



# Homelessness and welfare benefits in London

A report by Homeless Link

March 2021

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Practical guidance for people working to improve local responses to homelessness

## Produced by

The Homeless Link Policy, Research and Communications Team, March 2021

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# Key messages

The benefit cap is a barrier to private rented sector accommodation in London

Both claimants and homelessness practitioners interviewed expressed facing a complex system, where benefits status could quickly change, causing uncertainty and anxiety

The benefit cap leads to increased rent arrears and/or other debt and risk of eviction in London

## Policy solutions

Government must commit to revising the London benefit cap as a matter of urgency.

Government should commit to lifting the benefit cap to align with the Minimum Income Standard<sup>1</sup> in all areas of the country.

## Practice solutions

Coproducing information material, online and offline with people who have personal experience of accessing benefits will help to overcome communication barriers and improve entitlement uptake.

Homelessness sector organisations must offer support to people trying to make online applications and also build their digital skills and promote accessibility or digital technology.

Work coaches should be able to have more tailored communication with individuals and develop a more personalised approach to their needs.

Build strengths and key skills of practitioners who are providing support to people facing homelessness. Encouraging network of practitioners to share good practice.

Explicitly recognise homelessness within the welfare benefit system so that people can benefit from personalised support plans that are appropriate for their situation.





# Introduction

**This research report is the culmination of a collaborative research project that was undertaken between Homeless Link, Groundswell and Alma Economics in the Autumn and Winter 2020/21. It is designed to help us to build a clearer picture of the current relationship between homelessness and access to benefits across the London area.**

It forms part of the 'A Collective Voice on Welfare Change' project, a 2-year project that Homeless Link is conducting supported by **Trust for London** to examine how changes to the welfare system are impacting on people facing homelessness in London.

People experiencing homelessness have been disproportionately affected by changes in the welfare benefit system over the last decade, including sanctions and the move towards Universal Credit. Through this research we wanted to have a closer look at the experiences of people in London. We considered what factors play a part in accessing benefit that is sufficient to live on and how these factors may contribute to people either becoming homeless or support someone's ability to move out of homelessness and stay housed.

This research was conducted in the midst of national emergency, where the effects of COVID-19 measures have dramatically affected our ability to access services and gain support. In this report we will recognise the effects of the current emergency on people's access to welfare benefits but without losing sight of some of the longstanding issues that need to be addressed.

Therefore, this research has reflected upon the experiences of people accessing welfare benefits during the crisis whilst situating many of our findings within the wider context of a challenging homelessness environment, with increasing poverty, house price inflation, insecure employment and real loss in benefit payments having all played a role.

Accessing welfare benefits has long since been a major concern of Homeless Link Members. Since 2019, Homeless Link member Crisis have been running its '**Cover the Cost**' campaign to help restore Local Housing Allowance rates to reduce homelessness.

In December 2020, Groundswell, a peer-led member of Homeless Link, also launched its '**Benefits for Health**' research to show the effects that the benefits system is having on the health and well-being of people facing homelessness.

# Chapter 1

## The benefits policy context





**There are three elements of welfare benefit policy which are particularly pertinent to those living in London who have no home:**

- **Universal Credit (UC)**, the income replacement benefit introduced in 2013.
- **Local Housing Allowance (LHA)**, which determines the amount of benefit claimants receive for housing costs.
- **Benefit Cap**, which limits the total amount of benefit a claimant can receive.

UC was introduced by the Welfare Reform Act 2012, coming into effect a year later. It is a benefit for working-age people, introduced to replace six benefits<sup>2</sup> and merge them into one payment. The Government's objective was to make claiming benefits simpler. To protect against the economic shock of job loss in the context of pandemic, Government increased UC by £20 a week in April 2020.

LHA first came into effect back in November 2003. The LHA determines how much UC housing element a tenant in the private rented sector is entitled to. It initially covered the 50<sup>th</sup> percentile of rents in a **broad rental market area (BRMA)**. Then, in 2011 the rate was reduced to the 30<sup>th</sup> percentile. From 2012, year-on-year LHA increases were capped, based on the rise in the Consumer Price Index and then frozen entirely in 2016. Come the pandemic in 2020, the rate was increased back up to the 30<sup>th</sup> percentile.

The belief underpinning the introduction of the benefit cap in 2013 was that it is unfair for those reliant on welfare benefit support to have a greater income than those who are working, regardless of circumstance.<sup>3</sup> The perverse effect of the benefit cap, blocking some households from benefiting from increased UC and LHA rate (**notwithstanding the up to nine months grace period for some**<sup>4</sup>), directly counters the policy intent of the UC and LHA increases. There are two levels of benefit cap, with a higher level of £1,116.67 a month for a single person applying in London.

Since the start of the pandemic, millions of people have lost their jobs and have had to claim UC to survive. Indeed, between March 2020 and August 2020, the number of single people with no dependants claiming UC had increased by 88% to over a third of a million (346,772).<sup>5</sup> Those claimants will have benefited from Government's £20 a week increase to UC. But it is unclear for how long the uplift will be sustained. The increased LHA rate is to remain for a further year and will subsequently be reviewed annually.

The inadequacies of LHA are compounded for those aged under 35, for whom the LHA is set at the Shared Accommodation Rate (SAR), intended to cover the cost of renting a room in a shared house in a given local area. But, even with the restoration of LHA rates to the 30<sup>th</sup> percentile, there is still a critical lack of affordable, shared private rented accommodation for young people on low incomes.

Whilst the increase of UC and LHA in April 2020 were welcome, table 1 shows the perverse effect of the benefit cap means that many have not realised the guard against the financial shock that the revised UC and LHA rates was intended to provide.

Figure 1: **Effect of benefit cap**

London benefit cap for people with no dependants: <b>£1,116.67 a month</b> <sup>6</sup>		
30 <sup>th</sup> percentile of one bedroom PRS rents across Greater London: <b>£1,050 per month</b> <sup>7</sup>		
	<b>Aged under 25</b>	<b>Aged 25 and over</b>
UC monthly standard allowance <sup>8</sup>	<b>£342.72</b>	<b>£409.89</b>
Plus £20/week uplift	<b>£429.39</b>	<b>£496.56</b>
Benefit available for rent, once benefit cap is applied without uplift	<b>£773.95</b>	<b>£706.78</b>
Benefit available for rent, once benefit cap is applied with uplift	<b>£687.28</b>	<b>£620.11</b>

Insufficient housing cost support runs counter to the Government’s ambition to eliminate rough sleeping and homelessness.<sup>9</sup> Firstly, its failure to truly cover housing costs pushes people into rent arrears. Since the start of the pandemic, almost a quarter of a million (227,000) people have accrued rent arrears<sup>10</sup> and according to the LSE the number of people in rent arrears could triple in the 12 months from November 2020.<sup>11</sup>

Secondly, it also means that in London, the availability of financially viable housing options is effectively severely restricted. Our most recent survey of members found that people accessing accommodation services face significant structural barriers in moving on from homelessness services. Accommodation providers reported that a quarter (24%) of their clients were ready to move on but could not. In a third (36%) of these cases, clients had been waiting to move on for six months or longer. Three quarters (72%) of our survey respondents identified the lack of accommodation available at LHA rates and being excluded from housing providers due to ‘previous debt, or rent arrears’ (70%), as significant contributory barriers to move-on.<sup>12</sup> This in turn has the effect of silting up homelessness services, so reducing their availability for those in need.



