



Department  
for Work &  
Pensions



# The impact of recent reforms to Local Housing Allowances: Differences by place

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July 2014

## Research Report No 873

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# Summary

The analysis in this report is primarily based on time series data of aggregate local authority (LA) level data from the Department for Work and Pensions (DWP) Single Housing Benefit Extract (SHBE) for the period January 2010 to August 2013. An innovative dataset was created which examined the LA origins and destinations of those private rented sector (PRS) Housing Benefit (HB) claimants who have moved over time. The data enabled exploration of patterns of geographical mobility by Local Housing Allowance (LHA) tenants over time.

In March 2011 approximately 37 per cent of all tenants in the PRS claimed HB. Some of the growth in the LHA caseload since then has been a function of the turnover and replacement of existing claims subsequently brought under the new regime, as well as the net growth in PRS HB claimants as a whole. Fifty six per cent of the change recorded in LHA caseload is due to a net increase in LHA claims rather than the natural transfer and replacement of pre-2008 cases.

The HB sub-market in the local PRS grew by nine per cent between January/March 2011 to June/August 2013 but growth varied markedly by area type. Mining/manufacturing areas experienced most growth (13 per cent). London Centre was the only area to see a decline in PRS HB caseload (down by 14 per cent) in the period from 2011–13. The caseload in London Centre has declined in every year since the reforms.

After the reforms were introduced, the average award for LHA tenants fell consistently and converged with the HB levels for pre-2008 PRS de-regulated claimants. The month-by-month breakdown of total HB expenditure showed that expenditure has stabilised since April 2012 and began to decline in the last six months of the time series.

Changes to the age threshold for the Shared Accommodation Rate (SAR) had an effect across housing markets in Great Britain, not just in higher value and higher demand areas. The HB caseload for single 25 to 34-year-olds with no dependent children increased in the two years leading up to the change in the SAR age threshold (January 2012) but, once the SAR age threshold was raised, the caseload for the 25-34 Group began to fall steadily, both in 2012 and 2013.

The decline in caseload for this group was most notable in the first year after the SAR reforms but continued to fall during 2013, albeit at a much slower rate. There was a marked 'London effect'. The group of LAs classified as London Centre was the only area type where the HB caseload fell in each year after the reforms were introduced. The 25-34 age group caseload fell by 39 per cent in London Centre, by 26 per cent in London Cosmopolitan areas and by 25 per cent in London Suburbs, compared to a reduction of 13 per cent nationally from 2011 to 2013. The two highest decreases in the PRS HB caseload for the 25-34 age group outside London were in Southern Seaside Towns (down 16 per cent) and in Prospering UK areas (down 14 per cent).

# Contents

Acknowledgements .....	9
The Authors .....	10
List of abbreviations.....	11
1 Introduction.....	12
2 The research context .....	16
2.1 Background to the Local Housing Allowance .....	16
2.2 Approach to the spatial analysis .....	19
3 National trends in Housing Benefit caseload in the private rented sector .....	20
3.1 Introduction.....	20
3.2 The changing nature of the PRS and trends in HB caseload.....	21
3.3 Average HB awards and patterns of expenditure.....	25
4 Trends in PRS HB caseload by area type .....	29
4.1 Introduction.....	29
4.2 Differences between the area types .....	30
4.3 Changes in the HB caseload since the LHA reforms .....	33
4.4 Flows in the PRS HB caseload .....	38
4.4.1 On-flows.....	38
4.4.2 Off-flows.....	40
4.5 LHA entitlements by property size and area differences in LHA rates .....	42
4.6 Changing trends in HB Dominant markets .....	45
5 The impact of the SAR changes.....	48
5.1 Introduction.....	48
5.2 Changes in caseload for the 25-34 Group .....	50
5.3 The pattern of PRS HB on-flows for the 25-34 Group .....	54
5.4 The pattern of PRS HB off-flows for the 25-34 group .....	57

## The impact of recent reforms to Local Housing Allowances: Differences by place

6	London.....	58
6.1	Introduction.....	59
6.2	The PRS HB caseload in London .....	59
6.3	Changes in the LHA rate and PRS rents in London .....	60
6.4	Origins and destinations of moves .....	66
6.4.1	Moves by region and sub-region.....	66
6.4.2	Moves by LA district in London .....	69
6.4.3	Changing HB caseloads in London Boroughs .....	69
6.4.4	London Centre .....	72
6.4.5	London Cosmopolitan areas .....	74
6.4.6	London Suburbs .....	75
6.5	Statutory homelessness and tenancy non-renewal .....	77
7	Conclusion.....	80
	Appendix A Methods .....	82
	Appendix B Area classifications .....	83
	Appendix C Supplementary tables .....	96
	References .....	103

## List of tables

Table 3.1	Growth in PRS in Great Britain 2001–11 .....	21
Table 3.2	Trends in HB caseload by tenure November 2008 to November 2013.....	22
Table 3.3	Summary characteristics of all PRS HB caseload .....	24
Table 3.4	Summary characteristics of London Centre PRS HB caseload, percentages .....	25
Table 3.5	Average weekly HB award .....	26
Table 4.1	Area types by house prices, out of work benefits rates and change in weekly LHA rates.....	31
Table 4.2	Area types: PRS HB caseload rates and size of PRS .....	32
Table 4.3	Total PRS HB caseload: January/March 2010-June/August 2013.....	37
Table 4.4	Total PRS HB on-flows, 2010–13.....	39
Table 4.5	Percentage change in total PRS HB on-flows, as percentage of 2011 .....	39
Table 4.6	Total PRS HB off-flows, 2010–13.....	41
Table 4.7	Total PRS HB off-flows as a percentage of caseload, 2010–13.....	42
Table 4.8	Trends in average LHA rates, 2010–13.....	44
Table 4.9	Characteristics of PRS Dominant markets.....	46
Table 5.1	PRS HB caseload 25-34 Group, October/December 2010 to June/August 2013 .....	49
Table 5.2	Percentage of the 25 to 34 group in the total caseload.....	51
Table 5.3	PRS HB caseload and out-of-work benefit claimants for under 25s and 25 to 34 year olds with no dependent children.....	53
Table 5.4	PRS HB On-flows for 25-34 group, October/December 2010 to June/August 2013 .....	55
Table 5.5	PRS HB Off-flows for 25-34 group, October/December 2010 to June/August 2013 .....	56
Table 6.1	Percentage of moves within region or sub-region.....	68
Table 6.2	PRS HB caseload districts within London Centre, ranked by percentage change January/March 2011 to June/August 2013.....	71
Table 6.3	Moves within districts in London Centre, ranked by percentage moves within the district in 2012 .....	72
Table 6.4	Destinations for PRS HB tenants who move outside London Centre districts, ranked by number of moves in 2012.....	73

## The impact of recent reforms to Local Housing Allowances: Differences by place

Table 6.5	PRS HB caseload for districts in London Cosmopolitan, ranked by percentage change in caseload January 2011 to June/August 2013.....	74
Table 6.6	Moves within districts in London Cosmopolitan areas .....	75
Table 6.7	PRS HB caseload districts in London Suburbs, January 2011 to June/August 2013 .....	76
Table 6.8	Moves within districts in London Suburbs .....	77
Table 6.9	Homelessness acceptances due to non-renewal of assured shorthold tenancy .....	79
Table B.1	London Centre .....	85
Table B.2	London Cosmopolitan .....	85
Table B.3	London Suburbs .....	85
Table B.4	Cities and Services .....	86
Table B.5	Prospering UK .....	87
Table B.6	Coastal and Countryside .....	91
Table B.7	Southern Seaside Towns.....	92
Table B.8	Mining and Manufacturing .....	92
Table B.9	PRS HB Dominant areas with PRS HB caseload 50% or more of the total PRS .....	94
Table C.1	Average LHA rates for combined one bedroom/shared accommodation.....	98
Table C.2	Average LHA rates for two bedroom properties .....	99
Table C.3	Average LHA rates for three bedroom properties.....	100
Table C.4	Average LHA rates for four bedroom properties.....	101
Table C.5	Destinations for PRS HB tenants that move outside London Cosmopolitan districts, ranked by number of moves in 2012.....	102
Table C.6	Destinations for PRS HB tenants that move outside London Suburbs .....	102
Table C.7	Summary characteristics of London Centre PRS HB caseload .....	103

## **List of figures**

Figure 3.1	Housing Benefit claims in the PRS, November 2008 to November 2013 .....	23
Figure 3.2	Average weekly HB award by claim type, November 2008 to November 2013.....	27
Figure 3.3	Total monthly HB expenditure by tenure, £millions .....	28
Figure 4.1	Percentage Increase in LHA caseload by LAD, Great Britain, 2011 to 2013.....	34
Figure 4.2	Percentage Decrease in LHA caseload by LAD, Great Britain, 2011 to 2013.....	35
Figure 5.1	PRS caseload for 25-34 year olds by area type, per 1000 households .....	50
Figure 6.1	Trends in median and lower quartile rents and LHA rates: London Centre.....	62
Figure 6.2	Trends in median and lower quartile rents and LHA rates: London Cosmopolitan .....	63
Figure 6.3	Trends in median and lower quartile rents and LHA rates: London Suburbs...	63
Figure 6.4	Trends in median and lower quartile rents and LHA rates 2 bedroom: London Centre .....	64
Figure 6.5	Trends in median and lower quartile rents and LHA rates 2 bedroom: London Cosmopolitan .....	65
Figure 6.6	Trends in median and lower quartile rents and LHA rates 2 bedroom: London Suburbs .....	65
Figure 6.7	Moves within LA District by London Area Type .....	69
Figure 6.8	Percentage Increase in LHA caseload by LA, London, 2011 to 2013 .....	70
Figure 6.9	Percentage Decrease in LHA caseload by LA, London, 2011 to 2013 .....	71
Figure 6.10	Reason for homelessness: end of assured shorthold tenancy .....	78



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# List of abbreviations

<b>BRMA</b>	Broad Rental Market Area
<b>CLG</b>	Communities and Local Government
<b>COA</b>	Census Output Area
<b>CPI</b>	Consumer Price Index
<b>CRESR</b>	Centre for Regional Economic and Social Research
<b>CTB</b>	Council Tax Benefit
<b>DHP</b>	Discretionary Housing Payment
<b>DLA</b>	Disability Living Allowance
<b>DWP</b>	Department for Work and Pensions
<b>ESA</b>	Employment and Support Allowance
<b>GB</b>	Great Britain
<b>HB</b>	Housing Benefit
<b>IFS</b>	Institute for Fiscal Studies
<b>IMD</b>	Index of Multiple Deprivation
<b>LA</b>	Local authority
<b>LHA</b>	Local Housing Allowance
<b>LSOA</b>	Lower Super Output Area
<b>PIP</b>	Personal Independence Payment
<b>PRS</b>	Private Rental Sector
<b>SAR</b>	Shared Accommodation Rate
<b>SHBE</b>	Single Housing Benefit Extract
<b>SRR</b>	Single Room Rate
<b>SRS</b>	Social Rented Sector
<b>VOA</b>	Valuation Office Agency

# 1 Introduction

This report is one of a series of detailed research papers that form the final outputs from the independent evaluation of the recent changes to Local Housing Allowances (LHAs) and Housing Benefit (HB) in the private rented sector (PRS) in Great Britain. The project has been running parallel to a similar study being undertaken in Northern Ireland (NI) on the impact of the LHA measures (Beatty *et al.*, 2014a). This evaluation has been undertaken by a research consortium from the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, the Institute for Fiscal Studies (IFS), the Blavatnik School of Government at the University of Oxford and Ipsos MORI. This evaluation is funded by the Department for Work and Pensions (DWP), the Department for Communities and Local Government (CLG), the Scottish Government and the Welsh Government.

The focus of this report is an analysis of the impact of the LHA reforms in terms of spatial patterns at local authority (LA) district level in Housing Benefit (HB) claims between January 2010 and August 2013. The LHA measures include: the change in the basis of setting LHA rates (from the median (50th) to the 30th percentile of local market rents); the caps to weekly LHA rates by property size; a maximum size for the LHA rate of four bedrooms; the removal of the £15 per week excess; new methods for annually uprating HB rates; an enhanced government contribution to the Discretionary Housing Payment (DHP) budgets allocated to LAs to ease the process of transition; and a temporary arrangement to grant broader discretion to LAs to make direct HB payments to landlords in certain circumstances. Further measures have included extending the age threshold which the Shared Accommodation Rate (SAR) applies from 25 to 35, and the overall cap on the level of household benefits. Further information on these measures is given in Chapter 2.

The spatial dimension to these changes is critical, as the HB entitlement varies not only by household size and composition but also by place. The LHA rate is linked to non-HB market rents in each of the 192 Broad Rental Market Areas (BRMAs) designated across Great Britain. This can lead to substantial differences in the rate between different geographical areas, depending on local housing market conditions. It also means that the reductions in the rate following the reforms have varied considerably from one area to the next (see Chapter 2). This report therefore explores how the impact of these measures has been mediated by place.

The final outputs for this research project also include detailed research reports on the response of landlords to the LHA measures and the response of tenants. These two reports have been based on research in 19 case study areas across Great Britain. A third report involves an assessment of the impacts of the measures on rent levels and HB entitlements, covering Great Britain as a whole. These four reports constitute the empirical and analytical foundations for the more thematic summary final report on the evaluation, which has been published alongside the more detailed technical reports.

The overall research programme for this study of LHA impacts in Great Britain ran from May 2011 until June 2014. An initial report was published in 2012 on the findings from the wave one postal survey of landlords and the face-to-face survey of claimants (Beatty *et al.*, 2012). The Interim Report on the research was published in 2013 (DWP, 2013a). This included the first stage of both the spatial analysis on differential impacts at LA level and the econometric analysis, undertaken by IFS, on initial impacts on rents and HB entitlements on new LHA claimants.

## The impact of recent reforms to Local Housing Allowances: Differences by place

The distribution of claimants of any benefit is not evenly spread across the country. However, the primary reasons for spatial differences in the proportion of types of claimant in any particular locality may differ. Whereas the key determinant of the location of claimants on working age out-of-work benefits, for example, is the strength of the surrounding labour market, the spatial distribution of HB claimants in the PRS will also be shaped by the dynamics of supply and demand in the local PRS and the wider characteristics of the local housing market, including private market rent levels. Housing Benefit is also available to households in work as well as those who are out of work and in areas of high rents many claimants may be in work. Because the reform of the LHA system affects the vast majority of HB claimants in the PRS, it will result in differential spatial impacts across Great Britain, depending on prevailing local housing and labour market conditions.

The purpose of this report is therefore to examine the extent to which different types of local areas have been affected since the reforms were introduced. As well as considering trends in the overall PRS HB caseload over time, on-flows and off-flows of claimants are examined. On-flows are defined as new claims and include those already on HB in the PRS who have moved either within or between LAs in a given month or who are new PRS HB claimants entirely compared to the previous month<sup>1</sup>. Off-flows are defined as claimants who have moved either within or to another LA in a given month or who have stopped claiming HB in the PRS (i.e. they have moved into the social rented sector or off HB entirely).

The analysis examines how the picture has changed over time, between January 2010 (fifteen months before the reforms started to be introduced) and August 2013 - eight months after the period when all new claimants and existing LHA claimants had been brought under the ambit of the new LHA measures. Much of this report is concerned with the national picture, across all LAs and BRMAs in Great Britain. However, specific attention is also given to three issues where the measures might have specific impacts: the London housing market; those LA areas where the LHA sub-market is dominant in the local PRS (i.e. it accounts for more than 50 per cent of the entire market); and the impact on the caseload of single people with no dependents who are 25 to 34 years old. This latter group is affected by a specific measure to increase the age limit from 25 to 35 for those subject to the Shared Accommodation Rate.

The different measures involved in the LHA reforms are likely to have varying impact at the local level, reflecting the specific characteristics of claimants and housing market circumstances. For example, it was expected that the impacts of the move to the 30th percentile of market rents and caps for LHA rates would be greatest in London and other areas with high demand for PRS property and high private market rental prices. The **maximum** cap placed on LHA rate by property type in the measures, for example, by April 2013 solely affects the BRMAs covering Inner London<sup>2</sup>. In rental markets where the

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<sup>1</sup> New claimants may be entirely new to the Housing Benefit system or may have previously been in the social rented sector. All new claims/on-flows since April 2008 will be assessed under the LHA system with a limited number of exceptions such as caravans or houseboats.

<sup>2</sup> In April 2011, when the caps were first introduced, Central London, Inner North London, Inner East London, Inner West London, Inner South West London all contained capped rates and have continued to do so. By April 2012, the Outer South West London BRMA also had a LHA rate capped but this fell below the cap by April 2013 as the 30th percentile had fallen. In April 2013 Inner South East London the LHA rate for four bedroom properties was just over £400 a week for the first time.

## The impact of recent reforms to Local Housing Allowances: Differences by place

difference between the 30th and 50th percentile of market rents is relatively large, tenants may be less able, and landlords less willing, to adjust to meeting any shortfall between the new LHA rates and the contracted rent. The research with landlords in buoyant rental markets suggested that they have more opportunity to withdraw from the HB sub-market, as they have an alternative supply of potential tenants (Beatty *et al.*, 2014b).

The responses to the reforms by LHA claimants in different types of area will be mediated by the supply and demand for PRS locally. Some LHA claimants may no longer be able to afford accommodation in areas such as Central London, where there is strong demand in the PRS from non-LHA households, high market rents and large reductions in LHA weekly rates due to the reforms. A reduction in the on-flows of new or repeat LHA claims in these areas would therefore be expected. On-flows of LHA claimants may also decline in such areas if the supply of properties let by landlords to the LHA market is reduced, because landlords can obtain higher rents from an alternative supply of non-LHA applicants. Higher off-flows of LHA claimants may also emerge in high rent areas after the reforms, as tenants who are not able to adjust to a large shortfall between LHA rates and market rents relocate to more affordable properties or areas. A combination of lower on-flows and higher off-flows would in turn lead to falling LHA caseloads in these areas. The changing trends in the HB caseload, in on-flows and off-flows, and trends in overall PRS rents in London housing markets are therefore given specific consideration in this report (Chapter 6).

Prior to the implementation of the reforms to the LHA system, many commentators raised questions as to whether the measures would lead to large scale displacement of tenants from high rent areas, and in particular in London, due to the reduction in maximum rents which would be covered by HB and the break between market rents and LHA entitlement rates in areas with the LHA caps in place. The analysis presented here therefore considers whether there is any evidence of displacement amongst PRS HB tenants in London once the reforms were introduced. This was made possible by extracting a bespoke data set from the Single Housing Benefit Extract (SHBE). This analysis considers the origin and destination (in terms of LA district) of any PRS HB claimants who had moved within a set time period (see Chapter 6).

Tenants in weaker labour markets, on the other hand, have fewer opportunities to find work or take on additional hours to make up for shortfalls between revised LHA rates and contractual rents. Conversely, many landlords in areas dominated by the HB market, with a more limited supply of non-HB tenants and a more compressed distribution of rental values, have been more willing, and more able, to adjust to the reforms (Beatty *et al.*, 2014b). The changing trends in the HB caseload, in on-flows and off-flows and in overall PRS rents in LHA Dominant markets are therefore also given specific consideration in the report (4.6 in Chapter 4) .

The balance in the supply and demand for particular types of property in the market will also influence the local impacts of some of the LHA measures. The availability of shared accommodation and the age profile of PRS households locally will influence the impacts of the measure to increase the age limit for the Shared Accommodation Rate (SAR) to single people aged under 35. The changing representation of this group over time in the overall HB caseload at the local level is therefore explored in Chapter 5 of this report.

## **The impact of recent reforms to Local Housing Allowances: Differences by place**

This report provides an overview of the trends in LHA caseload and in on-flows and off-flows in the year leading up to the introduction of the reforms in April 2011 and in the two years thereafter. The pattern of change before and after the reforms is investigated for groups of LAs classified according to prevailing local housing and labour market conditions, and this pattern is benchmarked against national trends.

The overall aim of the analysis is to assess whether the impacts of the LHA measures have been more pronounced in particular types of locality in Great Britain. If national trends and trends by area type continue on the same trajectory after the LHA reforms, this will suggest that the measures per se have not had a notable impact on caseloads, on-flows or off-flows of claimants. If overall national trends change after the reforms, but to a similar extent across all area types, impacts are not differentiated by locality. However, if trajectories of change after the reforms do vary by type of area, this suggests that the impacts have differed according to the specific characteristics of place.

The methods used for this analysis are described in more detail in Chapter 2, alongside a description of the main reforms that have been introduced.

## 2 The research context

### Summary

- The Local Housing Allowance (LHA) is a way of calculating the eligible rent for tenants in the deregulated private rented sector (PRS) that ensures that tenants in similar circumstances in the same area receive the same amount of financial support for their housing costs.
- The changes to LHA form an important part of the Government's package of measures to reform HB, designed to encourage HB claimants to operate in a more 'cost-conscious' manner in the private rented housing market.
- The Government's stated aims of the package of measures are to: reduce HB expenditure and exert a downward pressure on rents; provide a fairer HB system; and remove perceived disincentives to work.
- The analysis in this report is primarily based on time series data of aggregate local authority (LA) level data from the DWP Single Housing Benefit Extract (SHBE), for the period January 2010 to August 2013.
- An innovative dataset has been created which examines the LA origins and destinations of those PRS HB claimants who have moved over time. The data enable exploration of any patterns of geographical mobility by LHA tenants over time.

### 2.1 Background to the Local Housing Allowance

The Local Housing Allowance (LHA) is a way of calculating the eligible rent for tenants in the deregulated private rented sector (PRS) that ensures that tenants in similar circumstances in the same area receive the same amount of financial support for their housing costs. These arrangements were initially introduced from April 2008 for people making new claims for Housing Benefit (HB) and for existing claimants if they had a change of address, change of circumstances or a break in their claim. Different LHA rates are set according to different Broad Rental Market Areas (BRMAs) across Great Britain. The boundaries of BRMAs were intended to reflect the areas in which people live and access services. Under the original 2008 LHA scheme, rental market evidence was collected in each of these areas and rates were then set according to property size, ranging from a room in a shared property up to a property with five bedrooms.

The changes to LHA, initially announced in the June 2010 Budget and the Comprehensive Spending Review of 2010, formed an important part of the Government's package of measures to reform HB. The measures included:

- changing the basis for setting LHA rates from the median (50th) to the 30th percentile of local market rents;
- capping weekly LHA rates (in April 2011, £250 per week for one bed; £290 per week for two bed; £340 for three bed; £400 for four bed or more – thereby scrapping the five bed rate);



## The impact of recent reforms to Local Housing Allowances: Differences by place

- changing the method for uprating HB rates. The existing system of monthly uprating was ended and the April 2012 LHA rates were frozen for a year; from April 2013 rates were uprated for a year at the 30th percentile of market rents or the September 2012 Consumer Price Index (CPI) rate, whichever was the lower. A more recent measure in the 2013 Welfare Benefits Up-rating Act annually uprates HB by the 30th percentile of market rents or one per cent, whichever was lower, for April 2014 and April 2015;
- removing the £15 excess payable to tenants whose rent was below what they were receiving in Housing Benefit. This policy was announced in the previous Labour Government's 2009 Budget for implementation in April 2010 but had subsequently been deferred until 2011 and was implemented, along with the other measures, in April 2011;
- uprating non-dependant deductions to reflect rent increases since 2001/2 in three stages from April 2011 to 2013;
- **including an additional bedroom within the size criteria<sup>3</sup> used to assess HB claims** where a disabled claimant or their partner, has a proven need for overnight care and it is provided by a non-resident carer who requires a bedroom.

All these changes (apart from the withdrawal of the £15 excess) applied to new claimants from April 2011 and to existing claimants from the anniversary of their claim, with an additional nine months transitional protection, unless they had a change of circumstances which required the LA to re-determine the maximum rent. Existing claimants were, therefore, brought under these measures (depending on the date of their review) in the period from January 2012 to December 2012. The loss of the £15 excess was not covered by transitional protection and was therefore applied to all new claimants from April 2011 and then applied to existing tenants from the first renewal of their claim after April 2011. The £15 excess had therefore been removed from all eligible tenants by the end of March 2012.

Other relevant measures that have affected PRS tenants receiving LHA have included an increase in the government's contribution to the **Discretionary Housing Payment (DHP)** budget by £10 million in 2011/12 and by £40 million for 2012/13, 13/14 and 14/15. DHPs are distributed by LAs and can be paid to claimants to ease the process of transition to the new regime, as in situations where there is an increased shortfall between their LHA entitlement and the contractual rent. The Government also announced in 2010 that the discretion of LAs to **make direct HB payments to landlords** would be widened temporarily where it was considered that this would support tenants in retaining and securing a tenancy.

Two further measures were announced in October 2010. The first of these measures involved raising the age at which the Shared Accommodation Rate (SAR) (formerly the Single Room Rate (SRR)) applied from 25 to 35. This was introduced in January 2012. For existing claimants, it applied on their next review after January 2012 or, if they were covered by the transitional protection period, when this period ended. The second measure concerned capping total benefits received by working age households at £500 per week for a couple or family and £350 per week for a single person with no children. This was introduced in four London boroughs from April 2013, and implemented in all other LAs during summer 2013, and all households subject to the cap had been identified by the end of September 2013. This measure does not form part of this evaluation directly, and it was introduced

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<sup>3</sup> The size and composition of the household is a determining factor in the maximum HB entitlement for LHA claimants. One bedroom is allowed for each of the following: a couple; a person who is not a child (aged 16 and over); two children of the same sex; two children who are under 10; any other child.

## **The impact of recent reforms to Local Housing Allowances: Differences by place**

after the wave two survey and interviews with landlords were undertaken, but it does have a potential impact on some HB claimants in the PRS, since the cap will be achieved by reducing HB payments.

Of course, these measures have been introduced alongside a range of other welfare reform initiatives which might also impact, to varying degrees, on LHA claimants. Since April 2013 this includes a 10 per cent reduction in central funding for Council Tax Benefit (CTB) for working age households in Great Britain. The implementation of the new Council Tax Reduction scheme was devolved to local areas. Consequently the reduction was not passed onto claimants by the Scottish Government, Welsh Government or 57 English LAs. Changes to Disability Living Allowance (DLA), Incapacity Benefit (IB) and Employment and Support Allowance (ESA), and the introduction of Personal Independence Payment (PIP) were also introduced according to various timescales from April 2011 onwards. For households who have been, or are about to be, affected by one or more of these other welfare reform measures, it is naturally difficult to disentangle the exact impact of the changes to LHA. However the research instruments did attempt to distinguish between changes that could be attributed to LHA and those caused by other factors according to the perceptions of landlords and claimants.

By introducing the various LHA measures, the Government wished to encourage HB claimants to operate in a more 'cost-conscious' manner in the private rented housing market, by moving to cheaper accommodation if they could not afford to continue to meet any gap between LHA rates and the rent charged by the landlord. It was also envisaged that landlords might want to retain some tenants and might be prepared to reduce rents to prevent rising turnover of tenants and the additional transaction costs this involves.

In summary, the LHA Impact Assessments have described the aims of the package of measures as:

- reducing HB expenditure;
- providing a fairer HB system by removing situations where individuals can potentially receive large HB payments in areas of high market rents;
- ensuring those families on benefits cannot choose to live in properties that would be unaffordable to many people in work and thereby removing work disincentives created by the receipt of high rates of benefit;
- exerting a downward pressure on private sector rent levels through the break with the link to median PRS market rents and restricting growth in LHA rates to CPI, or in later years a one per cent uprating.

(DWP, 2010; for the uprating changes, see DWP, 2012; DWP, 2013b)

## 2.2 Approach to the spatial analysis

The analysis in this report is primarily based on time series data of aggregate LA level data from the DWP Single Housing Benefit Extract (SHBE), for the period January 2010 to August 2013. The data have been compiled using details of Housing Benefit (HB) claims submitted by each LA to DWP on a monthly basis. The data have been extracted by DWP from the SHBE database specifically for the purposes of this project. The data include monthly PRS HB caseload, and on-flows and off-flows to PRS HB. This information has been used to give the fullest picture of the PRS HB sub-market, as it includes those under the pre-LHA system. By 2013, tenants making claims under the LHA system constituted more than 80 per cent of the PRS HB caseload. As noted above, on-flows capture repeat claims as tenants move as well as entirely new claims or claims from tenants who were previously in the SRS. Off-flows include claimants who move off PRS HB entirely, as well as tenants who end a claim but make a new HB claim at another address outside their current Census Output Area (COA)<sup>4</sup> and includes any moves by tenants to the social rented sector (SRS)<sup>5</sup>.

An innovative set of data has been created which examines the origins and destinations (according to LA district) of those PRS HB claimants who have moved over time. The data capture any PRS HB claimant who has moved in a given month and examine extracts from the following three months to establish if the claimant makes a claim again, either in the original LA or in another LA. The three month window has been used to take account of any time lags in processing and submitting the next SHBE data extract to DWP and also allows for any short breaks in claims. The data allow an analysis of any emerging patterns of geographical mobility among LHA tenants over time.

The data presented in the main body of this report will differ slightly from the SHBE data available on the DWP Stat-Xplore website.<sup>6</sup> This reflects the fact that the caseload and flows data have been smoothed to take account of any months where a LA has not submitted a HB return. (See Appendix A for fuller details of data and methods used.)<sup>7</sup>

Data on PRS HB caseloads include new claimants who have been subject to the new LHA measures at point of entry to the PRS HB system since April 2011. Existing LHA claimants are also included in the caseload figures, but they only started to be subject to the new rules from January 2012, due to the nine month transitional protection period. Existing tenants have gradually been brought within the new LHA regulations nine months after the point of their first annual renewal of their claim since April 2011. All existing tenants were therefore subject to the new rules by the end of December 2012. In order to compare the trends in HB caseload across different types of housing markets, labour markets or sub-groups of claimants, the caseload is expressed per 1,000 households in an area (see Appendix A).

In the following chapter, the longer term national trends in HB claims in the PRS sector are considered, to set context to the more specific analysis based on the DWP extraction of SHBE data from January 2010 to August 2013.

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<sup>4</sup> Census Output Areas are based on postcodes and are the lowest geographical level at which census estimates are provided. On average in England and Wales these areas contained 125 households.

<sup>5</sup> Data for All SHBE caseload figures have been rounded to the nearest 100.

<sup>6</sup> <https://stat-xplore.dwp.gov.uk/>

<sup>7</sup> In addition, the LHA data utilised here by bedroom entitlement and LHA rates are based on extracted records where the LHA variables on the number of bedrooms a claimant is entitled to are recorded.

