

The Impact of Welfare Reform and Public Sector Spending Reductions on Low Income Households in Hampshire

April 2011





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The Impact of Welfare Reform and Public Sector Spending Reductions on Low Income Households in Hampshire

A report produced for the Bill Sargent Trust

April 2011

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Glossary

ABI	Annual Business Inquiry
APS	Annual Population Survey
BME	Black and minority ethnic
BRMA	Broad Rental Market Area
CIH	Chartered Institute of Housing
CIPD	Chartered Institute of Personnel and Development
CLG	(Department of) Communities and Local Government
CPI	Consumer Price Index
CRESR	Centre for Regional Economic and Social Research
DLA	Disability Living Allowance
DWP	Department of Work and Pensions
ESA	Employment and Support Allowance
FRS	Family Resources Survey
HBAI	Households below average income
HB	Housing Benefit
IB	Incapacity Benefit
ILO	International Labour Organisation
IMD	Index of Multiple Deprivation
IS	Income Support
JSA	Jobseeker's Allowance
LADs	Local Authority Districts
LGA	Local Government Association
LHA	Local Housing Allowance
LSOAs	Lower Super Output Areas
MSOAs	Middle Super Output Areas
NI	National Insurance
NOMIS	National Online Manpower Information System
OBR	Office of Budget Responsibility
ONS	Office for National Statistics
PRS	Private Rented Sector
RPI	Retail Price Index
SDA	Severe Disablement Allowance
SRS	Social Rented Sector
UC	Universal Credit
WCA	Work Capability Assessment
WRAG	Work Related Activity Group

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Executive Summary

Introduction

A period of major political and fiscal change began in Britain following the May 2010 election. A key aim of the new Coalition Government is to implement a budget deficit reduction plan in the wake of a world recession. One of the central elements underpinning the proposed public sector reductions was major reform of the welfare and benefits system. The stated aim is for a greater degree of 'fairness' by reducing the deficit while protecting the vulnerable. The proposed changes for the welfare system are however going to have an impact upon a wide range of benefit claimants, including Housing Benefit (HB) recipients.

This report seeks to highlight the number and characteristics of people in Hampshire who will be affected by current welfare reforms and public sector spending reductions. It provides a detailed picture of where pockets of deprivation, low income households and benefit claimants exist across all thirteen districts in "Hampshire" including the unitary authorities of Portsmouth and Southampton. The main changes in the welfare system concerning key groups of out-of work benefit claimants and housing benefit claimants are summarised, and the potential number of claimants who may be affected is assessed. The likely scale of proposed public sector job losses in the Hampshire region is also quantified.

Profile of Hampshire

Although Hampshire is located in one of the more affluent parts of Britain, numerous pockets of multiple deprivation exist within the thirteen districts that comprise Hampshire as a whole. In broad terms, the analysis of official data highlights a number of key features of the Hampshire economy:

- overall Hampshire has proved to be fairly resilient, so far weathering the economic recession rather better than the wider South East region and England as a whole;
- however, despite high average household incomes many districts have a wide spread across income bands, with all but one containing neighbourhoods where more than a quarter of households are below the official poverty line;
- approximately 40,000 of the Hampshire population live within the 10 per cent most deprived areas of England, with major concentrations in the urban areas in the south;
- those districts already with higher out-of-work benefit claimant rates saw faster increases during recent recession years;
- Gosport, Southampton, Portsmouth and Havant consistently had the highest out-of-work benefit claimant rates in Hampshire during this period, and in 2010 their levels all exceeded the regional average;
- severely deprived neighbourhoods in these districts are likely to be affected by the welfare reforms and expenditure reductions, however the impact will be just as keenly felt by individuals on benefits or in need of support from local services who live in wealthier parts of Hampshire.

Incapacity Benefits Claimants

For those on 'inactive' benefits, such as Incapacity Benefit (IB), Severe Disablement Allowance (SDA) or Employment and Support Allowance (ESA), the on-going reforms and future introduction of Universal Credit (UC) represent a radical change. In the first instance all those on IB and SDA will be transferred onto ESA. The tougher medical test to access this benefit means that some claimants will be moved to other 'active' benefits or will lose entitlement to benefit entirely. In a major departure from the current system, all of those on contribution based incapacity benefits will eventually have their entitlement restricted to one year. After this point claimants will only be eligible to means tested benefits.

It is estimated that the transfer of those on IB or SDA to ESA is likely to lead to:

- 30 per cent of claimants being found **fit for work**;
- in Hampshire as a whole this equates to **11,870 claimants no longer eligible for incapacity benefits**;
- of these 70 per cent will be able to move onto other benefits and for most increased conditionality will apply;
- 30 per cent or **3,560 claimants in Hampshire will no longer be eligible for any benefits** under these changes.

Time-limiting Contribution Based ESA to a year will mean that large numbers of claimants on sickness related benefits will lose entitlement to any benefit as a consequence of means testing:

- of those IB/SDA claimants in Hampshire transferred to contribution based ESA and placed in the Work Related Activity Group, an estimated **7,720 claimants will lose entitlement to Contribution Based ESA after a year**;
- of these, an estimated 60 per cent will be able to claim income-related ESA or UC, but **3,100 claimants in Hampshire are unlikely to be able to claim any benefits**;
- of those already on Contribution Based ESA, **2,890 claimants will lose their entitlement after a year**;
- of these, 60 per cent will be able to claim income-related ESA or UC, but **1,160 claimants in Hampshire would no longer be eligible for any benefits**.

In summary, the impact of the transfer of IB/SDA claimants to ESA and time limiting Contribution Based ESA to one year are likely to mean that an estimated 7,820 claimants, equivalent to **15 per cent of the current 50,590 incapacity benefits claimants in Hampshire, may eventually lose entitlement to any benefits**.

Jobseeker's Allowance Claimants

Across Hampshire JSA claimant rates have remained relatively low, staying generally in line with the average for the South-East and below the figure for England as a whole. Indeed, several districts are amongst those with the lowest rates in the country, with only one

(Portsmouth) matching the national average. That said, **the effect of the recent recession was the addition of 10,000 Hampshire residents to the ranks of the unemployed**. Most claims are fairly short lived, with three-quarters of claims lasting for less than six months.

The JSA claimant rate in Hampshire for 18-24 year olds is 3.5 per cent, higher than the 2.3 per cent amongst the working age population. However, this is still lower than is seen amongst 18-24 year olds in the South East and nationally (4.4 per cent and 6.3 per cent respectively).

In general, those already claiming JSA will experience the least radical changes to their benefits as a consequence of the introduction of UC. This group already faces high levels of conditionality and job activation in order to receive benefits. The main change to this group will be the ability of the Jobcentre to impose **sanctions**, including the withdrawal of benefit if the claimant does not comply with the level of conditionality expected of them.

As the current package of welfare reform works its way through the system, some of those currently on inactive benefits such as IB, SDA, ESA and Income Support (IS) for lone parents will lose entitlement to their current benefits and instead be moved onto JSA (or UC). They too will then be subject to **increased conditionality, active job search and sanctions**. Some will be supported into work via the Work Programme. However, for others facing multiple disadvantage and long term detachment from the labour market the prospects of returning to work are less positive. People in this position in some senses remain at the 'back of the queue' when looking for jobs. They are more likely to eventually become, or remain, long-term unemployed. One consequence of welfare reform may therefore be an increase in the overall number of claimants on JSA and the long term unemployed unless labour demand rises sufficiently.

Lone Parents on Income Support

There has been a relatively rapid tightening of the rules for eligibility to access Income Support for lone parents in recent years. This has seen the age of the youngest child reduced from 16 to the current age limit of seven. The plans are to continue to reduce the age limit further. This means some claimants will be subject to greater conditionality as they are moved to 'active' benefits such as JSA or in time UC.

For lone parents in Hampshire increased conditionality will mean:

- an estimated **1,700 lone parents** per year who receive IS in Hampshire will no longer be able to claim this benefit, as eligibility becomes restricted to those whose youngest child is aged five or under rather than seven as at present;
- of these, an estimated **700 to 900 will no longer claim any out-of-work benefit**;
- UC will **increase conditionality for lone parents with a child aged over one**, and claimants will be expected to stay in touch with the labour market.

Housing Benefit Reform

Together, the changes to HB and the Local Housing Allowance (LHA) currently being introduced or pending, represent a wide-ranging overhaul of the current regime of supporting the housing costs of low income households. The timing of all of the impacts of LHA and HB reform is quite difficult to assess. During the course of this study the Government

announced a nine month transition period for existing LHA claimants from the point of renewal of the HB claim. The announced changes include:

- a cap on total benefits (including HB) that any household can receive benchmarked at the national average household income;
- LHA set to the 30th percentile of market rents instead of the median as currently
- caps on the maximum LHA for each property type and the abolition of a five-bedroom rate
- increasing the age limit for the shared room rate from 25 to 35

Indications are that with respect to the reform of LHA, all Private Rented Sector (PRS) tenants receiving support in Hampshire will be potentially be affected to some degree by the changes:

- just under **33,000 HB claimants within the private rented sector** in Hampshire are likely to be affected in some way by the proposed changes to the LHA;
- this will start to impact on new claimants immediately from April this year;
- this includes over **16,000 households** expected to see a reduction in their HB payments due to LHAs now being set to the 30th percentile of market rents;
- **over 10,000 households** will be affected by the removal of being allowed to keep up to £15 of LHA if rent is below the LHA level;
- there are **80 households in Hampshire** in receipt of HB, resident within 5-bedroom properties and likely to be affected by the abolition of the 5-bedroom rate;
- the cap on HB and total benefit entitlement may affect up to **1,000 households** in Hampshire.

While it is possible to estimate the number of households affected financially with regard to some individual measures, it is a lot more difficult to anticipate the potential response of households and tenants to these reforms. The Government impact assessments all acknowledge that at the moment **they cannot account for behavioural responses to these measures from claimants or landlords**. There are also unknown impacts associated with the interaction between the HB reform and changes to other working age benefits.

Recent government impact assessments and independent research have predicted a number of potential scenarios. Those likely to affect claimants in Hampshire include:

- reductions in household incomes for some;
- increased demand for smaller properties as claimants look to downsize;
- increased levels of overcrowding;
- increased incidences of rent arrears, evictions and homelessness;
- increased demand for SRS accommodation as households are priced out of the PRS, and an increased number of applications for SRS housing;

- likelihood of some families having to relocate away from social networks of informal support;
- more intense concentrations of poverty and disadvantage in areas of relatively cheaper and poorer quality PRS accommodation;
- increased demand for Discretionary Housing Payments;
- increased demand for debt counselling services, homelessness and housing options services.

All these issues could be further accentuated by reluctance of PRS landlords to let to or re-negotiate rents with HB claimants. These effects are likely to be unevenly distributed across Hampshire. The introduction of these complex and wide-ranging measures therefore necessitates the need for:

- extensive local and sub-regional monitoring;
- evaluation of displacement and migration effects;
- monitoring increased demand for social housing and support services;
- further quantitative and qualitative research into the likely intentions of tenants and landlords and implications of this for particular households and areas within Hampshire.

Public Sector Job Reductions

In addition to the reform of the welfare system there will also be the very real prospect for some people in Hampshire of losing their job as a consequence to the reductions in public sector spending. If the scale of reductions across Hampshire is similar to national forecasts then:

- over **16,000 public sector jobs** may be lost;
- there may be **over 8,000 new claimants of working age benefits** if half of those who lost their jobs went on to claim benefits;
- if this occurs it will in turn lead to a rise in Housing Benefit and Council Tax Benefits claims.

The loss of jobs in the public sector will also impact on services delivered by local councils, Jobcentres, housing services, health services, education and training services or social services. Spending reductions will also reduce funding for third sector and voluntary sector organisations. This comes at a time when services delivered through Citizen's Advice Bureaux, debt counselling services and mental health charities, as well as public sector support services, are likely to see increases in demand.

For many vulnerable individuals and families, there is therefore a significant potential loss of both income and of access to advisory and support services which might help them manage the changes.

Summary

The scale of welfare reform and public sector spending reductions are substantial. Even in areas with a buoyant labour market such as Hampshire the impacts are wide ranging. They will affect those who work in the public sector, working families on low incomes, those on out-of work benefits including the unemployed, lone parents and the long term sick and disabled. The impacts will also not be restricted to those who live in social housing but will also be felt by those in the private rented sector and owner occupation.

Whilst some of the changes are imminent, the entirety of the changes will take several years to work through the system. The impacts are unlikely to be fully realised in the time of the current Coalition government. However, the combined effects of the proposed changes seem likely to have potentially severe consequences for the vulnerable and those who may not be able to re-integrate into the workforce easily or increase currently low incomes. For some, increased poverty and hardship are likely to be a real possibility as a consequence of the changes about to take place. Ultimately, a subsequent increase in homelessness and increases in demand for social housing and support services do not seem unrealistic future scenarios to consider and plan for.

1. Introduction

A period of major political and fiscal change began in Britain following the May 2010 election. A key aim of the new Coalition Government is to implement a budget deficit reduction plan in the wake of a world recession. The Emergency Budget announced in June 2010¹ laid out a five year plan of a raft of public sector spending reductions which would be introduced to achieve this aim. The subsequent Comprehensive Spending Review in October 2010² provides further details of the thrust of the changes to be made.

One of the central elements underpinning the proposed public sector reductions was major reform of the welfare and benefits system. The stated aim is for a greater degree of 'fairness' by reducing the deficit while protecting the vulnerable. However, the proposed changes for the welfare system are going to have an impact upon a wide range of benefit claimants, including Housing Benefit recipients.

Reductions in public sector funding are not restricted to those on out-of-work benefits. The removal of Child Benefit from households where at least one partner pays higher rate income tax will also be introduced. In addition changes in funding allocations to Central Government Departments, funding to Local Authorities and the closure of a range of government agencies and quangos will also lead to the loss of an estimated 350,000 to 600,000 public sector jobs.

The Bill Sargent Trust, a Hampshire-based charity, has commissioned this research to understand how the proposed public sector reductions will impact on those in low income households and in housing need across Hampshire, including Portsmouth and Southampton, as part of its mission to raise awareness of issues of poverty and social justice.

This research therefore seeks to highlight the number of, and types of, people in Hampshire who will be affected by current welfare reforms and public sector spending reductions. Hampshire is located in one of the more affluent parts of the country. However, real pockets of multiple deprivation exist within most of the thirteen districts that make up Hampshire, Portsmouth and Southampton. For the individuals who may lose their job or entitlement to, or reductions in, benefits received the consequences will be only too real. Some may be able to adapt, learn new coping mechanisms or indeed be supported back into employment.

¹ HM Treasury (2010) Budget 2010. LONDON: The Stationery Office.
http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_188581.pdf

² HM Treasury (2010) Spending Review 2010. LONDON: The Stationery Office
http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf

For the most disadvantaged in the workforce in terms of health, skills, education or experience the route out of poverty may be less clear.

This report therefore sets out to provide a detailed picture where pockets of deprivation, low income households and benefit claimants exist across all thirteen districts in Hampshire³. The main changes in the welfare system concerning key groups of out-of work benefit claimants and housing benefit claimants are summarised and the potential number of claimants impacted upon assessed. The likely scale of proposed public sector job losses in the Hampshire region is also quantified.

The next chapter presents an overview of Hampshire and the districts within it. Key indicators such as households with income beneath the poverty line, the Index of Multiple Deprivation and levels of overall worklessness are considered.

³ For the purposes of this report Hampshire refers to the eleven local authority districts within Hampshire County, plus the two Unitary districts of Portsmouth and Southampton.

2. Profile of Hampshire

Introduction

The impact of public sector service reductions is unlikely to be uniform across the United Kingdom. Depending on the diversity of the local economy and the strength of labour market demand, some parts of the country may be more resilient than others to the reduction in public expenditure and the on-going consequences for labour markets of the recession. More people will be directly affected by the reform of the welfare and benefits system in areas with higher concentrations of benefit claimants.

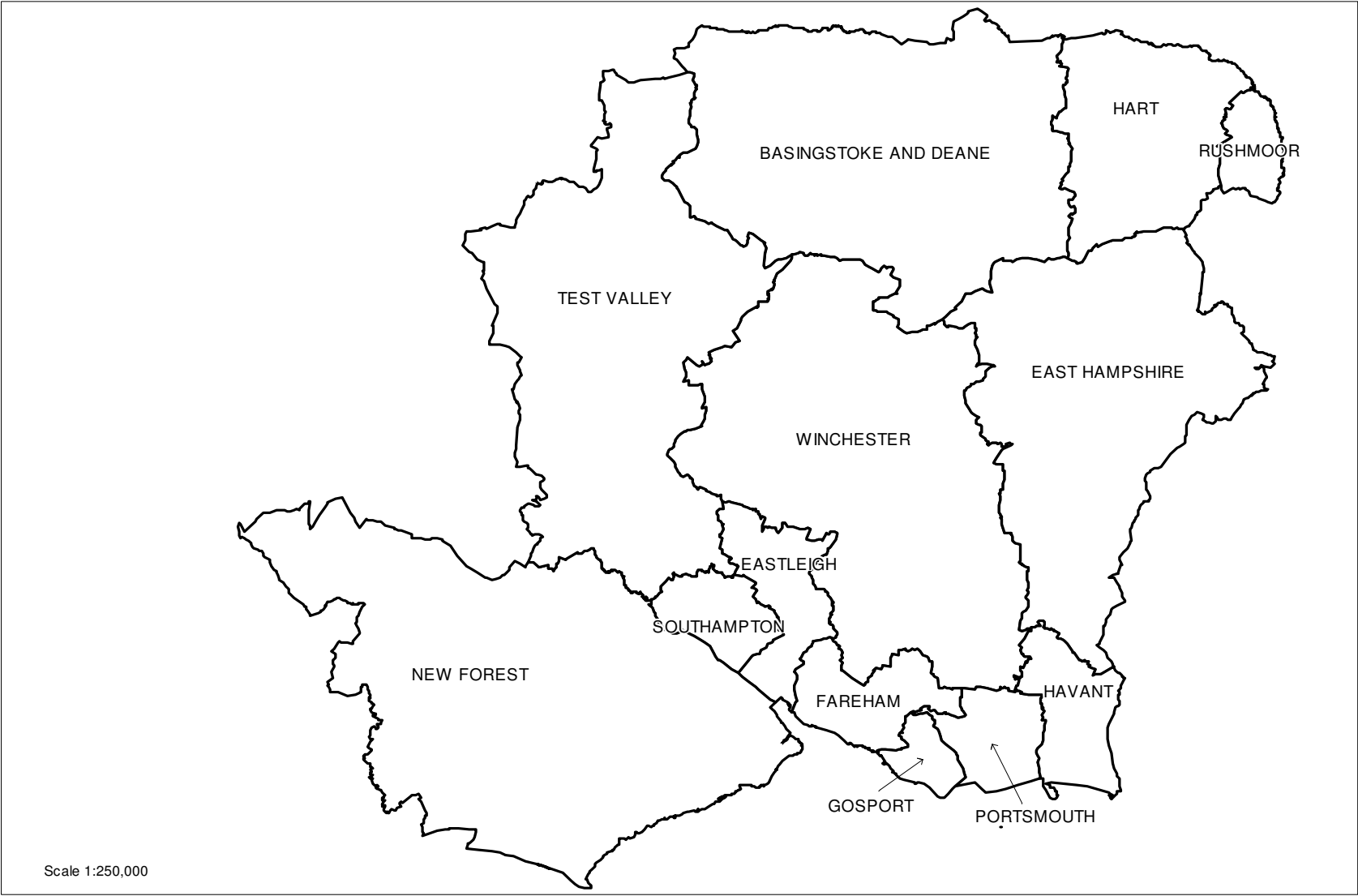
Broadly speaking, the regional divide across Britain has remained even after the period of sustained economic growth that preceded the current recession. Much of the South East and East of England has seen levels of full-employment for many years. Older industrial parts of England in the North, on the other hand, still have large concentrations of working age people on out-of-work benefits. These days, however, these out-of-work benefit claimants are more likely to be on inactive benefits such as incapacity benefits rather than traditional unemployment related benefits.

However, even in more buoyant parts of the country like Hampshire, where the overarching county level picture is of a strong local economy, internal variation exists and pockets of deprivation and concentrations of benefit claimants can be found. Ultimately, for the individuals on benefits or in need of support from local services the impact will be just as keenly felt as for those in areas where greater concentrations exist.

This chapter aims to give a broad overview of the socio-economic circumstances prevalent across Hampshire. First, the prevailing employment rates across districts in Hampshire are summarised. Secondly, the differences both across and within districts are highlighted in respect to the proportion of households on low incomes or households living in areas of multiple deprivation. Thirdly, the number of out-of-work benefit claimants in Hampshire is examined.

Figures for Hampshire are placed in the context of comparable indicators for the South East region and England where appropriate. For the purposes of this report, when Hampshire is referred to, this includes the eleven local authority districts within Hampshire County and the two Unitary districts of Portsmouth and Southampton (see Figure 2.1 for the location of these districts across Hampshire). These are collectively referred to as local authority districts (LADs) in the rest of the report.

Figure 2.1: Hampshire: City Councils and Shire Districts



The strength of the Hampshire labour market is apparent in Table 2.1. Even after the recession 75.3 per cent of working age adults are in employment. This is nearly five percentage points higher than nationally and one percentage point higher than the South East as a whole. Indications are that Hampshire was relatively resilient during the recession, with employment rates falling by 1.5 percentage points between 2008 and 2010 compared to 2.2 percentage points nationally and 2.4 percentage points in the South East.

Table 2.1 shows that there is a range of circumstances across the 13 districts in Hampshire. The first eight LADs in the list have employment rates of between 78 and 80 per cent and are all in the top 40 of the 326 LADs in England when ranked by employment rate. However, whilst nearly 80 per cent of working age adults in Fareham are in work the figure falls to just over 66 per cent in Southampton. The three districts with the lowest employment rates (Southampton, Portsmouth and Winchester) need to be considered in the context of being University towns with larger numbers of economically inactive students and lower employment rates as a consequence.

Table 2.1: Employment rates for working age residents in Hampshire, June 2010

	% 16-64 year olds in employment	Rank for 326 English LADs
Fareham	79.8	16
Rushmoor	79.5	20
Gosport	79.1	22
Eastleigh	79.0	23
Test Valley	78.4	33
Basingstoke and Deane	78.1	37
Hart	78.1	38
Havant	78.0	40
New Forest	77.0	60
East Hampshire	76.9	62
Winchester	73.1	153
Portsmouth	70.8	202
Southampton	66.5	273
Hampshire	75.3	100
South East	74.2	
England	70.5	

Source: Annual Population Survey, NOMIS

First indications from the employment rates are that, with the exception perhaps of Southampton and Portsmouth, Hampshire districts have weathered the recession well. A population weighted ranking for Hampshire taken as a whole would place it in the equivalent of the top 100 districts out of a total of 326. Strong district level employment rates can however hide variation in household circumstances and income within districts.

Low Income Households

The conventional income-based method of measuring poverty in the UK and the European Union includes all households with a net equivalent household income less than 60% of the median⁴ national figure. 'Equivalent' household income refers to the method of taking into account the size of households for the purposes of comparison. In the latest Office for National Statistics (ONS) small area MSA⁵ estimates of household incomes for 2007/08⁶, a household's net equivalised income after housing costs would need to be below £199 per week for it to be classified as in poverty.

Figure 2.2 first illustrates the range of average net weekly household incomes after housing costs for each local authority area in Hampshire, as well as the estimated average for the LAD itself. The blue dot on each vertical line in the chart represents the median income for the whole district. The end points of the line depict the lowest and highest estimated median income for any individual MSA within the LAD. It shows that average incomes range from just under £400 in Southampton to £600 in Hart. It is interesting to note that six areas lie above the South East regional average of £490, and six below, with one (Eastleigh) recording almost exactly the same figure. On the other hand, all areas except Portsmouth and Southampton fall above the England average of £424. The chart also shows that some districts with relatively high averages have a wide spread across their constituent MSAs: these include East Hampshire, Eastleigh, Rushmoor, Test Valley and Winchester. Others have narrower ranges, both at the higher and lower ends of the spectrum: Hart, Havant, Gosport and Portsmouth are all cases in point.

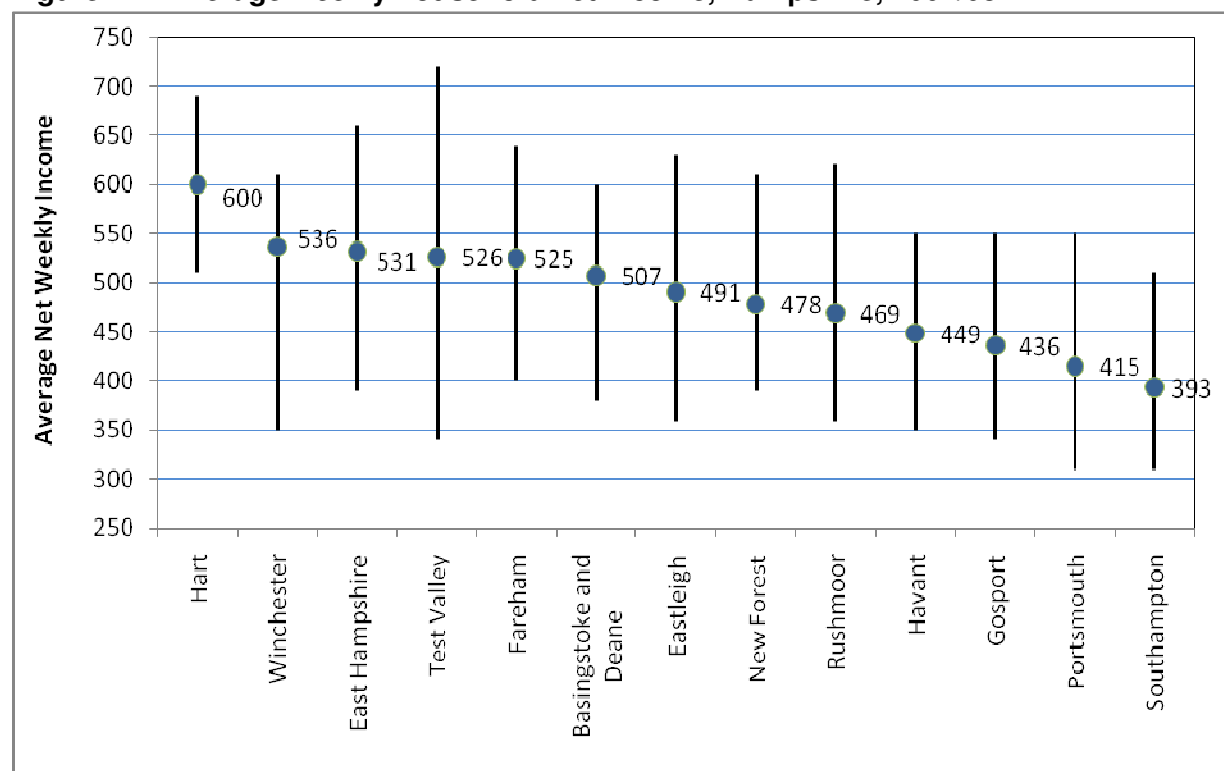
The variation within districts can best be seen when comparing the length of the vertical lines for Hart on the one hand (narrow range), and Test Valley on the other (wide range). This indicates that all MSAs in Hart are relatively wealthy with all having an average net weekly income above £510 and up to £690 a week. In Test Valley however, a much wider range of circumstances can be seen. At least one MSA in this district has an average income figure of £340, virtually on a par with the lowest levels estimated for Southampton and Portsmouth of £310 per week. Another MSA in Test Valley has an estimated average income of £720 per week, higher than for any other LAD in Hampshire.

⁴ The median is the mid-point of the income range. Half the households earn more than this figure and half earn less. The median is used to represent the average income rather than the mean to avoid the average being skewed upwards by relatively small numbers of households with very large incomes.

⁵ The smallest areas the estimates are produced for are Middle Layer Super Output Areas (MSOAs). These are groupings of Lower Layer Super Output Areas (LSOAs). In England and Wales MSOAs have a minimum size of 5,000 residents, with an average of around 7,200 residents. There are 225 MSOAs in Hampshire as a whole containing 1,091 LSOAs.

⁶ See Technical Appendix for further details of this data source.

Figure 2.2: Average weekly household net income, Hampshire, 2007/08



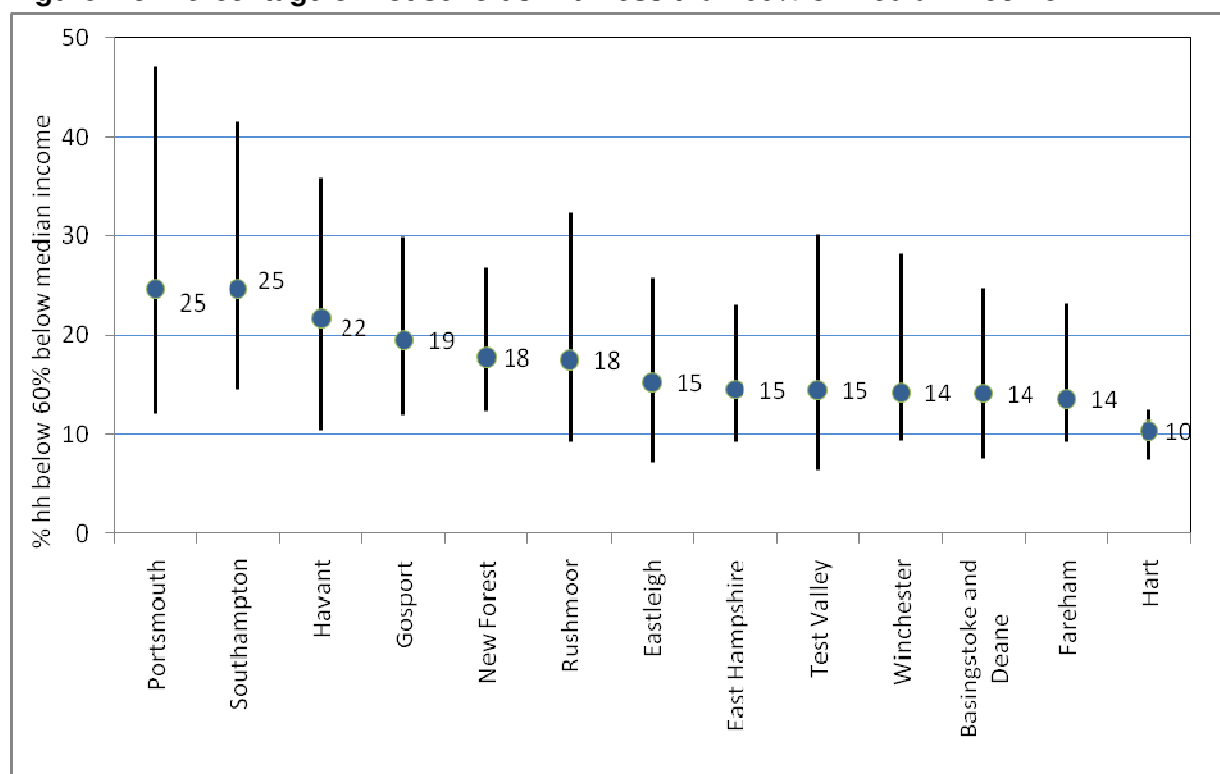
Source: ONS Model-Based Income Estimates at MSOA Level, 2007/08

Note: Average Weekly Household Net Income Estimate - equivalised after housing costs

These average household income figures are useful in tracing the initial outlines of economic prosperity across the county. However, they only begin to hint at the locations where areas of income deprivation and poverty may exist (and hence vulnerability to reductions in welfare payments and job losses).

