

**Welfare and Wellbeing
Group**

**Equality Impact Assessment
Housing Benefit**

Changes to the Local Housing Allowance
arrangements and Housing Benefit size
criteria for people with non-resident
overnight carers

July 2010

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Purpose and aims of the changes

The changes

The Government announced the following changes to the Local Housing Allowance arrangements in the Budget on 22 June 2010.

From April 2011:

- the removal of the five bedroom Local Housing Allowance rate so that the maximum level is for a four bedroom property
- the introduction of absolute caps so that Local Housing Allowance weekly rates cannot exceed:

£250 for a one bedroom property
£290 for a two bedroom property
£340 for a three bedroom property
£400 for a four bedroom property

From October 2011:

Local Housing Allowance rates will be set at the 30th percentile of rents in each Broad Rental Market Area rather than the median.

Additionally, from 1 April 2011, the £15 weekly Housing Benefit excess that some customers can receive under the Local Housing Allowance arrangements will be removed. This change was first announced in Budget 2009 but subsequently deferred until April 2011.

The changes will apply to new customers from the date they come into effect and to existing customers from the anniversary of their claim unless they have a change of circumstances which requires the local authority to re-determine the maximum rent.

The Government has also announced that it will increase its contribution to local authorities' funding for Discretionary Housing Payments by £10 million in 2011/12 and by £40 million a year from 2012/13, tripling the current funding of £20 million. This will give local authorities more flexibility to provide additional support where it is most needed, for example, to act as a safety net for customers who need to find alternative accommodation, or longer term support for customers who are less able to move.

The Government also announced that, from April 2011, it would include an additional bedroom within the size criteria used to assess Housing Benefit claims in the private rented sector where a disabled person, or someone with a long term health condition, has a proven need for overnight care and it is provided by a non-resident carer.

Background

The Local Housing Allowance is a way of calculating Housing Benefit for tenants in the deregulated private-rented sector 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 introduced from April 2008 for people making new claims for Housing Benefit and for existing customers if they have a change of address or a break in their claim.

Local Housing Allowance rates are set within Broad Rental Market Areas which are determined by rent officers and which are intended to reflect the areas in which people live and access services. Rent officers collect rental evidence in these areas and then set rates for properties ranging from a room in a shared property up to a property with five bedrooms. Currently rates are set at the median level so that tenants are able to afford at least 50 per cent of privately rented properties within their area.

The local authority uses the appropriate rate, based on the area where the person lives and the size of their household, to determine the maximum amount to be included in the Housing Benefit calculation. Size criteria (see **Annex A**) are used to determine the number of bedrooms a household requires. Since April 2009 Local Housing Allowance rates have been capped at the five-bedroom level regardless of household size. The size criteria do not include an allowance for an additional room for customers who require overnight care.

Local Housing Allowance rates are published each month so that prospective tenants know in advance of entering into a tenancy agreement the maximum level of Housing Benefit they could receive. To give customers an incentive to shop around they can currently keep an excess of up to £15 per week if their contractual rent is less than the Local Housing Allowance rate that applies to them.

Reasons for change

The background to the changes to the Local Housing Allowance arrangements is the budget deficit and the reductions in public expenditure that the Government is making to tackle it. Expenditure on Housing Benefit in cash terms has increased significantly from £11 billion in 1999/2000 to £20 billion in 2009/10. Without reform, it is forecast to reach £24 billion by 2015/16. It is clear that the overall cost of Housing Benefit must be controlled and reduced. This package of measures will achieve savings of around £1 billion by 2014/15.

Importantly, the measures announced will provide a fairer and more sustainable Housing Benefit scheme by taking steps to ensure that people on benefit are not living in accommodation that would be out of reach of most people in work. This will also begin to address the disincentives to work in the current system created by high rates of benefit. The average Housing Benefit award for Local Housing Allowance

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cases is over £9 per week more than for customers still on the previous scheme for the private rented sector. More specifically, in London some rates are excessively high. For example, Local Housing Allowance rates for five bedroom properties in central London have risen as high as £2000 per week. However, even rates for two-bedroom properties can exceed £300 per week in some London areas.

From April 2011 the overall caps on Local Housing Allowance rates will address excessively high rates paid to some customers. At the same time the removal of the five bedroom rate will bring the housing choices of larger families more in line with those who do not claim Housing Benefit. Reducing all rates to the 30th percentile rather than the median will bear down generally on the rental values being met through Housing Benefit from October 2011. The £15 excess which allows tenants to receive more benefit than they need is not justifiable in the current fiscal climate and its withdrawal will take effect from April 2011. Although the excess may have given some tenants an incentive to shop around for properties below the Local Housing Allowance rate the reduction in rates overall means there is no longer a case to retain it.

The Government is also responding to concerns that the criteria used to determine the size of property a customer requires only take account of people who live in the customer's dwelling as their home. Therefore a paid carer who resides with the customer is taken into account but no allowance is made for carers who provide overnight care but normally live elsewhere. In recent years local authorities have increasingly been asking for advice as they came under pressure to include an extra room for the use of non-resident carers. This has led to inconsistency in the treatment of non-resident carers: in some areas the additional cost of a sleepover room has been met by social services, elsewhere the local authority has met the cost through a Discretionary Housing Payment but on other occasions the customer has had to meet the shortfall themselves through other income.

