





Report of^[x1]: Housing Scrutiny Committee
To^[x2]: City Executive Board
Date^[x3]: 11th. June 2008
Item No^[EM4]:
Title of Report ^[x5]: High Cost Housing and Barriers to Employment



Summary and Recommendations




Purpose of report^[x6]: To present to the City Executive Board  report and recommendations from the Housing Scrutiny Committee on high cost housing  barriers to employment.



Key decision^[x7]: No


Board Member^[x8]: Cllr. Ed Turner


Scrutiny Responsibility^[x9]: Committee A




Ward(s) affected^[x10]: All


Report Approved by:
 Housing Scrutiny Committee
 Christopher Kaye – Finance and Asset Management
 Jeremy King –  Services
 Paul Spencer – Environmental Development^[EM11]




Policy Framework^[x12]: Corporate Plan priority more housing for Oxford,  er housing for all.



Recommendation(s)^[x13]: Housing Scrutiny asks that Executive Board –

1. Consider its report on high cost housing and barriers to employment and
2. Endorses the recommendation made by the Committee to write to the Department for Work and Pensions and the Members of Parliament for  ord, highlighting strongly the problems faced by people living in Oxford who are currently in high cost accommodation, which can act as a barrier to them gaining employment.



High cost housing and barriers to employment

1. Housing Scrutiny Committee has been interested in the issue of high cost housing and the way that it can act as a barrier to employment. The Committee asked the Scrutiny Team to carry out some research into this issue, particularly how it affected people in Oxford. The report produced for the Housing Scrutiny Committee and considered at its meeting on 17th April is attached at appendix 1. The minutes of the meeting are attached at appendix 2.
2. The Housing Scrutiny Committee would like Executive Board to consider the report at appendix 1 and lobby government on this issue, particularly with regard to the housing benefit system. The people interviewed for the report complained that the housing benefit system was so complicated that even if they were better off in work, working out how their benefit would be affected acted as a barrier to seeking employment. The affect of the housing benefit taper is shown in the table at appendix b to the paper considered by Housing Scrutiny Committee.
3. This would be an appropriate time for the Council to draw attention to this issue, as the government is to introduce a new regime for temporary accommodation funding from April 2009. It should be noted however, that high cost housing isn't confined to the temporary accommodation sector. It also affects people in private rented accommodation and hostel accommodation. Private sector rents in Oxford are at a level where it can be difficult, particularly for people with children, to earn enough money to be able to afford to work.
4. The Housing Scrutiny Committee would like the government to give this issue as much attention as they are to problems of worklessness in social housing. It hopes that the Executive Board will take up the issue on behalf of the Council.

5. Board Member Comments

I strongly support the recommendations in this report. It clearly sets out how current housing benefit tapering can act as a disincentive to work, and the acute problem that the high cost of housing in Oxford causes people at the lower end of the income scale. I am glad the government is reviewing this and we must seek actively to influence this review.

6. Executive Director Comments

Officers welcome this report, and agree with the recommendation. We would fully support a lobbying exercise aimed at DWP and relevant ministers on this issue, and will offer up our assistance in drafting any communication the CEB wishes to put forward.

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Background papers^[x15]: None



Appendix 1

Report of^[x16]: Head of Legal and Democratic Services

To^[x17]: Housing Scrutiny Committee

Date^[x18]: 17th April 2008

Item No^[EM19]:

Title of Report ^[x20]: High Cost Housing and Barriers to Employment



Summary and Recommendations



Purpose of report^[x21]: To present to members of the Housing Scrutiny Committee information on the experiences of people in Oxford living in high cost accommodation, and the impact this has on their employment prospects.



Key decision^[x22]: No

Portfolio Holder^[x23]: Councillor Patrick Murray, Improving Housing Portfolio Holder



Scrutiny Responsibility^[x24]: Housing Scrutiny Committee

Ward(s) affected^[x25]: All



Report Approved by: Ed Turner, Housing Scrutiny Committee Chair, Jeremy King, Legal and Democratic Services and Chris Kaye, Finance and Asset Management ^[EM26]



Policy Framework^[x27]: Reduce inequality through social inclusion and more housing for Oxford, better housing for all.



