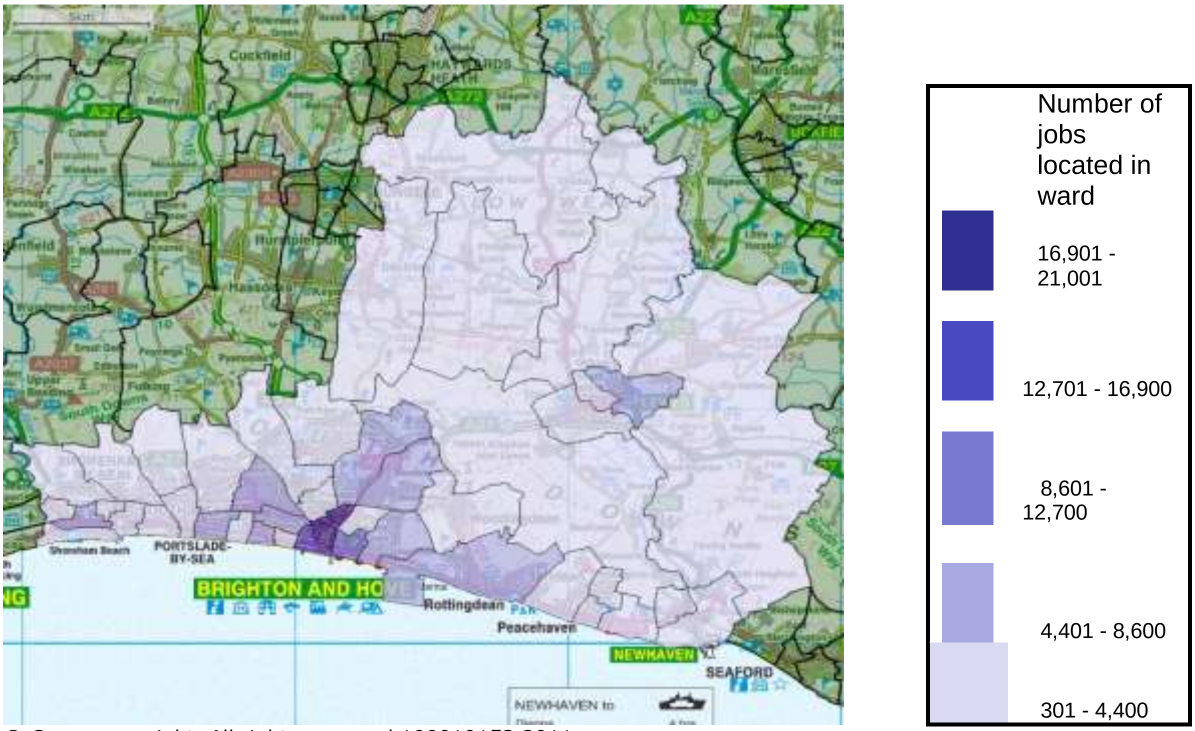
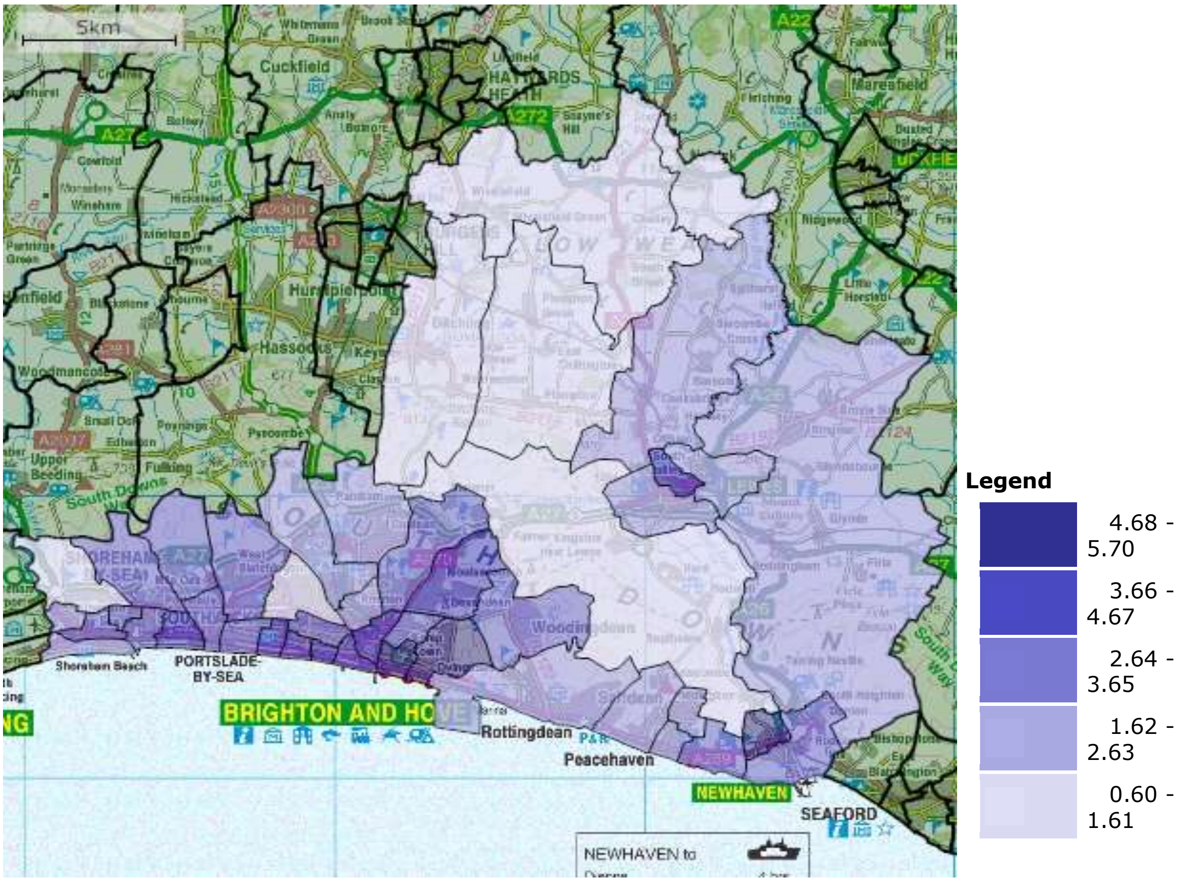


Figure 8: Rates of unemployment, by ward – Brighton & Hove BRMA



Case Study area 2: Peaks & Dales BRMA

Figure 9: Neighbourhood affordability to 2030 – Peak and Dales BRMA

	Year becomes 'fairly unaffordable'	Year becomes 'very unaffordable'
Neighbourhood		
Bakewell	**Fairly unaffordable before CPI change 2013**	**Very unaffordable before CPI change 2013**
Matlock	**Fairly unaffordable before CPI change 2013**	**2019**
Ashbourne	**2019**	**2025**
Wirksworth & Rural surrounds of Ashbourne	**2019**	**2025**
Buxton & surrounds	**2019**	**2029**
Villages between Matlock & Bakewell	**2019**	**Post 2030**
Rural North of Buxton & Bakewell, Hope valley	**2025**	**Post 2030**
Affordability based on Shelter and CIH analysis of VOA data. Neighbourhood sample sizes range from 27 to 189. Rent inflation figure of 3.0% applied.		

This BRMA is predominantly rural, with four towns – Bakewell, Matlock, Ashbourne and Buxton, which are the centres of most employment opportunities and services (see figure 11 below).

These town areas are the quickest to become fairly and very unaffordable, with Bakewell already extremely hard to afford for LHA claiming families before any switch to CPI.

The Hope Valley area in the rural north of the BRMA stays affordable the longest in the analysis, and journey times by bus are approximately one hour to the nearest towns of Buxton and Bakewell, from here, with Buxton requiring two buses[31]. Car journey times are quicker, but car ownership is much lower among households claiming housing benefit (32%) than those not (63%)[32].

[31] Source VOA Website, Peak and Dales BRMA information
[32] Survey of English Housing 2007/8

Figure 10: Neighbourhood affordability with long term use of CPI to uprate housing allowances: Peak and Dales BRMA