How the changes will be applied

As a general principle the changes to the Local Housing Allowance arrangements will apply to new claims to Housing Benefit from the date the changes come into effect. For existing customers the changes will not normally take effect until the anniversary of their claim. However, if they change address or there is a change in the composition of their household which requires the local authority to determine a new maximum amount for the Housing Benefit calculation, their claim may be amended sooner. Existing provisions protecting Housing Benefit levels where a relevant person has died will apply. The changes come into effect as follows:

- the overall caps on Local Housing Allowance rates for properties with one to four bedrooms and the removal of the five bedroom rate will come into effect from 1st April 2011
- the withdrawal of the £15 excess will apply from 1 April 2011

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- Local Housing Allowance rates will be set at the 30th percentile from 1 October 2011

The change to the size criteria for people with a non-resident carer will apply where the customer, their partner or both need an overnight carer. It will not apply to any other members of the household including children. In order to qualify for the additional room the customer will need to satisfy the following criteria:

- the carer(s) has/have a home elsewhere
- the carer(s) provide(s) the overnight care that the customer or partner needs, and the extra bedroom is available to be used

We will accept there is a need for overnight care where the customer receives the higher rate of either Attendance Allowance or the care component of the Disability Living Allowance, as the need would have already been established. Otherwise evidence will need to be provided that overnight care is both required and provided.

The change will take effect from 1 April 2011 and will apply to new claims for Housing Benefit and existing customers from that date.

Consultation and involvement

The Department will be consulting formally with the Local Authority Associations which represent local authorities across Great Britain on these changes. The draft legislation will also be referred to the Social Security Advisory Committee which could hold a wider consultation.

The Department has already consulted publicly on proposals to reform the Housing Benefit system to make it fairer, more affordable, and to improve work incentives. The consultation commenced on 15 December 2009 and concluded on 22 February 2010. 381 responses were received. Most respondents, when asked about ways in which benefit rates could be set at more affordable levels, felt that there should be some form of upper level beyond which Housing Benefit would not be paid. Typically, this was felt to be at a level which a low income working family could afford to pay in rent.

We then asked whether excluding the most expensive rents, when setting Local Housing Allowance rates, would result in fairer levels of benefit. We received 174 responses to this question of which 66 per cent agreed with the proposal.

We also asked whether Housing Benefit should be extended to provide for an extra bedroom where there is an established need for a non-resident carer. Out of 234 responses we received to this question, the overwhelming majority were in favour of providing an extra room with 84 per cent supporting the proposal.

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The Department has also been conducting a two-year review of the Local Housing Allowance arrangements and separate research into housing choices and rental commitments made by low income households in the private rented sector. The findings for the review and research will be published later in the year but the preliminary findings suggest that there is evidence to support the changes we are making.

The research has found that most low income working households pay a rent which is, on average, less than the Local Housing Allowance rate for that property although the amount paid is usually 90 per cent or more of that rate (except for large properties). The findings generally support the decision to set the Local Housing Allowance rate at the 30th percentile of rents in each area.

The research did not find any evidence that low income working households pay the very high rents that have been supported in some circumstances by the Local Housing Allowance arrangements. This supports the introduction of the absolute caps on Local Housing Allowance rates.

Qualitative research amongst tenants that was carried out for the two-year review found an overwhelming view that the excess should be removed as Housing Benefit should cover rent and no more. In general, customers felt that their decision to move would be shaped by their knowledge of their Local Housing Allowance rate but there was very little evidence to suggest that decisions would be influenced by the potential to keep a £15 excess.

Additionally, there is evidence collected for the most recent wave (Wave 20) of the Local Authority Omnibus survey ¹ that Housing Benefit managers say that some landlords are using the transparency of the arrangements to raise rents to the Local Housing Allowance level. Although, in March 2010, 43 per cent of customers were in receipt of an excess which would indicate that a substantial number of landlords still charge below or just short of the maximum. However, the reductions in Local Housing Allowance rates from April and October 2011 will start to redress any tendency amongst landlords to capitalise on the transparency of the Local Housing Allowance arrangements.

¹ To be published 12th August 2010

Impact of the changes to the Local Housing Allowance arrangements announced in the 2010 Budget

Methodology

The impact of the changes to the Local Housing Allowance arrangements has been assessed both by individual measure and cumulatively, broken down by gender, disability and age using data collected from local authorities. We have also included an assessment of the impact on families. It is not possible to provide the specific impact of the measures on race equality as such data is not collected. We have therefore used the Family Resources Survey to provide an indication of the impact. The impact assessments for the single measures can be found in the Annexes as follows:

- the removal of the £15 excess **Annex B**
- applying caps to the one to five bedroom rates **Annex C**
- capping the five bedroom rate at the four bedroom rate **Annex D**
- Local Housing Allowance rates at 30th percentile **Annex E**

The impact of the additional bedroom for a non-resident carer is discussed separately (see page 14).

The cumulative impact of the measures is presented in tables 1-5 below. These impacts do not take account of the expected behavioural changes such as households moving or negotiating lower rents. We estimate that in total around 99 per cent of cases assessed under the Local Housing Allowance arrangements (1.02 million at March 2010) will be affected in some way by these measures with an average loss of around £12 per week. Because 99 per cent of the overall Local Housing Allowance caseload is affected by the cumulative measures, the proportions for the affected caseload compared to the Local Housing Allowance caseload overall will be virtually identical. These proportions will however vary for analysis of the impact of the single measures.

Impact of cumulative measures

Gender equality

As Housing Benefit is assessed on overall household income, rather than distinguishing between male and female recipients of these benefits, the classification at the household level has been made as 'couples', 'male' and 'female', - the latter two describing those without a partner. This breakdown by gender is shown in Table 1.

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The proportions of affected Local Housing Allowance customers for the female (46 per cent), male (32 per cent) and couple (22 per cent) groups are broadly consistent with the Housing Benefit caseload overall.

