

# Policy: briefing

# Worklessness and social housing

## Summary

The Hills Review of social housing found that nearly one-third of the nine million people not in work in England were resident in the social rented sector. This briefing looks at the reasons behind this high rate of worklessness, considers government initiatives to combat such worklessness, and puts forward options for reform.

- The Government's idea of commitment contracts for social housing tenants follows in the footsteps of other workfare proposals. The concept raises key questions, such as the relationship between benefit sanctions and housing sanctions, the potential impact on tenure rights, and the practicalities of what would happen if tenants lost their home due to their work-seeking status.
- Working Neighbourhood pilots clearly demonstrate the added value of individual-focused support with job-related costs for work seekers. Housing providers can play a key role in providing such support, but these schemes are not available for many social housing tenants.
- In addition to the complex nature of the benefits system, the way in which housing benefit interacts with other benefits and tax credits, and the system's response to temporary spells in and out of work, means that in practice, work doesn't pay for many. Those in temporary accommodation are particularly likely to suffer from work disincentives due to higher rent levels.
- A shortage of accessible and sustainable job opportunities, failing schools, lack of adequate childcare provision, postcode discrimination by employers, and poor availability of transport also provide barriers to work. These are strongly linked to the significant overlap between high social housing levels and concentrations of deprivation.
- Recent research found no evidence that social housing represents a deterrent to work. This casts strong doubt on the use of policy measures to tackle a 'culture of worklessness'. Rather, social housing provides a secure and affordable home from which moves into work are easier.

## Introduction

During the second quarter of 2008, 11.4 per cent of working age people lived in workless households, equivalent to 4.29 million.<sup>1</sup> Since 1997, the rate of worklessness has declined, reflecting not only a decade of low unemployment and a strong economy, but also the numerous government initiatives designed to encourage people into employment. The Government's long-term aims are to secure employment rates of 80 per cent, reduce the number of working age people who are dependent on benefits, and narrow the employment gap for disadvantaged groups.<sup>2</sup> In the second quarter of 2008, the employment rate in the UK was 74.8 per cent.<sup>3</sup>

However, despite an overall decline in the rate of worklessness, recent attention has focused on the disproportionate number of those not in work who are tenants in the social rented sector. In 2006, nearly one-third of the nine million people not in work in England were resident in the social rented sector, and the worklessness rate was twice that of the private rented sector (PRS).<sup>4</sup> Almost one-half of social housing is located in the fifth of neighbourhoods with the highest levels of deprivation<sup>5</sup>, and a disproportionate number of social tenants are from groups that are disadvantaged in the labour market. For example, 18 per cent of heads of household in social housing are lone parents, whereas this group comprise only ten per cent in the PRS, and four per cent in owner-occupation.<sup>6</sup>

The Hills Review of social housing highlighted the inherent contradiction between the principal benefits of social housing (affordable rents and security of tenure – which should make work more sustainable), and the higher rates of worklessness among its tenants.<sup>7</sup> Hills identified that, even after taking into account labour market disadvantages (such as having a disability, being a lone parent, or being from an ethnic minority group), the likelihood of a person being out of work was much higher when they lived in social housing than for those living in other tenures. However, Hills noted that because social housing is allocated according to need, it 'screens in' individuals

who have the most intractable or multiple problems among the groups with high rates of worklessness. The PRS or owner-occupier tenures, by contrast, tend to 'screen out' the same individuals. Hills considered the possibility that 'social housing effects' beyond the personal characteristics of tenants might exist, yet he was unable to find evidence of the significance of such potential effects.

The Hills Review has led to a significant amount of research and debate to identify the causes of worklessness among social housing tenants, and to explore possible means of tackling this beyond existing initiatives to increase employment rates. Shelter has welcomed the ensuing debate, and we are keen to work with others to fully understand the issues raised and the reasons underpinning them. We believe this will offer opportunities not only to come up with specific initiatives to tackle worklessness in social housing, but also to address the generic and systemic barriers to employment experienced by the most disadvantaged in society, regardless of their housing tenure.