Recommendation(s)^[x28]: That the Housing Scrutiny Committee considers the information in the report and agree how they wish to take this issue forward.



1. Introduction



- 1.1 The Housing Scrutiny Committee is to spend time at its meeting on 17th April looking at the barriers to work for people in high cost accommodation, such as temporary accommodation or the private rented sector.
- 1.2 This issue of worklessness in social housing has been subject to significant media attention in recent months, but there are also problems of worklessness for people in other forms of accommodation that haven't received the same attention.
- 1.3 The Housing Scrutiny Committee wanted to put together a series of case studies that outline the situation faced by people in Oxford, who want to work but are unable to, partly because of their accommodation costs.
- 1.4 The Scrutiny Committee should use the information in this report, plus the committee discussion as a basis for recommendations to lobby for change to the way that temporary accommodation, in particular, is paid for to make it easier for people to work. Case studies, setting out the experiences of people in temporary accommodation in Oxford are included at Appendix A to this report.

2. Issues that have been identified:

- 2.1 Housing professionals have acknowledged worklessness as an issue that needs to be addressed. However, focus at present appears to be on tenants in permanent social housing, rather than those in temporary accommodation or other types of housing.
- 2.2 High rents for those in temporary accommodation can act as a disincentive to work. This was confirmed by the people who were interviewed for this report, all of whom reported feeling disincentivised to work by high rent levels, coupled with a complicated housing benefit system that wasn't easy to understand. Some households remain in temporary accommodation for a number of years. It cannot be good for the household if the adults are out of work for the entire time they are housed in temporary accommodation because they are caught in a benefits trap (where they are better off not working) or the rent on their property acts as a barrier to work.
- 2.3 The government has recognised this problem. In answer to a question on 7th January 2008 from Karen Buck MP on the assessment the Department for Work and Pensions has made on the barriers to employment facing families in temporary accommodation, the Parliamentary Under-Secretary for the Department, James Plaskitt MP replied:

“Working on reducing barriers to employment is central to the Department’s programme of welfare reform. In relation to those in temporary accommodation we support the intentions of the

Working Futures pilot being carried out by the Greater London Authority and the East Thames Group.

We believe that the pilot will help inform future housing benefit policy, including our proposals for a new regime for temporary accommodation from April 2009”.

- 2.4 The Working Futures project in East London has been set up on a pilot basis to work with people in temporary accommodation to help them back to work. As well as providing advice, support, access to training and employment advice, those in the project also have a rent subsidy paid to their landlord, leaving them with a rent to pay which is aligned with local social rented accommodation rent levels – between £90 and £100 per week, rather than £300 per week, the normal charge for temporary accommodation. The project also had a control group that received employment advice and access to training, but did not receive a rent subsidy. The rent subsidy element is similar to the rent waver scheme that used to be run by Oxford City Council, which was deemed unlawful. The Working Futures project is supported by grant funding from the former Office of the Deputy Prime Minister.
- 2.5 As well as high rent levels, the Working Future Project also identified other barriers to work for people in temporary accommodation:
- Lack of qualifications and work experience;
 - Lack of housing security; and
 - Cost of childcare.
- 2.6 A full evaluation of the Working Futures project can be found at: http://www.workingfuture.org.uk/assets/pdf/wf_evaluation_executive_summary.pdf
- 2.7 In summary, the outcomes from the pilot were:
- Job entry rates for households receiving the rent subsidy were 40% higher than the control group.
 - For lone parents, those in receipt of the rent subsidy have a 15% higher job entry rate than lone parents in the control group.
 - Working Future participants, both those receiving the block grant and the control group, have a 13% higher job entry rate than the maximum estimate job entries based on Jobcentre Plus monitoring figures.
 - The project also found that, having considered for all known personal characteristics and attitudes, the rent level impacted on the chance of starting work – the higher the rent the lower the chance – and this was statistically significant at the 10% level.
 - There was in addition to the job outcomes, a high level of participation in education or training among participants, which, possibly given the limited time-frame of the project, has yet to translate into high job entry rates.