Table 1: Breakdown of the Housing Benefit caseload by gender

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Female	46%	46%	50%	28%
Male	32%	32%	30%	37%
Couple	22%	22%	20%	35%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010 & Family Resources Survey 06/07, 07/08 and 0809 (for 'all non-HB private rented sector (PRS)' figures)

Disability equality

The breakdowns for the impact of the cumulative measures on disabled customers of Housing Benefit are displayed in Table 2. There is a lower proportion of Local Housing Allowance customers with a disability (19 per cent) compared to the Housing Benefit caseload overall (26 per cent).

Table 2: Breakdown of the Housing Benefit caseload by disability

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Disability	19%	19%	26%	1%
No disability	81%	81%	74%	99%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, November 2009, Family Resources Survey 06/07, 07/08 and 0809 (for 'all non-HB PRS' figures)². Disabled group includes Housing Benefit awards with a Disability Premium or Severe Disability Premium, or those passported to full Housing Benefit by an award of Employment and Support Allowance or Income Support with a Disability Premium.

Age equality

Table 3 displays the breakdowns for the impact of the cumulative measures by working age and elderly. 92 per cent of Local Housing Allowance customers are of working age while only eight per cent are elderly, compared to 66 per cent and 34

² FRS disability figures for 'all non-HB PRS' renters refers to someone in the benefit unit receiving the higher rate of Disability Living Allowance or Attendance Allowance.

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per cent respectively for Housing Benefit overall. In this context, these measures will affect working age customers more than the elderly.

Table 3: Breakdown of the Housing Benefit caseload by tenure and age

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Working age	92%	92%	66%	92%
Elderly	8%	8%	34%	8%
All ages	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 0809 (for 'all non-HB PRS' figures).

Impact on families

The cumulative impact of the measures on family type is provided in Table 4a and 4b. Table 4a shows that there is little difference between the Local Housing Allowance customers affected by the policy and the Local Housing Allowance caseload as whole. However, there is a lower proportion of elderly and thus a higher proportion of working age customers in the Local Housing Allowance caseload compared to the Housing Benefit caseload overall, so that in this context there is a disproportionate impact on the working age group. But Table 4b shows that if you focus only on the working age then there is little difference in the family type breakdown for the Local Housing Allowance caseload compared to the Housing Benefit caseload as a whole so that there is no substantial impact on any particular working age family type.

Table 4a: Breakdown of the Housing Benefit caseload by family type

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Lone Parent	32%	32%	23%	3%
Single	40%	40%	31%	56%
Couple with children	15%	15%	10%	12%
Couple with no children	5%	5%	4%	20%
Elderly	8%	8%	33%	8%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 0809 (for 'all non-HB PRS' figures).

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Table 4b: Breakdown of the Working Age Housing Benefit caseload by family type

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Lone Parent	35%	35%	34%	3%
Single	43%	43%	46%	61%
Couple with children	16%	16%	15%	13%
Couple with no children	5%	5%	6%	22%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Race equality

Table 5 shows the race break down by white and non-white customers for the Housing Benefit private rented sector, overall Housing Benefit and non-Housing Benefit private rented sector. It is not possible to provide the specific impact of this measure on race equality due to limitations in data. In general, a similar proportion of white (87 per cent) and non-white (13 per cent) are Housing Benefit private rented sector renters compared to all Housing Benefit and non-Housing Benefit private rented sector renters.

Table 5: Breakdown of the Housing Benefit caseload by ethnicity

	HB PRS (LHA) renters affected by policy	All HB PRS renters	All HB renters	All non-HB PRS renters
White	N/A	87%	89%	83%
Non-white	N/A	13%	11%	17%
All	N/A	100%	100%	100%

Source: Family Resources Survey 06/07, 07/08 and 08/09.

Equality impacts conclusion

The cumulative impacts of these measures do not appear to disadvantage one group more disproportionately than another. However, working age groups are likely to be more affected as they contribute a larger proportion of the Local Housing Allowance caseload relative to the other groups.

The assessment of the impact by individual measure shows that families are likely to be affected disproportionately by the overall caps in Local Housing Allowance rates

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and the removal of the five bedroom rate. As some ethnic minority groups tend to have a higher proportion of large families, these measures may impact on them disproportionately. However, limitations in current data prevent the scope to draw on quantitative evidence to establish the scale of this potential effect.

Wider impacts

As part of the Department's ongoing work to assess the impact of these changes we will be working with other government departments and the Devolved Administrations to carry out an economic impact assessment. This will look at the wider impacts on local authority housing departments, and other local services particularly with regard to mobility, homelessness and overcrowding.

The Government recognises that some households, particularly in very high cost areas, may have to move as a consequence of these measures. In London, some households may need to move from central London to outer London Boroughs or neighbouring local authorities which are not impacted by the overall caps. There could also be knock-on impacts for outer London boroughs that could be faced with an increased number of new Housing Benefit customers needing access to additional services such as schools and health care.

Homelessness

It may become more difficult for some Housing Benefit customers to find suitable accommodation, because the overall number of properties available is reduced. Some people may also face difficulties in moving, and may approach their local authority for assistance. However, in all areas except for the handful affected by the caps, around a third of properties will still be affordable to Housing Benefit customers. Housing authorities may experience difficulty finding suitable private rented sector accommodation locally for households that are accepted as homeless or at risk of homelessness. These impacts are more likely in London but could occur elsewhere.

Overcrowding

In a small number of cases, the combination of the removal of the five bedroom rate and the reduction in Local Housing Allowance rates to the 30th percentile could result in overcrowding. The number of households currently receiving benefit at the five bedroom rate is a very small proportion of the caseload at 7,338 out of over one million.