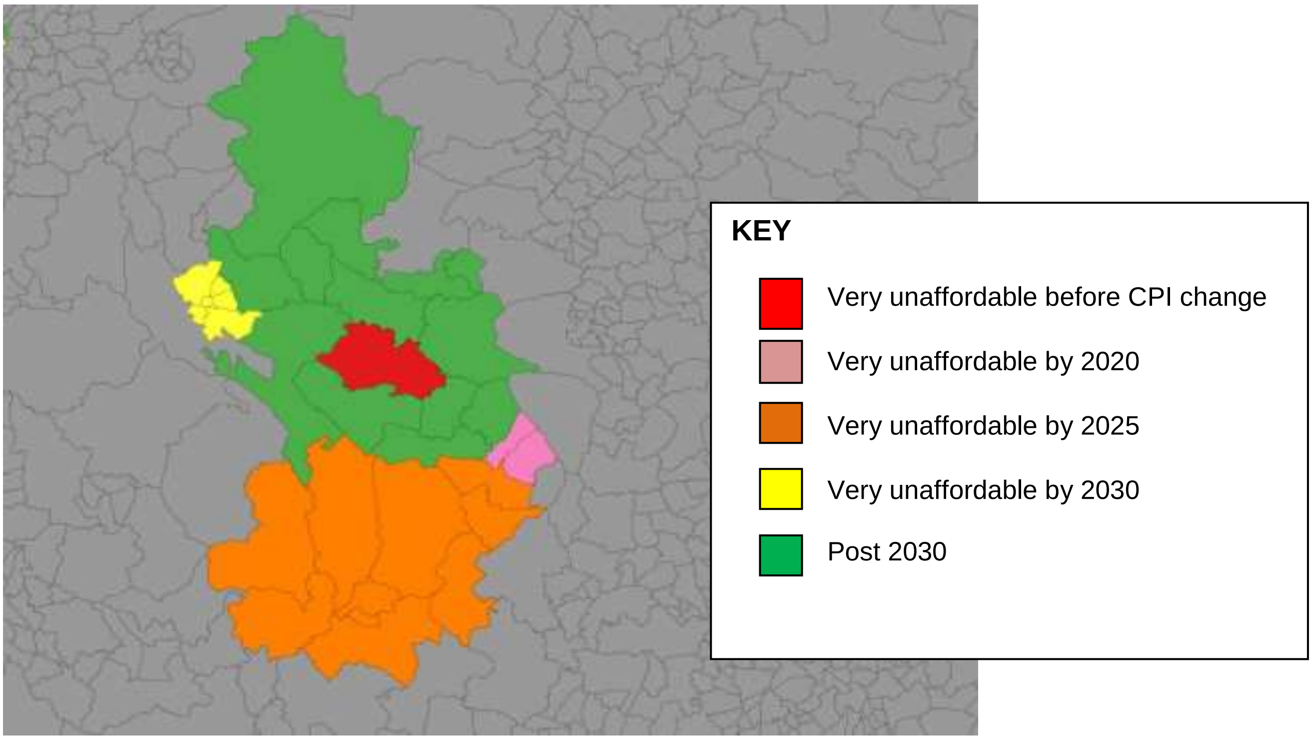
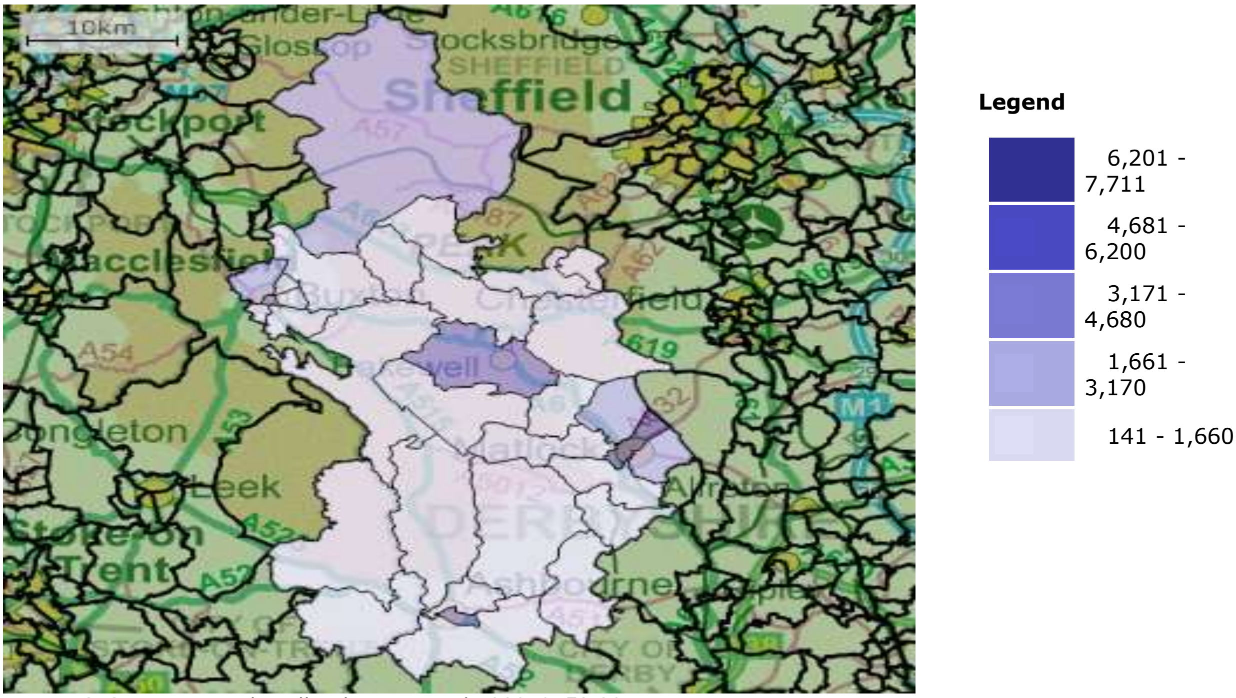


Figure 11: Locations of employment by ward (number of jobs), Peak and Dales BRMA.



Case Study 3 – Central Greater Manchester BRMA

Figure 12: Neighbourhood affordability to 2030 – Peak and Dales BRMA

	Year becomes 'fairly unaffordable'	Year becomes 'very unaffordable'
Didsbury, Chorlton	**Fairly unaffordable before CPI change 2013**	**Very unaffordable before CPI change 2013**
Central Manchester	**Fairly unaffordable before CPI change 2013**	**Very unaffordable before CPI change 2013**
South Central Manchester	**Fairly unaffordable before CPI change 2013**	2014
Urmston, Irlam, Stretford	2018	2023
Central Salford	2023	2029
North Salford, Prestwich, Swinton, Pendlebury	2023	2029
SE Central Manchester	2023	2029
Eccles	2023	Post 2030
East Manchester	Post 2030	Post 2030
Outer NE Manchester, Droylsden, Cheetham, Failsworth	Post 2030	Post 2030
Affordability based on Shelter and CIH analysis of VOA data. Neighbourhood sample sizes range from 161 to 897. Rent inflation figure of 3% applied.		

Central Greater Manchester BRMA consists of most of Manchester and Salford local authorities, and a small section of northern Trafford local authority. This is an urban and suburban area, with affluent and more deprived areas in close proximity.

The affordability results (see figure 12 above, and figure 13 below) show the central part of Manchester, where the most jobs are located, and unemployment is low (see figures 14 & 15), being very unaffordable before 2013.

East Manchester remains affordable post 2030, and although this part of the BRMA is fairly central, it includes some of the wards with the highest unemployment rates in the city (see figure 15).

Figure 13: Neighbourhood affordability with long term use of CPI to uprate housing allowances: Greater Central Manchester BRMA

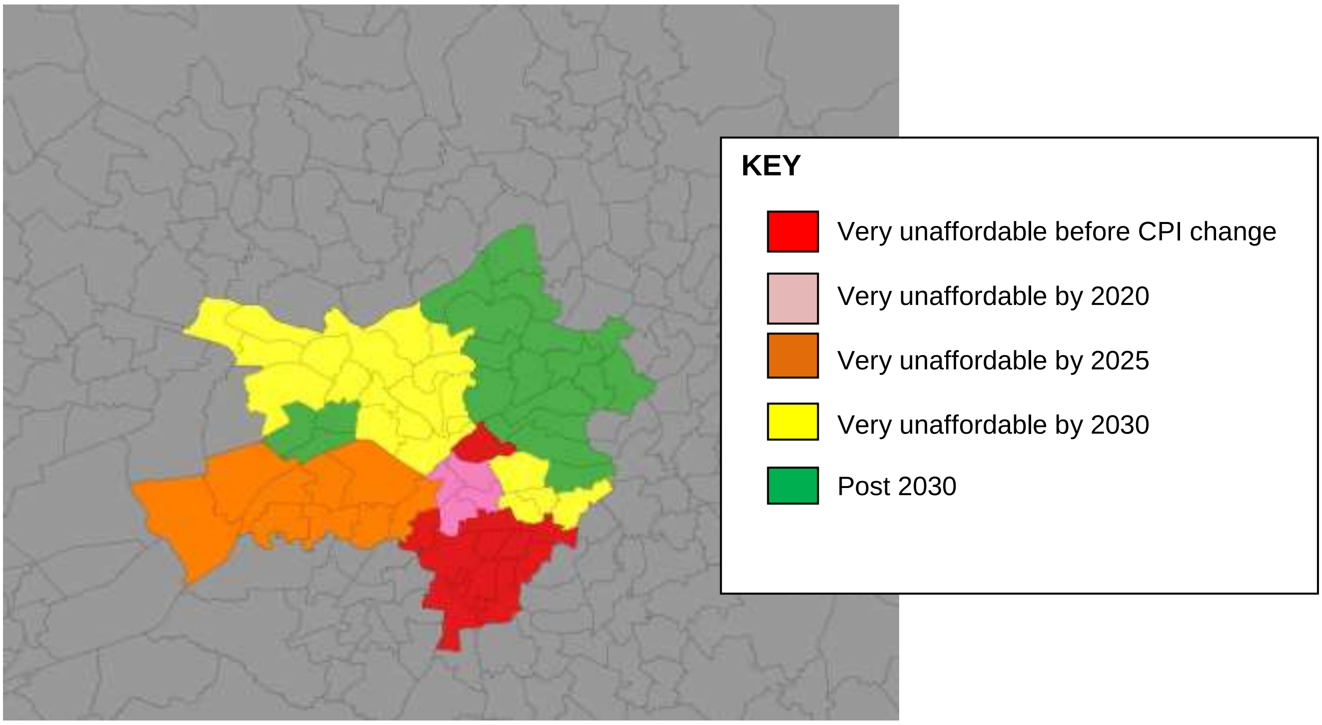


Figure 14: Locations of employment by ward (number of jobs), Greater Central Manchester BRMA.