# 3 National trends in Housing Benefit caseload in the private rented sector

## Summary

- The PRS increased dramatically over the period from 2001 to 2011. Nearly 4.2 million households lived in the PRS in Great Britain in 2011, which is an increase of over 80 per cent from the levels in 2001. The proportion of Great Britain households living in the PRS has increased from 10 per cent in 2001 to 16 per cent by 2011. The latest data available from the 2012/13 English Housing Survey indicate that for the first time since the 1960s the PRS now houses slightly more households than the SRS.
- The number of Great Britain households claiming HB has increased by 20 per cent between 2008 and 2013, by which time nearly one in five of all households were receiving HB. One third of all HB claimants lived in the PRS by November 2013, up from a quarter five years earlier, but the growth in claims has slowed recently and began to fall from the middle of 2013.
- In March 2011 approximately 37 per cent of all tenants in the PRS claimed HB.
- Some of the growth in the LHA caseload over time is a function of the turnover and replacement of existing claims subsequently brought under the new regime, as well as the net growth in PRS HB claimants as a whole. 56 per cent of the change recorded in LHA caseload is due to a net increase in LHA claims rather than the natural transfer and replacement of pre-2008 cases.
- Average HB awards for all claims in the PRS are significantly higher than average awards in the SRS. As an increasing proportion of HB claimants are housed in the PRS, overall HB expenditure will inevitably increase.
- After the reforms were introduced, the average award for LHA tenants fell consistently and converged with the HB levels for pre-2008 PRS deregulated claimants.
- The month-by-month breakdown of total HB expenditure shows that expenditure has stabilised since April 2012 and has begun to decline in the last six months of the time series, as both SRS and PRS caseloads begin to fall in this period.

## 3.1 Introduction

It is important to set any changes occasioned by the Local Housing Allowance (LHA) reforms since March 2011 into context, by briefly outlining the wider dynamics of change in the private rented sector (PRS). In this chapter, trends in the size of the HB caseload between 2008 and 2013 are examined, and the shifting balance in the caseload between claimants in the social (SRS) and private rented sectors (PRS) is described. Changes in the internal composition of the PRS Housing Benefit (HB) caseload are outlined with reference to specific household types, and the distinctive changes in the caseload in London Centre are

considered. Finally, the chapter examines how the average HB award has changed between 2008 and 2013, how this varies by tenure, and the consequences for change in the total monthly expenditure on HB in this five year period.

### 3.2 The changing nature of the PRS and trends in HB caseload

The size of the PRS increased dramatically between 2001 and 2011. Nearly 4.2 million households lived in the PRS in Great Britain in 2011, which is an increase of over 80 per cent on 2001. The proportion of Great Britain households living in the PRS has increased from 10 per cent in 2001 to 16 per cent by 2011. By contrast, the number of households in the SRS declined by one per cent in the ten years from 2001 and accounted for 18 per cent of all Great Britain households by 2011. The latest data available from the 2012/13 English Housing Survey indicate that the PRS now houses slightly more households than the SRS in England (18 per cent PRS versus 17 per cent SRS).

**Table 3.1 Growth in PRS in Great Britain 2001–11**

	2001	2011	Percentage change
Total households	23,852,700	25,737,800	8%
PRS households	2,288,600	4,194,800	83%
SRS households	4,752,400	4,694,700	-1%
PRS households as percentage of total	10%	16%	
SRS households as percentage of total	20%	18%	

Source: 2001, 2011 Census of Population.

While much of the subsequent analysis focuses on the period shortly before the LHA reforms were introduced (from the start of 2010 onwards), this chapter considers the longer term trends in HB claims in the PRS since the LHA system was originally introduced on a nationwide basis from April 2008. Those households receiving HB in the PRS as a whole are clearly a wider group than LHA tenants, as they include HB claimants who pay deregulated rents but have had a continuous tenancy since before April 2008. If they have had no change of circumstances since 2008, they are not subject to the LHA system and have their HB calculated on the pre-2008 basis. This group still accounted for 13 per cent of all PRS HB tenants by November 2013. There is also a small minority of very long-standing PRS tenants who still have regulated rents (two per cent of all PRS HB tenants in November 2013).

SHBE data are available for November 2008 until November 2013 to allow an examination of trends over a five year timescale (Table 3.2). The number of households claiming HB in Britain has increased by 20 per cent between 2008 and 2013, by which time nearly one in five of all households were receiving HB. One third of all HB claimants lived in the PRS by November 2013, up from a quarter of all HB claimants five years earlier.

If the number of HB claimants is considered in relation to the total number of households in each tenure (on the basis of the 2011 Census), approximately 80 per cent of all SRS tenants in 2013 were claiming HB, up five percentage points from 2008. The HB sub-market accounts for a much smaller proportion of all tenants in the PRS. In November 2013

## The impact of recent reforms to Local Housing Allowances: Differences by place

approximately 39 per cent of all tenants in the PRS claimed HB, up 14 percentage points from 2008<sup>8</sup>. Whilst this figure may slightly overestimate the size of the PRS HB sub-market in November 2013 (as the total number of PRS households in Britain is likely to have grown since 2011), the figure is likely to be broadly accurate. If the PRS HB caseload at March 2011, the same point in time as the 2011 Census, is considered, 37 per cent of all PRS households were claiming HB. A comparison of the total number of households living in the PRS from the 2012/13 English Housing Survey (CLG, 2014) and the number of PRS households in England receiving HB in August 2013 indicates that approximately 38 per cent of all households received HB<sup>9</sup>.

**Table 3.2 Trends in HB caseload by tenure November 2008 to November 2013**

	<b>November 2008</b>	<b>November 2013</b>	<b>Percentage change</b>
Total HB claims	4,171,900	4,985,500	20%
SRS HB claims	3,109,400	3,337,700	7%
PRS HB claims	1,054,800	1,645,500	56%
LHA claims	380,200	1,394,400	267%
PRS claims as percentage of total HB	25%	33%	
SRS claims as percentage of total HB	75%	67%	
LHA claims as percentage of total HB	9%	28%	
LHA claims as percentage of PRS HB	36%	85%	
PRS claims as percentage of all PRS households in 2011	25%	39%	

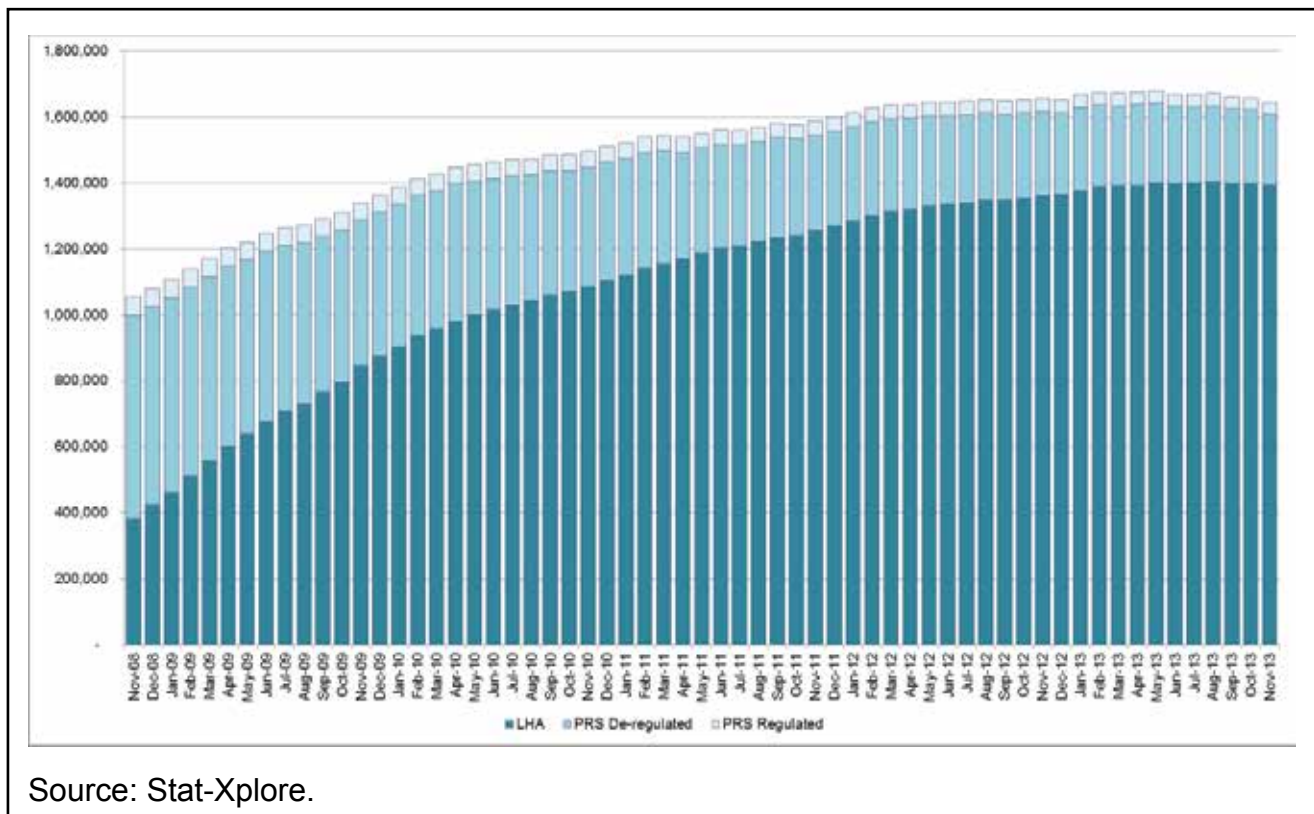
Source: DWP Stat-Xplore, 2011 Census of Population.

By November 2013, there were 1,645,500 HB claimants in the PRS, a 56 per cent increase since 2008. This contrasts with only a seven per cent growth in SRS HB claimants over the same period. However, the growth in PRS HB claimants slowed considerably over time, as shown in Figure 3.1. The PRS HB caseload increased by an average of 23,300 a month in 2009, and this had more than halved to 11,400 a month in 2010 and dropped again to an average increase of 4,200 a month by 2012. The caseload reached a plateau in the middle of 2013 and then began to fall for the first time since 2008.

<sup>8</sup> Given the fixed base of the 2011 Census PRS households used here this may slightly overestimate the growth in the period in the PRS.

<sup>9</sup> PRS households in the English Housing Survey includes those living rent free.

**Figure 3.1 Housing Benefit claims in the PRS, November 2008 to November 2013**



There are relatively high rates of household turnover in the PRS. The English Housing Survey 2012-13 (CLG, 2014) indicated that 34 per cent of all PRS households had moved into their current residence less than a year ago, compared to four per cent in owner-occupation and ten per cent in the SRS. For households receiving HB, a new claim is required for every move or other change of circumstances such as a change in household composition. The size criteria which operate in the LHA system may also encourage movement to smaller or larger properties when there is a change in household composition and this will affect the LHA rate which applies. As a result, the proportion of all PRS HB claims assessed under the LHA system increases over time, as those under the pre-LHA regime have their new claims based on the new rules. Some of the growth in LHA caseload over time is therefore a function of the turnover and replacement of existing claims. The rest is due to the net growth in PRS HB claimants as a whole. A comparison of the growth in PRS and LHA caseloads between 2010 and 2013 indicates that 56 per cent of the change recorded in LHA caseload is due to a net increase in LHA claims, rather than the natural transfer and replacement of pre-2008 cases.

The proportion of all PRS HB claims assessed under the LHA system increased rapidly from 36 per cent in November 2008 (soon after the LHA system was introduced) to 80 per cent by January 2012. The rate of increase then tapered off, rising to 85 per cent of all PRS HB tenants by November 2013. By this stage, 1,394,400 households were claiming HB under the LHA system (Table 3.2).

The number of PRS HB claimants overall grew rapidly during the first two years of the economic recession from 2008 to 2010. The overall number of claimants then continued to rise, but at a slower rate, from 2010 to the beginning of 2013. For the first time in the data series the overall number of PRS HB claimants began to fall in spring 2013. The reduction

## The impact of recent reforms to Local Housing Allowances: Differences by place

in the number of PRS HB claimants in this latter period reflects trends in the LHA caseload, which peaked in August 2013 and then, for the first time since its introduction, began to fall until the end of the time series in November 2013.

The composition of the PRS HB caseload changes over time as well, especially as some of the LHA measures may have a disproportionate effect on some types of household. One obvious example is those families who were formerly entitled to the five bedroom LHA rate, prior to its abolition in April 2011. Table 3.3 shows that there were 10,700 households who were affected by the abolition of the rate and these households contained 45,300 children. Thirty per cent of these households lived in (inner and outer) London, although only 17 per cent of all households in the PRS HB caseload lived in London. The removal of the five bedroom rate therefore had a disproportionate effect on households receiving HB in the PRS in London.

**Table 3.3 Summary characteristics of all PRS HB caseload**

	Percentage of all caseloads		Percentage change in caseload
	January/ March 2011	June/August 2013	January/March 2011- June/August 2013
Couples with children	14%	16%	25%
Single parent with children	29%	30%	12%
Claimants with no children	56%	53%	3%
Households with non-dependants	7%	7%	15%
Five bedroom entitlement	1%	0%	-100%
Households in work	26%	32%	30%
Working age households	88%	87%	8%
<b>Number of children within household type</b>			
Couples with children	443,500	575,200	30%
Single parent with children	754,800	851,400	13%
Five bedroom entitlement	45,300	0	-100%

Source: SHBE.

Table 3.3 shows that the proportion of PRS HB households in work increased from 26 per cent just prior to the reforms to 32 per cent by June/August 2013, but the proportion of claimants in work had already been rising and therefore cannot be attributed to the LHA measures. There is also a variation in the proportion of PRS HB claimants in work by area, ranging from 47 per cent of all claimants in London Cosmopolitan areas, and 46 per cent in London Suburbs, to 23 per cent in Mining and Manufacturing areas (see Chapter 4 or a description of these area types). Table 3.3 shows that the rise in the caseload of couples with children (25 per cent) was considerably greater than for single parents with children (12 per cent) in the period from just prior to the reforms through to June/August 2013.

As with all these statistics, Great Britain wide figures can mask significant regional and sub-regional variations. This is highlighted by examining the changes in the PRS HB caseload for LAs in the London Centre area type (see Appendix B) where the reduction in LHA rates was at its greatest after the reforms were introduced. Table 3.4 shows that the overall caseload in London Centre declined markedly between the quarter prior to the reforms being introduced and June/August 2013 (see Table C.7 for absolute numbers). The third column in the table



examines the percentage change of particular groups in the caseload during this period. The number of single parents fell by 20 per cent and the number of working age households fell by 15 per cent. The number of children in single parent families in London Centre fell by nearly a quarter between January/March 2011 and June/August 2013. The specific effects of the LHA reforms on housing markets in London are considered in greater depth in Chapter 6.

**Table 3.4 Summary characteristics of London Centre PRS HB caseload, percentages<sup>10</sup>**

	Percentage of all caseloads		Percentage change in caseload
	January/ March 2011	June/August 2013	January/March 2011- June/August 2013
Couples with children	14%	16%	-2%
Single parent with children	20%	18%	-20%
Claimants with no children	66%	66%	-14%
Households with non-dependants	7%	8%	0%
Five bedroom entitlement	1%	0%	-100%
Households in work	31%	38%	5%
Working age households	87%	85%	-15%
<b>Number of children within household type</b>			
Couples with children	11,500	11,400	-1%
Single parent with children	13,300	10,100	-24%
Five bedroom entitlement	1,700	0	-100%

Source: SHBE.

### 3.3 Average HB awards and patterns of expenditure

One of the main aims of the LHA reforms, as of the wider package of measures in the government's welfare reform programme, was to reduce public expenditure on some benefits. When the measures were announced, particular concern had been expressed about the apparently relentless increase in HB expenditure over the past twenty years or more. The reduction in PRS HB expenditure was to be achieved over time by significantly reducing the level of rent met by HB in expensive areas and exerting a downward pressure on rents more generally across areas.

Table 3.5 shows how the average HB award has changed from November 2008 until November 2013. The average award is the amount of HB the claimant is entitled to and actually receives after the size criteria, any non-dependant deductions or deductions due to claimant income or savings have been taken into account.

<sup>10</sup> The first two columns show the share of total caseload in a particular group at each point of time, the third column shows the percentage change in the absolute size of the group over time. So, the caseload over time is falling hence negative figures in column three, but the sub-group might not have fallen as quickly as other groups therefore increases in the share of all caseload (column two compared to column one) by end point.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table 3.5 Average weekly HB award**

	November 2008	March 2011	November 2013	Change	
				November 2008-March 2011	March 2011-November 2013
LHA	£107.12	£114.46	£106.07	£7.34	-£8.39
PRS deregulated	£98.82	£104.38	£104.67	£5.56	£0.29
PRS regulated	£71.30	£78.59	£88.17	£7.29	£9.58
Total PRS	£100.35	£111.19	£105.51	£10.84	-£5.68
SRS	£68.61	£73.01	£82.10	£4.40	£9.09
Total HB	£76.79	£85.16	£89.91	£8.37	£4.75

Source: Stat-Xplore.

Table 3.5 shows that average HB awards for all claims in the PRS remain significantly higher than average awards in the SRS, but that this gap is narrowing. (In March 2011 they were on average £38.18<sup>11</sup> higher and by November 2013 they were £23.41 a week higher.) Therefore, over time, as an increasing proportion of all HB claimants are in the PRS (up from a quarter to a third of all claimants during this period), overall HB expenditure will increase, other things being equal. Furthermore, in March 2011, the average weekly award for LHA claimants was over £10 higher than for claimants in the pre-2008 deregulated PRS. This might be expected, given that the deregulated sector might be more ‘dormant’, through longer standing tenancies than in the LHA sub-market. As a greater proportion of PRS HB claims become subject to the LHA system, this will also have the effect of driving up overall HB expenditure, other things being equal. .

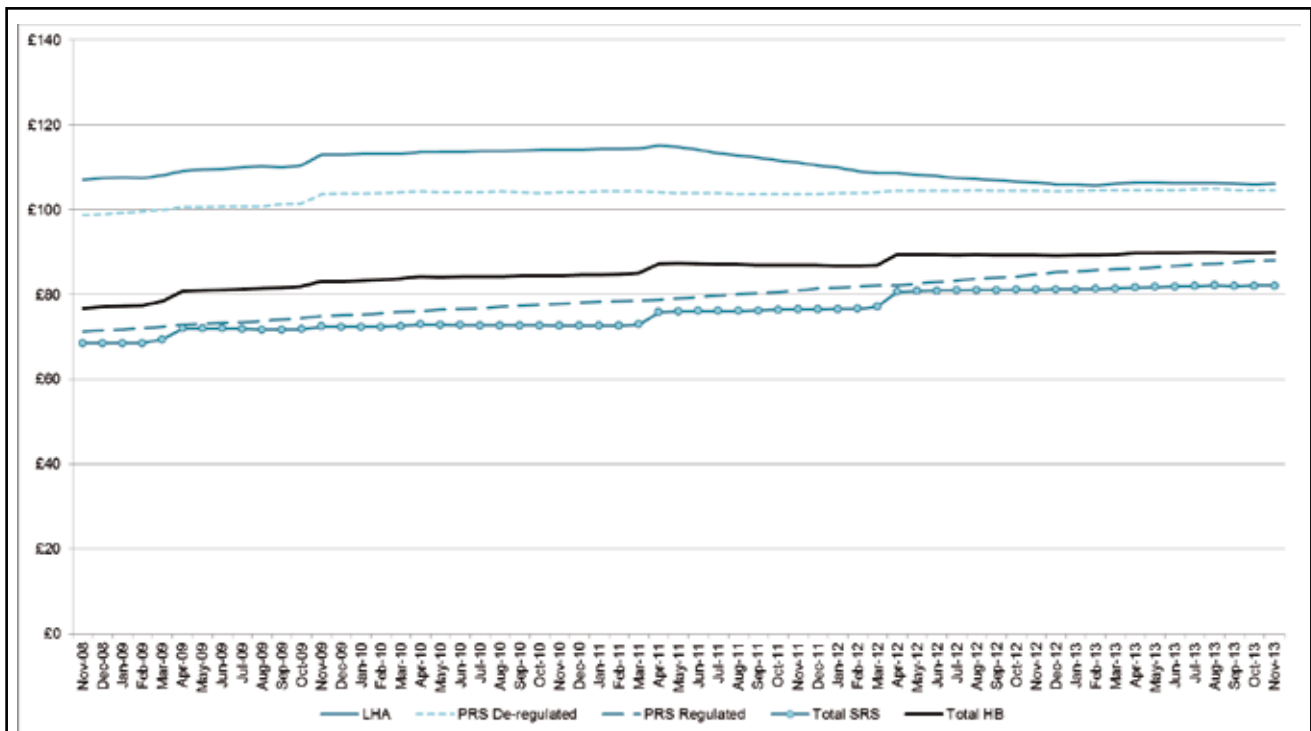
Figure 3.2 shows that, after the reforms, the average award for LHA tenants fell consistently and increasingly converged with the rent levels for pre-2008 PRS deregulated claimants. By early 2013, average weekly awards for LHA tenants reached a peak at around £106 a week, and remained on average approximately £1.50 a week higher than PRS deregulated rents. The reforms introduced from April 2011 onwards have therefore had the effect of pulling the average LHA award much closer to its level prior to the introduction of LHA in 2008. It has also reined in overall HB expenditure.

The upwards ‘bumps’ in the time lines Figure 3.2 represent the annual uplift to SRS rents and PRS deregulated rents at April each year. The LHA uplift now also occurs at the same point annually rather than on a monthly basis, as it did before the reforms. The freezing of LHA rates at April 2012 and the introduction of the CPI cap (2.2 per cent) on the annual uplift in April 2013 have kept the average LHA award stable since early 2013. In April 2014, a one per cent annual cap has been introduced (with limited exceptions) for the next two years.

<sup>11</sup> All figures are cash out-turn figures.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Figure 3.2 Average weekly HB award by claim type, November 2008 to November 2013**



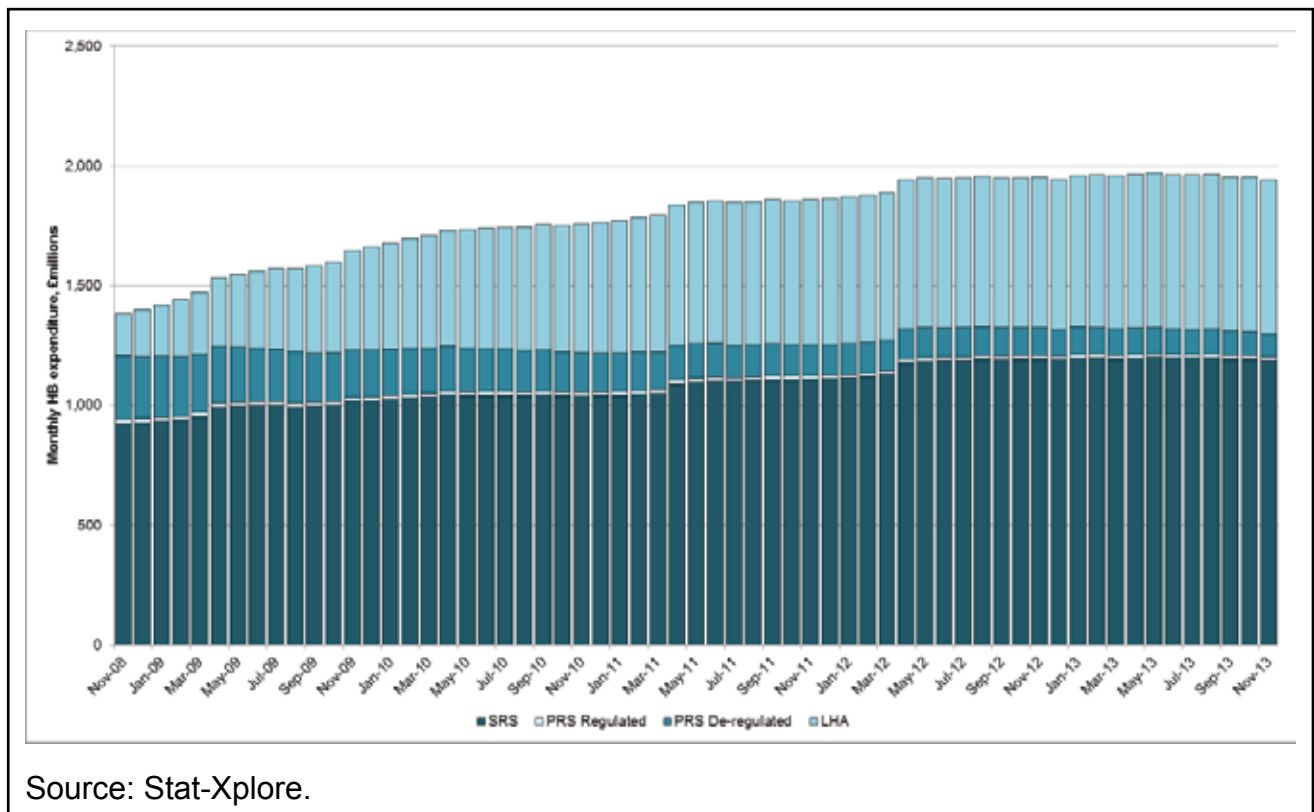
Source: Stat-Xplore.

What has happened to overall government expenditure on Housing Benefit, for all tenures, in this five year period? Figure 3.3 shows trends in monthly HB expenditure between November 2008 and November 2013. The figures on the y axis are monthly, not annual, totals. In the course of 2012/13 the annual spend on HB overall was £23.9 billion. This was a 4.7 per cent increase on the previous year. This represented a slower rate of increase than in the two preceding financial years. Total annual HB expenditure had increased by 7.2 per cent from 2009/10 to 10/11 and by 6.5 per cent from 2010/11 to 2011/12 (Government's Autumn Statement 2013).

The month-by-month breakdown of HB expenditure in Figure 3.3, calculated on the basis of multiplying the average HB award by total caseload by each tenure, shows that expenditure has stabilised since April 2012. Overall expenditure has begun to decline in the last six months of the time series, especially due to reductions in the PRS HB caseload in this period. If the reforms had not been introduced, and if rents had continued to be linked to median private market rents, then overall expenditure would have been higher.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Figure 3.3** Total monthly HB expenditure by tenure, £millions



Source: Stat-Xplore.

## 4 Trends in PRS HB caseload by area type

### Summary

- The extent of the HB sub-market in the local PRS varies markedly by area type. These area differences will mediate the responses of landlords to the reforms in terms of their propensity to negotiate or reduce rents or to attract households not on Housing Benefit.
- Net growth in LHA claims is equivalent to 53 per cent of the total increase in the LHA caseload of 252,300 in from January/March 2011 to June/August 2013). However, in London Cosmopolitan areas the net growth in the LHA caseload is just 32 per cent and in London Centre both the PRS HB caseload and LHA caseload have fallen over this period.
- Slower rates of growth in the PRS HB caseload more recently are common to all area types, but there are differences. Mining/manufacturing areas experienced most growth (13 per cent). Only this area type and London Suburbs (just one per cent) witnessed any growth in 2013.
- London Centre is the only area to see a decline in PRS HB caseload (down by 14 per cent) in the period from 2011–13. The caseload in London Centre has declined in every year since the reforms.
- Overall, average on-flows of LHA claimants fell in the year before the reforms began to be introduced and then stabilised in the first year after the reforms.
- On-flows in Mining/Manufacturing areas grew by five per cent over the full period from February/March 2011 to June/August 2013. On-flows fell by seven to eight per cent in London Cosmopolitan areas, Coastal and Countryside areas and Prospering UK areas. On-flows in London Centre fell by twice this amount (16 per cent) during this period. In every other area type they were static.

### 4.1 Introduction

This chapter considers how the trends in the Housing Benefit (HB) caseload in the private rented sector (PRS) vary by different types of local authority (LA), according to a slightly revised version of a widely accepted model of area classification. The analysis is based on the Department for Work and Pensions (DWP) Single Housing Benefit Extract (SHBE) data extraction provided specifically for this report. The data are available from January 2010 to August 2013 for all caseload statistics and from February 2010 to August 2013 for all the flows on to and off the caseload.<sup>12</sup>

<sup>12</sup> The data have been smoothed to take account of missing returns or processing issues in some submissions of HB data for inclusion in the SHBE data set (see Appendix A). The data also exclude cases where a full set of LHA variables on room entitlement was not available and they will therefore differ slightly than those available on Stat-Xplore. The flows data includes claimants who remain on the HB caseload but move Census Output Area (COA - is an area containing approximately 125 households).

## The impact of recent reforms to Local Housing Allowances: Differences by place

The chapter explores differences between the area types in terms of the changes in the LHA rate after the reforms were introduced, as well as changes in the PRS HB caseload, both in absolute terms and as a proportion of the wider PRS in the LA. It then examines changing flows in the turnover (entrances and exits) of PRS HB claimants in the different area types in periods both before and after the reforms. The analysis moves on to consider how the **rate of change** in the local LHA rate has varied by area type since 2010, both in absolute and relative terms. This gives some indication of how any impacts are affecting LHA rates in the longer term, not just in the period of 'market adjustment' immediately after the reforms were introduced. Finally, the chapter examines changing trends in one area type of particular policy interest - those local housing markets where the LHA sub-market accounts for at least half of the total PRS. The LHA reforms in these areas may have potentially wider repercussions, as suggested by the responses of landlords and housing advisers in the case study areas (Beatty *et al.*, 2014b; DWP, 2013a).

The area classification used in this report is a modified version of the National Statistics Area Classification for LAs at Supergroup level<sup>13</sup>. The original classification utilised cluster analysis methods to allocate LAs to groups on the basis on a wide range of socio-economic variables from the 2001 Census. The classification was modified slightly for the purposes of this analysis to reflect more closely the boundaries of housing markets. It ensured, for example, that all London Boroughs fell within one of the three London area classifications and that no LAs outside London were included in these three groups. A further sub-group of Southern Seaside Towns was also created, due to the specific policy interest in these areas as potential 'reception points' for any PRS HB households who might be displaced from high cost markets in and around London. These included four substantial seaside towns in the South East and Eastern Regions which were relatively close to London, have large concentrations of LHA tenants in LHA dominant PRS markets and relatively low house prices. The modified groupings are shown in Appendix B.

## 4.2 Differences between the area types

Table 4.1 shows the wide differences between the area types on selected indicators. Average property prices in all London areas are, as one would expect, significantly higher than elsewhere; but even outside London average prices range widely - from £243,100 in Prospering UK areas to £132,100 in Mining/Manufacturing areas. The out-of-work benefit rate varies from 14.8 per cent in Southern Seaside Towns to 7.7 per cent in Prospering UK areas. The right hand column of Table 4.1 also shows the differential impact of the changes in the average weekly LHA rate across all claimants which was used to assess their HB award. The data are provided for the caseload in the quarter before the reforms began to be introduced and in the most recent three-month period available, June to August 2013. It highlights the exceptional position of LAs in the London Centre category. While the weekly LHA rate has remained the same in London Cosmopolitan areas, it has fallen by £72 per week in London Centre; the next largest decrease is £6 per week in the Cities and Services group and in Mining and Manufacturing areas.