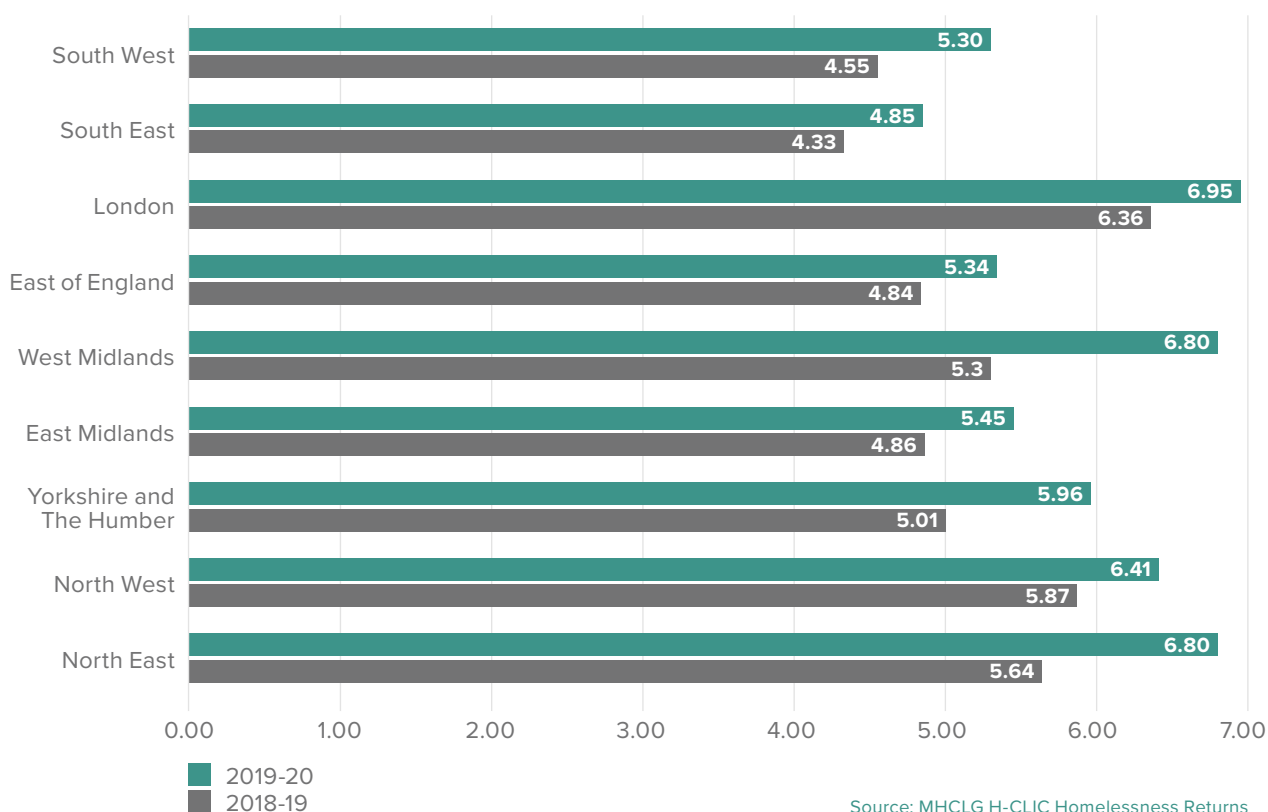
# Chapter 2

## The London picture



Over the last 2 years London has had the highest rate of homelessness of any region in England.<sup>13</sup>

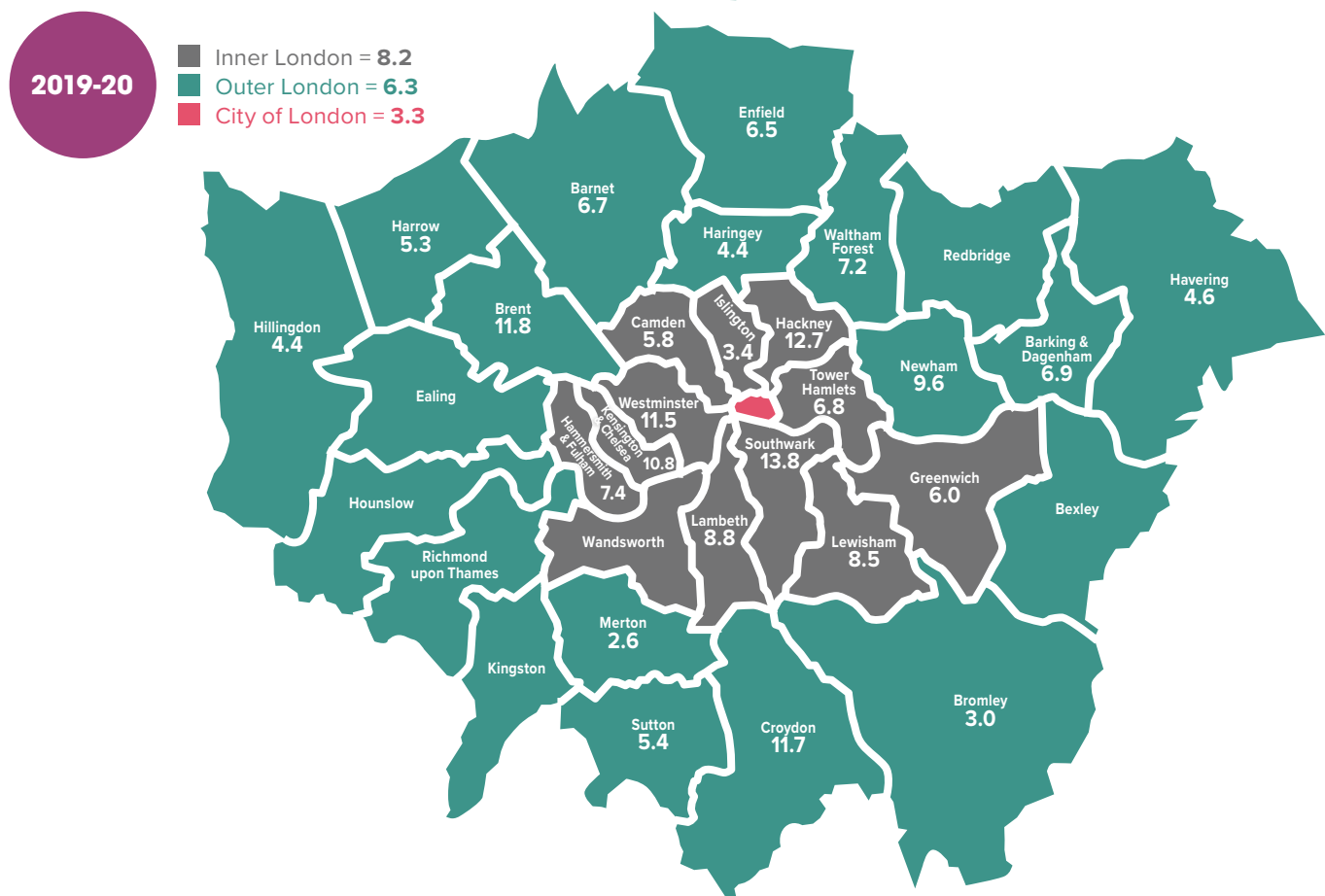
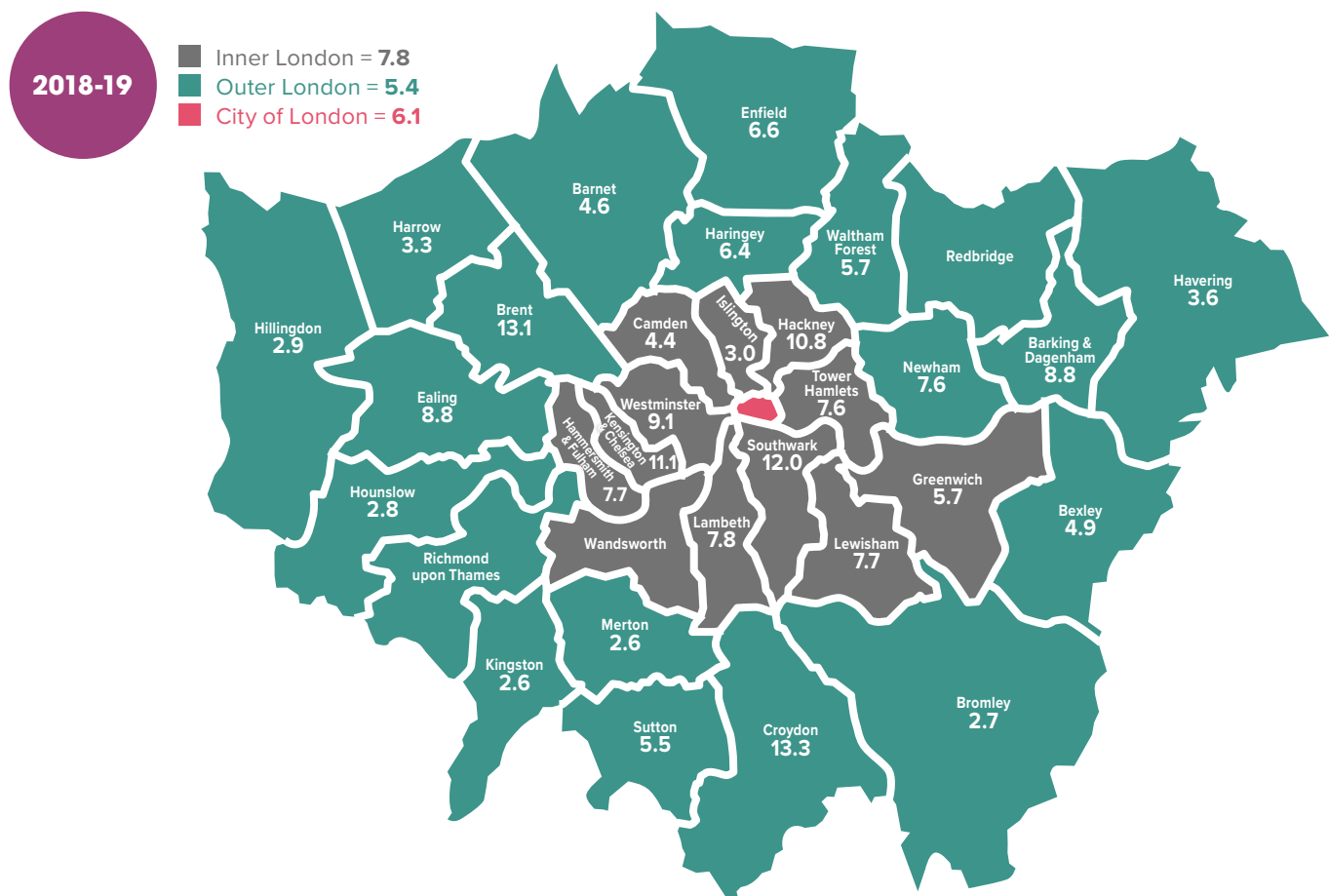
Figure 2: Homeless household per 000s by region 2018-2020