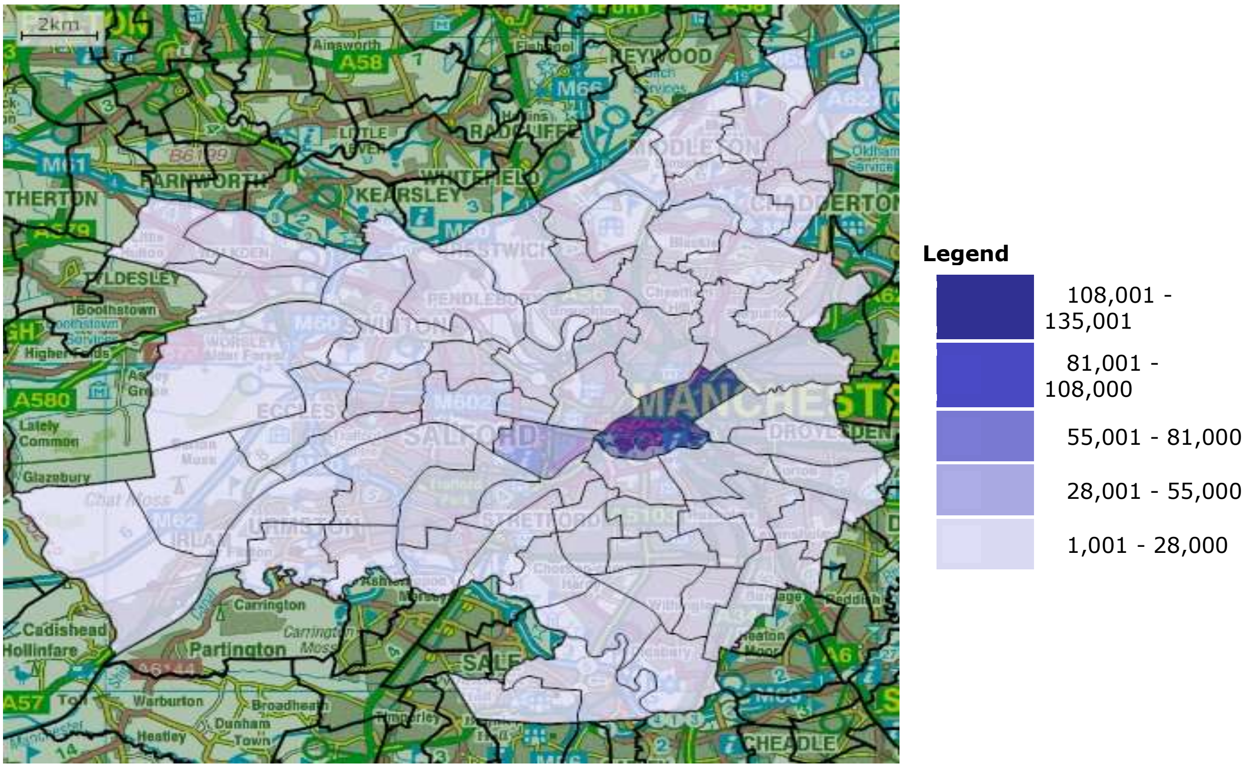
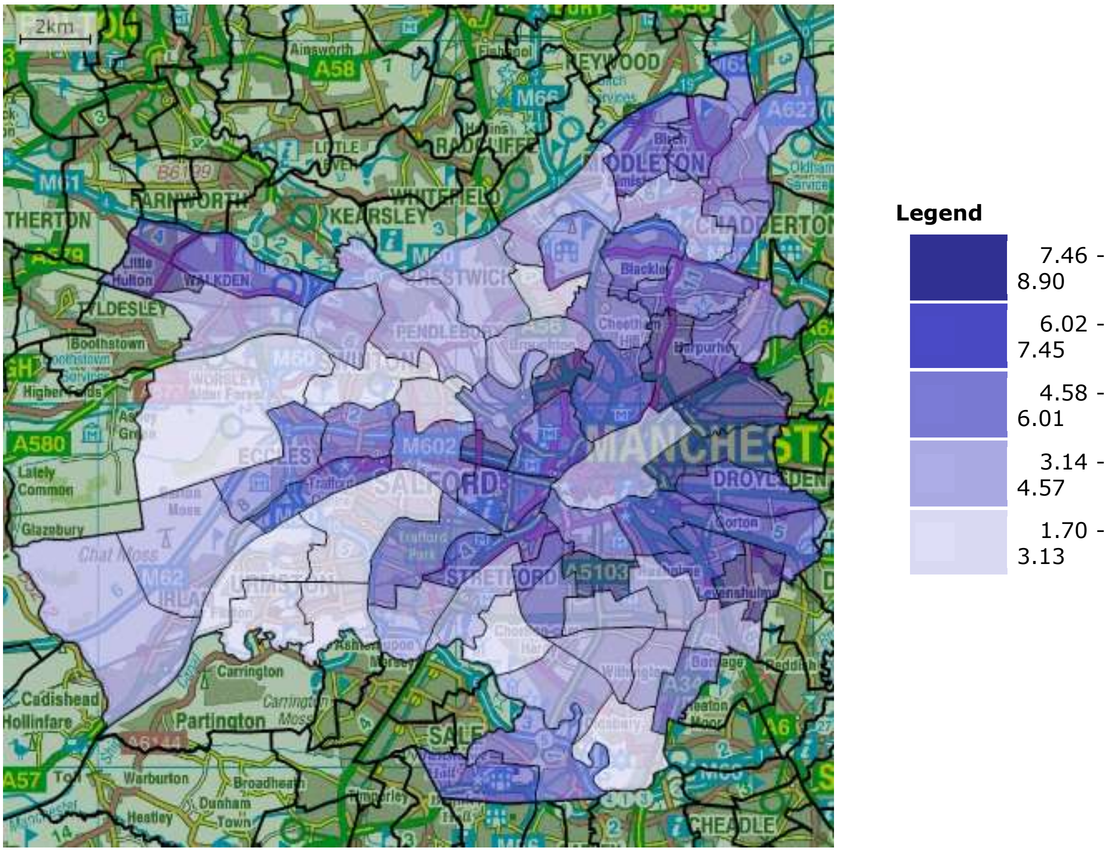


Figure 15: Rates of unemployment, by ward – Greater Central Manchester BRMA



Case Study area 4: Teesside BRMA

Figure 16: Neighbourhood affordability to 2030 – Peak and Dales BRMA

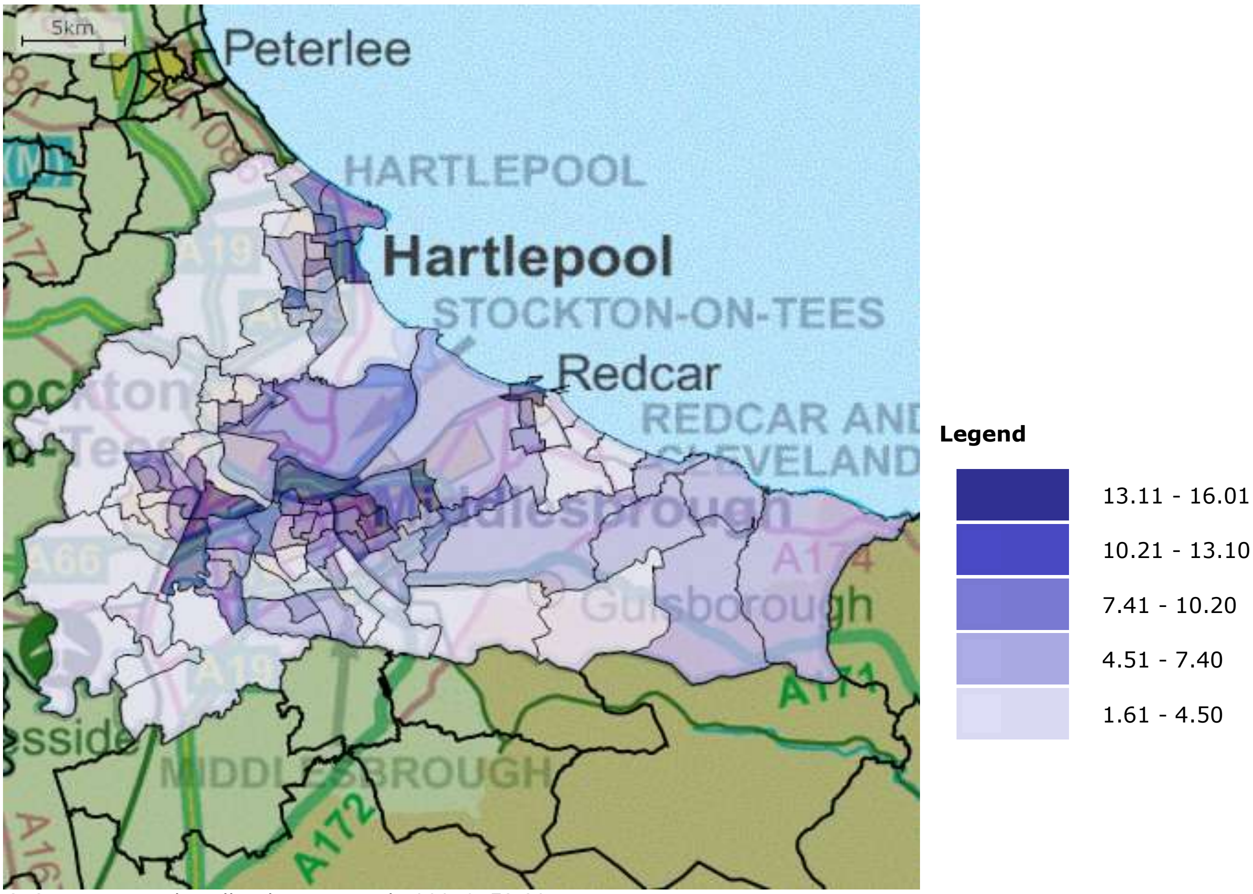
Neighbourhood	Year becomes 'fairly unaffordable'	Year becomes 'very unaffordable'
Yarm & surrounds	**Fairly unaffordable before CPI change 2013**	**Very unaffordable before CPI change 2013**
Hartlepool Marina	**Fairly unaffordable before CPI change 2013**	**2027**
Outer Mboro - Thornaby & Acklam	**2014**	**2029**
Guisborough, Ayton	**2014**	**2029**
Redcar	**2014**	**2029**
Outer Stockton (Norton, B'Ham, Fairfield, Linthorpe)	**2022**	**Post 2030**
Outer Mboro (Eston, Marton, Ormsby)	**2023**	**Post 2030**
East Clvld (Loftus, Saltburn)	**2029**	**Post 2030**
Hartlepool Central	**Post 2030**	**Post 2030**
Outer Hpool	**Post 2030**	**Post 2030**
Middlesbrough Central	**Post 2030**	**Post 2030**
Stockton Central	**Post 2030**	**Post 2030**
Affordability based on Shelter and CIH analysis of VOA data. Neighbourhood sample sizes range from 82 to 339. Rent inlation figure of 2.4% applied		