The estimates of households below the 60 per cent poverty line provide further information on concentrations of low income households in Hampshire. Figure 2.3 shows the average percentage of households with incomes less than 60 per cent of the median for each district. The top and bottom of the vertical line dissecting the average point represents the highest and lowest proportions of households below the poverty line found across individual MSOAs in each district. It shows that the highest levels are in the main urban authorities of Portsmouth, Southampton, Gosport, Havant and Rushmoor, but also with appreciable numbers in the more rural New Forest. In terms of maximum estimates Test Valley and Winchester also contained pockets where the figure may have been close to 30 per cent of all households. In fact, all LADs apart from Hart had at least one MSOA where over 20 per cent of households were below the poverty line.

Figure 2.3: Percentage of households with less than 60% of median income



Source: ONS model-based estimates of households in poverty

Table 2.2: Estimates of the number of households in poverty, Hampshire, 2007/08

	Lower confidence limit	Estimated number of households	Upper confidence limit
Southampton	18,300	24,100	31,100
Portsmouth	15,700	20,400	26,000
New Forest	10,100	13,500	17,800
Havant	8,300	10,800	13,900
Basingstoke and Deane	7,000	9,500	12,600
Eastleigh	5,700	7,600	10,100
Test Valley	5,100	6,800	9,000
Gosport	5,000	6,600	8,600
East Hampshire	4,900	6,500	8,600
Winchester	4,700	6,400	8,500
Rushmoor	4,700	6,300	8,300
Fareham	4,600	6,200	8,200
Hart	2,700	3,700	5,100
Hampshire	96,800	128,400	167,800

Source: ONS model-based estimates of households in poverty, CLG Household estimates, authors' estimates

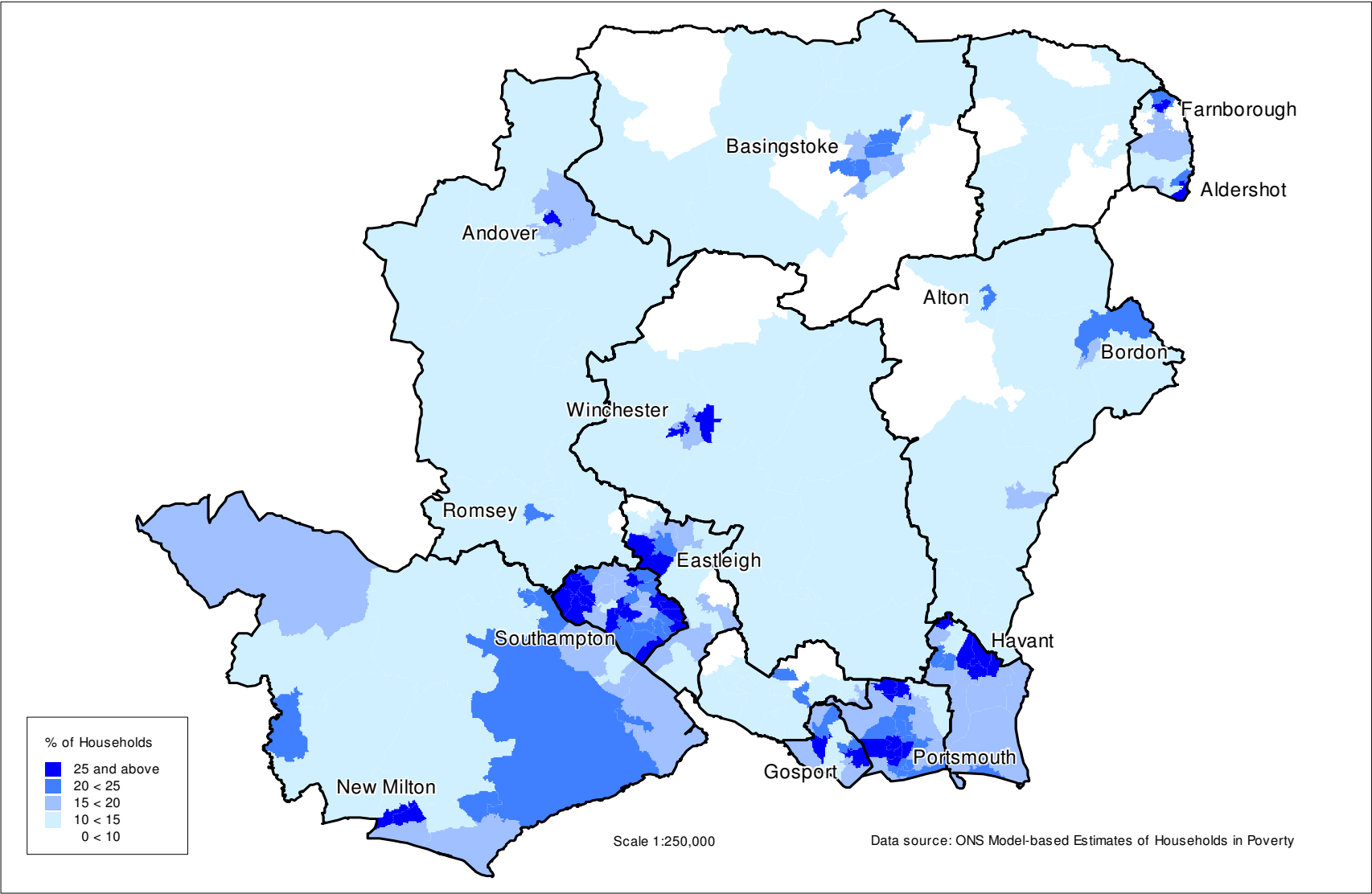
Table 2.2 provides an estimate of the number of households across Hampshire with average household incomes below the poverty line⁷. The calculations indicate that in 2007/08 approximately 130,000 households in Hampshire may have been below the poverty line. Given the nature of the estimates this figure may be as low as 97,000 households or as many as 170,000 households. The main places where these households lived were located in the south, particularly Portsmouth, Southampton, New Forest and Havant.

Figure 2.4 shows the geographical variation in levels of households below the poverty line in 2007/8 (before the current recession). At that time less than 15 per cent of households across the bulk of the county fell into this category. This was especially the case in rural and suburban areas. In contrast, most of the main urban areas contained areas where over 20 per cent of households had low incomes, with particular concentrations in Portsmouth, Southampton, Gosport and Havant. There were also isolated pockets in smaller towns and cities such as Aldershot, Andover, Basingstoke, Farnborough, New Milton and Winchester. Given the distribution of more recent increases in benefit claimants (see below), it is likely that these concentrations have deepened rather than widened over the last two years.

⁷ A MSOA population weighted average of the percentage of households falling below the poverty line was created for each local authority then applied to the official CLG household estimate for 2008. The higher and lower 95% confidence intervals for the estimates were used to show the 'bounds' of the estimated number of households.

Figure 2.4: Households with less than 60% of median income, MSOAs in Hampshire, 2007/8

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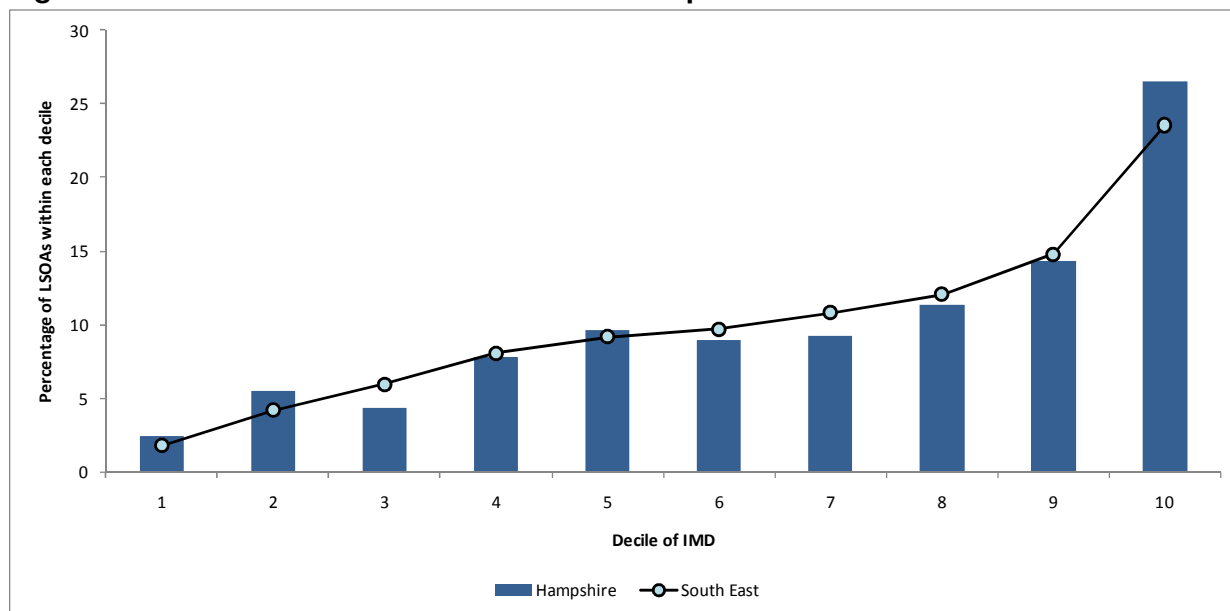


Index of Multiple Deprivation

The 2007 English Indices of Deprivation (IMD)⁸ provide a useful tool for identifying disadvantaged areas in England. The IMD combines 38 indicators across seven 'domains' of deprivation. These domains can either be considered separately or combined into a single Index of Multiple Deprivation. These domains include the following issues:

- Income
- Employment
- Health and disability
- Education, skills and training
- Barriers to housing and services
- Crime
- Living environment

Figure 2.5: Distribution of IMD for LSOAs in Hampshire



Source: Index of Multiple Deprivation 2007

It is possible to examine the data for all the Lower Super Output Areas (LSOAs)⁹ within each local authority. Figure 2.5 presents the distribution of the IMD rank for LSOAs in Hampshire and the South East relative to the distribution for all 32,428 across England which fall evenly across ten deciles. The first decile contains the most deprived LSOAs and the tenth decile

⁸ Noble, M. et al (2008) The English Indices of Deprivation 2007. CLG: London.

<http://www.communities.gov.uk/documents/communities/pdf/733520.pdf>. NOTE: The updated English Indices of Deprivation 2010 were published as this report went to press. Indications are that this is unlikely to make a major difference to the LSOAs contained in the most deprived or least deprived 10% of LSOAs. There was less movement at the extreme ends of the distribution with about seven out of eight (88%) of the most deprived areas being in the same decile in both 2010 and 2007 and five out of six (84%) least deprived areas in the same decile. See <http://www.communities.gov.uk/documents/statistics/pdf/1871208.pdf> for more details.

⁹ There are 32,482 LSOAs in England and which on average contain a population of approximately 1,500 people. The combined area of Hampshire, Portsmouth and Southampton covers 1,091 LSOAs, a fifth of all 5,319 LSOAs in the South East Region with a total population of just over 1.68 million people.

contains the least deprived. Therefore, if the profile in Hampshire was on a par with the national distribution of the IMD, then there would be an even split of 10 per cent of LSOAs within each decile. Figure 2.5 shows that Hampshire LSOAs are heavily skewed towards the less deprived areas of England. This is a similar picture to that which can be seen for the whole of the South East Region represented as the line in the chart.

Whilst Hampshire as a whole can be seen in a relatively favourable light in terms of the IMD, Figure 2.6 illustrates that pockets of deprivation do exist. Approximately 40,000 of the Hampshire population live within the 10 per cent most deprived areas of England. It is necessary to look at variation within Hampshire and its constituent districts to highlight the range of circumstances that is evident across local areas within the county. The next section therefore considers the spread of the IMD within each of the local authorities in Hampshire.

As part of the 2007 IMD a composite score and ranking position was given to each of the 354¹⁰ local authority and unitary districts across England. As with LSOAs, **a rank of 1 indicates that the LAD was the most deprived** according to the measure, and a rank of **354 was least deprived**. As well as extracting the ranks for the thirteen LADs, population weighted ranks are provided for Hampshire as a whole and the South East benchmarks.

The local authority level IMD is structured slightly differently to that for LSOAs, with the following components:

Extent: a measure of the proportion of a district's population that lives in the most deprived LSOAs in England.

Local concentration: a measure of the severity of multiple deprivation in each authority, measuring hotspots of deprivation.

Income and Employment Scales: the number of people experiencing income and employment deprivation.

The LAD level IMD ranks for Hampshire districts are set out in Table 2.3. This shows that overall only four districts in Hampshire fall within the more deprived half of the ranking distribution (Southampton, Portsmouth, Havant and Gosport). Most are towards the least deprived end on all counts, with six in the top decile nationally. Only New Forest slips below the mid-point ranking in terms of income and employment, with Basingstoke and Deane also faring less favourably on these components. In contrast, Gosport ranks much more highly on these two than its overall IMD ranking might suggest.

¹⁰ There were 354 English LADs in 2007 prior to local government reorganisation in 2009 when the number was reduced to 326.

Table 2.3: Local authority level summary of IMD ranks

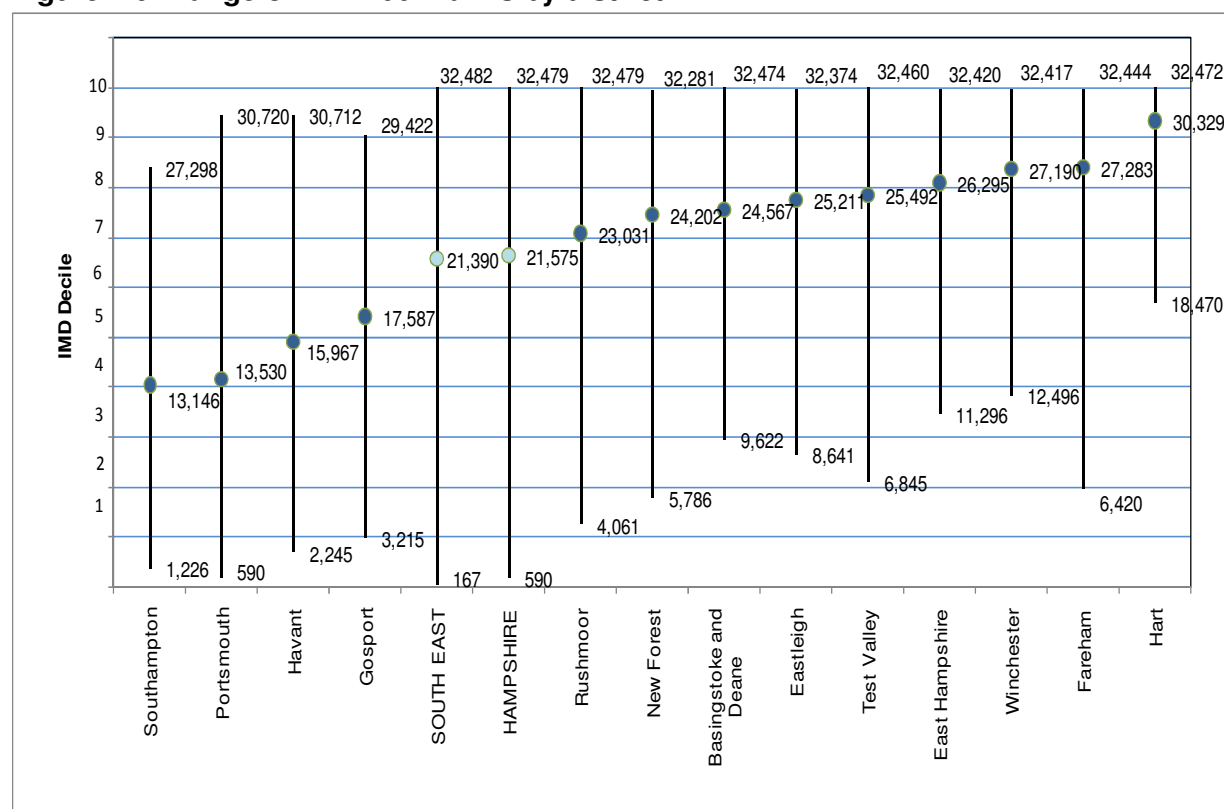
	IMD	Extent	Local Concentration	Income Scale	Employment Scale
Southampton	87	92	114	64	66
Portsmouth	92	105	66	77	82
Havant	142	93	131	132	167
Gosport	168	168	165	260	283
Rushmoor	275	211	230	280	290
New Forest	302	267	289	145	169
Basingstoke and Deane	306	308	278	188	204
Eastleigh	313	289	273	262	253
Test Valley	317	287	300	281	287
East Hampshire	332	309	333	283	292
Fareham	343	276	317	302	288
Winchester	340	309	335	293	296
Hart	354	309	354	344	344
Hampshire	242	220	229	198	207
South East	240	225	232	200	212

Source: Index of Multiple Deprivation 2007

However, these overall LAD indicators appear to mask quite marked local variations within their boundaries. To examine this issue the spread of LSOA rankings for each Hampshire district area was analysed. Figure 2.6 shows the minimum, maximum and population weighted mean rank of LSOAs in each area. The figures for Hampshire as a whole and the South East region are also included. A rank of 1 is assigned to the most deprived LSOA and 32,482 to the least deprived LSOA in England as a whole. The deciles for the IMD ranks are also indicated on the chart by the horizontal lines. Lines which extend below the first decile (1 or below) indicate that there are LSOAs in the District which fall within the 10 per cent most deprived LSOAs in the country. Conversely lines which extend above the 9th decile (9 or above) indicate that there are areas within the district that are within the 10 per cent least deprived LSOAs in the country.

It can be seen that all the local authorities to the right of the Hampshire average line contain some of the least deprived one per cent of LSOAs in England. However the chart also reveals that many districts have at least one LSOA within the most deprived 20 per cent in England: only Basingstoke and Deane, East Hampshire, Hart and Winchester fail to meet this criterion. Equally, all districts except Southampton have one or more LSOA in the least deprived 10 per cent. In other words, there is wide variation within all districts apart from Hart, with severe to moderate deprivation at one end of the scale, and considerable affluence at the other.

Figure 2.6: Range of IMD 2007 ranks by district



Source: Index of Multiple Deprivation 2007

This bears out the fairly wide spread in terms of household incomes that emerged earlier in this chapter, and is further supported by the figures in Table 2.4. There is a concentration of deprivation in four of the Solent Local Economic Partnership districts (Portsmouth, Southampton, Havant and Gosport), with isolated neighbourhoods elsewhere. In addition, even in some of the wealthiest LSOA's there will be small pockets of disadvantaged residents in social housing, privately rented flats or houses in multiple occupation that are invisible to policy makers or researchers but who face very real changes in their circumstances.

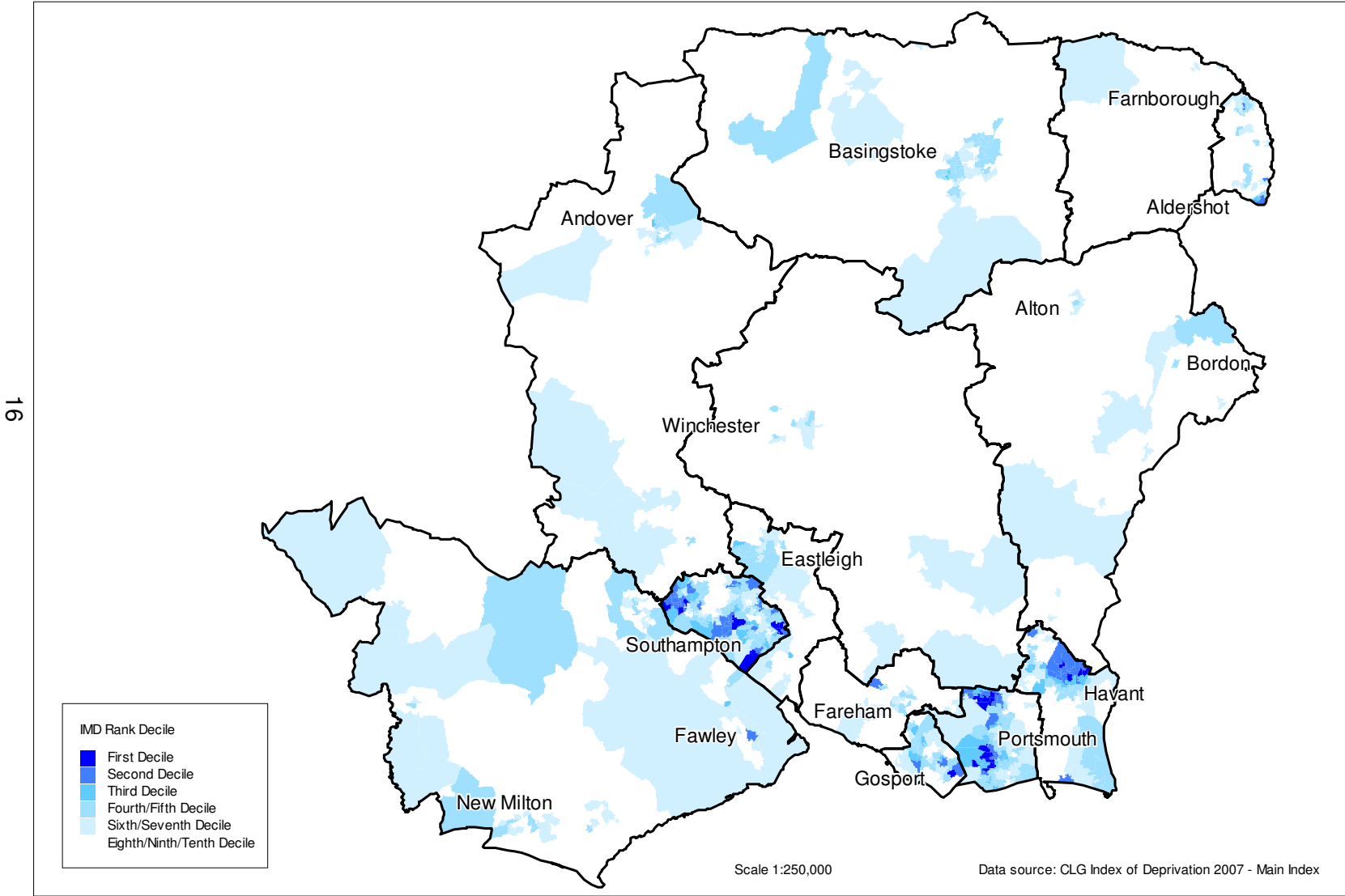
Figure 2.7 shows the geographical distribution across Hampshire of LSOAs falling into national deciles, as measured by the IMD 2007. Again this confirms the heavy concentrations of deprivation in particular parts of Portsmouth, Southampton, Gosport, Havant and Aldershot/Farnborough, with isolated outliers in Basingstoke, Fareham and Fawley. Apart from a scattering of neighbourhoods in the third decile, the rest of the county is characterised by relatively low levels of deprivation. However, since these indices were produced the effects of the recession are likely to have brought about a deterioration in many areas. Our analysis of data on benefits claimants later in this report reveals where this has been the case.

Table 2.4: Percentage of LSOAs in Hampshire districts within 20 per cent most deprived LSOAs in England, IMD 2007

	IMD	Income	Employment	Health & Disability	Education & skills	Barriers to Housing & Services	Crime	Living environment
15								
Southampton	24	19	13	19	36	9	42	31
Havant	23	22	15	5	32	36	17	21
Portsmouth	20	15	10	11	32	7	31	72
Gosport	8	10	4	4	29	8	13	12
Rushmoor	5	5	5	7	14	2	7	0
Fareham	1	1	1	0	3	4	0	1
New Forest	1	4	3	0	4	13	0	0
Eastleigh	0	3	1	0	8	3	0	0
Test Valley	0	1	0	0	9	24	3	0
East Hampshire	0	1	0	0	6	19	0	0
Basingstoke and Deane	0	0	0	0	14	17	12	0
Winchester	0	0	0	0	3	17	0	0
Hart	0	0	0	0	0	8	0	0
Hampshire	8	7	5	5	16	13	13	14
South East	6	7	5	4	11	17	10	9

Source: Index of Multiple Deprivation 2007

Figure 2.7: Index of Deprivation ranks, LSOAs in Hampshire, 2007



Overview of out-of-work benefit claimants

As noted earlier the IMD provides a combined measure of aspects of deprivation across local areas. The public sector spending reductions and welfare reform measures will however fall squarely on one set of the key indicators within the IMD – those receiving out-of-work benefits.

In May 2010, there were 95,240 claimants of working age in receipt of out-of-work benefits in Hampshire. This equates to 8.5 per cent of all working age residents in the county. Out-of-work benefit claimants comprise three main groups, namely those who are:

- unemployed and claiming Jobseeker's Allowance (JSA);
- those who are unable to work due to long-term sickness, disability or injury and claiming 'incapacity benefits' (Incapacity Benefit (IB), Employment and Support Allowance (ESA) or Severe Disablement Allowance (SDA);
- lone parents who are unable to work due to caring responsibilities for young children and claim Income Support (IS).

Table 2.4: Out-of work benefit claimants, 16-64 year olds, 1999-2010

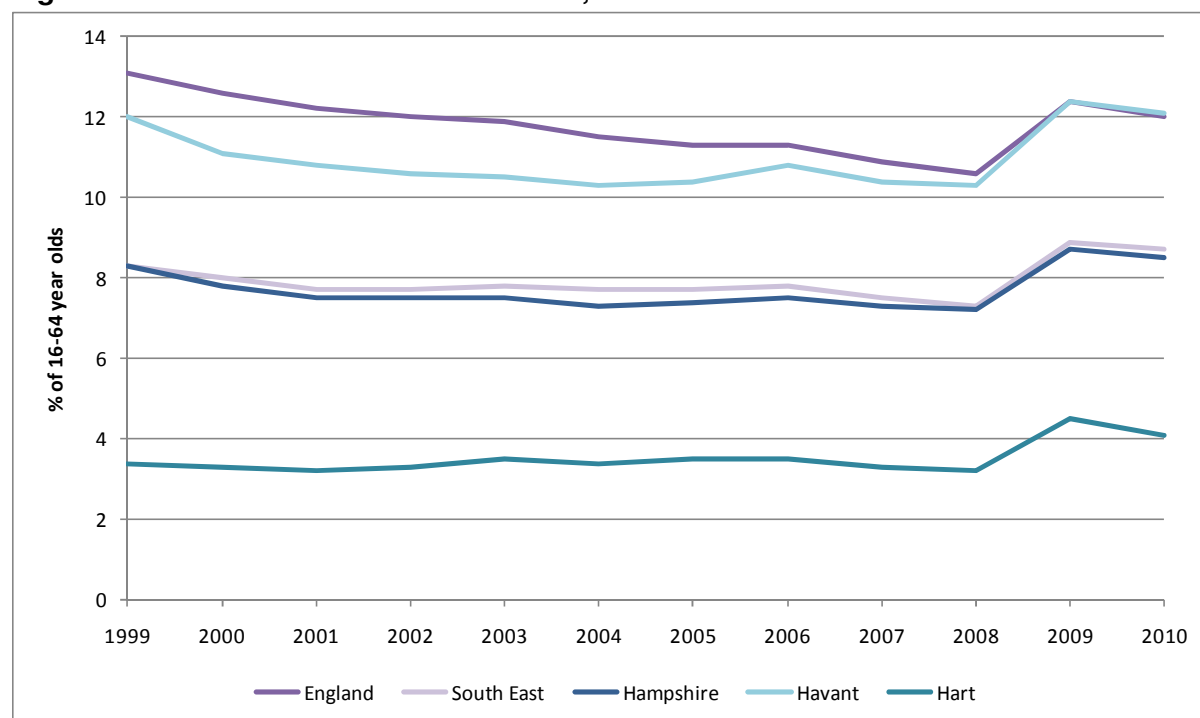
	% of 16-64 year olds			Percentage point Change	
	1999	2008	2010	1999-2010	2008-2010
Havant	12.0	10.3	12.1	0.1	1.8
Portsmouth	12.6	10.3	11.8	-0.8	1.5
Southampton	13.3	10.2	11.4	-1.9	1.2
Gosport	9.5	8.6	10.2	0.7	1.6
Rushmoor	6.5	6.6	8.2	1.7	1.6
New Forest	7.7	6.4	7.5	-0.2	1.1
Basingstoke and Deane	5.9	5.8	7.3	1.4	1.5
Eastleigh	6.6	5.8	7.0	0.4	1.2
Test Valley	5.6	5.4	6.3	0.7	0.9
East Hampshire	5.9	5.1	6.0	0.1	0.9
Fareham	5.8	4.9	6.0	0.2	1.1
Winchester	5.0	4.9	5.5	0.5	0.6
Hart	3.4	3.2	4.1	0.7	0.9
Hampshire	8.3	7.2	8.5	0.2	1.3
South East	8.3	7.3	8.7	0.4	1.4
England	13.1	10.6	12.0	-1.1	1.4

Source: DWP Benefits, NOMIS

The rates for individual local authority areas are shown in Table 2.4. This shows that out of all 13 districts only Havant had a marginally higher out-of-work benefits rate than nationally in 2010. Hampshire as a whole has very similar levels as the South East region and only Gosport, Southampton, Portsmouth and Havant exceeded the regional average. Two other

features stand out from this table. First, although all areas had seen an increase between 2008 and 2010, claimant rates had grown most in those districts that already had higher rates. Second, and by contrast, it was mostly those districts with lower rates at the beginning of the period which by May 2010 had rates higher than in 1999, although they still occupied more or less the same ranking position as before.

