



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

An interim report on behalf of Shelter, April 2013

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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 housing benefit during a time of cuts and changes to benefits. All households in the research are living in the Private Rented Sector (PRS) in London and are claiming housing benefit. The research aims to understand the awareness of households as to the impact of national policy changes on their incomes, and to understand how households respond to any changes. This report details the interim findings for this study.

## 1.2 Research methodology and sample

The study is qualitative in order to understand people's personal experiences of the changes to benefit entitlements that are taking place nationally. It has a longitudinal design to establish whether, and how, experiences or situations change over the course of 12 months; and to understand the impact of any changes.

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 will have been interviewed twice, once at the start of the research and once towards the end. The researchers will also maintain contact throughout the study with participants via telephone calls and diary exercises.

In the first stage of the research (to which this interim report pertains), 18 participants were interviewed between July and November 2012. The interviews were conducted in participants' homes and each depth interview lasted for 1.5 hours. 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.

The research locations covered six London boroughs:

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

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.

## 1.3 Policy context

In June 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. 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 culture of welfare dependency by making work pay, via the introduction of Universal Credit.

The key aspects to the reform are:

#### *Changes to the way that Local Housing Allowance is calculated*

Local Housing Allowance (LHA), introduced nationally in April 2008, 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:

- 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)
- 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

#### *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, due to be implemented from October 2013. Universal Credit is an attempt to simplify and clarify the benefit system, making it easier to administer and with a view to minimize 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.

#### *Introduction of a benefit cap*

From April 2013 a cap will be introduced on the total amount of benefit that out-of-work working age people can receive. The amount people can receive in benefits will be 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).

## **1.4 Key findings**

The key findings from the research to date are detailed below, and have been split into three key areas: changes to benefits; housing and rent; impact and perceived impact of a reduction in benefits / housing benefit due to changes to LHA.

### **Changes to benefits**

- *Strong awareness that national changes are taking place to Government policy around benefits.* Many participants spontaneously mentioned the single payment aspect of

Universal Credit, but displayed a lack of awareness of the term 'Universal Credit'. Whilst many correctly thought that April 2013 marked the implementation of the overall benefit cap<sup>1</sup>, they incorrectly thought that this was also when the Universal Credit single payment would start. This lack of distinction between the benefit cap and Universal Credit suggests that participants were unclear about the changes to benefits.

*"Everyone knows something is happening, we have got letters to say that it is going to affect us in April 2013, they are going to stop this housing or council tax or something, but I am not quite sure what it is, if you understand what I mean...I don't know if it's five hundred pound per week, per family, I don't know if that is right."*

*(Nicola<sup>2</sup>, Barnet, reduction in housing benefit due to changes to LHA)*

- *A high level of confusion surrounds changes to benefit entitlements.* When participants' benefits were static and not fluctuating, they had a good basic understanding of how each benefit interacted with one another. Difficulties in understanding benefit entitlements arose when a change in entitlement occurred. There was confusion around what the change would mean in practice, whether their other benefits would be affected, and what this meant for their overall benefit entitlement. Participants found the process of waiting for the entitlement to be recalculated a worrying time, as they were uncertain what would happen to their entitlement.
- *There was limited awareness of the changes taking place to LHA amongst those who did not think they had experienced a reduction in housing benefit due to LHA changes.*
- *There was a slight overall decrease in the median level weekly award amount of housing benefit for privately renting claimants in London.* The median decrease in weekly award across all of London went down by £2.87, but there were seven London boroughs where the median weekly award for housing benefit went up (although two were up by under £1).

## Housing and rent

- *Many described difficulty in finding their current property, and felt there was a lack of choice available. This also meant they were concerned about finding a new property to rent.* They were worried estate agents/landlords would not be willing to rent property to them because they were claiming housing benefit, and were concerned about finding somewhere affordable to rent. Participants therefore expected that the process of finding a new property would be lengthy, and their choice of properties would be limited.

*"...what worries me is because now the estate agent doesn't take on single parents anymore. They've got this thing now because another friend of mine was struggling and they still use this estate agent and they don't take single parents with benefits."*

*(Sandra, Barnet, reduction in housing benefit due to changes to LHA)*

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<sup>1</sup> At the time of the interviews, the benefit cap was set to be introduced in April 2013 and the delay to introduction of the benefit cap had not yet been announced by Government- <http://www.dwp.gov.uk/adviser/updates/benefit-cap/>

<sup>2</sup> Pseudonyms have been used for all participants

- *Moving property was seen as a last resort by many, even those who were dissatisfied with their current property.* There were concerns about finding a new property, potentially moving away from family, friends, schools, familiar surroundings; and a desire to avoid the general upheaval associated with moving property.
- *Some felt obliged to take a property that the council found or offered, based on a set amount of housing benefit that (usually) covered the rent at the time.* For families whose housing benefit was now being reduced due to changes to LHA, many felt the council was now not offering adequate help.
- *Many spontaneously described their aspiration to live in a rented council property, as this type of housing was perceived to offer the greatest level of stability.* They felt a council property would offer them greater security and perceived it would be more affordable than renting in the PRS.
- *There is concern that rent will be increased.* Participants were frequently worried that landlords could increase their rents; and participants' inability to predict future rent increases caused additional anxiety. Although many had not experienced a recent rent increase, this caused concern as they felt this was an indication that the landlord would soon increase the rent.
- *None of the participants wanted to be in the situation where they were accruing rent arrears.*

#### **Impact and perceived impact of a reduction in benefits / housing benefit due to changes to LHA**

- *All participants were worried about any potential reductions in their housing benefit entitlement.* However, most felt unable to say in practical terms how they would cope with a reduction in housing benefit. They felt unable to plan for how they would deal with a reduction in income and preferred to take the approach of dealing with it if and when it occurred. The key reason for adopting this approach tended to be that they did not know by how much their income could be reduced, which meant they did not know what kind of impact it would have on their finances.

*"...you just sort of put it to the back of your mind, don't you, until you actually know that it is actually going to really come into effect and affect you and you don't really dwell on it."*

*(Nicola, Barnet, reduction in housing benefit due to changes to LHA)*

- *Many participants described how they were cutting back on expenditure where possible. However, many were unsure how they would be able to make further cutbacks because they were already struggling financially.* Ways of cutting back on expenditure included: shopping in cheaper supermarkets; shopping in multiple supermarkets to make use of special offers; changing utility companies; eating less food; and alternating which bills they paid each month.

*"I think we will be really badly affected [by the changes to benefits]. We don't drink, we don't smoke, we don't go out. Everything is so tight, and to make it even tighter, I don't live a life of luxury...there's no [money] spare, so for them to take even more...it's going to be very tough...I've cut*

*everything...getting the value for money...how much can you tighten up?...I don't know where I could cut anymore."*

*(Cathy, Barnet, no reduction in housing benefit due to changes to LHA)*

- *Those affected by a reduction in LHA felt there was little they could do until they were evicted by their landlord or taken to court for rent arrears. They felt stuck in their housing situation, and although none of the participants had been evicted from their current property, many perceived that they would only receive help from the council if they were evicted or taken to court.*
- *Reductions in benefit entitlements were perceived by some as an additional incentive to find work, but not a trigger. For those who were proactively looking for employment or training, the potential of a reduction in benefit entitlements added an additional layer of urgency to achieve their goal. 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 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 did not enjoy being out of work and reliant on benefits, and felt there was a stigma attached.*

*"... I want to earn my own money and not be reliant on the State really. I understand next year that Universal Credits are coming out, and I'm a little bit worried because obviously it could go either way. It could be that I'll be worse off or just the same and if it's worse off then it's more of an incentive for me to get out there and work..."*

*(Sandra, Barnet, reduction in housing benefit due to changes to LHA)*

## 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 is a type of housing benefit for people living in the Private Rented Sector (PRS). It determines the maximum amount of support payable based on the size and composition of the household, and rents in the locality. Households are entitled to a maximum LHA rate based on their composition and location and can 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 were<sup>3</sup>:

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<sup>3</sup> 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

- 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)
- 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 are living in the PRS in London and are claiming housing benefit. The research aims to understand the awareness of households as to the impact of national policy changes on their incomes, and to understand how households respond to any changes.

The table below (table 1) shows the differences of the maximum weekly LHA entitlement for a two bedroom property in March 2011 and March 2012, both within and between the six boroughs included in this study.