Teesside BRMA is predominantly urban, with Middlesborough and its conurbation taking up a large part of the BRMA. The towns of Hartlepool and their rural surrounds make up the rest of the BRMA.

Due to ward boundary changes, it was not possible for us to map affordability in Teesside, but it can be seen that in contrast to the other BRMAs studied, central locations tend to remain affordable longer.

This is because Teesside is an area that differs from many others in that it's most central locations tend to have cheaper rents. While claimants may be able to live near the locations of employment in the area, the rates of unemployment in these areas is very high (see figure 17).

Figure 17: Rates of unemployment, by ward – Teesside BRMA



Case Study area 5: South Devon BRMA

Figure 18: Neighbourhood affordability to 2030 – Peak and Dales BRMA

Neighbourhood	Year becomes 'fairly unaffordable'	Year becomes 'very unaffordable'
Totnes and rural surrounds	Fairly unaffordable before CPI change 2013	2014
Torquay suburbs	2014	2017
A38 Towns (Buckfastleigh - Bovey Tracy)	2014	2021
Preston/ Torbay	2014	2021
N Abbot & Surrounds	2017	2025
Paignton	2018	2025
Dawlish	2021	2025
Brixham	2021	2025
Torquay Central	2021	2025
Teignmouth	2021	2029
Dartmouth, Kingsbridge and surr. villages	2025	Post 2030
Affordability based on Shelter and CIH analysis of VOA data. Neighbourhood sample sizes range from 27 to 189. Rent inflation figure of 3.4% applied.		

South Devon BRMA consists of all of Torbay local authority and most of South Hams and Teignbridge. The affordability results above show that this is an area with less extreme differences in rents between neighbourhoods than the others studied. The exceptions to this are: Totnes and its surrounding area, which becomes very unaffordable after just one year of a change to CPI (2014), and is already fairly unaffordable prior to it; and Dartmouth and the rural south of the area, which would not become very unaffordable until after 2030.

The majority of neighbourhood areas become fairly unaffordable within eight years of implementation, and very unaffordable within twelve.

It is therefore more difficult to see patterns in the results, but the two areas remaining affordable the longest – Teignmouth and Dartmouth and its rural surrounds are areas with low numbers of locations of employment (see figure 20)

Figure 19: Neighbourhood affordability with long term use of CPI to uprate housing allowances: South Devon BRMA