Since April 2018, homelessness has also grown across the city. In 2019-20 households found homeless (as defined by the Homelessness Reduction Act 2017) had risen to 24,630, a rise of 2,100 on the previous year. From April to September 2020, at a time when the Covid-19 emergency measures have been in place, a further 14,100 households have been found homeless, more than any other region during this period.<sup>14</sup>

Homelessness across London also varies across the boroughs and between inner and outer London, as shown in Figure 3, page 11.

Figure 3: Homeless households per 000s by London Borough (2018-20)

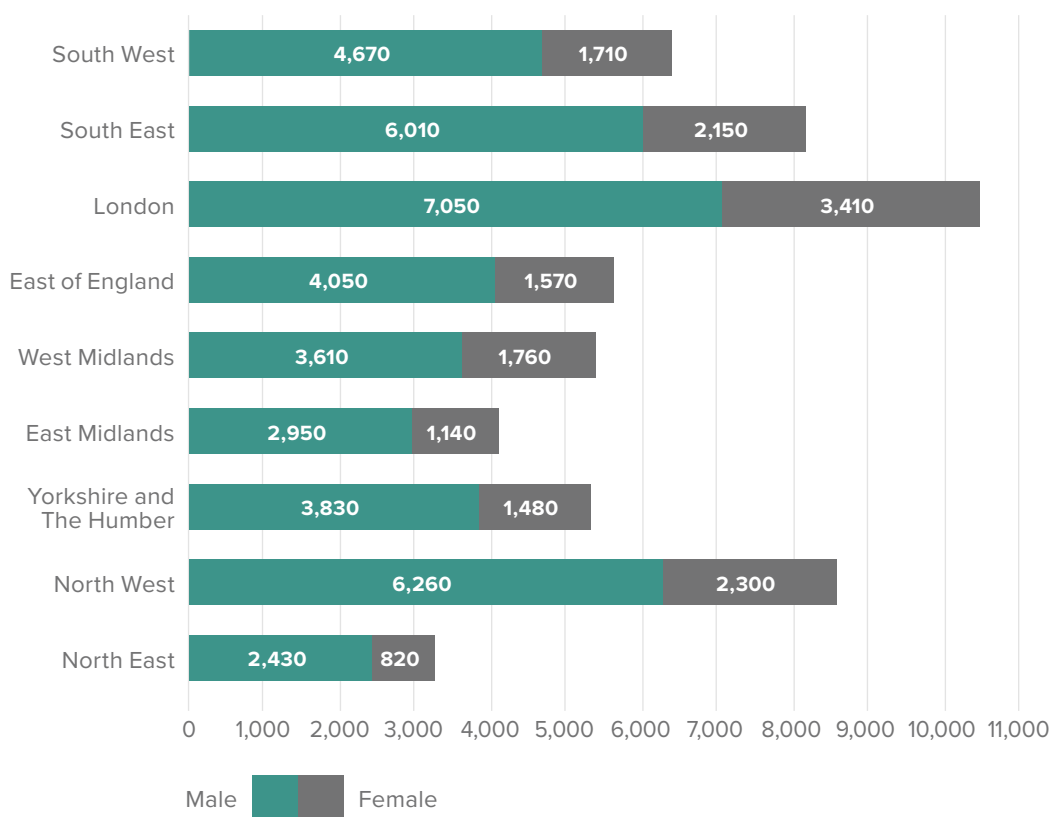


Single adults facing homelessness (owed a relief duty) are also higher in London than the rest of England. Between April and September 2020 there were 10,460 single adults found homeless (7,050 males and 3,410 females).

These numbers are an underestimate of the true figure of single people (not in a cohabiting relationship or with dependants) that are currently facing homelessness, both in London and across England.<sup>15</sup> This is because many people will either not believe the local authority will have a duty to help them and so will not make an approach to the local authority, or they repeatedly move from one short-term stay with friends or family to another, that is part of the so-called hidden homeless.

Poverty is a major driving factor of homelessness. According to Trust for London's (2020) own research, over a quarter (28%) of Londoners (2.5 million people) are in poverty. A third (32%) of people in inner London currently live in poverty, giving it the highest rate across any region in England.<sup>16</sup>