**Table 1: Differences of the maximum weekly LHA entitlement for a two bedroom property in March 2011 and March 2012, within and between boroughs**

Inner / Outer London borough	Name of borough	Maximum weekly LHA entitlement for a two bedroom property in March 2011 <sup>4</sup>	Maximum weekly LHA entitlement for a two bedroom property in March 2012 <sup>5</sup>	Difference in maximum weekly LHA entitlement for a two bedroom property between March 2011 and March 2012
Inner	Lambeth	Inner South East: £254	Inner South East: £235.38	Inner South East: decrease of £18.62
		Inner South West: £317.31	Inner South West: £288.46	Inner South West: decrease of £28.85

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)

<sup>4</sup> <http://www.voa.gov.uk/corporate/RentOfficers/lharates/lhaMarch2011.html>

<sup>5</sup> <http://www.voa.gov.uk/corporate/RentOfficers/lharates/lhaMar2012.html>

	Wandsworth	Inner South West: £317.31	Inner South West: £288.46	Inner South West: decrease of £28.85
	Westminster	Central: £550	Central: £290	Central: decrease of £260
Outer	Barnet	Outer North: £235	Outer North: £230.77	Outer North: decrease of £4.23
	Croydon	Outer South: £196.15	Outer South: £196.15	Outer South: no change
	Haringey	Outer North: £235	Outer North: £230.77	Outer North: decrease of £4.23

As part of this interim report, GfK undertook statistical analysis of data taken from the DWP to understand the housing benefit landscape for London. This analysis comments on three key variables for housing benefit across all London boroughs taken from the DWP's Housing Benefit Extract (SHBE) data. Monthly data is available for these variables, but it was decided that an insightful way to check for changes in the housing benefit landscape for London was to review the changes that have taken place between March 2011 and March 2012, as this allows a comparison immediately before and a year after the LHA reforms took effect. However, due to transitional protection many households would still have been unaffected by the new LHA rates by this point and the findings reflect the circumstances of households before the impact of the cuts would be expected to be fully felt. The three variables that are reported on here are:

- Housing benefit claimants by weekly award amount for the PRS (median)
- Housing benefit claimants receiving LHA
- Housing benefit claimants by Employment Status (in Employment)

During the period between March 2011 and March 2012, across London as a whole, there were increases in two of the three measures covered by this report: the number of LHA claimants and the percentage of housing benefit claimants in employment both went up; but for the median level of weekly award amount of housing benefit for privately renting claimants there was a slight decrease overall. The range of levels of change for all three of these measures vary widely by individual borough.

### **Housing benefit claimants – LHA**

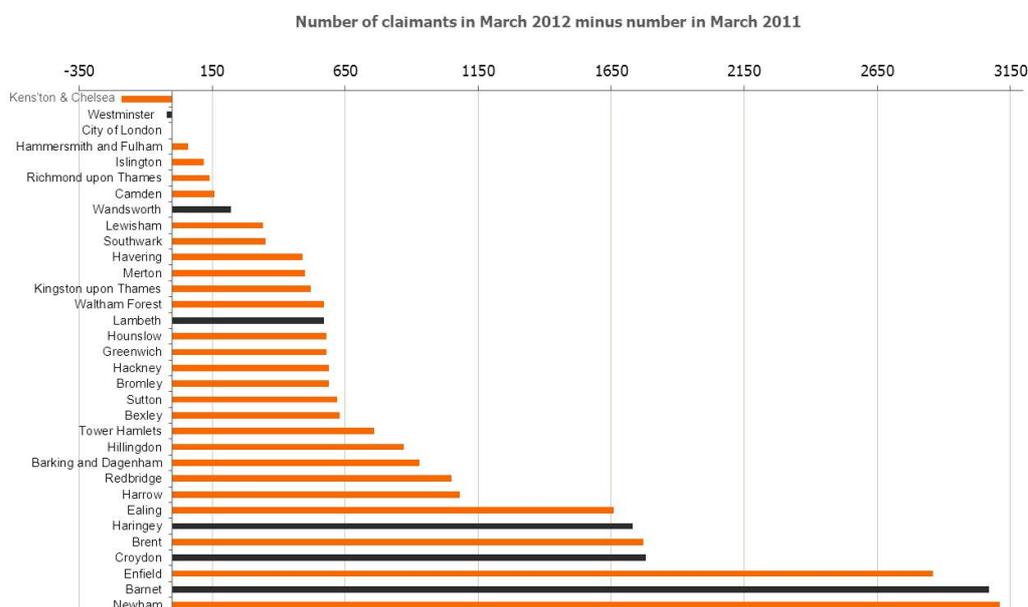
Chart 1 shows that in the period from March 2011 to March 2012 there was an increase of 28,100 in the total number of LHA housing benefit claimants across all London boroughs (from 197,140 to 225,240), which represents an increase of 14%.

The chart shows LHA claimants by each London borough, comparing the number in March 2011 with those in March 2012. The number of LHA claimants varied hugely from 30 in the City of London and 2,130 in Richmond upon Thames to 15,190 in Enfield and 14,260 in Brent.

The City of London has exactly the same number of claimants in March 2012 as it did in March 2011 and there have been small decreases in the Royal Borough of Kensington and Chelsea and Westminster. Some of the local authorities with the lowest number of claimants, in particular Hammersmith and Fulham, Islington and Camden show a particularly low overall increase year on year (just 2%, 4% and 5% respectively). The only other London boroughs with such a low year on year increase are Lewisham and Wandsworth (both 3%). There have also been significantly below average increases in Richmond upon Thames, Waltham Forest, Hackney (all 7%) and Lambeth and Southwark (both 9%). On the other hand, as the chart indicates, there have been particularly large increases in the number of LHA claimants in Newham, Barnet and Enfield (38%, 36% and 23%). There has also been an increase of 20% year on year in Kingston upon Thames – the borough with the third lowest number of claimants (from 2,550 to 3,070).

**Chart 1: Year on year comparison of LHA claimants by London Borough**

### Year on year comparison of LHA Claimants by London Borough



Source: Department for Work and Pensions



### Housing benefit claimants – weekly award amount, PRS

For the median weekly award amount for housing benefit claimants in the PRS, only range data are available, so to calculate medians it had to be assumed that awards falling within a £25 range were evenly distributed across the range. The chart below (chart 2) shows that in March 2011 the

median weekly award amount, across all London boroughs as a whole for this measure, was £174.79. The equivalent finding dropped by £2.87, or 1.6%, during the subsequent twelve months, to reach a level of £171.92 in March 2012.

Chart 2 shows the median weekly award of housing benefit for tenants in privately rented accommodation in each London borough for both March 2011 and March 2012. Looking at the award amounts for March 2011, there was a gap of £168.78 between the lowest median recorded in Merton, at £108.27, and the highest median weekly award recorded, in Westminster, estimated at £277.05<sup>6</sup>.

Moving forward twelve months to March 2012, the lowest median weekly awards for housing benefit for privately renting claimants were in the boroughs of Merton (£116.90), Bromley (£144.24) and Greenwich (£145.69). In March 2012 the highest median weekly awards for housing benefit were in the boroughs of Westminster (£266.44 estimated) Kensington and Chelsea (£241.89), and Tower Hamlets (£226.49).

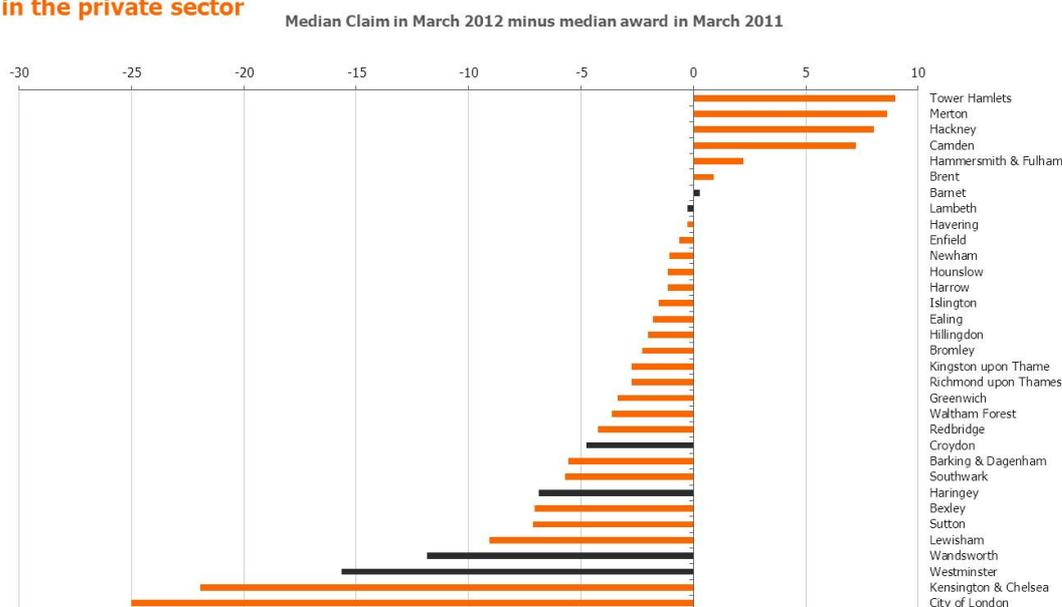
The changes that took place between March 2011 and March 2012 in individual London boroughs show a wide range of variation. Although the overall trend across London as a whole was for the median weekly award amount to have gone down slightly during that year (the median decrease in weekly award across all London went down by £2.87) there were seven London boroughs where the median weekly award for housing benefit went up, although two were up by under £1. The boroughs that experienced the most acute rises, with the amount it went up by in brackets, were: Tower Hamlets (up £8.99), Merton (up £8.63) and Hackney (up £8.03). In the remaining 26 boroughs the median award amount went down, though again in three the drop was less than £1. The biggest falls were in the boroughs with the highest median payments in March 2011. There was a £25 drop in City of London (a 10.5% fall), and estimated drops of £21.95 (8.3%) and £15.64 (5.6%) in Kensington & Chelsea and Westminster respectively. There were two other boroughs with falls in excess of 5%: 11.87 (5.4%) in Wandsworth and £9.06 (5.1%) in Lewisham.

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<sup>6</sup> The data for award amounts for privately renting tenants for some boroughs is so high that almost all those recorded are in the top band for award amount (top band=£250.01 and above). The upper limit of that top band (£250.01 and above) is an unknown amount therefore these figures have been calculated on the basis on an estimated upper range of £350.