- 2.8 The Working Future project has made a number of recommendations to government. They include:
- Carry out a larger scale pilot, with at least 500 participating households.
 - The government should consider ways to reduce the rent paid by people in temporary accommodation, given the negative impact that high rents have on people's ability and desire to secure employment.
 - The government should consider providing a dedicated budget to support homeless people back into work.
- 2.9 Although the Working Futures project was run on quite a small scale (180 participants) and some of the findings would benefit from further work, it is a good example of how the problem of unemployment in temporary accommodation can be positively addressed. There are potential financial benefits from projects like this. It is estimated that the net reduction on benefit spending for those participants who started work would be around £43,000 a year (based on 116 participants who received a rent subsidy).
- 2.10 However, there are potential consequences to this type of project if it is introduced in isolation and without reforms to the housing benefit system as a whole. For example, this scheme is only available for people accepted as statutorily homeless. Those people benefit significantly from this scheme, which could act as an incentive to others to go down the homelessness route, something that Council's are looking to avoid.

3. How many people in temporary accommodation are in work?

- 3.1 On 21st February 2008 (when this information was provided by Community Housing) of the 130 households in temporary accommodation provided directly by the city council, only 5 included somebody who was in work. Of the 5 people in work, 3 of them earned between £700 and £800 per month. They were able to claim housing benefit, which gave them £114 a week towards their rent. Weekly rent for temporary accommodation is £234.56, which includes a service charge of £15.50 not covered by housing benefit.
- 3.2 To put this into context, the gross weekly earnings for full time workers living in Oxford in 2007 was £487.50 – this is the median level of earnings (<http://www.nomisweb.co.uk/reports/lmp/la/2038431818/report.aspx#tabearn>).
- 3.3 This is a fluid situation and often people in temporary accommodation leave or return to work during their stay in temporary accommodation.

However, the number of households in temporary accommodation that include somebody who is in work is likely to be very low.

- 3.4 One of the issues mentioned by the people interviewed for this report is that the housing benefit system is very complicated and can act as a disincentive to work. If people fall into arrears, particularly in temporary accommodation, debts can accumulate very quickly. Examples of the housing benefit taper for a single parent with one child and a couple with two children are included at Appendix B to this report, to demonstrate how the taper works at two different rent levels - £200 a week and £250 a week.

4. Possible consequences of high rent levels

- 4.1 One identified consequence of high rents is the number of absent parents, who don't live (permanently) in the accommodation with their partner and children. Anecdotal evidence suggests that partners may live away from their families in order to circumvent the benefit rules and continue to work. This is an unintended consequence of high temporary accommodation rents and has been picked up as an issue by central government.
- 4.2 Related to this is the number of people that maybe working but not declaring it. Accurate figures on the number of people doing this will be difficult to come by, and in speaking to people in temporary accommodation this issue wasn't raised (this wasn't something that was being investigated). However, it is likely that there are a number of people working and claiming benefit who would otherwise declare their earnings if their rent was more affordable.
- 4.3 Previous work by the Housing Scrutiny Committee has identified problems for people in hostel accommodation finding and keeping a job. The Hidden Homelessness Scrutiny Review identified the following issues:
- There is a perception that potential employers do not tend to employ those who live in the Night Shelter or The Bridge, as they might not be considered "reliable".
 - Secondly, without a postal address where can people ask for application forms to be sent? You also have to give an address when filling out an application form.
 - Preparing for interviews, making sure clothes are clean for work etc is difficult if you're living in a tent or sleeping rough. There are places to go where help will be given, but those interviewed saw this as another barrier.
 - Finally, of those interviewed, most felt that they would only be able to get low paid work. They were concerned that they would not be able to afford to pay rent in a city hostel or to a private landlord if they had a job and no longer received housing benefit.