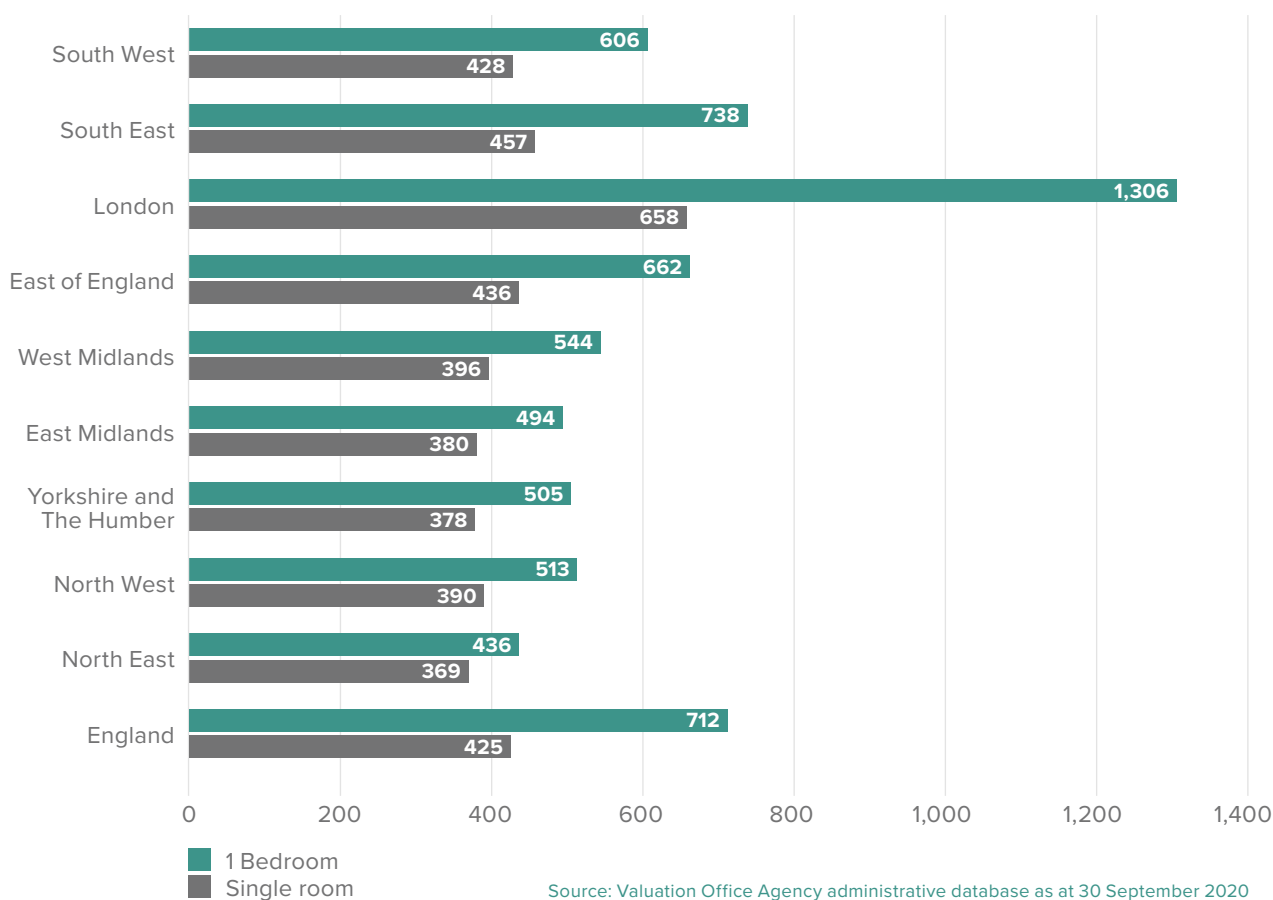
Figure 4: **Single homeless adults by region (April - September 2020)**





Access to affordable housing is a key factor that relates poverty to homelessness. London currently has the highest rent prices of any region in England.

Figure 5: Average rental prices by region for single and 1 bedroom accommodation (£s)



We found that not having sufficient income to meet housing costs drives up homelessness. We wanted to understand this relationship further in the context of London's housing market and current benefit rates. In the wake of COVID-19, London faces challenging times. UC claimants have risen nearly 8-fold over the last 2 years, from 121,589 in April 2018 to 937,673 by October 2020.

To help us understand the relationship between the housing element of UC and homelessness we commissioned [Alma Economics](#) to conduct further analysis. Specifically, we wanted to see whether there is a link between the number of UC claimants in the private rented sector (PRS) with a housing element and the number of available properties at or below the 30<sup>th</sup> percentile of the rent prices (the research note can be found in Appendix A). The analysis covered all households with a UC claimant in the Private Rented Sector (not just single households) but in part this helped us to consider the existing housing pressures that the city faces.

The analysis found:

- Those claiming a housing element as part of their UC in shared accommodation are likely to be renting a property that costs more than their UC housing element. Of the 32 London boroughs, 24 did not have sufficient shared private rented accommodation to cover households claiming a housing element of their UC or housing benefit. Across those 24 boroughs only 54% of shared private rented accommodation would be affordable to those claiming the housing element of UC or housing benefit.



- 28 of the 32 London boroughs had enough 1 bedroom private rented properties priced at the 30<sup>th</sup> percentile or lower to cover the number of households claiming a housing element as part of their UC.
- However, there are ‘high pressure’ areas including Barnet, Brent, Enfield and Haringey where the number of UC claimants with housing element and Housing Benefit claimants exceeds the number of all private rental properties at or below the 30<sup>th</sup> percentile.

It is important to note that even where there are sufficient PRS properties rented at or below the 30<sup>th</sup> percentile, this does not mean that there are vacant properties offered at these rent prices that landlords are actively seeking to rent out. This is because properties may already be rented out to people currently in paid employment and not receiving any support for their housing costs.

From the foregoing we can conclude the following regarding homelessness in London:

- London currently faces higher levels of homelessness than the rest of the country, with greater challenges in inner London than outer London.
- There are particularly high rates of homelessness in Southwark, Hackney, Kensington and Chelsea, Westminster, Brent and Croydon.
- Broadly there may be enough affordable properties for people accessing UC. However, these may not be available to all people accessing Universal Credit. In this scenario homelessness will increase, people will be displaced out of areas or people will be forced to pay for higher rents (meaning they have to go without food, clothing or heating).

Given the above and that the number of single UC claimants in London increased by 88% between March 2020 and August 2020 and the effect of the benefit cap highlighted in the previous chapter, homelessness amongst those claiming welfare benefits in London will increase.

# Chapter 3

## Accessing Universal Credit

### - Understanding the

### experiences of people

### facing homelessness

## The major welfare benefit changes that have been introduced over the last 10 years have also come with changes to the way in which welfare support can be accessed and how it is being administered.

The introduction of UC has come with substantial administrative reform that has affected new welfare applicants (National Audit Office, 2018). These changes have included:

- A new online application process.
- Need for identification, place of address, email address and bank account for a successful application to be made.
- An arrears payment, with the first payment usually 5 weeks following first application.
- Introduction of a claimant commitment, including updating an online work journal.

To help us consider some of the experiences of these changes we worked with **Groundswell** who undertook primary research with people facing homelessness and with front-line practitioners. This included 8 one-to-one interviews and 3 focus groups. The research was designed to consider the everyday experience of accessing Universal Credit, how people were navigating the system and what role the front-line practitioners can play in supporting this.

All the participants were facing the challenges of homelessness in different ways. For some, accessing benefits was new for them. For others, accessing benefits had been on-going for some time. All were receiving support for housing costs at the time they were interviewed.

The research was undertaken in October-November 2020, at a time when many restrictions were still in place due to COVID-19 measures. The research therefore covered people's experiences at a time when the national emergency was having a very real impact. Our learning from this helps to reflect the 'lens' of those navigating the system during this time.

## 'Navigating the Maze' - Gaining access to benefits

**“ So, the last cheque it was about £70 a week for benefits at my age. But then because I earn more than that over the month, then I am not entitled to that. But I am entitled to receive a benefit because I am entitled to have like a basic sort of housing benefit. Because they changed it to UC, that is the reason why I claim UC. But I haven't had a payment as yet since March. Because they didn't understand that the payment bit wasn't filled in right through the previous support worker.”**

Participant

The added pressures of facing homelessness meant that taking time to be able to navigate the benefits system was often undermined by a lack of stability for people in their current situation. Challenges included not knowing how to make an online application, what information they may need to make an application or how to describe their situation. These were all necessary to ensure they have applied for the right entitlements. The challenges can all contribute to instabilities in accessing benefits that can meet people's needs.

Added to this, the additional materials needed to make a standard UC application, such as photo ID and proof of address, coupled with the need for access to - and ability to use - the internet (to make an online application) and a current bank account, all added barriers that placed extra pressures on people facing homelessness. Homelessness is a transient state, meaning a lack of stability that includes inconsistent access to the internet, often not having and keeping photo ID, unstable housing and sometimes no bank account.