**Chart 2: Year on year comparison of award by London Borough for tenants in the PRS**

**Year on year comparison of award (median amount £) by London Borough for tenants in the private sector**



Source: Department for Work and Pensions



**Housing benefit claimants by employment status: in employment**

Chart 3 shows application of this analysis to aggregate findings for London as a whole. The figures for 'in employment' are based on a calculation where all those on passported benefits, for whom no information on employment status was available, are treated as unemployed even though a small proportion of them may in fact be employed. The percentage of housing benefit claimants in employment increased by 3.29 percentage points during the twelve months between March 2011, when the level was 22.74%, to 26.03% in March 2012.

The following chart shows the percentages of housing benefit claimants in employment for each London borough for both March 2011 and March 2012.

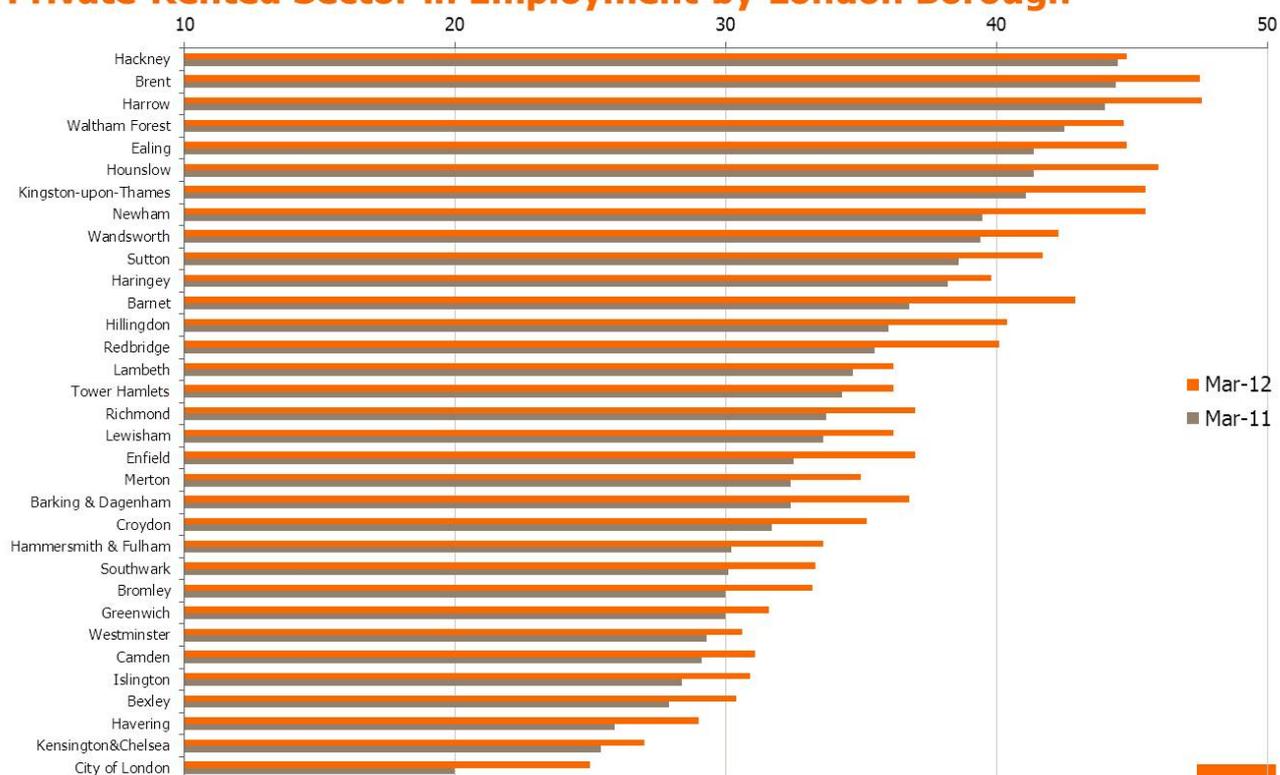
The individual London boroughs with the lowest proportions of housing benefit claimants in employment in March 2011 were the City of London (13.76%), and Islington (14.73%). Meanwhile the boroughs with the highest levels of employed housing benefit claimants in March 2011 were Brent (31.29%) and Harrow (31.75%). The gap between the highest and the lowest proportions of housing benefit claimants in employment in March 2011 was 17.99 percentage points. The general pattern for March 2012 was broadly similar, with those boroughs with the lowest proportions in March 2011 having the lowest proportions in March 2012 as well. At the later date, City of London was still the borough with the lowest proportion (15.74%), and Islington (16.82%) also showed a relatively low level for this measure. In March 2012 the boroughs with the highest proportions of housing benefit claimants in employment were Harrow (35.09%), Brent (33.62%) and Barnet

(31.53%). The gap between the highest and lowest proportions for March 2012, at 19.35 percentage points, was slightly higher than that recorded for the earlier date.

The pattern of change over the 12 months between March 2011 and March 2012 across each of the London boroughs shows that all experienced an increase for this measure during that time. For some boroughs, such as Westminster and Merton, the level of increase in percentage points (pp) was small (up 0.92pp and 1.24pp respectively). However for Barnet (up 5.08pp), Enfield (up 4.04pp) and Newham (up 4.01pp) the increase in the proportion of housing benefit claimants in employment during the twelve months from March 2011 to March 2012 was significantly higher.

**Chart 3: Year on year comparison of % of housing benefit claimants in the PRS in employment award by London Borough**

### Year on year comparison of % of Housing Benefit Claimants In the Private Rented Sector in Employment by London Borough



Source: Department for Work and Pensions

### 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.

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 of participants’ experiences. By the end of the study, each participant will have been interviewed twice, once at the start of the research and once towards the end. The researchers will also maintain 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. Each depth interview lasted for 1.5 hours.

Fieldwork took place in six London boroughs:

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

The statistical analysis undertaken for this interim report comprised a review of secondary data (Single Housing Benefit Extract data) obtained from the DWP.

### 4 Research sample

18 participants were interviewed in the first round of interviews, which took place between July and November 2012. All participants were living in London boroughs in the PRS; all participants had children; and all were receiving housing benefit.

**Table 2: sample table**

<b>Demographics and characteristics</b>	
Gender	16 x women
	2 x men
Boroughs	1 x Lambeth (inner)
	6 x Wandsworth (inner)
	1 x Westminster (inner)

	6 x Barnet (outer)
	1 x Croydon (outer)
	3 x Haringey (outer)
Household working status	10 x out of work (nobody working in household)
	8 x working (participant or partner working)
Size of family	15 x smaller families (two children in household)
	3 x larger families (three children or more in household)
LHA reduction letter	4 x did not think they had received letter
	9 x thought they had received letter
	5 x unsure whether or not they had received letter
Affected / not affected by a reduction in housing benefit due to LHA	11 x affected / will be affected
	7 x not affected
Ethnicity	12 x White British
	2 x Black British
	3 x British other
	1 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.

A 'free-find' recruitment method was used for this study, 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'<sup>7</sup>. 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. All participants have been paid high street vouchers to thank them for their time, as is standard practice in research.

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.

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<sup>7</sup> 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 also announced its longer term intention to reform the benefits system ('21st Century Welfare'). The existing system was described as too complex and not one which encouraged 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 50<sup>th</sup> 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.<sup>8</sup> 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 carer<sup>9</sup>.

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<sup>8</sup> DWP Universal Credit: Impact Assessment December 2012

<sup>9</sup> <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:

- Overall LHA caps introduced
- Five bed LHA rate abolished
- LHA rates calculated from the 30<sup>th</sup> percentile of local rents
- £15 shopping incentive 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 effected 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 will also be subject to new restrictions to housing benefit, taking 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. It has been suggested that these may lead to changes to the operation of the PRS and in particular the LHA sub-markets. 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 Research<sup>10</sup>, commissioned by Shelter, has 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”.<sup>11</sup> However, Lord Freud, the Minister for Welfare Reform, has said that he does not expect large

<sup>10</sup> <http://www.cchpr.landecon.cam.ac.uk/Downloads/RF%20Shelter%20Final%20Report%20May%2031%202012%20rev.pdf>

<sup>11</sup> [http://www.cih.co.uk/news-article/display/vpathDCR/templatedata/cih/news-article/data/Tenants\\_and\\_landlords\\_braced\\_for\\_1\\_April\\_housing\\_benefit\\_reforms](http://www.cih.co.uk/news-article/display/vpathDCR/templatedata/cih/news-article/data/Tenants_and_landlords_braced_for_1_April_housing_benefit_reforms)

numbers of people to have to move<sup>12</sup> and says the Government has set aside £190m over the Spending Review to help those affected by the changes<sup>13</sup>.

In acknowledgement of the enormity of the changes taking place across the benefits system (i.e. not just in relation to the benefit cap), the DWP has allocated up to £150 million in Discretionary Housing Payment (DHP) for local authorities in 2013-14 and up to £140 million in 2014-15. DHP provides claimants with financial assistance, when a local authority considers that additional help with housing costs is required.

## 5.2 Universal Credit

The foundation of the longer-term welfare reform is the introduction of one single means-tested benefit for working-age adults, due to be implemented from October 2013. Universal Credit is an attempt to simplify and clarify the benefit system, making it easier to administer and with a view to minimize 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.<sup>14</sup>

There are key differences between Universal Credit and the current welfare system. Aside from combining several payments into one monthly payment, most applications will be made online and most claimants will be expected to manage their account online. Payments will be made monthly into a bank account to a single person in the household<sup>15</sup>.