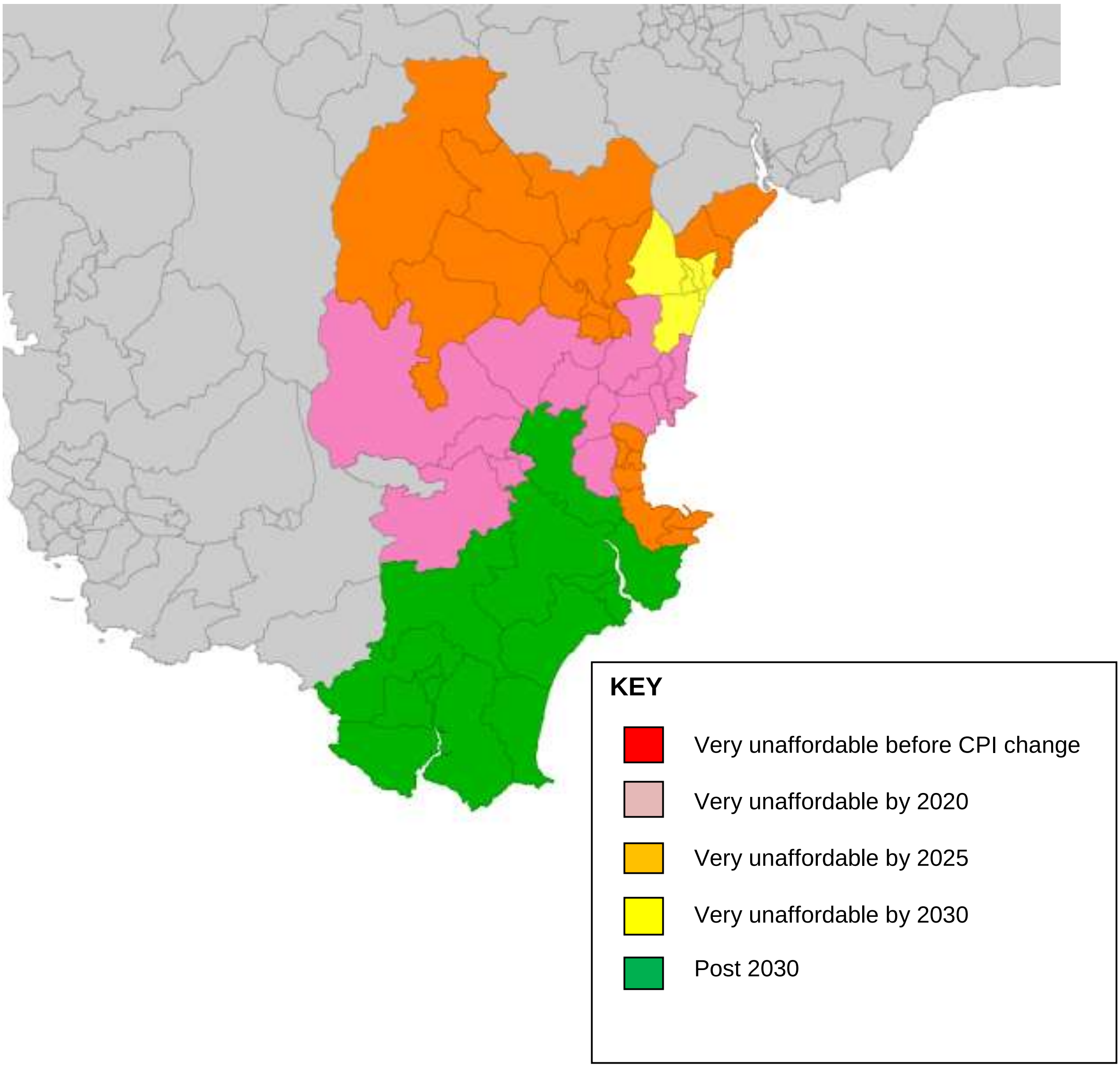


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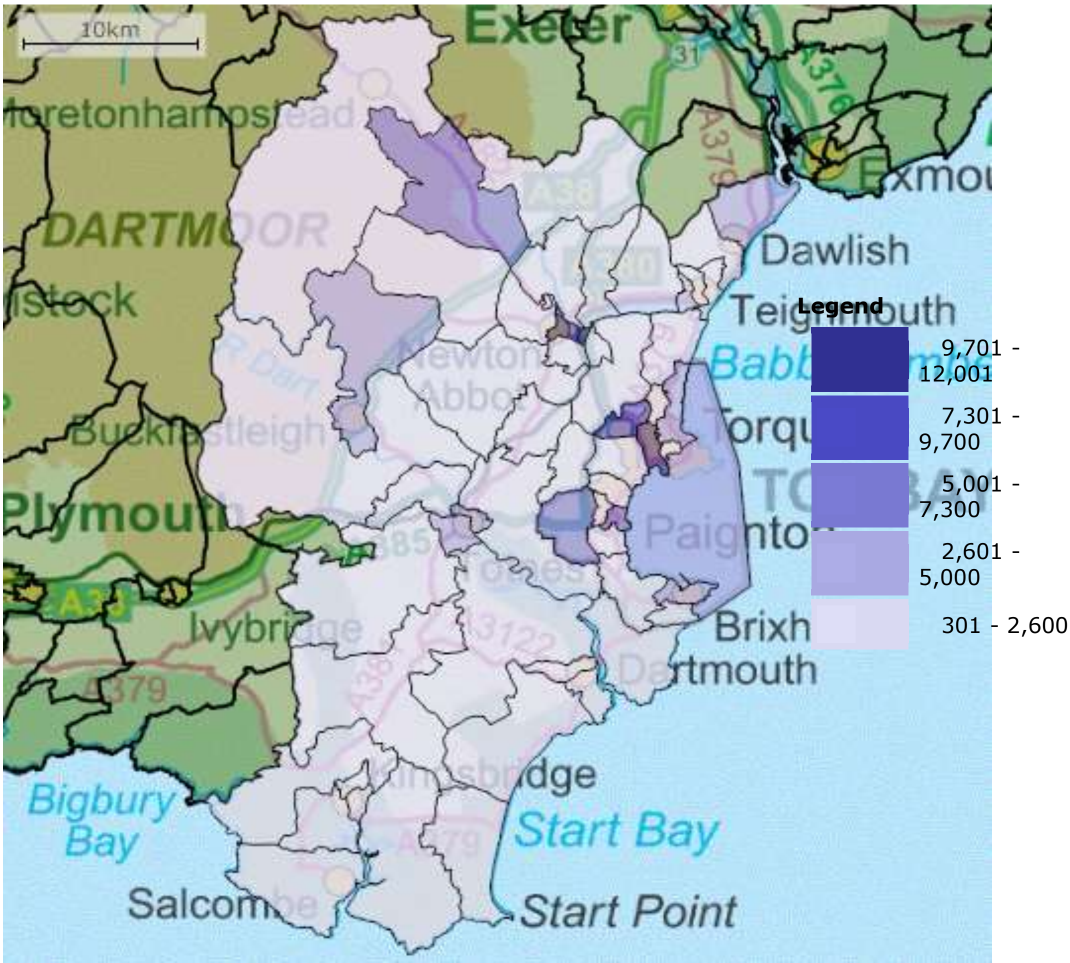
Figure 20: Locations of employment by ward (number of jobs) – South Devon BRMA



Section 2: Impact of household benefit cap on affordability and poverty for private renters

The following section examines the impact of proposals to cap the overall level of benefits that may be paid to households in line with average earnings.

Method

a) Notional shortfalls by BRMA.
Analysis of the impact of the benefit cap was carried out by comparing households' notional eligibility for benefits with the proposed £500 limit. Taking a couple, it was assumed that households were claiming one of the main income replacement benefits (JSA, income support or ESA in the assessment phase), council tax benefit, child benefit and child tax credits, at 2011-12 rates. This total was combined with their notional LHA rate, based on household size and BRMA location. In most cases, families have been considered against two LHA rates as households are eligible for higher rates depending on the age and sex of children[33]. Where the total was in excess of £500 per week the household was classed as having a shortfall. Shortfalls reflect current wage levels, benefit rates and rent levels for 2011 and may not reflect how the benefit limit will affect households by 2013.

Notional LHA rates are set at the 30th percentile and include the LHA caps, which will come into effect from April 2011[34]. The impact of the potential cut to LHA is therefore less dramatic than if the cap had been applied to households claiming the current LHA rates, set at the 50th percentile. The analysis consequently under-estimates the cumulative impact of the June Budget and Comprehensive Spending Review on LHA for claimants who remain eligible for benefits from the present until 2013.

b) Geographical impact
Further analysis was carried out on the impact of the proposed cap to families with three children. A quarter of all families on housing benefit have three or more children so it was important to analyse the impact of the cap on larger households[35]. Initial analysis suggested the limit does disproportionately impact on larger families, meaning that an analysis based on two children would underestimate the adverse affects of the policy and may ignore the needs of many of Shelter's clients. Finally, there is less variation in the LHA rate which families with three dependent children are entitled to, so the three bedroom LHA rate could be consistently applied for the purposes of analysis.

Shortfalls by BRMA were applied to the equivalent local authority, by aligning the two as closely as possible. This data was then mapped to demonstrate the geographical impact of the overall cap for three child households.

c) Managing shortfalls
Shortfalls highlighted above are effectively the loss of notional entitlement to LHA that households will experience from 2013. For the final stage of the analysis it was considered whether households could use income from other sources to make up such shortfalls in their LHA entitlement.

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[33] For a further explanation please see the LHA calculator, published by the VOA,
[34] Based on shadow 30th percentile rates published by the VOA for February 2010.
[35] English Housing Survey 2008/09

Whether a loss of notional entitlement can be classed as a genuine shortfall is open to debate. Households may not be renting property at the 30th percentile or may live in cheaper areas within BRMAs so may be liable for rent below the LHA rate which they are entitled to. To obtain notional shortfalls it has been assumed that households are renting properties at the 30th percentile. We consider this to be a fair assumption as LHA is currently determined by the 50th percentile, making it likely that many households are renting properties considerably above the 30th percentile and may continue to do so by 2013, when the cap will come into effect. It is important to note that under existing, more generous, rules, 49% of LHA claimants have a shortfall between their LHA rate and their actual rent[36]. Such existing shortfalls have not been factored into the analysis but this trend does provide some evidence of how tenants may manage a loss of LHA.

To determine whether or not a shortfall is manageable, the research considered the requirement to find £5, £20 or £50 a week. Arguably households may be expected to make up small shortfalls from other benefit income and the analysis examines how likely this is, based on the size of shortfalls and household's financial situation. At £50 a week, shortfalls represent 10% of total income and are arguably unmanageable for households on low incomes. As a percentage of non-HB income, this represents 15% of the total income available for a family of three. The analysis identifies local authorities where households with three children would find it very difficult to find suitable affordable accommodation.

Key findings

The cap will create significant challenges for households living in London and the south east and for larger families across all areas of the country. For smaller families, location is the key determinant of whether their LHA will be restricted. The cap will be felt most keenly in London and the south east, where living costs are higher and which is often seen as the economic driver of the UK.

2.1 Notional shortfalls by BRMA

The impact of the household benefit cap is strongly dependent on location, with households living in BRMAs with higher LHA entitlement, reflecting local rent costs, more likely to be affected by the cap. The cap as proposed makes no distinction for regional differences in living costs, or earnings, and in its current form is incapable of responding to high housing costs.

The number of BRMAs where a household is potentially liable for the cap is also dependent on family size. Families with older children of the opposite sex are also more likely to be affected by the cap, as their household circumstances warrant a higher LHA bedroom entitlement.

[36] DWP. Two Year Review of LHA. 2011.

Figure 21: Number of affected BRMAs by household type

Family type	Number of BRMAs where shortfalls occur
1 child	0 (0%)
2 children – 2 bedrooms	6 (4%)
2 children – 3 bedrooms	14 (9%)
3 children – 3 bedrooms	46 (30%)
4 children – 3 bedrooms	148 (97%)
4 children – 4 bedrooms	152 (100%)
5 children – 4 bedrooms	152 (100%)

Source: Shelter analysis

Because the analysis is based on 2011 rates it is likely that more households will be affected by the cap when it comes into effect if rent rises outstrip average earnings growth. One child households in two BRMAs are within £0.13 of the cap and it is possible that by 2013 such claimants may experience a shortfall between their LHA entitlement and eligibility under the cap.

Analysis of BRMA shortfalls demonstrates that the impact of the cap is most severe in London; two child families will be affected in every inner London BRMA and the majority of outer London BRMAs, including the area to the south-west of London. According to DWP data, average shortfalls in London are expected to be £71 a week[37]. Many households will face considerably larger losses: a three child household in Central London BRMA would lose approximately £178 per week at 2011 levels, and a couple with two children in Inner North London BRMA are facing a loss of up to £112 per week.

For families requiring four or more bedrooms there is no BRMA were a shortfall will not be created. Average shortfalls for such households are estimated at £93 per week[38]. This raises serious questions of the ability of the largest families to firstly remain in their own homes and to relocate to avoid or reduce shortfalls created by the cap.

2.2 Geographical impact

For families with three children in the private rented sector the impact of the cap is highly dependent on location. Every local authority in London has LHA levels which risk placing such households above the cap and 82 per cent of local authorities in the south-east have LHA levels which would subject a three-child household to the cap. Conversely, in five regions, all in the north of England or Midlands, rents are sufficiently low that three child families are unlikely to be subject to the cap in any local authority.