It is worth remembering that Table 4.1 shows the change in average weekly LHA rates for the caseloads at two fixed points of time, and average LHA rates may have been lower in the

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<sup>13</sup> <http://www.ons.gov.uk/ons/guide-method/geography/products/area-classifications/ns-area-classifications/index/datasets/local-authorities/index.html>

## The impact of recent reforms to Local Housing Allowances: Differences by place

intervening period. For example, the average LHA rate for the caseload in London Suburbs is now higher than it was before the reforms, but had fallen immediately preceding the reforms as the 30th percentile rule was introduced (£204 a week in January/March 2011, £200 a week in January/March 2012 and £205 in January/March 2013). Similarly, in London Cosmopolitan areas, the average rate for the caseload fell from £218 in January/March 2011 to £211 a year after, before rising again to £215 in January/March 2013 and £219 by June/August 2013. This increase in the average LHA rate post reform is in part due to rising private market rents for the 30th percentile in these areas over time. Rising private market rents in London over time are explored further in Chapter 6.

Additional factors, such as a changing composition of the caseload over time, may also play a part in the extent to which the average LHA rate fluctuates. However, examination of the average LHA rate for all the caseload excluding single claimants aged 25-34 without dependent children, which is the group which declined notably over time due in part to the SAR changes, indicates that this is not likely to be a significant factor. The average LHA rate, albeit slightly higher once the group affected by SAR are excluded, shows the same trend in London Suburbs as above (fell from £211 a week in January March 2011 to £206 at the beginning of 2012, rising to £213 in 2013 and £216 by June/August 2013). In London Cosmopolitan a similar trend is also seen (£230 in January/March 2011 falling to £213 in 2012 and rising to £232 by June/August 2013). The internal composition of the caseload will only have had a limited effect on the overall trends.

**Table 4.1 Area types by house prices, out of work benefits<sup>14</sup> rates and change in weekly LHA rates**

	Average house price 2012	DWP out of work benefits rate, August 2013	Average weekly LHA rate, January/ March 2011	Average weekly LHA rate, June/ August 2013	Percentage change in caseload January/ March 2011- June/August 2013
Mining and Manufacturing	£132,100	14.3	£99	£93	-£6
Southern Seaside Towns	£186,900	14.8	£119	£116	-£3
Coastal and Countryside	£194,400	10.1	£108	£103	-£5
Prospering UK	£243,100	7.7	£128	£125	-£3
Cities and Services	£166,100	13.6	£113	£108	-£6
London Suburbs	£346,200	9.6	£204	£209	£4
London Cosmopolitan	£374,900	12.7	£218	£219	£0
London Centre	£744,500	10.7	£321	£249	-£72
<b>Great Britain</b>	<b>£229,000</b>	<b>10.9</b>	<b>£133</b>	<b>£127</b>	<b>-£6</b>

Sources: Land Registry, DWP, SHBE.

<sup>14</sup> Working age out of work benefits includes JSA, IB/ESA claimants, Income Support for lone parents and other work replacement income related benefits.

## The impact of recent reforms to Local Housing Allowances: Differences by place

The first point to note from Table 4.2 is that the HB sub-market is a sizeable part of the entire PRS market, covering approximately 40 per cent of all households in the sector.<sup>15</sup> However, the extent of the HB sub-market in the local PRS varies markedly by area type. It is most dominant in Southern Seaside Towns, accounting for two-thirds of all PRS households. The equivalent proportion is just over half in Mining and Manufacturing areas, and nearly half in Coastal and Countryside areas and in London Suburbs. Just over a third of households in the PRS in Prospering UK areas, London Cosmopolitan areas and Cities and Services areas receive Housing Benefit. The HB sub-market is only a small element of overall PRS in London Centre. These area differences are crucial, as they mediate the responses of landlords to the reforms in terms of their propensity to negotiate or reduce rents or to attract households not on HB who would be willing to pay higher market rents rather than those based at or around the LHA rate (Beatty *et al.*, 2014).

**Table 4.2 Area types: PRS HB caseload rates and size of PRS**

	2011 PRS as percentage of all households	PRS HB caseload June/August 2013		
		as percentage of Great Britain PRS HB caseload	per 1000 households	as percentage of all PRS households
Mining and Manufacturing	12	19	65	54
Southern Seaside Towns	22	2	147	66
Coastal and Countryside	15	11	72	47
Prospering UK	14	26	46	34
Cities and Services	20	24	77	39
London Suburbs	20	9	92	45
London Cosmopolitan	29	5	104	36
London Centre	33	3	50	15
<b>Great Britain</b>	<b>16</b>	<b>100</b>	<b>65</b>	<b>40</b>

Sources: SHBE, Census of Population.

It is most straightforward to use the same metric to compare the size of the HB caseload in areas relative to the overall size of their population. In June/August 2013, the average number of HB claims in the PRS in Great Britain is 65 per 1,000 households. The rate in Mining and Manufacturing areas (65 per 1,000 households) is the same as the national rate, and it is slightly higher in Coastal and Countryside areas (72 per 1,000) and Cities and Services areas (77 per 1,000). The rate is lower than the national average in Prospering UK areas (46 per 1,000) and in London Centre (50 per 1,000). The proportion of PRS HB households is considerably higher than the national average in London Suburbs and

<sup>15</sup> As noted earlier in Section 3.1 this figure is likely to be inflated slightly due to the fixed denominator of 2011 which is used. However, a figure based on March 2011 caseload (same time point as 2011 Census) returns a figure of 37 per cent not dissimilar to the 38% figure derived at for England based on August 2013 PRS HB caseload as a percentage of the estimated number of PRS households in 2012/13 from the English Housing Survey (EHS). The PRS households estimate taken from the EHS includes living rent free within the denominator whereas the 2011 Census PRS household figure excludes living rent free.



especially in London Cosmopolitan areas (92 and 104 per 1,000 households respectively). However, the relative proportion of PRS HB claims is by far the most concentrated in Southern Seaside Towns - at 147 per 1000 households - reflected in the supply of PRS accommodation. This is often converted large properties or former Bed and Breakfast accommodation, where landlords are still prepared to accept HB claimants as their core market (Beatty *et al.*, 2014b). We return to the position of those local areas where the LHA sub-market is dominant in the PRS later in this chapter (Section 4.6).

Initially the analysis has been undertaken on trends in the entire PRS HB caseload, rather than just the LHA sub-sector. This approach enables us to consider the PRS HB market in its totality and provides a more comprehensive account of how landlords and claimants are operating in the market. This approach also avoids the potentially misleading signals that can arise from the fact that the LHA caseload may increase even if there is a net reduction in the overall PRS caseload, due to stock turnover and new claims now being placed on the LHA system.<sup>16</sup> Nevertheless it is worth bearing in mind throughout that LHA claimants now constitute just over four out of five households in the PRS as a whole.<sup>17</sup>

### 4.3 Changes in the HB caseload since the LHA reforms

There were 1,670,300 PRS HB claimants in June/August 2013. This is an increase of 133,600 claimants (nine per cent) since the quarter before the LHA reforms began to be introduced (January/March 2011). In this period, the percentage of PRS HB claims which were subject to the LHA system has gradually increased, from 74 per cent of all PRS HB claimants in January/March 2011 to 83 per cent by June/August 2013.

As explained above, there is a slow natural rate of increase in the LHA caseload, even if the overall PRS caseload remains static. In general, the two series have converged over time as an increasing majority of claims are made under the LHA system. Since early 2012, the trend for PRS HB caseload follows a similar trajectory to that for the LHA caseload, but at a higher aggregate level. Any net increase in PRS HB caseload from this time can therefore only be due to an increase in LHA claims, as (other than limited exceptions)<sup>18</sup> it is not possible to make a claim under the pre-2008 rules. Therefore, the additional 133,600 PRS claimants by 2013 reflect a net increase in claims under the LHA system rather than other factors such as the natural transfer or replacement of pre-2008 cases onto the LHA system. This net growth is equivalent to 53 per cent of the total increase in the LHA caseload of 252,300 in this period (January/March 2011 to June/August 2013).

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<sup>16</sup> In fact, the on-flows to PRS overall are higher than on-flows to LHA. In theory this should not be possible as all post 2008 cases should be brought under the LHA system, so this is likely to be the result of administrative and recording errors. In addition, a relatively small number of cases where tenants live in caravans or houseboats will still be assessed under the pre-2008 system. The PRS HB flows are therefore likely to be a more accurate reflection of trends than just the recorded LHA flows.

<sup>17</sup> All data have been analysed on the basis of three month averages to take account of any 'noise' in the data as whilst data scans from LAs are submitted throughout each month, the SHBE and Stat-Xplore caseloads estimate the 'live' caseload on the 2nd Thursday of the calendar month.

<sup>18</sup> A relatively small number of cases where tenants live in caravans or houseboats will still be assessed under the pre-2008 system.

Figure 4.1 Percentage Increase in LHA caseload by LAD, Great Britain, 2011 to 2013

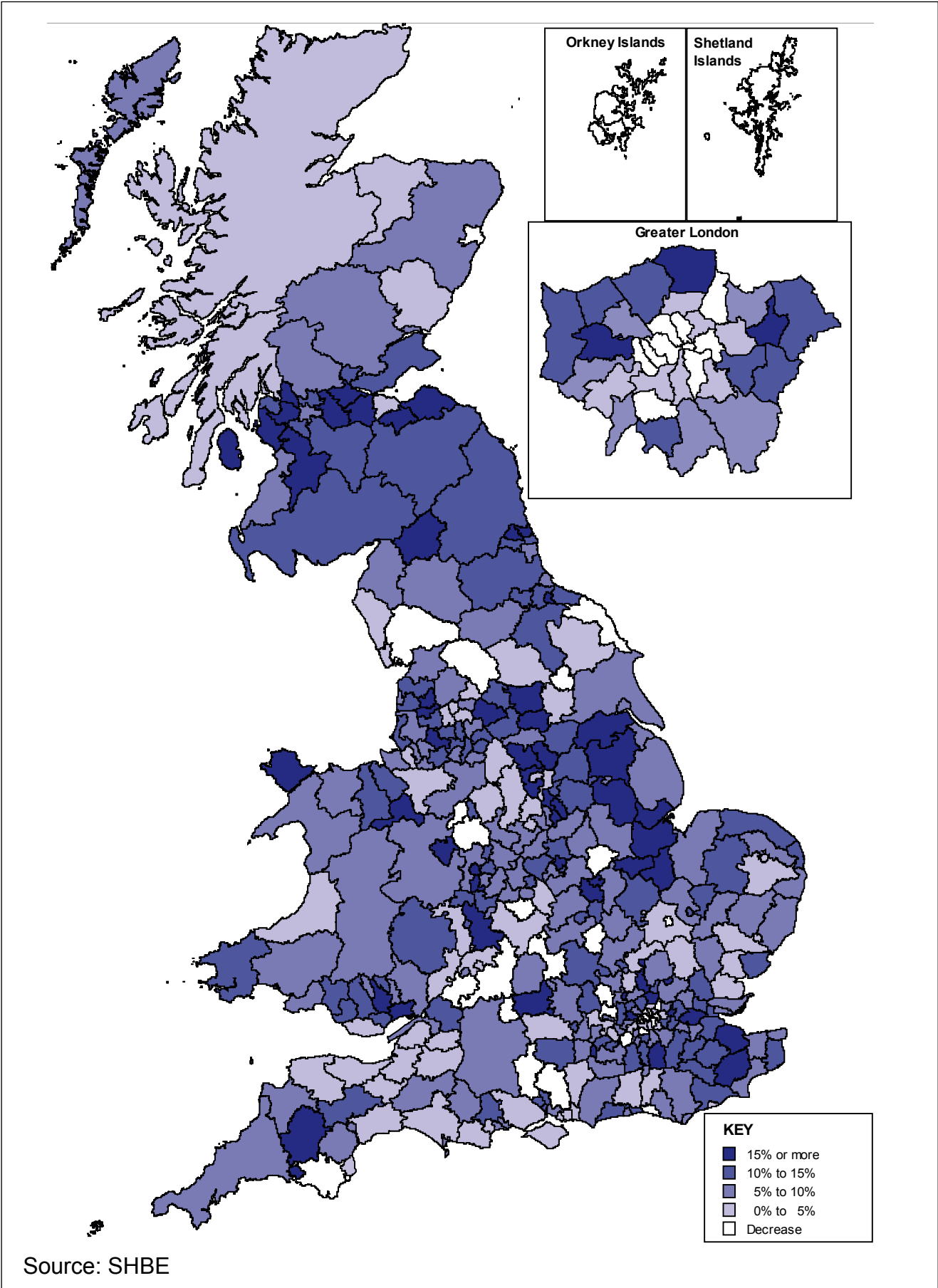
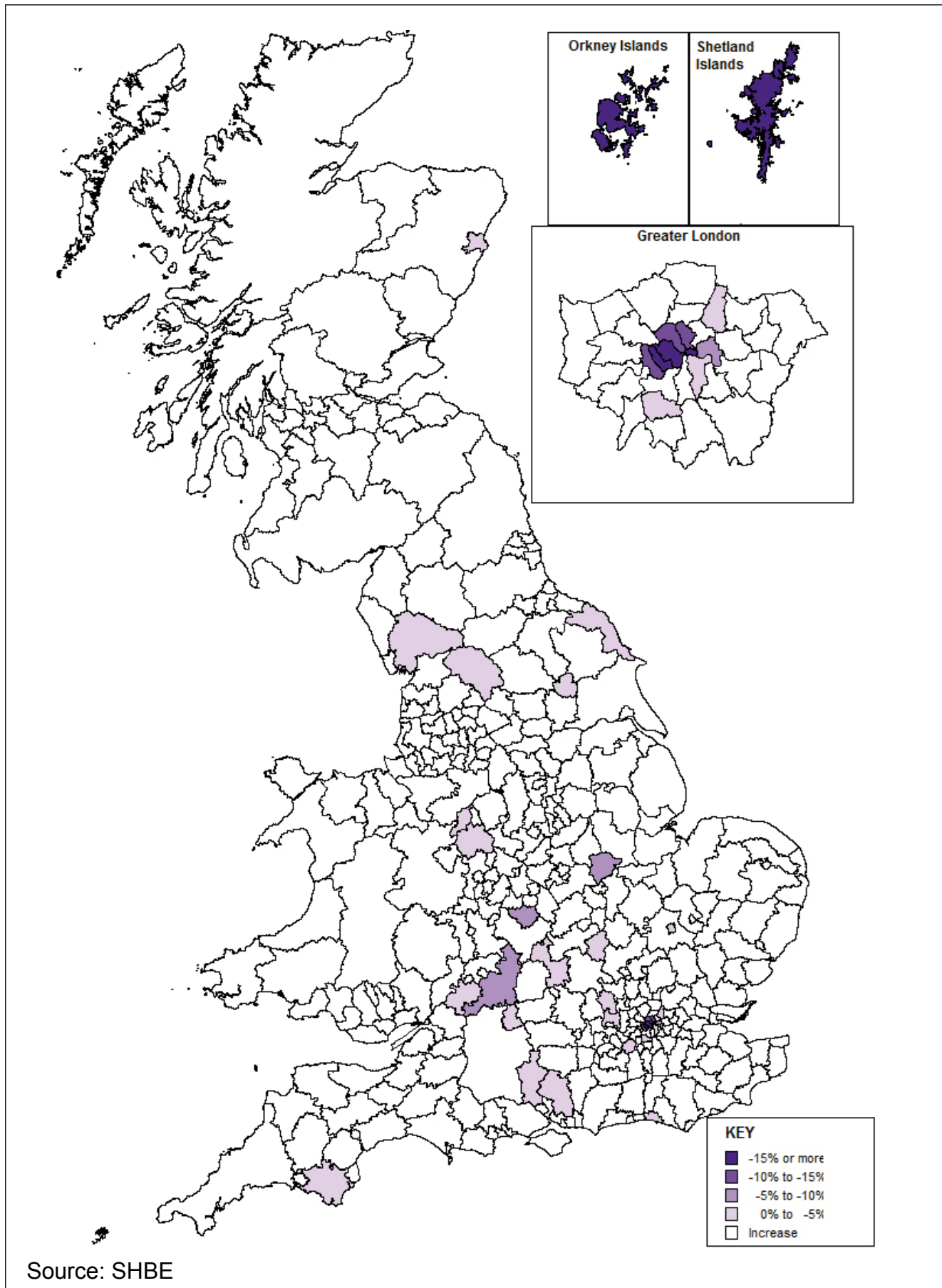


Figure 4.2 Percentage Decrease in LHA caseload by LAD, Great Britain, 2011 to 2013



## The impact of recent reforms to Local Housing Allowances: Differences by place

Before analysing trends in the LHA caseload by area type, Figure 4.1 shows the local districts (LADs) which have experienced the largest relative increases in caseload. These include larger increases in some provincial cities (Leeds, Sheffield, Nottingham, Newcastle, Leicester, Wakefield, Newport and Plymouth) and some larger towns (Preston, Wigan, Middlesbrough, Wrexham, Rotherham and Corby/Kettering). There are also relatively large increases in some London suburbs and a few rural areas (where baseline numbers may be small). Some areas with tight housing markets have experienced decreases in caseloads (Aberdeen, Cambridge, Brighton, York, Milton Keynes, Warwick) Stafford/Newcastle-under-Lyme, and a few districts around the western fringes of Greater London (Elmbridge, Chiltern, South Bucks). Relatively high decreases are also found in a handful of rural areas under market pressure (Orkney, Shetland, Rutland, Cotswold, Cherwell, South Hams, Test Valley, South Lakeland, Craven).

Figure 4.2 shows where the largest relative decreases in LHA caseload are evident. These are found in some central London boroughs (discussed further in Chapter 6).

The net growth in the LHA caseload in this period for most area types is not too far from the national picture, ranging between increases of 40 to 64 per cent. However, trends in two area types lie outside this range. In London Cosmopolitan areas the net growth in the LHA caseload is considerably lower, at just 32 per cent, and in London Centre both the PRS HB caseload and LHA caseload have fallen over this period.

Table 4.3 presents three month averages (January/March) for each year from 2010 to 2013, and the average caseload for June/August 2013, which is the latest period for which the data were available at the time of the analysis<sup>19</sup>. The PRS HB caseload has grown at a slower rate in each year following the LHA reforms compared to the year prior to the reforms. This trend applies to all area types. There has been nine per cent growth overall in the PRS HB caseload from January/March 2011 to June/August 2013. In the first year after the reforms the PRS HB caseload grew by six per cent, then fell to half this rate in the subsequent year (2012-13) and was static in the period after January/March 2013. This may partly reflect the better economic outlook in the latter part of 2013. The HB caseload in both the PRS and SRS began to fall after a peak in May 2013. However, the reduction in caseload also reflects the impact of introducing a higher age threshold for the SAR from January 2012. This has resulted in a falling caseload for the 25-34 year old age group. This effect is discussed further in Chapter 5.

Table 4.3 shows that the slower rates of growth over this period were common to all area types, but there were differences in the rates. Over the full time period, the caseloads in London Suburbs and Cities and Services both increased by ten per cent. There was a slower rate of caseload growth (between six to eight per cent) in Southern Seaside towns, Coastal and Countryside areas and Prospering UK areas. Mining/Manufacturing areas experienced most growth in the PRS HB caseload in the post-reform period (13 per cent) but only this area type and London Suburbs witnessed any growth at all in the PRS HB caseload in 2013.

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<sup>19</sup> The 2010 data are included to show the trends in caseload prior to the introduction of the reforms in April 2011. However, the percentage change in caseload figures relate to changes which occurred after the reforms relative to the base position immediately before they were introduced, in January/March 2011.

**Table 4.3 Total PRS HB caseload: January/March 2010-June/August 2013**

	Total PRS HB caseload- 3 month averages										Total PRS HB caseload- absolute change						PRS HB percentage change since period just before reforms introduced – January/ March 2011							
	Jan/ Mar 2010		Jan/ Mar 2011		Jan/ Mar 2012		Jan/ Mar 2013		Jun/ Aug 2013		Jan/ Mar 2010- 2011		Jan/ Mar 2011- 2012		Jan/ Mar 2012- 2013		Jan/ Mar 2011- 2012		Jan/ Mar 2012- 2013		Jan/ Mar 2013- 2011- 2013		Jan/ Mar 2013- 2011- 2013	
	Jan/ Mar 2010	Jan/ Mar 2011	Jan/ Mar 2012	Jan/ Mar 2013	Jan/ Mar 2013	Jun/ Aug 2013	Jan/ Mar 2010	Jan/ Mar 2011	Jan/ Mar 2012	Jan/ Mar 2013	Jan/ Mar 2010	Jan/ Mar 2011	Jan/ Mar 2012	Jan/ Mar 2013	Jan/ Mar 2012	Jan/ Mar 2013	Jan/ Mar 2012	Jan/ Mar 2013	Jan/ Mar 2012	Jan/ Mar 2013	Jan/ Mar 2012	Jan/ Mar 2013	Jan/ Mar 2012	Jan/ Mar 2013
Mining and Manufacturing	271,100	294,400	315,500	330,100	330,100	332,100	23,300	21,100	14,600	2,000	37,700	7%	5%	1%	13%									
SE/E Seaside Towns	31,000	32,800	34,100	34,800	34,800	34,800	1,800	1,300	700	-	2,000	4%	2%	0%	6%									
Coastal and Countryside	158,700	169,500	178,400	183,500	183,500	181,800	10,800	8,900	5,100	-1,700	12,300	5%	3%	-1%	7%									
Prospering UK	366,400	393,500	414,400	427,100	427,100	425,000	27,100	20,900	12,700	-2,100	31,500	5%	3%	-1%	8%									
Cities and Services	345,500	378,700	403,100	414,700	414,700	416,500	33,200	24,400	11,600	1,800	37,800	6%	3%	0%	10%									
London Suburbs	132,100	149,400	158,600	163,100	163,100	164,000	17,300	9,200	4,500	900	14,600	6%	3%	1%	10%									
London Metropolitan	70,300	78,500	82,000	82,200	82,200	81,600	8,200	3,500	200	-600	3,100	4%	0%	-1%	4%									
London Centre	37,300	40,000	39,500	35,400	35,400	34,600	2,700	-500	-4,100	-800	-5,400	-1%	-10%	-2%	-14%									
Great Britain	1,412,300	1,536,700	1,625,600	1,670,900	1,670,900	1,670,300	124,400	88,900	45,300	-600	133,600	6%	3%	0%	9%									

Source: SHBE.

The caseload growth in London Cosmopolitan areas over the full time period was only four per cent, occurring in the first post-reform year. Thereafter the trend was static in 2012-13 and then the caseload contracted from the start of 2013 onwards. London Centre is the only area to see a decline in PRS HB caseload (down by 14 per cent) in the period from 2011 to 2013. This was a marked change from the trend in the year prior to the LHA reforms, when the PRS HB caseload had risen by seven per cent - similar to the rate of increase at the time of Southern Seaside Towns, Coastal and Countryside areas and Prospering UK areas. The caseload in London Centre has declined in every year since the reforms. This was particularly evident in 2012-13, when the new SAR rules were introduced and transitional protection came to an end, when all existing LHA tenants had eventually been moved over to the new regime.

## 4.4 Flows in the PRS HB caseload

### 4.4.1 On-flows

An analysis of flows can show a finer grain picture of how the composition of the PRS HB caseload is changing over time and how this differs from one area type to another. The data in Tables 4.4 and 4.5 show trends in the on-flows of claimants on to the PRS HB caseload at different points in time between 2010 and 2013. The on-flows include existing claimants who have a new claim due to a change of address<sup>20</sup>, HB claimants who move from SRS to PRS as well as completely new cases.

Table 4.4 shows that average on-flows of LHA claimants in Great Britain overall fell in the year before the reforms began to be introduced (up to January/March 2011) then stabilised in the first year after the reforms, when new claimants were subject to the measures. The average on-flow then began to fall in the year when existing LHA claimants were moved on to the new system. The total number of on-flow claimants in the first quarter of 2013 was 700 fewer than the year before and in the third quarter of 2013 it was a further 1,600 claimants fewer than it had been at the start of the year. Nationally, on-flows (Table 4.4) exceeded off-flows for each time period (Table 4.5) from February/March 2010 until January/March 2013 leading to a net increase in caseload over time (Table 4.3). The exception was June/August 2013 when the off-flows exceeded on-flows resulting in a net decline in caseload for that point in time.

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<sup>20</sup> The analysis is based on a comparison of the Census Output Area (COA) for claimants at two point of time. COAs on average contain 125 households in England and Wales. If a claimant moves address within the COA then this will not be counted as an on- flow or off-flow in this analysis.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table 4.4 Total PRS HB on-flows, 2010–13**

	February/ March <sup>1</sup> 2010	January/ March 2011	January/ March 2012	January/ March 2013	June/August 2013
Mining and Manufacturing	18,300	17,000	17,900	17,500	17,800
SE/E Seaside Towns	1,500	1,500	1,500	1,500	1,500
Coastal and Countryside	9,200	8,700	8,900	8,600	8,100
Prospering UK	24,100	21,400	21,500	20,800	19,600
Cities and Services	25,600	22,800	23,300	23,100	22,900
London Suburbs	7,500	6,600	6,000	6,200	6,600
London Cosmopolitan	4,800	3,600	3,300	3,600	3,300
London Centre	2,500	1,900	1,400	1,600	1,600
<b>Great Britain</b>	<b>93,500</b>	<b>83,400</b>	<b>83,700</b>	<b>83,000</b>	<b>81,400</b>

Source: SHBE.

<sup>1</sup> The flows data are not available for 2009 and the first observation concerns flows from the January caseload to the February caseload and so a two month average for February to March 2010 is provided.

However, there were marked variations in these trends according to area type. These are shown in relative terms in Table 4.5 to ease comparison. On-flows in Mining/Manufacturing areas grew by five per cent over the full period from February/March 2011 to June/August 2013. This increase may reflect some displacement from other areas, as rents are on average cheaper here than in any other area type. Equally, it may reflect the poor state of the local labour market so that the emerging economic up-turn seen elsewhere during this period had not taken place. During the same period on-flows in Southern Seaside Towns were static. There was also no growth in on-flows in Cities and Services areas and London Suburbs. On-flows fell by seven to eight per cent in London Cosmopolitan areas, Coastal and Countryside areas and Prospering UK areas. Again the starkest difference is evident in London Centre. On-flows here fell by 16 per cent during this period.

**Table 4.5 Percentage change in total PRS HB on-flows, as percentage of 2011**

	February/ March 2011- January/ March 2012	January/ March 2012- January/ March 2013	January/ March 2013- June/August 2013	February/ March 2011- June/August 2013
Mining and Manufacturing	5%	-2%	2%	5%
SE/E Seaside Towns	0%	0%	0%	0%
Coastal and Countryside	2%	-3%	-6%	-7%
Prospering UK	0%	-3%	-6%	-8%
Cities and Services	2%	-1%	-1%	0%
London Suburbs	-9%	3%	6%	0%
London Cosmopolitan	-8%	8%	-8%	-8%
London Centre	-26%	11%	0%	-16%
<b>Great Britain</b>	<b>0%</b>	<b>-1%</b>	<b>-2%</b>	<b>-2%</b>

Source: SHBE.

Note: :Columns may not sum across years due to rounding.

## The impact of recent reforms to Local Housing Allowances: Differences by place

However, within this overall picture, the pattern of change over time has also varied between different London area types. There was a sharp decline in on-flows in the first year of the reforms in London Centre (26 per cent) and, to a lesser extent, in London Cosmopolitan areas (eight per cent) and London Suburbs (nine per cent). The on-flows then increased slightly in all three London groups 2012-13 before stabilising in London Centre, declining in London Cosmopolitan areas and increasing in London Suburbs. The reduction in on-flows in London between 2011 and 2012 may reflect lower mobility of tenants during the period of transitional protection. The wave one interviews with landlords (Beatty *et al.*, 2012) also suggested that some landlords in London were encouraging tenants to break then restart their claims just before the reforms were introduced in order to maximise the period of transitional protection for their tenants.

The decline in on-flows in the first year after the reforms were introduced may also have been affected by the introduction of the SAR changes from January 2012. The 25 to 34 year old single claimants with no dependent children formed a larger proportion of the total PRS HB caseload before the reforms in London Cosmopolitan areas and London Centre. In January/March 2011 this group accounted for 13 per cent of the total caseload in London Centre and 12 per cent in London Cosmopolitan areas, compared to five to ten per cent in all other areas. The impact of the SAR changes is discussed further in Chapter 5.

On-flows in Central London have stabilised in the most recent period, which perhaps suggests that a 'core' HB sub-market now remains, following the sharp reductions in the immediate wake of the reforms. On-flows continue to fall in London Cosmopolitan areas, while they have returned to their pre-reform level in London Suburbs, possibly indicating some displacement from the 'inner ring' around the central core to outer London over the past year. This trend was also identified in wave two interviews with landlords and housing advisers based in London (Beatty *et al.*, 2014b).

### 4.4.2 Off-flows

The rate of off-flows from the stock of PRS HB claimants is a function of caseload. So if the caseload increases, and rates of turnover in the stock remain stable, then the absolute number of off-flows will also increase. Table 4.6 shows that the number of off-flows in Great Britain started to increase during 2012, which coincides with the period when existing LHA claimants were brought under the new rules. The number of claimant off-flows increased by 4,400 between the first quarter of 2012 and 2013 and then by a further 7,000 between the third quarter of 2013 and the start of the year.



## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table 4.6 Total PRS HB off-flows, 2010–13**

	February/ March 2010	January/ March 2011	January/ March 2012	January/ March 2013	June/August 2013
Mining and Manufacturing	14,500	14,300	14,900	15,800	17,900
SE/E Seaside Towns	1,300	1,300	1,300	1,400	1,600
Coastal and Countryside	7,200	7,300	7,700	7,900	8,800
Prospering UK	18,700	18,500	18,400	18,900	20,800
Cities and Services	20,200	20,100	20,100	21,400	23,200
London Suburbs	5,400	5,800	5,300	6,100	6,400
London Cosmopolitan	3,400	3,000	3,200	3,700	3,500
London Centre	1,800	1,900	1,600	1,800	1,700
<b>Great Britain</b>	<b>72,300</b>	<b>72,300</b>	<b>72,500</b>	<b>76,900</b>	<b>83,900</b>

Source: SHBE.

Expressing off-flows as a proportion of the caseload gives a clearer indication of how the patterns have changed over time, and how trends compare between different area types. Throughout 2010, the three month averages for off-flows as a percentage of caseload were between 5.0 and 5.7 per cent (average 5.4 per cent over the whole period.) They fell at the beginning of 2011 and off-flows in January/March 2011 were 4.7 per cent of the caseload (Table 4.7). This again may be an indication of lower mobility of the claimants in the period of transitional protection. This pattern was seen across areas but was most notable in London Centre and London Suburbs.