Whilst most charities and housing associations have welcomed Universal Credit in principle, some have concerns with specific aspects of it. One concern surrounds the expectation that claimants will manage Universal Credit online, whilst another relates to the direct payment of Universal Credit to claimants. Under the current system, social tenants have the right for their housing benefit to be paid directly to their landlord, but under Universal Credit the majority of tenants will be required to pay their rent to their landlord themselves. There is concern that a move towards monthly direct payments will lead to tenants falling into rent arrears, landlords' finances being damaged, and a resultant increase in evictions and homelessness.<sup>16</sup>

## 5.3 Benefit Cap

From April 2013 a cap will be introduced on the total amount of benefit that out-of-work working age people can receive. The amount people can receive in benefits will be 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). Households with someone in receipt of Disability Living Allowance (scheduled to be replaced with Personal Independence Payment), the Support Component of Employment and Support Allowance, and war

<sup>12</sup> <http://www.bbc.co.uk/news/uk-12674409>

<sup>13</sup> <http://democratic.bracknell-forest.gov.uk/Published/C00000447/M00004143/AI00033428/05bBenefitsChangesAnnexB.pdf>

<sup>14</sup> <http://www.dwp.gov.uk/docs/universal-credit-wr2011-ia.pdf>

<sup>15</sup> <http://www.dwp.gov.uk/policy/welfare-reform/universal-credit/>

<sup>16</sup> <http://www.insidehousing.co.uk/tenancies/the-direct-payment-guinea-pigs/6525277.article>

widows and widowers will be exempt. In addition, as an incentive for people on out-of-work benefits to find work, households with someone who is entitled to Working Tax Credit will also be exempt from the benefit cap. In recognition of the higher than average housing costs and the likelihood that people in Supported Exempt Accommodation are unlikely to be able to make the behavioural changes required to remove themselves from the cap, the Autumn Statement on 5 December 2012 announced that housing benefit paid to households in Supported Exempt Accommodation is being disregarded from the benefit cap. Households who have recently lost employment will also be exempt from the cap for nine months.

The benefit cap will initially be introduced in four London boroughs - Bromley, Croydon, Enfield and Haringey - and then rolled out across the country throughout the summer of 2013<sup>17</sup>. At the beginning of the roll-out, the cap will be administered jointly by the DWP and local authorities through deductions from housing benefit. The cap will also apply to social housing tenants. In the longer term it will form part of the new Universal Credit system.

There is concern that the cap will lead to an increase in debt problems and poverty and that people will be at greater risk of homelessness<sup>18</sup>. There is also concern that the cap will disproportionately affect households with higher than average housing costs and/or larger families.

## 6 Qualitative findings

### 6.1 Housing and expenditure

#### *Process of finding current property*

Participants found their current property through one of four routes. Three of the routes involved finding the property themselves, through either: looking with family or friends; via a list of landlords provided by the council; or by looking in the local paper or the Gumtree website. The fourth route involved being placed in the property by the council.

Many participants described difficulty in finding their current property, and felt there was a lack of choice available. For those who found the property themselves, many struggled to find a letting agency or landlord who was willing to accept benefit claimants and / or single mothers.

*“Even though I was a mother, I was guaranteed to have my benefit paid, I had references of previous landlords and jobs...I was a foster carer, so you think people would think ‘oh, fairly good character’; they [landlords] still wouldn’t [take me]...I was saying I would be able to get the deposit, I was that desperate to get somewhere decent, but they wouldn’t because of the stigma of people who are on benefits.”*

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<sup>17</sup> <http://www.dwp.gov.uk/newsroom/press-releases/2012/dec-2012/dwp139-12.shtml>

<sup>18</sup> [http://www.haringeycabx.org.uk/news/benefit\\_cap\\_roll\\_out\\_press\\_release/](http://www.haringeycabx.org.uk/news/benefit_cap_roll_out_press_release/)

*(Jo, Wandsworth, received LHA letter but has not been informed of reduction amount)*

*“Most [estate] agents won’t take, won’t even listen to you if you’re claiming benefit, which you think is quite strange because it is a guaranteed monthly payment, you know?...”*

*(Gail, Barnet, reduction in housing benefit due to changes to LHA)*

In addition, personal circumstances such as a breakdown of a family relationship or pregnancy meant that many felt under pressure to find a property quickly. These two factors meant that some participants had accepted a property that they did not feel was suitable for their needs.

*“I kind of wish though that I’d waited for something else but I needed to get out...from my mum; I needed my own time apart...[now] I’ve got a really bad problem with ants [in my property]. I can’t leave food open in my [kitchen] cupboards because the ants eat it, there’s swarms of them. I’ve put stuff down but it doesn’t seem to work...I find them [ants] on the table, I find them on the computer screen.”*

*(Liz, Haringey, reduction in housing benefit due to changes to LHA)*

Some of those who found their property through the council felt obliged to accept the first property shown to them because the council had told them they would not be given an alternative option. Some participants were not aware that they would lose their (council) housing points when they accepted a property in the PRS (see case study 1, page 21).

### **Case Study 1: Michelle, Lambeth, no reduction in housing benefit due to changes to LHA**

Twenty-six-year-old Michelle lives in an inner London borough and has been out of work for three years. She lives with her three children - her eight year old son who attends primary school, her three year old daughter who attends nursery, and her two year old daughter. Michelle currently volunteers at a children's centre and attends courses run by the centre, such as maths and health and beauty. She would like to do more training before she goes back to work. She receives £1,982 in benefits per month (£496 per week), which is broken down by: £660 per month in Child Tax Credits, £188 per month Child Benefit, £1,040 per month in Housing Benefit, and £94 per in month Income Support. The £94 she receives in Income Support is the amount remaining once her budgeting loans and crisis loans have been deducted. Michelle did not know how much she received to cover her Council Tax and said she had not paid Council Tax since having her children.

Michelle previously lived in a permanent council property in another inner London borough but had to leave to escape domestic violence from the father of her two daughters.

Social services put Michelle in touch with Lambeth council because she had relatives living within the borough. She approached Lambeth council who, on the same day, gave her the option of moving to private rented accommodation; which she accepted. At the time she did not know much about renting privately and assumed her housing situation would be similar to that of the previous borough in which she had been living.

*"In [name of previous borough] you have your temporary [accommodation] and then they offer you your permanent [accommodation], so that is the way I have always known it to be. I just assumed that it was pretty much the same thing."*

Therefore she assumed she would move into temporary accommodation in Lambeth. She is on the council waiting list for a permanent property but recently found out that her file has been closed. She believes that you need an average of fifty points to be eligible to get a council house. When she moved from the previous borough, she only had fourteen housing points. She was not aware that she would lose points when moving to Lambeth. Michelle believes that she cannot apply for council housing in the previous borough because she left her council property.

*"So we are not even a priority because we have got a roof over our heads."*

*"I couldn't go back to [name of previous borough] now and say, I want to move back because I have made myself intentionally homeless there."*

Michelle has recently been served with a Possession Order, and now, because of this, she thinks she has forty housing points. She believes that Lambeth council now has to find her another private rented property. She is happy that she has been served with a Possession Order as she has experienced a lot of problems with her current property (no electricity in living/kitchen areas).

Many participants spontaneously described their aspiration to live in a rented council property, as this was perceived to offer the greatest level of stability. Participants felt a council property would offer them a permanence that was lacking in the PRS, because they could become a secure tenant. They also felt that it would be financially beneficial to rent a council property as the rent would be lower than in the PRS.

*“I find privately renting is really stressful...it is not your place, you, it is not a certainty, you will be having to move here and there and everywhere. Whereas with a council property you don’t have to move, you know.”*

*(Nicola, Barnet, reduction in housing benefit due to changes to LHA)*

### **Satisfaction with current property**

The majority of participants were dissatisfied with their current property. Dissatisfaction could be driven by:

- Lack of sufficient space / bedrooms (see case study 3, page 26)
- Poor state of repair / decorative order
- Not being close 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 / education
- Lack of / poor local amenities
- Lack of / poor local facilities for children

Many participants experienced a combination of factors which led to dissatisfaction. The two most common reasons for dissatisfaction were related to the property itself: the property not being in a suitable state of repair / decorative order; and lack of sufficient space / bedrooms.

*“Some of the jobs that have been done [to the property] have been a little substandard, but what can you do? You can’t sort of make too much noise about it...the position that I was in anyway, I found it so hard to even find a landlord that would take income support.”*

*(Jo, Wandsworth, received LHA letter but has not been informed of reduction amount)*

*“Well [name of daughter] moans quite a lot about not having her own room. They [son and daughter who share a bedroom] mostly keep each other awake at night, it is quite stressful because I feel that my daughter does need her own room, even though I know she is not ten yet, but I still think she is going to be eight next month, so for her to actually, I think she needs her own room, because she doesn’t like changing in front of him [brother] and stuff like that and why should you want to? The council don’t see it like that. Not very helpful.”*

*(Nicola, Barnet, reduction in housing benefit due to changes to LHA)*

Another key factor that affected satisfaction with the property was the type of relationship participants had with their landlord. This, in turn, was partly affected by the level of involvement and contact participants had with their landlord. Whilst the majority of participants were in direct contact with their landlord, the level of involvement and contact did vary across the sample.