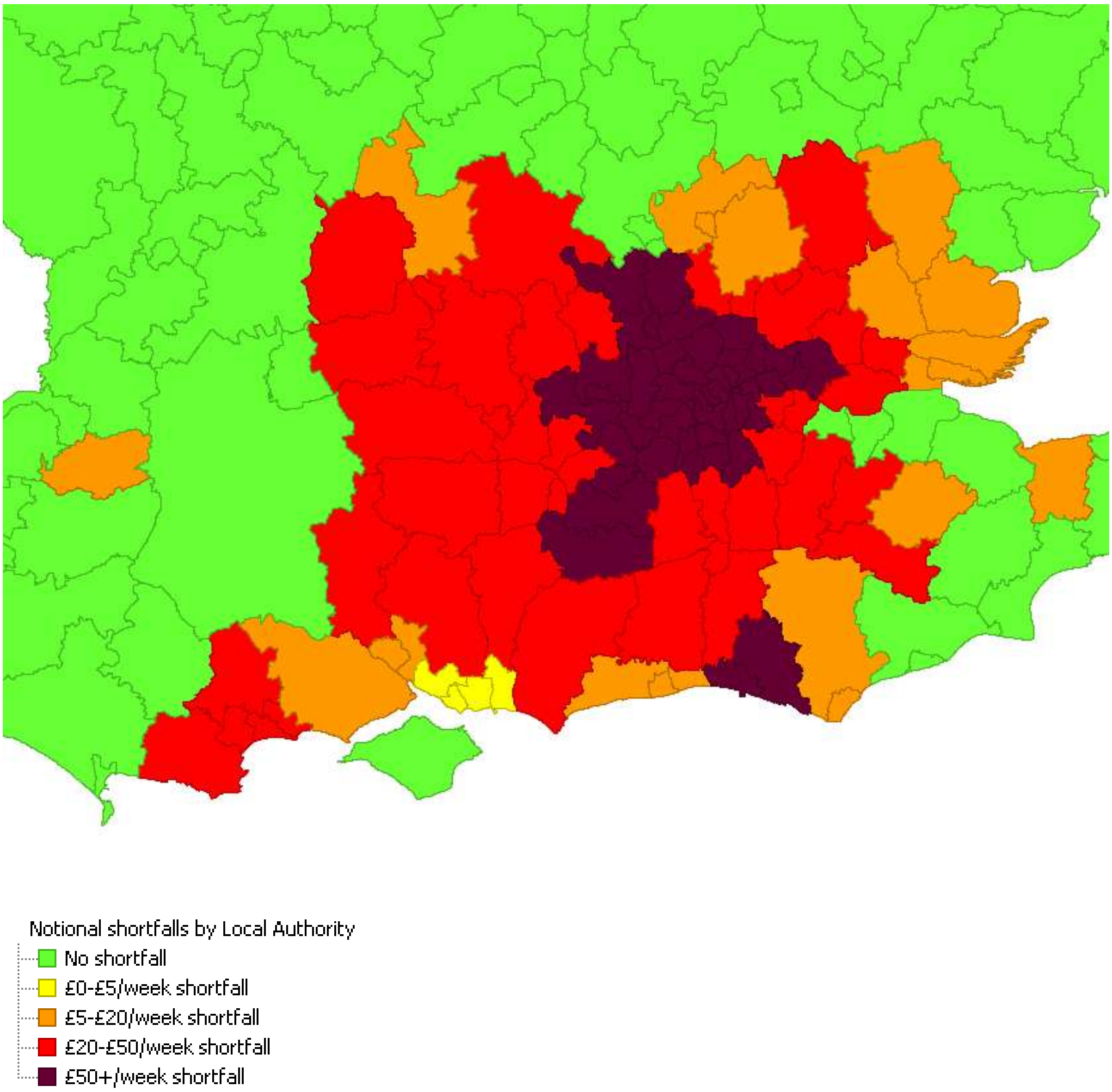
[37] DWP. Work and Pensions Select Committee Enquiry: Impact of the changes to HB announced in the June 2010 Budget.
[38] Ibid.

Figure 22: Number and proportion of local authorities where a three-child family claiming LHA may be subject to the cap

Area	No. of LAs with notional shortfall
Greater London	33 (100%)
South East	55 (82%)
East of England	22 (47%)
South West	4 (16%)
East Midlands	0 (0%)
North East	0 (0%)
North West	0 (0%)
West Midlands	0 (0%)
Yorkshire and the Humber	0 (0%)

Source: Shelter analysis

Figure 23: Household benefit cap, impact on 3 child families in London and the south east.



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For a breakdown of shortfalls by local authority please see table in the appendix.

Large differences in the cost of housing, and therefore entitlement to LHA, result in an inequitable cap which adversely affects claimants in London and the south-east. With housing costs emerging as one of the key determinants in whether the cap will apply, it becomes clear that households in the same circumstances may be treated differently by the benefit system because of their location. For example, two child families in London will be subject to the cap but a two child household in Cambridge will not. This contradicts with one of the central aims of LHA, which was intended to create fairness and consistency between claimants[39].

Furthermore, this follows the Coalition Government's decision, announced in the June Budget and taking affect from April 2011, to cap the LHA entitlement of households in higher rent areas[40]. This was intended to reduce housing benefit payments to households in expensive locations and it is unclear why a second measure targeting higher rent areas is necessary. The June Budget announced £2 billion of cuts to LHA and housing organisations, including Shelter and CIH, raised concerns that this would result in an increase of arrears, evictions and ultimately homelessness. The Department of Work and Pensions responded to these concerns by pledging to monitor the impact of the April 2011 cuts, with a final report due by early 2013[41]. MPs will be asked to approve a further effective cut to LHA in the Welfare Reform Bill before the interim findings of this review are available for scrutiny and the cut will come into effect shortly after publication, leaving little time to act upon any recommendations.

The large shortfalls between households' income and LHA levels raises the question of how households on average incomes, upon which the cap is based, are able to afford housing in the private rented sector in London and the south east. This ignores the potential gain from regional variation in wages, which the Government has declined to factor into the cap. More significantly households with an annual income of £26,000 would be entitled to claim housing benefit in many areas affected by in the examples above, as well as child tax credits, working tax credits and child benefit. For example, a single parent with two children earning £27,534 in Mitcham and Morden could, at current rates, be entitled to £21 per week in housing benefit, as well as £99 in child tax credits, £88 in working tax credits, and £34 in child benefit[42].

2.3 Impact on work incentives

The Government has framed the household benefit cap in part as a work incentive, with the aspiration that households will be encouraged to seek sufficient employment to exempt themselves from the cap.

However, comparing the areas affected by the limit to employment data shows that the cap will be felt most heavily in areas where employment rates are highest. There is a risk that households losing employment will be unable to remain in the areas where employment is available and will be forced to relocate considerable distance to areas where they are less likely to secure work.

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[39] DWP. Two year review of LHA. 2011.
[40] Set at £250 pw for a one bedroom property; £290 pw for a two bedroom property; £340 pw for a three bedroom property; and £400 pw for a four bedroom property
[41] HC Deb, 16 February 2011, c811W
[42] At February 2011 rates, calculated using DirectGov benefits adviser tool.

Figure 24: Employment indicators by region.

Region	Employment	Employment rate	Unemployment rate
London	4,285,930	69%	9%
South East	3,913,446	75%	6%
East of England	2,556,955	74%	7%
South West	2,478,955	74%	6%
East Midlands	1,997,963	71%	8%
North West	3,132,161	69%	8%
North East	1,056,152	66%	10%
West Midlands	2,411,388	68%	10%
Yorkshire and the Humber	2,337,932	68%	10%

Sources: Employment set by business register and employment survey. ONS Crown Copyright Reserved [from Nomis on 23 February 2011]. Employment rate and unemployment rate taken from Summary of LFS headline indicators, 16-64 year olds, Oct-Dec 2010.

In order to reward work, the Government has said that households will not be subject to the cap if one member is in receipt of working tax credits (WTC). However, by 2013 couples will be required to work 20 hours a week and lone parents for 16 hours in order to qualify for WTC. This will mean that some households could be working a small number of hours a week as a route back into employment, or to accommodate childcare requirements, but still be subject to a significant loss of benefits. This sits at odds with the Government's aspiration that the benefit system should incentivise "mini-jobs" and eliminate the sudden changes of income created by the hours rules within the tax credits system.

2.4 Managing shortfalls

The final stage of the analysis considered how likely it is that families will be able to meet their rent liability out of other benefit payments and what impact this would have on their household finances.

Three-child families in 112 local authorities face notional shortfalls of £5 or more a week and households will have to make difficult decisions of how to meet their rent commitments. In 91 local authorities such families will experience a notional shortfall in excess of £20 per week, and in 46 of these predicted losses exceed £50 per week. For affected households the "breaking point" of where shortfalls become unmanageable will differ but it is unlikely that households will be able to meet shortfalls in excess of £50 per week.

How manageable shortfalls are will depend in part on household's overall housing costs. It is commonly noted that housing is unaffordable to an individual household if it costs more than 30% of their net income per week. Households required to spend more than half their income on housing are particularly likely to find their housing unaffordable[43]. With a weekly income of £500 households have to spend just £150 per week on rent before housing risks becoming unaffordable by the 30% measure. Therefore all three child families with a shortfall are living in homes that could be considered unaffordable, which reflects the significance of housing in low-income household's budgets.

[43] Shelter. Breaking Point: How unaffordable housing is pushing us to the limit. 2008.

It is estimated that 75% of workless families are already in poverty after housing costs[44] and the circumstances of households set to be affected by the cap should be viewed in this context. Nearly three-quarters of workless couples have no savings to act as a buffer, and those households who do have savings are likely to have less than £1,500 to fall back on[45]. For families operating on tight budgets it is often not possible to make up shortfalls without cutting back on other essential spending.

Previous research by Shelter found that housing benefit claimants are likely to prioritise rent and bills over other spending if faced with a shortfall[46]. Expenditure on food and heating was a frequent target for cut backs. Interviews also suggested that tenants frequently use child benefit to meet other bills. We predict that where possible households affected by the cap will scale back essential spending to avoid rent arrears but this may have a detrimental impact on health and well-being if expenditure on food and energy is restricted.

The Government has argued that the proposed cap will not impact on child poverty because affected households have a "substantial" income from benefits compared to the poverty line[47]. Shelter has long argued that poverty should be measured after housing costs and we question how it can be correct that households will not be pushed into poverty by this measure after their housing costs have been paid for. As an illustration, a couple with just two children requires £333 per week after housing costs to remain above the poverty line[48]. Based on this a couple with two children reliant on benefits is already below the poverty line, even if their LHA entitlement meets their housing costs and they are not spending any additional income on rent. For larger families, who require a higher income to remain above the poverty line, the impact will be more pronounced because they will have to use a greater proportion of other benefits to meet LHA shortfalls and therefore have a reduced income after housing costs.