This may be an indication of some stickiness in the market, especially in high rent, high demand areas, after the reforms were introduced. Tenants were perhaps seeking to maximise the transition period resulting in reduced mobility over the period, as findings in the wave one survey of claimants suggested (Beatty *et al.*, 2012.) Several housing advisers in London case study areas, for example, also suggested that this was how tenants responded at first, especially if they obtained Discretionary Housing Payments to help them meet increased shortfalls (DWP, 2013a). The return to higher rates of off-flow in some area types in the last point of the time series in Table 4.7 may reflect a slight seasonality in the time series.

**Table 4.7 Total PRS HB off-flows as a percentage of caseload, 2010–13**

	February/ March 2010	January/ March 2011	January/ March 2012	January/ March 2013	June/August 2013
Mining and Manufacturing	5.3%	4.9%	4.7%	4.8%	5.4%
SE/E Seaside Towns	4.2%	4.0%	3.8%	4.0%	4.6%
Coastal and Countryside	4.5%	4.3%	4.3%	4.3%	4.8%
Prospering UK	5.1%	4.7%	4.4%	4.4%	4.9%
Cities and Services	5.8%	5.3%	5.0%	5.2%	5.6%
London Suburbs	4.1%	3.9%	3.3%	3.7%	3.9%
London Cosmopolitan	4.8%	3.8%	3.9%	4.5%	4.3%
London Centre	4.8%	4.8%	4.1%	5.1%	4.9%
<b>Great Britain</b>	<b>5.1%</b>	<b>4.7%</b>	<b>4.5%</b>	<b>4.6%</b>	<b>5.0%</b>

Source: SHBE.

## 4.5 LHA entitlements by property size and area differences in LHA rates

All HB claims under the LHA system are made using the size criteria which specify how many bedrooms each claimant is entitled to, given their household composition.<sup>21</sup> These size criteria are now being applied to the SRS in the operation of the removal of the spare room subsidy. The application of the size criteria determines the LHA entitlement of a given household on the basis of property size for the area they live within. The LHA rate within the local Broad Rental Market Area (BRMA) by property size entitlement is then applicable to each claim. The composition of the HB caseload by property size entitlement is therefore a crucial factor in assessing the average LHA rate in an area.

In most cases the entitlement will determine the size of property a household actually occupies and this is therefore a good guide to actual property size. However, in some instances a household may choose to live in a property which is smaller than their specific entitlement - for example, some may choose to live in a smaller property to be able to use their larger LHA entitlement to live in a better quality accommodation or at a specific location within the BRMA.

A breakdown of claimants by property size entitlement is only available for the LHA sub-sector rather than all PRS HB households. In August 2013, 15 per cent of LHA households had a shared accommodation entitlement; 29 per cent had a one bedroom entitlement; 37 per cent of households had a two bedroom entitlement; 14 per cent had a three bedroom

<sup>21</sup> The size criteria take into account the age and household circumstances of the claimant, including whether they are a single person or a couple household and the number, ages and gender of children within the household. Children of certain ages or gender are expected to share a room.

entitlement; and five per cent had a four bedroom entitlement. These figures indicate an over-representation of LHA households in one bedroom or shared accommodation compared to the PRS as a whole, and an under-representation of LHA households in three or four bedroom property.<sup>22</sup>

Table 4.8 provides a breakdown of average LHA rates amongst the caseload as a whole in each area type over time. (Full breakdowns of average LHA rate by bedroom entitlement are provided in Appendix C.) The figures show that the average weekly LHA rate for Great Britain as a whole has declined (in cash out-turn figures) from £133 in January/March 2011 (just prior to the reforms) to £127 in June/August 2013. In terms of different area types there has been a narrowing between the highest average LHA rate and lowest average LHA rate. In January/March 2011, the average weekly LHA rate in Mining/Manufacturing areas was £99 and in London Centre it was £321. By June/August 2013 the equivalent figures were £93 and £249.

In percentage terms, Table 4.8 shows the LHA rate fell in all area types in the period immediately after the reforms (between Q1 2011 and Q1 2012). In the period between Q1 2012 and Q1 2013, the only areas where it continued to fall were Mining/Manufacturing areas and London Centre. In the first half of 2013, the average LHA rate across all area types had either remained stable or had increased by one or two per cent.

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<sup>22</sup> The equivalent figures in the 2012/13 English Housing Survey are: 19 per cent of PRS households live in one bedroom property; 39 per cent have two bedrooms; 31 per cent have three bedrooms; and ten per cent have four or more bedrooms.

**Table 4.8 Trends in average LHA rates, 2010–13**

		Average LHA rate				LHA rate – absolute change								Percentage change in average LHA rate since period just before reforms introduced – January/March 2011							
		Jan/March 2011		Jan/March 2012		Jan/March 2013		June/ Aug 2013		Jan/March 2011		Jan/March 2012		Jan/March 2013		Jan/March 2012		Jan/March 2013		Jan/March 2013	
		Jan/March 2010	Jan/March 2011	Jan/March 2012	Jan/March 2013	Jan/March 2013	June/ Aug 2013	Jan/March 2010	Jan/March 2011	Jan/March 2011	Jan/March 2012	Jan/March 2012	Jan/March 2013	Jan/March 2013	Jan/March 2013	Jan/March 2012	Jan/March 2012	Jan/March 2013	Jan/March 2013	Jan/March 2013	Jan/March 2013
Mining and																					
Manufacturing	£97		£99	£94	£93	£93	£93	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2
SE/E Seaside																					
Towns	£117		£119	£114	£115	£115	£116	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2
Coastal and																					
Countryside	£106		£108	£102	£102	£102	£103	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2	£2
Prospering UK	£127		£128	£123	£124	£124	£125	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1	£1
Cities and																					
Services	£111		£113	£107	£107	£107	£108	£3	£3	£3	£3	£3	£3	£3	£3	£3	£3	£3	£3	£3	£3
London																					
Suburbs	£197		£204	£200	£205	£205	£209	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7
London																					
Cosmopolitan	£219		£218	£211	£215	£215	£219	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
London																					
Centre	£313		£321	£258	£244	£244	£249	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7	£7
<b>Great Britain</b>	<b>£130</b>		<b>£133</b>	<b>£126</b>	<b>£126</b>	<b>£126</b>	<b>£127</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>	<b>£3</b>

Source: SHBE.  
May not sum due to rounding.

## 4.6 Changing trends in HB Dominant markets

In addition to the area classification we have been using in this chapter, we were especially interested in assessing change in those areas where the HB sub-market constitutes more than 50 per cent of the total PRS (as at June/August 2013) in the LA area. The wave two interviews with landlords, for example, had suggested that in what we termed 'LHA Dominant' areas they were much more likely to negotiate a lower rent with tenants, due to the lack of alternative sources of demand (Beatty *et al.*, 2014b). The changes to the age threshold for the SAR might also create a more discernible impact in areas where HB tenants dominate for particular property types: for example, single tenants aged between 25 and 34 withdrawing from one bedroom properties and seeking shared accommodation instead. A quarter of LAs in Great Britain (99 in all) fall into the category of HB Dominant areas (see Table B.9) and just over a third of PRS HB claimants live in HB Dominant areas.

A sub-set of LAs within this area type are those seaside town that might constitute reception areas for any tenants displaced from the London PRS market. Certainly, concerns were expressed when the LHA measures were announced about such an exodus taking place, as households receiving HB in higher rent areas sought more affordable housing markets further afield. The PRS in these seaside towns tends to consist of a relatively high proportion of one bedroom properties or shared accommodation in former boarding houses. These areas also tend to have particularly high levels of out-of-work benefit claimants. The combination of these two factors has led to high concentrations of HB tenants within the local PRS over recent years.

The Southern Seaside Towns group consists of Hastings, Southend-on-Sea, Tendring (which includes Clacton) and Thanet (which includes Margate). All of these LAs are relatively close to London. Table 4.9 shows the key characteristics of PRS HB Dominant markets and the Southern Seaside Towns alongside the national picture for PRS HB tenants.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table 4.9 Characteristics of PRS Dominant markets**

	<b>Southern Seaside Towns</b>	<b>PRS HB Dominant markets</b>	<b>Non-dominant markets</b>	<b>Great Britain</b>
<b>Total PRS HB caseload, January/March 2011</b>				
Number	32,800	546,000	990,800	1,536,700
as percentage of PRS households	62%	53%	31%	37%
per 1,000 households	138	78	53	60
<b>Total PRS HB caseload, June/August 2013</b>				
Number	34,800	605,200	1,065,100	1,670,300
as percentage of PRS households	66%	59%	34%	40%
per 1,000 households	147	86	57	65
percentage change since January/March 2011	6%	11%	8%	9%
<b>LHA rates</b>				
January/March 2011	£119	£120	£141	£133
June/August 2013	£116	£116	£133	£127
Change 2011–13	-£3	-£4	-£7	-£6
percentage change 2011–13	-2%	-3%	-5%	-5%
<b>Housing market</b>				
Average house price 2012	£186,900	£164,200	£250,300	£229,000
PRS as percentage of all households, 2011	22%	15%	17%	16%
<b>Labour market</b>				
Out-of-work benefit claimants as percentage of working age, August 2013	15%	14%	10%	11%
percentage change in out-of-work benefit claimants, August 2011–13	-7%	-10%	-10%	-10%

Sources: SHBE, Census of Population, Land Registry.

Just under a third of the PRS HB Dominant markets were seaside towns, of which Blackpool is by far the largest. Twenty six per cent of households in Blackpool live in the PRS and 20 per cent of all working age households in the town are on out-of-work benefits (as of August 2013). As a result 90 per cent of all PRS households in Blackpool are in receipt of HB (constituting 23 per cent of all households in the town).

This is the most extreme case of a dominant HB sub-market in the local PRS. In the Southern Seaside Towns, by comparison, on average about two-thirds of PRS households are in receipt of HB. The highest concentration (81 per cent) is found in Tendring. Table 4.9 shows that average LHA rates have fallen less in absolute and relative terms (albeit from a lower base) than rates for Great Britain as a whole. Perhaps more surprisingly, out-of-work benefit rates have fallen by the same extent in HB Dominant markets as in Great Britain as a whole. In the sub-set of Southern Seaside Towns, LHA rates have fallen slightly less than elsewhere since the reforms were introduced, and the reduction in the out-of-work benefits rates is lower than in other HB Dominant markets.

## **The impact of recent reforms to Local Housing Allowances: Differences by place**

There is little to suggest from these figures that the markets in these areas have been changed notably as a result of the LHA reforms. Table 4.9 shows that the HB caseload in LHA Dominant Markets has increased by 11 per cent between January/March 2011, just prior to the reforms, and June/August 2013, compared to an increase of eight per cent in other markets. However, in the sub-set of Southern Seaside Towns, which were often seen as potential 'reception areas' for displaced LHA claimants, the increase in the caseload was only six per cent. LHA Dominant Markets remain low value PRS markets with a large HB sector, but they have not been subject to an influx of new LHA claimants seeking more affordable housing options, although the 'London ripple effect' we identify in Chapter 6 may yet take some more time to work through to more peripheral areas.

## 5 The impact of the SAR changes

### Summary

- Unlike some of the other LHA measures (e.g. the LHA caps) changes to the age threshold for the SAR have had an effect on across housing markets in Great Britain, not just higher value and higher demand areas.
- The HB caseload for single 25 to 34 year olds with no dependent children increased in the two years leading up to the change in the SAR age threshold (January 2012) but once the SAR age threshold was raised, the caseload for the 25-34 Group began to fall steadily, both in 2012 and 2013.
- The caseload for the 25-34 Group fell by 13 per cent in Great Britain from the period immediately prior to the reforms through to August 2013. This compared with a fall of nine per cent in the under 25 Group.
- The decline in caseload was most notable in the first year after the SAR reforms but continued to fall during 2013, albeit at a much slower rate.
- There is a marked 'London effect' however. The 25-34 Group caseload fell by 39 per cent in London Centre compared to 31 per cent for the under 25 Group, and by 25 per cent in London Suburbs compared to 15 per cent for the under 25 Group.
- The two highest decreases in PRS HB caseload for the 25-34 Group outside London were in Southern Seaside Towns (down 16 per cent) and in Prospering UK areas (down 14 per cent).

### 5.1 Introduction

One of the aims of the research programme was to identify the effects of the LHA reforms on specific sub-groups. Due to the decision to extend the age threshold for the Shared Accommodation Rate (SAR) for single people without dependent children from 25 to 35 years old from January 2012, this group of LHA claimants merits particular attention. The research with landlords, for example, indicated that the SAR measure was now starting to have an impact across different types of housing markets in Great Britain (Beatty *et al.*, 2014b), not just in higher value areas. For the purposes of shorthand we will refer throughout this chapter to those affected by the SAR measure (single people with no dependent children) as the '25-34 Group'. This does not therefore include those tenants in this age band who cohabit or who have dependent children.

In tracking the time series, the three month October/December 2011 reference point is used for this analysis, as this is the period just before the SAR changes were introduced in January 2012. Where possible, the 25 to 34 Group have been benchmarked against trends in a similarly defined under 25 Group (who are not affected by the reform) over the same period to help identify the extent to which changes observed in the Group may be plausibly attributed to the SAR reform.



**Table 5.1 PRS HB caseload 25-34 Group, October/December 2010 to June/August 2013**

	PRS HB caseload single, 25-34, no children			PRS HB caseload single, 25-34, no children absolute change				Percentage change since period just before reforms introduced - October/December 2011			
				Oct/Dec 2010-2011		Oct/Dec 2011-2012		Oct/Dec 2011-2012		Oct/Dec 2012-2013	
	Oct/Dec 2010	Oct/Dec 2011	Oct/Dec 2012	Oct/Dec 2010	Oct/Dec 2011	Oct/Dec 2011	Oct/Dec 2012	Oct/Dec 2011	Oct/Dec 2012	Oct/Dec 2012	Oct/Dec 2013
Mining and Manufacturing	24,300	25,500	24,500	24,200	1,200	-1,000	-300	-1,300	-4%	-1%	-5%
SE/E Seaside Towns	2,400	2,500	2,200	2,100	100	-300	-100	-400	-12%	-4%	-16%
Coastal and Countryside	10,400	10,700	10,200	9,900	300	-500	-300	-800	-5%	-3%	-7%
Prospering UK	26,500	26,000	23,700	22,400	-500	-2,300	-1,300	-3,600	-9%	-5%	-14%
Cities and Services	41,300	43,100	40,700	39,000	1,800	-2,400	-1,700	-4,100	-6%	-4%	-10%
London Suburbs	11,400	11,500	9,500	8,600	100	-2,000	-900	-2,900	-17%	-8%	-25%
London Metropolitan	9,900	10,100	8,400	7,500	200	-1,700	-900	-2,600	-17%	-9%	-26%
London Centre	5,800	5,700	4,000	3,500	-100	-1,700	-500	-2,200	-30%	-9%	-39%
<b>Great Britain</b>	<b>132,100</b>	<b>135,100</b>	<b>123,200</b>	<b>117,100</b>	<b>3,000</b>	<b>-11,900</b>	<b>-6,100</b>	<b>-18,000</b>	<b>-9%</b>	<b>-5%</b>	<b>-13%</b>

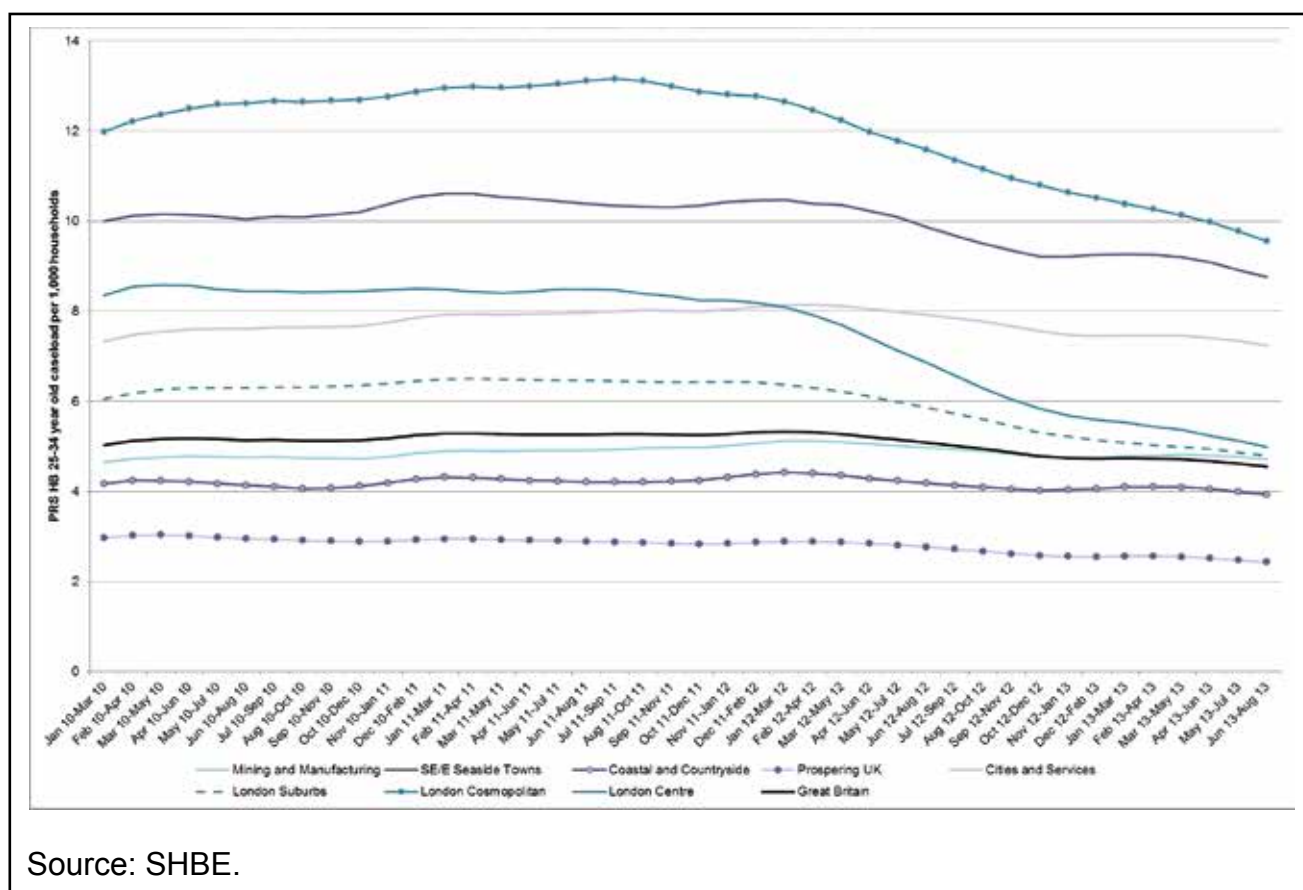
Source: SHBE.

Note: May not sum due to rounding.

## 5.2 Changes in caseload for the 25-34 Group

Table 5.1 above shows that the HB caseload for the 25-34 Group in the PRS HB had increased in the year leading up to October/December 2011<sup>23</sup>. However, expressed in relative terms, the proportion of the HB caseload taken up by the 25-34 group was consistently nine per cent (Table 5.2). From January 2012, once the SAR age threshold was increased, the caseload for the 25-34 Group began to fall steadily, both in 2012 and 2013 (Table 5.1). By October/December 2012 the proportion of the 25-34 Group in the total HB caseload had fallen to seven per cent and remained at this level up to the June/August 2013 period (Table 5.2). In London Centre, the 25-34 Group accounted for 15 per cent of all the caseload throughout 2010 but only ten per cent by June/August 2013.

**Figure 5.1 PRS caseload for 25-34 year olds by area type, per 1000 households**



<sup>23</sup> This was contrary to the trends seen amongst the under 25 Group. In the pre-reform period of January/March 2010 to October/December 2011 the PRS HB caseload for the 25 to 34 Group increased by four per cent, this contrasts with the trends in the under 25 year old Group which decreased by the same amount over the period.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table 5.2 Percentage of the 25 to 34 group in the total caseload**

	October/ December 2010	October/ December 2011	October/ December 2012	June/ August 2013
Mining and Manufacturing	8%	8%	8%	7%
SE/E Seaside Towns	7%	7%	6%	6%
Coastal and Countryside	6%	6%	6%	5%
Prospering UK	7%	6%	6%	5%
Cities and Services	11%	11%	10%	9%
London Suburbs	8%	7%	6%	5%
London Cosmopolitan	13%	12%	10%	9%
London Centre	15%	14%	11%	10%
<b>Great Britain</b>	<b>9%</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>

Source: SHBE.

In the period from immediately prior to the SAR changes through to June/August 2013, Table 5.1 shows that the 25-34 group caseload fell by 13 per cent in Great Britain. There are, however, important differences between area types. The largest decreases were in the higher rent areas of London. The 25-34 group caseload fell by 39 per cent in London Centre, by 26 per cent in London Cosmopolitan and 25 per cent in London Suburbs. The two highest decreases outside London were in Southern Seaside Towns (down 16 per cent) and in Prospering UK areas (down 14 per cent). The smallest decrease in the PRS HB caseload for the 25-34 Group was in Mining/Manufacturing areas (down five per cent). Figure 5.1 tracks the growth in the 25-34 Group in the HB caseload before the SAR reforms were introduced, and the subsequent decrease thereafter. There has been a notable reduction on the size of this demographic group in the overall PRS HB caseload since the introduction of the reforms specifically targeted at this group. However, it is not possible to attribute any of this change to the SAR measure without further investigation of the interaction between changes in caseload and other factors. By benchmarking the changes observed in the 25 to 34 Group versus a similar Group aged under 25 who are not affected by the reform this allows these factors to be considered.

A key factor considered which may also contribute to the falling caseload in the 25-34 Group is that the economy had improved from the beginning of the second quarter in 2012 leading to a fall in the numbers claiming out-of-work benefits. In turn, this may also feed through to a reduction in those claiming HB. However, the upturn in the economy is unlikely to be able to explain the magnitude of the decreases in the 25 to 34 Group seen above. Table 4.3 earlier indicated that the HB caseload had continued to rise between January/March 2012 to January/March 2013; by five per cent in Mining and Manufacturing areas and in all other areas by between two and three per cent. The notable exception in this trend was London Centre, which was the only area affected by the LHA rate caps, where the caseload contracted by ten per cent over the period. Contrary to the trends shown in Table 5.1, the 25-34 Group contracted in all areas from October/December 2011 to October/December 2012, by 30 per cent in London Centre and by 17 per cent in both London Cosmopolitan and London Suburbs. If the final period in 2013 is considered for the entire HB caseload, growth

## The impact of recent reforms to Local Housing Allowances: Differences by place

was negligible across all area types.<sup>24</sup> This compares to falls in the caseload for the 25-34 Group of between one and five per cent in all areas, except for the three London area types, which declined by eight to nine per cent over the slightly longer period of October/December 2012 to June/August 2013.

In order to investigate further the interaction between changes in caseload and other factors, such as an improving economy or wider changes to the benefits system, a comparison of PRS HB caseload was made between the 25 to 34 Group and those aged under 25 who are single with no dependants (Table 5.3)<sup>25</sup>. The PRS HB caseload over time for both these groups is presented alongside the change in out-of-work benefit claimants with no dependent children for the same age groups over time<sup>26</sup>. All the discussion below referring to Table 5.3 relates to single HB claimants with no dependent children and out-of-work benefit claimants with no dependent children, although often the groups will just be referred to in terms of their age and benefit group.

There are several points worth noting from Table 5.3. First, there has been a substantial fall in the number of working age, out-of-work benefit claimants with no dependent children in Great Britain between November 2011 and August 2013. This is of a similar magnitude for both the under 25s (-29 per cent) and those aged 25 to 34 (-30 per cent). Second, the decrease in the number of benefit claimants has been seen across all area types, ranging from a fall of 27 per cent in Cities and Services areas to a fall of 38 per cent in Coastal and Countryside areas amongst the 25 to 34 year olds<sup>27</sup>. If there were a strong correlation between this trend and the SAR caseload, one would expect the caseload to have fallen markedly in the Coastal and Countryside grouping and less so in the Cities and Services areas. In fact, the PRS HB caseload for the 25-34 Group in Coastal and Countryside areas has only decreased by seven per cent since 2011 which is actually two per cent less than the decline seen in the Cities and Services areas. This highlights the complex relationship between Housing Benefit and the wider prevailing economic climate. HB includes those in work as well as those on out-of-work benefits. So whilst falling numbers of out-of-work benefit claimants is a good indication of improving economic climate, this does not always lead to a direct equivalent fall in the number of HB claimants.

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<sup>24</sup> Between -1 to +1 per cent in all areas except London Centre which contracted by -2 per cent

<sup>25</sup> As noted earlier the PRS HB caseload for the under 25 Group was falling slightly in the pre reform period which contrasted with a rising pre-reform caseload for the 25-34 Group. This could potentially be an indication that there were already other processes acting upon the under 25 Group which was contributing to a reduction in the HB caseload for this Group. If these processes continued post reform, then the observed differences in change over time between the two age groups in PRS HB caseload may be slightly underestimated.

<sup>26</sup> This includes those who are married or live as a couple as well as those who are single person households.

<sup>27</sup> Similar to falls seen amongst under 25s with no dependent children; ranged from -26 per cent in Mining and Manufacturing areas to -38 in Coastal and Countryside areas.

**Table 5.3 PRS HB caseload and out-of-work benefit claimants for under 25s and 25 to 34 year olds with no dependent children**

	Working age, out-of-work benefit claimants with no dependent children						PRS HB claimants, single with no dependent children					
	Under 25s			25-34 year olds			Under 25s			25-34 year olds		
	Nov 2011	Aug 2013	Percentage change	Nov 2011	Aug 2013	Percentage change	Oct/Dec 2011	Jun/ Aug 2013	Percentage change	Oct/Dec 2011	Jun/ Aug 2013	Percentage change
Mining and Manufacturing	121,750	90,530	-26%	86,700	62,600	-28%	14,020	14,410	3%	25,500	24,200	-5%
Southern												
Seaside Towns	5,400	3,670	-32%	4,000	2,600	-35%	1,380	1,280	-7%	2,500	2,100	-16%
Coastal and Countryside	35,060	21,660	-38%	25,200	15,500	-38%	6,580	6,350	-3%	10,700	9,900	-7%
Prospering UK	111,350	77,720	-30%	81,800	54,600	-33%	15,580	13,670	-12%	26,000	22,400	-14%
Cities and Services	133,750	97,310	-27%	110,900	80,600	-27%	22,410	20,020	-11%	43,100	39,100	-9%
London												
Suburbs	31,770	22,000	-31%	28,200	20,300	-28%	4,190	3,550	-15%	11,500	8,600	-25%
London												
Cosmopolitan	18,830	12,770	-32%	20,400	15,000	-26%	2,970	2,150	-28%	10,100	7,500	-26%
London Centre	11,260	7,410	-34%	13,200	8,900	-33%	1,170	810	-31%	5,700	3,500	-39%
<b>Great Britain</b>	<b>469,170</b>	<b>333,070</b>	<b>-29%</b>	<b>370,300</b>	<b>260,200</b>	<b>-30%</b>	<b>68,300</b>	<b>62,240</b>	<b>-9%</b>	<b>135,100</b>	<b>117,100</b>	<b>-13%</b>

Source: DWP, SHBE.

## The impact of recent reforms to Local Housing Allowances: Differences by place

For all the areas outside London, the decline in out-of-work benefit claimants is either the same for both age groups or slightly more for the 25 to 34 age group (by up to three per cent). However, for the three London area types, the decline was less amongst the 25 to 34 year age group than for under 25 year olds. As noted earlier, the decline in PRS HB caseload for single claimants with no dependent children in both age groups in Great Britain was far less than the reduction in out-of-work benefit claimants (with no dependent children). In the case of the Mining and Manufacturing areas, the PRS HB caseload actually rose by three per cent amongst under 25 year olds alongside a reduction of 26 per cent in out-of-work benefit claimants in this age group.

The PRS HB caseload fell by more in the 25-34 age group affected by the SAR reform than in the under 25 age group (13 per cent and nine per cent respectively since the pre reform period and June/August 2013). This pattern is seen across all areas, apart from Cities and Services and London Cosmopolitan. For example, in Southern Seaside Towns the PRS HB caseload amongst the 25 to 34 Group fell by more than twice the rate amongst the under 25 Group (16 per cent compared to seven per cent), whereas the difference in the reductions in out-of-work benefit claimants was only three per cent.

Finally, the patterns in London are worth note. The fall in PRS HB was far greater for 25 to 34 year olds relative to under 25 year olds (when considered in conjunction with the differences in the scale and direction of the reductions in out-of-work benefit claimants for the two age groups) than was seen in other areas. The reduction in PRS HB caseload for 25 to 34 year olds was greater than for under 25 year olds by ten per cent in London Suburbs. This reduction actually occurred alongside a greater fall in out-of-work benefit claimants amongst the under 25 year olds (by three per cent). In London Centre a similar pattern is seen - the PRS HB caseload amongst the 25-34 Group fell by eight per cent more than the under 25 Group but out-of-work benefit claimants fell slightly faster for the under 25 year olds (by 1 per cent)<sup>28</sup>.

The weight of evidence strongly indicates that the changes to the age threshold for SAR have had a specific effect on reducing PRS HB caseloads for the 25-34 Group in most areas and that this effect has been most notable in London.

### 5.3 The pattern of PRS HB on-flows for the 25-34 Group

Table 5.4 shows that on-flows to the PRS HB caseload from the 25-34 group have decreased since the SAR changes. On-flows for the last quarter before the SAR changes were introduced were 13,050 for Great Britain as a whole. They had fallen to 10,910 by June/August 2013, a reduction of over 16 per cent. But Table 5.4 also shows that the on-flows of claimants in the 25-34 Group had actually fallen in the year prior to the SAR changes. This trend is notable in all the areas except Mining and Manufacturing areas (where there was a slight increase) and Coastal and Countryside areas (where it is static). The pattern of decline in the on-flows of LHA claimants varies by area type. In the first year after the SAR changes, the most notable reductions in on-flows were in London Centre

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<sup>28</sup> Whilst in London Cosmopolitan the reduction in PRS HB was slightly less than that seen amongst the under 25 year olds this was in the context of a far greater reduction in out-of-work benefit claimants for under 25 year olds than 25-34 year olds in these areas (six per cent less).