Figure 2.8: Out-of-work benefit claimants, 1999-2010



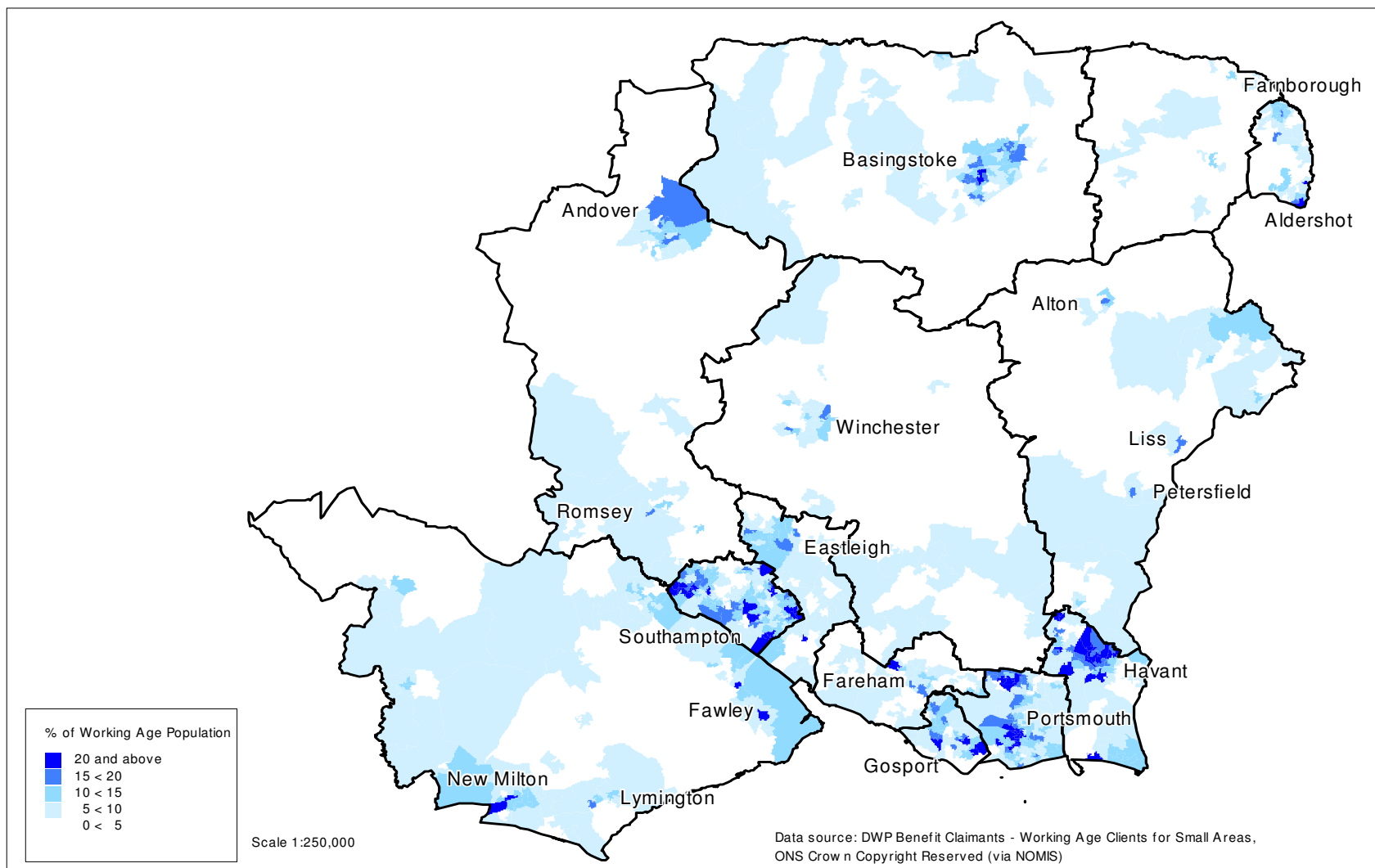
Source: DWP Benefits, NOMIS

Figure 2.8 shows the near identical trajectory of Hampshire and the South East region over time. The two districts with the highest (Havant) and the lowest (Hart) out-of-work benefit rates are also shown to show the range within which all Hampshire districts fall. It is worth noting that Southampton and Portsmouth, which were close to the national average at the beginning of the period, had claimant rates in 2010 which were still lower than in 1999 despite the recession. Havant however, which was also similar to the national average in 1999 had by 2010 crept back up to levels slightly higher than those seen in 1999.

Figure 2.9 highlights local areas with relatively high concentrations of working age people who are on out-of-work benefits. The darkest shaded areas denote those with 15 per cent or more in receipt of such payments - nearly twice the average for Hampshire, and higher than any overall local authority figure. As well as the main urban pockets in South Hampshire and Aldershot/Farnborough, there are also noticeable clusters in Andover and Basingstoke. In addition, there are several smaller pockets in places like Alton, Fawley, Liss, Romsey and Winchester. Many of these localities are highlighted in the detailed small area maps of benefit claimants for each of the thirteen local authority areas in Hampshire that are presented in the Appendix.

•

Figure 2.9: Out-of-work benefits working age claimant rate, LSOAs in Hampshire, May 2010



Tenure

Concentrations of benefit claimants in particular neighbourhoods in Hampshire reflect the absolute numbers of claimants in each district and the location of housing that claimants are able to access. Benefit claimants are not evenly distributed across housing tenures and are far more likely to live in the social rented sector (SRS). Therefore, residential sorting occurs and areas with concentrations of social housing also tend to have concentrations of benefit claimants.

It is however, very difficult to obtain a detailed breakdown of data on benefit claimants by tenure at a local level. The best recent data available is from the 2008/09 Family Resources Survey (FRS). This is a national survey and the lowest level of disaggregation available for some, but not all, variables is by region. The FRS indicates that **nationally 66 per cent of SRS households, 25 per cent of private rented (PRS) households and 10 per cent of owner occupier households receive some form of income-related benefits.**

This indicates that the changes to the benefit system will affect residents across all tenures, but with the brunt of the impact being borne by those living in Council or Housing Association estates and developments in towns and rural areas and also within inner city areas in the main urban areas of the county.

When individual benefit groups are considered nationally, the FRS indicates that 62 per cent of households in the SRS receive HB, 21 per cent receive IS¹¹, 13 per cent receive IB/SDA/ESA and 7 per cent receive JSA. These figures are as a proportion of all households including pensioner households rather than just working age households. In the PRS the relevant figures are lower with 20 per cent receiving HB, 9 per cent receive IS, 3 per cent receive IB or SDA and 4 per cent receive JSA.

Profile of Hampshire: Summary

The analysis of official data presented in this chapter highlights a number of key features of the Hampshire economy:

- Overall Hampshire has remained relatively affluent and has proved to be fairly resilient, so far weathering the economic recession rather better than the wider South East region and England as a whole;
- However, despite high average household incomes many districts have a wide spread across income bands, with all but one containing neighbourhoods where more than a quarter of households are below the official poverty line;
- Approximately 40,000 of the Hampshire population live within the 10 per cent most deprived areas of England, with major concentrations in the urban areas in the south;

¹¹ There may be some blurring between IS and IB/SDA/ESA receipt as non-means tested contributory based IB/SDA/ESA will be counted in the latter group but income related non contributory cases claim IB/SDA/ESA but actually receive IS so will counted within the IS group. See full definition of IB/SDA/ESA in Chapter 3.

- Although those districts with higher out-of-work benefit claimant rates saw faster increases during recent recession years, those with traditionally low rates had seen larger increases since 1999;
- Gosport, Southampton, Portsmouth and Havant consistently had the highest out-of-work benefit claimant rates in Hampshire during this period, and in 2010 their levels all exceeded the regional average;

Although severely deprived neighbourhoods in these districts are likely to be heavily affected by the welfare reforms and expenditure reductions, the impact will be just as keenly felt by more isolated individuals on benefits or in need of support from local services.

3. Incapacity Benefits Claimants

Introduction

Nationally, those on incapacity (or sickness-related) benefits make up the largest group of all working age claimants of out-of-work benefits. These are people who are not in work due to long-term illness or disability. The number on incapacity benefits in Great Britain has increased three-fold over the past twenty five years. In May 2010 there were 2.6 million or 6.3 per cent of, working age people claiming these benefits in Britain. Of these 2.1 million were in England, accounting for just over half of all the 4 million working age people in England claiming any out-of-work benefit.

The numbers on incapacity benefits nationally have remained persistently high even through the period of sustained economic prosperity preceding the recession. As employment went up and unemployment went down, the numbers on incapacity benefits remained stubbornly high.

Those claiming incapacity benefits are actually made up of four groups:

- **Incapacity Benefit (IB)** recipients. These men and women make up around 40 per cent of the total. To qualify for IB an individual does not have to be incapable of all work in all circumstances. Rather, they must have scored sufficiently highly on a 'Personal Capability Assessment' to be not required to look for work as a condition of benefit receipt. Incapacity Benefit is not means-tested except for a small number of post-2001 claimants with significant pension income. IB was closed to new claimants in October 2008.
- Incapacity claimants who fail to qualify for Incapacity Benefit itself because they have insufficient National Insurance credits. These men and women are counted as IB claimants but in most cases these **IB credits only claimants**, as they are termed, actually receive means-tested Income Support, usually with a disability premium. They account for a further 30 per cent of the total, with a higher proportion of them being women than men.
- **Severe Disablement Allowance (SDA)** recipients. SDA is paid to pre-2001 claimants with a high level of disability and a poor NI contributions record. They account for 10 per cent of the total. SDA is closed to new claimants.
- **Employment and Support Allowance (ESA)** recipients. This new benefit was introduced by the Labour government in October 2008 for new claimants and is subject to a new tougher medical assessment called the 'Work Capability Assessment' (WCA) and currently accounts for about 20 per cent of all claimants.

A key characteristic of incapacity benefits is that claimants are not evenly distributed across the country. There is a distinct and recognised geography. High rates can be found in the weaker labour markets of older industrial Britain and many seaside towns. Consistently **low rates** of incapacity benefit claimants have existed across large swathes of Southern England with more buoyant labour markets.

This scale and the associated cost of incapacity benefits nationally has meant that it has been the focus of welfare reform for both the previous and the current governments. The current initiatives to reduce the numbers of incapacity benefits claimants announced in the Emergency Budget, the Comprehensive Spending Review and the new Welfare Reform White Paper¹² are discussed in this chapter. In the main they represent a continuation and a "ramping up" of the welfare reform measures already introduced by the previous government¹³. The move towards restricting entitlement to incapacity benefits, increasing conditionality, discussion of 'rights and responsibilities' and moving those on inactive benefits towards job-activation programmes was already well underway, not least with the introduction of ESA in October 2008 as a replacement for IB for new claimants.

The impacts of on-going reform of entitlement to incapacity benefits will not be restricted to areas with high numbers of incapacity benefits claimants. The restrictions on entitlement will affect claimants **everywhere**. With many areas within Hampshire already running at almost full employment and where currently relatively low levels of incapacity benefit claimants exist, the consequences for individuals who could lose entitlement may be drastic. This is likely to affect people with relatively severe health problems who are not easily drawn into the labour market even in areas where a strong demand for labour exists.

Summary of proposed welfare reforms

A key theme of the Emergency Budget was the proposition that fundamental welfare reform was needed not only to reduce welfare expenditure, but also that a greater 'fairness' for all was needed. The Government states that the principles underpinning a greater sense of 'fairness' would be to ensure work always pays and is seen to pay, greater conditionality, greater sanctions, reductions in eligibility to benefits and a cap on the maximum amount of benefits a household can receive. In addition, it is proposed that the currently complex system of a myriad of different benefit payments is simplified into one single payment called the Universal Credit (UC). It is hoped that this will reduce levels of fraud, administration costs and help individuals see that they are better off in work:

'Fairness and reform at the heart of Budget settlement. In keeping with the commitment to fairness and reform, the Department today confirmed the details of its emergency budget settlement based around the key

¹² DWP (2010) Universal Credit: welfare that works. TSO: London <http://www.dwp.gov.uk/docs/universal-credit-full-document.pdf>

¹³ Welfare Reform Act 2007, <http://www.legislation.gov.uk/ukpga/2007/5>

Freud, D. (2007) Reducing dependency, increasing opportunity: options for the future of welfare to work. DWP, Corporate Document Services: Leeds. <http://www.dwp.gov.uk/docs/welfare-review.pdf>

Gregg, P. (2008) Realising Potential: A Vision for Personalised Conditionality and Support. TSO: London. <http://www.dwp.gov.uk/docs/realisingpotential.pdf>

DWP (2008a) No one written off: reforming welfare to reward responsibility. DWP: London. <http://www.dwp.gov.uk/docs/noonewrittenoff-complete.pdf>

DWP (2008b) Raising expectations and increasing support: reforming welfare for the future. TSO: London. <http://www.dwp.gov.uk/docs/fullversion.pdf>

principles of: protecting the most vulnerable, ensuring the best value for the taxpayer, reforming the welfare and benefits system, creating real incentives to make work pay. At its heart, is the commitment to help and support the poorest and most vulnerable in society, whilst making almost £5 billion worth of savings for the taxpayer by 2014-15.'

DWP Press release for the Emergency Budget 22 June 2010

In reality, the June 2010 Budget provided limited details in relation to specific reforms to the benefits system, other than those related to lone parents, Housing Benefit (HB) and Local Housing Allowance (LHA) and a proposal to introduce an objective medical assessment for Disability Living Allowance (DLA) from 2013 which will reduce eligibility to this benefit (DLA is available to those both in and out of work with disabilities).

Details of the proposed changes in relation to incapacity benefits emerged in the October 2010 Comprehensive Spending Review and the November 2010 DWP White Paper on welfare reform. The Welfare Reform Bill 2011 to legislate these changes was introduced to parliament on 16th February 2011¹⁴.

Three key elements of reform are considered here. Firstly, there is the continuation of the plan to **move all existing IB claimants on to ESA**. Secondly, whilst IB/ESA is not currently means tested for those with sufficient National Insurance contributions to receive the benefit, **future entitlement will be restricted to a year** on the basis of contributions. Thirdly, there will be a longer term integration of all out-of-work benefits including non-contributory ESA into the single **Universal Credit (UC)**. The following sections take each of these key changes in turn.

Transfer of IB and SDA claimants onto ESA

Moving all existing IB claimants onto ESA has been proposed since the previous government's 2008 DWP White Paper on welfare reform:

'ESA will be introduced in October 2008. We will now take forward our plans to move existing IB claimants onto ESA. Between 2009 and 2013, all incapacity benefits claimants will be reassessed using a medical assessment called the Work Capability Assessment (WCA). Some will no longer qualify for incapacity benefits and will be able, instead, to claim JSA and receive active back-to-work support through that regime'¹⁵. (DWP 2008b)

Reassessment remains a key priority for the current Government¹⁶. The process started gradually from 1 October 2010, with full national implementation from April 2011 and a planned completion date by the end of March 2014. There will also be impacts arising from

¹⁴ <http://services.parliament.uk/bills/2010-11/welfarereform.html>

¹⁵ Those who qualify for ESA are placed either in the Work Related Activity Group or the Support Group. For those in the Work Related Activity Group it is assumed with the right help and support they can start the journey back to work and will be expected to engage with a personalised programme of back-to-work support; those in the Support Group are expected to have a limited capability for work-related activity but will be able to participate in this programme on a voluntary basis.

¹⁶ Source Hansard 25 Jan 2011 : Column 6WS; <http://www.disabilityalliance.org/ibmigrate.htm>

this transfer from IB to ESA linked to individuals with Housing Benefit claims. This was legislated for in March 2010¹⁷.

The transfer will mean that all the existing IB/SDA claimants will have to go through the tougher WCA to continue their entitlement. The WCA is based on the principle that a health condition or disability should not automatically be regarded as a barrier to work. By May 2010 **39 per cent of all new ESA claimants going through a WCA were found fit for work**¹⁸. However, the Government is committed to a yearly independent review of the WCA. The first of these reported that *'the WCA is not working as well as it should'*¹⁹. The impact assessment of the changes in the WCA about to be implemented as a consequence of this review in fact means that the proportion of **ESA claimants going through a WCA likely to be found fit for work will rise to 44 per cent of claimants**²⁰.

Ultimately many IB/SDA claimants are likely to fail to meet the new more stringent requirements and thus be found fit for work. The initial Department of Work and Pensions assessment released in February 2011²¹ of the impact of this transfer process confirms that this has been the case in the initial pilot areas:

- 30 per cent of IB claimants going through a WCA via the transfer process were found fit for work;
- 39 per cent were moved onto ESA, but were allocated to the Work Related Activity Group;
- 31 per cent of claimants were moved from IB to the ESA Support Group.

The Government estimate that for those claimants found fit for work (see footnote 20):

- 50 per cent will move onto JSA;
- 20 per cent will move onto another benefit (e.g. Income Support, Carers Allowance);
- 30 per cent will move off benefits.

The impact that this process may have on the numbers of IB claimants will be considered in full later in this chapter after the current scale of incapacity benefits claimants across Hampshire has been considered.

ESA time limited to one year

It is important which group ESA claimants are allocated to. Originally this was a way of determining the level of conditionality attached to the claim. For those in the Support Group there were no conditions on receipt of benefit. The illness or disability was categorised as having a severe effect on a claimant's ability to work and he or she was therefore not

¹⁷ 2010 Statutory Instrument No 875: The Employment and Support Allowance (Transitional Provisions, Housing Benefit and Council Tax Benefit) (Existing Awards) Regulations 2010.
<http://www.legislation.gov.uk/ukxi/2010/875/introduction/made>

¹⁸ http://research.dwp.gov.uk/asd/workingage/index.php?page=esa_wca

¹⁹ Harrington, M. (2010) An Independent Review of the Work Capability Assessment. London: TSO.

²⁰ <http://www.dwp.gov.uk/policy/welfare-reform/employment-and-support/wca-independent-review>

²¹ <http://www.dwp.gov.uk/docs/wca-ia-eia.pdf>

²¹ <http://www.dwp.gov.uk/newsroom/press-releases/2011/feb-2011/dwp019-11.shtml>

expected to take part in any work. For those in the Work Related Activity Group there is an expectation to take part in activities designed to support individuals to prepare for suitable work²².

However, one of the key changes announced in the Spending Review was that from April 2012 for those in the **Contributory ESA Work Related Activity Group entitlement would be time limited to one year**. After a year, those people who have no other means of supporting themselves may qualify for income-related benefits. Therefore, at this point means testing is introduced, unlike the current IB or ESA regime. If claimants have other sources of income, such as a partner in work or savings over £16,000, they will no longer be eligible for benefit. Of those affected by time limiting contributory ESA, an estimated **60 per cent will be able to claim income-related ESA**²³. Anyone receiving income-related ESA regardless of which group to which they are assigned will not be time-limited as they already only receive the benefit if they meet the requirements of means testing. From 2013 onwards income-related ESA for new claimants will cease to exist and will become part of the UC. Gradually all existing income-related ESA claims will be transferred over to UC.

Those in the **Support Group will not have their Contributory ESA time limited**. It should be noted however that only a small minority of new ESA claimants (6.4 per cent) are allocated to the Support Group, potentially rising to 6.9 per cent as the new WCA is introduced²⁴. The current rate amongst IB claimants transferred to ESA as part of the pilot transfer process is considerably higher at 31 per cent.

Again the impact of these changes will be considered in relation to the claimants of IB, SDA and ESA claimants in Hampshire later in this chapter.

Universal Credit

The Government set out the proposed changes to the Welfare system and the introduction of the new single payment system of Universal Credit (UC) in its Welfare Reform Bill in January 2011. The first individuals are expected to enter the new UC system in 2013, followed by the gradual closure of existing benefits and Tax Credits claims to complete the transfer to the new system. It is proposed that all claimants (except contribution based ESA and JSA claimants) will be moved over to the new system over a four year period.

'Universal Credit is an integrated working-age credit that will provide a basic allowance with additional elements for children, disability, housing and caring. It will support people both in and out of work, replacing Working Tax Credit, Child Tax Credit, Housing Benefit, Income Support, income-based Jobseeker's Allowance and income-related Employment and Support Allowance.' **DWP (2010)**

²² Includes work focused interviews with a specially trained personal adviser and services including employment, training and condition management support, to help manage and cope with your illness or disability at work.

²³ <http://www.dwp.gov.uk/adviser/updates/spending-review-2010/#t>

²⁴ This is as a % of new claims some of which withdraw their claim before the assessment process is complete. If taken as % of completed assessments the figure rises to approximately 10% of claims to the Support Group. http://research.dwp.gov.uk/asd/workingage/esa_wca/esa_wca_27072010.pdf

UC also aims to improve work incentives by allowing individuals to keep more of their income as they move into work. However there will be winners and losers under the new system:

“Around 2.7m households will be entitled to higher entitlements under Universal Credit. The increase in benefit payments will generate welfare gains to households, with 85% of the gains going to households in the bottom two quintiles of the income distribution.

Around 1.7m households will have lower entitlements under Universal Credit. However it is important to recognise that transitional protection will ensure there are no cash losers at the point of change.” DWP (2011a)²⁵

The Government estimates that the introduction of UC will lead to a reduction in the number of workless households by around 300,000 within two to three years of implementation. In the main this reduction will be brought about by more workless people engaging in part-time work. The improved financial incentives to move into work will be **reinforced** by the Work Programme and the completion of the transfer of Incapacity Benefit recipients to the Employment and Support Allowance (DWP 2010 p 59).

Incapacity benefits claimants in Hampshire

Table 3.1 shows that there were just over 50,000 incapacity benefits claimants in Hampshire in May 2010, equivalent to 4.5 per cent of all working age residents. This includes claimants of IB, SDA and ESA. However, there is substantial variation across the 13 districts, with almost three times the rate in Havant as there is in Hart. The position of the districts relative to all 326 districts in England can be seen in the third column of the table. Hart has the third lowest rate of incapacity benefits of any district in England and, with Fareham and Winchester, falls within the 10 per cent of districts with the lowest rates in the country. Even Havant which has the highest rate of any Hampshire district is only just within the top 40 per cent of districts with the highest incapacity benefits rates in the country. A population weighted average rank for Hampshire as a whole places it amongst the lowest third of districts in the country.

Table 3.2 shows incapacity benefits claimant rates for Hampshire over time. As seen with the out-of-work benefits rate earlier, the picture in Hampshire is very similar to that in the South East region. Since 1999 there has been a small increase in incapacity benefits claimants in Hampshire. Although this is contrary to the national trend which has seen a decline over the same period, this is actually similar to areas which traditionally already had lower prevailing rates. Every Hampshire district has also seen an increase in claimants since the recession.

²⁵ DWP (2011a) Impact Assessment for Universal Credit
<http://www.dwp.gov.uk/docs/universal-credit-wr2011-ia.pdf>

Table 3.1: Incapacity benefits claimants, Hampshire, May 2010

	incapacity benefits claimants		
	number	rate	rank
Havant	4,520	6.4	126
Southampton	10,020	6.0	140
Portsmouth	8,120	5.7	155
Gosport	2,790	5.4	173
New Forest	4,690	4.5	220
Rushmoor	2,580	4.2	244
Eastleigh	2,980	3.8	264
Basingstoke and Deane	3,980	3.7	273
Test Valley	2,540	3.6	284
East Hampshire	2,400	3.5	290
Fareham	2,330	3.3	294
Winchester	2,350	3.3	299
Hart	1,290	2.2	324
Hampshire	50,590	4.5	225

Source DWP Working Age Benefits, NOMIS

Note: Includes IB, SDA and ESA

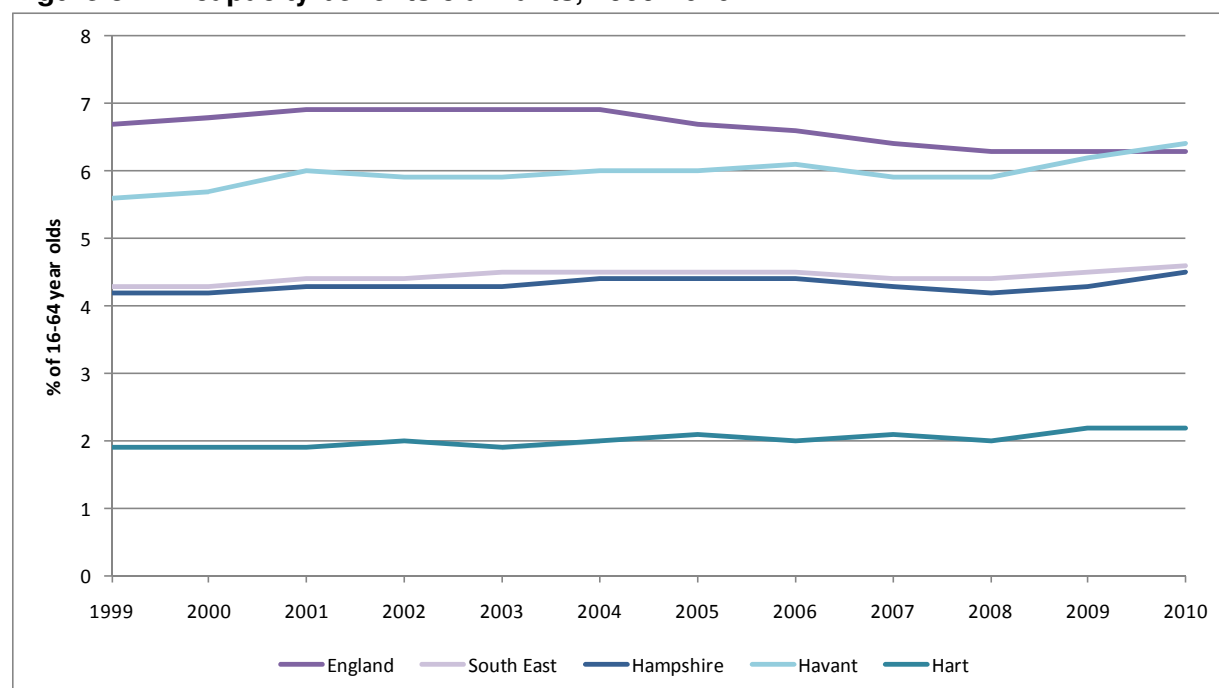
Table 3.2: Incapacity benefits claimants, 1999-2010

	% of 16-64 year olds			Percentage point Change	
	1999	2008	2010	1999-2010	2008-2010
Havant	5.6	5.9	6.4	0.8	0.5
Southampton	6.1	5.7	6.0	-0.1	0.3
Portsmouth	5.8	5.5	5.7	-0.1	0.2
Gosport	4.2	5.2	5.4	1.2	0.2
New Forest	4.3	4.2	4.5	0.2	0.3
Rushmoor	3.4	3.8	4.2	0.8	0.4
Eastleigh	3.7	3.6	3.8	0.1	0.2
Basingstoke and Deane	3.3	3.4	3.7	0.4	0.3
Test Valley	3.2	3.4	3.6	0.4	0.2
East Hampshire	3.2	3.3	3.5	0.3	0.2
Fareham	3.2	3.1	3.4	0.2	0.3
Winchester	2.8	3.2	3.3	0.5	0.1
Hart	1.9	2.0	2.2	0.3	0.2
Hampshire	4.2	4.2	4.5	0.3	0.3
South East	4.3	4.4	4.6	0.3	0.2
England	6.7	6.3	6.3	-0.4	0.0

Source: DWP Working Age Benefits, NOMIS

Note: Includes IB, SDA and ESA

Figure 3.1: Incapacity benefits claimants, 1999-2010



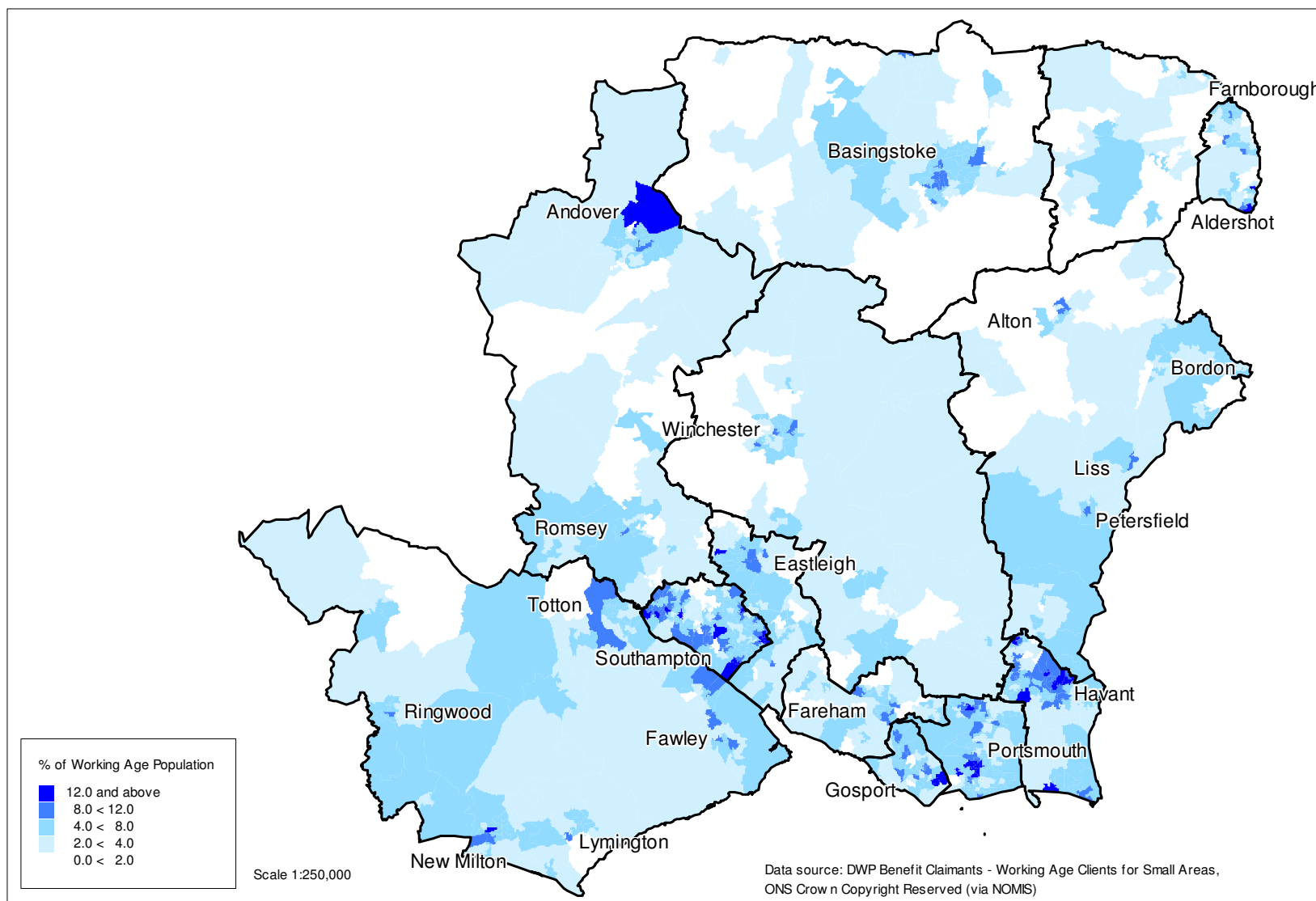
Source: DWP Working Age Benefits, NOMIS

Note: Includes IB, SDA and ESA

Figure 3.1 shows again a near identical trajectory of Hampshire and the South East region over time. The two districts with the highest (Havant) and the lowest (Hart) incapacity benefits rates show the range within which all Hampshire districts fall. Havant is the only Hampshire district to rise above the national average for the first time by 2010.