One of the effects of this is an increasing reliance on front-line homelessness support services to mediate this access, often providing an invaluable source of information and resource to help break down these everyday barriers. Although it has not always been central to their role, homelessness practitioners stated that they spend considerable time filling in online application forms, providing proof of address (through their organisation's location) and helping to gain photo ID



and bank accounts where needed (see below). It can draw out staff time and resources but was often seen as a vital link between single homeless people and Jobcentre Plus. Members have told us that when working with claimants with little or no experience of using the internet, or with limited literacy, it can take four hours or more to open a Universal Credit account. Many of the people our members work with are very anxious about UC and so those four hours have to be spread over a number of days, to minimise the client's feelings of anxiety. Our members also tell us that in particular, many clients need a lot of reassurance about divulging their personal information via the internet, before any application can even begin.

**“ Yeah, I would say my clients are not really aware of their entitlements. And I would agree that it takes a very long time seemingly. And there is not a very clear pathway when somebody says they have an illness or disability that makes them not fit for work.”**

Practitioner

Even here however, these small adaptations were recognised as placing extra pressures on staff to be a single point of access in helping people to access benefits. This not only requires them to have insight and expert knowledge of the benefits system (in addition to other homelessness related policy), but also personal knowledge of a client's circumstances, including any physical or mental health challenges they may be experiencing. Being 'all things to people' was seen as part of the role but it was recognised that the ability of staff to advocate on behalf of clients was significantly compromised by the lack of a dedicated advisers' portal via which advocates might liaise directly with Jobcentre Plus.

Increasingly, it appears, staff are having to re-address barriers to accessing benefits that their roles were not originally intended for. However, in the shadow of COVID-19, it was collectively expressed that some of these pressures had eased because Jobcentre Plus was no longer requiring 'in-person' follow up interviews for applications and were also open to using Jobcentre Plus addresses as proof of address. Such changes have been welcomed, as they reduce waiting times to accessing benefits and enable people facing homelessness to gain quicker access to finances.

#### Good practice example

### Online bank accounts

Staff have increasingly looked to online banking to help clients access bank accounts for benefit payments to be paid into. One advantage of this is that there are no expectations for anyone to have to visit a bank to open an account, reducing waiting times and overcoming potential anxieties about attending an appointment. Access is through a smartphone app, allowing people to manage their own finances in their own time. Of course, this option is limited to those with the necessary literacy, digital literacy, technology and means to maintain that technology.

#### Good practice example

### CitizensCard

To help people gain photo ID, practitioners have started to use 'CitizensCard', a valid and relatively cheap UK photo ID that can be applied for online. This is both a cheaper and easier to obtain form of valid photo ID than passports or driver's licence and is accepted by the DWP for online applications to UC.

## ‘Am I getting what I need?’ – Entitlements to benefits

Accessing the right type of benefits and ensuring that clients receive correct entitlements (relevant to need) proved to be an on-going challenge for people spoken to as part of the research. All participants in the research stated they did not know what they were entitled to through UC. This was especially acute where English was an additional language, as being able to understand and articulate your needs to be placed in the appropriate work group could be hampered through inadequate provision of suitable translation services.

Being unable to access the right entitlements consistently undermined people’s attempts to find stability in their lives. For example, those living with disability and/or long-term conditions might not be recognised as eligible for disability benefits, either by the claimants themselves or those assessing benefit claims. During DWP assessments to determine work capability, the onus is on the applicant to describe their own personal conditions. However, this requirement is a barrier to those with communication support needs, as is the embarrassment or shame claimants can feel when asked to describe how they are affected by their disability or long-term condition, especially when applying for UC.

Additionally, when considering their health needs, people with no home will determine whether they are in need by comparing their health with those of their peers.<sup>17</sup> In doing so, those in the homelessness population can conclude that experiencing compromised health is simply a reality of their lives and warrants no consideration in DWP assessments.

Figure 6: **Prevalence of compromised health in the homelessness population**

	Emergency hotel clients	Housing first and supporting housing clients
Vulnerable or extremely vulnerable	28%	54%
Required regular prescription	37%	74%
Mental health support needs	37%	82%
Physical health support needs	36%	58%
Drug support needs	31%	55%
Alcohol support needs	36%	38%
Underlying health conditions (Covid-19 specific)	19%	30%

Source: St Mungo’s (January 2021) Housing and health Working together to respond to rough sleeping during Covid-19

This is reflected in the perhaps surprisingly low rate of disability benefit claims amongst the homeless population, despite the prevalence of compromised health in that population: amongst people with experience of homelessness receiving benefits, only a third (35%) were in receipt of Employment and Support Allowance<sup>18</sup> and a just a fifth (19%), Personal Independence Payments.<sup>19 20</sup>

Added to this, the possibility of having benefits stopped or re-evaluated depending upon earnings in a month could disincentivise looking for zero-hours contracts or other work which generates a fluctuating income. Monthly assessments are taken as a snapshot, so having additional earnings at the time, even if short-term, could have monthly benefit payments re-evaluated. This meant some participants may turn down casual work for fear of losing the more stable income that UC provides.

**“So I was given two days’ worth of employment. That two days’ worth of employment, reduced my entire benefit for the month.”**

Participant

The £20 uplift in UC has been welcomed by participants as providing a short-term boost to income (where they gain from the uplift - see chapter 4). However, it was also acknowledged that this had not been felt in changing someone’s financial position. With increased LHA in combination with the benefit cap many had not realised the increase in income intended. This meant that participants were still having to go without other necessities such as food, clothing or heating.

**“...I don’t eat full main dinners, put it that way.”**

Participant

**“I fast or I just stay in. Stay frozen. And do that, and really just suffer really. Suffer the consequence.”**

Participant

All participants acknowledged that they often borrow money to help pay for basic necessities, but that this can lead to growing personal debts. In some cases, having to borrow money can lead to having strained relationships with friends and family as repaying debts became difficult. It is often these personal impacts and associated risk of loneliness, that can go unacknowledged in wider debates on welfare benefits.

## **‘I knew it could suddenly be taken away’ - Maintaining benefits**

**“It stays with you, you know. You’re thinking it might stop. I knew it could suddenly be taken away. It’s always on your mind you know’.”**

Participant

Once participants were accessing benefits, attention turned to how they were being maintained, ensuring that people had a stable source of income. Under UC, anyone accessing benefits will be placed in a specific ‘work group’ which determines specific requirements to look for paid work. All those who took part in the research expressed they were not sure which work group they were in or which group they should be in, based on their capacity to look for work.

Accessing and keeping benefits can cause or aggravate existing mental health issues. Fears about entitlements, having benefits re-evaluated or simply having them stopped remained with people throughout.

**“Anything to do with benefits, it is so anxiety provoking.”**

Practitioner

**“So, it sort of offends me in a way to sort of be infringing on... on... their rations.”**

Participant

Additional stigma about accessing benefits created a damaging mix of pressures that could affect an individual’s mental and physical health, an unseen side effect of accessing benefits.<sup>2122</sup>

Despite these challenges, there was a feeling that, during COVID-19, conditions have eased and work coaches were broadly understanding that people could not look for work. This was welcomed as it was viewed that this better reflected individual needs at this time. Applications for work largely require online access and with many services and settings being closed during COVID-19 this was simply not possible for many.

There was a broader view that ‘as long as you were looking for work you would be OK’ (practitioner). It was hoped, amongst all participants, that this would be kept in the future, better reflecting individual circumstances and needs.



The need for greater flexibility and better communication between participants and work coaches was consistently highlighted throughout the research. During Covid-19, communications became limited and where previous relationships existed between work coaches and participants, these were disrupted as support moved to online or over the phone. Given that many people with no home will lack the necessary technology, access to charging points and/or sufficient funds to maintain technology and the prevalence of compromised digital literacy, practitioners were often left mediating between the client and the work coach to ensuring, for example, that online journals were being kept up-to-date or that changes in conditions were being communicated.

#### Good practice example

### Easing conditions to look for work for people facing homelessness

During the initial months of the Covid-19 pandemic many work coaches were understanding about the ability to look for work with many organisations closing or limiting operations. With some of the restrictions easing in the Summer and Autumn this approach mainly continued. Having more flexibility around conditions to look for work has helped people to address other challenges in their lives and eases pressures on homelessness staff to support people to continue to access benefits.