**Table 5.4 PRS HB On-flows for 25-34 group, October/December 2010 to June/August 2013**

	PRS HB on-flows, 25-34 group				PRS HB on-flows, 25-34 group: absolute change				Percentage change since October/December 2011			
	October/December 2010	October/December 2011	October/December 2012	June/August 2013	October/December 2011 - October/December 2012	October/December 2012 - October/December 2013	October/December 2011 - June/August 2013		October/December 2011 - October/December 2012	October/December 2012 - October/December 2013	October/December 2011 - June/August 2013	
Mining and Manufacturing	2,410	2,440	2,320	2,270	-120	-50	-170		-5%	-2%	-7%	
SE/E Seaside Towns	220	180	190	180	10	-10	-		6%	-6%	0%	
Coastal and Countryside	1,110	1,100	1,000	850	-100	-150	-250		-9%	-14%	-23%	
Prospering UK	2,710	2,540	2,370	2,020	-170	-350	-520		-7%	-14%	-20%	
Cities and Services	4,900	4,570	4,320	3,890	-250	-430	-680		-5%	-9%	-15%	
London Suburbs	1,030	930	800	730	-130	-70	-200		-14%	-8%	-22%	
London												
Cosmopolitan	870	800	800	620	-	-180	-180		0%	-23%	-23%	
London Centre	580	490	400	350	-90	-50	-140		-18%	-10%	-29%	
<b>Great Britain</b>	<b>13,830</b>	<b>13,050</b>	<b>12,190</b>	<b>10,910</b>	<b>-860</b>	<b>-1,280</b>	<b>-2,140</b>		<b>-7%</b>	<b>-10%</b>	<b>-16%</b>	

Source: SHBE.

Numbers may not sum due to rounding.

(a reduction of 18 per cent) and London Suburbs (down by 14 per cent). In the following six month period the most notable reduction in on-flows was in London Cosmopolitan areas (down by 23 per cent). The reduction was also more marked in this period among Coastal and Countryside areas and in Prospering UK areas.

## **5.4 The pattern of PRS HB off-flows for the 25-34 group**

The rate of off-flows is a function of the size of the overall caseload due to the normal turnover in the stock of claimants - some claimants leave and some new claimants are added all the time. It would be expected that the absolute number of off-flows will increase and decrease alongside the overall caseload. Therefore Table 5.5 examines off-flows as a percentage of the 25-34 year old caseload rather than the percentage change in off-flows over time. Table 5.5 shows that, following the introduction of the SAR reforms in January 2012, the rate of off-flow from the PRS HB among the 25-34 group as a whole increased slightly. This is seen across all area types but is most marked in London Centre and Southern Seaside Towns.



**Table 5.5 PRS HB Off-flows for 25-34 group, October/December 2010 to June/August 2013**

	PRS HB off-flows single, 25-34, no children				PRS HB off-flows single, 25-34, no children as a percentage of caseload			
	October/ December 2010	October/ December 2011	October/ December 2012	June/ August 2013	October/ December 2010	October/ December 2011	October/ December 2012	June/ August 2013
Mining and Manufacturing SE/E Seaside Towns	2,350	2,430	2,660	2,500	10%	10%	11%	10%
Coastal and Countryside	210	170	230	220	9%	7%	10%	10%
Prospering UK	990	1,020	1,080	1,050	10%	10%	11%	11%
Cities and Services	2,770	2,640	2,790	2,470	10%	10%	12%	11%
London Suburbs	4,700	4,550	4,860	4,370	11%	11%	12%	11%
London Cosmopolitan	920	870	980	820	8%	8%	10%	10%
London Centre	820	860	880	770	8%	9%	10%	10%
	540	520	520	430	9%	9%	13%	12%
Great Britain	13,290	13,060	13,990	12,610	10%	10%	11%	11%

Source: SHBE.

## 6 London

### Summary

- The group of local authorities (LAs) classified as London Centre was the only area type where the HB caseload fell in each year after the reforms were introduced.
- The caseload for single 25-34 year olds with no dependent children fell much faster in London than elsewhere - the caseload for this group fell by 39 per cent in London Centre, 26 per cent in London Cosmopolitan areas and 25 per cent in London Suburbs, compared to a reduction of 13 per cent nationally from 2011 to 2013.
- There is an increasing divergence in London Centre between the average LHA rate and lower quartile and median market rents, which has continued to increase over the past two years. A similar trend can be discerned for London Suburbs and London Cosmopolitan areas. In all areas, the average LHA rate is now below lower quartile rent levels.
- There was a reduction in the proportion of 'in-district' moves in London Centre by LHA claimants in the year after the reforms were introduced, although by 2013 this had begun to rise again.
- The reduction in 'self-containment' since the LHA reforms is less marked in London Cosmopolitan areas, but this trend continues in a downward direction over the full time period for many of the LAs and this is also the case for London Suburbs. This probably indicates that the market is still in the process of adjusting, rather than settling down into a distinct LHA core market in these areas.
- An analysis of moves made by LHA claimants at LA level shows a distinct ripple effect out from central London Boroughs to neighbouring districts, rather than a leap-frogging to more distant LAs. This is also observed for London Cosmopolitan areas.
- The number of households accepted as statutorily homeless in England began to increase from 2010. Much of this increase was concentrated in London. Between the year up to Q1 2011 and the year up to Q3 2013, the number of households accepted as statutory homeless in the rest of England (excluding London) increased by eight per cent. However, the number of acceptances increased by 94 per cent in London Suburbs, by 46 per cent in London Cosmopolitan areas and by 38 per cent in London Centre.
- Just over half the increase in all homelessness acceptances in London Suburbs in the period between 2011 and 2013 is accounted for by an increase in assured tenancy non-renewals. This proportion rises to 70 per cent of the increase in homelessness acceptances in Cosmopolitan London and 72 per cent in London Centre.

## 6.1 Introduction

As soon as the proposed Local Housing Allowance (LHA) reforms were announced in 2010, one of the key concerns raised by housing professionals and campaign organisations was the potential impact on households in London, and especially in high demand central London. Due to the widely acknowledged and acute housing affordability issues in London, many commentators speculated that there would be widespread displacement of those households receiving LHA, as the shortfall between their Housing Benefit (HB) and the contracted rents would be too large for them to bridge. As a result, it was claimed, these households would need to seek out alternative accommodation, possibly well outside the capital, due to the lack of any affordable housing options nearby. Concerns were also expressed about the impact of the changes on levels of homelessness in the capital.

We have already seen at various points in this report that the LHA measures have often had a more marked impact in London than elsewhere - for example, in the scale of the reduction in the LHA rates after April 2011, or in the declining proportion of single 25 to 34 year olds with no dependent children in the overall HB caseload after the Shared Accommodation Rate (SAR) changes were introduced. In this chapter we focus on the impact of the LHA measures on spatial patterns and the size of the HB caseload in the three London area types: London Suburbs, London Cosmopolitan areas and London Centre. We explore changing trends before and after the reforms in the LHA rate.

The relationship is explored between changes in the average LHA rate applied to claimants over time and trends in median and lower quartile rent levels in the London private rented market. The main destinations of those LHA claimants who have moved outside their district and their sub-region are examined, and the differences in the 'self-containment'<sup>29</sup> of local housing markets in London are described. Finally, changing trends in statutory homelessness acceptances are examined and the changing proportion of acceptances stemming from the non-renewal of assured shorthold tenancies in the private rented sector (PRS) is tracked, and area differences in rates are described.

## 6.2 The PRS HB caseload in London

As shown in Chapter 3, the overall PRS HB caseload continued to grow in the first two years following the reforms, albeit at a slower rate than in the year before the reforms. There was a reduced rate of increase year on year, and in the period from January/March 2013 to June/August 2013 the caseload was static. In terms of the area typology, the group of LAs classified as London Centre (Camden, City of London, Hammersmith and Fulham, Islington, Kensington and Chelsea, Tower Hamlets, Wandsworth, Westminster) was the only area type where the HB caseload actually fell each year. The caseload fell by 14 per cent overall between January/March 2011 and June/August 2013. The sharpest annual decrease was by ten per cent between January/March 2012 and January/March 2013, which is the period when existing LHA claimants were moved on to the new regime after the transitional protection period ended. The Shared Accommodation Rate (SAR) changes were also introduced from January 2012.

The increase in age threshold for the SAR is an important component in the falling caseload in London Centre, as might be expected, as the 25-34 Group accounted for a larger element of the overall caseload compared to other area types. (It was 15 per cent of the London

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<sup>29</sup> The proportion of tenants that move who stay within the defined area.

## **The impact of recent reforms to Local Housing Allowances: Differences by place**

Centre caseload in January/March 2011, and 13 per cent in London Cosmopolitan areas, and 11 per cent in Cities and Services compared to between six and nine per cent in all other area types). From the October/December 2011 period prior to the introduction of SAR changes to the latest period where data are available (June/August 2013), the caseload for the 25-34 Group fell by 39 per cent in London Centre, 26 per cent in London Cosmopolitan areas and 25 per cent in London Suburbs, compared to a reduction of 13 per cent nationally.

By June/August 2013 the 25-34 Group accounted for ten per cent of all the caseload in London Centre (a reduction of five percentage points from prior to the SAR changes) and nine per cent in London Cosmopolitan areas (a reduction of four percentage points). This group was a smaller element of the overall caseload in London Suburbs but fell by three percentage points from eight per cent to five per cent of the overall stock of claimants over this period. Elsewhere, the proportion declined by between one and two percentage points.

The impact of the SAR reforms has therefore been particularly strong in the higher rent areas of London and reductions in caseload have been over and above that seen amongst under 25 year olds. However, the reduction in caseload in London Centre is not solely a consequence of the changes to SAR. If the 25-34 Group is excluded from the analysis of trends, the remaining LHA caseload in London Centre still fell by one per cent in 2011-2012, seven per cent in 2012-2013 and a further one per cent in the first half of 2013, leading to a nine per cent reduction overall. This contrasts with a growth in the HB caseload (excluding the 25-34 Group) of between eight and 14 per cent elsewhere over the full period.

The HB caseload in London Cosmopolitan areas fell by four per cent in January/March 2011 to January/March 2012, then stabilised the following year, and then fell by one per cent in the period between January to March 2013 and June/August 2013. The HB caseload in London Suburbs continued to increase, but by a slower rate in each time period: by six per cent in 2011/12, by three per cent in 2012/13 and by just one per cent in the six month period between January/March 2013 and June/August 2013.

### **6.3 Changes in the LHA rate and PRS rents in London**

We were interested in exploring trends in the wider PRS in terms of rent levels in London, given the marked reductions in the LHA rates in the city after the reforms were introduced.<sup>30</sup> While direct attribution is not feasible, we wanted to see if trends in rent levels around the thirtieth percentile, and between the thirtieth percentile and the median, had altered since the LHA reforms began to be introduced in April 2011. Such an analysis has to be undertaken by property size, in order to compare rents on a like-for-like basis with LHA rates available.

One indication of how trends in PRS rents in London have differed from elsewhere in England can be gleaned from an analysis of how LHA rates for different property sizes changed in April 2013. As explained in Chapter 2, in April 2012 all LHA rates were frozen for a year. LHA rates were then uprated in April 2013, by the lower of the latest 30th percentile

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<sup>30</sup> The data utilised here are drawn from the Valuation Office Agency Lettings Information Database which provides data for all LAs in England for the 12 months up to the month given. The VOA data excludes any tenancies which receive HB. The data have been weighted in line with the LHA caseload data at each point of time to provide comparable area level figures to the average LHA rates available to the HB sub-market in these areas.

## The impact of recent reforms to Local Housing Allowances: Differences by place

of market rents or the previous rate uprated by the annual change to Consumer Price Index (CPI). An analysis of the distribution of those Broad Rental Market Areas (BRMAs) where the CPI increases have been imposed therefore indicates where market rents have been rising in real terms at the 30th percentile. In April 2013, the CPI rate was imposed for under a third (29 per cent) of all LHA rates in the 152 BRMAs across England. In some cases market rents for the 30th percentile were static, or indeed had fallen, between April 2012 and 2013. In 44 per cent of all BRMAs in England market rents had increased, in a further 44 per cent rents were static and in 11 per cent rents had fallen. However, in the 144 BRMAs that cover London, the CPI rate had been imposed for 711 per cent of the LHA rates for property sizes. Market rents had been increasing in 833 per cent of cases, were static in 144 per cent of cases and had fallen in just three per cent of cases.

Fifteen per cent of all LHA claimants in Great Britain in August 2013 were entitled to shared accommodation, 29 per cent to one bedroom, 37 per cent to two bedrooms, 14 per cent to three bedrooms and five per cent to four bedrooms. The profile in London is very similar to this. In this sub-section we examine how trends between LHA rates in London from June 2011 to August 2013 have compared over time to changes in median and in lower quartile rents in the three London area types. We focus on the three most common property sizes for LHA claimants: shared accommodation and one bedroom property, and then two bedroom property. The LA VOA data used to assess market rents are not available for the thirtieth percentile, so the lower quartile is the nearest proxy.

It is important to note that, whilst the private market rental data presented here are based on one bedroom properties, the average LHA rate included below was previously only available from SHBE for the combined group based on tenants entitled to either one bedroom or shared accommodation rates. This will naturally mean that the average LHA rate for this group is lower than for the private market rents for one bedroom properties alone. However, the charts still give a good indication of the direction and magnitude of change over time in average private market rents for one bed properties relative to the combined one bedroom and shared group amongst LHA tenants.

Figure 6.1 indicates that the average LHA rate in London Centre for those entitled to one bedroom or shared accommodation falls rapidly between June 2011 (three months after the main reforms began to be introduced) until March 2012 (three months after the introduction of the increased age threshold for SAR). The average LHA rate for this group then remains relatively stable and is 15 per cent lower in August 2013 than it was in June 2011. This reflects a number of effects including the shift in entitlement for some claimants from the one bedroom LHA rate to the SAR, new claims being assessed at the 30th percentile, the imposition of LHA caps in some areas and a gradual ending of the period of transitional protection. This contrasts with the increases in the lower quartile and median private market rents (PMRs) in London Centre, which both increased by 12 per cent over the June 2011 to September 2013 period. This level of growth in PMRs for one bedroom properties in London Centre is also likely to have been replicated for studio apartments and rooms for rent<sup>31</sup>. The increase in PMRs in London Centre had slowed down considerably in the most recent period (March to September 2013); the increase was just one per cent, compared to five per cent in the September 2012 to March 2013 period. Figure 6.1 therefore shows that increasing divergence in London Centre between the LHA rate, which falls and then stabilises, and lower quartile market rents, which continue to increase. This trend is particularly marked in the period leading up to April 2012 but by early 2013, after the period of transitional

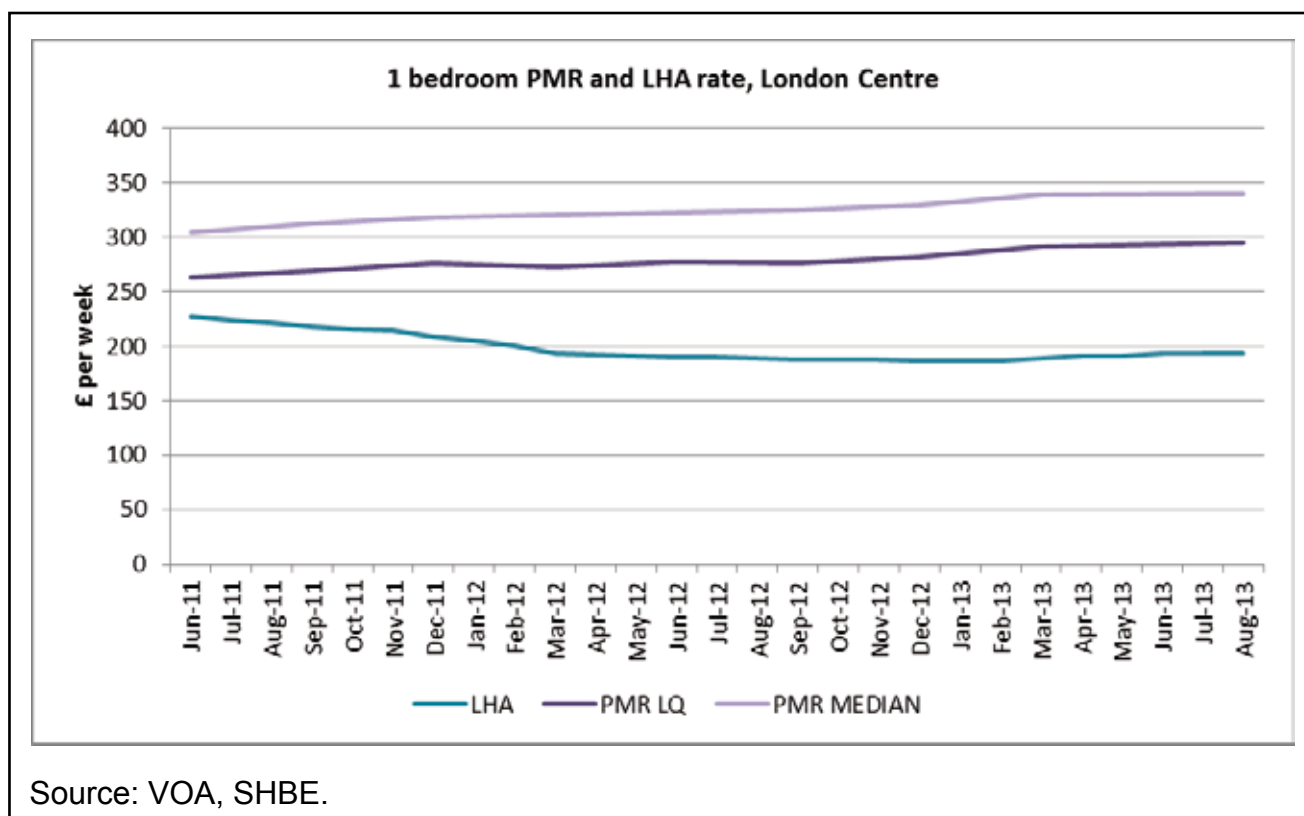
<sup>31</sup> When data for Inner London as a whole are considered, the same level of increase was noted for all three property types.

## The impact of recent reforms to Local Housing Allowances: Differences by place

protection had ended for all existing claimants, the gap between the lower quartile rents and average LHA rate for all claimants in London Centre had stabilised at just over £100 a week difference between the two. The average LHA rate for shared accommodation or one bedroom properties was £194 a week compared with the lower quartile PMR for one bedroom properties of £295 a week.

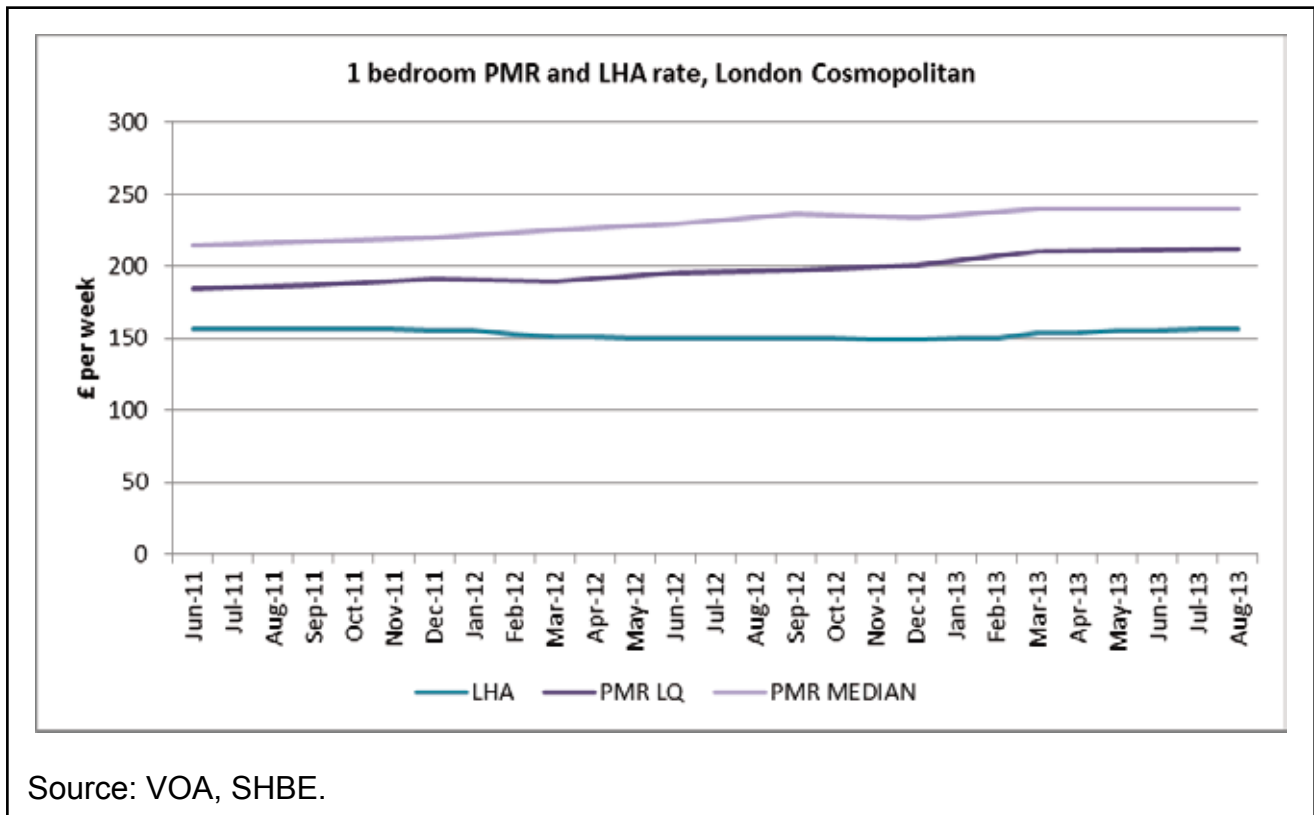
There is also a divergence between average LHA rates in London Cosmopolitan areas and London Suburbs for shared and one bedroomed accommodation relative to the lower quartile of PMRs for one bedrooms (Figures 6.2 and 6.3). The LHA rates for one bedroom or shared accommodation fell slightly in period following the introduction of the new age threshold for SAR in January 2012 but had recovered to June 2011 levels by the end of the period: £141 a week in London Suburbs and £156 in London Cosmopolitan. Whilst median rents in London Cosmopolitan areas had increased by a similar extent to London Centre (by 122 per cent in both area types between June 2011 and September 2013) the lower quartile rents in London Cosmopolitan had increased more rapidly (by 15 per cent compared to 12 per cent in London Centre). The increase in lower quartile and median rents over the period was in London Suburbs was 11 per cent and 14 per cent respectively and had increased in the latter period, unlike the two other London area types.

**Figure 6.1 Trends in median and lower quartile rents and LHA rates:  
London Centre**

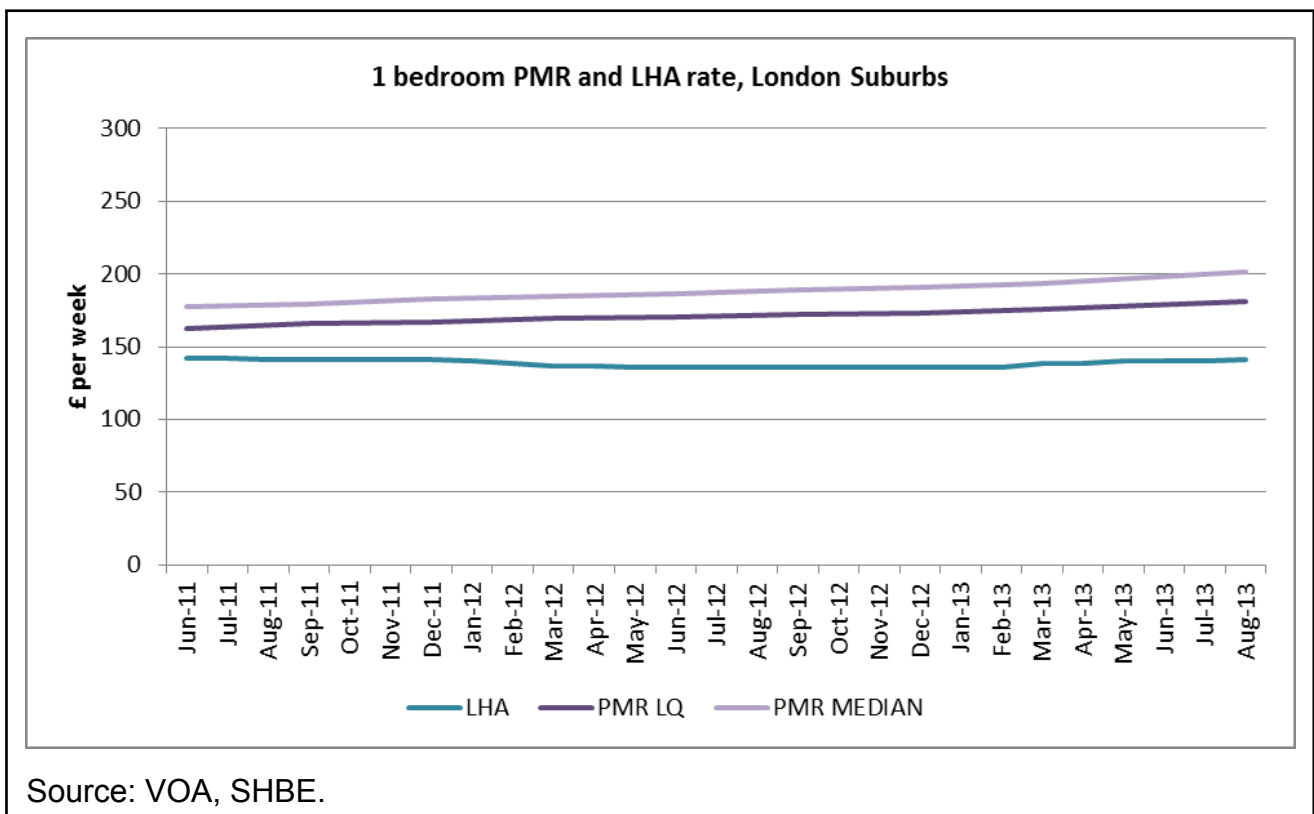


## The impact of recent reforms to Local Housing Allowances: Differences by place

**Figure 6.2 Trends in median and lower quartile rents and LHA rates:  
London Cosmopolitan**



**Figure 6.3 Trends in median and lower quartile rents and LHA rates:  
London Suburbs**

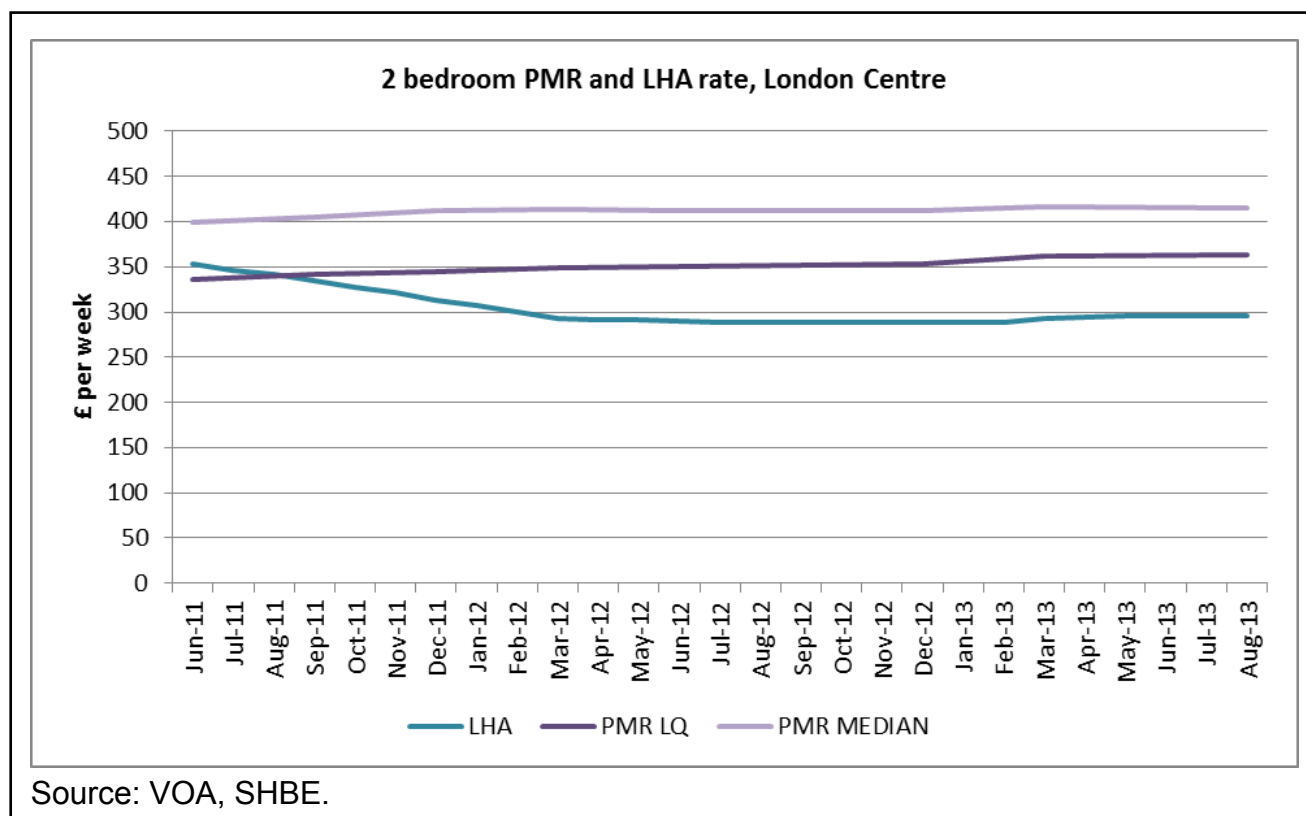


## The impact of recent reforms to Local Housing Allowances: Differences by place

Figures 6.4 to 6.6 show the same time trends for two bedroom properties. It is the largest single group by property size; 37 per cent of all London LHA claimants have a two bedroom entitlement. The patterns are broadly similar to those for one bedroom, although the divergences are not as marked as for one bedroom property, as one would expect given the lack of the distorting influence of the combined shared/one bedroom LHA rate in Figures 6.1 to 6.3.

Figure 6.4 shows that the average LHA rate for tenants entitled to two bedroom properties in London Centre fell during 2011, then stabilised from Spring 2012 onwards and by August 2013 was 16 per cent lower than June 2011. The lower quartile PMR increased by eight per cent between June 2011 and August 2013, but was fairly stable for the last six months of this period. By 2013 the increasing gap between the average LHA rate and the lower quartile PMRs in London Centre had stabilised and was £68 a week lower for LHA tenants than the average lower quartile rent for non-HB tenants in the private rented sector. Conversely, the gap between the median PMRs in London Centre and lower quartile rents narrowed over the period by £11 a week as a consequence of median rents increasing at half the rate of lower quartile PMRS over the period. This trend was not replicated across England as a whole where the gap remained constant over the same period.

