

# Task & Finish Group Report: What Type of Housing Does MK Need? Revenues & Benefits Contribution

## Overview

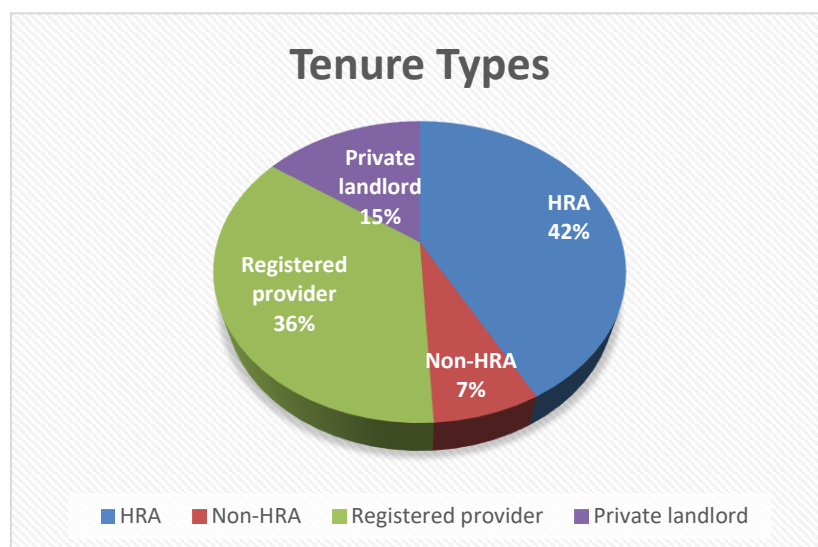
The Revenues & Benefits Service (R&B) have been asked to provide data to demonstrate / support with the following:

- Impact of the mismatch between housing benefit levels and the level of rents, particularly private sector, locally?
- How many households in receipt of housing benefit/universal credit are in social housing and how many in private sector

## Number of households in receipt of housing benefit (HB)

Unfortunately, we do not hold data to confirm the number of households in receipt of Universal Credit who rent their home and the type of landlord.

Tenure type	Amount of HB claims
HRA (Council stock)	4203
Non-HRA (Temp Accommodation)	702
Registered provider	3574
Private landlord	1508
<b>Total</b>	<b>9987</b>



## Mismatch between housing benefit (HB) and private rents

The maximum award of housing benefit for private tenants is limited to the local housing allowance (LHA) rate for the property size required by the household.

I.E. Couple with 1 child, have a 2-bedroom need, but live in a 3-bedroom property. LHA rate payable is the 2-bedroom rate.

The LHA rates are based on the 30th percentile of the market rents, however the LHA rates have not been increased in line with the market rents and have remained static since April 2020.

### Milton Keynes LHA rates:

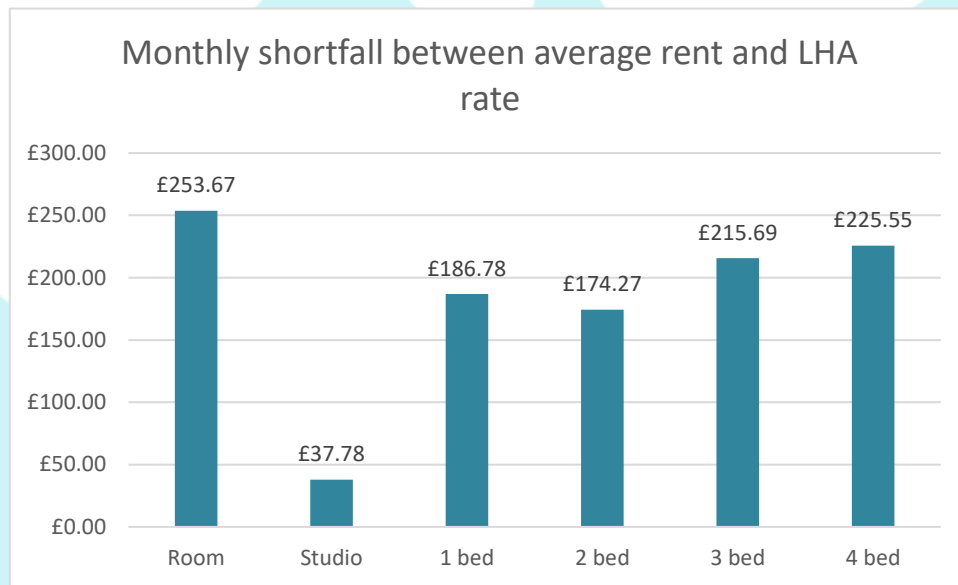
Size	Room	Studio	1 bed	2 bed	3 bed	4 bed
Weekly	£70.00	£149.59	£149.59	£189.86	£224.38	£299.18
Monthly	£303.33	£648.22	£648.22	£822.73	£972.31	£1,296.45