It was usually the case that limited contact and involvement with the landlord arose when the council (rather than the participant) paid rent directly to the landlord<sup>19</sup>. In this circumstance, contact between the landlord and tenant took place annually when the tenancy agreement needed to be renewed. Some participants who had less stable personal circumstances had arranged with the council that their LHA should be paid directly to the landlord, whilst others who had debt issues were not given a choice in the matter.

In contrast, participants who paid rent directly to the landlord usually had regular contact and involvement with their landlord, contacting them over specific issues such as plumbing or heating.

Good and poor landlord relationships were characterised by a number of factors (table 2):

**Table 2: Relationship with landlord**

Relationship with landlord	
Good relationship	Poor relationship
Easy to contact and quick response from landlord	Unable to get hold of landlord / find it difficult to navigate letting agent
Landlord open to making changes to the property (for example, decorating, carpets)	Unable to get quick changes made to the property (for example, decorative, white good fixed)
Feel able to ask landlord questions / ask for changes to be made	Prefer to avoid contacting 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

### **Expenditure**

Participants' household income was either comprised solely of benefit entitlements, or benefit entitlements and wages. Almost all participants felt they were struggling financially, irrespective of their working status.

Many participants were instantly able to recall information about their income and expenditure, which suggested that they had a good overview of their finances. Money had to be accounted for and

<sup>19</sup> It is standard for housing benefit to be paid to the tenant, who will then pay the landlord. See: <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/claims-processing/local-housing-allowance/>

overspending was not an option, which meant that participants needed to be up to date with their household budgeting. At the same time, some participants were paying back budgeting loans or crisis loans, some were in debt and owed money on credit cards. All participants appeared to have their benefits paid into their bank account.

*“It can be a struggle but I just make sure that I keep an eye on my [bank] account. I’ve got an app on my phone so I can keep an eye on my account every day, whenever I need to look at it.”*

*(Sandra, Barnet, reduction in housing benefit due to changes to LHA)*

Generally, participants’ household expenditure fell into seven categories (not in order of priority):

- Rent
- Utilities
- TV, phone and Internet
- Groceries
- Credit cards, catalogues
- Treats
- Transport

Very few participants felt they were able to set money aside for a ‘financial buffer’, although this was something they would want to do if they could. Some participants described how they would try and keep back small amounts of money (between five to ten pounds) when they were able, but this was done on a fairly ad-hoc basis.

A couple of participants mentioned that they were being financially supported by partners not living in the household, and some discussed how they relied upon family / friends to lend them money when their finances were particularly tight (see case study 2, page 25).

### **Case Study 2: Sandra, Barnet, reduction in housing benefit due to changes to LHA**

Forty-year-old Sandra lives in an outer London borough with her four year old daughter who is in her first year at primary school. Sandra moved to her two-bedroomed ground floor flat in May 2009 after separating from her husband. She currently receives £1,511 in benefits per month, which is broken down by: £248 in Child Tax Credits, £282 in Income Support, £900 in Housing Benefit and £81 in Child Benefit per month. Sandra also receives £340 per month in Child Support from her daughter's father.

The rent for her flat is £900 per month (£225 per week). Sandra receives £880 per month (£220 per week) in Housing Benefit, and an extra £20 per month in Discretionary Housing Payment (DHP). At one point, her DHP yearly award ran out which meant that for two months she had to make up the shortfall herself by cutting back on household spending and borrowing money from her sister. After two months, Sandra was granted £20 DHP for a further year.

*"Yes, I paid it [the shortfall] out of my own money because I knew the council were agreeing to it because they wrote to me saying 'we'll send you the money'...I cut down a little bit on food spending. I know it's only five pounds a week I was trying to save but it's quite hard going...And borrowed from my sister. I borrowed twenty pounds from my sister...It wasn't too bad because it was only for a short time. I think if it was longer I would have panicked a bit."*

Many participants described how they were cutting back on expenditure where possible. This included shopping in cheaper supermarkets; shopping in multiple supermarkets to make use of special offers; changing utility companies; eating less food; and alternating which bills they paid each month.

*"I go to Lidl's for certain things, Iceland for certain things and the rest is all Sainsbury's...the difference might only be forty pence but every penny counts."*

*(Frances, Wandsworth, reduction in housing benefit due to changes to LHA)*

Some participants felt they had cut back their expenditure so much they could not see how it would be possible for them to cut back any further. These participants were, for example, already shopping in cheaper supermarkets and looking for supermarket deals; had already changed utility companies; and had already sold their car because they could not afford the upkeep and insurance.

## **6.2 The benefits system**

### **Changes to benefit entitlements**

As mentioned previously, most participants were instantly able to recall how much they received per benefit award, and when they received it. When their benefits were static and not fluctuating, participants had a good basic understanding of which benefits they received, how much they received for each benefit and a broad sense of the relationship between the benefits.

Difficulties in understanding benefit entitlements arose when a change in entitlement occurred. There was confusion around what the change would mean in practice, whether their other benefits would be affected, and what this meant for their overall benefit entitlement. A change in circumstances, for example a fluctuation in working hours, meant that benefit entitlements needed to be recalculated by the Government. Participants found the process of waiting for the entitlement to be recalculated a worrying period, as they were uncertain what would happen to their entitlement.

There were four main factors that affected participants' benefits (not just housing benefit):

#### *Changes to working hours*

Participants found that a change in working hours could mean that multiple benefits needed to be recalculated, which took time and caused uncertainty (see case study 3, page 26). As a result, some participants tried to work under 16 hours per week to remain entitled to a passported benefit such as income support.

#### **Case Study 3: Rimana, Wandsworth, no reduction in housing benefit due to changes to LHA**

Twenty-two-year-old Rimana lives in an inner London borough with her husband and two daughters who are both under the age of three. They are renting a ground floor flat, which comprises a kitchen, bathroom and two bedrooms. Rimana's family sleep in one bedroom, in the same bed, and use the second bedroom as a lounge. They spend most of their time in the bedroom because the room they use as their lounge gets cold in the winter; but, if they use the radiator in the lounge they experience headaches.

Rimana cares full time for her children and her husband has two jobs, working morning and evening hours. She would like to take a course in NVQ child care but feels her children are too young to be left whilst she goes back to college. The rent for their property is £975 per month (£243.75 per week) and she receives £900 in Housing Benefit per month (£225 per week.) Her husband's income covers the shortfall of £75 per month (£18.75 per week). The family also receives Child Benefit, Working Tax Credits, and Child Tax Credits.

Rimana is not aware of changes being made to LHA, but the family has received letters from their local authority about a proposed reduction in the amount of Working Tax Credit they receive. Rimana thinks this is due to her husband's working hours increasing from 10 hours to 30 hours per week.

Rimana's husband has sent his wage slips (the implication was) to the council so that their Working Tax Credit and Housing Benefit can be reassessed. At the time of the interview they were waiting to hear back about the recalculation of benefits.

### *Changes to household composition*

A new baby, children turning 18 years old, and children leaving education meant a recalculation of multiple benefits. This was problematic for those participants who had adult children who were living at home and seeking work or children who were leaving education and were not working, as this often resulted in lower overall entitlement. A couple of participants had considered asking their adult children to leave the property, but had not put this into practice as they did not want to split the family.

### *Changes in Government policy around benefits*

Participants were sent notification letters from their council or central Government when they could expect to be affected by a policy change to benefits, or if they were going to be affected by a policy change. Some participants found the notification letters clear and easy to understand. However, whilst they understood the content of the letters, it was not always obvious to them what the change would mean for them personally. This was particularly the case when they received letters containing generic information rather than information that was personally relevant. This could cause confusion and anxiety. Participants sometimes telephoned the contact number on the letter to try and find out more information.

Some participants found notification letters were not always understandable. A couple of participants mentioned that their immediate reaction was to 'switch off' and just scan the letter to find out how much they would be receiving in benefits. One participant mentioned that she did not open the letters.

*“They send you these letters every so often, and they’re so baffling with their calculations...it’s ten or twelve pages long, and all you do...is go and look to see what I’m eligible for and what I’m getting. But all the rest of it...is so confusing. So when you get those letters, you just look at them and think ‘oh whatever’ and put it down...”*

*(Julie, Wandsworth, no reduction in housing benefit due to changes to LHA)*

### *Increases in rent*

Increases in rent were very confusing for those participants for whom the council paid LHA direct to the landlord, because of their distance from the whole process. They were not practically responsible for paying rent and tended to have little or no interaction with their landlord, which meant that they were not well equipped for dealing with any changes to their rent. In turn, however, this distance made the issue of an increase in rent less of an immediate problem, as participants mistakenly felt this was something that would ultimately be dealt with by the council.

Increases in rent were less confusing for those who paid rent directly to their landlord, but appeared to cause a greater amount of uncertainty for participants around what options were available, if any, to cover the difference in the monthly rent.

### ***Increases in rent and decreases in housing benefit***

Participants described how they were constantly worried that their rent would be increased.

*“It’s very scary...if you live somewhere and there’s going to be a rent increase or a default in your rent then what do you do?”*

*(Gemma, Haringey, reduction in housing benefit due to changes to LHA)*

Although many participants had not experienced a recent rent increase, this made them concerned because they felt this indicated it would soon be time for their landlord to increase the rent. A few participants mentioned that their landlord had told them they were going to increase the rent, but had not done so when the participants explained that they could not afford to pay any more rent.

Participants worried about how they would afford an increase in rent or manage with a decrease to their housing benefit. In either situation, they were unsure how they would afford to pay the difference in rent if they remained in the property. They also worried about what would happen if they were evicted from the property and had to move to a new property with higher rent. The risk of eviction in general, and from not being able to meet the rent payments specifically, caused uncertainty for participants. This perceived lack of control over their housing meant that many participants did not feel as though the property was their home and, subsequently, could not put down ‘roots’.