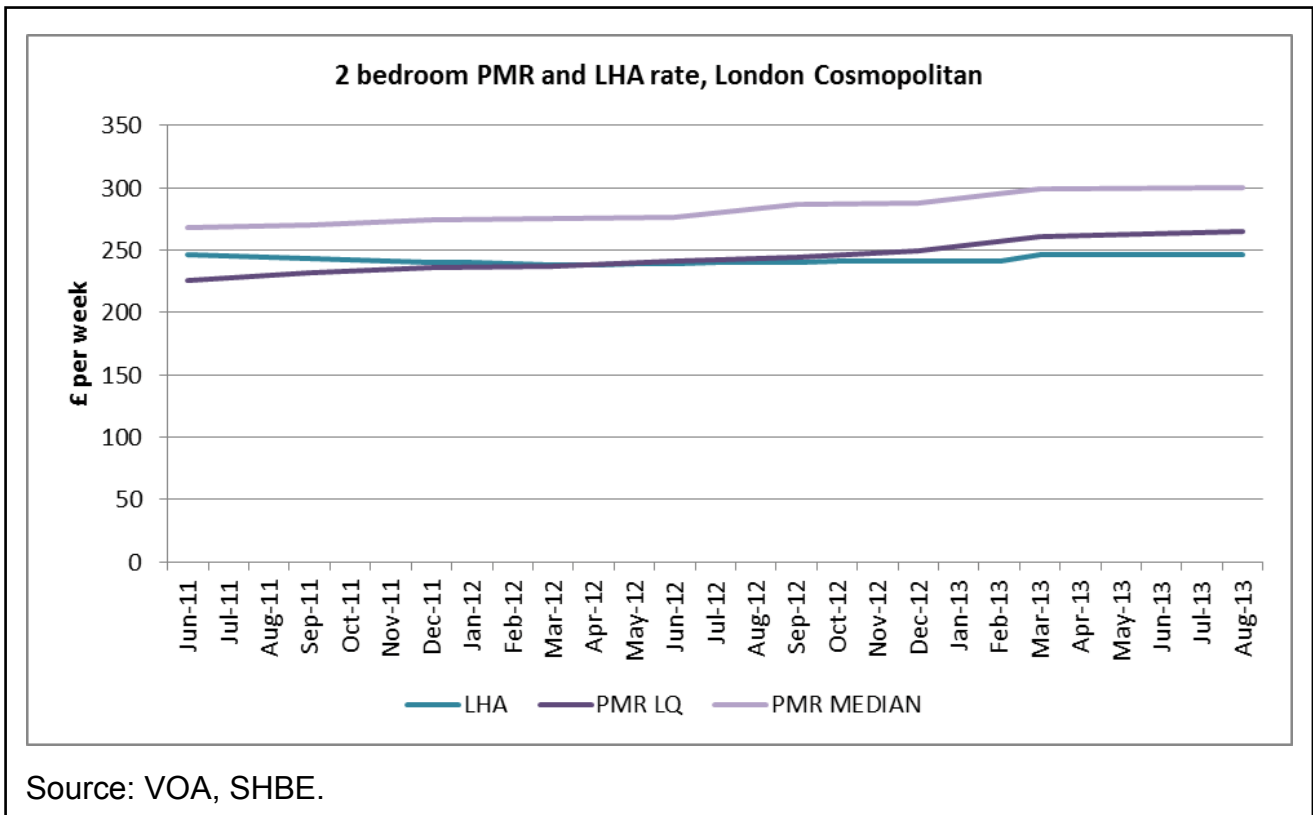
**Figure 6.4 Trends in median and lower quartile rents and LHA rates 2 bedroom: London Centre**



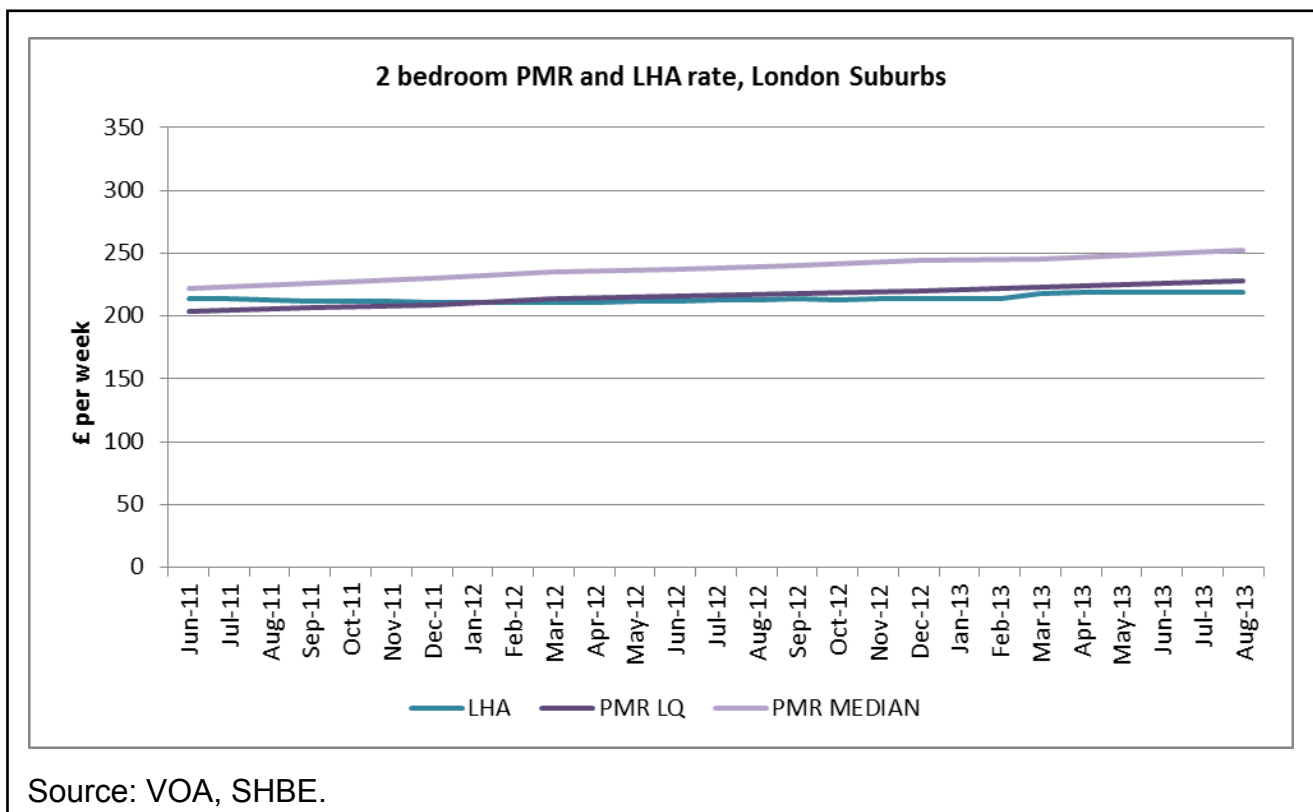


## The impact of recent reforms to Local Housing Allowances: Differences by place

**Figure 6.5 Trends in median and lower quartile rents and LHA rates 2 bedroom: London Cosmopolitan**



**Figure 6.6 Trends in median and lower quartile rents and LHA rates 2 bedroom: London Suburbs**



## The impact of recent reforms to Local Housing Allowances: Differences by place

In London Cosmopolitan areas and in London Suburbs the LHA rate had fallen during 2011, but had recovered to its June 2011 position (in out-turn cash terms) in London Cosmopolitan and was two per cent higher in London Suburbs by the end of the period under consideration (August 2013). PMRs in these two area types also continued to show strong growth over the period. Lower quartile PMRs had increased by 177 per cent in London Cosmopolitan areas, and by 122 per cent in London Suburbs. As a result, whereas average LHA rates were higher than lower quartile rents in both area types at the beginning of the period (by £20 a week in London Cosmopolitan and £11 a week in London Suburbs) the LHA rate continued to diverge from the distribution of private market rents at the lower end of the market over time and the LHA rate was below lower quartile market rents by August 2013, for both area types (£19 a week lower in London Cosmopolitan and £9 a week in London Suburbs). As was seen in London Centre, due to the strong performance of lower quartile rents, the gap between lower quartile and median PRMs in London Cosmopolitan also narrowed over the period albeit by a lesser extent (by £7 compared to £11 in London Centre).

Similar trends in the relationship between the LHA rate the lower quartile and median PMRs in the three London area types can be discerned for three and four bedroom properties (see Appendix C). Overall the timelines suggest that the LHA sub-market is becoming increasingly differentiated from non-LHA rental market at the thirtieth percentile and above in all parts of London, but especially in London Centre, but that the extent of this divergence stabilised in 2013. The increase in LHA rates by one per cent in April 2014 (rather than the lower of CPI or the thirtieth percentile) will have changed this pattern once again. There are limited exceptions to this rule in areas of increasing rents and some LHA rates have been increased by four per cent.

## 6.4 Origins and destinations of moves

The extraction of SHBE data by DWP for the purposes of this study provides a unique insight into the residential movements of PRS HB tenants<sup>32</sup>. DWP have been able to draw up a series of matrices to track the origins and destinations of moves by claimants in the PRS HB sector. This makes it possible to identify if a claimant has ended a claim at a particular COA and then started a new claim either within the same district or in another district within the next three months. A three month time frame was used to ensure all moves are captured, as there can be slight time lags in the processing of claims and also allows for a short break between claims. These matrices track individual claimants once they are in the PRS HB system. However, it will not capture those claimants who decide to move to a more affordable home at the point when they make their first claim – i.e. when they enter the system. The matrices provide important insights as to whether patterns of mobility amongst PRS HB tenants have changed notably in the post reform period compared to previously and whether evidence of displacement exists.

### 6.4.1 Moves by region and sub-region

Table 6.1 shows the percentage of PRS HB moves that take place within the same region or area type and how this has changed over time. Mobility within the region compared to longer distance moves is an interesting factor to consider both before and after the reforms

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<sup>32</sup> A limited number of PRS HB moves will not be captured by this analysis. For example, any household that moves into the SRS will not be included, as these figures only include moves within the PRS.

## The impact of recent reforms to Local Housing Allowances: Differences by place

as it had been suggested that a large scale movement of tenants from Central London to districts outside the Capital would occur as a consequence of the reforms. The proportion of moves taking place within the same area has been taken as a gauge of the degree of 'self-containment' in the PRS HB sub-market. Of course one would expect a lower level of self-containment in the smaller sub-regional parts of London shown below than in regions. But the trend over time is the key indicator. This shows, for example, that the proportion of PRS HB claimants moving within London Centre fell from 69 per cent in January/March 2010, before the reforms, to 50 per cent by January/March 2012. However, this had increased in the following year to 60 per cent of all moves.

It is possible that this represents a process where there was a reduction in alternative options for PRS HB households to move locally in the immediate post-reform period and claimants may therefore be more likely to move outside London Centre. There is now, however, a residual 'core' market for the smaller overall number of PRS HB households remaining in the area. This means that the PRS HB tenants who still live in London Centre by the beginning of 2013 are more likely to be able to move within the area than was possible in 2012. However, the extent of 'self-containment' of moves within the area had still not returned to pre-reform levels by January/March 2013.

In order to assess whether a degree of market segmentation had taken place, data analysis was undertaken in the high rent districts in London which experienced the greatest falls in PRS HB claimants over time. The aim was to establish if certain localities within these LAs retained a core PRS HB sub-market and if these areas were either more deprived (on Index of Multiple Deprivation (IMD) scores) and/or more dominated by social housing. Analysis considered:

- LSOA<sup>33</sup> level data on change in PRS HB caseload between January/March 2011 and June/August 2013;
- whether local areas which retained PRS HB caseload could be characterised as more deprived (on the IMD);
- whether there was more social housing in these local areas (perhaps pepper-potted with PRS claimants living in former right to buy properties);
- whether there were concentrations of PRS HB claimants in the local PRS (perhaps as an indication of poor housing quality or sub-market dominance).

These patterns were examined across all London LAs. These relationships were identified in some of the higher rent London Centre districts<sup>34</sup> (Westminster and Kensington and Chelsea) which experienced the largest reductions in caseload and LHA rates over the period. This seemed to indicate that the local areas with least reduction in PRS HB caseload, (or in some instances an increase in caseload), were within the more deprived areas and/or areas with a higher proportion of SRS properties. By the end of the period (June/August 2013) the areas local within these districts which had the least reduction (or greatest growth) in caseload were also the areas with stronger PRS HB sub-markets. These relationships were also evident in Haringey, in the London Cosmopolitan group, where there was a growth (by four per cent) in PRS HB claimants over the entire period. The relationships were not evident in other London LAs.

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<sup>33</sup> LSOA – A Lower Super Output Area is an area with an average population of 1,500.

<sup>34</sup> Both subject to LHA caps and subject to the largest decreases in HB caseload between January/March 2011 and June/August 2013 (27 per cent decrease in Westminster and 26 per cent decrease in Kensington and Chelsea).

## The impact of recent reforms to Local Housing Allowances: Differences by place

There is a reduction from 68 per cent 'self-containment' in London Cosmopolitan areas from January/March 2010 to 63 per cent by January/March 2013. In the other areas, the level of self-containment remains fairly stable over time. Any tenant who cannot manage a move within their area type in London, might then move to a nearby LA in another area type. An additional category is therefore included in Table 6.1 which combines the districts within London Centre and London Cosmopolitan together. Between January March 2010 and 2011 the percentage of PRS HB tenants who remained within **either** London Centre **or** London Cosmopolitan after a move fell from 78 per cent to 73 per cent. This proportion decreased again to 70 per cent in 2012 but increased back towards its 2011 level by January/March 2013.

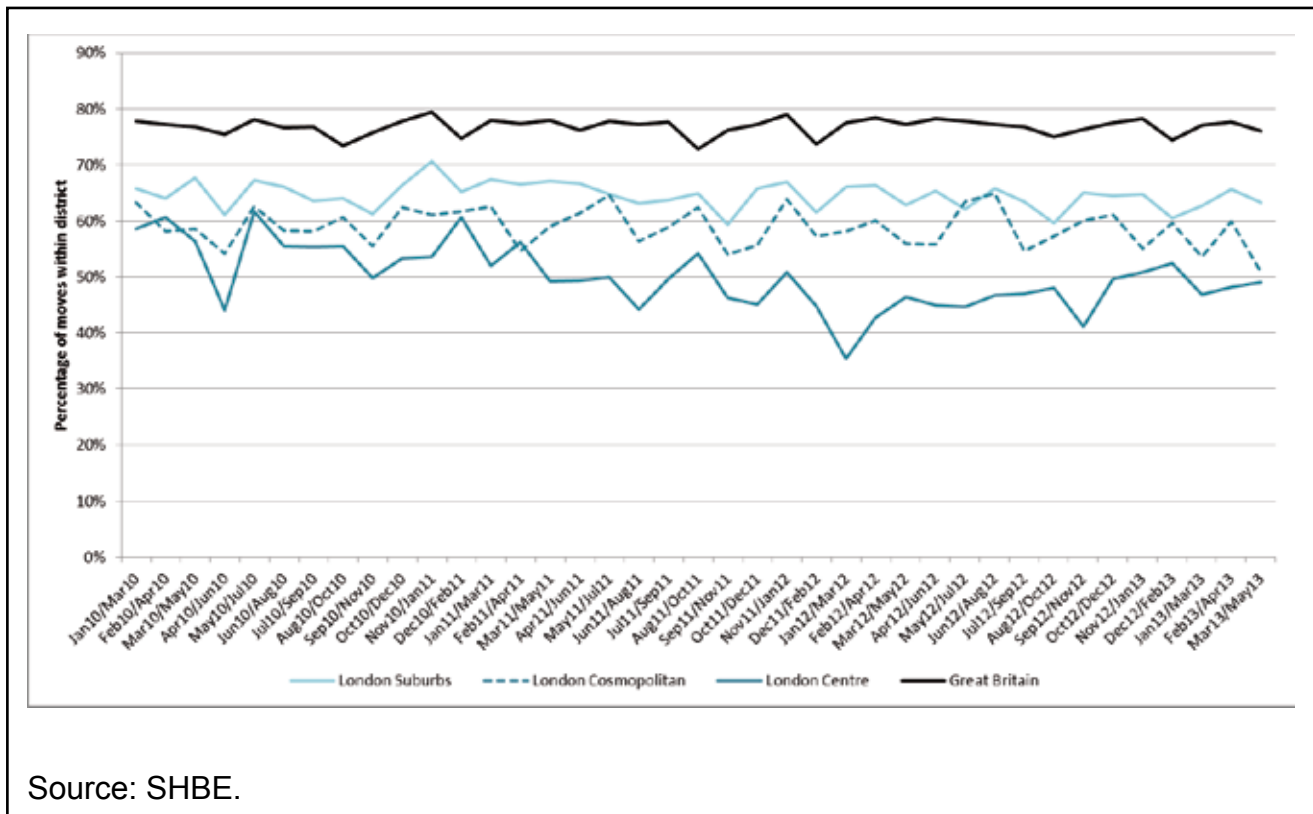
**Table 6.1 Percentage of moves within region or sub-region**

	Percentage of PRS HB claimants who move within region or sub-region			
	January/ March 2010	January/ March 2011	January/ March 2012	January/ March 2013
London Centre	69%	64%	50%	60%
London Cosmopolitan	68%	63%	65%	63%
London Centre or Cosmopolitan	78%	73%	70%	72%
London Suburbs	79%	81%	80%	79%
Southern Seaside Towns	87%	87%	87%	87%
East of England	89%	88%	88%	89%
London	92%	91%	90%	90%
South East	90%	90%	91%	90%
East Midlands	91%	91%	91%	92%
West Midlands	93%	93%	93%	93%
South West	93%	94%	93%	93%
Yorkshire and The Humber	93%	93%	94%	93%
Wales	93%	95%	94%	94%
North West	95%	95%	96%	95%
North East	95%	95%	96%	95%
Scotland	96%	96%	96%	96%
<b>Great Britain</b>	<b>93%</b>	<b>93%</b>	<b>93%</b>	<b>93%</b>
<b>Great Britain average moves</b>	<b>21,000</b>	<b>21,800</b>	<b>22,300</b>	<b>22,400</b>
<b>per 1,000 caseload</b>	<b>15</b>	<b>14</b>	<b>14</b>	<b>13</b>

Source: SHBE.

Table 6.1 shows that the overall number of PRS HB claimants who move and are then are recorded as a PRS HB claim within a new COA (within the following three months) has increased from 21,000 in 2010 to 22,400 in 2013. But this numerical increase in part reflects the overall growth in the caseload during this period. It accounts for a relatively small proportion of the overall stock of PRS HB claimants. Indeed, the proportion who move has fallen slightly from 15 per 1,000 caseload in January/March 2010 to 13 per 1,000 in January to March 2013. The Great Britain figure in Table 6.1 shows that 93 per cent of all PRS HB tenants who move (and appear again in the caseload within the next three months) do so within the same region.

**Figure 6.7 Moves within LA District by London Area Type**



### 6.4.2 Moves by LA district in London

As well as considering moves within the same region, or area type, it is possible to examine moves made by PRS HB claimants within individual LA districts. Figure 6.7 shows clearly that the vast majority of PRS HB claimants who moved remained within the same district. There is no discernible change in trend over time and the proportion of moves within the same district fluctuated between 73 and 80 per cent for the entire period.

The trend lines in Figure 6.7 for London Suburbs and London Cosmopolitan show a very small downward trend after 2011 in the proportion of claimants who remain within the same district when they move, but this is not at a significant level. There is, however, a notable downward trend for those PRS HB claimants who live within London Centre. The proportion of moves within the same LA district in London Centre fluctuated between 44 and 62 per cent in the period leading up to January/March 2011. Since the reforms it has fluctuated between 35 and 54 per cent, although there is a slight upturn in the latter part of this period up to March/May 2013.

### 6.4.3 Changing HB caseloads in London Boroughs

Figure 6.8 shows the London Boroughs that have experienced the largest increases in LHA caseload since the reforms. These are mainly in the outer Boroughs - especially Barking and Dagenham, Ealing and Enfield. There are also relatively high increases in Bexley, Brent, Greenwich, Harrow, Havering, Hillingdon and Sutton.

**Figure 6.8 Percentage Increase in LHA caseload by LA, London, 2011 to 2013**

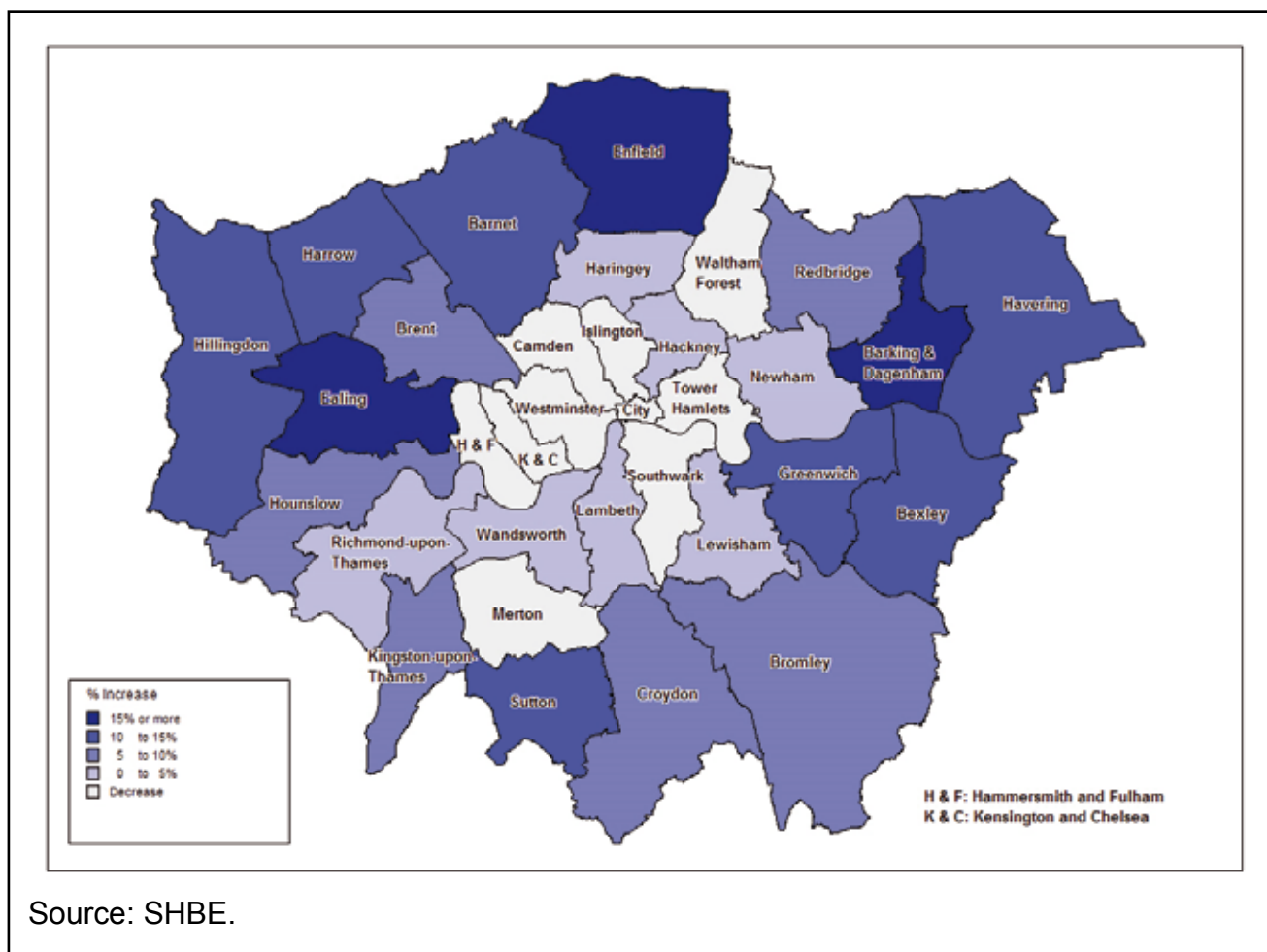


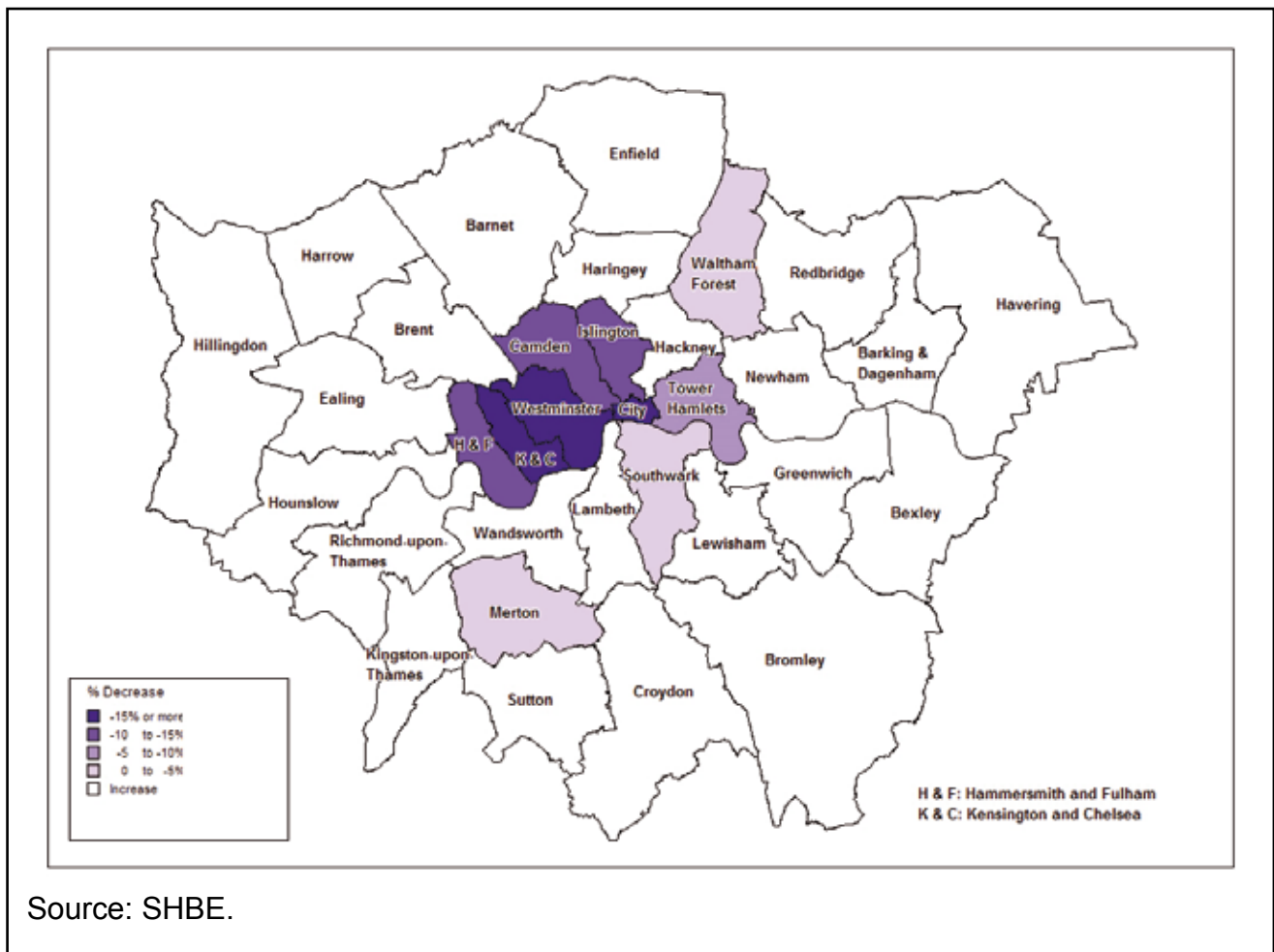
Figure 6.9 shows the London Boroughs that have experienced the largest decreases in LHA caseloads. These are largely in the central Boroughs of Camden, Hammersmith and Fulham, Islington, Kensington and Chelsea, Tower Hamlets and Westminster. There are also slight decreases in caseload in the outer Boroughs of Merton and Waltham Forest.

#### 6.4.4 London Centre

Table 6.2 shows in numerical and proportionate terms how the HB caseload has changed between January/March 2011 and June/August 2013 between the seven districts in London Centre. (City of London is excluded, due to the very small figures involved). The largest decreases in caseload have been seen in Westminster and Kensington/Chelsea, as one might expect. The decrease has been lower than average in Hammersmith and Fulham, Islington and Tower Hamlets. In Wandsworth, the number of HB claimants has remained the same between the two time points.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Figure 6.9 Percentage Decrease in LHA caseload by LA, London, 2011 to 2013**



**Table 6.2 PRS HB caseload districts within London Centre, ranked by percentage change January/March 2011 to June/August 2013**

	Change January/March 2011-June/August 2013			
	January/ March 2011	June/ August 2013	Number	Percentage
Westminster	8,500	6,200	-2,300	-27%
Kensington and Chelsea	4,200	3,100	-1,100	-26%
Camden	5,100	4,400	-700	-14%
Hammersmith and Fulham	4,600	4,100	-500	-11%
Islington	4,000	3,600	-400	-10%
Tower Hamlets	5,500	5,100	-400	-7%
Wandsworth	8,000	8,000	0	0%
<b>London Centre</b>	<b>40,000</b>	<b>34,600</b>	<b>-5,400</b>	<b>-14%</b>

Source: SHBE.

Numbers may not sum due to rounding, City of London excluded due to small numbers.

## The impact of recent reforms to Local Housing Allowances: Differences by place

Table 6.3 shows that the proportion of claimants moving within their district in London Centre decreased over time. The lowest proportion of in-district moves was usually in 2012, when both existing tenants began to be subject to the reforms and when the new SAR age threshold was introduced. This may be the point where some existing tenants decided to move elsewhere once their transitional protection period was over. Overall, only 40 per cent of households who moved in January/March 2012 stayed within their district, compared to 58 per cent in 2010. By the beginning of 2013 this figure had risen to 48 per cent. This adds credence to the supposition that, once the stock of HB claimants had reduced in these areas, a residual and discrete supply of PRS housing remained available to HB tenants, enabling more in-district moves.

**Table 6.3 Moves within districts in London Centre, ranked by percentage moves within the district in 2012**

	Percentage of moves within district			
	January/ March 2010	January/ March 2011	January/ March 2012	January/ March 2013
Camden	46%	38%	33%	39%
Westminster	62%	62%	34%	41%
Islington	49%	34%	36%	28%
Hammersmith and Fulham	39%	34%	40%	53%
Tower Hamlets	57%	63%	41%	56%
Wandsworth	71%	55%	50%	59%
Kensington and Chelsea	77%	55%	51%	59%
<b>London Centre</b>	<b>58%</b>	<b>52%</b>	<b>40%</b>	<b>48%</b>
<b>Moves London Centre</b>	<b>1,230</b>	<b>1,200</b>	<b>1,020</b>	<b>1,020</b>
<b>Moves within district</b>	<b>710</b>	<b>620</b>	<b>410</b>	<b>490</b>

Source: SHBE.