### Private Rental Market (PRM) Statistics for Milton Keynes: (Monthly rent figures)

Room			
Average	Lower quartile	Median	Upper quartile
£557.00	£498.00	£550.00	£645.00
Studio			
Average	Lower quartile	Median	Upper quartile
£686.00	£675.00	£695.00	£715.00
1 bedroom			
Average	Lower quartile	Median	Upper quartile
£686.00	£675.00	£695.00	£715.00
2 bedroom			
Average	Lower quartile	Median	Upper quartile
£997.00	£895.00	£950.00	£1075.00
3 bedroom			
Average	Lower quartile	Median	Upper quartile
£1188.00	£1050.00	£1195.00	£1300.00
4 + bedrooms			
Average	Lower quartile	Median	Upper quartile
£1522.00	£1350.00	£1495.00	£1650.00

### Shortfall between LHA rates and PRM average rent:

	Room	Studio	1 bed	2 bed	3 bed	4 bed
LHA rate	£303.33	£648.22	£648.22	£822.73	£972.31	£1,296.45
PRM data	£557.00	£686.00	£835.00	£997.00	£1,188.00	£1,522.00
Difference	<b>£253.67</b>	<b>£37.78</b>	<b>£186.78</b>	<b>£174.27</b>	<b>£215.69</b>	<b>£225.55</b>



### Impact of the mismatch between housing benefit levels and the level of rents (all tenure types):

Tenants in council (HRA only) properties and Housing Association (HA) properties are subject to the social sector size criteria (SSSC), commonly known as the bedroom tax.

The SSSC restricts eligible rent used in HB assessments where the property has more bedrooms than the household requires. If the property has 1 bedroom more than the household requires, the eligible rent is reduced by 14%.