*“I don’t think it’s fair on a child [her daughter] to not grow up in one home or having to move and uproot her life.”*

*(Abby, Wandsworth, reduction in housing benefit due to changes to LHA)*

Although some participants were dissatisfied with their current property, they were also fearful about having to move property. Aside from the financial aspect of finding a new property, there were a number of other issues raised:

#### *Intentional homelessness*

Participants were unsure what help they would be offered if they were evicted from the property. They were unsure whether the council would offer help because they were homeless, or whether the council would consider them intentionally homeless and not offer any assistance. Participants were keen to avoid doing anything that could be construed as making themselves intentionally homeless, because they thought the council would not help rehouse them.

#### *Temporary accommodation*

Participants wanted to avoid being placed in temporary accommodation because of its transient nature and because they either perceived, or knew from experience, that this often involved staying in a bed and breakfast and was not always a safe option. Participants also did not want to be moved far away or to an area or property in which they did not feel safe.

#### *Finding a property*

Based on experience, there was a high level of concern that few letting agents and / or landlords would rent properties to benefit claimants. Participants therefore expected that the process of finding a new property would be lengthy, and their choice of properties would be limited.

*“...what worries me is because now the estate agent doesn’t take on single parents anymore. They’ve got this thing now because another friend of mine*

*was struggling and they still use this estate agent and they don't take single parents with benefits."*

*(Sandra, Barnet, reduction in housing benefit due to changes to LHA)*

### **Sources of help for housing issues**

Participants mentioned a number of sources whom they had used in the past, or thought they would use in the future, to discuss housing issues. Depending on the individual and their particular circumstances, participants could engage with multiple sources at the same time.

#### *Council*

The council was seen as the first port of call by many if they had a housing issue, because it was able to establish what was happening with participants' housing benefit. Each of the six councils in the research locations were perceived by participants as friendly, but often unable to offer much help. For example, many of those participants who had received a LHA notification letter telling them they could be affected by the changes to LHA but not providing any personal information about how they would be affected, had contacted their council for further information. The council staff were unable to provide any further information over and above what the letter stated.

*"You just don't get anywhere with these people [council] they just don't, you know, this is what has happened this is this, they are following regulations and that is it. You know, you are another figure in their books basically."*

*(Gail, Barnet, reduction in housing benefit due to changes to LHA)*

*"Actually when you go to the Council the customer services people are usually really, really nice. But behind that they're all, you know, you try and speak to someone higher and you can't. You don't get the answers you want. They're just, but I find if you go in there and speak to them face to face they're okay."*

*(Andrea, Haringey, received LHA letter but has not been informed of reduction amount)*

#### *Landlord*

The relationship participants had with their landlord influenced whether or not they would contact them to discuss housing issues. Participants' willingness to discuss issues of rent affordability (influenced by increases / decreases in rent and / or reductions in housing benefit) was very dependent on two factors: how the rent was paid, and the existing landlord-tenant relationship.

In terms of how rent was paid, those participants who paid their rent directly to the landlord were generally more willing to approach their landlord to discuss rent affordability. Regular contact with their landlord made them feel more comfortable about approaching their landlord. Some participants described landlords who were understanding about their tenant's situation, and did not increase the rent or were flexible with receiving the full amount of rent; whilst other participants described landlords who would neither decrease the rent nor evict the tenant, thus leaving the tenant in a situation where they were accruing rent arrears.

*“[The rent] was initially £1365, then there was a housing benefit cap a couple of years ago, then she [landlady] just about [let me] lower it by £15 per month. Now she has to lower it about £20-£25 a week she’s not happy with [that]...she’s saying it’s not financially suitable for her but she doesn’t want to evict me, she doesn’t see why she should evict me...and the council are saying ‘she needs to evict you or you need to find another private property that the housing benefit covers’ and I’m just refusing to do either...so now I’m stuck in limbo...from this month now I’m going to be even shorter...I can’t afford to put in over £100 per month on benefits. Even though I’m going back to work they [council] are saying I’m going to have to pay about £600 of the rent nearly...it’s not my fault I can’t afford the £100 difference.”*

*(Sarah, Wandsworth, reduction in housing benefit due to changes to LHA)*

Participants whose rent was paid by the council to the landlord often had little or no contact with their landlord, and therefore found it difficult to discuss rent affordability issues.

*“My house is falling apart and my landlord, I can’t get hold of him. He lives in Australia... I’ve met him, he gave me an email address but I’ve sent him emails and I can’t get hold of him... He’s got a duty to look after his property and he’s supposed to come and check it or get somebody to check it but he doesn’t care because he’s getting the [rent] money... If I can’t contact him for my electricals [there are problems with the wiring] and other stuff then I can’t contact him about rent.”*

*(Vicky, Croydon, unsure if received LHA letter, but will be affected by a reduction in housing benefit due to changes to LHA)*

In terms of the existing landlord-tenant relationship, some of those who had a good relationship with their landlord either had asked, or said they would be comfortable asking, for a reduction in rent. Conversely, a couple of participants mentioned that it was the fact that their landlord treated them well that would discourage them from asking for a rent reduction, because they did not want to appear to be taking advantage or being “cheeky”.

*“No [I would not ask for a rent reduction from my landlord], I think he has been quite good you know and if anything has happened like ... if we have to wait for a decision he is really good. When we first moved in he had to wait for about six weeks before he had any rent, any money, and he was fine with that. I don’t think everyone would be as patient or as giving as that. So yeah he is really good like that.”*

*(Abby, Barnet, no reduction in housing benefit due to changes to LHA)*

Those participants who had a poor relationship with their landlord expressed a high level of reluctance to broach the subject of rent reduction. They expected that their landlord would not be willing to help.

There was, however, an additional layer that played a role in informing participants’ attitudes towards speaking to their landlord about rent affordability, which sat behind how rent was paid and the existing landlord-tenant relationship. Many participants reported that they or their friends had

experienced problems finding properties because letting agents / landlords were reluctant to rent properties to benefit claimants. This was also perceived to be exacerbated by being single mothers. As a result, some were concerned about discussing rent affordability with their landlord in case their landlord perceived they were problematic tenants or not able to pay the rent, and consequently gave them notice to vacate the property. Whilst this concern did not necessarily stop participants from discussing affordability, it sometimes meant they felt additionally concerned when doing so.

#### *Family and friends*

Almost all participants spoke to family and friends about their housing and benefits. The issues discussed ranged from asking for financial help (to cover rent shortfalls), to receiving advice on what steps to take in different situations (such as applying for DHP or contacting a housing solicitor).

*“It was really awful...I don’t know how I’m going to do this [pay the rent]...dad came and rescued me again...I don’t like asking him...I’m really desperate [when I ask I think]...‘God, you’re forty two, still having to ask your dad for money!’”*

*(Julie, Wandsworth, no reduction in housing benefit due to changes to LHA)*

#### *Social services / fostering department*

Social workers were involved with two of the households in the sample, and one participant was a foster carer. These participants had, and would, contact these agencies for help.

#### *Charities*

Whilst not opposed to contacting a charity for help with housing issues, many lacked awareness about which charity to contact; although a couple of participants had done so. Some participants said they would contact Citizens Advice Bureau (CAB) for help with housing, and had done so in the past. One participant who lived in Haringey had used the Shelter website in the past, and had found it helpful.

#### *Other sources*

A couple of participants had gone to or would go to the following for help and advice: housing solicitors, Job Centre Plus, the DWP.

### **6.3 Changes to benefit entitlements: LHA and Universal Credit**

#### ***Awareness of changes to benefit entitlements***

There was high awareness amongst participants that a series of national changes were taking place to Government policy around benefits. Many participants spontaneously mentioned the single payment aspect of Universal Credit, but displayed a lack of awareness of the term ‘Universal Credit’ or the realization that they were describing Universal Credit. Those who did mention the term ‘Universal Credit’ had similar levels of knowledge to those that did not use the term. Whilst many correctly thought that April 2013 marked the implementation of the overall benefit cap, they incorrectly thought that this was also when the Universal Credit single payment would start. There

was limited awareness of changes to LHA amongst those who had not experienced, or were not about to experience, a reduction in housing benefit due to changes to LHA.

### ***The benefit cap and Universal Credit***

There was high awareness that benefits were being capped at £500 per week, and many knew this was going to happen in April 2013<sup>20</sup>. Participants mentioned hearing about the benefit cap in the media and through discussions with family and friends. Some participants had received letters from their council or the DWP (they were unable to confirm who had sent the letters, often referring to the source of the letter as ‘they’) informing them that their housing benefit may or will reduce in April 2013.

*“Everyone knows something is happening, we have got letters to say that it is going to affect us in April 2013, they are going to stop this housing or council tax or something, but I am not quite sure what it is, if you understand what I mean...I don’t know if it’s five hundred pound per week per family, I don’t know if that is right.”*

*(Nicola, Barnet, reduction in HB due to changes to LHA)*

*“I know there is a cap. It is not just a cap on how much housing benefit is paid, like how much housing is paid for the size of the property because there is that cap...But there is also now a cap in how much benefit you are allowed to receive in a month in total...In terms of all my benefits put together, be it council tax, housing, whether it is income support or job seeker’s or whatever, you are only allowed ‘x’ amount a month.”*

*(Gail, Barnet, reduction in HB due to changes to LHA)*

The language used to describe the changes around the benefit cap suggested that participants were also aware of Universal Credit. They used key words and phrases that described the benefit cap, including: “changes are happening”; “five hundred pounds”; “caps”; “April 2013”, but also mentioned “single benefit payment”. Many participants conflated the benefit cap with Universal Credit, and some believed that the introduction of a single benefit payment was taking place in April 2013. Whilst not all participants necessarily thought that Universal Credit was being introduced in April 2013, they did not mention the actual implementation date of October 2013.