# Chapter 4

## The providers'

## perspective



Our member, Hope Worldwide (HW), runs a service that facilitates placement of homeless people (or those threatened with homelessness) into PRS accommodation in London. They primarily work with people from six North London boroughs. In the experience of HW, those trying to survive on low incomes often go without food towards the end of the benefit monthly payment cycle, nor can they afford travel to interviews or interview-appropriate clothes.

### Case study

#### 'Masood'\*

Masood (38) was a Ground Operations Agent with British Airways. He lost his job due to the pandemic. He was offered accommodation in areas where he would not lose too much of his UC standard allowance, but, because the nature of his work meant he needed to be within reasonable travelling distance from an airport, it was not viable for him to take up these options.

Now, eight months later, he remains homeless. He is awaiting accommodation in a part of London where the LHA means there is £80 shortfall between rent due and the UC housing element that Masood would receive each month. If he cannot find a landlord willing to lower the rent, this shortfall must be paid from Masood's monthly UC standard allowance of £409.89, leaving him with just £329.89 to cover food, fuel and fares – just £12.07 more than the pre-uplift monthly UC standard allowance.

The UC uplift was intended to help those new claimants like Masood, who have rarely, if ever, sought financial support from the state and who are looking to re-enter the work force as soon as possible. Yet, instead of being £86.67 a month better off after the UC uplift, Masood gains just over £12, as a result of the perverse effect of the benefit cap.

\* Names have been changed to protect identities

### Case study

#### 'Morris'\*

Morris (54) is diagnosed with type 2 diabetes, high blood pressure, depression and anxiety. When in April 2020 the LHA rate was increased, his landlord increased his rent. Due to the perverse effect of the benefit cap, this meant that after his rent was paid, Morris was left with only £217 per month for all other expenses including food and fuel for heating and cooking.

HW were able to negotiate with the landlord to reduce the rent to the level where Morris was left with £303 per month for all other living expenses, just under £15 less than the pre-uplift rate of £317.82 per month.

Morris does not have enough money to eat properly, to look after his health or to heat his flat.

\* Names have been changed to protect identities

The impact of the benefit cap has meant that some of those referred to Homeless Link's London-based members like HW, could no longer afford to rent in their own, or nearby boroughs. The boroughs where HW typically found accommodation prior to 2016 were Barnet, Brent, Haringey, Hackney, Enfield and, from time-to-time, Lewisham. Once the benefit cap came into effect, the number of people HW were able to house in Hackney and parts of Barnet and Brent was reduced and they found themselves having to send clients to properties in Outer South East London BRMA boroughs such as, Bexley and Bromley, where rents are cheaper.

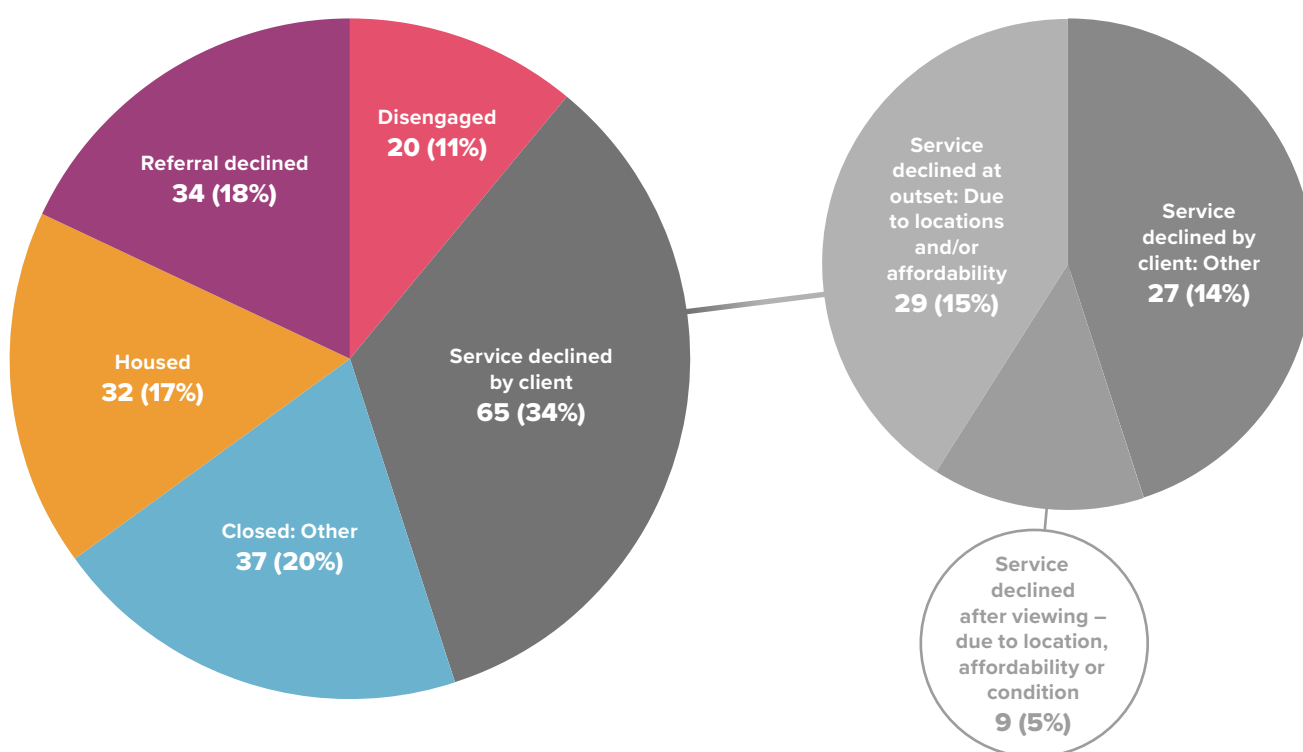
When the LHA was increased to cover the 30<sup>th</sup> percentile of rents and UC went up by £20 a week, without a revision of the benefit cap, London claimants did not gain. Indeed, many lost out as the amount drawn from their UC standard allowance – as distinct from their UC housing element - to cover housing costs up to the LHA rate, was higher than was previously. This has left many London claimants, with less money from their capped benefit income available for food, fuel and fares. In HW's experience, capped claimants can only rent in the Outer South London BRMA and benefit from the Covid-19 UC uplift, as intended.

The rationale underpinning the introduction of the benefit cap was the unfairness of those claiming benefit having a higher income than those who were working. Indeed, its policy objective is to incentivise claimants to seek and secure work. However, the reality in London is that benefits claimants are being pushed further and further into the outer boroughs of London, where there are fewer local employment opportunities. HW have worked with numerous clients who lost their jobs and their homes as a result of the pandemic and subsequently accommodated under the auspices of 'Everybody In'. Some told HW that they would have rather returned to the streets than be located at a distance from suitable job opportunities.

Additionally, in the midst of a pandemic of a highly transmissible deadly disease, long distance travel for work would not only put a further strain on people's already diminished incomes, but would also put their health in serious jeopardy.

In the context of a job market that has contracted to an unprecedented degree, with the [Institute for Employment Studies](#) reporting that in some London boroughs there are more than 10 claimants for every job,<sup>23</sup> this is counter-intuitive and counter-productive.

**Figure 7: Outcomes of Hope World Wide referrals April - October 2020**



By design, UC has made it difficult for landlords to get rent paid to them directly, as opposed to via the claimant. Landlords see this as carrying great risk of non-payment of rent, which deters many landlords from renting to claimants, as they fear that claimants will be tempted to withhold part of their UC housing element to spend on food, fuel and fares. Landlords report that this has always happened, yet with the recent LHA increase bumping up against the benefit cap, effectively lowering the standard allowance, claimants are forced to use their UC housing element to pay for food and fuel.

Given the paucity of London PRS properties that benefits claimants can afford to rent, the power dynamic between prospective and actual landlords and their prospective and actual tenants is significantly skewed in landlords' favour. Very worryingly indeed, many landlords have resorted to requiring prospective tenants to provide their UC log in details to them before agreeing to rent to claimants, to ensure direct payment of rent. This abuse of power compromises data privacy and risks fraud.