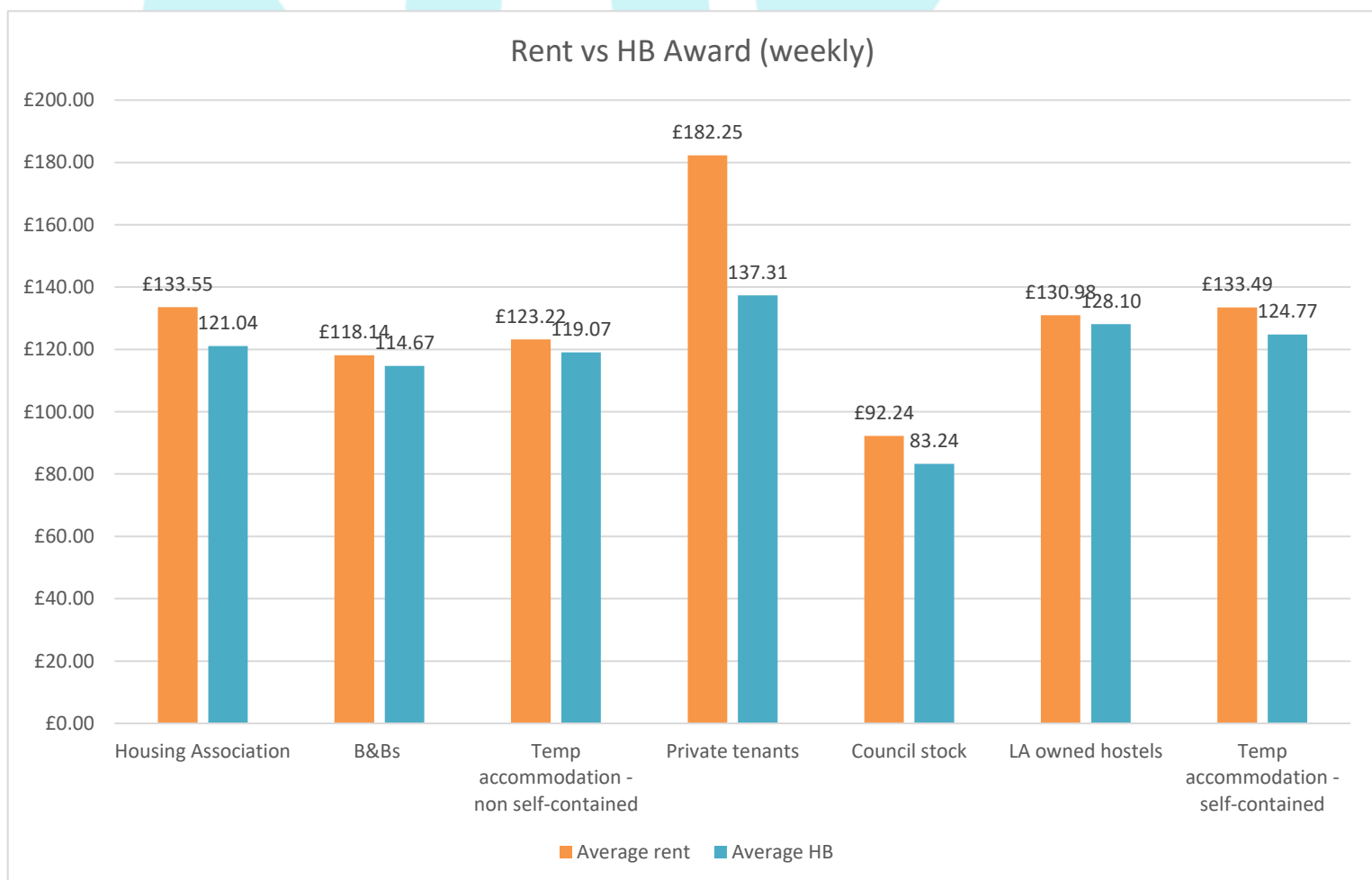
If the property has 2 or more bedrooms than the household requires, the eligible rent is reduced by 25%.

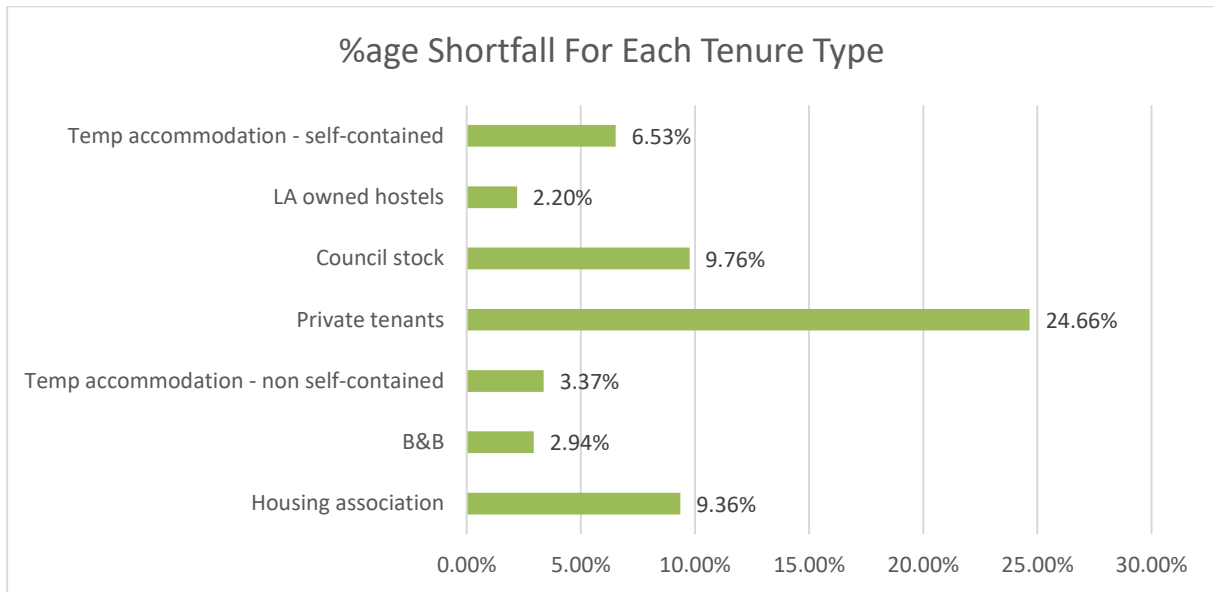
SSSC excluded groups:

- Pensioners
- Shared ownership tenancies
- Temporary accommodation
- Supported exempt accommodation

**Rent charged vs HB award:**

Tenancy type	Average Weekly Rent Used in Calculation	Average Latest Weekly HB Entitlement
Housing Association	£133.55	121.04
B&Bs	£118.14	114.67
Temp accommodation – non-self-contained	£123.22	119.07
Private tenants	£182.25	137.31
Council stock	£92.24	83.24
LA owned hostels	£130.98	128.10
Temp accommodation – self-contained	£133.49	124.77
	<b>£123.44</b>	<b>107.82</b>



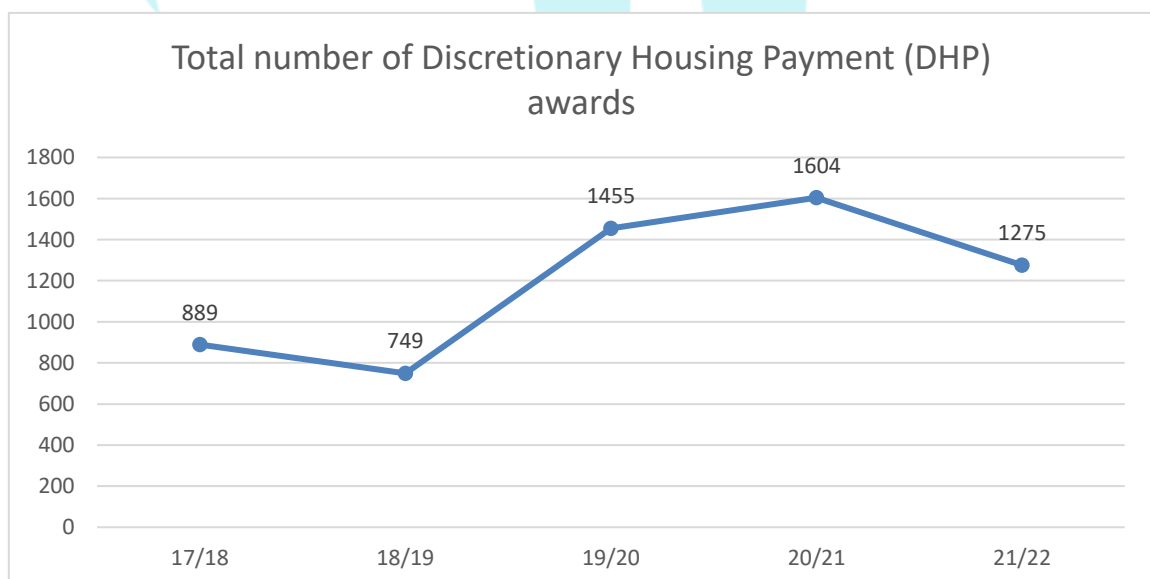


**Analysis:**

- The largest disparity between HB paid and rent charges is in private tenancies.
- This data cannot be split to show the reason for the shortfall, and the data contained in the average figures does include households who are working and subject to an earnings taper.
- The disparity between the LHA rate (maximum HB for private tenants) and actual rental market prices is vast.
- Only 15% of the HB caseload is claimants in private tenancies due to the migration across to Universal Credit. However, UC claimants are still subject to the LHA rates.