Working households

There could also be negative impacts for Housing Benefit customers who are working if they have to move to an area where they need to extend their commute to their place of work. This impact may be more pronounced in inner London than

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elsewhere. We do not currently have robust data that allows us to determine the extent of an impact on working households by area.

However, a more positive impact is that moving to more affordable accommodation could encourage households to take up employment.

Mitigation

The Government recognises that a substantial proportion of the Housing Benefit caseload will be affected by these changes and acknowledges the upheaval that some households may face.

We expect that some tenants may be able to re-negotiate their rent with their landlords particularly where the reduction is small. Landlords might prefer to accept a reduced rent from a good tenant than run the risk of letting to someone new.

In other cases, we accept that some customers may have to find cheaper accommodation. We estimate that generally at least 30 per cent of private rented sector accommodation will continue to be affordable to people who depend on Housing Benefit.

Discretionary Housing Payments

Local authorities can make Discretionary Housing Payments from a cash limited fund to tenants who face a shortfall in their rent (see **Annex F**). The central government funding allocation for this fund has been £20 million per annum since 2002. The Government has recognised that some customers may need targeted support as a result of the changes and has therefore increased the allocation by £10 million in 2011/12 and £40 million a year from 2012/13 onwards. This increases the government contribution to £60 million overall and will give local authorities additional flexibility to provide additional support where it is most needed. For example, to act as a safety net for customers who need to find alternative accommodation or longer term support for customers who are less able to move.

We will discuss the allocation of the additional funding with local authorities so that it can be targeted where it is needed most. For example in 2011/12 it is likely a significant proportion of the additional £10 million could be allocated to those boroughs and authorities who expect to see the greatest number of tenants with shortfalls resulting from the changes.

Stakeholder strategy and communications plan

The Department for Work and Pensions will work with local authority colleagues and welfare and housing advisers to ensure that a comprehensive and consistent communication strategy for customers is developed. The main aim is to ensure that people know well in advance the date when their Housing Benefit is going to change so that they have enough time to make alternative provision.

For existing customers advance knowledge of all the changes and how they could be affected by them will be critical. In particular, those customers who are affected by the introduction of overall caps and the removal of the five bedroom rate from April 2011 will also need to be aware of the further reductions that are likely to occur in rates from October. This consideration applies equally to customers making new claims from April 2011. The three rent services have published, and will keep up to date, indicative Local Housing Allowance rates at the 30th percentile to help inform customers who need to make decisions about affordable rental commitments.

We will ensure that the full range of options for customers facing a shortfall in their rent, from renegotiating their rent levels through to applying to their local authority for assistance in obtaining alternative accommodation is publicised and that people are encouraged to consider these options in good time. The Department will work with local authorities and advice agencies to ensure that customers are informed of these changes in a variety of accessible media. This could include targeted information, leaflets, electronic media and use of local press and radio.

We will also work with other government departments and the devolved administrations over the forthcoming months to explore strategies that can be adopted to ease the process for households seeking and moving to alternative accommodation.

Impact of the additional bedroom for non-resident carers announced in the 2010 Budget

We estimate that the additional room for non-resident carers will benefit around 10,000 disabled customers. This assumption is based on analysis of the Family Resources Survey 2006-07, 2007-08 and 2008-09.

This additional support has a positive impact for some disabled people who may have felt disadvantaged previously and may help them to live independently. It will help disabled customers to choose where their care is provided and removes the current uncertainty about where government funding should come from.

This change does not meet the needs of other groups, for example those who have an illness which prevents them from sharing a room with another family member. However, Housing Benefit is not designed to meet every individual circumstance and in some situations it would be difficult to establish a need. Local authorities can make Discretionary Housing Payments where they consider there is sufficient justification.

In April 2010³, around 75 per cent of Housing Benefit customers in the deregulated private rented sector had their entitlement assessed under Local Housing Allowance rules. The remaining 25 per cent still have their entitlement assessed under the Local Reference Rent rules or the Housing Benefit rules which applied prior to the introduction of the Local Reference Rent.

All Housing Benefit customers that have their entitlement assessed under the Local Reference Rent rules or earlier schemes and who are entitled to an additional room will benefit from this policy. As the bedroom entitlement for those cases will not be affected by the four bedroom cap.

It is possible that some disabled customers that have their Housing Benefit entitlement assessed under the Local Housing Allowance arrangements and meet the criteria for an additional bedroom may not benefit from this change. This is because some may already qualify for the maximum number of four bedrooms. Data from the Family Resource Survey 2006/07, 2007/08 and 2008/09 suggests that of the people receiving Housing Benefit in the private rented sector, only around four per cent of people with overnight non-resident carers have a current entitlement to four or more bedrooms. This is similar to the wider cohort of people receiving Housing Benefit under the Local Housing Allowance arrangements, four per cent of whom also have a current entitlement to four or more bedrooms.

While the vast majority of customers receiving an additional bedroom entitlement in their Housing Benefit calculation will receive additional cash awards, these gains may be offset by the impact of the other changes to the Local Housing Allowance

³ April 2010 Single Housing Benefit Extract - http://research.dwp.gov.uk/asd/asd1/hb_ctb/hbctb_release_jul10.xls

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arrangements in 2011 announced in the June 2010 Budget (notably setting the Local Housing Allowance rates at the 30th percentile of rents in each Broad Rental Market Area rather than the median and subjecting the rates to absolute caps).

It is possible that a small number of people receiving an additional bedroom entitlement in their Housing Benefit calculation could receive cash awards that are actually lower than their previous Housing Benefit entitlement due to the impact of other changes. Analysis has shown this situation could only arise in the few areas affected by the Local Housing Allowance caps (three⁴ out of around 200 Broad Rental Market Areas in Great Britain, most notably in London). There are a further ten⁵ Broad Rental Market Areas where it is possible to have a zero net gain when the impacts of all the measures are considered.