# Chapter 5

## Solutions





## Finding policy solutions

Government must commit to revising the benefit cap policy as a matter of urgency.

We urge Government to immediately remove the benefit cap in high affordability pressure areas. In the longer term we ask that Government commits to lifting the benefit cap to align with the Minimum Income Standard<sup>24</sup> in all areas, thus mitigating the risk of further rises in homelessness and/or the development or aggravation of debilitating mental health issues. To leave the benefit cap in place in its current form runs counter to Government's desire to get people into work, stimulate the economy and eliminate homelessness and rough sleeping<sup>25</sup> within the next four years.

## Finding practice solutions

Throughout the research we have stressed the importance of finding good practices and practical solutions that could support people to access benefits in the future. Major policy changes may be needed but at the same time we wanted to identify workable solutions that could be introduced quickly to help address some of the challenges that have been on-going.

We also want to recognise practices that are already supporting people to access benefits. Much work has been done, especially across the homelessness sector, to help address barriers to accessing benefits. It is these strengths that we should also build on to help overcome these challenges in the future.

Solutions that were identified during the research included:

### Coproducing information material

Creating easy to read guidance and online material is vital to informing people of their rights and entitlements to accessing Universal Credit. This will ensure that people are getting access to benefits that fit with their current needs and circumstances. Co-producing these with people with personal experience of accessing benefits will help to overcome any communication barriers and support day-to-day management of their benefit entitlements.

### Review of online application

To consider current digital skills and access. Many people facing homelessness will not have regular access to the internet and may not have the skills to navigate an online application. The [Reboot UK project](#) led by the Good Things Foundation provides digital skills for people facing multiple exclusions. Other homelessness sector organisations should also provide these skills. And those who design application processes must take the skills deficit into account.

### More communication with work coaches

Having more tailored communication with work coaches, that moves beyond online journals, can help to build better understanding of the commitments that someone accessing benefits has whilst also helping to understand the circumstances they face. This can lead to more flexible approaches being taken that can reduce the use of harmful sanctions.

### Build strengths and key skills of practitioners

Practitioners in the homelessness sector have adapted to support people facing homelessness with access to benefits. These strengths and new skills can be built upon through the use of welfare drop-ins and surgeries, building existing networks to share good practice and developing further training to equip staff with the knowledge to navigate the benefits system in the future.

### Recognise homelessness within the welfare benefit system

Through specifically recognising homelessness within benefit provision, the welfare benefit system can build personalised support plans that help to create a set of commitments that are adapted to someone's personal situation. For example, not requiring proof of address (similar to accessing GP's), having homelessness recognised and highlighting this within work journals can help to build these small adaptations within the system.



## Conclusions

This research is helping us to highlight the current challenges posed by changes to the welfare benefit system for single people facing homelessness in London and the services and practitioners who support them.

The welfare benefit system has changed substantially in the last decade, with major reforms being introduced that were originally intended to make access to benefits both simpler and easier. However, our own research shows that this has not been the case for many people facing homelessness, who are often left having to navigate a complex system that does not always take account of their current situation or needs.

Coupled with freezes and limits to the amount people can claim for, we now face the difficult challenge to ensure that people facing homelessness both get the finances they are entitled to and also what they need to meet their basic needs.

The homelessness sector has done much to help address these systemic challenges, building up a vital network of skilled practitioners to help mediate and overcome barriers to accessing the right welfare benefits. However, this places extra pressures on them to continue to address this issue whilst they could be working to support people to overcome other challenges they face in their everyday lives.

This research helps to identify some potential policy and practical solutions that can be taken to help address these challenges. A review of the benefit cap policy, greater flexibility in the system, further understanding of someone's situation and increased co-production can all help to create simpler and easier access to benefits that can both prevent people from falling into homelessness and helping them to escape it when they do.

Coupled with wider calls for policy changes in welfare benefit legislation a collective voice is being built to promote welfare benefit change across the homelessness sector. We hope that this research adds to these collective calls for change.

# Further reading

Below provides some further reading that helps to understand the challenges posed by the changes to the Welfare System and the growing evidence-base designed to tackle it.

Crisis (2019). *Cover the Cost: Restoring Local Housing Allowance rates to prevent homelessness*.

<https://www.crisis.org.uk/media/240986/crisis-cover-the-cost-solutions-report.pdf>

Groundswell (2020). *Benefits for Health. Exploring the connection between welfare, health and homelessness*.

<https://groundswell.org.uk/wp-content/uploads/2020/12/Benefits-for-Health-full-report.pdf>

Morse, A. (2018). *Rolling Out Universal Credit*. National Audit Office.

<https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

Reeve, K. (2011). *The hidden truth about homelessness: Experiences of single homelessness in England*. London: Crisis.

[https://www.crisis.org.uk/media/236816/the\\_hidden\\_truth\\_about\\_homelessness\\_es.pdf](https://www.crisis.org.uk/media/236816/the_hidden_truth_about_homelessness_es.pdf)

Shelter (2020). *LHA Impact Assessment: The effects of the reforms since 2011*.

[https://england.shelter.org.uk/\\_\\_data/assets/pdf\\_file/0005/1907870/Final\\_version\\_of\\_the\\_impact\\_briefing.pdf](https://england.shelter.org.uk/__data/assets/pdf_file/0005/1907870/Final_version_of_the_impact_briefing.pdf)

# Appendix A: Research note

## Research objectives

This analysis contributes to addressing the following key research questions:

1. Does the number of Universal Credit (UC) claimants in the Private Rented Sector (PRS) with a housing entitlement exceed the stock of available properties available at or below the 30<sup>th</sup> percentile of the rent distribution?
2. How many households receiving LHA awards as part of their UC payments are affected by the benefit cap?

We use publicly available data and official statistics to produce evidence-based answers to the questions above. In addition, we also rely on survey data (in particular, data drawn from the last wave of Understanding Society (UK Household Longitudinal Study – UKHLS) to explore gaps between rents and benefits for housing benefit recipients in the PRS in London.

## Methodology

This section sets out our approach to developing statistics to address the questions above. The majority of the statistics discussed below are calculated at the borough level.

### UC claimants with housing entitlement in the PRS

We use data from DWP (available on [Stat-Xplore](#)) on the population of households receiving UC payments with a housing entitlement in the PRS between April 2019 and March 2020 to arrive at an estimate of the annual figure for 2019/20.

We also use DWP data on the distribution of Housing Benefit (HB) claimants in the PRS across different eligibility groups<sup>26</sup> to calculate claimants under different groups as a share of the total population of claimants. We use these statistics to estimate the breakdown of UC claimants in the PRS receiving Local Housing Allowance (LHA) across eligibility groups.

### Properties at or below the 30<sup>th</sup> percentile of the rents distribution

Based on [evidence from the Greater London Authority](#), 27% of households in London rented their homes in the PRS in 2018. According to this research, the number of dwellings is roughly equal to the number of households. Therefore, it is reasonable to assume that 27% of all dwellings in London are in the PRS. Based on this assumption, we use [official MHCLG statistics](#) on total dwelling stock to calculate the number of PRS dwellings across London boroughs.

[ONS and the Valuation Office Agency](#) use samples of properties across local authorities in England to estimate the distribution of rents in the private market according to property size.<sup>27 28</sup> We extrapolate these samples to the population of PRS dwellings calculated at the previous step. This way, we arrive at estimates of the dwelling stock in the PRS across different size groups in London.

LHA being calculated at the 30<sup>th</sup> percentile of rents across BRMAs means that it will cover 3 out of 10 properties. Therefore, we can assume that 30% of the dwellings in each borough will be rented at or below the level of the LHA award.