**Impacts:**

As the gap between housing benefit rates and rents charged widens more demand is placed upon discretionary assistance:



Financial Year	17/18	18/19	19/20	20/21	21/22
Total number of awards	889	749	1455	1604	1275
Total expenditure	£847,694.00	£812,955.00	£695,719.00	£808,086.00	£660,752.00
Government contribution	£836,933.00	£702,672.00	£634,612.00	£812,329.00	£654,066.00
Amount of overspend	£10,761.00	£110,283.00	£61,107.00	-£4,243.00	£6,686.00

- DHP can be awarded to both HB and UC claimants.
- Increased funding received for 20/21 due to additional pressures posed by Covid and lockdown measures.
- Number of awards increased drastically from 19/20, however expenditure has remained lower than previous years, indicating more demand on available funding, but lower awards being made to ensure more of the MK population is assisted where possible.
- Overspends funded from Revs & Bens budget and cannot be reclaimed from the DWP.

#### DHP current year expenditure:

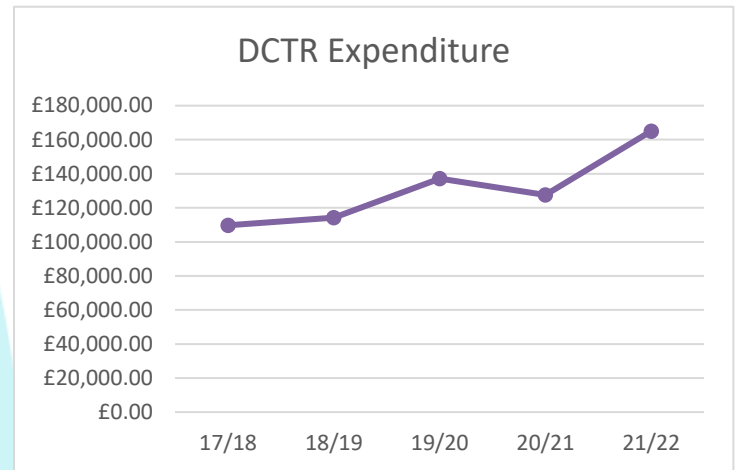
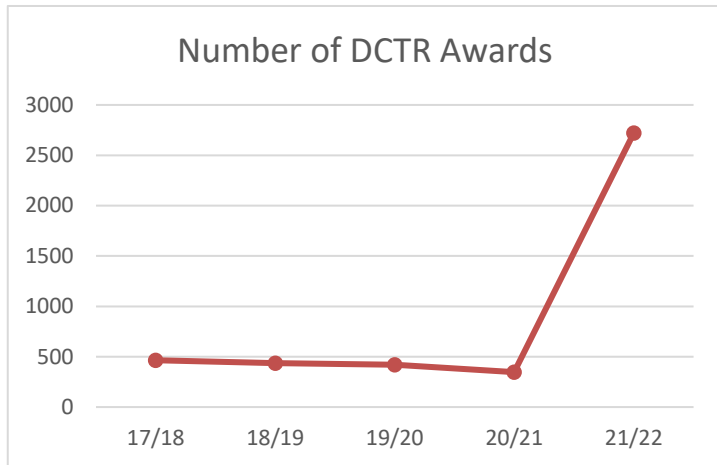
Discretionary Housing Payments					
	Previous Year	Number of claims received	Gross DHP awarded	Committed	DHP fund £454,162.00 Deficit / Surplus
<b>Apr</b>	121	83	£27,839.82	£0.00	£426,322.18
<b>May</b>	101	95	£28,711.46	£0.00	£397,610.72
<b>Jun</b>	90	69	£21,322.40	£14,144.68	£362,143.64
<b>July</b>	100	99	£45,064.06	£16,496.67	£314,727.59
<b>Aug</b>	78	79	£38,412.97	£17,898.69	£274,912.60
<b>Sept</b>	71				
<b>Oct</b>	92				
<b>Nov</b>	92				
<b>Dec</b>	81				
<b>Jan</b>	99				
<b>Feb</b>	85				
<b>Mar</b>	70				
<b>Total</b>	<b>1080</b>	<b>425</b>	<b>£161,350.71</b>		

Alongside the increased demand on DHP, Revs & Bens also administers and funds Discretionary Council Tax Reduction (DCTR) and Local Welfare Provision (LWP).