For example, at the extreme the biggest possible net cash gain from the change to the bedroom entitlement rules would be for someone in the South West Hertfordshire Broad Rental Market Area with a current allowance for three bedrooms, who could receive an additional £92 per week⁶. Someone in the Central London Broad Rental Market Area with a current entitlement to three bedrooms would experience a net reduction in the cash value of their Housing Benefit award of around £300 per week⁷ (the greatest possible net cash loss), despite being entitled to an additional bedroom allowance under the new rules.

Due to small sample sizes, we are unable to provide a breakdown of the population of Housing Benefit customers in the private rented sector with overnight care needs met by a non-resident carer. The analysis provided in this section is based on information from the population of people with overnight care needs met by a non-resident carer as a whole (i.e. whether or not they are on Housing Benefit or in the private rented sector) from the Family Resources Survey 2008-09.

Using this wider sample, we estimate that around 97 per cent of people with overnight non-resident carers demonstrate characteristics (that is, location, current bedroom entitlement) that were they to be in receipt of Housing Benefit under the Local Housing Allowance arrangements, would entitle them to additional benefit as a result of the provision of the additional bedroom. Around two per cent would experience no net impact⁸ on their Housing Benefit entitlement, and only one per cent would actually receive a lower Housing Benefit entitlement. So the proportions affected would in theory be relatively small.

⁴ Central London, Inner North London and Cambridge

⁵ Bath, Birmingham, Central Greater Manchester, Coventry, Doncaster, Greater Liverpool, Grimsby, North Nottingham, Sheffield and Sunderland

⁶ Comparing the current three bedroom Local Housing Allowance (LHA) rate to the new four bedroom LHA rate in South West Hertfordshire Broad Rental Market Area (BRMA), which takes account of the June 2010 Budget LHA changes

⁷ Comparing the current three bedroom LHA rate to the new four bedroom LHA rate in Central London BRMA, which takes account of the June 2010 Budget LHA changes

⁸ Rounded to the nearest pound

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That said, because the population of Housing Benefit customers may not follow the pattern of the general population described above the results presented in this section should be considered as purely illustrative and treated with caution.

In addition to the information we have provided on the characteristics of the population of people with overnight non-resident carers, we have also provided contextual information on the Housing Benefit caseload living in the private rented sector. Due to our data limitations, our information on disability, gender, age and family type for people on Housing Benefit in the private rented sector is limited to those assessed under Local Housing Allowance rules, although this is not a requirement to benefit from the change.

Disability

Table 6 shows the proportion of people with non-resident carers by disability status. Around 99 per cent of people with non-resident carers have a Disability Discrimination Act (DDA) registered disability. This is far higher than the 19 per cent of the Local Housing Allowance caseload that are registered as disabled.

Table 6: People with non-resident carers by disability

Disability Status	People with Non-resident carers	All HB PRS (LHA) renters
Has a DDA Disability	99%	19%
No Registered DDA Disability	1%	81%

Source: Family Resource Survey 2008/09, Single Housing Benefit Extract, November 2009

Ethnicity

Table 7 shows the proportion of people with non-resident carers by ethnicity. Around 94 per cent of people cared for by a non-resident carer are in the White ethnic group, compared to 87 per cent of the Housing Benefit caseload in the private rented sector. Due to small sample sizes in the Family Resources Survey we have chosen to present information on the Non-white group as a whole.

Table 7: People with non-resident carers by ethnicity

Ethnic Group	People with Non-resident carers	All HB PRS renters
White	94%	87%
Non-white	6%	13%

Source: Family Resources Survey 06/07, 07/08 and 08/09

Gender

Table 8 shows the proportion of people with non-resident carers by gender, around 61 per cent of people with non-resident carers are female. This is a much higher proportion of females than are on the Local Housing Allowance cohort as whole.

Table 8: People with non-resident carers by gender

Gender	People with Non-resident carers	All Single HB PRS (LHA) renters
Male	39%	59%
Female	61%	41%

Source: Family Resource Survey 2008/09

Age

Table 9 shows the proportion of people with non-resident carers by age. The cohort is heavily skewed toward the older age groups, with 55 per cent of the population of people with non-resident carers being of pension age, much higher than the 8 per cent of the Local Housing Allowance caseload which is elderly.

Table 9: People with non-resident carers by age

Age Group	People with Non-resident carers	All HB PRS (LHA) renters
Working age	45%	92%
Elderly	55%	8%

Source: Family Resource Survey 2008/09, Single Housing Benefit Extract, March 2010

Family Composition

Tables 10a and 10b show the proportion of people with non-resident carers by family type. Working age people with non-resident carers are more likely to live as part of a couple than working age people receiving Housing Benefit under the Local Housing Allowance arrangements. They are also less likely to be parents of dependent children.

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Table 10a: People with non-resident carers by family

Family Type⁹	People with Non-resident carers	All HB PRS (LHA) renters
Lone Parent	5%	32%
Single	17%	40%
Couple with Children	13%	15%
Couple no Children	10%	5%
Elderly	55%	8%

Source: Family Resource Survey 2008/09, Single Housing Benefit Extract, March 2010

Table 10b: People with non-resident carers by family (working age only)

Family Type	People with Non-resident carers	All HB PRS (LHA) renters
Lone Parent	11%	35%
Single	38%	43%
Couple with Children	29%	16%
Couple no Children	22%	5%

Source: Family Resource Survey 2008/09, Single Housing Benefit Extract, March 2010

Overall, it is possible to draw the conclusion that of the disabled people who will benefit from this change most are likely to be elderly, white and female. This is due entirely to the characteristics of the population whose care needs are met by non-resident carers and not due to the design of the policy.