Figure 3.2 shows the location of the main concentrations of IB/ESA claimants across Hampshire. The darker shades pick out those LSOAs with 8 per cent or more of their working age populations receiving these benefits - this equates to nearly twice the figure for Hampshire as a whole, as well as being well above both the England average and the highest overall local authority figure. The map shows that pockets containing relatively high proportions are rather more widely spread than for working age benefits as a whole. Thus, as well as all the areas identified in Chapter 2, there are similar neighbourhoods in places like Lymington, Ringwood and Totton.

Figure 3.2: Incapacity benefits working age claimant rate, LSOAs in Hampshire, May 2010



Characteristics of incapacity benefits claimants in Hampshire

The reduction in eligibility to incapacity benefits as a consequence of welfare reform will fall upon a group of people with particular characteristics. Table 3.3 shows that the claimants across Hampshire districts are quite similar to those in the South East and England as a whole. Claimants tend to be skewed to the older age groups with at least a quarter aged over 55 in all districts. Only around one in ten claimants has dependent children. Claimants have also had a substantial period detached from the workforce with more than half the claimants in all the districts being on incapacity benefits for over five years. The final point worth noting is that there tend to be slightly more male than female claimants. In the main this reflects the older retirement age amongst men which is currently 65. The majority of women however move off working age benefits and over to state pension at the age of 60.

Before the introduction of ESA in 2008 there was no administrative data available on the ethnicity of incapacity benefits claimants. However, new data available for ESA claimants indicate that black and minority ethnic (BME) claimants make up a relatively small proportion of all ESA claimants: 4 per cent stated their ethnic group was non-white, compared to 6 per cent of the population in Hampshire as a whole²⁶.

Table 3.3: Characteristics of incapacity benefits claimants, May 2010

	% of 16-64 year old IB/ESA claimants			
	Duration 5+ years	Aged 55+	at least one dependent child	male
Eastleigh	58	29	10	54
East Hampshire	58	26	10	55
New Forest	58	29	11	57
Havant	58	26	12	57
Fareham	58	29	9	55
Test Valley	56	28	11	55
Southampton	56	25	13	59
Winchester	55	25	8	60
Gosport	54	25	13	56
Portsmouth	54	25	12	59
Basingstoke and Deane	54	24	11	53
Hart	53	26	10	53
Rushmoor	52	24	10	54
Hampshire	56	26	11	55
South East	57	27	11	57
England	60	28	12	58

Source: DWP Working Age Benefits, NOMIS

Note: Dependent children are those aged under 16, together with those aged 16 to 18 still in full-time education, for whom additional benefit is paid.

²⁶ 2007 ONS Mid-year population estimates by ethnic group

The fact that claimants tend to be older, in poor health and have been detached from the workforce for a substantial period of time indicates that for many re-entry to the labour market is likely to be difficult. This is backed up by factors highlighted in a survey of over 3,600 IB claimants²⁷. This data highlights consistently poor levels of qualifications, ill health and limited aspirations to work amongst IB claimants across a variety of locations in England:

- 60 per cent of women and 59 per cent of men have no formal qualifications;
- 79 per cent of women and 85 per cent of men previously held manual jobs;
- 40 per cent of women and 41 per cent of men have not had a regular job for more than 10 years;
- 70 per cent of women and 72 per cent of men lost their last job due to ill health or injury;
- 80 per cent of men and women say they can't do any work or have a lot of limitation on what they can do;
- 52 per cent of women and 50 per cent of men think their health will get worse;
- only 29 per cent of women and 31 per cent of men would like a job now or further into the future.

Given these characteristics, many claimants who may lose eligibility to incapacity benefits in Hampshire, the chances of returning to work may be limited even in an area of the country with a buoyant labour market.

Impact of welfare reforms on incapacity benefits claimants in Hampshire

As detailed earlier in this chapter the three main changes which will impact on incapacity benefits claimants in Hampshire are:

- transfer of existing IB/SDA claimants to ESA via the new Work Capability Assessment;
- time limiting contribution based ESA to one year;
- all non-contributory ESA claims to move over to the new UC.

The first stage in the calculations is to consider the distribution of benefit claimants across different types of incapacity benefits. Table 3.4 indicates that more than three quarters of claimants in Hampshire are on IB, IB credits only or SDA rather than ESA. This group will be transferred over to ESA by 2014. If the assumptions in the Government impact assessments hold true then:

- 30 per cent of claimants will be found **fit for work**;

²⁷ Beatty, C., Fothergill, S., Houston, D., Powell, R. and Sissons, P. (2009) Women on Incapacity Benefit. Sheffield Hallam University: Sheffield.
<http://www.shu.ac.uk/assets/pdf/cresr-women-on-IB.pdf>

- in Hampshire as a whole this equates to **11,870 claimants no longer eligible for incapacity benefits.**

The Government estimates that of those found fit for work and no longer entitled to incapacity benefits:

- 50 per cent will move onto JSA and be subject to the increased conditionality and job activation measures which are part of JSA;
- another 20 per cent will be entitled to other benefits such as Income Support or Carers Allowance;
- 30 per cent or **3,560 claimants in Hampshire will no longer be eligible for any benefits** under these changes.

Table 3.4: Incapacity benefits claimants by type of benefit, Hampshire, May 2010

	% of all incapacity benefits claimants				Total claimants May 2010	
	IB	IB Credits Only	SDA	ESA	Number	% of 16-64 year olds
Havant	39	30	11	20	4,520	6.4
Southampton	35	34	8	22	10,020	6.0
Portsmouth	34	35	8	23	8,120	5.7
Gosport	42	26	9	23	2,790	5.4
New Forest	44	23	13	20	4,690	4.5
Rushmoor	39	27	9	25	2,580	4.2
Eastleigh	44	22	13	21	2,980	3.8
Basingstoke and Deane	42	24	11	22	3,980	3.7
Test Valley	43	21	13	22	2,540	3.6
East Hampshire	41	24	17	19	2,400	3.5
Fareham	45	20	14	21	2,330	3.4
Winchester	40	26	13	21	2,350	3.3
Hart	42	22	13	23	1,290	2.2
Hampshire	39	28	11	22	50,590	4.5
South East	39	29	11	21	248,810	4.6
England	41	31	9	19	2,133,950	6.3

Source: DWP IB/SDA Benefits, DWP Working Age Benefits NOMIS

Of those claimants who make it through the WCA during the transfer process an estimated 31 per cent, equivalent to 12,270 claimants, will be moved from IB to the ESA Support Group. This group will not have their ESA claim time limited and it will be optional if they wish to take part in activities to prepare for work.

The remaining 15,440 claimants (39 per cent of IB/SDA claimants) who make it through the WCA but are placed in the Work Related Activity Group (WRAG) will have their claim time

limited to one year if originally on contributory based IB. There is virtually a 50:50 split of those on contribution based IB and those on means tested IB Credits only or SDA therefore:

- 50 per cent of the WRAG or a further **7,720 contribution based claimants will lose entitlement to ESA after a year;**
- of those affected by time limiting contributory ESA, an estimated 60 per cent will be able to claim income related ESA or UC: therefore, a further **3,100 claimants in Hampshire would no longer be eligible for any benefits** under this change.

Of the 22 per cent of incapacity benefits claimants in Hampshire already on ESA then those on contribution based ESA and in the WRAG will also have their entitlement limited to a year:

- figures for the South East region show 36 per cent of all ESA claims are contribution based;
- the breakdown of successful claims also shows that 73 per cent of claims are allocated to WRAG;
- these proportions appear to be similar across regions, so assuming the same pattern applies in Hampshire then **2,890 Contribution based ESA claimants will lose their entitlement after a year;**
- of those affected by time limiting contributory ESA, an estimated 60 per cent will be able to claim income-related ESA or UC: therefore, a further **1,160 claimants in Hampshire would no longer be eligible for any benefits** under this change.

In summary, the impact of the transfer of IB/SDA claimants to ESA and time limiting Contribution based ESA to one year is likely to mean that an estimated **15 per cent or 7,820 of all the current 50,590 incapacity related benefits claimants in Hampshire will eventually lose entitlement to any benefits.**

Given what we know about existing incapacity benefits claimants, it is likely that slightly more men than women will be moved off benefits. Whilst little is known about the ethnicity of claimants, evidence suggests it is unlikely to have a disproportionate effect on BME claimants. The impact is likely to be greater among older age groups and less amongst those with dependent children.

Those claimants with the most severe health problems will be protected by being allocated to the Support Group. However, all those moved off of incapacity benefits will still have substantial and long-term health problems. The characteristics of existing incapacity benefits claimants indicate that those moved off benefits are likely to be individuals who face multiple disadvantage in the labour market. The majority will have no formal qualifications and will have been detached from the workforce for substantial periods of time.

The impact of the introduction of UC on incapacity benefits claimants is more difficult to ascertain at this present time. Information released so far relates to working age claimants as a whole, including those on JSA and Income Support for lone parents as well as ESA.

The Government impact assessment for UC²⁸ estimates that 34 per cent of households will have higher entitlement under UC, 45 per cent will see no change and 21 per cent will have a lower entitlement. They also estimate that the majority of those in the no change group are likely to be workless households and so ESA claimants are more likely to fall into this group.

There is also the issue of a household benefits cap²⁹ which will be introduced in April 2013 alongside the introduction of UC. This will set a household limit on all welfare payments (including Housing Benefit but excluding Working Tax Credit and Disability Living Allowance) at £500 per week or £26,000 per annum for couple or lone parent households, and £350 per week or £18,200 per annum for single person households. This benefits cap will therefore apply to those in the income based ESA group. The implications of the household benefits cap will be discussed further in Chapter 6 on Housing Benefit reform.

One element of the introduction of UC which may be beneficial to ESA claimants is the increased incentive to take part-time work. The UC hopes to ensure that any work pays and, in particular, work of only a few hours as people generally will keep a higher proportion of their earnings than previously. For many people with health problems part-time work is a far more viable prospect than returning to full-time work. Previously there was very little incentive to do so.

Incapacity Benefits Claimants in Hampshire: Summary

For those on 'inactive' benefits such as IB, SDA or ESA the on-going reforms and future introduction of UC represent a radical change and are likely to see claimants either moved to other 'active' benefits or to lose entitlement to benefit entirely.

For those on Incapacity Benefit or Severe Disablement Allowance the transfer to Employment and Support Allowance is likely to lead to:

- 30 per cent of claimants being found **fit for work**;
- in Hampshire as a whole this equates to **11,870 claimants no longer eligible for sickness related benefits**;
- of these 70 per cent will be able to move onto other benefits and for most increased conditionality will apply;
- 30 per cent or **3,560 claimants in Hampshire will no longer be eligible for any benefits** under these changes.

Time-limiting Contribution Based ESA to a year will mean that large numbers of claimants on sickness related benefits will lose entitlement to any benefit as a consequence of means testing:

²⁸ DWP (2011a) Impact Assessment for Universal Credit
<http://www.dwp.gov.uk/docs/universal-credit-wr2011-ia.pdf>

²⁹ DWP (2011b) Impact assessment for the Household Benefit Cap
<http://www.dwp.gov.uk/docs/household-benefit-cap-wr2011-ia.pdf>

- of those IB/SDA claimants in Hampshire migrated over to contribution based ESA and placed in the Work Related Activity Group, an estimated **7,720 claimants will lose entitlement to Contribution Based ESA after a year;**
- of these, an estimated 60 per cent will be able to claim income-related ESA or UC, but **3,100 claimants in Hampshire are unlikely to be able to claim any benefits;**
- of those already on Contribution Based ESA, **2,890 claimants will lose their entitlement after a year;**
- of these, 60 per cent will be able to claim income-related ESA or UC, but **1,160 claimants in Hampshire would no longer be eligible for any benefits.**

In summary, the impact of the transfer of IB/SDA claimants to ESA and time limiting Contribution based ESA to one year are likely to mean that an estimated **7,820 claimants, equivalent to 15 per cent of the current 50,590 incapacity benefits claimants in Hampshire, will eventually lose entitlement to any benefits.**

4. Jobseeker's Allowance Claimants

Introduction

Currently, Jobseeker's Allowance (JSA) is the working age benefit available to the unemployed. To receive the benefit individuals must be unemployed, actively looking for work and available to start work. The benefit is conditional on claimants signing on at the Jobcentre every two weeks, attending work-focused interviews, agreeing to undertake job search and taking other appropriate steps towards finding work.

An individual is entitled to non-means tested contribution-based JSA for six months if they lose their job and have paid enough National Insurance contributions. After six months continued access to income-based JSA is dependent on having no other means of financial support. For those without enough NI contributions JSA is available on a means tested basis.

The key change to JSA will be that whilst contribution-based JSA will continue, income-based JSA will become part of the new Universal Credit (UC). Most of the changes introduced via UC have already been touched upon earlier in this report: increased conditionality and sanctions, a single payment system for benefits, a household benefits cap and greater incentives to enter work or work more hours by being able to keep more of your earnings. UC will replace all working age means-tested benefits including income-based JSA, income-related ESA, Working Tax Credit, Child Tax Credit, Housing Benefit and Income Support. Ultimately all people on these benefits and not in work will be expected to actively seek work. This is similar to the level of conditionality already expected of JSA claimants.

The Government estimates that 34 per cent of all benefit claimants³⁰, or 2.7 million households, will have more entitlement under UC. Most of the money will also go to households in the lowest two quintiles of the income distribution. However, in general, improvements in entitlement are relatively small. Greatest increases will be seen for couples with children, who will gain an average of around £4.40 per week (around 0.5 per cent of their net income). Lone parents will gain around £2 per week on average (nearly 0.5 per cent of their net income). Households without children see the lowest gains both in cash and percentage terms³¹. There are also losers under the new system with 21 per cent of households claiming benefits (1.7 million) receiving a lower entitlement on UC than currently. The Government has announced that these households will be cash protected at the point of transition to UC, so that no existing claimants will be worse off in the short term.

³⁰ This includes all groups within UC: JSA, IB/SDA/ESA, IS, Tax Credits

³¹ DWP (2011a) Impact Assessment for Universal Credit
<http://www.dwp.gov.uk/docs/universal-credit-wr2011-ia.pdf>

Originally the 2010 Emergency Budget and Spending Review announced that those on JSA for more than a year would have their Housing Benefit reduced by 10 per cent. This reform was dropped at the last minute when the final Welfare Reform Bill 2011 was introduced to Parliament on 16th February 2011. This is a notable change to original plans, as it would have led to large numbers of claimants on income-based UC eventually having their HB reduced if it had been introduced.

JSA claimants in Hampshire

There were just over 25,000 JSA claimants in Hampshire in May 2010, equivalent to 2.3 per cent of the working age population. This is half the number of incapacity benefit claimants in Hampshire, as identified in the previous chapter. Although there is some variation across districts, all areas have relatively low rates with just over two percentage points difference between the highest and lowest unemployment rates, in Portsmouth and Hart respectively.

The position of the districts relative to all 326 districts in England can be seen in the third column of the table. The ranking for Hampshire as a whole is based on a population weighted average of the ranks for each district. The five districts in the bottom part of the table between Fareham and Hart are all in the 10 per cent of districts with the **lowest** claimant unemployment rates in the country.

Table 4.1: JSA claimants, Hampshire, May 2010

	JSA Claimants		
	number	rate	rank
Portsmouth	4,880	3.4	111
Southampton	5,130	3.1	137
Havant	2,170	3.1	138
Gosport	1,290	2.5	187
Rushmoor	1,450	2.4	201
Basingstoke and Deane	2,390	2.2	218
Eastleigh	1,450	1.9	256
New Forest	1,720	1.7	281
Fareham	1,080	1.5	293
Test Valley	1,070	1.5	301
East Hampshire	1,020	1.5	305
Winchester	940	1.3	317
Hart	720	1.2	320
Hampshire	25,320	2.3	220

Source: DWP Working Age Benefits, NOMIS

Table 4.2 shows JSA claimant rates for Hampshire districts over time. Prior to the onset of recession in Britain in 2008, sustained economic growth, associated jobs growth and the job activation policies of New Deal had led to historically low levels of claimant unemployment across the country. All districts in Hampshire had unemployment rates of below 2 per cent in 2008 and eight of the 13 had rates of one per cent or below.

Even after the recession, the JSA claimant rate in Hampshire was only marginally higher than it was at the beginning of the period in 1999. Every Hampshire district has also seen a small increase in the JSA claimant rate since the recession, but in all cases except Portsmouth, this has been less than the national increase.

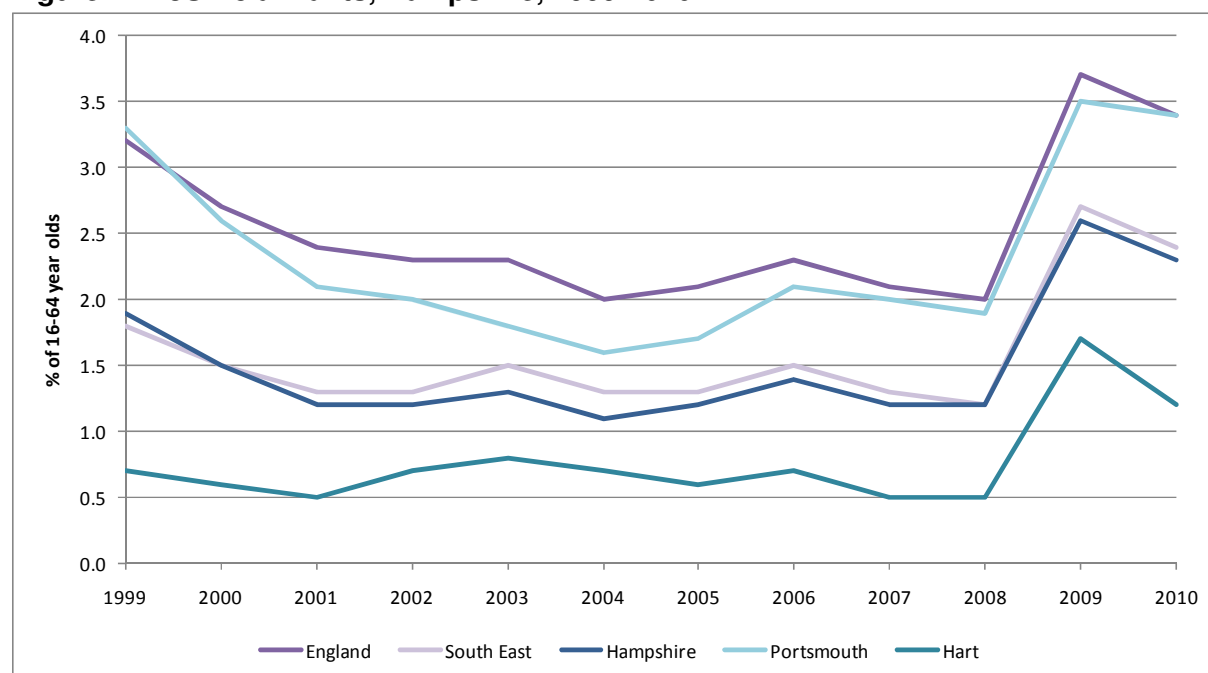
Table 4.2: JSA claimants, Hampshire, 1999-2010

	% of 16-64 year olds			Percentage point change	
	1999	2008	2010	1999-2010	2008-2010
Portsmouth	3.3	1.9	3.4	0.1	1.5
Southampton	3.3	1.9	3.1	-0.2	1.2
Havant	2.8	1.8	3.1	0.3	1.3
Gosport	2.5	1.2	2.5	0.0	1.3
Rushmoor	1.3	1.2	2.4	1.1	1.2
Basingstoke and Deane	1.0	1.0	2.2	1.2	1.2
Eastleigh	1.3	1.0	1.9	0.6	0.9
New Forest	1.4	0.7	1.7	0.3	1.0
East Hampshire	1.3	0.8	1.5	0.2	0.7
Fareham	1.1	0.8	1.5	0.4	0.7
Test Valley	1.0	0.7	1.5	0.5	0.8
Winchester	1.0	0.7	1.3	0.3	0.6
Hart	0.7	0.5	1.2	0.5	0.7
Hampshire	1.9	1.2	2.3	0.4	1.1
South East	1.8	1.2	2.4	0.6	1.2
England	3.2	2.0	3.4	0.2	1.4

Source: DWP Working Age Benefits, NOMIS

Figure 4.1 confirms the convergence of unemployment rates in the period preceding the recession. The trajectory of Hampshire over time is very similar to the South East as a whole. JSA rates peaked in 2009 and had begun to decline again by 2010.

Figure 4.1: JSA claimants, Hampshire, 1999-2010



Source: DWP Working Age Benefits, NOMIS

Whilst the focus of this report is the impact of public sector spending reductions and welfare reform on Hampshire residents, it is worth noting that the claimant or JSA unemployment rate does not capture all those who are unemployed, only those eligible for benefits. This is an important distinction to make as many people, especially women, are not entitled to claim JSA after their contributions-based eligibility runs out after six months. For instance this may be because they have a partner in work or have savings above the £16,000 threshold.

Instead the Government's preferred measure of unemployment is the ILO³² measure of unemployment. This classifies as unemployed all those who want to work, have looked for work over the past four weeks and are available to start work within the next two weeks. The definition does not take into account whether or not an individual claims benefits and consequently tends to be higher than the claimant rate.

The ILO unemployment estimate for working age people in Hampshire for the year ending June 2010 was 5.9 per cent. This was up two percentage points from the 3.9 per cent seen in the year ending June 2008. This was parallel to, though well below, the national rate which increased from 5.3 to 7.9 per cent over the same period. The Office of Budget Responsibility predicts that the national rate will peak at just over 8 per cent in 2011 falling back to 6 per cent by 2015. If a similar trend was seen in Hampshire then rates are likely to return to their pre-recession levels.

³² ILO – International Labour Office. The main source of data for ILO unemployment is from the Labour Force Survey. This is a national sample survey therefore subject to sampling variability and not available for small areas.

Figure 4.2: JSA working age claimant rate, LSOAs in Hampshire, May 2010

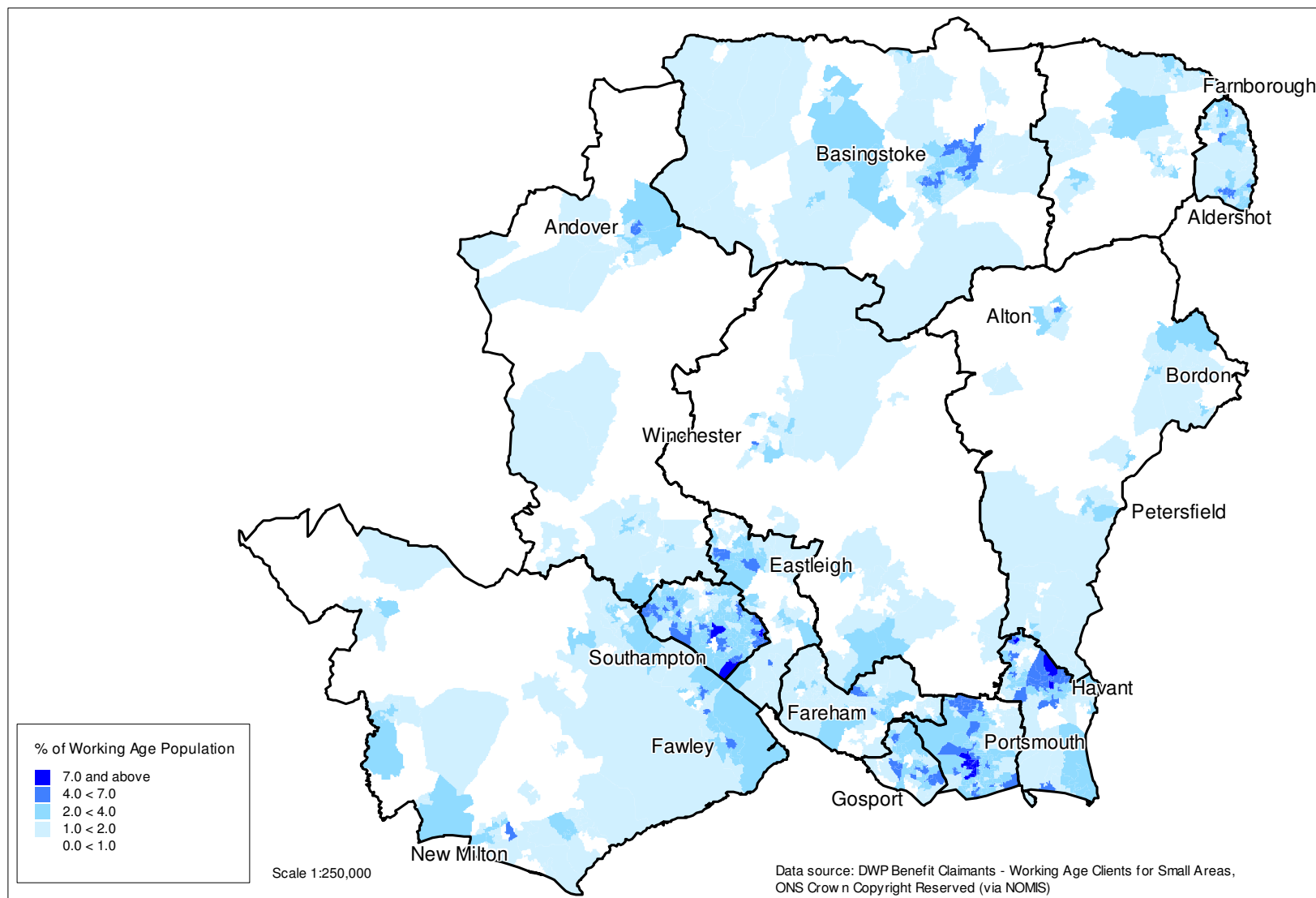


Figure 4.2 shows the distribution of LSOAs with relatively high proportions of their working age population claiming JSA. The dark shaded areas represent those with 4 per cent or more in this category - this is nearly twice the rate in Hampshire as a whole, and also above both the England average and the highest figure for the thirteen local authorities. Once more the major concentrations are scattered through the main urban areas, especially in the south, but also in Basingstoke. There are also isolated pockets in Alton, Andover, Fawley, New Milton and Winchester.

Characteristics of JSA claimants in Hampshire

DWP administrative data also gives us an insight into more detailed characteristics of JSA claimants in Hampshire. This shows that they are generally similar to the profile of claimants both in the South East and nationally:

- 71 per cent of JSA claimants in Hampshire are men;
- 6 per cent of JSA claimants who stated their ethnicity were from BME groups, the same proportion as in the population of Hampshire as a whole
- 25 per cent of JSA claimants in Hampshire are aged 18-24 and 18 per cent are aged over 50;
- 3.5 per cent of all 18-24 year olds in Hampshire are JSA claimants compared to 2.3 per cent of working age residents;
- the 18-24 JSA rate in Hampshire is however slightly lower than in the South East at 4.4 per cent and England with 6.6 per cent;

Much of the rhetoric about the need to reform the welfare system is about discouraging a 'benefits dependency' culture and to remove the 'choice' of some not to partake in work. However, the figures for Hampshire show clearly that, for economically active benefits such as JSA, rates had already fallen to low levels before the recession. These are likely to represent frictional unemployment which occurs within any economy as people move between jobs. There are approximately 10,000 more unemployed JSA claimants in Hampshire in 2010 than before the 2008 recession. These are not people sitting on long-term benefits, but those who are likely to have lost their jobs or find it difficult to find work as a direct result of the contraction in job vacancies as a consequence of the recession.

Table 4.3 highlights this point by showing clearly that nearly three-quarters of all JSA claimants in Hampshire have been on JSA for less than six months. Only two per cent have been claiming JSA for over two years. In all likelihood, it is only this group of the very long-term unemployed that are likely to face the stricter imposition of sanctions and compulsory action enabled by the introduction of the new UC.

The number of claimants on JSA or the replacement UC will rise in the future as a consequence of the current reforms. Some of those on inactive benefits such as IB, SDA, ESA and Income Support for lone parents will lose entitlement to their current benefits. Some will move onto JSA or UC and some will in turn be supported into work via the new Work Programme. However, for others facing multiple disadvantage in the labour market the long term prognosis is less positive, and people in this position are more likely to eventually become, or remain, long-term unemployed.

Table 4.3: Duration of JSA claims, Hampshire, May 2010

	% of JSA claimants				Total
	up to 6 months	6 months up to 1 year	1 year and up to 2 years	2 years or more	
Hart	82	12	3	2	100
Test Valley	82	13	2	2	100
Fareham	80	15	3	2	100
Basingstoke and Deane	79	14	5	2	100
Gosport	79	17	3	2	100
New Forest	78	15	4	2	100
Winchester	77	15	5	4	100
East Hampshire	75	17	5	3	100
Rushmoor	75	17	5	2	100
Eastleigh	74	18	5	4	100
Havant	72	20	6	2	100
Portsmouth	70	21	7	2	100
Southampton	70	22	6	2	100
Hampshire	74	18	5	2	100
South East	74	18	6	2	100
England	71	19	7	3	100

Source: DWP Working Age Benefits, NOMIS

JSA Claimants in Hampshire: Summary

Across Hampshire JSA claimant rates have remained relatively low, staying generally in line with the average for the South-East and below the figure for England as a whole. Indeed, several districts are amongst those with the lowest rates in the country, with only one (Portsmouth) matching the national average. That said, **the effect of the recent recession was the addition of 10,000 Hampshire residents to the ranks of the unemployed**. Most claims are fairly short lived, with three-quarters of claims lasting for less than six months.

The JSA claimant rate in Hampshire for 18-24 year olds is 3.5 per cent, higher than the 2.3 per cent amongst the working age population as a whole. However, this is still lower than is seen amongst 18-24 year olds in the South East and nationally (4.4 per cent and 6.3 per cent respectively).

In general, **those already claiming JSA will experience the least radical changes to their benefits as a consequence of the introduction of UC**. This group already faces high levels of conditionality and job activation in order to receive benefits. The main change to this group will be the ability of the Jobcentre to impose harsh sanctions, including the withdrawal of benefit if the claimant does not comply with the level of conditionality expected of them.

As the current package of welfare reform works its way through the system, some of those currently on inactive benefits such as IB, SDA, ESA and Income Support for lone parents will lose entitlement to their current benefits and instead be moved onto JSA (or UC). They too will then be subject to the same level of **increased conditionality, active job search and sanctions**. Some will be supported into work via the Work Programme. However, for others facing multiple disadvantage and long term detachment from the labour market the prospects of returning to work are less positive. People in this position in some senses remain at the 'back of the queue' when looking for jobs. They are more likely to eventually become, or remain, long-term unemployed. One consequence of welfare reform may therefore be an increase in the number of claimants on JSA and the long term unemployed unless labour demand rises sufficiently.