### UC claimants with housing entitlement in the PRS affected by the benefit cap

We use Stat-Xplore data to calculate numbers of UC claimants affected by the cap as a share of the total population of claimants across London boroughs. Due to lack of better evidence, we apply these shares to the population of UC claimants with a housing entitlement in the PRS. This way, we arrive at estimates of the numbers of UC claimants receiving HB as part of their UC payments that are affected by the cap.<sup>29</sup>



## Gaps between rents and housing benefit

We use data from the latest wave of Understanding Society to calculate the average gap between rents and housing benefit for housing benefit recipients. We use the household sample that does not distinguish between HB and UC claimants. However, there is no reason to assume that UC claimants with a housing entitlement will face different rents (and thus gaps) compared to HB claimants in the PRS. Sample sizes across boroughs are very small to result in meaningful results, so statistics at the regional level are calculated.

## Key findings

This section outlines key findings from this analysis. It should be read in combination with key statistics included in the accompanying tables.

### **Question 1: Does the number of Universal Credit (UC) claimants in the Private Rented Sector (PRS) with a housing entitlement exceed the stock of available properties available at or below the 30<sup>th</sup> percentile of the rent distribution?**

We compare UC claimants with a housing entitlement in the PRS (table 1 in 'Key Statistics' with the stock of PRS properties charging rent that is equal or lower than LHA awards (table 2 in 'Key Statistics') to understand the level to which the existing stock can potentially cover demand from claimants across boroughs. Given that claimants will seek to rent properties with rent that can be covered by LHA awards irrespective of whether they receive LHA awards as part of HB or UC payments, we also include HB claimants in our calculations of coverage ratios (table 3 in 'Key Statistics').<sup>30</sup>

According to our estimates, claimants in shared accommodation appear to be more likely to rent a property that is not covered by their LHA award (included either in HB or UC payments). Claimants eligible for LHA corresponding to three and four-bedroom properties are likely to face rents higher than their awards in more than half of London boroughs. On the other hand, the stock of one- and two-bedroom properties appears to cover need across most boroughs.

It should be noted here that our estimates reflect the stock of PRS properties charging rents at or below LHA awards. While these are indicative of the situation across property types and boroughs, they should not be used to arrive at conclusions about current availability of affordable properties for UC claimants with a housing entitlement.

This is because the number of PRS dwellings itself does not capture the flows of properties that are available for rent over time. Even though a borough might have a large stock of properties charging rents at or below the 30<sup>th</sup> percentile of the rent distribution, at any point in time only a few properties will be free and available for people looking to rent. Moreover, many properties with rents at the lower end of the rent distribution are likely to be rented by tenants not claiming housing benefit. As a result, UC claimants might find it hard to find affordable properties even in boroughs with large stocks of properties that in theory, cover demand for affordable homes.

Using data on rent and HB awards from the latest wave of Understanding Society, we estimate that households claiming housing benefit in PRS properties that are not covered by LHA face an average shortfall of around £500 per month.

### **Question 2: How many households receiving LHA awards as part of their UC payments are affected by the benefit cap?**

It appears that the cap affects around 1%-5% of HB and UC claimants with a housing entitlement across London boroughs. More UC claimants are affected by the cap compared to HB claimants in around 60% of the boroughs.

On average, around 3% of claimants receive capped UC and HB payments. Our estimates are in line with [DWP analysis](#) of the impact of the cap using official statistics.<sup>31</sup>

## End notes

1. Davis, A. et al (2020). *A Minimum Income Standard for the United Kingdom in 2020*. JRF.
2. Income support; income-based jobseeker's allowance (except for some people with severe disabilities); income-related employment and support allowance; housing benefit; child tax credit; working tax credit.
3. <https://www.gov.uk/government/news/national-introduction-of-benefit-cap-begins#:~:text=The%20benefit%20cap%20starts%20being%20introduced%20across%20the%20country%20today,wage%20%E2%80%93%20%C2%A3500%20a%20week>. Accessed 23/09/20
4. The benefit cap is not be applied for a 9 month grace period if the claimant (and partner) earned at least the amount earned if working 16 hours per week at National Living Wage for the previous 12 months s82 The Universal Credit Regulations 2013.
5. <https://stat-xplore.dwp.gov.uk/webapi/jsf/tableView/tableView.xhtml>
6. <https://www.gov.uk/benefit-cap/benefit-cap-amounts> accessed 09 February 2021
7. <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/adhocs/12978privaterentalmarketinlondonwith30thpercentilejanuary2020todecember2020> accessed 09 February 2021
8. <https://www.gov.uk/universal-credit/what-youll-get> accessed 09 February 2021
9. <https://www.gov.uk/government/news/prime-minister-pledges-new-action-to-eliminate-homelessness-and-rough-sleeping> accessed 12 February 2021
10. [https://england.shelter.org.uk/media/press\\_releases/articles/230,000\\_renters\\_at\\_risk\\_of\\_covid-eviction\\_when\\_the\\_government\\_ban\\_lifts](https://england.shelter.org.uk/media/press_releases/articles/230,000_renters_at_risk_of_covid-eviction_when_the_government_ban_lifts) accessed 22/09/20
11. Whitehead, C. et al (November 2020). *Where Now for the Private Rented Sector?* London School of Economics
12. Homeless Link (2020). *Support for People Experiencing Single Homelessness in England: annual review 2019*
13. These can be found at [Homelessness and rough sleeping - GOV.UK \(www.gov.uk\)](https://www.gov.uk/homelessness-rough-sleeping). This figure is defined as those owed a relief duty, that is, people who are homeless: have no accommodation available for their occupation that they are entitled to occupy, have a licence to occupy or have any other right to remain in occupation; or has accommodation, but cannot secure entry to it, or it consists of a moveable structure, vehicle or vessel designed or adapted for human habitation and there is no place where they are entitled or permitted both to place it and to reside in it, and who require local authority help to secure accommodation.
14. MHCLG H-CLIC Homelessness returns (quarterly)
15. Reeve, K (2011). *The hidden truth about homelessness: Experiences of single homelessness in England*. London: Crisis.
16. Trust for London (2020). *London's Poverty Profile, 2020*.
17. Garrett, J et al (October 2020). *Reducing Health Inequalities for People Living with Frailty: a resource for commissions, service providers and health, care and support staff Friends, Families and Travellers*.
18. <https://www.gov.uk/employment-support-allowance>
19. <https://www.gov.uk/pip>
20. Ball, E. et al (December 2020). *Benefits for Heath: exploring the connection between welfare, health and homelessness Groundswell*.
21. Wickham, S. et al (March 2020). *Effects on mental health of a UK welfare reform, Universal Credit: a longitudinal controlled study*. The Lancet.
22. Cheetham, M. et al (2019). *Impact of Universal Credit in North East England: a qualitative study of claimants and support staff*. BMJ Open.
23. IES (June 2020). *Jobs data: Unemployment rising faster than the Great Depression – set to top 3 million by the summer*.
24. Davis, A. et al (2020) *A Minimum Income Standard for the United Kingdom in 2020* JRF
25. <https://www.gov.uk/government/news/prime-minister-pledges-new-action-to-eliminate-homelessness-and-rough-sleeping> Viewed feb 2021.
26. That is, shared accommodation, one bedroom, two bedrooms, three bedrooms, and four bedrooms.
27. Ibid.
28. The samples used by ONS and VOA to estimate [private rental market statistics](#) are developed to reflect the characteristics of the market across property types and geography. However, they are not randomly selected and thus statistics cannot be treated as fully representative of the rental market in England. Therefore, while the results presented here are expected to be roughly correct, discrepancies and inaccuracies cannot be avoided.
29. Our key statistics also include numbers of HB claimants affected by the cap – these are drawn directly from Stat-Xplore.
30. The coverage ratio reflects the number of properties at or below the 30<sup>th</sup> percentile of the rent distribution relative to the population of Housing Benefit claimants (including UC claimants in the PRS with housing entitlement and claimants directly receiving HB awards) across London boroughs.
31. In particular, DWP analysis suggests that 3.4% of UC claimants with a housing entitlement are affected by the cap in the London region.



## What we do

Homeless Link is the national membership charity for services working directly with people experiencing homelessness, or living with housing with health, care and support needs. Representing more than 800 members across England, we work to improve services through research, training and guidance, and to promote policy change that will ensure everyone has a place to call home and the support they need to keep it.

## Let's end homelessness together

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