⁹ The Lone Parent, Single, Couple with Children and Couple no Children categories include working age people only

Monitoring and evaluation

We will monitor the impact of this policy through Housing Benefit data we routinely collect from local authorities. We will also be discussing with other government departments and the Devolved Administrations other ways we might monitor the impact of these changes.

Next steps

The Department plans to make regulations by November 2010 so that local authorities can begin to plan their implementation and start the process of advising customers about the changes.

We will take forward work with local authority representatives to discuss the allocation of the additional Discretionary Housing Payments funding and other ways in which the Department can assist with the implementation of the changes.

We will also continue to refine this initial assessment of the impact of the changes and work with other government departments and the devolved administrations on strategies to assist those who are affected make the transition to alternative accommodation.

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Annex A - Size criteria used in the determination of Housing Benefit

In determining the maximum Housing Benefit for tenants in the private rented sector, local authorities take account of the size of the household. For claims assessed under the Local Housing Allowance arrangements, the number of bedrooms a household requires is specified in regulations. For claims assessed under the pre-Local Housing Allowance schemes, rent officers apply size criteria contained in the Rent Officers (Housing Benefit Functions) Order.

Bedroom allowance used for claims made under the Local Housing Allowance arrangements

One bedroom for each of the following:

- a couple
- a person who is not a child (age 16 and over)
- two children of the same sex
- two children who are under ten
- any other child

The number of living rooms is ignored for the purpose of the Local Housing Allowance as it is assumed all tenants are entitled to these and properties tend to be advertised according to the number of bedrooms they contain.

Size criteria for pre-April 2008 Housing Benefit claims

One bedroom for each of the following:

- a couple
- a person who is not a child (age 16 and over)
- two children of the same sex
- two children who are under ten
- any other child

Plus, rooms for living:

- less than four occupiers; one
- four to six occupiers; two
- any other case; three

Annex B - Impact of the removal of the £15 excess

The removal of the £15 excess is estimated to affect around 47 per cent of the Local Housing Allowance (LHA) caseload. This measure is analysed in isolation to the introduction of the caps and moving to the 30th percentile to set rents.

Gender equality

Table 10 displays the impact of the removal of the £15 excess on female, male and couples. The proportions for the affected LHA caseload are broadly similar for these groups relative to the overall LHA and Housing Benefit (HB) caseload.

Table 10: Breakdown of the Housing Benefit caseload by gender

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Female	45%	46%	50%	28%
Male	34%	32%	30%	37%
Couple	21%	22%	20%	35%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010 Family Resources Survey 06/07, 07/08 and 0809 (for 'all non-HB PRS' figures)

Disability equality

Table 11 displays the impact of the removal of the £15 excess on customers with a disability. The proportion of LHA customers with a disability affected by this measure (18 per cent) is similar to the proportion for the LHA caseload overall (19 per cent). It should also be noted there is a lower proportion of LHA customers with a disability (19 per cent) compared to the HB caseload overall (26 per cent).

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Table 11: Breakdown of the Housing Benefit caseload claiming disability benefit

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Disability	18%	19%	26%	1%
No disability	82%	81%	74%	99%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, November 2009, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures)¹⁰. Disabled group includes HB awards with a Disability Premium or Severe Disability Premium, or those passported to full HB by an award of ESA or IS with a Disability Premium.

Age equality

Table 12 displays the impact of the removal of the £15 excess on the elderly and working age customers. The proportions for the affected LHA caseload are broadly similar for these groups relative to the overall LHA caseload. However it should be noted there is a larger proportion of working age LHA customers (92 per cent) and a lower proportion of elderly LHA customers (eight per cent) compared to the HB caseload overall at 66 per cent and 34 per cent respectively.

Table 12: Breakdown of the Housing Benefit caseload by tenure and age

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Working age	93%	92%	66%	92%
Elderly	7%	8%	34%	8%
All ages	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures)

Impact on families

Table 13 displays the impact of the removal of the £15 excess by family type. Compared to the LHA caseload overall, the proportions of LHA customers affected for these groups are broadly similar.

Table 13: Breakdown of the Housing Benefit caseload by family type

	HB PRS (LHA) renters affected by	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
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¹⁰ FRS disability figures for 'all non-HB PRS' renters refers to someone in the benefit unit receiving the higher rate of DLA or AA.

Equality Impact Assessment for changes to the Local Housing Allowance arrangements and Housing Benefit size criteria for people with non-resident overnight carers

	policy			
Lone Parent	32%	32%	23%	3%
Single	42%	40%	31%	56%
Couple with children	16%	15%	10%	12%
Couple with no children	3%	5%	4%	20%
Elderly	7%	8%	33%	8%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010 .Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Race equality

Table 14 shows the race break down by white and non-white customers for the HB PRS, overall HB and non-HB PRS. It is not possible to provide the specific impact of this measure on race equality due to limitations in data.

Table 14: Breakdown of the Housing Benefit caseload by ethnicity

	HB PRS (LHA) renters affected by policy	All HB PRS renters	All HB renters	All non-HB PRS renters
White	N/A	87%	89%	83%
Non-white	N/A	13%	11%	17%
All	N/A	100%	100%	100%

Source : Family Resources Survey 06/07, 07/08 and 08/09

Annex C - Impact of applying caps to the one to five bedroom rates

This measure caps Local Housing Allowance (LHA) rates at £250 for a one bedroom property; £290 for a two bedroom property; £340 for a three bedroom property and £400 for a four bedroom property. This assessment includes capping five bedroom properties at the four bedroom rate. This is estimated to affect around one per cent of the overall LHA caseload.