5. Lone Parents on Income Support

Introduction

The employment rate for lone parents in Britain is less than 60 per cent, compared to 70 per cent or more in France, Germany and the Netherlands. The previous Labour Government introduced a number of reforms to Income Support (IS) for lone parents with the long-term aim of increasing the employment rate amongst lone parents to 70 per cent³³. This target was set to help achieve two main goals: an overall 80 per cent employment rate; and lifting 200,000 children out of poverty. Originally, New Deal for Lone Parents was developed on the basis of voluntary participation as a programme to assist lone parents into work. The lone parent employment rate in 2007 of 57 per cent was an increase of over 12 percentage points since 1997.

Subsequently the Labour Government felt that, with the right support available, then increasing obligations on lone parents to look for work as their children got older was necessary if children were to be helped out of poverty:

‘Work is a highly effective way out of poverty and social exclusion for lone parents and their children. Over half – 56 per cent – of children in non-working lone parent families live in poverty, compared to 17 per cent of children of lone parents working part-time and seven per cent of those working full-time (2005/06 HBAI³⁴). Lone parent families are also more likely than other family types to experience persistent poverty and deprivation.’ (DWP 2007)

Increased conditionality was introduced relatively rapidly by reducing the age of the youngest child for a lone parent to be eligible for IS. Once the youngest child reaches this age the claimant is no longer entitled to IS and needs to make a claim for JSA unless they have sufficient levels of ill health to make a claim for ESA. This shift from ‘inactive’ to ‘active’ benefits lies at the core of welfare reforms undertaken by both the previous Labour Government and the current Coalition Government. The reduction in age of the youngest child for which parents could claim IS progressed as follows:

- **age 16 prior to 24 November 2008;**
- reduced to **age 12 after 24 November 2008;**
- reduced to **age 10 after 26 October 2009;**

³³ DWP (2007) Ready for work: full employment in our generation: Impact Assessment <http://www.dwp.gov.uk/docs/impact-assessment-4635.pdf>

³⁴ HBAI: Households Below Average Income – An analysis of the income distribution 1994/95 – 2005/06. Based on the Family Resources Survey, 2005/06.

- reduced to **age 7 after 25 October 2010**.

The Emergency Budget in June 2010 and the introduction of Universal Credit (UC) continue to build on this process of increased conditionality and providing incentives for lone parents to return to work. The aim that this will provide a route to reduce child poverty is again stated. The age limit for the youngest child is scheduled to be reduced further next year, with the expectation that lone parents will seek to take up work once their youngest child is in full-time education:

- reducing to **age 5 after early 2012**.

After this point a lone parent will no longer be able to claim IS and will be transferred to JSA or UC whichever system is in place at the time. They will be expected to actively seek work and face the same level of **full conditionality as jobseekers**. The only exceptions will be those lone parents who are disabled or have a health condition which prevents them working or carers who have intensive and regular caring responsibilities.

Conditionality will also acknowledge that whilst the majority of jobseekers should move into full-time work, it is accepted that for some people part-time work is more appropriate for temporary periods. For example, **lone parents with children aged 12 and under can restrict their availability to work to school hours**.

In addition, those lone parents with a **child aged over 1** but below age 5 will also be expected to keep in touch with the labour market. This may include an expectation to attend work focused interviews. It will be possible for the Jobcentre to impose sanctions such as withholding benefits from those clients who do not comply with their responsibilities under the new UC system. Only those lone parents with a child under one year old will face no conditionality for access to benefits.

The other main impact of the introduction of UC will be greater incentives to work by increasing earnings disregards and the Marginal Deduction Rate, thereby increasing the amount of money a person might keep from any earnings. For example, for lone parents with two children, benefit entitlement will not be affected until they have worked around seven hours at the National Minimum Wage (compared to less than five hours currently). Under the current system, lone parents working 16 hours at the National Minimum Wage would only increase their take home pay by £5 a week if they increased their work time to 25 hours. Under UC the same lone parents would increase their take home pay by £17.

Lone parent Income Support claimants in Hampshire

There were just over 15,000 lone parent IS claimants in Hampshire in May 2010, equivalent to less than two per cent of the working age population (Table 5.1). This is the smallest group of working age claimants in Hampshire. There is relatively limited variation across the districts with the large urban areas of Portsmouth, Southampton and Havant having the highest rates.

Table 5.1: Lone parent Income Support claimants, Hampshire, May 2010

	Income Support lone parents		
	number	rate	rank
Portsmouth	3,000	2.1	62
Havant	1,480	2.1	65
Southampton	3,350	2.0	78
Gosport	930	1.8	102
Rushmoor	810	1.3	183
Basingstoke and Deane	1,300	1.2	197
New Forest	1,120	1.1	230
Eastleigh	780	1.0	247
Test Valley	700	1.0	250
East Hampshire	580	0.8	280
Fareham	560	0.8	287
Winchester	480	0.7	312
Hart	340	0.6	321
Hampshire	15,430	1.4	183

Source: DWP Working Age Benefits, NOMIS

Table 5.2: Lone parent Income Support claimants, Hampshire, 1999-2010

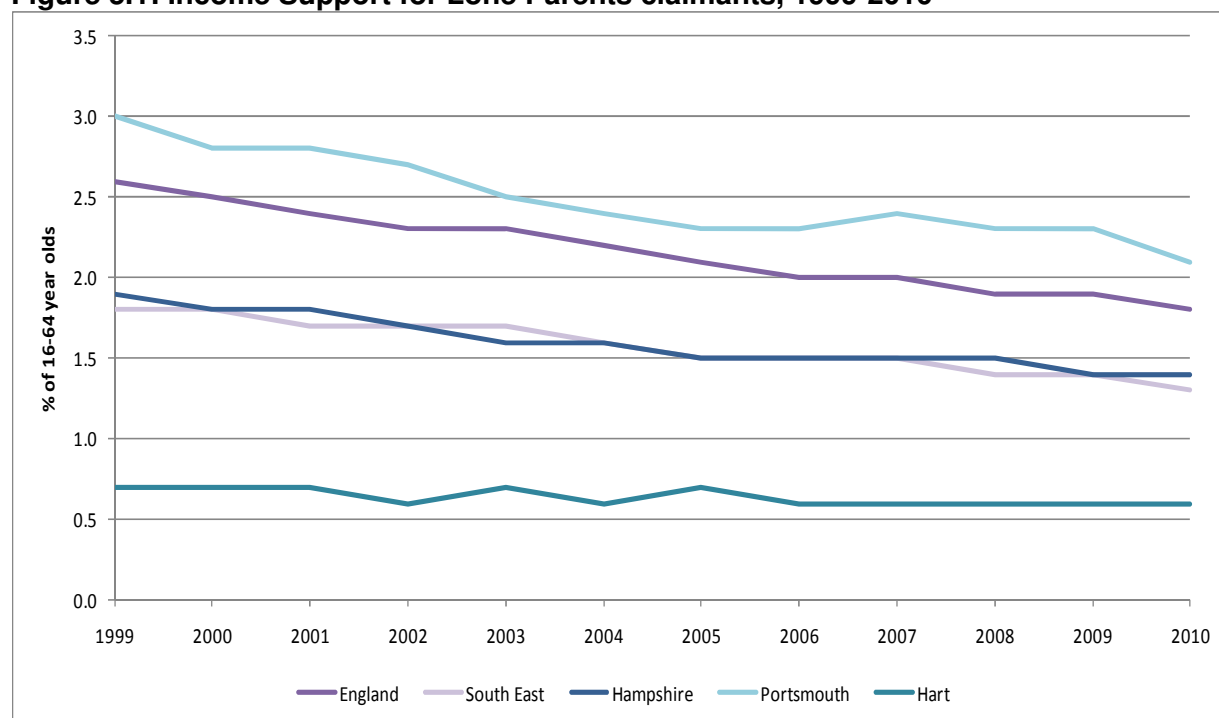
	% of 16-64 year olds			Percentage point change	
	1999	2008	2010	1999-2010	2008-2010
Portsmouth	3.0	2.3	2.1	-0.9	-0.2
Havant	3.0	2.2	2.1	-0.9	-0.1
Southampton	3.2	2.2	2.0	-1.2	-0.2
Gosport	2.4	1.9	1.8	-0.6	-0.1
Rushmoor	1.6	1.4	1.3	-0.3	-0.1
Basingstoke and Deane	1.4	1.2	1.2	-0.2	0.0
New Forest	1.6	1.2	1.1	-0.5	-0.1
Eastleigh	1.5	1.0	1.0	-0.5	0.0
Test Valley	1.2	1.0	1.0	-0.2	0.0
East Hampshire	1.2	0.9	0.8	-0.4	-0.1
Fareham	1.3	0.8	0.8	-0.5	0.0
Winchester	0.9	0.8	0.7	-0.2	-0.1
Hart	0.7	0.6	0.6	-0.1	0.0
Hampshire	1.9	1.5	1.4	-0.5	-0.1
South East	1.8	1.4	1.3	-0.5	-0.1
England	2.6	1.9	1.8	-0.8	-0.1

Source: DWP Working Age Benefits, NOMIS

The position of the districts relative to all 326 districts in England can be seen in the third column of the table. The ranking for Hampshire as a whole is based on a population weighted average of the ranks for each district. This ranking for Hampshire as a whole is highest of the three key benefit groups considered in this report. It can be seen that although the rates of IS for lone parents are relatively low, Portsmouth, Havant and Southampton are in the top 100 districts with highest rates across England.

Table 5.2 shows IS lone parent claimant rates for Hampshire over time. There has been a continued downward trend over time with nearly all areas experiencing a decline of 0.1 percentage points since the reductions in the age of the youngest child since 2008. Figure 5.1 confirms the convergence across areas and a parallel trend in Hampshire as a whole to that for the South East Region. Portsmouth, Havant and Southampton remain above the national average rates over the entire period.

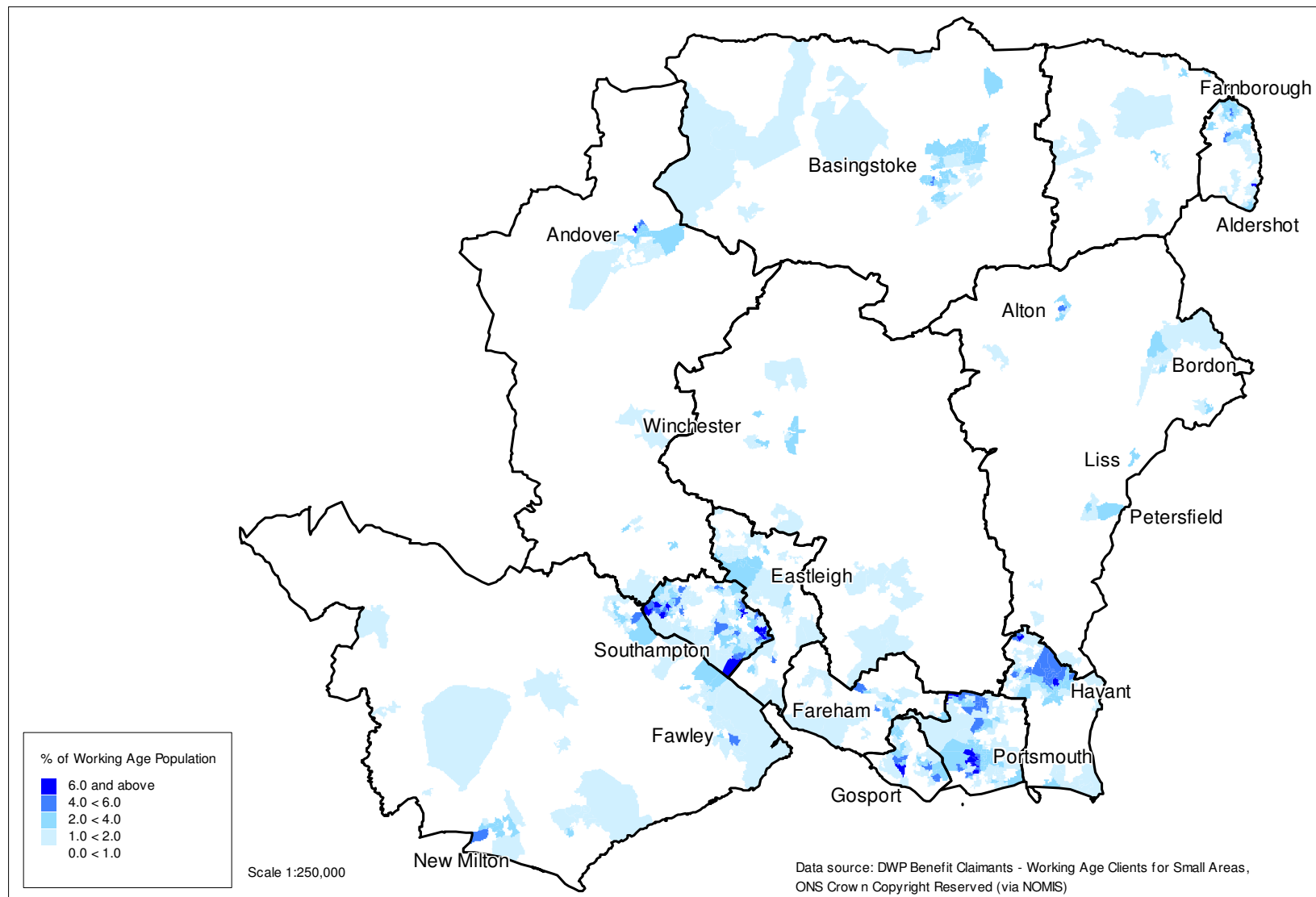
Figure 5.1: Income Support for Lone Parents claimants, 1999-2010



Source: DWP Working Age Benefits, NOMIS

Figure 5.2 shows the geographical spread of lone parents in receipt of Income Support across Hampshire. Here the darkest shaded areas represent those with more than three times both the England average and the highest figure for any of the thirteen local authorities; the middle shade covers those areas with more than twice the figure for Hampshire. On this variable the main concentrations tend to be rather more widely spread than for IB/ESA and JSA. This is no doubt related to the more restricted availability of suitable housing accommodation for lone parent families and concentrations of social housing stock. Again certain parts of the main urban areas dominate, but with isolated pockets in smaller towns such as Andover, Alton, Fawley and New Milton.

Figure 5.2: Hampshire: Working Age Population Receiving IS as Lone Parents by LSOA, May 2010



Characteristics of Income Support lone parent claimants in Hampshire

DWP administrative data also gives us an insight to more detailed characteristics of IS lone parent claimants in Hampshire. This shows that on the whole the profile of claimants in Hampshire is similar to the South East and nationally:

- 97 per cent of IS lone parent claimants in Hampshire are women;
- 28 per cent of IS lone parent claimants in Hampshire are aged 16-24 and 66 per cent are aged 25-44;
- 45 per cent of IS lone parent claimants in Hampshire have one dependent child, 32 per cent have two, 15 per cent have three and 8 per cent have 4 or more dependent children;
- there is no ethnicity breakdown of IS claimants available from the administrative data.

Table 5.3 shows that IS lone parent claimants are much more likely to have had longer spells on benefits and as a result have become largely detached from the labour market. That said, durations on benefits is not as extreme as for the other key 'inactive' benefit group of incapacity benefits claimants, where 56 per cent had been on benefit for five years or more. This long duration on benefits is the opposite to the active job seeking group of JSA claimants.

Table 5.3: Duration of IS lone parent claims, Hampshire, May 2010

	% of IS lone parent claimants				Total
	up to 6 months	6 months up to 1 year	1 year and up to 2 years	2 years or more	
Southampton	13	12	17	58	100
Portsmouth	12	13	18	57	100
Havant	14	13	20	53	100
New Forest	15	14	21	51	100
Gosport	14	14	22	51	100
East Hampshire	16	16	21	50	100
Hart	15	12	21	50	100
Test Valley	14	17	20	50	100
Rushmoor	16	14	20	49	100
Basingstoke and Deane	16	13	22	49	100
Eastleigh	15	15	22	46	100
Winchester	17	15	21	46	100
Fareham	20	16	21	43	100
Hampshire	14	13	20	53	100
South East	14	13	19	53	100
England	13	12	18	56	100

Source: DWP Working Age Benefits, NOMIS

Impact of increased conditionality for lone parents

The impact assessment for the introduction of UC³⁵ estimates that nationally 75,000 lone parents per year will be affected by the reduction of eligibility to IS for claimants from the youngest child aged 7 to the youngest child aged 5. This equates to 11% of all IS lone parent claimants. If a similar proportion was affected in Hampshire then 1,700 claimants would become ineligible to IS for lone parents. Some of these parents may be eligible to transfer onto JSA or ESA, whilst others may be helped into employment via work focused interviews prior to transfer. The impact assessment estimates that there will be a net reduction of 30,000 to 40,000 in the number of lone parents on out-of-work benefits as a consequence. In Hampshire this would equate to roughly 700 to 900 lone parents no longer claiming IS or UC benefits.

Lone Parent Income Support Claimants in Hampshire: Summary

For those on 'inactive' benefits such as IS for lone parents the on-going reforms and future introduction of UC represent a radical change and are likely to see claimants either moved to other 'active' benefits or to lose entitlement to benefit entirely.

For lone parents in Hampshire increased conditionality will mean:

- an estimated **1,700 lone parents** per year who claim IS in Hampshire will no longer be able to claim this benefit, as eligibility becomes restricted to those whose youngest child is aged five or under rather than seven as at present;
- of these, an estimated **700 to 900 will no longer claim any out-of-work benefit**;

UC will increase conditionality for lone parents with a child aged over one, and claimants will be expected to stay in touch with the labour market.

³⁵ <http://www.dwp.gov.uk/docs/universal-credit-ia-white-paper.pdf>

6. Housing Benefit Reform

Introduction

This section sets out changes to the Housing Benefit (HB) regime and assesses the likely impact of these changes on claimants in Hampshire. Firstly, the proposed reform measures are detailed before the scale and trend in the take up of housing benefit within Hampshire is explored. The likely impact of proposed reductions across different groups and households in Hampshire is then assessed, with a particular focus on imminent reforms to be implemented in April 2011. Specific attention here is paid to the changes to the Local Housing Allowance (LHA). The changes are also discussed in relation to potential indirect knock-on effects that may arise from their introduction.

The proposed reforms are extremely complex and it is impossible to predict accurately all of their consequences at this stage. In particular, there are likely to be unintended consequences and cumulative effects of the measures that are difficult to discern until some time after their implementation. Because of these, DWP is embarking on an extensive monitoring and evaluation exercise over the course of their introduction and beyond. With this in mind this section points to the general factors and impacts that will impinge upon HB claimants - it does not necessarily represent a definitive account of "*what will happen*". It should also be borne in mind that in the context of inflationary pressures and a tighter labour market, many families will find it increasingly difficult to get by.

Summary of Housing benefit reforms

The reforms to HB are perhaps the most controversial of the Coalition government's proposals included in the June 2010 Emergency Budget. The changes have been supplemented by additional reforms included in the Comprehensive Spending Review in October 2010. They are intended to reduce HB expenditure by £2.25 billion by the fiscal year 2014/15 through changes in eligibility and the level of benefit paid to households. The savings from the new measures are expected to be £220 million in 2011/12, £600 million in 2012/13, £1,640 million in 2013/14 and £1,765 million in 2014/15 (HM Treasury³⁶, 2010). This is deemed necessary in response to the rising cost of HB nationally, in cash terms, from £11 billion in 1999/2000 to £20 billion in 2009/10 (DWP³⁷, 2010b). The reforms are also

³⁶ HM Treasury (2010) Budget 2010. LONDON: The Stationery Office.
http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_188581.pdf

³⁷ DWP (2010b) Equality Impact Assessment Housing Benefit. London: HMSO.
<http://www.dwp.gov.uk/docs/lha-eia-nov10.pdf>

designed to encourage people back into work wherever possible, based on the assumption that, in some cases, "generous" levels of HB serve as a disincentive to work.

The measures to be introduced will be staggered with some coming into effect in 2011/12, some in 2012/13, and all measures to be implemented for the year 2013/14. The measures can be divided into two sets of reforms: those affecting only the private rented sector (PRS); and those impacting on tenants in the social rented sector (SRS), and claimants across all rented tenures.

The reforms applying exclusively to the PRS are:

- abolishing the 5-bedroom Local Housing Allowance (LHA) rate and thereby restricting the maximum benefit entitlement to the 4-bedroom rate (from April 2011);
- capping maximum weekly LHA rates for different sizes of property (measured by number of bedrooms) (from April 2011);
- setting LHA rates based on the 30th percentile of private sector rents as opposed to the median or 50th percentile (April 2011);
- removing the £15 weekly excess available to some claimants (April 2011) (i.e. in cases where the contractual rent is below the LHA rate claimants are currently allowed to retain a maximum of £15 per week³⁸);
- increased expenditure on Discretionary Housing Payments of £10 million in 2011/12 and £40 million thereafter in acknowledgement of the potential transitional costs for some households.

Measures affecting social sector tenants and all rented tenures are:

- provision for an additional bedroom allowance for a carer where there is an established need for overnight care (April 2011);
- the rates of non-dependant deductions will be increased in three annual steps from April 2011, so that they reach levels reflecting increases in rents and council tax since 2001;
- applying property size criteria to working age claimants in the social rented sector (SRS)(April 2013).

A second set of measures was introduced in the Spending Review in October 2010:

- basing future changes to LHA rates for PRS tenants on the Consumer Price Index (CPI) rather than on the basis of local rents (April 2013);
- increasing the age limit for the shared room rate for PRS tenants from 25 to 35 (April 2012);
- capping total benefit entitlement including HB payments for both PRS and SRS tenants based on the median take-home pay for working households of £500 per week or £26,000 per year (April 2013).

³⁸ This was already planned by the previous Labour Government and is being introduced alongside the measures announced in the Emergency Budget

At present some of these proposals are more detailed than others, making it difficult to assess the precise impact of each measure. Therefore, the analysis that follows focuses on the most immediate changes to be introduced in 2011, as these are the proposals which are the most detailed and for which the implications are clearer. Specifically, changes to the LHA are considered in detail before suggesting the likely compounded impact of further changes to be introduced thereafter.

Housing Benefit claimants in Hampshire

Table 6.1 presents the current context in terms of HB take up within Hampshire. The table is ranked by the total number of claimants. There are around 106,000 HB claimants within Hampshire, with 70 per cent of these households resident within Social Rented Sector (SRS) properties. There are just under 33,000 HB claimants within the PRS in Hampshire. Unsurprisingly, given their larger populations, the Unitary districts of Portsmouth and Southampton dominate the list - together accounting for over two-fifths of all HB claimants in Hampshire.

Table 6.1: Housing Benefit claimants, Hampshire, August 2010

	Social rented sector tenants (SRS)	Private rented sector tenants (PRS)	Total
Southampton	15,560	6,980	22,540
Portsmouth	14,760	7,530	22,290
Basingstoke and Deane	7,200	1,690	8,890
New Forest	5,420	2,930	8,350
Havant	3,540	2,270	5,810
Rushmoor	3,850	1,930	5,780
Gosport	3,740	1,920	5,660
Eastleigh	3,980	1,650	5,640
Test Valley	4,150	1,380	5,530
Winchester	4,050	1,220	5,270
East Hampshire	3,390	1,150	4,530
Fareham	2,430	1,230	3,660
Hart	1,610	800	2,410
Hampshire	73,680	32,680	106,360

Source: DWP, Single Housing Benefit Extract.

The split between HB claimants in the SRS and those in the PRS is fairly consistent across most of the 13 LADs, at around two-thirds and one-third respectively. The main exceptions are Basingstoke, East Hampshire, Test Valley and Winchester, all of which have higher than county average proportions of SST claimants.

Table 6.2 shows the split between SST and PRS as a proportion of the total housing stock across districts. These figures are estimates based on the CLG stock estimates for 2010³⁹. The table is ranked by size of the SRS as a proportion of total dwellings. Southampton tops the list both in terms of the size of the SRS and the PRS at 23 per cent and 18 per cent respectively. The proportion of SRS stock within the county as a whole is 16 per cent compared with a PRS accounting for just 11 per cent of all dwellings. A number of authorities - Fareham, Eastleigh, Hart and New Forest - have relatively small private rented sectors *and* social. While this is partly a reflection of the social make-up of these districts (i.e. a large owner-occupied sector), it is important for the analysis that follows as changes to the LHA regime will place particular pressure on the PRS with anticipated rises in demand for SRS accommodation. Where local authorities are unable to meet these needs there is potential for displacement effects affecting neighbouring authorities.

Table 6.2: SRS and PRS dwelling stock by LAD, 2010

	SRS	% of total stock	PRS	% of total stock
Southampton	23,704	23	18,721	18
Rushmoor	7,966	20	4,438	11
Havant	9,932	19	3,443	7
Portsmouth	16,614	19	14,504	17
Gosport	6,735	19	3,618	10
Basingstoke & Deane	12,617	18	6,474	9
Test Valley	7,408	15	5,501	11
Winchester	7,297	15	6,657	14
East Hampshire	6,100	13	5,115	11
Eastleigh	6,373	12	3,575	7
New Forest	8,363	11	7,246	9
Hart	3,478	10	3,675	10
Fareham	3,743	8	2,941	6
Hampshire	120,330	16	85,907	11

Sources: CLG - Local authority housing statistics; 2001 Census of Population

Table 6.3 gives the proportion of all households in receipt of HB. The increase in HB claimants since the onset of recession in 2008 is also shown. The table is ranked by the proportion of total households claiming HB in 2010. Almost 15 per cent of all households in Hampshire currently receive HB. Claimants have increased by over 16,000 in Hampshire over this period (2008-10) - a rise of 18 per cent. The larger population centres of Portsmouth and Southampton have higher rates of HB claimants than in the other districts, with around one quarter of all households receiving HB. At the other extreme Fareham and Hart record a very low take up of HB with less than one in ten households receiving such support.

³⁹ Applies the ratio of PRS to owner occupation stock from the 2001 Census of Population to the CLG estimate of all private stock. A more accurate estimate will be available once from the 2011 Census.

All districts experienced increases in HB claims between 2008 and 2010. In the main the rises were in the magnitude of 14 and 19 per cent. Notable exceptions are Basingstoke and Deane and Rushmoor which have seen claimant numbers rise by over a third in the former and over a quarter in the latter. These differences imply a geographical variance in the relative impact of the recession to date between districts, at least in the context of housing.

Table 6.3: Change in Housing Benefit take up by LAD, 2008-2010

LAD Name	number of HB recipients			% of total households receiving HB	
	2008	2010	% change 2008-2010	2008	2010
Portsmouth	19,520	22,290	14.2	23.5	26.2
Southampton	19,250	22,540	17.1	19.6	22.5
Gosport	4,840	5,660	16.9	14.2	16.4
Rushmoor	4,500	5,780	28.4	12.5	16.1
Basingstoke & Deane	6,620	8,890	34.3	9.9	12.9
Test Valley	4,740	5,530	16.7	10.1	11.6
Havant	4,920	5,810	18.1	9.8	11.6
Winchester	4,640	5,270	13.6	10.3	11.6
Eastleigh	4,830	5,640	16.8	9.7	11.1
New Forest	7,250	8,350	15.2	9.5	10.8
East Hampshire	3,820	4,530	18.6	8.5	10.0
Fareham	3,070	3,660	19.2	6.7	7.9
Hart	2,040	2,410	18.1	5.7	6.6
Hampshire	90,040	106,360	18.1	12.6	14.7

Source: DWP, Single Housing Benefit Extract.

These trends in rising HB claims are mirrored across the UK as a whole and look set to continue as the extensive public sector reductions become more acutely felt throughout 2011. In this respect, the estimated short-term savings to the Exchequer from HB reforms have been questioned from some quarters given the likely continued rise in claimants:

'Whilst the growth of Housing Benefit expenditure is clearly linked to increasing rents over the longer term, the focus on increases in rents has overshadowed another important factor in the growth of Housing Benefit expenditure since 2008: the increasing number of claimants. The majority

of the recent increase in Housing Benefit expenditure is due to the increase in the number of claimants' (BSHF⁴⁰, 2010, p.4).

Changes to the Local Housing Allowance

The LHA scheme was introduced by the previous Labour government in 2008 for HB claimants resident in the PRS. It is a flat rate allowance which accounts for the different size of properties in local rental markets. The proposed changes to LHA will affect all PRS households receiving HB across the country in one way or another, though some will be harder hit than others.

Local Housing Allowance and Broad Rental Market Areas

In assessing the impact of changes to LHA levels it is necessary to understand the geography on which these rates are based. The geographical scale used to calculate the LHA is the Broad Rental Market Area (BRMA) which, in most cases, is inconsistent with conventional administrative geographies such as the local authority district (LAD). As a result the territory of LADs may fall into several different BRMAs. In Hampshire there are 11 BRMAs covering the 13 local authority districts and these are set out in Table 6.4. It should be noted that at the time of writing some of these boundaries are still under review and therefore subject to alteration.

Only the BRMAs of Portsmouth, Southampton, Basingstoke and Winchester fall wholly within the county of Hampshire. All other BRMAs extend beyond the county boundary. While BRMAs are created on the basis of local rent consistency it is likely that there may be some skewing effect where there are internal differences in rents. This may impact on the resulting LHA level. For instance, part of East Hampshire falls within the Guildford BRMA, which largely covers areas of Surrey and has a higher LHA level than other areas of Hampshire. These differences may be a significant factor should HB reforms result in the displacement of households.

⁴⁰ Building and Social Housing Foundation (2010) *The Impact of Claimant Numbers on Housing Benefit Expenditure*. BSHF: Leicester.

Table 6.4: BRMAs covering Hampshire districts

LAD	BRMA1	BRMA2	BRMA3	BRMA4
Basingstoke & Deane	Basingstoke	Newbury	Reading	Winchester
East Hampshire	Basingstoke	Guildford	Portsmouth	Winchester
Eastleigh	Southampton	-	-	-
Fareham	Portsmouth	Southampton	-	-
Gosport	Portsmouth	-	-	-
Hart	Basingstoke	Blackwater Valley	Reading	-
Havant	Chichester & Sussex	Portsmouth	-	-
New Forest	Bournemouth	Salisbury	Southampton	-
Portsmouth	Portsmouth	-	-	-
Rushmoor	Blackwater Valley	-	-	-
Southampton	Southampton	-	-	-
Test Valley	Basingstoke	Salisbury	Southampton	Winchester
Winchester	Portsmouth	Southampton	Winchester	-

Source: Valuation Office Agency

Capping Local Housing Allowance

Table 6.5 presents LHA levels by BRMA and shows the impact in absolute terms of the proposed changes introducing new maximum caps for LHA. The caps restrict maximum LHA by property type, including abolition of the five bedroom rate from April 2011:

- £250 for a shared bedroom and one bedroom property;
- £290 for a two bedroom property;
- £340 for a three bedroom property;
- £400 for a four bedroom property.