Note total moves and moves within district are the sum of moves in each 3 month period.

The biggest decline over time in the proportion of HB claimants moving within their district was in Westminster, falling from 62 per cent of claimants who moved in 2011 to 34 per cent in 2012, before increasing to 41 per cent in 2013. In one district, Islington, the proportion of in-district moves continued to fall in 2013, suggesting that the PRS HB sub-market here remains under increasing pressure.

Table 6.4 shows the leading destinations for those PRS HB claimants in London Centre who had moved out of their district. In the pre-reform periods of January/March 2010 and January/March 2011 approximately one fifth of PRS HB tenants who moved from an address within the London Centre group of districts and moved further afield than London Centre ended up at an address within the ten LAs listed in Table 6.4. The movement of PRS HB tenants to the ten London LAs listed below increased post reforms and these destinations accounted for nearly a third of such moves in January/March 2012, and just over a quarter in January/March 2013. While the absolute number of moves is not large, it is worth bearing



## The impact of recent reforms to Local Housing Allowances: Differences by place

in mind that these cover a quarter of the year only, not the full year. There are increased flows to neighbouring boroughs of Brent, Barnet and Ealing. The increase in moves to these two districts takes place in January/March 2011, the quarter before the LHA reforms were introduced, which might reflect anticipatory moves out of London Centre by HB claimants. In 2012 Brent accounted for seven per cent of all moves by HB claimants out of London Centre; Barnet, Ealing and Hackney each accounting for four per cent of all moves and Haringey three per cent of all moves. Displacement to other areas outside the ten districts listed in Table 6.5 is mainly to surrounding districts in London.

**Table 6.4 Destinations for PRS HB tenants who move outside London Centre districts, ranked by number of moves in 2012**

		Number of PRS HB tenants that moved in first quarter of each year			
		January/ March 2010	January/ March 2011	January/ March 2012	January/ March 2013
1	Brent	35	48	73	65
2	Barnet	28	42	44	41
3	Ealing	29	49	43	41
4	Hackney	49	35	36	31
5	Haringey	26	20	35	24
6	Hounslow	10	12	20	10
7	Lambeth	22	14	19	20
8	Croydon	18	10	19	8
9	Enfield	8	13	18	15
10	Southwark	5	12	17	6
<b>Total moves London Centre</b>		<b>1,230</b>	<b>1,200</b>	<b>1,020</b>	<b>1,020</b>
<b>Moves to these ten areas as percentage of all moves</b>		<b>19%</b>	<b>21%</b>	<b>32%</b>	<b>26%</b>

Source: SHBE.

Note Moves are the sum of moves in each 3 month period.

Specific attention was given to those HB claimants who had moved out of Westminster, as this district had the biggest fall in the percentage of moves remaining within the district in 2012 compared to pre-reform levels (62 per cent in 2010 and 2011 falling to 34 per cent in 2012). Sixteen per cent of all moves in January to March 2012 from Westminster were made to Brent, eight per cent to Barnet and seven per cent to Ealing. So there is a distinct ripple effect out of this central London borough to neighbouring districts, rather than a leap-frogging to more distant LAs. This effect is also supported by the perceptions of housing advisers in Inner London (DWP, 2013a). The first non-London LA to appear as a destination is Leeds (ranked thirteenth in terms of destinations) but this accounted for only three PRS HB households in the first three months of 2012 and was only one more than moved to Leeds in the first three months of 2011.

### 6.4.5 London Cosmopolitan areas

Table 6.5 shows the changes in HB caseloads among the districts that constitute the London Cosmopolitan area type. It shows that the average PRS HB caseload between January/ March 2011 and June/August 2013 only fell in Southwark. It was stable in Lambeth and increased more sharply in Haringey, Lewisham, Newham and, especially, Brent (where there was an increase of nine per cent over the period).

**Table 6.5 PRS HB caseload for districts in London Cosmopolitan, ranked by percentage change in caseload January 2011 to June/August 2013**

	January/ March 2011	June/August 2013	Change January/March 2011- June/August 2013	
			Number	Percentage
Southwark	5,300	5,200	-100	-2%
Lambeth	8,600	8,600	0	0%
Hackney	10,000	10,100	100	1%
Haringey	13,600	14,200	600	4%
Lewisham	11,000	11,400	400	4%
Newham	14,100	14,700	600	4%
Brent	15,900	17,400	1,500	9%
<b>London Cosmopolitan</b>	<b>78,500</b>	<b>81,600</b>	<b>3,100</b>	<b>4%</b>

Source: SHBE.

Numbers may not sum due to rounding.

Table 6.6 shows that the levels of in-district moves in London Cosmopolitan areas in 2010 was similar to London Centre but the subsequent reduction in 'self-containment' since the reforms is less than in LAs in London Centre. However, the trend towards reduced self-containment continues in a downward direction over the full time period for many of the LAs rather than starting to move in the opposite direction, as it did in London Centre. This probably indicates that the market is still in the process of adjusting, rather than settling down into a distinct LHA core market in these areas. The trend is not universal. There is an increase in in-district moves in Lambeth for 2012 and 2013 and in Newham for 2013. The largest percentage point reduction in self-containment is in Hackney which had fallen by ten percentage point by 2012 from 2011 levels and by 14 percentage points by 2013. This was also a destination which saw a fall in in-flows of PRS HB claimants from London Centre districts over time (49 in the first three months of 2010, 35 and 36 in 2011 and 2012 and 31 in the first three months of 2013). This may be an indication that it is becoming more difficult to find properties within the LHA rates in this area. The HB caseload in Hackney increased by just one per cent between January/March 2011 and June/August 2013, compared to four per cent in London Cosmopolitan areas as a whole.

## The impact of recent reforms to Local Housing Allowances: Differences by place

Whilst the level of self-containment in Brent had fallen over time (by six percentage points from 2011 to 2013) this district had the highest levels of self-containment of any of the districts in London Cosmopolitan by 2013 (as was the case also in 2010 and 2012). As noted earlier Brent was also the most popular destination for PRS HB claimants moving out of London Centre in this period (rising from 35 movers in the first three months of 2010, 73 in 2012 and 65 in 2013). Potentially this movement of London Centre tenants to Brent alongside higher self-containment rates there may be an indication of a greater supply of properties within LHA rates within this LA. The PRS HB caseload in Brent increased by nine per cent between January/March 2011 and June/August 2013.

**Table 6.6 Moves within districts in London Cosmopolitan areas**

	Percentage of moves within district			
	2010	2011	2012	2013
Southwark	46%	43%	46%	43%
Haringey	57%	49%	50%	54%
Lambeth	48%	48%	51%	55%
Hackney	64%	67%	57%	54%
Newham	56%	69%	59%	60%
Brent	69%	67%	64%	61%
Lewisham	64%	62%	66%	57%
<b>All London Cosmopolitan</b>	<b>60%</b>	<b>60%</b>	<b>58%</b>	<b>57%</b>
<b>Total moves London Cosmopolitan</b>	<b>2,860</b>	<b>2,370</b>	<b>2,180</b>	<b>2,480</b>
<b>Moves within district</b>	<b>1,720</b>	<b>1,410</b>	<b>1,260</b>	<b>1,410</b>

Source: SHBE.

Note total moves and moves within district are the sum of moves in each 3 month period.

The most popular destination for those PRS HB claimants moving out of London Cosmopolitan areas is Enfield; but the biggest increase over time is to Barnet (Table C.5). There are around fifty moves a year to Barnet from London Cosmopolitan areas from 2011 to 2012 but this rises to 94 in 2013. This would equate to 376 moves for the year as a whole, if the trend is maintained. All ten most popular destinations are in London.

### 6.4.6 London Suburbs

Table 6.7 shows that the PRS HB caseload increased for nearly all London Suburbs between January/March 2011 and June/August 2013. The only exceptions were Merton and Waltham Forest. The largest proportionate increases in caseload were in Ealing, Enfield, Sutton and Barking and Dagenham, and the largest numerical increase in caseload was in Enfield. Barking and Dagenham was one of the case studies selected for the surveys and interviews with LHA claimants, landlords and housing advisers, and this research identified growing pressures in the local PRS alongside a growth in an 'informal' shared accommodation market for single people (Beatty *et al.*, 2014b). Barking and Dagenham was also a popular destination for inner London LAs seeking to discharge their homelessness responsibilities through leasing property in the PRS outside their borough. Overall, the HB caseload increased by ten per cent in London Suburbs between January/March 2011 and June/August 2013.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table 6.7 PRS HB caseload districts in London Suburbs, January 2011 to June/ August 2013**

	January/ March 2011	June/August 2013	Change January/March 2011- June/August 2013	
			Number	Percentage
Merton	7,900	7,700	-200	-3%
Waltham Forest	10,600	10,400	-200	-2%
Richmond Upon Thames	3,000	3,000	0	0%
Redbridge	9,900	10,400	500	5%
Bromley	5,500	5,900	400	7%
Croydon	16,400	17,500	1,100	7%
Hounslow	7,100	7,700	600	8%
Barnet	14,300	15,800	1,500	10%
Havering	4,600	5,100	500	11%
Kingston Upon Thames	3,600	4,000	400	11%
Bexley	4,800	5,400	600	13%
Hillingdon	7,800	8,800	1,000	13%
Greenwich	5,600	6,400	800	14%
Harrow	8,800	10,000	1,200	14%
Ealing	12,500	14,400	1,900	15%
Enfield	16,100	18,600	2,500	16%
Sutton	4,500	5,200	700	16%
Barking and Dagenham	6,500	7,600	1,100	17%
<b>London Suburbs</b>	<b>149,400</b>	<b>164,000</b>	<b>14,600</b>	<b>10%</b>

Source: SHBE.

Numbers may not sum due to rounding.

Table 6.8 shows a slight decrease in the 'self-containment' of districts in the London Suburbs group between 2010 and 2013, falling from 67 per cent to 64 per cent. This conceals some very mixed trends over time in some districts (Croydon, Merton, Hounslow, Barnet, Havering, Bexley). There is a steady reduction in self-containment in Sutton from 74 per cent to 64 per cent and Barking and Dagenham, falls from 62 per cent to 56 per cent by the end of the period both of which were two of the districts recording the sharpest increase in PRS HB caseload in London Suburbs areas (Table 6.7). The biggest reduction in within-district moves, however, was in Richmond upon Thames, where the proportion declined from 69 per cent in 2010 to 52 per cent in 2013. Only Merton had a lower proportion of in-district moves among HB claimants, although this was consistently one of the least self-contained LAs in the London Suburbs category.

**Table 6.8 Moves within districts in London Suburbs**

	Percentage of moves within district			
	2010	2011	2012	2013
Merton	49%	58%	45%	48%
Greenwich	54%	57%	54%	56%
Bromley	59%	60%	56%	58%
Richmond Upon Thames	69%	60%	58%	52%
Barking and Dagenham	62%	57%	60%	56%
Redbridge	61%	67%	62%	56%
Hounslow	58%	64%	63%	57%
Harrow	70%	63%	64%	65%
Barnet	66%	77%	65%	70%
Waltham Forest	66%	68%	65%	62%
Ealing	66%	66%	67%	65%
Havering	70%	61%	69%	74%
Sutton	74%	71%	69%	66%
Bexley	64%	70%	70%	61%
Enfield	72%	67%	71%	70%
Hillingdon	72%	72%	72%	66%
Kingston Upon Thames	72%	82%	74%	76%
Croydon	73%	68%	74%	67%
<b>London Suburbs</b>	<b>67%</b>	<b>67%</b>	<b>66%</b>	<b>64%</b>
<b>Total moves London Suburbs</b>	<b>5,300</b>	<b>4,770</b>	<b>4,210</b>	<b>4,440</b>
<b>Moves within districts</b>	<b>3,530</b>	<b>3,190</b>	<b>2,780</b>	<b>2,840</b>

Source: SHBE

## 6.5 Statutory homelessness and tenancy non-renewal

As stated earlier, concerns were expressed that the LHA reforms would lead to an increase in homelessness, especially in London, as more tenants would run into arrears and struggle to meet the shortfall between their HB and the contracted rent. Of course, it is impossible to attribute a direct link between the measures and any increase in homelessness with any certainty, due to the multitude of other factors that might play a part. But it is worth considering whether trends in homelessness<sup>35</sup> changed markedly during 2012, when existing LHA claimants were brought under the new regime, and whether the reason for households being accepted as statutorily homeless have changed in recent years. Trends in the use of temporary accommodation by LAs are also of interest here.

<sup>35</sup> CLG live tables on statutory homelessness.

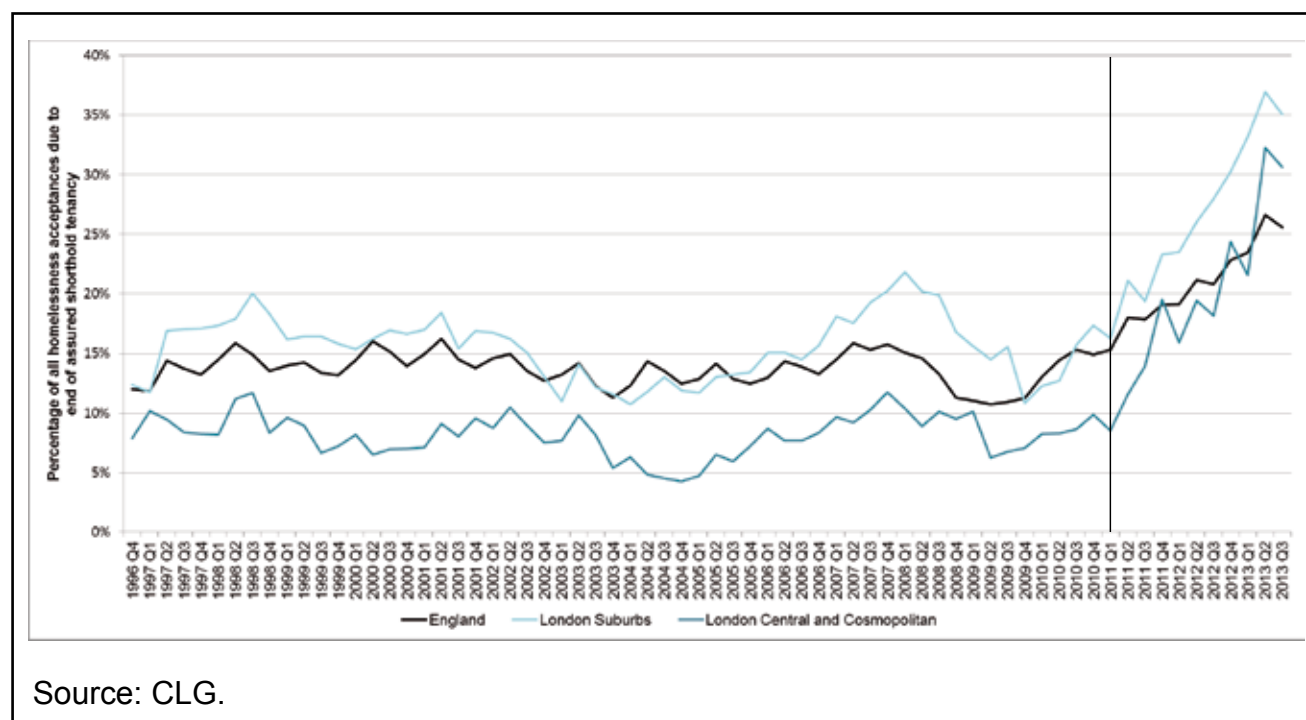
## The impact of recent reforms to Local Housing Allowances: Differences by place

After several years of a downward trend, the number of households accepted as statutorily homeless in England began to increase from 2010. The number of households increased from 9,590 in Q1 2010 to 11,350 in Q1 2011 to 13,130 in Q1 2012 to 13,230 in Q1 2013. At the time of the analysis the latest available figures were for Q3 2013 (13,330 households), and in the full year from Q3 2012 to this quarter 53,590 households were accepted as homeless in England. Much of this increase was concentrated in London. Between the year up to Q1 2011 (just before the LHA reforms were introduced) and the year up to Q3 2013, the number of households accepted as statutory homeless in the rest of England increased by eight per cent (to 36,630). However, the number of acceptances increased by 94 per cent (to 7,870) in London Suburbs, by 46 per cent (to 5,270) in London Cosmopolitan areas and by 38 per cent (to 3,490) in London Centre.

The number of households housed in temporary accommodation also increased between the year up to the start of April 2011 and the year up to the start of April 2013, although the London effect is less marked. The number increased by 15 per cent (to 55,300) in the rest of England in this period, by 16 per cent in London Centre (to 17,400), and by 24 per cent in London Suburbs (to 9,400) but it fell slightly (by one per cent) in London Cosmopolitan areas (to 13,140).<sup>36</sup>

Of course we should restate that the reasons for the increases in the number of homeless acceptances and the number of households housed in temporary accommodation will be manifold. However, there has been marked change since Q1 2011 in the proportion of households who gave their main reason for becoming homeless as the end of an assured shorthold tenancy. This change is particularly marked in London, as shown in Figure 6.10.

**Figure 6.10 Reason for homelessness: end of assured shorthold tenancy**



<sup>36</sup> Lewisham in Cosmopolitan London did not submit figures for 2013, so the same figure as submitted for 2011 has been used in this calculation.

## The impact of recent reforms to Local Housing Allowances: Differences by place

For every quarter between Q4 1996 and Q1 2011 (England only) the proportion of households who give the end of an assured shorthold tenancy as the main reason for becoming homeless is consistently between 11 per cent and 16 per cent. In Q2 2011 this proportion rises to 18 per cent for the first time. It continues to rise throughout 2012 and 2013. Twenty seven per cent of all homelessness acceptances are due to non-renewal of assured shorthold tenancies by Q2 2013, reducing slightly to 26 per cent in Q3 2013.

The increase is even more marked among the London area types (Cosmopolitan London and London Centre have been combined in Figure 6.9 to aid visual clarity). In London Centre/Cosmopolitan London, the proportion of households giving the end of an assured shorthold tenancy as the main reason for homelessness increased from nine per cent in Q1 2011 to 31 per cent by Q3 2013. The equivalent increase in London Suburbs was from 16 per cent to 35 per cent.

**Table 6.9 Homelessness acceptances due to non-renewal of assured shorthold tenancy**

	2011	2013	Change 2011–13	Percentage increase
Rest of England	5,420	7,830	2,410	44%
London Suburbs	630	2,650	2,020	321%
London Cosmopolitan	320	1,490	1,170	366%
London Centre	230	920	690	300%
<b>England</b>	<b>6,630</b>	<b>13,190</b>	<b>6,560</b>	<b>99%</b>

Source: CLG.

Note: figures are for the four quarters to Q1 2011 and four quarters to Q3 2013.

Table 6.10 expresses these trends in terms of numbers of households. It shows that the number of households giving the end of an assured shorthold tenancy as the main reason for homelessness almost doubled between 2011 and 2013 - an additional 6,560 people were accepted as homeless due to the loss of an assured short-hold tenancy in the year to Q3 2013 compared to the year to Q1 2011. 59 per cent of this increase can be attributed to London, where an additional 3,880 households gave the end of a tenancy as the main reason. Proportionately, this represented a more than threefold increase in London Centre, Cosmopolitan and London Suburbs.

Put another way, just over half the increase in all homelessness acceptances in London Suburbs over the period between 2011 and 2013 is accounted for by the increase in assured tenancy non-renewals. This rises to 70 per cent of the increase in Cosmopolitan London and 72 per cent in London Centre. The interviews with landlords suggested that many preferred non-renewal of tenancies over eviction as a means of responding to situations where the tenants were in arrears, because of the time and costs involved in undertaking eviction proceedings (Beatty *et al.*, 2014b).

## 7 Conclusion

One third of all Housing Benefit (HB) claimants lived in the private rented sector (PRS) by November 2013, up from a quarter five years earlier, and approximately 39 per cent of all PRS households now claim HB. The Local Housing Allowance (LHA) caseload has increased from 380,00 households when the scheme was introduced in 2008 to 1.4 million households by November 2013; just over half this increase is due to a net increase in LHA claims rather than the transfer across to the new system of pre-LHA cases. However, it appears that the continuous growth over the past twenty years in the number of households claiming HB in the PRS is now levelling off and has just started to fall.

Just prior to the reforms, the average LHA award was over £10 higher than HB for claimants in the pre-LHA deregulated PRS. Since then, the average LHA award has fallen (by £8.39 per week up to November 2013) so that the difference between the two systems had narrowed to £1.40 per week. An analysis of overall government expenditure on HB since 2008 shows that the annual rate of increase has slowed each year since 2009/10. By 2012/13 annual HB expenditure amounted to £23.9 billion, an increase of 4.7 per cent over the previous year. However, HB expenditure stabilised and started to fall in the last six months of the time period studied (May to November 2013), primarily due to a reduction in the PRS HB caseload.

There are marked differences between some areas in changes in the PRS HB caseload since the reforms. The caseload in Mining/Manufacturing areas, which have lower average PRS rents and property prices, have experienced most growth and this has continued through 2013. By contrast, the HB caseload in London Centre has declined every year since the reforms, amounting to a reduction of 14 per cent between 2011 and 2013. This pattern was reflected in terms of the on-flows of claimants on to the HB caseload; this increased by five per cent in Mining/Manufacturing areas, but decreased by seven to eight per cent in the higher rent groups of London Cosmopolitan areas, Coastal and Countryside areas and Prospering UK areas, and fell by 16 per cent in London Centre. There is a steady trend towards a greater proportion of the HB caseload becoming concentrated in markets with lower PRS rents.

A separate analysis was undertaken of those LAs where the HB market constitutes more than half of the local PRS. Average LHA rates have fallen by £4 a week in these areas between 2011 and 2013, compared to a reduction of £7 a week elsewhere, but there was little to suggest that these markets have changed dramatically as a result of the LHA reforms. In-flows have increased a little, but there has not been a large influx of new claimants from outside these areas.

The changes to the Shared Accommodation rate (SAR) have contributed to a reduction in the caseload for the group affected (25 to 34 year old single people with no dependent children). This declined by nine per cent of the overall caseload in the year following the introduction of the changes, and by five per cent in the following six months (to June/August 2013). The relative extent of this decline varied widely between different area types. It was less than ten per cent in Mining/Manufacturing areas and Coastal and Countryside areas in this period, but it declined by a quarter in London Suburbs and London Cosmopolitan areas and by 39 per cent in London Centre. On-flows of this group on to the HB caseload also declined sharply from January 2012 onwards - by 16 per cent in Great Britain as a whole - in the period up to June/August 2013. The only area type where the number of 25 to 34 year old single people coming on to the caseload did not fall was in Southern Seaside Towns.



## **The impact of recent reforms to Local Housing Allowances: Differences by place**

There is an increasing divergence in London Centre between the average LHA rate, which fell in the year after the reforms were introduced and then stabilised, and lower quartile and median market rents, which continued to increase in the past two years (although the rate of increase has slowed down). A similar trend can be discerned for London Suburbs and London Cosmopolitan areas. In all these areas, the LHA rate is now below lower quartile rent levels. The LHA sub-market is becoming increasingly differentiated from the non-LHA rental market above the lower quartile, although the relative positions of these two sectors have stabilised during 2013.

There has been a reduction in the proportion of 'in-district' moves in London Centre by LHA claimants since the reforms were introduced, although this trend started to reverse between 2012 and 2013. It is plausible to suggest that after the stock of HB claimants had initially reduced in these areas, a discrete supply has remained for the smaller number of LHA households who remain, reflected in the recent increase in moves within the district.

The reduction in 'self-containment' since the LHA reforms is less marked in London Cosmopolitan areas, but this trend continues in a downward direction over the full time period for many of the LAs. This probably indicates that the market is still in the process of adjusting, rather than settling down into a distinct LHA core market in these areas. The largest percentage point reduction in self-containment is in Hackney. This was also a destination with declining in-flows of PRS HB claimants moving from London Centre districts over time. This may be an indication that it is becoming more difficult to find properties within the LHA rates in this area. Brent was the most popular destination for PRS HB claimants moving out of London Centre in this period. Brent also experienced a decline in self-containment over time. This could represent a continuation of the 'ripple effect' of moves from the centre of London, causing more competition for PRS properties in Brent as a result, so that fewer PRS HB claimants in Brent are able to make in-district moves. A similar process can be discerned in London Suburbs, with increasing pressure in the PRS in Enfield and in Barking and Dagenham, two popular destinations for those LHA claimants moving out of London Cosmopolitan areas.

The number of households accepted as statutorily homeless in England began to increase from 2010, before the reforms were introduced. Much of this increase was concentrated in London. However, just over half the increase in all homelessness acceptances in London Suburbs in the period between 2011 and 2013 is accounted for by an increase in the non-renewal of assured tenancies as the main reasons for a households being accepted as statutorily homeless. This proportion rises to 70 per cent of the increase in homelessness acceptances in Cosmopolitan London and 72 per cent of the increase in London Centre.

This report has inevitably concentrated on area effects in and around London, as that is where the impact of the changes has been most pronounced. There has been a marked reduction in the number of LHA claimants in the centre of London since the reforms, caused in part by the over-representation of 25 to 34 year old single people in this market affected by the SAR changes. This process is replicated, albeit to a lesser degree, in the inner ring of cosmopolitan areas, as there is a drift out of 'indigenous' LHA claimants to more peripheral areas, such as Barking and Dagenham and Sutton. There remains, however a 'core' LHA market in the centre of London, which seems to be growing increasingly distinct from the rest of the PRS.

Outside London, HB caseloads have tended to remain stable or increase slightly in lower value markets, and to reduce in those areas where the reductions in the LHA rate immediately after the reforms was greater. There is no evidence as yet of any additional influx of households from London to seaside towns to the south and east. However, the proportion of 25 to 34 year olds has not reduced in these areas as it has done elsewhere, reflecting the different nature of the local PRS supply.

# Appendix A

## Methods

The spatial analysis is based on aggregate local authority (LA) level data of Housing Benefit records held within the Single Housing Benefit Extract (SHBE). The records include individual and household characteristics including age, household composition and employment status, level of LHA entitlement, etc. Much of the analysis presented on stocks and flows of claimants refers to PRS HB claimants as a whole which is a wider group than just LHA tenants. PRS HB tenants includes pre 2008 HB claimants in the private rented sector who have deregulated rents but have had a continuous tenancy since before April 2008 and have had no change of circumstances so they are not subject to LHA system and have their HB set on the pre 2008 basis. By June/August 2013 claimants under the LHA system accounted for 83 per cent of all PRS HB claimants. In theory the vast majority of new claims in the PRS since October 2008 (except limited exceptions such as caravans and houseboats) should be under the LHA system, so on-flows to PRS should equal the on-flows to LHA. However, the DWP data extraction from SHBE indicates that PRS HB on-flows are actually higher than LHA on-flows. This is likely to be caused by an inaccurate-recording of new LHA claims. Hence, the PRS HB groups as a whole are referred to in many of the tables to ensure that the full picture for the entire PRS HB sub-sector are considered.

Only Data for tenants claiming HB under and the LHA system is examined when considering LHA entitlement rates and analysis split by bedroom entitlement. These variables are only available for the LHA group of tenants. The LHA data supplied by DWP only includes records where the claimant was in receipt of LHA and the variable which records the number of bedrooms entitled to under LHA rules was completed on the database. The data has also been smoothed to impute for missing data (see below) and will therefore be slightly different than data that appears on Stat-Xplore. The data was provided as aggregate LA level rather than as individual records.

Regular monthly data was not submitted by a small number of LAs, in other instances an occasional month's data was missing. This led to missing data for on-flows and off-flows in the database for some months. The flows data then appeared as a 'block entry' in a subsequent month's data. In these instances the data has been smoothed backwards. For example if the data was blank for January and February and March's data was noticeably higher than average monthly flows, then the data for March was averaged out across the January to March period. The missing data also meant that the caseload for these areas tended to be static during the missing data period then 'jump' when the block data was submitted. Therefore, the caseload data was also smoothed for these areas to take account of the amended flows data. This same technique was used for the origins and destinations matrices.

In places, in order to make comparisons in trends in HB caseload across different types of housing markets, labour markets or sub-groups of claimants, the caseload is expressed per 1,000 households in an area. The denominator is a fixed point towards the middle of the time series taken from the number of households in the 2011 Census at March 2011. If the total number of households in an area has grown between January 2010 and August 2013 then using a fixed point as the denominator will have the potential effect of slightly underestimating the rate per 1,000 households at the beginning of the time series and slightly overestimating the rate at the end of the time series. However, the distortion in rates over the full time period is likely to be minimal.

# Appendix B

## Area classifications

### B.1 Area classification

The area classification used in this report is a modified version of the National Statistics Area Classification for local authorities (LAs) at Supergroup level [<http://www.ons.gov.uk/ons/guide-method/geography/products/area-classifications/ns-area-classifications/index/datasets/local-authorities/index.html>]

The original classification utilised cluster analysis methods to allocate authorities to groups on the basis on a wide range of socio economic variables from the 2001 Census. The classification was modified slightly for the purposes of this analysis to reflect housing markets by ensuring that all London Boroughs fell within one of the three London classifications and that no authorities outside London were included within these three groups. A further sub group of Southern Seaside Towns was also created to look at this sub-group of areas of interest. These included 4 substantial seaside towns in the South East and Eastern Regions which were relatively close to London, have large concentrations of LHA tenants in LHA dominant PRS markets and relatively low house prices. The modified groupings are as follows:

**London Centre:** Camden, City of London, Hammersmith and Fulham, Islington, Kensington and Chelsea, Tower Hamlets, Wandsworth, Westminster.

**London Cosmopolitan:** Brent, Hackney, Haringey, Lambeth, Lewisham, Newham, Southwark.

**London Suburbs:** Barking and Dagenham, Barnet, Bexley, Bromley, Croydon, Ealing, Enfield, Greenwich, Harrow, Havering, Hillingdon, Hounslow, Kingston Upon Thames, Merton, Redbridge, Richmond Upon Thames, Sutton, Waltham Forest.

**Southern Seaside Towns:** Hastings, Southend-on-Sea, Thanet, Tendring.

**Cities and Services:** Same as ONS classification with exception that Barking and Dagenham, Bromley, Hillingdon, Kingston upon Thames, Richmond upon Thames, Sutton have been included in London Suburbs; Hastings and Southend-on-Sea have been included in Southern Seaside Towns.

**Coastal and Countryside:** Same as ONS classification with exception that Thanet and Tendring have been included in Southern Seaside Towns.