The growing shortfall between HB and rents is also having an impact on these funds as citizens are unable to afford day to day living expenses due to the increased cost of renting their properties.

**DCTR awards and expenditure:**

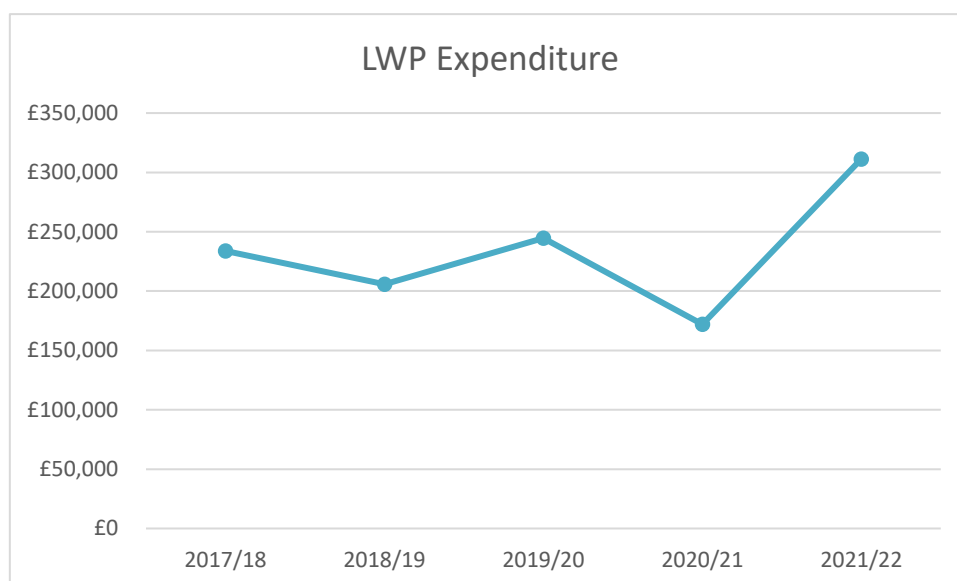
Financial Year	17/18	18/19	19/20	20/21	21/22
Number of Awards	464	435	419	347	2721
Expenditure	£109,741.00	£114,258.00	£137,231.00	£127,626.00	£165,052.00



Discretionary Council Tax Reduction 22/23			
	Previous Year	Number awarded	Monthly Spend
<b>Apr</b>	1232	125	£51,136.24
<b>May</b>	419	67	£20,440.56
<b>Jun</b>	294	61	£9,336.09
<b>July</b>	116	64	£15,682.92
<b>Aug</b>	72	61	£18,697.30
<b>Sept</b>	87		
<b>Oct</b>	77		
<b>Nov</b>	95		
<b>Dec</b>	45		
<b>Jan</b>	64		
<b>Feb</b>	92		
<b>Mar</b>	109		
<b>Total</b>	<b>2702</b>	<b>378</b>	<b>£115,293.11</b>

**LWP expenditure:**

Financial Year	2017/18	2018/19	2019/20	2020/21	2021/22
Expenditure	£233,847	£205,809	£244,678	£172,000	£311,246



Local Welfare Provision 22/23				
	Previous Year	Number awarded	Monthly spend	Cumulative spend
<b>Apr</b>	130	185	£20,352.08	£20,352.08
<b>May</b>	119	193	£22,088.97	£42,441.05
<b>Jun</b>	128	262	£23,329.08	£65,770.13
<b>July</b>	121	380	£28,952.84	£94,722.97
<b>Aug</b>	120	354	£39,183.27	£133,906.24
<b>Sept</b>	120			
<b>Oct</b>	140			
<b>Nov</b>	181			
<b>Dec</b>	187			
<b>Jan</b>	211			
<b>Feb</b>	205			
<b>Mar</b>	214			
<b>Total</b>	<b>1876</b>			<b>£357,192.47</b>

- Both DCTR and LWP expenditure increased in 21/22 demonstrating rising cost of living, partially driven by increasing rents.
- Both DCTR and LWP expenditure is still on this upward trajectory in the current financial year.