Those rents highlighted in blue are all greater than the maximum HB caps to be introduced and specified above for four bedroom properties. Although this constitutes a very small proportion of current HB claims, large families are likely to be the hardest hit in terms of the size of reductions to HB:

'It is clear that large families will be hit hardest by the changes to the LHA and while they represent a very small proportion of HB claimants, the possibility of evictions and temporary homelessness as a result of these changes is a very real one for some families' (Work and Pensions Committee⁴¹, 2010, p.26)

⁴¹ Work and Pensions Committee (2010) *Changes to Housing Benefit Announced in the June 2010 Budget*, HC 469. London: HMSO.

Estimates contained within a Report by the Social Security Advisory Committee⁴² (November 2010) suggest that there are **80 households in Hampshire** in receipt of HB, resident within 5-bedroom properties and likely to be affected by the abolition of the 5-bedroom rate.

Table 6.5: LHA levels by BRMA, January 2011

BRMA	Current LHA based on median rents					
	1 ROOM	1 BED	2 BED	3 BED	4 BED	5 BED
Basingstoke	68	133	167	196	276	404
Blackwater Valley	84	138	173	213	300	450
Bournemouth	73	127	160	196	265	346
Chichester	72	134	167	207	286	392
Guildford	89	167	219	277	392	681
Newbury	77	127	160	198	265	415
Portsmouth	68	115	144	173	249	340
Reading	78	150	183	208	300	363
Salisbury	75	127	151	183	242	312
Southampton	68	121	156	185	265	339
Winchester	77	150	185	231	312	381

Source: Valuation Office Agency

Ethnic minority groups are disproportionately represented within this group, so the abolition of the 5-bedroom rate is likely to adversely affect BME families more than others. It has been noted that in such instances the use of Discretionary Housing Payments will be important in managing the transition of such families to the new system (Work and Pensions Committee, 2010). It has also been suggested that the introduction of caps on maximum LHA payments by property size could see an increase in overcrowding (CIH, 2010⁴³).

5-bedroom properties aside the introduction of LHA caps is largely an issue confined to central and inner London - at least in terms of the direct effects - given the higher market rental prices in these locations. It has been suggested that it is the dominance of London in HB claims and expenditure which has encouraged the HB reforms, as London accounts for over a quarter of all HB expenditure and over 16 per cent of total recipients (Hamnett, 2010⁴⁴). However, a recent Work and Pensions Committee Report into the HB changes states that *'the changes in London will result, as they are intended to, in substantial levels of household movement'* (Work and Pensions Committee, 2010, p.24) which may impact on

⁴² House of Commons (2010) *Social Security Committee Report on the Statement by the Secretary of State for Work and Pensions in Accordance with section 174(2) of the Social Security Administration Act 1992*. London: HMSO.

⁴³ CIH (2010) *Briefing Paper on the Impact of Changes to Housing Benefit and Local Housing Allowance in the Budget*. Coventry: Chartered Institute of Housing (CIH).

⁴⁴ Hamnett, C. (2010) 'Moving the poor out of central London? The implications of the coalition government 2010 cuts to Housing Benefits', *Environment and Planning A*, 42, pp.2809-2819.

areas of outer London and even further afield. This is due to the fact that 'currently 52 per cent of PRS accommodation is currently available to HB claimants in central London but this will be reduced to just 7 per cent' (DWP, 2010) as a result of the caps. Similar displacement effects are also anticipated in inner north and west London.

It is difficult to ascertain whether these displacement effects might stretch as far as Hampshire at this stage of the reforms. A shift of households from inner to outer London boroughs is anticipated, but there may be impacts further afield due to the increased pressures on the lower sub-sector of the PRS in those areas. There may be outward 'ripple' effects into areas of Hampshire where the PRS is relatively extensive, like Portsmouth and Southampton. Also, as already mentioned, this displacement is likely to have a disproportionate affect on ethnic minority households, which could have a range of implications in terms of proximity to family and social ties and networks which are key elements of everyday support for many BME groups.

Rebasing Local Housing Allowance rates on the 30th percentile

Of more direct concern for HB claimants in Hampshire is the reduction in HB as a result of limiting payments on the basis of the 30th percentile of market rents in an area. Table 6.6 gives the current estimates of the 30th percentile and thus the level that LHA would be set at for the BRMAs covering Hampshire.

Table 6.6: LHA levels adjusted to 30th percentile, BRMAs in Hampshire, January 2011

BRMA	LHA 30th percentile				
	1 ROOM	1 BED	2 BED	3 BED	4 BED
Basingstoke	64	127	158	185	237
Blackwater Valley	75	137	167	196	276
Bournemouth	71	118	150	183	231
Chichester	68	127	160	195	265
Guildford	80	160	196	242	346
Newbury	69	121	150	185	242
Portsmouth	65	114	137	162	225
Reading	74	138	173	196	277
Salisbury	68	115	144	173	219
Southampton	63	114	144	173	231
Winchester	69	144	173	202	277

Source: Valuation Office Agency

Households in lower rent properties will not be directly affected by this measure and for many others this change may be relatively minor. A comparison of the median and 30th percentile rental figures in Tables 6.5 and 6.6 suggests that in general the spread of rental values for different sized homes is relatively modest, with the new levels mostly falling well above 90 per cent of the median. However, for larger four bedroom properties the figures are clustered at or just below the 90 per cent mark, again suggesting that larger families in higher rental dwellings will receive lower support than in the past. Similarly, for households in other property types with higher level rents, the effects could be hugely significant in terms of their continuing ability to get by on low incomes and to grapple with very tight budgets. This indicates that the impact of the reduction will be most significant for claimant households whose rent is at the top end of the current LHA levels. This may prove extremely challenging financially for families who may not wish to move or are unable to re-negotiate their rents.

Table 6.7: Reduction in LHA levels to 30th percentile of market rents, BRMAs in Hampshire, January 2011

BRMA	Change per week (£)					Change per week (%)				
	1 ROOM	1 BED	2 BED	3 BED	4 BED	1 ROOM	1 BED	2 BED	3 BED	4 BED
Guildford	-9	-7	-22	-35	-46	-9.8	-4.1	-10.3	-12.5	-11.8
Southampton	-5	-7	-12	-12	-35	-6.9	-5.7	-7.4	-6.3	-13.0
Winchester	-8	-6	-12	-29	-35	-9.9	-3.8	-6.3	-12.4	-11.1
Bournemouth	-2	-9	-10	-13	-35	-3.2	-7.3	-6.5	-6.5	-13.0
Newbury	-9	-6	-10	-14	-23	-11.4	-4.5	-6.5	-7.0	-8.7
Reading	-5	-12	-10	-12	-23	-5.9	-7.7	-5.7	-5.6	-7.7
Basingstoke	-5	-6	-9	-12	-39	-7.0	-4.3	-5.5	-5.9	-14.2
Chichester	-3	-8	-7	-12	-21	-4.5	-5.6	-4.1	-5.6	-7.3
Salisbury	-7	-12	-7	-10	-23	-9.4	-9.1	-4.6	-5.7	-9.5
Portsmouth	-3	-1	-7	-12	-24	-4.3	-1.0	-4.8	-6.7	-9.7
Blackwater Valley	-9	-1	-6	-17	-24	-10.9	-0.8	-3.3	-8.1	-8.1

Source: Valuation Office Agency

Table 6.7 presents potential *maximum* weekly losses in HB as a result of the reduction in LHA levels by BRMA, ranked by the greatest loss for a two bedroom property. The high rent BRMA of Guildford, which contains part of East Hampshire, exhibits the largest losses. This is followed by the BRMAs of Southampton and Winchester, which fall exclusively within Hampshire. Using these as examples, claimants in more expensive two-bedroom properties in these areas - where the current maximum LHA is received - could see a decrease in HB payments of £12 per week (or seven per cent in Southampton and six per cent in

Winchester). In both cases this amounts to around £50 per month or £600 per year. These figures will be daunting for households on low incomes. Unless such households can make up this difference themselves (which is unlikely in many cases) or re-negotiate rents, they will be restricted to the bottom third of the rental market and may have to relocate from their current home.

Of course, these reductions will not impact equally across all households given the variance in PRS rental prices *within* areas and therefore across LHA awards. For instance, the LHA level for a one-bedroom property in Portsmouth prior to reforms is £115, but the average award at March 2010 was £88. That is not to say that claimants in this situation are not affected by reforms. Where claimants currently receive LHA at a lower level than the 30th percentile they will still lose out through the removal of the £15 weekly excess, whereby claimants are allowed to retain a maximum of £15 per week where the contractual rent is below the LHA rate (see Table 6.11).

The estimated number of households in each local authority district affected by the LHA rate being reduced to the 30th percentile is set out in Table 6.8. Across Hampshire, over **16,000 households are expected to see a reduction in their HB payments due to the 30th percentile rule**. This is equivalent to over half of all PRS households in receipt of HB.

Table 6.8: Households affected by LHA rates set at 30th percentile of market rents, local authorities in Hampshire, March 2010

	1 ROOM	1 BED	2 BED	3 BED	4 BED	5 BED
Basingstoke & Deane	220	240	430	140	10	-
East Hampshire	60	200	210	70	-	-
Eastleigh	170	260	430	110	10	-
Fareham	-	220	300	110	10	-
Gosport	-	380	480	150	10	-
Hart	60	100	160	70	10	-
Havant	-	400	570	210	20	-
New Forest	-	470	620	190	10	-
Portsmouth	-	1,490	1,440	450	30	10
Rushmoor	-	230	330	110	10	-
Southampton	1,260	1,180	1,160	390	40	10
Test Valley	-	200	300	70	10	-
Winchester	-	130	160	50	10	-
Hampshire	1,770	5,500	6,590	2,120	180	20

Source: DWP, Single Housing Benefit Extract, March 2010

Single people under 35 will only be entitled to the shared room rate and will be particularly affected in Southampton. Households in one and two bedroom properties are the most prevalent losers but this is largely a result of the greater number of households resident in such dwellings. These figures are presented as a proportion of the numbers receiving LHA in each area by property type in Table 6.9.

Table 6.9: Impact of setting LHA rates at the 30th percentile, local authority districts in Hampshire, percentage of those in receipt of LHA

	1 ROOM	1 BED	2 BED	3 BED	4 BED	5 BED
Basingstoke & Deane	99	85	94	92	55	0
East Hampshire	98	80	85	84	0	0
Eastleigh	98	86	93	82	39	0
Fareham	0	67	93	87	33	0
Gosport	0	57	87	77	16	0
Hart	95	88	90	86	42	0
Havant	0	61	94	93	33	0
New Forest	0	67	92	89	31	0
Portsmouth	0	54	93	90	26	25
Rushmoor	0	29	80	78	36	0
Southampton	98	84	79	77	35	18
Test Valley	0	63	87	73	35	0
Winchester	0	49	85	67	58	0

Source: DWP, Single Housing Benefit Extract, March 2010

The impact of LHA reforms on the availability of PRS accommodation

As well as the obvious financial impact on households in the form of reduced HB payments, there are also likely to be effects in terms of constrained housing choices for HB claimants in the PRS in the form of location and accommodation type. Table 6.10 shows the combined impact of three key changes to the LHA regime by BRMA: caps on maximum payments; reduction to the 30th percentile; and the abolition of the 5-bedroom rate. This relates specifically to the reduction in the availability of accommodation as the reform of LHA puts more of the PRS out of the reach of HB claimants. The table is ranked by the post-reform availability of PRS accommodation from lowest to highest.

Top of the table is Portsmouth where reforms will result in just 31 per cent of the PRS being accessible by HB claimants. This is significant given that the Portsmouth BRMA falls wholly within Hampshire and the effects will therefore be felt solely by Hampshire PRS residents. The other BRMAs falling exclusively within Hampshire - Southampton and Winchester - fare much better in comparison: 41 per cent of the PRS remains open to HB claimants in Southampton, and 39 per cent in Winchester. This partly reflects a sizeable PRS in these areas, particularly in the case of Southampton. The remaining 8 BRMAs covering

Hampshire show a degree of consistency of between 32 and 37 per cent, all of them down from current levels of over 50 per cent. As mentioned earlier these BRMAs cover wider areas and so there is the likelihood of an inherent skewing within these estimates. For instance, due to the influence of parts of Surrey and Berkshire where rental prices are higher, there may be higher proportions of PRS stock available to LHA recipients in the Hampshire parts of BRMAs such as Guildford and Newbury.

Table 6.10: Impact on the availability of accommodation of LHA reforms for households claiming HB, BRMAs in Hampshire

BRMA	Percentage of PRS		
	Current availability of PRS accommodation	Post-reform availability of PRS accommodation	Percentage Point Decrease
Portsmouth	51	31	20
Chichester & Sussex Downs	54	32	22
Newbury	51	32	19
Guildford	52	32	20
Bournemouth	54	33	21
Basingstoke	54	34	20
Blackwater Valley	54	34	20
Reading	57	35	22
Salisbury	55	37	18
Winchester	53	39	14
Southampton	53	41	12

Source: DWP, Single Housing Benefit Extract, March 2010

The full effects of these changes are very difficult to identify at this early stage as it is impossible to know what the response of PRS landlords and tenants will be. This is likely to differ from one location to the next. For instance, some landlords currently letting to HB claimants may no longer continue to do so if there is a perceived risk of arrears, while others may be prepared to reduce rents, if only to ensure a continued income stream:

[T]here will be a response by landlords to the LHA rates in terms of lowering rents, but the extent of that response cannot be accurately predicted. Moreover, the landlord response will vary from area to area depending on local market conditions, and the degree to which landlords have choice in securing tenants who do not rely on Housing Benefit' (Work and Pensions Committee, 2010, p.59).

It has also been suggested that direct payment of HB to landlords would increase their confidence in the HB market and could lead to an increase in supply within the PRS. Indeed, the Work and Pensions Committee report states that:

'Direct payment to landlords may be a useful bargaining tool for local authorities in trying to secure cheaper accommodation for clients' (2010, p.62).

This approach could be particularly fruitful in "tighter" PRS markets where demand is relatively high in order to ensure the availability of sufficient properties for HB claimants. Table 6.10 would suggest this has relevance across Hampshire but especially in the Portsmouth BRMA where the size of the PRS market accessible to claimants is relatively smaller.

Likewise, tenants will also respond differently to the measures based on personal circumstances and local market conditions. Some may be forced to relocate and others may choose not to. Suffice to say here that there is the possibility of an impact on the structure of the PRS and in some cases, a channelling of HB claimants towards specific areas within districts where rental prices are relatively cheaper, especially in areas of high demand. This could have a profound effect on the local PRS in some areas resulting in population change and, in the worst case scenario, residential sorting based on the ability (or not) to meet shortfalls in HB payments. This will be a particular issue where income segregation is more pronounced and could lead to a greater concentration of deprivation and neighbourhood homogeneity as tenants move to areas of cheaper, poorer quality PRS housing (CIH, 2010).

The removal of the £15 "excess"

As mentioned above, claimants with rents currently under the LHA median, and potentially also under the new 30th percentile LHA, were able to keep up to £15 in the difference between their rent and the LHA limit. These households will now lose this £15 excess. Table 6.11 sets out the impact of this measure in terms of the number of claimants affected across districts in Hampshire.

This measure is estimated to affect over **10,000 households** within Hampshire. Almost half of those affected (47 per cent) are in Portsmouth and Southampton, with other sizeable numbers (over 800 households) losing out in Gosport, New Forest and Rushmoor. Weekly losses are predicted to be between £8 and £15, with higher end losses skewed towards larger properties, and therefore larger families. Again, the loss of the £15 weekly excess may appear to be relatively minor, but the effects could be significant for low income households for whom £15 per week represents a significant boost to household income.

Table 6.11: Impact of removing the £15 excess, caseload

	1 ROOM	1 BED	2 BED	3 BED	4 BED	5 BED
Portsmouth	-	1,690	510	230	100	20
Southampton	330	620	810	330	90	40
Basingstoke & Deane	20	90	100	50	20	10
East Hampshire	10	90	90	30	10	-
Eastleigh	30	120	190	80	30	10
Fareham	-	150	110	60	40	-
Gosport	-	420	270	130	30	10
Hart	30	30	50	30	10	-
Havant	-	350	140	80	40	10
New Forest	-	370	280	110	30	10
Rushmoor	-	630	180	70	30	-
Test Valley	-	170	160	70	20	-
Winchester	-	180	120	50	10	-
Hampshire	420	4,910	3,010	1,320	460	110

Source: DWP, Single Housing Benefit Extract, March 2010

Increasing non-dependant deductions

The final measure to be introduced in April 2011 is an increase in deductions from a claimant's rent where they live with other non-dependant adults. Typically this applies to the claimant's own working age children, whether in work or claiming out-of-work benefits themselves. Currently, the level of deductions is frozen at 1999 levels. The deductions will be increased in three annual steps so that they reach levels reflecting increases in rents and Council Tax since 2001.

This is a relatively complex measure in terms of identifying the likely impact, both in terms of monetary value and the response from claimants and non-dependants living with them. The Chartered Institute of Housing (CIH) has stated that the change will result in an increase in charge rates of between one third and one half of the current rate (CIH, 2010). The only certainty is that claimants will either need to collect more money from the non-dependant adult(s) sharing the property or meet the shortfall themselves, with the deduction greatest where the non-dependant is in full-time employment (or receiving more than £200 per week). Though the precise impact is unclear it has been suggested that *'these changes will be an incentive for tenants to encourage their children to leave home and a disincentive to voluntary sharing'* (CIH, 2010, p.6). Some tenants may be faced with the difficult choice of allowing the non-dependant to stay and losing Housing Benefit or asking them to leave and facing a reduction due to under-occupation (CIH, 2010). Where non-dependants are forced to leave they will face increased competition for cheaper rental accommodation as a result of the measures outlined above; and where non-dependants are under the age of 35 they may only be entitled to the shared room rate from April 2012, further constraining their housing choices (see below).

Proposed measures to be introduced post-April 2011

With the proposed changes to the HB regime staggered, some reforms are imminent, primarily relating to the LHA, and others set to be introduced further down the line. This subsection sets out those changes to be introduced in 2012 and 2013. The details of these reforms are less clear and so any impacts are indicative at this stage. Furthermore, there is the possibility that these policies may be altered as they pass through the legislative process.

Increasing the age limit for the shared room rate from 25 to 35

At present single people under the age of 25 are only entitled to the lower shared room rate (i.e. a single room in a shared house) which *'has been found to be too low to find a decent quality tenancy in many areas'* (Work and Pensions Committee, 2010). As of April 2012 the age limit will rise from 25 to 35 and is likely to result in an increased demand for smaller and cheaper properties. HM Treasury has estimated that around 88,000 claimants will be affected nationally, all of whom will be single, aged 25-34 and living in private rented accommodation.

Change to using CPI to up-rate HB rather than RPI

As of April 2013 it is proposed that the 30th percentile LHA rate will be up-rated using the Consumer Price Index (CPI) as opposed to the Retail Price Index (RPI), which includes housing costs. Therefore the increase in HB payments will effectively be decoupled from actual rents within local rental markets. This is significant as historically rents have risen at a higher rate than the CPI: between 1991 and 2009 rents rose at an average of 2.57 percentage points per year above the CPI (CIH, 2010). Should these historical trends persist then the CIH predicts that, *'in the long-term there will come a point at which the cheapest property which is available in a given market area is more expensive than the full LHA rate'* (CIH, 2010, p.8). The impact of these changes is predicted to vary over the short-term with a more acute problem anticipated in the coming years with regard to 1-bedroom properties.

Applying size criteria to working age claimants in the social rented sector

From April 2013 HB will be restricted for some people who are living in a property that is larger than their household size. This will apply to working age claimants renting from a social landlord. It already applies to HB claimants in the PRS. This measure represents the largest single saving of all the reforms and is therefore likely to have a significant impact. The DWP has estimated that 430,000 households currently under-occupy their accommodation nationally (CIH, 2010). However, many of these are elderly tenants past working age and therefore will not be affected. This measure is likely to result in an increase in the demand for smaller social rented properties. Against a backdrop of a shrinking social housing sector and a continuing trend towards smaller households, this is likely to represent a big challenge in some areas where smaller properties are in short supply. In such cases tenants may be unable to move to a dwelling of suitable size and will therefore have no option but to face the penalty.

In light of the negative impact this measure would have on disabled people, in terms of their ability to continue to live independently, the reforms also include **provision for an additional bedroom allowance for a carer where there is an established need for**

overnight care. However, concerns have still been raised as to the impact on disabled people (see below).

Housing Benefit Cap based on the average take-home pay for working households

From April 2013, household benefit payments will be capped on the basis of median earnings after tax for working households, which HM Treasury estimates to be £500 per week or £26,000 per year. All Disability Living Allowance claimants, War Widows and working families claiming the working tax credit will be exempt from the cap. The cap will apply to the combined income from:

- income replacement benefits including Jobseeker's Allowance, Income Support, Employment Support Allowance;
- other means-tested benefits including Housing Benefit and Council Tax Benefit;
- Child Benefit and Child Tax Credit;
- other benefits including Carer's Allowance and Industrial Injuries Disablement Benefit.

The DWP impact assessment⁴⁵ for this new measure suggests:

'overall around 50,000 households will have their benefits reduced by the policy – this is roughly 1% of the out-of-work benefit caseload. Broadly this policy affects large families who are out of work, in the most part with three or more children, or households in high rent areas receiving large Housing Benefit payments. On average households will lose around £93 per week. The median loss is around £66 per week; this is less because the mean is skewed by some households losing large amounts. DWP (2011) p6

If a similar proportion of the out-of-work benefit caseload in Hampshire was affected by this measure then up to **1,000 households** would be affected.

The potential impact of on specific groups

It is clear from the preceding analysis that some household types will potentially lose out more than others, in particular, larger families (likely to have a disproportionate impact on ethnic minority families), disabled people, older people (of both working and pensionable age) and young people. These groups may experience a cumulative impact which could severely affect their ability to sustain their current housing situation. There is therefore a need for local authorities to monitor these impacts to inform the use of Discretionary Housing Payments as a tool for alleviating some of the negative impacts on the most disadvantaged groups. The potential cumulative consequences of the reforms are briefly summarised in turn for each group.

⁴⁵ DWP (2011) Impact assessment for the Household Benefit Cap
<http://www.dwp.gov.uk/docs/household-benefit-cap-wr2011-ia.pdf>

Disabled people

The DWP impact assessment of the HB changes has suggested that, despite the allowance for an extra bedroom for live-in carers, some disabled people might still face shortfalls in payment and have to move house and have their new homes adapted. Moreover, as the extra bedroom allowance only applies where there is an established need for overnight care, this excludes claimants who may need extra space for wheelchair access or essential equipment for instance. The Work and Pensions Committee Report calls for the use of Discretionary Housing Payments to avoid potential housing disruption caused to disabled people alongside a monitoring of the cumulative impact of changes and an assessment of the availability of affordable and accessible homes (2010, p.28).

Larger families

Though representing a small proportion of claimants, larger families will be hit hardest by the LHA reforms given the capping of rents, the abolition of the 5-bedroom rate and the up-rating of payments based on the 30th percentile. Some families may also be affected by non-dependant deductions further compounding the reduction in household income. Add to that the further reforms in 2012 and 2013 detailed above and the consequences for larger families are likely to be profound, with evictions and temporary homelessness a very real possibility. The other likely outcome is a significant increase in overcrowding as households struggle to find suitable properties given the shrinking in the size of the PRS accessible to them. This will not be confined to larger households but will impact on all households trying to find accommodation within the context of tighter budgets. This may also result in increased demand for SRS accommodation putting further pressure on this shrinking sector. For ethnic minority households, for whom proximity to social networks of friends and family is a particularly valuable resource, the impacts are even more pronounced.

Younger people

Single people under the age of 35 will only be able to claim the shared room rate, severely limiting their housing choices. Add to that the potential for pressures to leave the family home as a result of non-dependant deductions, and the introduction of size criteria within the SRS, and the situation for younger claimants is particularly bleak. Given the current labour market situation and the continued rise in youth unemployment it is not difficult to grasp the challenges these reforms produce.

Housing Benefit Claimants in Hampshire: Summary

Together, these changes represent a wide-ranging overhaul of the current HB regime. Indications are that with respect to the reform of LHA, all the current caseload in Hampshire will be affected to some degree by the changes. In the first instance the changes will have greatest impact on those in the private rented sector:

- just under **33,000 HB claimants within the private rented sector** in Hampshire are likely to be affected in some way by the proposed changes to the Local Housing Allowance;
- this will start to impact on new claimants immediately from April this year;

- this includes over **16,000 households** expected to see a reduction in their HB payments due to LHAs now being set to the 30th percentile of market rents;
- **over 10,000 households** will be affected by the removal of being allowed to keep up to £15 of LHA if rent is below the LHA level;
- the cap on Housing Benefit and total benefit entitlement may affect up to **1,000 households** in Hampshire.

The timing of the impacts of LHA and HB reform is also quite difficult to assess. During the course of this study the Government conceded a 9 month transition period for existing LHA claimants from the point of renewal of the HB claim. Whilst for LHA claimants the new rules are imminent from April this year, in theory for some existing claimants the changes will not come into force for more than 20 months after this.

While it is possible to estimate the number of households affected financially with regard to some individual measures, it is a lot more difficult to anticipate the potential response of households and tenants to these reforms. The Government impact assessments all acknowledge that they cannot account for behavioural responses to these measures from claimants or landlords. The desired impact is a downward pressure on rents, but it is impossible to tell at this stage whether landlords will be willing to re-negotiate rents or whether sufficient supply of certain types of properties exist. The desired effect is also an increased incentive to look for and take up paid work. However, this is dependent on the number of jobs available in an area and people's ability to compete for them.

It is also unknown as to how many tenants may feel the cumulative effects of these measures. For instance, some types of household could be hit by several of the reform measures, but, with the prevalence of such households in Hampshire largely unknown at present, it is not possible to estimate the potential scale of these impacts. There are also unknown impacts associated with the interaction between the HB reform and changes to other working age benefits. For example, if one member of a household loses entitlement to ESA the loss of income may mean that other sources of household income are no longer sufficient and subsequent claims for HB may be required.

That said, recent government impact assessments and independent research have predicted a number of likely scenarios. Those likely to affect Hampshire are:

- significant reductions in household incomes and an increase in rent arrears;
- increased demand for smaller properties as claimants look to downsize;
- increased levels of overcrowding;
- increased incidences of evictions and homelessness;
- greater demand for homelessness and housing options services;
- increased demand for SRS accommodation as households are priced out of the PRS, and, associated with this, an increased number of applications for the SRS housing register;
- family stresses as a result of non-dependant deductions and pressures on older children to leave home;

- an increase in demand for independent housing from people who previously shared (related to the above);
- a contraction in the size of the PRS available to HB claimants and geographical shifts;
- likelihood of some families having to relocate away from social networks of informal support;
- more intense concentrations of poverty and disadvantage in areas of relatively cheaper and poorer quality PRS accommodation;
- increased demand for Discretionary Housing Payments;
- Increased demand for debt counselling services.

All these issues could be further accentuated by reluctance of PRS landlords to let to HB claimants. These effects are likely to be unevenly distributed across Hampshire. The introduction of these complex and wide-ranging measures therefore necessitates the need for:

- extensive local and sub-regional monitoring;
- evaluation of displacement and migration effects;
- monitoring increased demand for social housing and support services;
- further quantitative and qualitative research into the likely intentions of tenants and landlords and implications of this for particular households and areas within Hampshire.

7. Public Sector Job Reductions

Introduction

The Office of Budget Responsibility (OBR) was formed by the Coalition government in May 2010. The intention is that it will make an independent assessment of the public finances ahead of each Budget. At the time of the June 2010 Budget the OBR estimated that 610,000 public sector jobs would be lost by 2016 as a consequence of the reductions in public spending. If the period to 2015 alone is considered the figure was estimated to be 490,000 job losses. In November 2010 the OBR revised its estimates downwards to 330,000 job losses by 2015. The revised forecast was based on the government putting more emphasis on benefit reductions and less on departmental spending reductions than it had expected at the time of its earlier forecast.

Other organisations however were less optimistic. The Chief Economic Advisor to the Chartered Institute of Personnel and Development (CIPD) gave evidence to the Treasury Select Committee in November 2010 that they had revised their estimates of public sector job losses upwards from 500,000 to 725,000⁴⁶ in response to the Comprehensive Spending Review. A study by CRESR released in January 2011⁴⁷ estimated that 600,000 public sector job losses could be further compounded by a similar number of job losses in the private sector.

The impact of public sector job reductions is wide ranging. The reduction in spending allocations to certain central government departments is dramatic. For example in the Department for Work and Pensions and Communities and Local Government it is estimated that they may lose between 30 to 40 per cent of their current staffing levels. This filters down to direct services such as Jobcentres where 6,500 jobs were to be cut by March 2011 alone at a time when demand for its services is increasing.

The Local Government Association (LGA) originally predicted 100,000 local authority posts would go in England and Wales as a result of October's Spending Review. However, after considering the impact of town hall budget reductions planned for this year they warned the spending reductions could lead to around 140,000 council jobs in the next year⁴⁸. This

⁴⁶Dr John Philpott, Chief Economic Adviser at the CIPD, November 2010

<http://www.cipd.co.uk/pressoffice/articles/Treasuryselectcommittee011110.htm>

⁴⁷Beatty, C., Fothergill, S., Gore, T. and Powell, R. (2011) Tackling Worklessness in Britain's Weaker Local Economies, SHEFFIELD: CRESR Sheffield Hallam University. <http://www.shu.ac.uk/assets/pdf/cresr-tackle-worklessness-report-nov10.pdf>

⁴⁸<http://www.lga.gov.uk/lga/core/page.do?pagelD=15209127>

prediction is based on the Government's decision to 'front load' reductions into the first year - rather than spread them evenly over the four years of the Spending Review. The Formula grant to local authorities (excluding police grant) is being cut by 12 per cent in 2011-12. LGA estimate that the difference between what local authorities across England would need to spend to maintain frontline services in their current form and the income they generate from grants, fees and charges, business rates and council tax means there will be a shortfall in funding of £6.5 billion in 2011-12⁴⁹.

The impact of public sector job reductions in Hampshire

Hampshire County Council indicated that about 1,200 jobs amongst its 15,000 employees are likely to be lost in 2011/12 as a consequence of the reduction of £30.9m or 14.3 per cent in its government grant, following the Spending Review. This is equivalent to approximately eight per cent of its workforce.⁵⁰ This scale of job reductions is in line with that identified in the public sector jobs estimated by the CRESR study mentioned above.