- Many people interviewed wanted to work, but couldn't get a job. If they did get a job they may not be able to afford their rent. The review group met one person who was working and staying at the Bridge. They had been able to use their parent's address when looking for work, but this option is not available to the majority.
- 4.4 The City Council is well aware of the issues facing people in hostel accommodation. It has allocated Simon House funding from Communities and Local Government Homelessness and Housing Support Directorate grant to extend the funding for a Life Skills Worker. The post co-ordinates the group programmes and meaningful occupation activities in the hostel, providing clear pathways to education, qualifications, volunteering opportunities and employment.
- 5. Options for Housing Scrutiny Committee**
- 5.1 The action that can be taken locally to tackle these problems is limited. Change is required at the national level to make a significant difference, to help people in high cost accommodation find employment.
- 5.2 The Scrutiny Committee should take this opportunity to highlight the problems of people in Oxford who are currently in high cost accommodation, which is acting as a barrier to them gaining employment. Given that the government is to introduce proposals for a new regime for temporary accommodation from April 2009 and is also reviewing the Housing Benefit taper, it would seem that this would be a good time to lobby the DWP to try and influence their thinking on this issue.
- 5.3 The Scrutiny Committee should consider other recommendations it wishes to make, either to Executive Board or to DWP.

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Appendix A - Case Studies

The following case studies are based on conversations with people living in temporary accommodation in Oxford. The participant's names have been changed in order to protect their identity.

1. Scott and Lucy

Scott and Lucy live in temporary accommodation in Oxford. Scott is 21, Lucy 17. They have lived in temporary accommodation since August 2007, having previously lived in the private rented sector. They had been evicted from their previous home and been accepted as statutorily homeless by the City Council. They pay £234 a week rent for their bed-sit.

Currently neither Scott nor Lucy are currently employed (as of middle of March 2008), but Lucy was due to start a full time job on 31st March 2008. They have both worked at different times during their stay in temporary accommodation. However, due to high rent levels, they have not been able to afford to keep working because of the pressures on them to pay their rent and other bills, as well as have money left over for food. When Lucy was last employed, she was earning £850 a month, which was less than her rent over a 4-week period. She was unable to claim housing benefit to subsidise her rent, and so had little option but to leave her job.

Both are agreed that lower rent levels would incentivise people in temporary accommodation to look for work. As far as they were aware, they were the only people in their block who had had a job, or were actively looking for work. They estimated that they would need to earn around £1,500 a month to be able to afford to live in temporary accommodation and not rely on benefits to supplement their income. They are both keen to work and don't want to rely on benefit whilst living in temporary accommodation. However, they also want to remain in temporary accommodation because they believe they are more likely to be prioritised for a permanent council tenancy than if they went back to the private sector.

2. David

David lives with his wife and 2 children in a flat in Oxford. They are in stage 1 emergency temporary accommodation and are waiting to move into stage 2 temporary accommodation. They have been accepted as statutorily homeless by Oxford City Council and have been living in temporary accommodation for 6 months. The rent for their flat is £235 a week plus £15 utility charge.

David has a part time job, working as a taxi driver. He started this job in January 2008 and works for 24 hours a week. He works for the owner of the vehicle and chooses to work for a salary rather than a cut of his takings as this is a more steady income for him. He is able to claim housing benefit whilst in work. At the time of the interview this was £15 a week, although it is due to rise to £40 per week. His wife doesn't work as she looks after their young children.

Although he is in work, David does not find it easy to hold down his job. There are a number of reasons for this. First of all, high rent levels. Taxi driving does not provide him with a high income and he has to pay his rent and other bills, as well as provide food and clothing for his family. His flat does not have a washing machine and so he is spending approximately £15 a week in the laundry. He finds it almost impossible to save for the future and has very little money left at the end of the week.

Secondly, his uncertain housing situation is also a factor. Feeling unsettled doesn't help, knowing that the family will have to move, but their not sure when. He has been told his next place may be unfurnished, and so he is already trying to prepare for this by looking for cheap, second hand furniture for his future home. He feels the more times the family moves, the more he has to spend on making sure his family is comfortable in their new surroundings such as buying furniture. This adds extra pressure on him.

Finally, he feels that the benefit system is a barrier to work for people in temporary accommodation. He was unsure when he started work whether he would be better or worse off, as calculating his benefit was so complicated. He feels that he is probably worse off, but he wants to continue working. Making the system easier for people to understand would be a great help. He believes people don't declare that they are working partly because they will be worse off if they do, but also because the benefit system is very complicated.