Gender equality

Table 15 displays the impact of this measure on female, male and couples. The proportion of female (50 per cent) and couples (31 per cent) for the affected LHA caseload are higher relative to the overall LHA caseload, so that particularly couples are more affected by this measure.

Table 15: Breakdown of the Housing Benefit caseload by gender

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Female	50%	46%	50%	28%
Male	19%	32%	30%	37%
Couple	31%	22%	20%	35%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010. Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Disability equality

Table 16 displays the impact of this measure on customers with a disability. The proportion of LHA customers with a disability affected by this measure (18 per cent) is identical to proportion for the LHA caseload overall (19 per cent).

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Table 16: Breakdown of the Housing Benefit caseload claiming disability benefit

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Disability	19%	19%	26%	1%
No disability	81%	81%	74%	99%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, November 2009. Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures)¹¹. Disabled group includes HB awards with a Disability Premium or Severe Disability Premium, or those passported to full HB by an award of ESA or IS with a Disability Premium.

Age equality

Table 17 displays the impact of this measure on elderly and working age customers. The proportions for the affected LHA caseload are broadly similar for these groups relative to the overall LHA caseload. However the higher percentage of working age customers among the LHA caseload compared to the HB caseload overall mean that in this context, these measures will affect working age customers more than the elderly.

Table 17: Breakdown of the Housing Benefit caseload by tenure and age

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Working age	94%	92%	66%	92%
Elderly	6%	8%	34%	8%
All ages	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Impact on families

Table 18 displays the impact of this measure by family type. The proportion of lone parents (44 per cent) and couples with children (28 per cent) for the affected LHA caseload are more than 10 percentage points higher relative to the overall LHA and HB caseload. This measure is therefore likely to have a disproportionate impact on lone parents and couples with children. This is to be expected given that the most expensive properties tend to be in the four and five bedroom categories, which generally only large families would qualify for.

¹¹ FRS disability figures for 'all non-HB PRS' renters refers to someone in the benefit unit receiving the higher rate of DLA or AA.

Equality Impact Assessment for changes to the Local Housing Allowance arrangements and Housing Benefit size criteria for people with non-resident overnight carers

Table 18: Breakdown of the Housing Benefit caseload by family type

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Lone Parent	44%	32%	23%	3%
Single	21%	40%	31%	56%
Couple with children	28%	15%	10%	12%
Couple with no children	2%	5%	4%	20%
Elderly	6%	8%	33%	8%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Race equality

Table 19 shows the race break down by white and non-white customers for the HB PRS, overall HB and non-HB PRS. It is not possible to provide the specific impact of this measure on race equality due to limitations in data.

Table 19: Breakdown of the Housing Benefit caseload by ethnicity

	HB PRS (LHA) renters affected by policy	All HB PRS renters	All HB renters	All non-HB PRS renters
White	N/A	87%	89%	83%
Non-white	N/A	13%	11%	17%
All	N/A	100%	100%	100%

Source : Family Resources Survey 06/07, 07/08 and 08/09

Annex D - Impact of capping the five bedroom rate at the four bedroom rate

This analysis looks at the impact of capping the five bedroom Local Housing Allowance (LHA) rate at the four bedroom rate in isolation. This policy measure is estimated to affect less than one per cent of the overall LHA caseload.

Gender equality

The breakdowns for the impact of this measure on gender are displayed in Table 20 below. The proportions of LHA customers affected by the measure by gender status vary from those for the LHA caseload as a whole. For example, females are slightly more likely to be affected by this measure (50 per cent) compared to the LHA caseload as a whole (46 per cent). Couples are substantially more likely to be affected by this measure (31 per cent) compared to the LHA caseload as a whole (22 per cent).

Table 20: Breakdown of the Housing Benefit caseload by gender

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Female	50%	46%	50%	28%
Male	19%	32%	30%	37%
Couple	31%	22%	20%	35%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Disability equality

The breakdowns for the impact of this measure on disabled customers of HB are displayed in Table 21. The proportion of LHA customers with a disability affected by this measure (20 per cent) is similar to the proportion for the LHA caseload overall (19 per cent).

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Table 21: Breakdown of the Housing Benefit caseload claiming disability benefit

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Disability	20%	19%	26%	1%
No disability	80%	81%	74%	99%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, November 2009. Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures)¹². Disabled group includes HB awards with a Disability Premium or Severe Disability Premium, or those passported to full HB by an award of ESA or IS with a Disability Premium.

Age equality

Table 22 displays the impact of this measure on working age and elderly customers. The proportion of LHA customers affected by this measure by age varies slightly from those for the LHA caseload as a whole. For example, working age renters are slightly more likely to be affected by this measure (97 per cent) compared to the LHA caseload as a whole (92 per cent). Elderly renters are slightly less likely to be affected by this measure (three per cent) compared to the LHA caseload as a whole (eight per cent).

Table 22: Breakdown of the Housing Benefit caseload by tenure and age

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Working age	97%	92%	66%	92%
Elderly	3%	8%	34%	8%
All ages	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010 Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Impact on families

Table 23 displays the impact of this measure by family type. The proportion of lone parent families and couples with children affected by this measure (46 per cent and 49 per cent respectively) are substantially higher compared to the proportions in the LHA caseload overall (32 per cent and 15 per cent respectively). This measure is therefore likely to have a disproportionate impact on customers in these two groups. This is to be expected given that only large families would be eligible for five bedroom properties.

¹² FRS disability figures for 'all non-HB PRS' renters refers to someone in the benefit unit receiving the higher rate of DLA or AA.