To what extent can the past employment trends in Hampshire give an indication of future prospects of the local economy in response to public sector job loss? This section utilises data from the Annual Business Inquiry (ABI) to consider the balance between public and private sector jobs growth. In places, two further groups of combined district level data are also incorporated to provide alternative benchmarks. These are also taken from the CRESR Tackling Worklessness study. The first is a group of 142 districts⁵¹, mainly but not exclusively in southern England, where the working age benefit claimant rate was less than 10 per cent in 2009. These are districts that have seen persistently low levels of worklessness over time. Nine of the Hampshire districts fall within this group. The exceptions are Gosport, Havant, Portsmouth and Havant. The second benchmark is a group of the 112⁵² worst districts with persistently higher levels of worklessness where the working age benefit claimant rate was in excess of 15 per cent in 2009.

Figure 7.1 shows the trends in employment⁵³ between 1999 and 2008 in Hampshire, nationally and groupings of best and worst districts. It can be seen that the worst 112 districts, the England average and the average for the best 142 districts actually experienced similar levels of growth over the period of sustained national economic growth. Perhaps there are the first indications of the recession beginning to bite for the 112 worst districts by 2008. Hampshire fared slightly better, though there is volatility in the year-by-year data.

⁴⁹ LGA (February 2011) Local Government Finance Report 2011-12

<http://www.lga.gov.uk/lga/aio/16720540>

⁵⁰ <http://www.bbc.co.uk/news/uk-england-hampshire-12223558>

<http://www.bbc.co.uk/news/uk-england-hampshire-12224744>

⁵¹ 142 best districts out of 408 districts in GB with a combined population of 15.8m.

⁵² Includes 100 worst districts outside London (pop 18.8m) and the worst 12 London boroughs (pop 2.8m)

⁵³ The figures are for employees in employment, from the ABI, and exclude the self-employed. The figures have been adjusted, on the basis of statistics by district and by SIC group, for discontinuities in the ABI data in 2006. The 2008 figures are for December and are the most up-to-date figures available at the time of writing.

Figure 7.1: Employment trends, 1999-2008



Source: Annual Business Inquiry, NOMIS

Whilst similar rates of jobs growth can be seen across the benchmarks in Figure 7.1, when the jobs growth by public versus private sector jobs is disaggregated a different picture emerges (Table 7.1). It can be seen that only just over a quarter of jobs in the 112 worst districts were created in the private sector and thus it was public sector jobs growth that underpinned employment growth in these areas. In England the proportion rises to just over 40 per cent and in the best 142 districts just over half the jobs were created in the private sector. Hampshire shows the strongest private sector employment growth of the areas considered during this period. Potentially this bodes well for Hampshire and the Government and OBR working assumptions that public sector job losses will be offset by growth in private sector jobs growth may potentially hold in Hampshire, if not elsewhere. Alternatively, the jobs growth in the private sector in Hampshire may compare favourably with trends in the public sector, with earlier job losses in sectors such as defence leading to it providing a lower contribution to employment increase.

Table 7.2 works through the potential impact of public sector job losses in Hampshire. This makes the assumption that in the region of 600,000 or 8 per cent of public sector jobs are lost by 2015 and that areas across the country see a similar scale of decline. On this basis it is likely that in Hampshire public sector jobs will contract by around 16,000. If half of all those who lose their jobs went on to claim an out-of-work benefit, then this would translate into a potential increase of just over 8,000 working age benefit claimants.

Table 7.1: Public versus private sector jobs growth, 1999-2008

	Public sector*	Private sector	Total	Private sector as % of total
Hampshire	14,200	65,200	79,400	82
Best 142 districts	328,000	337,000	665,000	51
England	1,109,600	768,800	1,878,400	41
Worst 112 districts	531,000	207,000	738,000	28

*Public admin & defence, health, education

Source: Annual Business Inquiry, NOMIS

Table 7.2: Potential public sector jobs loss to 2015

	Public sector jobs 2008		Potential job loss	Potential increase in benefit claimants
	Number	% of all jobs		
Gosport	15,000	34.9	1,300	600
Winchester	9,800	34.3	800	400
Portsmouth	10,800	34.1	900	400
Southampton	11,300	32.5	900	500
Havant	7,200	24.0	600	300
New Forest	6,100	23.8	500	300
Fareham	9,400	21.3	800	400
East Hampshire	16,100	21.3	1,300	700
Test Valley	33,900	20.2	2,800	1,400
Rushmoor	8,300	18.1	700	300
Eastleigh	35,600	18.0	3,000	1,500
Basingstoke and Deane	9,900	18.0	800	400
Hart	23,000	17.4	1,900	1,000
Hampshire	196,500	25.3	16,400	8,200

Source: Annual Business Inquiry, NOMIS, authors' estimates

Public Sector Jobs Reductions in Hampshire: Summary

In addition to the reform of the welfare system there will also be the very real prospect for some people in Hampshire of losing their job as a consequence of the cutbacks in public sector spending. If the scale of cutbacks in Hampshire is the same as is expected nationally, then:

- over **16,000 public sector jobs** may be lost;
- there may be **over 8,000 new claimants of working age benefits** if half of those who lost their jobs went on to claim benefits;
- this will lead to a rise in Housing Benefit and Council Tax Benefits.

The loss of jobs in the public sector will reduce services delivered by local councils, Jobcentres, housing services, health services, education and training services or social services. Spending reductions will reduce funding for third sector and voluntary sector organisations. This comes at a time when services delivered through the likes of Citizen's Advice Bureaux, debt counselling services and mental health charities as well as public sector support services will see increases in demand.

For many vulnerable individuals and families, there is therefore a significant potential loss of both income and of access to advisory and support services which might help them manage the changes.

8. An assessment

The impacts of current welfare reforms and the public sector spending reductions will undoubtedly be wide ranging. They affect residents in all parts of the country, even those in relatively buoyant local economies such as Hampshire. Whilst most of the rhetoric is directed at the workless and those on out-of-work benefits, the impact of the spending reductions and welfare reform is affecting a much more extensive group of people. The changes being introduced such as UC affect low income households as well as the workless. They impact on those claiming LHA in the private rented sector and HB in social housing. As spending reductions are devolved down to a local level they will in all likelihood affect all those who use local services and result in some hitherto better-off people in Hampshire losing their jobs.

The scale and pace of change is astounding, so much so that even during the short period of this study, elements of the proposed reforms have been modified, delayed or in some cases dropped entirely. The initial proposals to cut expenditure announced in the June 2010 Emergency Budget were lacking in detail. Whilst by the October 2010 Comprehensive Spending Review proposals had been further developed, still much of the detail was missing. It was not until November 2010 when the White Paper on the overhaul of the benefits system and the plans to introduce UC as a single payment encompassing all non-contributory means tested benefits that fuller details began to emerge. Government impact assessments of how the changes would be implemented and how many and which people were likely to be affected by the changes only began to emerge in late November 2010. The latest ones relating to ESA and UC were only released alongside the Welfare Reform Bill 2011 which reached Parliament on 16th February 2011.

This report has covered all the recent documentation released and has related it to what is known about claimants of out-of-work benefits and Housing Benefit in Hampshire. The report has not however been able to cover some of the changes to be introduced in the post 2013 period, as detailed data or information on the likely scale of people affected is not yet available. For example, we have been unable to estimate the number of people affected by the abolition of Child Benefit eligibility for households where at least one earner pays the higher rate of tax, and the financial impact that this might have. Tax Credits will also become part of the UC system and there will be some gainers and some losers due to the balance of changes related to eligible childcare costs on the one hand, and increased earnings disregards or improved marginal tax rates on the other.

In addition, a public consultation process is also under way for the reform of Disability Living Allowance (DLA). This is available to both those in work or out-of-work as a non-means tested benefit to cover additional mobility and caring costs incurred for those with disabilities.

DLA will be replaced in 2013/14 with a new cash benefit called the Personal Independence Payment. However, it will have a more 'objective' assessment for eligibility, which is likely to reduce the number of recipients dramatically. It is also difficult to assess the direct effect on those in receipt of Working Tax Credits when they are brought within the remit of the new UC.

The ability to calculate the compound effect of all the changes due to welfare reform is limited. This is not least because the Government admits it cannot in reality tell to what degree claimants will make behavioural changes in response to the new restrictions to eligibility, reductions in amount of benefit that will be paid, increased conditionality and harsher sanctions which will be imposed. The data impact assessments which exist are based very much on the aggregate numbers of people in any one benefit group. The assessments do not take into account the overlap between benefits or cumulative impacts, for example, on those claiming both an out of work benefit and Housing Benefit. The Government Impact Assessments do not take into account the geographic distribution of claimants across the country or to what extent some claimants may be more able to return to work than others depending on the balance of local labour supply and demand, and the degree of competition in a local labour market in relation to the number and type of jobs that are available.

Changes to the benefits system are likely to have very real consequences for the individuals involved. An increased incentive to work, a simpler benefits system, making work pay in a more transparent way - especially part-time work - and the additional support available through the Work Programme and Jobcentre may help some people back to work. However, for others, ill health and/or having attributes of multiple disadvantage in the labour market will mean that a route back to work is unlikely in the short term, or indeed possible in the long term, even in parts of the country with buoyant labour markets.

These changes to out-of-work benefits alongside those to the Local Housing Allowance and Housing Benefits system are likely to mean that for some the ability to stay in their current accommodation may be compromised. Increases in rent arrears and indeed evictions may emerge as an outcome. A move to inferior housing may be necessary or indeed a move out of the area may be needed for some households where the impact is greatest. A downward pressure on rents in the private sector and a willingness from landlords to renegotiate rents for current tenants may materialise, but in areas of high demand for housing this may be less evident. This may especially be the case if the country heads into a period of higher inflation and interest rates, which may start to impact on mortgage repayments and profit margins for landlords in the private sector.

Whilst some of the changes are imminent, the entirety of the changes will take several years to work through the system. The impacts are unlikely to be fully realised in the time of the current Coalition government. However, the combined effects of the proposed changes seem likely to have potentially severe consequences for those who may not be able to re-integrate into the workforce easily or increase currently low incomes. For some, increased poverty and hardship are likely to be a real possibility as a consequence of the changes about to take place. Ultimately, a subsequent increase in homelessness and increases in demand for social housing and support services do not seem unrealistic future scenarios to consider and plan for.

9. Technical Appendix

ONS Estimates of Household Equivalised Income

For many years official government data on household incomes was based on relatively small sample surveys and thus figures were confined to national or regional scales. However, advances in data availability and statistical techniques have enabled the production of estimates for smaller areas. Thus, the Office for National Statistics has produced model-based estimates of household incomes for England and Wales, disaggregated to Middle Layer Super Output Area (MSOA) level. The most recent version of these estimates is for 2007/08, the figures released covering average weekly incomes (before and after housing costs) on the one hand, and the proportion of households in poverty on the other.

The model-based approach for producing these estimates was based on examining the relationship between household patterns revealed by the Family Resources Survey (FRS) and administrative data for the MSOAs. As the FRS does not cover every MSOA, and the modelling process involves limiting assumptions, the estimates are subject to some uncertainty. For this reason the data set contains three estimates: a central or average figure, plus two others at 95% confidence intervals on either side of this (i.e., 'high' and 'low' estimates). The latter provide a range for each MSOA within which one would expect the true value to fall 95% of the time.

Lower Layer Super Output Areas (LSOAs)

There are 32,482 LSOAs in England and which on average contain a population of approximately 1,500 people. The combined area of Hampshire, Portsmouth and Southampton covers 1,091 LSOAs, a fifth of all 5,319 LSOAs in the South East Region with a total population of just over 1.68 million people.

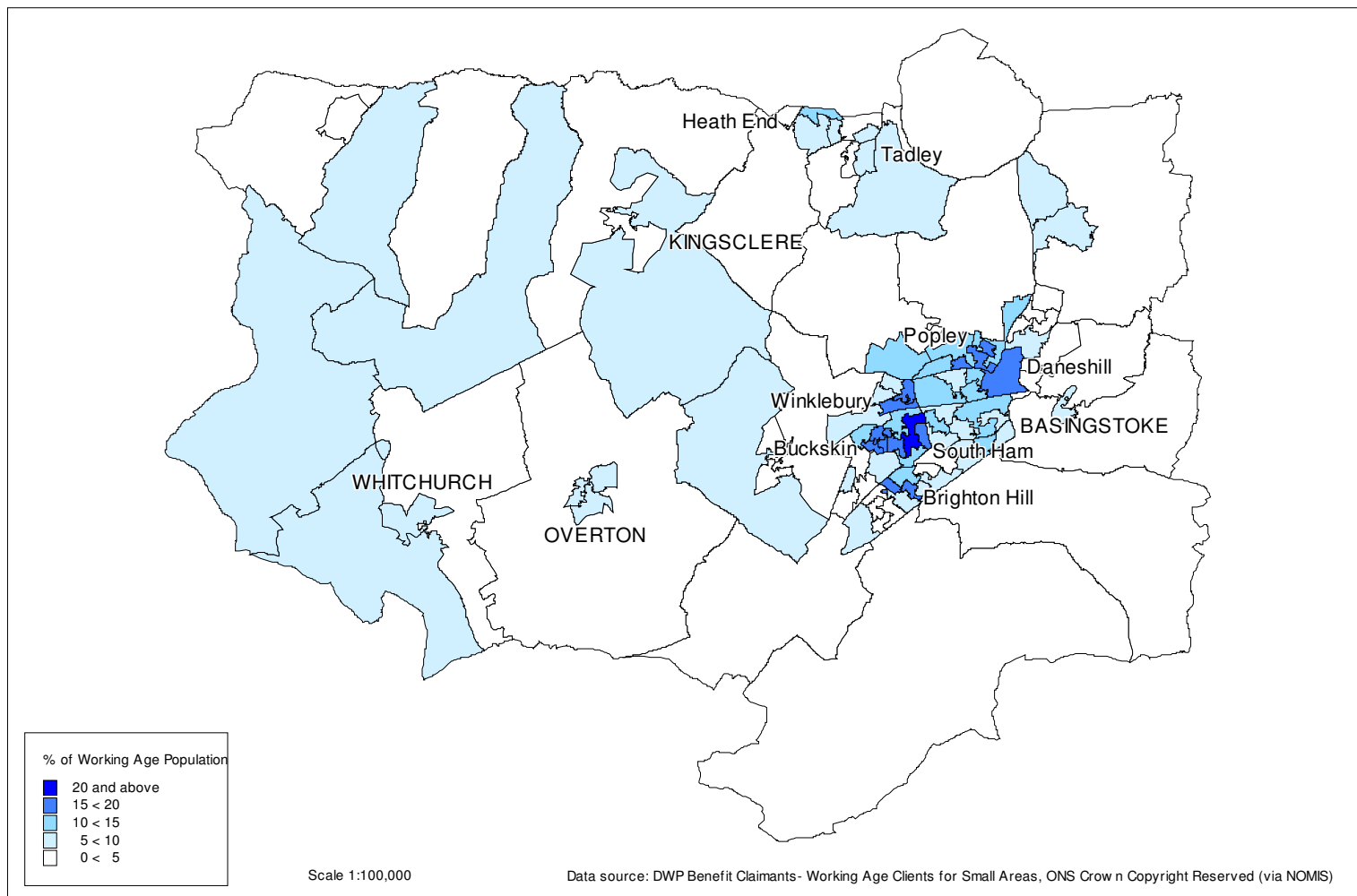
Middle Layer Super Output Areas (MSOAs)

MSOAs are formed from groupings of LSOAs. In England and Wales MSOAs have a minimum size of 5,000 residents, with an average of around 7,200 residents. There are 225 MSOAs in Hampshire as a whole containing 1,091 LSOAs.

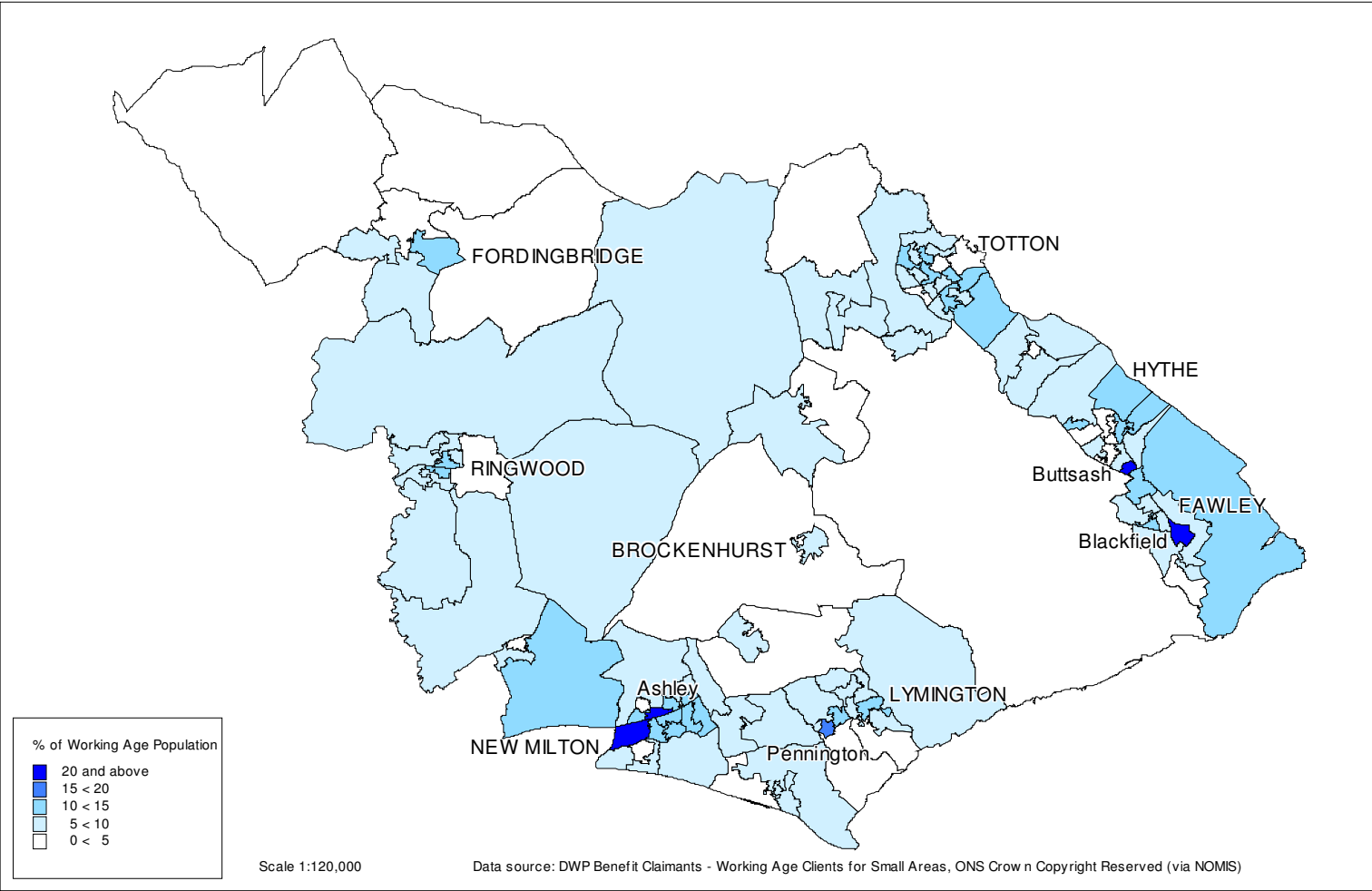
APPENDIX: Maps of out-of-work benefits rates in all Local Authority Districts in Hampshire

A.1: Basingstoke and Deane District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010

80

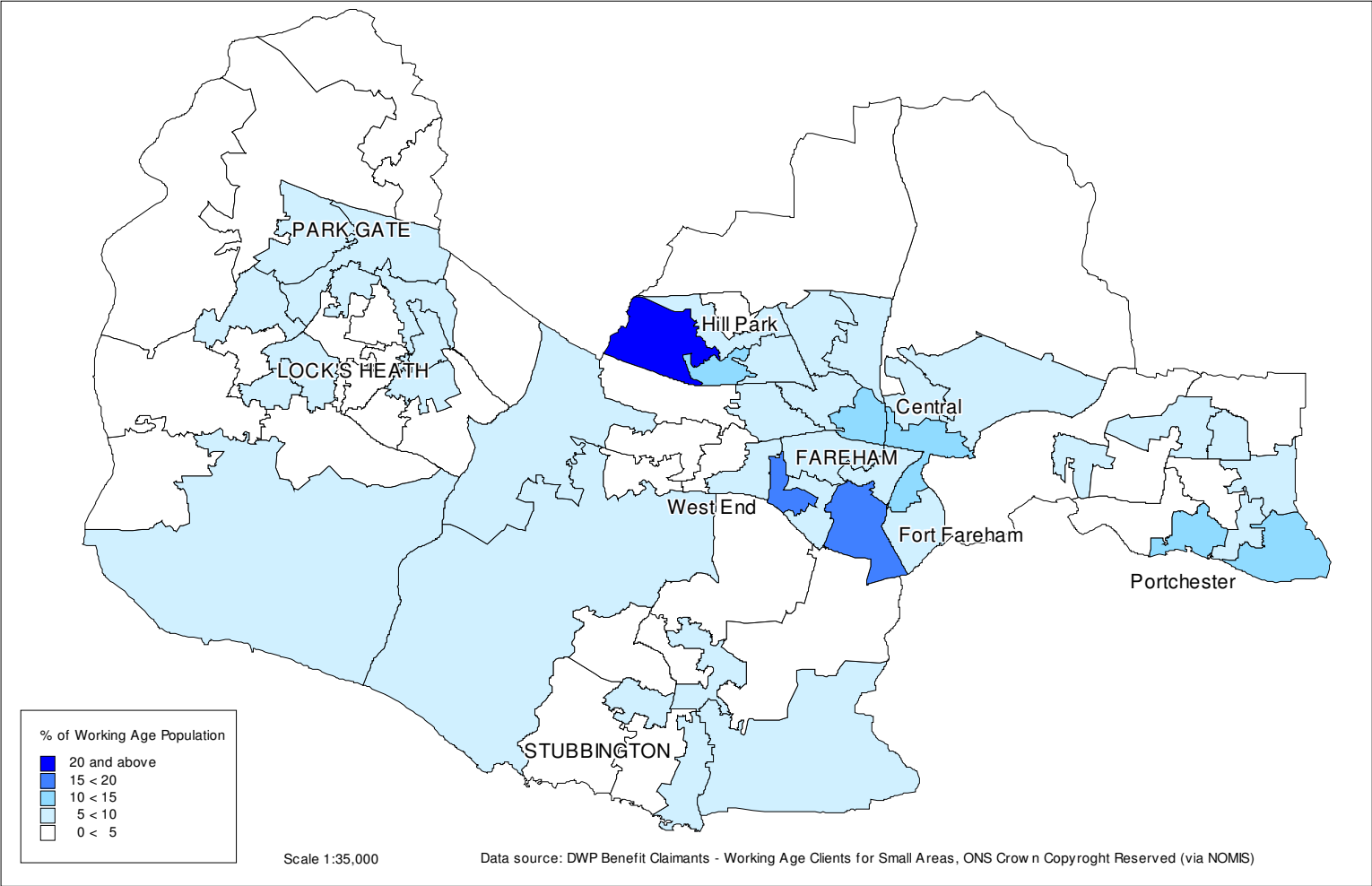


A.2: New Forest District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



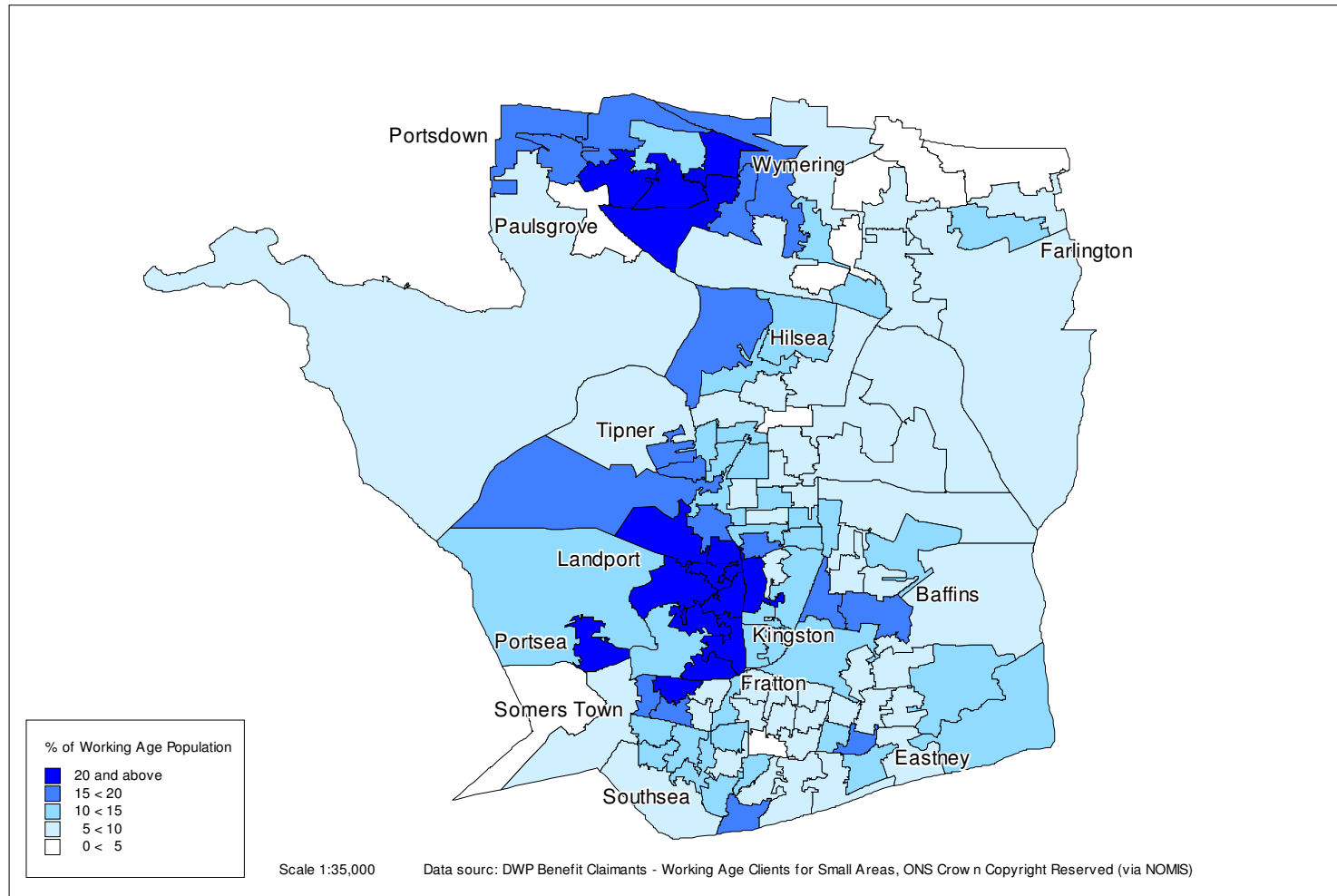
A.3: Fareham District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010