Where shortfalls are very large, housing costs may not be met even if households do reduce outgoings in other areas. In this context it is unsurprising that the DWP's impact assessment has warned that the cap may result in an increase in rent arrears, evictions, homelessness and the use of expensive temporary accommodation (TA)[49].

If families do become homeless because of the cap and require TA they will not escape the negative impact of the policy. Ministers have said that they intend the limit to apply to all housing benefit recipients, "including those in non-mainstream accommodation such as temporary accommodation"[50]. The cost of TA is high, especially in London where caps to HB subsidy for TA have already been applied of £500 per week in inner London and £350 per week in outer London." The majority of households set to be affected by the household benefit cap live in London[51] and this raises serious concerns as to the ability of families made homeless by the cap to secure TA at a level which does not push them into abject poverty.

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[44] DWP. Households Below Average Income 1994/5 – 2008/09
[45] DWP. Family Resources Survey 2008/09.
[46] Shelter. For Whose Benefit. 2009
[47] Hansard: HC Deb, 3 November 2010, c820W
[48] The poverty line is defined as 60% of average income. Figures correct for 2008/09 prices.
[49] DWP: Impact assessment for the housing benefit cap. 16 January 2011
[50] Hansard: HC Deb, 7 December 2010, c170W
[51] DWP: Work and Pensions Select Committee Enquiry: Impact of the changes to Housing Benefit announced in the June 2010 Budget. 2010.

Households losing their home because of the cap may attempt to remain in the private rented sector in their local area by moving into substandard or overcrowded accommodation. This is problematic as overcrowding has adverse impacts on the health and well-being of families. Previous research by Shelter into overcrowded households found that in the majority of families, children were forced to share bedrooms with their parents and lacked sufficient space to play or study[52]. Half of all affected households felt overcrowding was damaging their health, with respiratory and skin conditions of particular concern.

It is important to view the 2013 household benefit cap in the context of the 2011 cuts to LHA, which create average shortfalls of £12 per week. By 2013 many households may already be managing new or increased shortfalls between their rent and LHA rate, or living in unsuitable accommodation. Shortfalls created by the 2013 cap risk compounding an already precarious financial position and it may not become clear until after 2012 how able households are to absorb a further cut to LHA.

[52] Shelter: Full House? 2005

TECHNICAL APPENDIX

Appendix table 1: Future affordability using CPI to uprate Housing Allowances – results by local authority

Region	Local authority	Year LA becomes very unaffordable
EE	Babergh	2023
EE	Basildon	2020
EE	Bedford	2022
EE	Braintree	2020
EE	Breckland	2022
EE	Brentwood	2020
EE	Broadland	2022
EE	Broxbourne	post 2030
EE	Cambridge	2020
EE	Castle Point	2020
EE	Central Bedfordshire	2022
EE	Chelmsford	2020
EE	Colchester	2020
EE	Dacorum	post 2030
EE	East Cambridgeshire	2020
EE	East Hertfordshire	post 2030
EE	Epping Forest	2020
EE	Fenland	2020
EE	Forest Heath	2023
EE	Great Yarmouth	2022
EE	Harlow	2020
EE	Hertsmere	post 2030
EE	Huntingdonshire	2020
EE	Ipswich	2023
EE	King`s Lynn and West Norfolk	2022
EE	Luton	2022
EE	Maldon	2020
EE	Mid Suffolk	2023
EE	North Hertfordshire	post 2030
EE	North Norfolk	2022
EE	Norwich	2022
EE	Peterborough	2018
EE	Rochford	2020
EE	South Cambridgeshire	2020
EE	South Norfolk	2022
EE	Southend-on-Sea	2024
EE	St Albans	post 2030
EE	St Edmundsbury	2023
EE	Stevenage	post 2030
EE	Suffolk Coastal	2023
EE	Tendring	2020

EE	Three Rivers	post 2030
EE	Thurrock	2020
EE	Uttlesford	2020
EE	Watford	post 2030
EE	Waveney	2023
EE	Welwyn Hatfield	post 2030
EM	Amber Valley	2028
EM	Ashfield	2021
EM	Bassetlaw	2021
EM	Blaby	2023
EM	Bolsover	post 2030
EM	Boston	2021
EM	Broxtowe	2023
EM	Charnwood	2023
EM	Chesterfield	post 2030
EM	Corby	2022
EM	Daventry	2022
EM	Derby	2027
EM	Derbyshire Dales	2028
EM	East Lindsey	2021
EM	East Northamptonshire	2022
EM	Erewash	2028
EM	Gedling	2023
EM	Harborough	2023
EM	High Peak	2028
EM	Hinckley and Bosworth	2023
EM	Kettering	2022
EM	Leicester	2019
EM	Lincoln	2021
EM	Mansfield	2021
EM	Melton	2023
EM	Newark and Sherwood	2021
EM	North East Derbyshire	post 2030
EM	North Kesteven	2021
EM	North West Leicestershire	2023
EM	Northampton	2022
EM	Nottingham	2022
EM	Oadby and Wigston	2023
EM	Rushcliffe	2023
EM	Rutland	2023
EM	South Derbyshire	2028
EM	South Holland	2021
EM	South Kesteven	2021
EM	South Northamptonshire	2022
EM	Wellingborough	2022
EM	West Lindsey	2021
NE	County Durham	post 2030
NE	Darlington	post 2030
NE	Gateshead	post 2030

NE	Hartlepool	post 2030
NE	Middlesbrough	post 2030
NE	Newcastle upon Tyne	post 2030
NE	North Tyneside	post 2030
NE	Northumberland	2026
NE	Redcar and Cleveland	post 2030
NE	South Tyneside	post 2030
NE	Stockton-on-Tees	post 2030
NE	Sunderland	post 2030
NW	Allerdale	post 2030
NW	Barrow-in-Furness	post 2030
NW	Blackburn with Darwen	post 2030
NW	Blackpool	post 2030
NW	Bolton	post 2030
NW	Burnley	post 2030
NW	Bury	post 2030
NW	Carlisle	post 2030
NW	Cheshire East	2029
NW	Cheshire West & Chester	2029
NW	Chorley	post 2030
NW	Copeland	post 2030
NW	Eden	post 2030
NW	Fylde	post 2030
NW	Halton	post 2030
NW	Hyndburn	post 2030
NW	Knowsley	2028
NW	Lancaster	post 2030
NW	Liverpool	post 2030
NW	Manchester	2028
NW	Oldham	post 2030
NW	Pendle	post 2030
NW	Preston	post 2030
NW	Ribble Valley	post 2030
NW	Rochdale	post 2030
NW	Rossendale	post 2030
NW	Salford	2028
NW	Sefton	post 2030
NW	South Lakeland	post 2030
NW	South Ribble	post 2030
NW	St. Helens	2028
NW	Stockport	2028
NW	Tameside	2028
NW	Trafford	2028
NW	Warrington	post 2030
NW	West Lancashire	post 2030
NW	Wigan	post 2030
NW	Wirral	post 2030
NW	Wyre	post 2030
SE	Adur	2025

SE	Arun	2025
SE	Ashford	2028
SE	Aylesbury Vale	post 2030
SE	Basingstoke and Deane	post 2030
SE	Bracknell Forest	post 2030
SE	Brighton and Hove	2025
SE	Canterbury	2028
SE	Cherwell	post 2030
SE	Chichester	2025
SE	Chiltern	post 2030
SE	Crawley	2025
SE	Dartford	2028
SE	Dover	2028
SE	East Hampshire	post 2030
SE	Eastbourne	2029
SE	Eastleigh	post 2030
SE	Elmbridge	post 2030
SE	Epsom and Ewell	post 2030
SE	Fareham	post 2030
SE	Gosport	post 2030
SE	Gravesham	2028
SE	Guildford	post 2030
SE	Hart	post 2030
SE	Hastings	2029
SE	Havant	post 2030
SE	Horsham	2025
SE	Isle of Wight UA	2025
SE	Lewes	2029
SE	Maidstone	2028
SE	Medway	2023
SE	Mid Sussex	2025
SE	Milton Keynes	2026
SE	Mole Valley	post 2030
SE	New Forest	post 2030
SE	Oxford	post 2030
SE	Portsmouth	2023
SE	Reading	post 2030
SE	Reigate and Banstead	post 2030
SE	Rother	2029
SE	Runnymede	post 2030
SE	Rushmoor	post 2030
SE	Sevenoaks	2028
SE	Shepway	2028
SE	Slough	post 2030
SE	South Bucks	post 2030
SE	South Oxfordshire	post 2030
SE	Southampton	2024
SE	Spelthorne	post 2030
SE	Surrey Heath	post 2030