**Prospering UK:** Same as ONS classification with exception that Bexley and Havering have been included in London Suburbs and Luton and Slough are included in this group rather than London Suburbs.

**Mining and Manufacturing:** Same as ONS classification.

A full list of which LAs are within each classification group are included in Tables B.1 to B.8. In addition, the LAs which fall within the PRS HB Dominant group are listed in Table B.9. These are LAs where PRS HB claimants account for 50 per cent or more of the entire PRS stock in these areas.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.1 London Centre**

Region	Local authority
LONDON	Camden
LONDON	City of London
LONDON	Hammersmith and Fulham
LONDON	Islington
LONDON	Kensington and Chelsea
LONDON	Tower Hamlets
LONDON	Wandsworth
LONDON	Westminster

**Table B.2 London Cosmopolitan**

Region	Local authority
LONDON	Brent
LONDON	Hackney
LONDON	Haringey
LONDON	Lambeth
LONDON	Lewisham
LONDON	Newham
LONDON	Southwark

**Table B.3 London Suburbs**

Region	Local authority
LONDON	Barking and Dagenham
LONDON	Barnet
LONDON	Bexley
LONDON	Bromley
LONDON	Croydon
LONDON	Ealing
LONDON	Enfield
LONDON	Greenwich
LONDON	Harrow
LONDON	Havering
LONDON	Hillingdon
LONDON	Hounslow
LONDON	Kingston Upon Thames
LONDON	Merton
LONDON	Redbridge
LONDON	Richmond Upon Thames
LONDON	Sutton
LONDON	Waltham Forest

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.4    Cities and Services**

Region	Local authority
EAST	Cambridge
EAST	Norwich
EAST	Watford
EAST MIDLANDS	Derby UA
EAST MIDLANDS	Leicester UA
EAST MIDLANDS	Lincoln
EAST MIDLANDS	Nottingham UA
NORTH EAST	Newcastle upon Tyne
NORTH WEST	Blackburn with Darwen UA
NORTH WEST	Bolton
NORTH WEST	Burnley
NORTH WEST	Hyndburn
NORTH WEST	Lancaster
NORTH WEST	Liverpool
NORTH WEST	Manchester
NORTH WEST	Oldham
NORTH WEST	Pendle
NORTH WEST	Preston
NORTH WEST	Rochdale
NORTH WEST	Salford
SCOTLAND	Aberdeen City
SCOTLAND	Dundee City
SCOTLAND	Edinburgh, City of
SCOTLAND	Glasgow City
SOUTH EAST	Brighton and Hove UA
SOUTH EAST	Eastbourne
SOUTH EAST	Oxford
SOUTH EAST	Portsmouth UA
SOUTH EAST	Reading UA
SOUTH EAST	Southampton UA
SOUTH EAST	Worthing
SOUTH WEST	Bournemouth UA
SOUTH WEST	Bristol, City of UA
SOUTH WEST	Exeter
SOUTH WEST	Plymouth UA
WALES	Cardiff/Caerdydd
WEST MIDLANDS	Birmingham
WEST MIDLANDS	Coventry
WEST MIDLANDS	Sandwell
WEST MIDLANDS	Walsall
WEST MIDLANDS	Wolverhampton
YORKSHIRE AND THE HUMBER	Bradford
YORKSHIRE AND THE HUMBER	Calderdale
YORKSHIRE AND THE HUMBER	Kirklees
YORKSHIRE AND THE HUMBER	Leeds
YORKSHIRE AND THE HUMBER	Sheffield

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.5    Prospering UK**

<b>Region</b>	<b>Local authority</b>
EAST	Babergh
EAST	Basildon
EAST	Bedford UA
EAST	Braintree
EAST	Breckland
EAST	Brentwood
EAST	Broadland
EAST	Broxbourne
EAST	Castle Point
EAST	Central Bedfordshire UA
EAST	Chelmsford
EAST	Colchester
EAST	Dacorum
EAST	East Cambridgeshire
EAST	East Hertfordshire
EAST	Epping Forest
EAST	Fenland
EAST	Forest Heath
EAST	Harlow
EAST	Hertsmere
EAST	Huntingdonshire
EAST	Ipswich
EAST	King's Lynn and West Norfolk
EAST	Luton UA
EAST	Maldon
EAST	Mid Suffolk
EAST	North Hertfordshire
EAST	Peterborough UA
EAST	Rochford
EAST	South Cambridgeshire
EAST	South Norfolk
EAST	St Albans
EAST	St Edmundsbury
EAST	Stevenage
EAST	Suffolk Coastal
EAST	Three Rivers
EAST	Thurrock UA
EAST	Uttlesford
EAST	Welwyn Hatfield
EAST MIDLANDS	Blaby
EAST MIDLANDS	Boston
EAST MIDLANDS	Broxtowe

Continued

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.5 Continued**

Region	Local authority
EAST MIDLANDS	Charnwood
EAST MIDLANDS	Daventry
EAST MIDLANDS	Derbyshire Dales
EAST MIDLANDS	East Northamptonshire
EAST MIDLANDS	Gedling
EAST MIDLANDS	Harborough
EAST MIDLANDS	High Peak
EAST MIDLANDS	Hinckley and Bosworth
EAST MIDLANDS	Kettering
EAST MIDLANDS	Melton
EAST MIDLANDS	Newark and Sherwood
EAST MIDLANDS	North Kesteven
EAST MIDLANDS	North West Leicestershire
EAST MIDLANDS	Northampton
EAST MIDLANDS	Oadby and Wigston
EAST MIDLANDS	Rushcliffe
EAST MIDLANDS	Rutland UA
EAST MIDLANDS	South Derbyshire
EAST MIDLANDS	South Holland
EAST MIDLANDS	South Kesteven
EAST MIDLANDS	South Northamptonshire
EAST MIDLANDS	Wellingborough
EAST MIDLANDS	West Lindsey
NORTH EAST	Northumberland UA
NORTH WEST	Bury
NORTH WEST	Cheshire East UA
NORTH WEST	Cheshire West and Chester UA
NORTH WEST	Chorley
NORTH WEST	Ribble Valley
NORTH WEST	South Ribble
NORTH WEST	Stockport
NORTH WEST	Trafford
NORTH WEST	Warrington UA
NORTH WEST	West Lancashire
SCOTLAND	East Dunbartonshire
SCOTLAND	East Renfrewshire
SCOTLAND	Stirling
SOUTH EAST	Adur
SOUTH EAST	Ashford
SOUTH EAST	Aylesbury Vale
SOUTH EAST	Basingstoke and Deane
SOUTH EAST	Bracknell Forest UA

Continued

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.5 Continued**

Region	Local authority
SOUTH EAST	Canterbury
SOUTH EAST	Cherwell
SOUTH EAST	Chiltern
SOUTH EAST	Crawley
SOUTH EAST	Dartford
SOUTH EAST	East Hampshire
SOUTH EAST	Eastleigh
SOUTH EAST	Elmbridge
SOUTH EAST	Epsom and Ewell
SOUTH EAST	Fareham
SOUTH EAST	Gosport
SOUTH EAST	Gravesham
SOUTH EAST	Guildford
SOUTH EAST	Hart
SOUTH EAST	Horsham
SOUTH EAST	Lewes
SOUTH EAST	Maidstone
SOUTH EAST	Medway UA
SOUTH EAST	Mid Sussex
SOUTH EAST	Milton Keynes UA
SOUTH EAST	Mole Valley
SOUTH EAST	New Forest
SOUTH EAST	Reigate and Banstead
SOUTH EAST	Runnymede
SOUTH EAST	Rushmoor
SOUTH EAST	Sevenoaks
SOUTH EAST	Slough UA
SOUTH EAST	South Bucks
SOUTH EAST	South Oxfordshire
SOUTH EAST	Spelthorne
SOUTH EAST	Surrey Heath
SOUTH EAST	Tandridge
SOUTH EAST	Test Valley
SOUTH EAST	Tonbridge and Malling
SOUTH EAST	Tunbridge Wells
SOUTH EAST	Vale of White Horse
SOUTH EAST	Waverley
SOUTH EAST	Wealden
SOUTH EAST	West Berkshire UA
SOUTH EAST	West Oxfordshire
SOUTH EAST	Winchester
SOUTH EAST	Windsor and Maidenhead UA

Continued



## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.5 Continued**

Region	Local authority
SOUTH EAST	Woking
SOUTH EAST	Wokingham UA
SOUTH EAST	Wycombe
SOUTH WEST	Bath and North East Somerset UA
SOUTH WEST	Cheltenham
SOUTH WEST	Cotswold
SOUTH WEST	East Dorset
SOUTH WEST	Forest of Dean
SOUTH WEST	Gloucester
SOUTH WEST	Mendip
SOUTH WEST	Mid Devon
SOUTH WEST	North Dorset
SOUTH WEST	North Somerset UA
SOUTH WEST	Poole UA
SOUTH WEST	Sedgemoor
SOUTH WEST	South Gloucestershire UA
SOUTH WEST	South Somerset
SOUTH WEST	Stroud
SOUTH WEST	Swindon UA
SOUTH WEST	Taunton Deane
SOUTH WEST	Tewkesbury
SOUTH WEST	Wiltshire UA
WALES	Monmouthshire/Sir Fynwy
WALES	The Vale of Glamorgan/Bro Morgannwg
WEST MIDLANDS	Bromsgrove
WEST MIDLANDS	Herefordshire, County of UA
WEST MIDLANDS	Lichfield
WEST MIDLANDS	Malvern Hills
WEST MIDLANDS	North Warwickshire
WEST MIDLANDS	Rugby
WEST MIDLANDS	Shropshire UA
WEST MIDLANDS	Solihull
WEST MIDLANDS	South Staffordshire
WEST MIDLANDS	Stafford
WEST MIDLANDS	Staffordshire Moorlands
WEST MIDLANDS	Stratford-on-Avon
WEST MIDLANDS	Warwick
WEST MIDLANDS	Worcester
WEST MIDLANDS	Wychavon
WEST MIDLANDS	Wyre Forest
YORKSHIRE AND THE HUMBER	East Riding of Yorkshire UA
YORKSHIRE AND THE HUMBER	Hambleton
YORKSHIRE AND THE HUMBER	Harrogate
YORKSHIRE AND THE HUMBER	Richmondshire
YORKSHIRE AND THE HUMBER	Selby
YORKSHIRE AND THE HUMBER	York UA

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.6 Coastal and Countryside**

Region	Local authority
EAST	Great Yarmouth
EAST	North Norfolk
EAST	Waveney
EAST MIDLANDS	East Lindsey
NORTH WEST	Allerdale
NORTH WEST	Blackpool UA
NORTH WEST	Carlisle
NORTH WEST	Eden
NORTH WEST	Fylde
NORTH WEST	South Lakeland
NORTH WEST	Wyre
SCOTLAND	Aberdeenshire
SCOTLAND	Angus
SCOTLAND	Argyll and Bute
SCOTLAND	Dumfries and Galloway
SCOTLAND	Eilean Siar
SCOTLAND	Highland
SCOTLAND	Moray
SCOTLAND	Orkney Islands
SCOTLAND	Perth and Kinross
SCOTLAND	Scottish Borders
SCOTLAND	Shetland Islands
SOUTH EAST	Arun
SOUTH EAST	Chichester
SOUTH EAST	Dover
SOUTH EAST	Isle of Wight UA
SOUTH EAST	Rother
SOUTH EAST	Shepway
SOUTH WEST	Christchurch
SOUTH WEST	Cornwall UA
SOUTH WEST	East Devon
SOUTH WEST	North Devon
SOUTH WEST	Purbeck
SOUTH WEST	South Hams
SOUTH WEST	Teignbridge
SOUTH WEST	Torbay UA
SOUTH WEST	Torridge
SOUTH WEST	West Devon
SOUTH WEST	West Dorset
SOUTH WEST	West Somerset
SOUTH WEST	Weymouth and Portland
WALES	Carmarthenshire/Sir Gaerfyrddin

Continued

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.6 Continued**

Region	Local authority
WALES	Ceredigion/Ceredigion
WALES	Conwy/Conwy
WALES	Denbighshire/Sir Ddinbych
WALES	Gwynedd/Gwynedd
WALES	Isle of Anglesey/Ynys Môn
WALES	Pembrokeshire/Sir Benfro
WALES	Powys/Powys
YORKSHIRE AND THE HUMBER	Craven
YORKSHIRE AND THE HUMBER	Ryedale
YORKSHIRE AND THE HUMBER	Scarborough

**Table B.7 Southern Seaside Towns**

Region	Local authority
EAST	Southend-on-Sea UA
EAST	Tendring
SOUTH EAST	Hastings
SOUTH EAST	Thanet

**Table B.8 Mining and Manufacturing**

Region	Local authority
EAST MIDLANDS	Amber Valley
EAST MIDLANDS	Ashfield
EAST MIDLANDS	Bassetlaw
EAST MIDLANDS	Bolsover
EAST MIDLANDS	Chesterfield
EAST MIDLANDS	Corby
EAST MIDLANDS	Erewash
EAST MIDLANDS	Mansfield
EAST MIDLANDS	North East Derbyshire
NORTH EAST	County Durham UA
NORTH EAST	Darlington UA
NORTH EAST	Gateshead
NORTH EAST	Hartlepool UA
NORTH EAST	Middlesbrough UA
NORTH EAST	North Tyneside
NORTH EAST	Redcar and Cleveland UA
NORTH EAST	South Tyneside
NORTH EAST	Stockton-on-Tees UA
NORTH EAST	Sunderland
NORTH WEST	Barrow-in-Furness

Continued

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.8 Continued**

Region	Local authority
NORTH WEST	Copeland
NORTH WEST	Halton UA
NORTH WEST	Knowsley
NORTH WEST	Rossendale
NORTH WEST	Sefton
NORTH WEST	St. Helens
NORTH WEST	Tameside
NORTH WEST	Wigan
NORTH WEST	Wirral
SCOTLAND	Clackmannanshire
SCOTLAND	East Ayrshire
SCOTLAND	East Lothian
SCOTLAND	Falkirk
SCOTLAND	Fife
SCOTLAND	Inverclyde
SCOTLAND	Midlothian
SCOTLAND	North Ayrshire
SCOTLAND	North Lanarkshire
SCOTLAND	Renfrewshire
SCOTLAND	South Ayrshire
SCOTLAND	South Lanarkshire
SCOTLAND	West Dunbartonshire
SCOTLAND	West Lothian
SOUTH EAST	Havant
SOUTH EAST	Swale
WALES	Blaenau Gwent/Blaenau Gwent
WALES	Bridgend/Pen-y-bont ar Ogwr
WALES	Caerphilly/Caerffili
WALES	Flintshire/Sir y Fflint
WALES	Merthyr Tydfil/Merthyr Tudful
WALES	Neath Port Talbot/Castell-nedd Port Talbot
WALES	Newport/Casnewydd
WALES	Rhondda, Cynon, Taff/Rhondda, Cynon, Taf
WALES	Swansea/Abertawe
WALES	Torfaen/Tor-faen
WALES	Wrexham/Wreccsam
WEST MIDLANDS	Cannock Chase
WEST MIDLANDS	Dudley
WEST MIDLANDS	East Staffordshire
WEST MIDLANDS	Newcastle-under-Lyme
WEST MIDLANDS	Nuneaton and Bedworth
WEST MIDLANDS	Redditch

Continued

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.8 Continued**

Region	Local authority
WEST MIDLANDS	Stoke-on-Trent UA
WEST MIDLANDS	Tamworth
WEST MIDLANDS	Telford and Wrekin UA
YORKSHIRE AND THE HUMBER	Barnsley
YORKSHIRE AND THE HUMBER	Doncaster
YORKSHIRE AND THE HUMBER	Kingston upon Hull, City of UA
YORKSHIRE AND THE HUMBER	North East Lincolnshire UA
YORKSHIRE AND THE HUMBER	North Lincolnshire UA
YORKSHIRE AND THE HUMBER	Rotherham
YORKSHIRE AND THE HUMBER	Wakefield

**Table B.9 PRS HB Dominant areas with PRS HB caseload 50% or more of the total PRS**

Region	Local authority	June/August 2013 PRS HB as percentage of 2011 Census PRS
NORTH WEST	Blackpool UA	90%
EAST	Tendring	81%
NORTH WEST	Knowsley	80%
WALES	Neath Port Talbot/Castell-nedd Port Talbot	76%
EAST	Castle Point	75%
SOUTH WEST	Torbay UA	73%
NORTH EAST	Middlesbrough UA	72%
EAST	Great Yarmouth	72%
SCOTLAND	North Ayrshire	70%
LONDON	Enfield	70%
NORTH WEST	Wyre	69%
WALES	Bridgend/Pen-y-bont ar Ogwr	68%
NORTH EAST	Hartlepool UA	68%
NORTH WEST	Sefton	68%
SOUTH EAST	Thanet	67%
NORTH WEST	Burnley	66%
NORTH WEST	Wirral	66%
WALES	Denbighshire/Sir Ddinbych	65%
SCOTLAND	East Ayrshire	64%
YORKSHIRE AND THE HUMBER	North East Lincolnshire UA	64%
NORTH WEST	Hyndburn	64%
EAST	Southend-on-Sea UA	63%
SOUTH WEST	Weymouth and Portland	62%
WEST MIDLANDS	Wolverhampton	62%
LONDON	Barking and Dagenham	62%
WEST MIDLANDS	Telford and Wrekin UA	62%

Continued

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.9 Continued**

Region	Local authority	June/August 2013 PRS HB as percentage of 2011 Census PRS
NORTH WEST	Barrow-in-Furness	62%
NORTH EAST	Stockton-on-Tees UA	61%
WALES	Rhondda, Cynon, Taff/Rhondda, Cynon, Taf	61%
NORTH EAST	Redcar and Cleveland UA	61%
NORTH WEST	Halton UA	61%
EAST	Waveney	61%
NORTH WEST	Oldham	61%
WALES	Blaenau Gwent/Blaenau Gwent	59%
NORTH WEST	Rochdale	59%
EAST MIDLANDS	East Lindsey	59%
SCOTLAND	Inverclyde	58%
SOUTH EAST	Swale	58%
SOUTH EAST	Medway UA	58%
NORTH EAST	South Tyneside	58%
LONDON	Croydon	57%
WEST MIDLANDS	Walsall	57%
WEST MIDLANDS	Stoke-on-Trent UA	57%
SCOTLAND	North Lanarkshire	57%
NORTH EAST	Sunderland	57%
SOUTH EAST	Hastings	57%
SOUTH EAST	Isle of Wight UA	57%
WALES	Merthyr Tydfil/Merthyr Tudful	57%
SOUTH EAST	Arun	57%
NORTH WEST	Pendle	56%
NORTH EAST	County Durham UA	56%
WEST MIDLANDS	Dudley	56%
YORKSHIRE AND THE HUMBER	Doncaster	56%
NORTH WEST	St. Helens	56%
SCOTLAND	South Ayrshire	55%
SOUTH WEST	Torridge	55%
SOUTH WEST	Cornwall UA	55%
NORTH WEST	Wigan	55%
LONDON	Harrow	55%
WALES	Caerphilly/Caerffili	55%
NORTH WEST	Blackburn with Darwen UA	55%
EAST MIDLANDS	Ashfield	54%
EAST	Thurrock UA	54%
YORKSHIRE AND THE HUMBER	Bradford	54%
SOUTH WEST	Christchurch	54%
WEST MIDLANDS	Sandwell	54%

Continued

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table B.9      Continued**

<b>Region</b>	<b>Local authority</b>	<b>June/August 2013 PRS HB as percentage of 2011 Census PRS</b>
YORKSHIRE AND THE HUMBER	Barnsley	53%
EAST MIDLANDS	West Lindsey	53%
SCOTLAND	Midlothian	53%
WALES	Conwy/Conwy	53%
EAST	Broxbourne	53%
WEST MIDLANDS	Wyre Forest	53%
LONDON	Brent	52%
SCOTLAND	West Dunbartonshire	52%
WEST MIDLANDS	Nuneaton and Bedworth	52%
SOUTH EAST	Dover	52%
SOUTH EAST	Adur	52%
EAST	Rochford	52%
SOUTH EAST	Eastbourne	52%
NORTH EAST	Darlington UA	52%
SCOTLAND	South Lanarkshire	52%
YORKSHIRE AND THE HUMBER	Scarborough	52%
LONDON	Bexley	52%
WALES	Carmarthenshire/Sir Gaerfyrddin	51%
YORKSHIRE AND THE HUMBER	Rotherham	51%
EAST MIDLANDS	Bolsover	51%
WALES	The Vale of Glamorgan/Bro Morgannwg	51%
SOUTH WEST	Sedgemoor	51%
SOUTH EAST	Shepway	51%
NORTH WEST	Tameside	51%
SOUTH EAST	Lewes	51%
WALES	Torfaen/Tor-faen	51%
SOUTH WEST	Teignbridge	50%
YORKSHIRE AND THE HUMBER	Calderdale	50%
NORTH WEST	Lancaster	50%
SOUTH EAST	Rother	50%
SOUTH WEST	West Somerset	50%
LONDON	Havering	50%
NORTH WEST	Rossendale	50%

# Appendix C

## Supplementary tables



Table C.1 Average LHA rates for combined one bedroom/shared accommodation

	Jan/March 2010	Jan/March 2011	Jan/March 2012	Jan/March 2013	June/ Aug 2013	Jan/March 2010- Jan/ March 2011	Jan/ March 2011- Jan/ March 2012	Jan/ March 2012- Jan/ March 2013	Jan/ March 2011- June/ Aug 2013	Jan/ March 2012- Jan/ March 2013	Jan/ March 2013- June/ Aug 2013	Jan/ March 2011- June/ Aug 2013
Mining and Manufacturing	£80	£81	£76	£74	£74	£1	-£4	-£2	£0	-£6	-5%	-8%
SE/E Seaside Towns	£91	£92	£87	£86	£87	£1	-£5	-£1	£1	-£4	-5%	-5%
Coastal and Countryside	£86	£87	£83	£82	£82	£1	-£4	-£1	£0	-£5	-5%	-6%
Prospering UK	£98	£98	£93	£92	£93	-£0	-£5	-£1	£1	-£5	-5%	-5%
Cities and Services	£90	£91	£86	£84	£84	£1	-£5	-£2	£1	-£7	-6%	-8%
London Suburbs	£140	£142	£139	£137	£140	£2	-£3	-£1	£3	-£2	-2%	-1%
London Cosmopolitan	£153	£156	£153	£151	£156	£3	-£3	-£2	£5	£0	-2%	0%
London Centre	£228	£232	£200	£188	£193	£4	-£33	-£12	£5	-£39	-14%	-17%
<b>Great Britain</b>	<b>£101</b>	<b>£102</b>	<b>£97</b>	<b>£94</b>	<b>£95</b>	<b>£1</b>	<b>-£6</b>	<b>-£3</b>	<b>£1</b>	<b>-£8</b>	<b>-6%</b>	<b>-7%</b>

Source: SHBE.

Table C.2 Average LHA rates for two bedroom properties

	Jan/March 2010	Jan/March 2011	Jan/March 2012	Jan/March 2013	June/ Aug 2013	Jan/March 2010-Jan/ March 2011	Jan/ March 2011- Jan/ March 2012	Jan/ March 2012- Jan/ March 2013	Jan/ March 2013- June/ Aug 2013	Jan/ March 2011- Jan/ March 2012	Jan/ March 2012- Jan/ March 2013	Jan/ March 2013- June/ Aug 2013	Jan/ March 2011- June/ Aug 2013
Mining and Manufacturing	£104	£105	£100	£100	£100	£1	-£5	-£0	£0	-£5	0%	0%	-5%
SE/E Seaside Towns	£133	£133	£126	£127	£130	-£0	-£6	£1	£2	-£3	1%	2%	-2%
Coastal and Countryside	£121	£121	£115	£115	£116	-£0	-£6	£0	£0	-£5	0%	0%	-4%
Prospering UK	£141	£140	£134	£135	£136	-£1	-£6	£1	£1	-£3	1%	1%	-2%
Cities and Services	£124	£125	£118	£118	£119	£1	-£7	£0	£1	-£6	0%	1%	-5%
London Suburbs	£211	£214	£211	£215	£219	£3	-£4	£4	£3	£4	2%	1%	2%
London Cosmopolitan	£256	£248	£239	£242	£246	-£8	-£9	£4	£3	-£2	1%	1%	-1%
London Centre	£364	£365	£300	£290	£295	£1	-£65	-£10	£5	-£70	-3%	1%	-19%
<b>Great Britain</b>	<b>£144</b>	<b>£145</b>	<b>£137</b>	<b>£137</b>	<b>£139</b>	<b>£1</b>	<b>-£7</b>	<b>£0</b>	<b>£1</b>	<b>-£6</b>	<b>0%</b>	<b>1%</b>	<b>-4%</b>

Source: SHBE.

Table C.3 Average LHA rates for three bedroom properties

	Jan/March 2010	Jan/March 2011	Jan/March 2012	Jan/March 2013	June/ Aug 2013	Jan/March 2010-Jan/ March 2011	Jan/ March 2011- Jan/ March 2012	Jan/ March 2012- Jan/ March 2013	Jan/ March 2011- June/ Aug 2013	Jan/ March 2012- Jan/ March 2013	Jan/ March 2013- June/ Aug 2013	Jan/ March 2011- June/ Aug 2013
Mining and Manufacturing	£119	£122	£115	£114	£115	£3	-£7	-£1	£0	-£7	0%	-6%
SE/E Seaside Towns	£164	£167	£160	£161	£163	£2	-£7	£1	£2	-£4	0%	-2%
Coastal and Countryside	£141	£142	£136	£136	£137	£1	-£7	£1	£1	-£6	0%	-4%
Prospering UK	£165	£165	£158	£160	£161	£0	-£8	£2	£1	-£5	1%	-3%
Cities and Services	£141	£144	£134	£135	£135	£2	-£9	£0	£1	-£8	0%	-6%
London Suburbs	£261	£265	£260	£268	£269	£4	-£5	£8	£2	£4	3%	2%
London Cosmopolitan	£312	£303	£292	£297	£299	-£9	-£12	£5	£2	-£5	2%	-2%
London Centre	£502	£495	£366	£341	£346	-£7	-£130	-£25	£5	-£149	-5%	-30%
<b>Great Britain</b>	<b>£172</b>	<b>£174</b>	<b>£164</b>	<b>£165</b>	<b>£166</b>	<b>£2</b>	<b>-£10</b>	<b>£1</b>	<b>£1</b>	<b>-£8</b>	<b>1%</b>	<b>-5%</b>

Source: SHBE.

Table C.4 Average LHA rates for four bedroom properties

	Jan/March 2010	Jan/March 2011	Jan/March 2012	Jan/March 2013	June/ Aug 2013	Jan/March 2010-Jan/ March 2011	Jan/ March 2011- Jan/ March 2012	Jan/ March 2012- Jan/ March 2013	Jan/ March 2011- June/ Aug 2013	Jan/ March 2012- Jan/ March 2013	Jan/ March 2013- June/ Aug 2013	Jan/ March 2011- June/ Aug 2013
Mining and Manufacturing	£161	£163	£152	£152	£152	£2	-£11	£0	£0	-£10	0%	-6%
SE/E Seaside Towns	£209	£213	£200	£200	£202	£4	-£14	£1	£1	-£12	0%	-6%
Coastal and Countryside	£176	£179	£167	£168	£168	£3	-£11	£1	-£0	-£11	0%	-6%
Prospering UK	£227	£227	£212	£214	£215	-£1	-£15	£2	£1	-£11	1%	-5%
Cities and Services	£184	£188	£174	£176	£177	£4	-£15	£3	£1	-£11	1%	-6%
London Suburbs	£329	£343	£326	£331	£334	£13	-£17	£5	£3	-£9	1%	-3%
London Cosmopolitan	£410	£392	£358	£362	£365	-£18	-£34	£4	£3	-£27	1%	-7%
London Centre	£684	£667	£443	£402	£408	-£17	-£223	-£41	£6	-£258	-6%	-39%
<b>Great Britain</b>	<b>£233</b>	<b>£237</b>	<b>£219</b>	<b>£220</b>	<b>£220</b>	<b>£4</b>	<b>-£18</b>	<b>£1</b>	<b>£1</b>	<b>-£16</b>	<b>0%</b>	<b>-7%</b>

Source: SHBE.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table C.5 Destinations for PRS HB tenants that move outside London Cosmopolitan districts, ranked by number of moves in 2012**

		Number of PRS HB tenants that moved in first quarter of each year			
		January/ March 2010	January/ March 2011	January/ March 2012	January/ March 2013
1	Enfield	98	97	84	100
2	Croydon	76	54	79	54
3	Barnet	49	55	48	94
4	Ealing	32	34	33	38
5	Harrow	27	42	33	44
6	Waltham Forest	50	30	33	41
7	Islington	44	28	32	28
8	Barking and Dagenham	42	25	29	40
9	Wandsworth	46	29	27	18
10	Bromley	26	32	27	17
<b>Total moves London Cosmopolitan</b>		<b>2,860</b>	<b>2,370</b>	<b>2,180</b>	<b>2,480</b>
<b>Moves to top 10 as percentage of all</b>		<b>17%</b>	<b>18%</b>	<b>19%</b>	<b>19%</b>

Source: SHBE.

**Table C.6 Destinations for PRS HB tenants that move outside London Suburbs**

		Number of PRS HB tenants that moved in first quarter of each year			
		January/ March 2010	January/ March 2011	January/ March 2012	January/ March 2013
1	Brent	103	85	65	90
2	Newham	80	31	50	51
3	Haringey	88	67	50	50
4	Lewisham	76	54	37	41
5	Wandsworth	36	33	26	37
6	Lambeth	40	34	25	37
7	Hertsmere	7	9	20	16
8	Broxbourne	11	13	17	11
9	Hackney	22	19	15	19
10	Epping Forest	21	9	14	20
<b>Total moves London Suburbs</b>		<b>5,300</b>	<b>4,770</b>	<b>4,210</b>	<b>4,440</b>
<b>Moves to top 10 as percentage of all</b>		<b>9%</b>	<b>7%</b>	<b>8%</b>	<b>8%</b>

Source: SHBE.

## The impact of recent reforms to Local Housing Allowances: Differences by place

**Table C.7 Summary characteristics of London Centre PRS HB caseload**

	Percentage of all caseloads		Percentage change in caseload
	January/ March 2011	June/August 2013	January/March 2011- June/August 2013
Couples with children	5,700	5,600	-100
Single parent with children	8,000	6,300	-1,600
Claimants with no children	26,400	22,600	-3,700
Households with non-dependants	2,800	2,800	–
Five bedroom entitlement	400	–	-400
Households in work	12,500	13,200	700
Working age households	34,900	29,500	-5,300

Source: SHBE.

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*The impact of recent reforms to Local Housing Allowances: Differences by place*

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