This lack of distinction between the benefit cap and Universal Credit suggests that participants were unclear about the forthcoming changes. Those who did not mention the term ‘Universal Credit’ may either have been unaware of the term and what it meant, or thought that the benefit cap and the single benefit payment were happening at the same time in April 2013; whilst those who did mention Universal Credit may either have thought that the benefit cap and the single benefit payment were happening at the same time in April 2013, or that they were distinct changes happening at different times in 2013.

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<sup>20</sup> At the time of the interviews, the benefit cap was set to be introduced in April 2013 and the delay to introduction of the benefit cap had not yet been announced by Government- <http://www.dwp.gov.uk/adviser/updates/benefit-cap/>

### **Concerns over the benefit cap**

Participants were very concerned about what would happen to their housing situation when the benefit cap is implemented from April 2013<sup>21</sup>. At the time of the interviews, most participants did not know whether their benefit entitlements would be reduced in order to meet the £500 per week limit and, without this information, felt unable to plan accordingly. Some participants described their stress levels as high and this was possibly, in some cases, exacerbating existing health issues.

*“I think it worries us because you know, where are we going to end up? You know, there is, the council have capped it, the Government have capped sorry I should say, and the landlords are not decreasing their rent. Around here [it] is really expensive to live...”*

*(Nicola, Barnet, reduction in housing benefit due to changes to LHA)*

*“Very rocky, very unstable...if you sit down and follow the tides you’re going to get swept under.”*

*(Gemma, Haringey, reduction in housing benefit due to changes to LHA)*

### **Changes to LHA**

Participants can be grouped into four categories in terms of awareness and impact of changes to LHA.

*Category one:*

#### *1. Affected by changes to LHA (see case study 4, page 34)*

Participants who knew they were affected by a reduction in housing benefit due to changes to LHA had the greatest level of awareness and knowledge surrounding LHA. These participants had either already experienced a reduction in housing benefit due to changes to LHA, or had received letters from the council confirming that they were going to experience a reduction. In addition, there was one participant who did not realize that she had been affected by a reduction in housing benefit due to changes to LHA.

All participants who had been affected / had confirmation they would be affected had received an initial generic letter from their council, informing them that they might be affected by a reduction in housing benefit. The majority then received a letter which stated the amount by which their housing benefit was going to be reduced, and the date this would be implemented.

When discussing the changes to LHA, most participants understood LHA to be related to the number of bedrooms in the property, the number of people living in the property, the age of the child/ren in the property, “caps” and reductions in housing benefit.

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<sup>21</sup> At the time of the interviews, the benefit cap was set to be introduced in April 2013 and the delay to introduction of the benefit cap had not yet been announced by Government- <http://www.dwp.gov.uk/adviser/updates/benefit-cap/>

#### **Case Study 4: Sarah, Wandsworth, reduction in housing benefit due to changes to LHA**

Twenty seven year old Sarah lives in an inner London borough with her four year old daughter. She has lived with several family members since the age of fourteen due to problems at home. She moved to her two-bedroomed flat four years ago and was due to renew her contract in September 2012. The council found her current property and told her that if she did not move there, she would be given no other alternative.

Sarah's rent is £1,340 per month (£335 per week). She was receiving £1,236.86 per month in Housing Benefit, but in June 2012 her housing benefit was reduced due to changes to LHA and she now receives approximately £1,160 per month (£290 per week) in Housing Benefit. Sarah also receives: £284 in Income Support, £248 in Child Tax Credit, and £80 in Child Benefit per month. Her daughter's father also pays regular support of approximately £40 - £60 per month.

Sarah is due to start work as an administrative assistant at her daughter's nursery in September 2012. Before starting work, Sarah had to have occupational health checks due to existing health conditions. She pretended that the severity of her conditions were not as great as they were so that she would be allowed to go back to work.

Sarah has received two LHA letters from her council. In June 2012 her Housing Benefit was reduced from £1,236.86 per month (approx. £309.13 per week) to £1,160 per month (£290 per week). Sarah applied for and received Discretionary Housing Payment (DHP) from 4th June to 21st July 2012, as she could not afford the shortfall in rent. Her council has recently asked for a report of her outgoings, but she is unsure of why this was needed and is waiting to hear back from them. She received a back to work calculation which showed that she would be £320 per month (£80 per week) better off when she returned to work.

*"I would like to be in a secure tenancy, a more secure property. I will be working, things will be a bit different...but then again, I could still be in the same position I am now."*

#### **Categories two, three and four:**

The majority of these participants had limited awareness of changes to LHA, with the extent of their knowledge focusing mainly on "caps" and reductions in housing benefit. It is important to note that those in the 'uncertain' or 'unaware' categories may have received letters about LHA, or letters about other aspects of housing benefit but were unaware of this or unable to recall this due to high levels of general confusion surrounding changes to benefits.

## 2. *Aware of LHA changes, but not affected*

These were mainly participants who had received an initial generic letter from their council, informing them that they might be affected by a reduction in housing benefit but could not recall having received any further correspondence on the matter. These participants had often discussed LHA with family and friends and found out further information through word of mouth. One participant had not received a generic letter but was aware of changes to LHA because her mother worked in the area of housing.

## 3. *Uncertain about LHA changes*

These participants had received letters about their housing benefit or had experienced a fluctuation or reduction in their housing benefit due to other factors, such as changing working hours or a child leaving education. These participants were uncertain whether they had also been affected by a reduction in housing benefit due to changes to LHA.

## 4. *Unaware of LHA changes*

These were participants who could not recall receiving any information from their council about LHA. They had not heard of LHA, but often guessed that it was connected to the benefit cap and / or Universal Credit (they did not necessarily use these terms but intimated these were the issues to which they were referring). It was not possible to verify whether each of the 18 participants was in receipt of LHA (as opposed to having their housing benefit assessed under pre-2008 rules), therefore this could account for why some of them could not recall receiving any information about it from their council.

### **LHA information letters**

Participants who were affected by changes to LHA (category one) and were aware of LHA but not affected by it (category two) had received generic letters from their council informing them that they might be affected by a reduction in housing benefit. The majority reported that they understood the content of this letter, but had been concerned about whether or not they would be affected, and what this would mean in practice. The majority contacted their council to verify how and when they would be affected, but were told by the council that they could not provide this information at that point.

*"I understood exactly what they were going to do...right from the beginning, but I needed verification if I was protected for those nine months and when it was actually going to affect me personally, not everybody else...So it was pretty easy to understand but I just needed verification for my personal circumstances if you like because they were just run of the mill letters, they weren't written for each, you know, like, individual."*

*(Gail, Barnet, reduction in housing benefit due to changes to LHA)*

*"It's [the LHA letter] very clear, it says you're going to be affected by housing benefit changes because they are lowering the local LHA rates...it can't be more clear. The only thing that is unclear is the benefit decision notices...the way it's set out is confusing and all wrong."*

*(Sarah, Wandsworth, reduction in housing benefit due to changes to LHA)*

### **Sources of help used by those affected by a reduction in housing benefit due to changes to LHA**

The participants who had been or knew they were going to be affected by a reduction in housing benefit due to changes to LHA had sought or planned to seek help from a range of formal and informal sources. The council was perceived to be the first point of contact for many as the letter/s they had received about LHA had been sent by the council. Some participants contacted the council after receiving the first letter to find out whether or not they would be affected. Many participants then contacted the council after receiving the second letter to discuss how to manage the shortfall in rent and review their housing options.

Participants felt there was a sense of unfairness around changes to LHA because they were put in a situation over which they felt they did not have any control.

*“It is not right...allow me to have five hundred and fifty pounds [per month in housing benefit] and push me to have two hundred and ninety pounds [because of a reduction in housing benefit due to changes to LHA]...disappointed.”*

*(Alireza, Westminster, reduction in housing benefit due to changes to LHA)*

Participants explained that they had sometimes felt obliged to take a property that the council found or offered, based on a set amount of housing benefit that (usually) covered the rent at the time, and that now their housing benefit was being reduced the council was not seen to be helping. In terms of help offered by the council, participants mentioned being advised to apply for DHP if they were eligible, or to find another property in the PRS with a lower rental amount.

Family and friends were another source of help for those affected by a reduction in housing benefit due to changes to LHA. Participants discussed with them what was happening and found out what others in similar situations were doing.

*“I heard a bit about it [LHA] and then I got the letter and then I was speaking to other people about it as well, and everyone is in the same position, they don’t know what they’re going to be [entitled to].”*

*(Gemma, Haringey, reduction in housing benefit due to changes to LHA)*

However, for some, speaking to family and friends lead to greater confusion as contradictory information was shared and passed on. Two participants spoke to their parents because they had not understood the content of the LHA letter they received.

*“It [LHA letter] wasn’t very clear, I was a bit confused. I mean I had to ask my mum because I was a bit confused. I had to ask my mum’s friends as well.”*

*(Liz, Haringey, reduction in housing benefit due to changes to LHA)*

One participant had spoken to a housing solicitor, but was told they could not help her because she was not in debt (although she was in rent arrears).