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Table 23: Breakdown of the Housing Benefit caseload by family type

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Lone Parent	46%	32%	23%	3%
Single	1%	40%	31%	56%
Couple with children	49%	15%	10%	12%
Couple with no children	1%	5%	4%	20%
Elderly	3%	8%	33%	8%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Race equality

Table 24 shows the race break down by white and non-white customers for the HB PRS, overall HB and non-HB PRS. It is not possible to provide the specific impact of this measure on race equality due to limitations in data.

Table 24: Breakdown of the Housing Benefit caseload by ethnicity

	HB PRS (LHA) renters affected by policy	All HB PRS renters	All HB renters	All non-HB PRS renters
White	N/A	87%	89%	83%
Non-white	N/A	13%	11%	17%
All	N/A	100%	100%	100%

Source: Family Resources Survey 06/07, 07/08 and 08/09

Annex E - Impact of setting rents at the 30th percentile

The tables below provide breakdowns of the impact of setting rents at the 30th percentile by gender, disability, age and family. All proportions relate to setting rents at the 30th percentile with the £15 excess remaining, and without applying any caps to bedrooms. This measure is estimated to affect around 82 per cent of the Local Housing Allowance (LHA) caseload.

Gender equality

Table 25 displays the impact of the moving to the 30th percentile on females, males and couples. This measure has a similar effect on these groups.

Table 25: Breakdown of the Housing Benefit caseload by gender

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Female	47%	46%	50%	28%
Male	30%	32%	30%	37%
Couple	22%	22%	20%	35%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010, Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Disability equality

The breakdowns for the impact of the move to the 30th percentile on disabled customers of Housing Benefit (HB) are displayed in Table 26. The proportion of LHA customers with a disability affected by this measure (20 per cent) is similar to the proportion for the LHA caseload overall (19 per cent).

Table 26: Breakdown of the Housing Benefit caseload claiming disability benefit

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Disability	20%	19%	26%	1%
No disability	80%	81%	74%	99%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, November 2009. Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures)¹³. Disabled group includes HB awards with a Disability Premium or Severe Disability Premium, or those passported to full HB by an award of ESA or IS with a Disability Premium.

Age equality

Table 27 displays the breakdowns for the impact of the move to the 30th percentile by working age and elderly. The age proportions affected by the move to the 30th percentile are identical to the HB PRS (LHA) proportions.

Table 27: Breakdown of the Housing Benefit caseload by tenure and age

	HB PRS (LHA) renters affected by policy	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters
Working age	92%	92%	66%	92%
Elderly	8%	8%	34%	8%
All ages	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010 Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Impact on families

The impact of the move to the 30th percentile on family type are provided in Table 28. The proportions of LHA customers affected by this measure, across all family types, are broadly similar to the proportions for the LHA caseload overall. For example, the proportion of lone parent families affected by this measure (34%) is broadly similar to proportion for the LHA caseload overall (32%).

Table 28: Breakdown of the Housing Benefit caseload by family type

	HB PRS (LHA) renters affected by	All HB PRS (LHA) renters	All HB renters	All non-HB PRS renters

¹³ FRS disability figures for 'all non-HB PRS' renters refers to someone in the benefit unit receiving the higher rate of DLA or AA.

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	policy			
Lone Parent	34%	32%	23%	3%
Single	38%	40%	31%	56%
Couple with children	15%	15%	10%	12%
Couple with no children	5%	5%	4%	20%
Elderly	8%	8%	33%	8%
All	100%	100%	100%	100%

Source: Single Housing Benefit Extract, March 2010 Family Resources Survey 06/07, 07/08 and 08/09 (for 'all non-HB PRS' figures).

Race equality

Table 29 shows the race break down by white and non-white customers for the HB PRS, overall HB and non-HB PRS. It is not possible to provide the specific impact of this measure on race equality due to limitations in data.

Table 5: Breakdown of the Housing Benefit caseload by ethnicity

	HB PRS (LHA) renters affected by policy	All HB PRS renters	All HB renters	All non-HB PRS renters
White	N/A	87%	89%	83%
Non-white	N/A	13%	11%	17%
All	N/A	100%	100%	100%

Source Family Resources Survey 06/07, 07/08 and 08/0

Annex F - Discretionary Housing Payments

How the Scheme works

Discretionary Housing Payments (DHPs) are only available to people who are entitled to Housing Benefit or Council Tax Benefit and are intended to make up shortfalls in entitlement to benefit where the local authority considers that the person concerned is in need of further help with their housing costs.

The various types of shortfalls that a DHP can cover include rent restriction such as Local Reference Rent, Single Room Rent, size criteria or when the Local Housing Allowance rate does not meet the rent. DHPs can also make up shortfalls resulting from non-dependant deductions and income tapers. Local authorities can also consider a DHP to help with rent deposits and rent in advance.

There are no prescribed resources tests; authorities simply have to be satisfied that the person concerned is in need of further financial assistance for housing costs.

As DHPs are made entirely at the local authority's discretion it is for the authority to decide what should be awarded in any particular case and how long the award should last. Awards can be made on a long term basis if the need is likely to be ongoing, for example, because of a medical condition. They may also choose to award a DHP when a customer's benefit levels drop when their cases are reviewed by a local authority.

The Department has issued [Good Practice](#) to local authorities on Discretionary Housing Payments.

Facts

The current government DHP allocation to local authorities is £20 million. DHPs are subject to an annual overall cash limit of £50 million (2.5 times the government allocation). In practice, local authorities spend very little beyond the government allocation.

The latest confirmed figures for overall national spend are for 2008/09:

- total DHP spend was £21.1 million, and
- 42 per cent of local authorities spent more than the central government allocation compared with just 15 per cent in 2004/05.

The total overall cash limit from 2012/13 will be £150 million.