



**Ministry of Housing,
Communities &
Local Government**

Melanie Dawes CB
Permanent Secretary

Ministry of Housing, Communities and Local
Government
2 Marsham Street
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Meg Hillier MP
Chair of the Committee of Public Accounts
House of Commons



30 January 2018

Dear Meg,

The Government published its response to the PAC report on the State of the Nation's Housing on 12 October. I subsequently promised to write to you with information on the number of non-decent homes in the private rented sector that are occupied by working-age housing benefit claimants in England, and the total value of housing benefit this represents. You raised this point in your letter of 4 December and I also promised to provide the data during my appearance before the committee on Monday 22 January.

A factual statistical analysis note, together with a cover note explaining the wider context and the Government's policy response is attached. I hope that the Committee will find this helpful.

I have copied this letter to the Comptroller and Auditor General, the Treasury Officer of Accounts, and the Permanent Secretary at the Department for Work and Pensions.

Yours sincerely,

Melanie Dawes

MELANIE DAWES



Ministry of Housing,
Communities &
Local Government

Working age Housing Benefit and non-decent homes in the private rented sector 2015-16

Working age Housing Benefit and non-decent homes in the private rented sector

Introduction

1. The Ministry of Housing, Communities and Local Government (MHCLG) has produced an estimate of the number of non-decent homes in the private rented sector occupied by working age Housing Benefit claimants in England and the total amount of Housing Benefit this represents.
2. The Government published its response to the Public Account Committee's (PAC) report entitled Housing: State of the Nation on 12 October 2017. MHCLG agreed to work with the Department for Work and Pensions (DWP), in response to a specific recommendation made by the PAC, to estimate how many non-decent homes in the private rented sector are occupied by working age housing benefit claimants in England, and the total amount of housing benefit this represents.
3. This paper sets out the wider context and analysis behind the data.

Wider Context

4. The analysis shows that a higher proportion of working age households who live in the private rented sector and are in receipt of Housing Benefit live in non-decent housing than those not in receipt of Housing Benefit. In summary we estimate that:
 - 415,000 working-age households in the private rented sector were in receipt of Housing Benefit and living in non-decent homes in 2015-16;
 - 36 per cent of working age households in the private rented sector and in receipt of Housing Benefit live in non-decent accommodation;
 - 26 per cent of working age households in the private rented sector and not in receipt of Housing Benefit live in non-decent accommodation.
5. The private rented sector is the second largest housing sector. In 2015-16 it comprised 4.5 million households compared to 3.9 million in the social rented sector and 14.3 million in owner occupation. It has more than doubled in size since 2002, when there were 2.1 million households. Over the same period, the proportion of Housing Benefit claimants who are private renters has risen from one in five to one in three.
6. The quality of privately rented housing has improved rapidly over the past decade. The English Housing Survey (EHS) reports that the proportion of non-decent private rented sector homes has fallen from 47% in 2006 to 28% in 2015. In 2015-6, 82% of private renters were satisfied with their accommodation and staying in their homes for an average of 4.3 years.

7. Where a property contains hazards, local authorities have powers under the Housing Act 2004 to require landlords to make necessary improvements. Where there are potentially serious risks to the health and safety of the occupants, the local authority must take appropriate action requiring the landlord to reduce or remove the risk.
8. The Housing and Planning Act 2016 strengthened the measures available to local authorities to deal with poor standards. In April 2017, civil penalties of up to £30,000 were introduced as an alternative to prosecution. At the same time extended Rent Repayment Orders were introduced which require a landlord to repay a specified amount of rent to a local authority and/or tenants in cases of illegal eviction or failure to comply with a statutory notice requiring improvements to a property.
9. In April 2018, the Government will be introducing banning orders and a database of rogue landlords and property agents to help local authorities target their enforcement action against rogue landlords and ban the worst offenders from operating.
10. The Government recently announced its support for the Homes (Fitness for Human Habitation and Liability for Housing Standards) Bill which will require landlords to ensure that their properties are kept free of potentially serious hazards at the start of and throughout a tenancy. Where a landlord fails to do so, their tenants will be able to seek redress in the courts.
11. The analysis provides estimates of the number of working age households in receipt of Housing Benefit and living in non-decent accommodation in the private rented sector and the amount of Housing Benefit that this represents. These estimates are calculated by combining administrative data on working age Housing Benefit caseload and expenditure from DWP with the English Housing Survey 2015-6.

Analysis

12. The estimate of the number of non-decent homes in the private rented sector occupied by working age Housing Benefit claimants in England and the total amount of Housing Benefit this represents was calculated by combining administrative Housing Benefit caseload and expenditure data from DWP and the English Housing Survey administered by MHCLG.
13. The Housing Benefit caseload and expenditure data from DWP provides the total number of working age Housing Benefit claimants in the private rented sector and the total amount of expenditure in 2015-16.
14. The English Housing Survey provides the proportion of working age households in receipt of Housing Benefit living in non-decent accommodation, and also the proportion of Housing Benefit spend that this represents for this group. In 2015-16, there were an estimated 415,000 working-age households in the private rented

sector (PRS) in receipt of Housing Benefit and living in non-decent homes. This represented 9% of all private rented sector households and 36% of working age households receiving housing benefit in the private rented sector.