3. Jane

Jane is 23 years old and lives in temporary accommodation with her young son. She has been living in temporary accommodation since September 2007, but was accepted as statutorily homeless in February 2008. The cost of renting her flat is £235 per week, plus £15 utility charge. Currently Jane is receiving a maternity allowance of £112 a week. She also receives housing benefit that helps with her rent. She is required to pay £43 a week towards her rent, but currently pays £50 as she is trying to clear her rent arrears. With other outgoings, she estimates that she's left with around £36 a week for her and her son to live off. She will also receive child benefit, but this hasn't been arranged yet.

Before giving birth to her son she was in full time employment. She was still able to claim housing benefit while she was working, which was paying around £100 of her weekly rent. She paid the other £135, plus the £15 utility charge. She did struggle financially when she was working, and fell into rent arrears, which she is now trying to pay back. Her arrears are over £1,000 and she is paying back £7 a week. She is concerned about this debt and the fact that it will take years to pay back. However, before going on maternity leave she found it difficult to balance her income and outgoings, mainly because of the high level of rent.

When asked what barriers people faced in trying to find work when living in high cost accommodation, Jane believed that high rent costs were the biggest

barrier. She fell into rent arrears when she started working because she struggled to balance her outgoings with income. Although she would like to go back to work when her son is a little older, until she moves into permanent accommodation she does not believe she will be able to afford to.

Appendix B – Effect of Taper on Housing Benefit

Effect of taper on Housing Benefit			
Family Group	Applicable Amount	Rent	
Lone parent + 1 child	£129.84	£200.00	£250.00
Weekly Income		HB	HB
£129.00		£200.00	£250.00
£229.84		£135.00	£185.00
£329.84		£70.00	£120.00
£429.84		£5.00	£55.00
£438.00		-£0.30	£49.70
£489.00			£16.55
£515.00			-£0.35
Couple + 2 Children	£216.88		
Weekly Income		HB	HB
£216.88		£200.00	£250.00
£229.84		£191.58	£241.58
£329.84		£126.58	£176.58
£429.84		£61.58	£111.58
£438.00		£56.27	£106.27
£489.00		£23.12	£73.12
£515.00		£6.22	£56.22
£545.00			£36.72
£602.00			-£0.33

Notes:

The applicable amount is set by central government and is intended to represent the minimum level of income for that particular family group. If the income is below that, there should be an entitlement to Income Support and full Housing Benefit.

For every £1 week income above that applicable amount, £0.65 is deducted from the maximum housing benefit payable. In addition, £0.20 is deducted from the maximum Council Tax Benefit payable.

Not all income is taken into account, for example childcare costs of up to £175.00 per week for one child and £300.00 per week for two or more children can be deducted from earnings and the following amounts can be deducted from all earnings:

Single Parent: £25 - £41.05 per week
 Couple: £10 - £26.05 per week

Appendix 2

Housing Scrutiny Committee Minutes – 17th April 2008

125. HIGH COST OF HOUSING AND BARRIERS TO EMPLOYMENT

The Head of Legal and Democratic Services submitted a report (previously circulated now appended), which detailed information on the experience of people in Oxford living in high cost accommodation, and the impact this had on their employment prospects.

Andrew Davies introduced the report.

Councillor Sareva said that high cost privately rented accommodation was not good for building communities and said that previously the City Council had passed an anti-poverty motion that addressed this issue. She said that families need sustainable accommodation. Graham Stratford said that the Council did try accommodation. However the landlords did not always want this as they could offer shorter tenancies to students for a higher rent.

Councillor Sanders said that landlords could and did rent to students as they could get more rent for less time and that this was a problem for Oxford, which as a university city had a high student population. Councillor Turner added that the benefits system had failed to keep up with the affordability of housing, especially in Oxford.

Councillor Sareva said that the City Council should press the Universities to provide more halls of resident on their own sites and not just for the students first year. Councillor Brundin added that it was not only the two main universities that encouraged students to the city. Other institutions such as Language Schools also encouraged students to Oxford who also required accommodation.

The Committee agreed:

- (a) To note the report;
- (b) To recommend the Executive Board and the Chief Executive to write to the Department of Work and Pensions and the local Members of Parliament for Oxford, highlighting strongly the problems faced by people living in Oxford who are currently in high cost accommodation, which can act as a barrier to them gaining employment.