SE	Swale	2028
SE	Tandridge	post 2030
SE	Test Valley	post 2030
SE	Thanet	2028
SE	Tonbridge and Malling	2028
SE	Tunbridge Wells	2028
SE	Vale of White Horse	post 2030
SE	Waverley	post 2030
SE	Wealden	2029
SE	West Berkshire	post 2030
SE	West Oxfordshire	post 2030
SE	Winchester	post 2030
SE	Windsor and Maidenhead	post 2030
SE	Woking	post 2030
SE	Wokingham	post 2030
SE	Worthing	2025
SE	Wycombe	post 2030
SW	Bath and North East Somerset	post 2030
SW	Bournemouth	2022
SW	Bristol, City of	2021
SW	Cheltenham	2028
SW	Christchurch	2023
SW	Cornwall	2019
SW	Cotswold	2028
SW	East Devon	2024
SW	East Dorset	2023
SW	Exeter	2024
SW	Forest of Dean	2028
SW	Gloucester	2028
SW	Mendip	2023
SW	Mid Devon	2024
SW	North Devon	2024
SW	North Dorset	2023
SW	North Somerset	post 2030
SW	Plymouth	2023
SW	Poole	2022
SW	Purbeck	2023
SW	Sedgemoor	2023
SW	South Gloucestershire	post 2030
SW	South Hams	2024
SW	South Somerset	2023
SW	Stroud	2028
SW	Swindon	post 2030
SW	Taunton Deane	2023
SW	Teignbridge	2024
SW	Tewkesbury	2028
SW	Torbay	2021
SW	Torridge	2024
SW	West Devon	2024

SW	West Dorset	2023
SW	West Somerset	2023
SW	Weymouth and Portland	2023
SW	Wiltshire	2026
WM	Birmingham	2028
WM	Bromsgrove	2026
WM	Cannock Chase	2023
WM	Coventry	2020
WM	Dudley	post 2030
WM	East Staffordshire	2023
WM	Herefordshire, County of	post 2030
WM	Lichfield	2023
WM	Malvern Hills	2026
WM	Newcastle-under-Lyme	2023
WM	North Warwickshire	post 2030
WM	Nuneaton and Bedworth	post 2030
WM	Redditch	2026
WM	Rugby	post 2030
WM	Sandwell	post 2030
WM	Shropshire	2027
WM	Solihull	post 2030
WM	South Staffordshire	2023
WM	Stafford	2023
WM	Staffordshire Moorlands	2023
WM	Stoke-on-Trent	post 2030
WM	Stratford-on-Avon	post 2030
WM	Tamworth	2023
WM	Telford and Wrekin	2022
WM	Walsall	2029
WM	Warwick	post 2030
WM	Wolverhampton	2029
WM	Worcester	2026
WM	Wychavon	2026
WM	Wyre Forest	2026
Y&H	Barnsley	2027
Y&H	Bradford	post 2030
Y&H	Calderdale	2029
Y&H	Craven	post 2030
Y&H	Doncaster	2027
Y&H	East Riding of Yorkshire	2028
Y&H	Hambleton	post 2030
Y&H	Harrogate	post 2030
Y&H	Kingston upon Hull, City of	post 2030
Y&H	Kirklees	2029
Y&H	Leeds	2019
Y&H	North East Lincolnshire	post 2030
Y&H	North Lincolnshire	post 2030
Y&H	Richmondshire	post 2030
Y&H	Rotherham	2027

Y&H	Ryedale	post 2030
Y&H	Scarborough	post 2030
Y&H	Selby	post 2030
Y&H	Sheffield	2023
Y&H	Wakefield	2029
Y&H	York	2026

CPI case study areas – numbers of claimants and rates of employment among claimants

Brighton & Hove BRMA - LHA claimants in employment	Number of LHA claimants	Number of LHA claimants in employment	Proportion of LHA claimants in employment
Brighton and Hove UA	12990	4020	31%
Lewes	1820	650	36%
Estimated BRMA total	**14810**	**4670**	**32%**
Source DWP statistics, 2010			

Peak and dales BRMA - LHA claimants in employment	Number of LHA claimants	Number of LHA claimants in employment	Proportion of LHA claimants in employment
Derbyshire Dales	560	160	29%
High Peak	1500	380	25%
Estimated BRMA total	**2060**	**540**	**26%**
Source DWP statistics, 2010			

Teesside BRMA - LHA claimants in employment	Number of LHA claimants	Number of LHA claimants in employment	Proportion of LHA claimants in employment
Middlesbrough UA	4370	730	17%
Redcar and Cleveland UA	2690	490	18%
Stockton-on-Tees UA	3870	800	21%
Hartlepool UA	2700	470	17%
Estimated BRMA total	**13630**	**2490**	**18%**
Source DWP statistics, 2010			

Central Greater Manchester BRMA - LHA claimants in employment	Number of LHA claimants	Number of LHA claimants in employment	Proportion of LHA claimants in employment
Manchester	11140	2150	19%
Salford	5980	1190	20%
Estimated BRMA total	**17120**	**3340**	**20%**
Source DWP statistics, 2010			

Benefit cap appendix

The benefit cap analysis assumes a couple are eligible for the following levels of benefit, at 2011 rates.

	1 child	2 children	3 children	4 children	5 children	6 children
JSA/IS	105.95	105.95	105.95	105.95	105.95	105.95
CTB	24	24	27	27	27	27
C tax credits	59.62	108.75	157.88	207.02	256.15	305.28
Child benefit	20.3	33.7	47.1	60.5	73.9	87.3
Total	209.87	272.4	337.93	400.47	463	525.53
Remainder for HB	290.13	227.6	162.07	99.53	37	-25.53

It is assumed that council tax benefit is set at the average council tax rate for Band C properties for households with one or two children and the average rate for Band D for larger households.

The use of average council tax rates could be criticised because Band D figures are not a true average (the majority of properties being in the lower rate bands) and actual levels of council tax for Band D vary by as much as £1000 pa. So we tested the results against an alternative method which used the actual council tax rate (Band D) for the area and applied the appropriate multiplier according to the most common band in that area. We found that in the areas classified as largely unaffordable the use of the average rate, if anything, underestimated the size of the losses by around £3 per week. In the few areas where the average produced an overestimate the difference was less than £2 per week.

The above eligibility for housing benefit has been compared against shadow 30th percentile LHA rates for February 2011, available from the VOA.

Table xx: Three child affordability by local authority:

LA	3 child loss (£)	Band
Fareham	0.16	1
Gosport	0.16	1
Havant	0.16	1
Portsmouth UA	0.16	1
Adur	16.78	2
Arun	16.78	2
Bath and North East Somerset UA	11.01	2
Braintree	11.01	2
Canterbury	11.01	2
Castle Point	16.78	2
Chelmsford	11.01	2
Cherwell	11.01	2
East Hertfordshire	11.01	2
Eastbourne	11.01	2
Eastleigh	11.01	2
Maidstone	11.01	2
Maldon	11.01	2
New Forest	11.01	2
North Hertfordshire	11.01	2

Rochford	16.78	2
Southampton UA	11.01	2
Southend-on-Sea UA	16.78	2
Stevenage	11.01	2
Wealden	11.01	2
Worthing	16.78	2
Aylesbury Vale	22.55	3
Basildon	21.39	3
Basingstoke and Deane	22.55	3
Bexley	45.62	3
Bournemouth UA	21.39	3
Bracknell Forest UA	34.08	3
Brentwood	21.39	3
Bromley	45.62	3
Broxbourne	45.62	3
Chichester	34.08	3
Chiltern	39.85	3
Christchurch	21.39	3
Crawley	44.47	3
East Dorset	21.39	3
East Hampshire	22.55	3
Epping Forest	28.31	3
Greenwich	45.62	3
Harlow	28.31	3
Hart	22.55	3
Horsham	44.47	3
Mid Sussex	44.47	3
Mole Valley	44.47	3
Oxford	45.62	3
Poole UA	21.39	3
Purbeck	21.39	3
Reading UA	34.08	3
Reigate and Banstead	44.47	3
Rushmoor	34.08	3
Sevenoaks	45.62	3
South Oxfordshire	45.62	3
Surrey Heath	34.08	3
Tandridge	44.47	3
Test Valley	22.55	3
Thurrock UA	21.39	3
Tonbridge and Malling	45.62	3
Tunbridge Wells	45.62	3
Uttlesford	28.31	3
Vale of White Horse	45.62	3
Welwyn Hatfield	45.62	3
West Berkshire UA	21.39	3
West Oxfordshire	45.62	3
Winchester	45.62	3
Wokingham UA	34.08	3
Wycombe	39.85	3
Barking and Dagenham	57.16	4
Barnet	116.43	4

Brent	114.85	4
Brighton and Hove UA	57.16	4
Camden	177.93	4
City of London	177.93	4
Croydon	67.55	4
Dacorum	57.16	4
Ealing	177.93	4
Elmbridge	91.78	4
Enfield	116.43	4
Epsom and Ewell	67.55	4
Guildford	86.01	4
Hackney	167.93	4
Hammersmith and Fulham	177.93	4
Haringey	116.43	4
Harrow	114.85	4
Havering	57.16	4
Hertsmere	57.16	4
Hillingdon	80.24	4
Hounslow	80.24	4
Islington	177.93	4
Kensington and Chelsea	177.93	4
Kingston upon Thames	114.85	4
Lambeth	114.85	4
Lewes	57.16	4
Lewisham	114.85	4
Merton	114.85	4
Newham	80.24	4
Redbridge	57.16	4
Richmond upon Thames	114.85	4
Runnymede	91.78	4
Slough UA	57.16	4
South Bucks	57.16	4
Southwark	114.85	4
Spelthorne	91.78	4
St. Albans	57.16	4
Sutton	67.55	4
Three Rivers	57.16	4
Tower Hamlets	167.93	4
Waltham Forest	80.24	4
Wandsworth	172.55	4
Watford	57.16	4
Waverley	86.01	4
Westminster	177.93	4
Windsor and Maidenhead UA	57.16	4
Woking	86.01	4

Key:

Band 1 (£0.01-£5 loss)
Band 2 (£5.01-£20 loss)
Band 3 (£20.01-£50 loss)
Band 4 (£50.01 or more)