15. In 2015-16, an estimated £2.6bn of working age Housing Benefit spending in the private rented sector was for tenants in non-decent accommodation. This represented 12% of the total housing benefit spend of £21.4 billion.

Methodology

16. The EHS collects information about people's housing circumstances and the condition and energy efficiency of homes in England. The EHS provides the proportion of working age¹ households² in receipt of Housing Benefit living in non-decent accommodation and also the proportion of Housing Benefit spend that this represents for this group.

17. The EHS conducts physical surveys of properties as part of the data collection process. Part of this inspection is to assess whether dwellings are either decent or non-decent, according to the Decent Homes Standard. While the Decent Homes Standard applies to social housing, and does not set a minimum standard for dwellings in the private rented sector, it can be used as a way of assessing the quality of stock in the sector.

18. A decent home is a home that meets all of the following four criteria³:

- It meets the current statutory minimum standard for housing as set out in the Housing Health and Safety Rating System.
- It is in a reasonable state of repair (related to the age and condition of a range of building components including walls, roofs, windows, doors, chimneys, electrics and heating systems).
- It has reasonably modern facilities and services (related to the age, size and layout/location of the kitchen, bathroom and WC and any common areas for blocks of flats, and to noise insulation).
- It provides a reasonable degree of thermal comfort (related to insulation and heating efficiency).

¹ Working age is defined here as those aged under 65.

² For the proportions from the English Housing Survey a working age household is a household where the Household Reference Person (HRP) is aged under 65. The Household Reference Person is the person in whose name the dwelling is owned or rented or who is otherwise responsible for the accommodation.

³ The detailed definition for each of these criteria is included in A Decent Home: Definition and guidance for implementation, Department for Communities and Local Government, June 2006

<https://www.gov.uk/government/publications/a-decent-home-definition-and-guidance>

19. The proportions from the EHS are then applied to administrative data on total Housing Benefit caseload and expenditure from DWP to produce an estimate of the number of working age households in the private rented sector in receipt of Housing Benefit living in non-decent accommodation and the amount of Housing Benefit spending this represents.
20. Housing Benefit caseloads are consistent with the National Statistics caseloads available at <https://stat-xplore.dwp.gov.uk>, and are derived from the Single Housing Benefit Extract (SHBE). SHBE is a 100% extract of HB administrative systems provided to DWP by Local Authorities on a monthly basis. Housing Benefit expenditure totals are consistent with the data published at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/646032/hb-and-ctb-by-la-2016-17.ods, and are derived from a combination of SHBE and Housing Benefit subsidy claims submitted annually to DWP by Local Authorities

Results

21. In 2015-16, in the private rented sector, 36% of working age households receiving Housing Benefit were living in non-decent accommodation, amounting to an estimated 415,000 households. In 2015-16, there were 4.5 million households in the private rented sector, Table 1. Therefore, working age households living in non-decent accommodation were 9% of the total private rented sector.
22. In the social rented sector, 13% of working age households receiving Housing Benefit were living in non-decent accommodation, amounting to an estimated 239,000 households. In 2015-16, there were 3.9 million households in the social rented sector. Therefore, working age households living in non-decent accommodation were 6% of the total social rented sector.

Table 1: Estimated number of working age households in receipt of Housing Benefit living in non-decent accommodation, 2015-16

	Working age housing benefit caseload (thousands)	% working age households receiving HB in non-decent accommodation	Estimated number of working age households receiving HB in non-decent accommodation (thousands)	Total number of households in sector (thousands) ⁴
Social rented sector	1,867	13%	239	3,918
Private rented sector	1,154	36%	415	4,528
Total	3,021	22%	653	8,446

Sources: MHCLG analysis of English Housing Survey, DWP analysis of Housing Benefit caseload data

⁴Figures here are taken from Annex Table 1.1 of the 2015-16 English Housing Survey Headline Report and include households of all ages: <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

23. An estimated £2.6bn of working age Housing Benefit spend in the private rented sector was for tenants in non-decent accommodation in 2015-16. This represents 37% of Housing Benefit spend on working age households in the private rented sector.

24. In the social rented sector an estimated £1.4bn of working age Housing Benefit spend was for tenants in non-decent accommodation which is equivalent to 15% of spend on working age households in the social rented sector. Therefore, a combined £4bn of working age Housing Benefit spend was for tenants in non-decent accommodation in 2015-16. The total Housing Benefit spend in England for all ages in 2015-16 was £21.4bn, Table 2.

Table 2: Estimated working age Housing Benefit spend on non-decent accommodation, 2015-16

	Total spend, all ages (£bn)	Working age spend (£bn)	Working age spend as % of total	Estimated non-decent working age expenditure (£bn)	% non-decent spend as % of working age spend
Social rented sector	13.4	9.4	70%	1.4	15%
Private rented sector	8.0	7.0	88%	2.6	37%
Total	21.4	16.5	77%	4.0	24%

Sources: MHCLG analysis of English Housing Survey, DWP analysis of Housing Benefit caseload and expenditure data