82

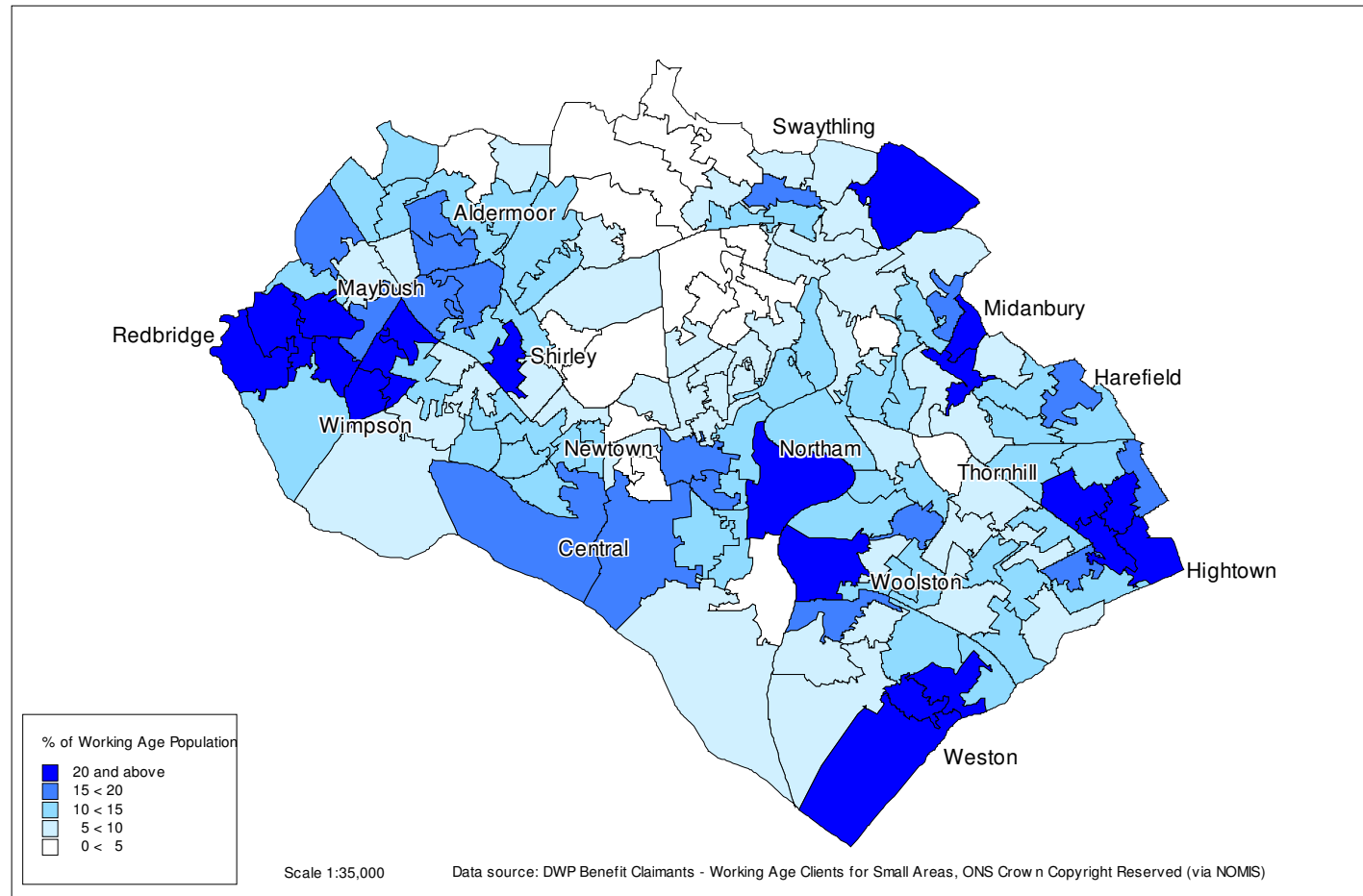


A.4: City of Portsmouth: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010

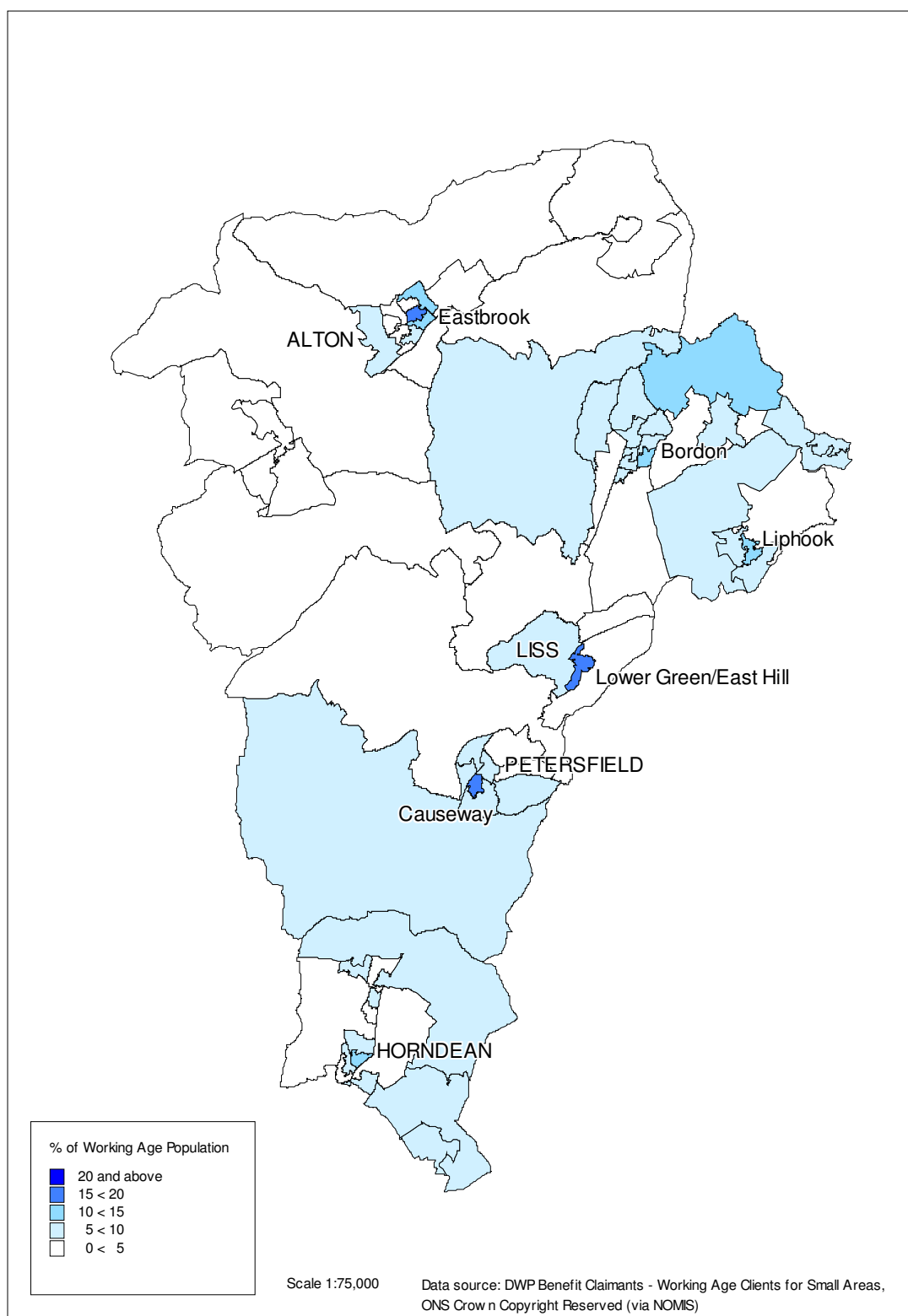
83



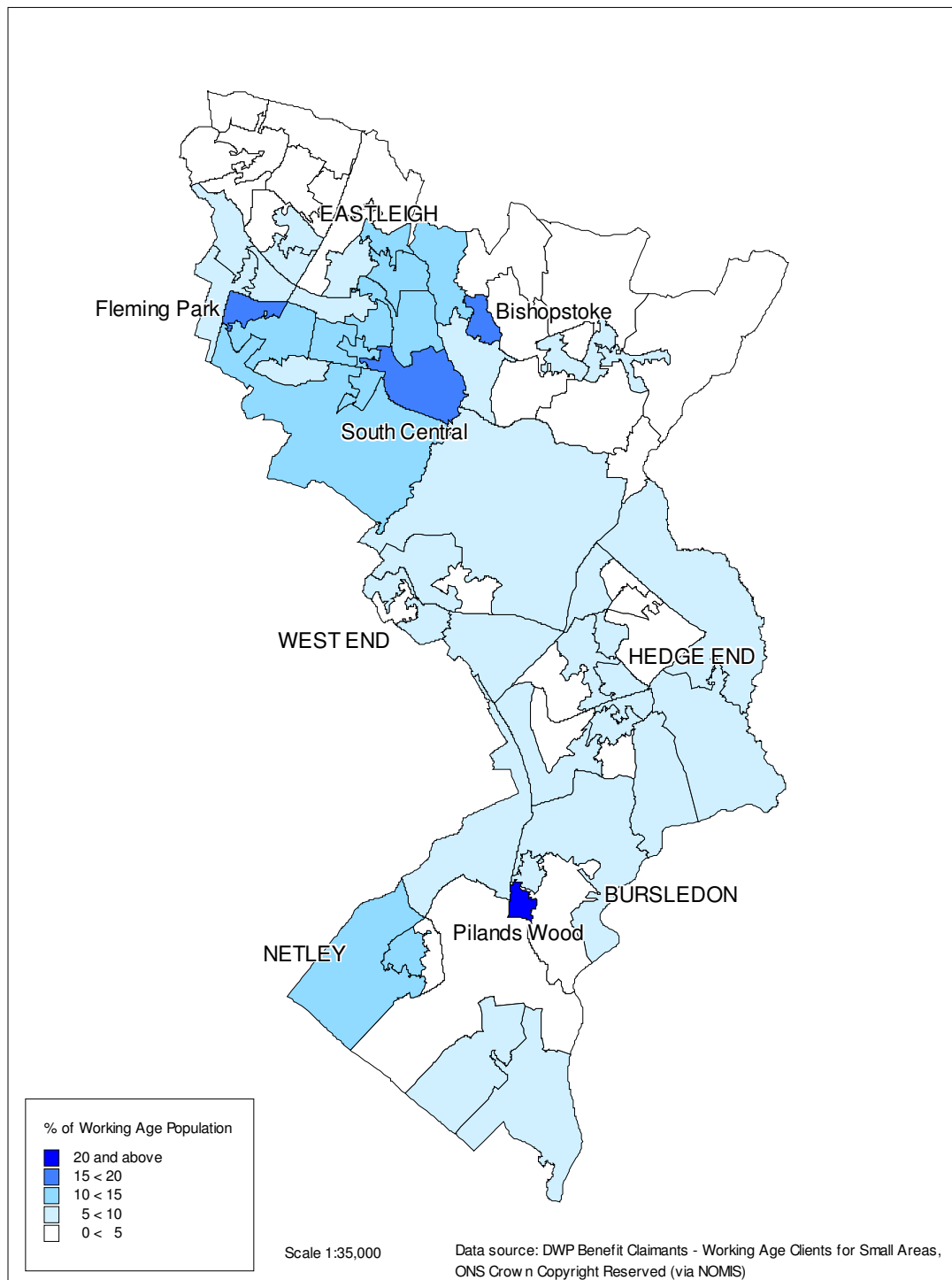
A.5: City of Southampton: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



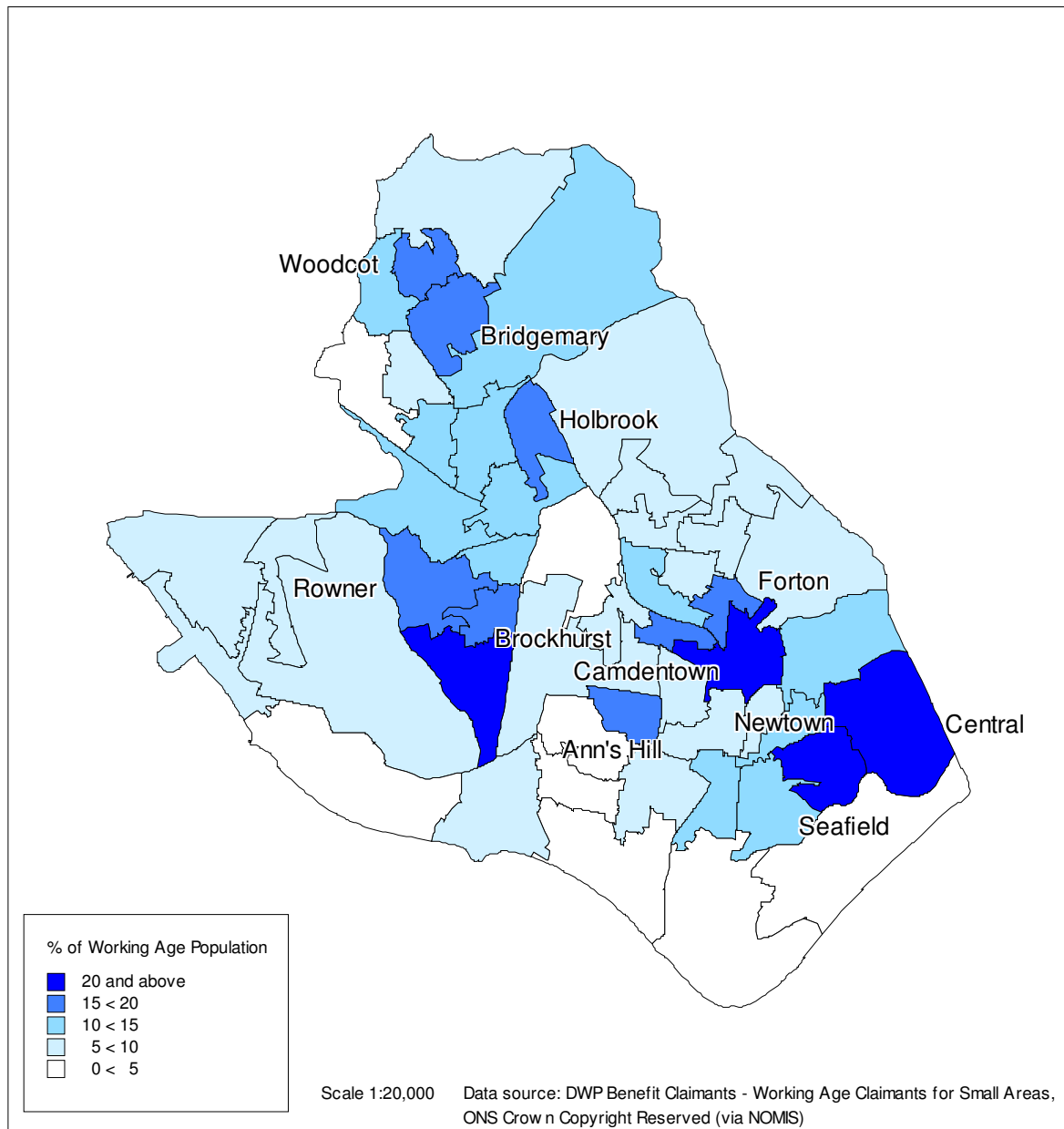
A.6: East Hampshire District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



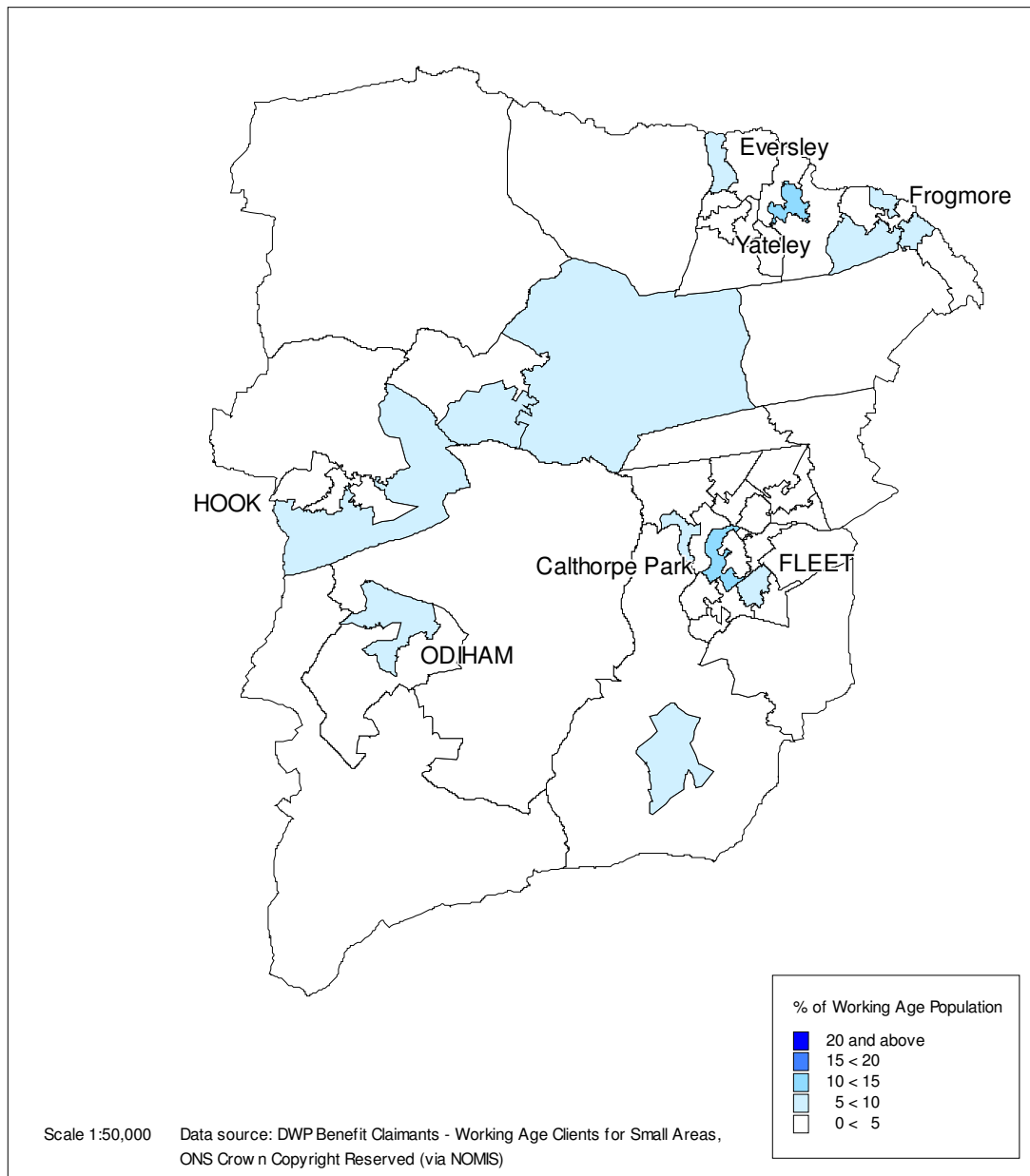
A.7: Eastleigh District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



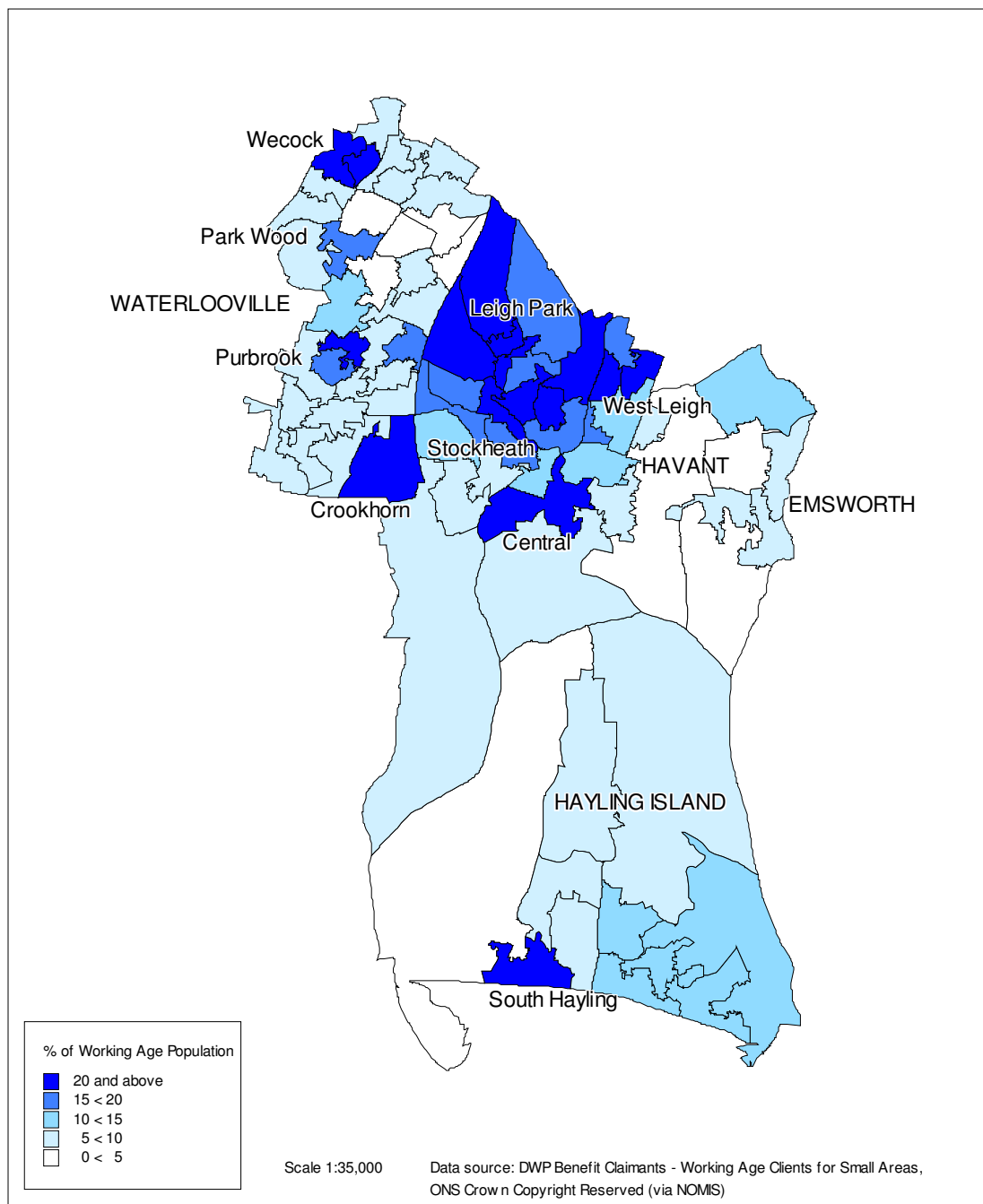
A.8: Gosport District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



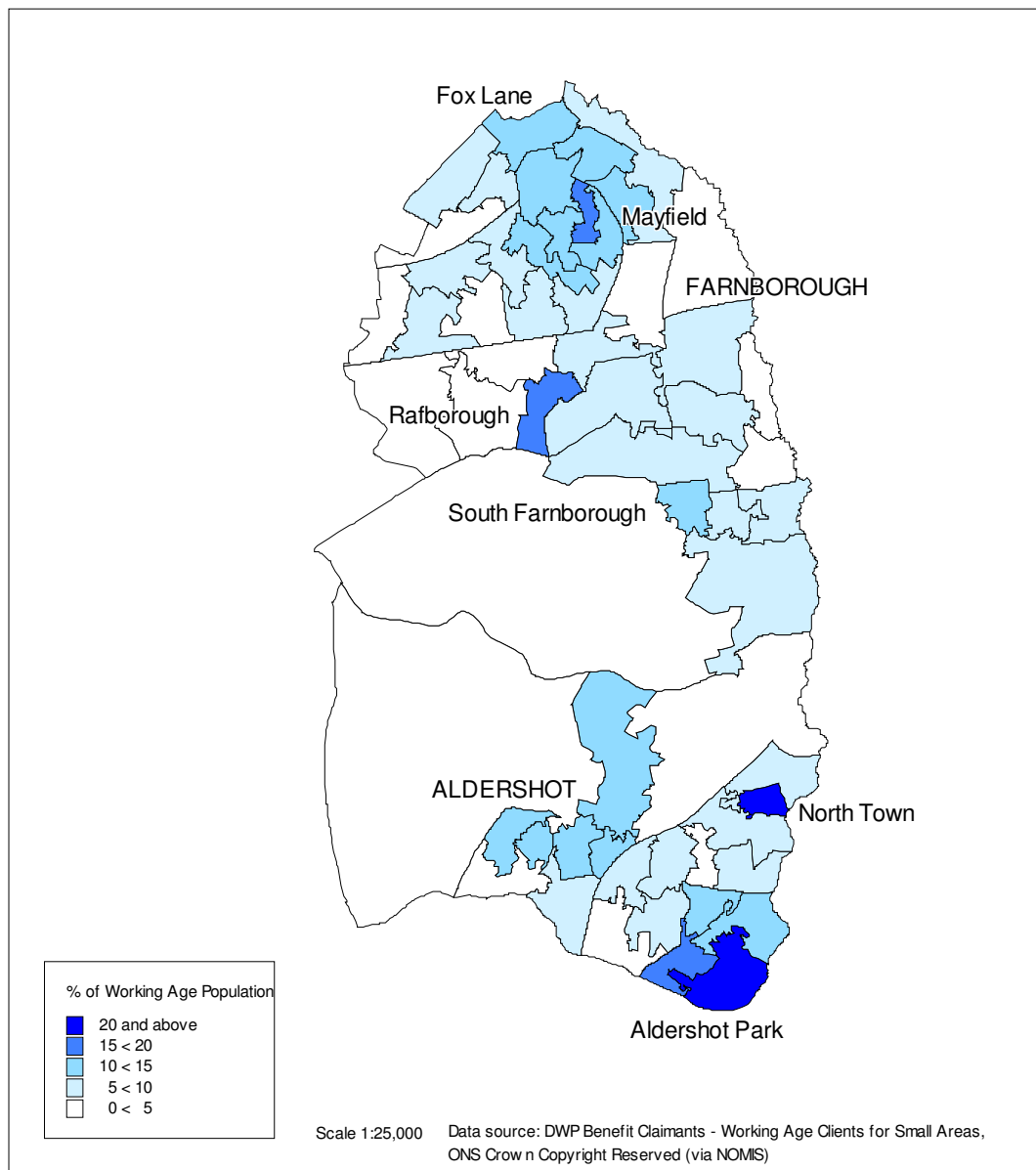
A.9: Hart District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



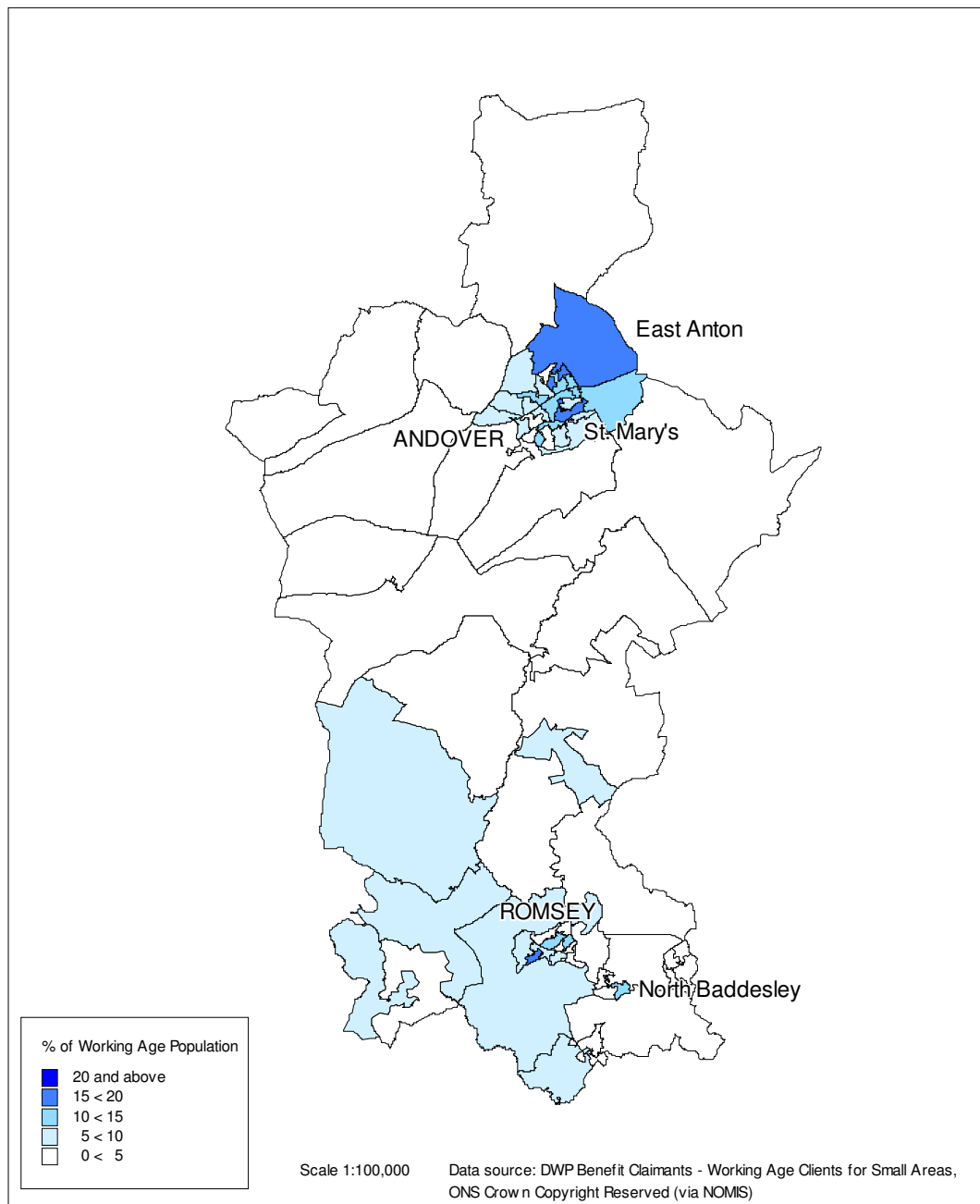
A.10: Havant District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



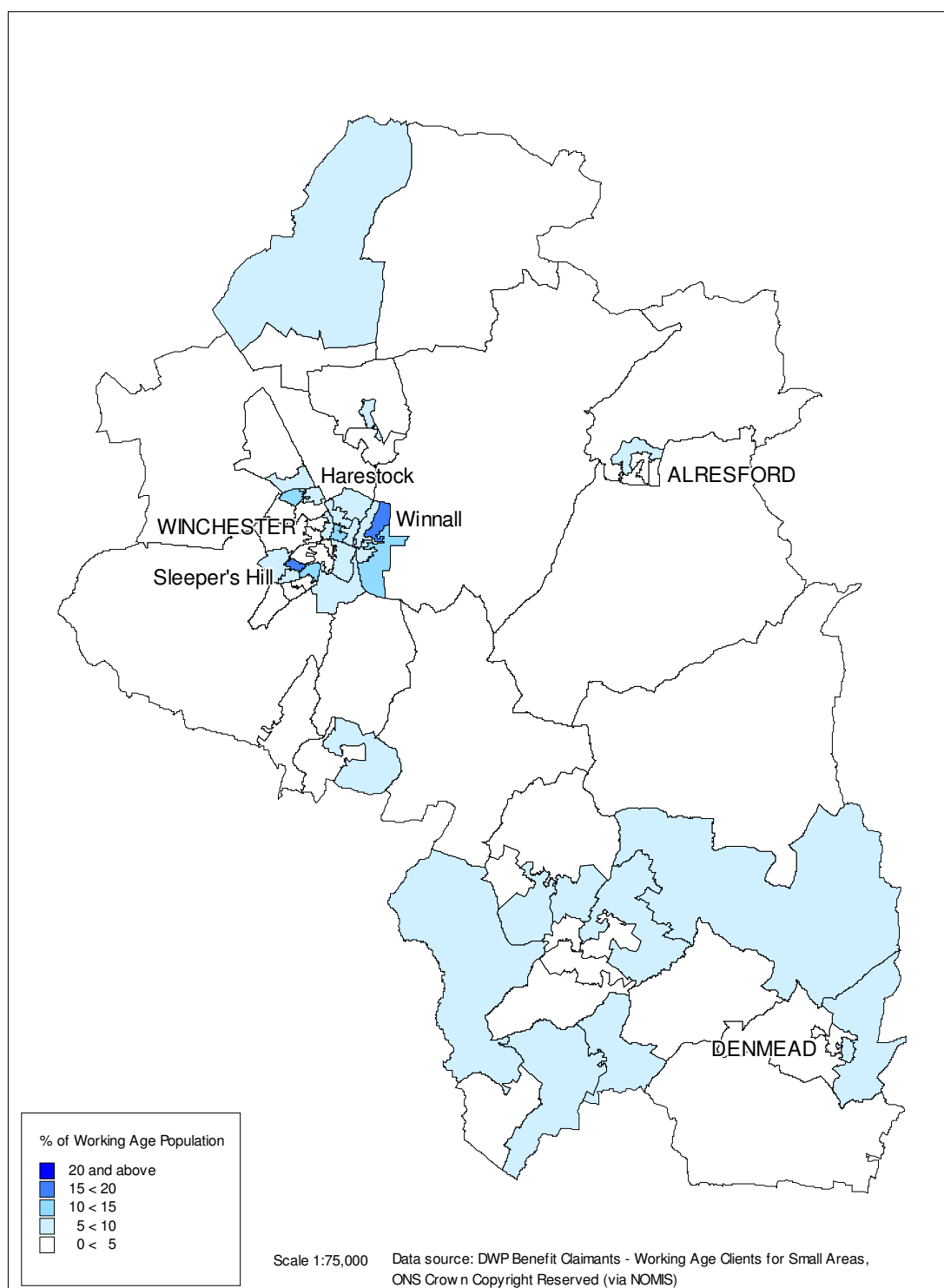
A.11: Rushmoor District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



A.12: Test Valley District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



A.13: Winchester District: Working Age Population Receiving Out of Work Benefits by LSOA, May 2010



The Impact of Welfare Reform and Public Sector Spending Reductions on Low Income Households in Hampshire

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