One participant had contacted the CAB, who advised her to take her appeal to the District Judge but was also told that nothing could be done to help her until she was evicted from the property. One

participant contacted the CAB to find out how the changes to LHA would affect her finding a new property, and one participant thought she might go to the CAB, but did not expect it to be much help.

One participant had contacted or been referred to a charity, who helped him apply for DHP for three months until the end of his tenancy contract. One participant spoke to a representative from the children's charity Barnado's when the representative visited the children's centre at which her children attended and she volunteered.

## 6.4 Impact of actual or potential changes to benefit entitlements

### *Potential changes to housing benefit*

All participants were worried about any potential reductions in their housing benefit entitlement. However, most participants felt unable to say in practical terms how they would cope with a reduction in housing benefit.

Many described how they would try and make further cuts to their household expenditure, but were unsure how they would do this in reality, because they were already struggling financially.

*"I think we will be really badly affected [by the changes to benefits]. We don't drink, we don't smoke, we don't go out. Everything is so tight, and to make it even tighter, I don't live a life of luxury...there's no [money] spare, so for them to take even more...it's going to be very tough...I've cut everything...getting the value for money...how much can you tighten up?...I don't know where I could cut anymore."*

*(Cathy, Barnet, no reduction in housing benefit due to changes to LHA)*

*"It's just a constant, money, money, money, bills, bills, bills. So even though I'm thrifty I still struggle."*

*(Liz, Haringey, reduction in housing benefit due to changes to LHA)*

Some suggested ways they could make cuts to their household expenditure, such as selling a car.

*"...I probably won't have a drink or cigarettes...I'd probably just leave the pack of cigarettes...Or maybe me go without dinner for a night or two nights...I mean as long as she [daughter] eats, I'm not bothered."*

*(Liz, Haringey, reduction in housing benefit due to changes to LHA)*

Overall, most participants struggled to envisage how they would be able to cope with any type of reduction to their income and could only talk in vague terms.

*"...you just sort of put it to the back of your mind, don't you, until you actually know that it is actually going to really come into effect and affect you and you don't really dwell on it."*

*(Gail, Barnet, reduction in housing benefit due to changes to LHA)*

They felt unable to plan for how they would deal with a reduction in income and preferred to take the approach of dealing with it if and when it occurred. The key reason for adopting this approach tended to be that they did not know by how much their income could be reduced, which meant they did not know what kind of impact it would have on their finances.

Moving property was seen as a last resort by many, even those who were dissatisfied with their current property. Participants were keen to avoid the upheaval of moving property and the impact it could have if their children had to move to a new school, or they moved away from their family and friends, or they moved further away from their place of employment.

*“I know what it’s like to move in and out of houses...it’s hard work and it’s stressful.”*

*(Sarah, Wandsworth, reduction in housing benefit due to changes to LHA)*

*“I wouldn’t like to leave here; I’d be very upset if I left here.”*

*(Gemma, Haringey, reduction in housing benefit due to changes to LHA)*

There was a sense for many that moving out of the London borough in which they lived to a different London borough would mean leaving their ‘roots’ and, for many, the area in which they had grown up.

Apart from one participant who did not want to live in London, participants did not spontaneously mention moving outside of London. When probed by the researchers about the possibility of moving out of London, participants did not feel this was a realistic option. They did not want to move away from their ‘roots’ and have to start afresh in a new area. Some were aware that if they moved out of London, they would receive a reduction in housing benefit because the new area would have lower housing costs than London. However, they did not feel that this would necessarily be reflected in terms of lower rental prices, and therefore felt that they would effectively be in the same position.

There was concern about finding a property in the PRS. Participants were claiming housing benefit and many were single mothers, therefore they expected difficulty in finding a letting agent or landlord willing to rent them a property. They were also concerned about the financial aspects of moving to a new property, which included: concern over being able to afford to pay a deposit; a perception that there would be a lack of properties available that they could afford within their housing benefit entitlement; coupled with a concern over a perceived general rise in rents.

### ***Those affected by a reduction in housing benefit due to changes to LHA***

Four participants had experienced a reduction in housing benefit, but the reduction had not yet been implemented for seven participants.

Participants affected by a reduction in housing benefit due to changes to LHA felt they had few options available to them until one of two situations occurred: they were evicted by their landlord, or they were taken to court for rent arrears. In both situations, participants perceived that the council would be obliged to offer them help and to rehouse them.

*“[My housing benefit is] staying the same until the end of this month...benefits trying to appeal for me at the moment...But even after appeal they don’t think it’s gonna go anywhere...I think by the time the kids*

*go back to school [in September] we'll be in court...I don't know what's gonna happen."*

*(Frances, Wandsworth, reduction in housing benefit due to changes to LHA)*

None of the participants wanted to be in the situation where they were accruing rent arrears.

*"Even if it means I don't eat [I want to avoid accruing rent arrears], like during the day I'll just eat noodles...twenty nine pence from Aldi, I'll just eat noodles so you have to budget what you eat just so you can keep a roof over your head...You have to eat really cheaply just to manage the rent."*

*(Gemma, Haringey, reduction in housing benefit due to changes to LHA)*

*"Not rent arrears. I mean I owe some money on catalogue definitely, but not rent arrears."*

*(Sandra, Barnet, reduction in housing benefit due to changes to LHA)*

They especially wanted to avoid being taken to court for rent arrears. However, one participant felt that it was an inevitable outcome because her landlord would neither evict her and her daughter nor reduce their rent, and they were told by the council that the council could not offer them help unless they had been evicted from the property. This participant was unwilling to make her and her daughter intentionally homeless for fear that the council would then not offer them assistance with finding a new property.

Participants discussed how they could try and reduce their expenditure, but many felt unable to reduce their spending because they were already living on a tight budget. Some participants discussed how they had or would start paying household bills on an alternate basis, so that they would forfeit paying certain bills in certain months to allow them to pay other bills. Many participants were already used to juggling their finances in this way.

*"You're always robbing Peter to pay Paul."*

*(Julie, Wandsworth, no reduction in housing benefit due to changes to LHA)*

*"It does happen sometimes, especially these ones, the credit cards and the store accounts seem to suffer most because they are the least important really. If it comes to feeding my children and buying nappies then I'm going to do that, rather than that. But I always phone them up and say 'look, you know, I haven't got any money until next week because my money hasn't come through' or something. As long as you keep them in the loop, but I always make my payments."*

*(Abby, Barnet, no reduction in housing benefit due to changes to LHA)*

Participants were particularly concerned with accruing gas and/or electricity arrears, and were keen to ensure that these bills were paid on time and in full. Some prioritised paying gas and electricity bills over their rent.

*"My rent, you see I don't really class it as important [as gas, electricity, water, mobile phone, internet] because I know he [landlord] is not, he doesn't really*

*hammer me, he is a really nice guy but he knows that if I haven't paid then he will get a job lot [of rent], if you like, at some other point."*

*(Gail, Barnet, reduction in housing benefit due to changes to LHA)*

Some participants described how they would wait to see what help, if any, the council would offer. Participants thought that they might be granted DHP.

Moving property was viewed as a last resort by participants. They were unhopeful that they would find an equivalent or better property that they could afford and were reluctant to live in temporary accommodation. They were also concerned over the perceived lack of choice surrounding housing and that they would have to take the first property offered to them to avoid making themselves intentionally homeless.

### ***Impact of potential changes to benefits on work incentives***

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. 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, because this was already an aspiration for these participants, the changes were seen to create an increased sense of urgency in the need to find work.

*"I want to earn my own money and not be reliant on the State really. I understand next year that Universal Credits are coming out, and I'm a little bit worried because obviously it could go either way. It could be that I'll be worse off or just the same and if it's worse off then it's more of an incentive for me to get out there and work..."*

*(Sandra, 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.

*"I want to work but I can't afford it."*

*(Frances, Wandsworth, reduction in housing benefit due to changes in LHA)*

## 7 Conclusion and next steps

This interim report has detailed the experiences emerging from the first round of 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 report has not attempted to identify any specific conclusions about the impact of living in the PRS and claiming housing benefit at a time of cuts and changes to benefits; partly because the changes to benefits have not yet fully taken effect. Rather, the report describes the experiences of families who are living in the PRS during this time of transition. The second round of interviews will provide the opportunity to understand in greater detail the impact of the cuts and changes to benefits.

The findings of the study thus far have shown that there is high awareness amongst participants that national changes to benefits are taking place, but there is some confusion around the forthcoming Universal Credit. 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 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. Other participants appeared to be less inclined to find employment.

Against the backdrop of cuts and changes to benefits not having fully taken effect, participants were worried about any potential reductions in their housing benefit entitlement. Most participants felt unable to say in practical terms how they would cope with a reduction in housing benefit. Many participants described how they were cutting back on expenditure where possible, but many were unsure how they would be able to make further cutbacks because they were already struggling financially. At the same time, participants were frequently concerned their landlord could increase their rent. Moving property was seen as a last resort by many, even those who were dissatisfied with their current property, because of concerns about potentially moving away from family, friends, schools and familiar surroundings. 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.

The second round of 1.5 hour face to face interviews will take place in June 2013. Prior to the interviews, participants will complete their second diary exercise and will continue to receive regular telephone calls from the researchers.

A final report that details the full findings of the qualitative study will be published in summer 2013.