## Where are we heading?

### Welfare reform – from welfare to workfare

There has been a clear shift in government policy towards empowering people to take more responsibility for their own circumstances, and to fulfil certain conditions in exchange for welfare benefits, in particular (un)employment-related benefits. For example, the 'Pathways to Work'<sup>8</sup> programme encourages those on long-term incapacity benefit into work. It has been successfully piloted, and will now be extended nationwide. The existing incapacity benefit and other disability benefits are to be replaced in 2008 with the employment and support allowance (ESA), which will change the way long-term illnesses and disabilities are assessed as obstacles to paid employment. The Government's 2007 Employment Green Paper proposed phased reductions in lone parents' eligibility for income support.<sup>9</sup> More explicitly, the 2008 Welfare Reform Green Paper focuses on an

1 Office of National Statistics (ONS), *Work and worklessness among households*, August 2008. Worklessness in these figures covers both those unemployed and those not seeking work, whether for reasons of disability, childcare or any other reason.

2 Department for Work and Pensions (DWP), *In work, better off: next steps to full employment*, 2007.

3 ONS, *Labour market statistics first release*, August 2008.

4 Hills, J, *Ends and means: the future roles of social housing in England*, Centre for Analysis of Social Exclusion (CASE), 2007.

5 Ibid.

6 Communities and Local Government (CLG), *Survey of English housing, preliminary results: 2006/07*, 2007.

7 *Ends and means: the future roles of social housing in England*, op cit.

8 See [www.dwp.gov.uk/welfarereform/pathways.asp](http://www.dwp.gov.uk/welfarereform/pathways.asp)

9 *In work, better off: next steps to full employment*, op cit. From October 2008, lone parents with a youngest child aged 12 or over will no longer be entitled to income support solely on the grounds of being a lone parent. Subsequently, from October 2010, this age will be reduced to seven years old.

'obligation to work', with a clear message that those who don't participate will have their benefits cut as a result.<sup>10</sup>

In this context, the Housing Minister's idea of 'commitment contracts' for social housing tenants, follows a clear pattern; the Minister argued that 'social housing should be based around the principle of something for something'.<sup>11</sup> While this concept seems to follow in the footsteps of other workfare proposals, there is a fundamental difference. Other 'rights and responsibilities' approaches closely tie the benefit gained or lost with the behaviour expected, for example sanctions on job seekers allowance for those not fulfilling required job-seeking expectations. However, sanctions on housing entitlement as a result of failures in seeking work and/or employment activity would mark a clear departure from this, disassociating the activity from the sanction. Introducing any kind of social housing sanctions to tackle worklessness would unfairly penalise social housing tenants over and above the other benefit sanctions they (and those in other housing tenures) can expect if they fail to meet the work-seeking expectations of them.

A key concern is the impact the commitment contract approach could have on tenure rights. Would punitive sanctions apply, and would those who didn't meet all the conditions of their commitment contract ultimately lose their homes? In addition, how would a commitment contract approach fit into the benefit system and the existing structures for provision of employment advice and assistance? On a practical level, if a family in social housing lost their home because of their work-seeking status, there is the question of what would happen to them. Under current legislation, they could be found to be homeless, and the local authority may have a duty to house them. Potentially, this could create a considerable amount of trauma for the family concerned, as well as expense and bureaucracy for the social housing sector. Furthermore, households waiting to be allocated housing would normally be housed in temporary accommodation, where high rents act as an additional barrier to individuals going out to work. Not only are the costs of keeping a family in temporary accommodation much higher in terms of government subsidy than the cost for them to live in social housing, there are also negative impacts for family health and well being.<sup>12</sup>

Shelter is strongly opposed to any potential limiting of the security of social housing tenancies, or the creation of conditional tenancies dependant on paid work or work-seeking behaviour, particularly if that means a household could ultimately lose their home.

## Personalised support

It is increasingly recognised that many groups require specific and tailored support in order to enable them to take up and sustain employment. The 2008 Welfare Reform Green Paper combines tough messages about work obligations with ambitions to 'provide support that is tailored to each person's needs'.<sup>13</sup> We have also seen a £1.5 billion extension of the Working Neighbourhood pilots, the purpose of which is to provide intensive support to help people find and remain in work.<sup>14</sup> Key features of these pilots include one-to-one practical advice, and flexible 'retention payments' to support those who have gained employment with the purchase of clothes, or other necessary equipment. The evaluation of the pilots showed job entry rates were 13 percentage points higher in pilot areas than comparison sites; participants had gained self-confidence and developed job search techniques. The pilots have indicated that flexible, tailored support is one of the more effective measures in improving employment rates.

Shelter welcomes the development of personalised support for those seeking work. The results from the Working Neighbourhood pilots, and from schemes such as the Working Future pilot in London<sup>15</sup>, clearly demonstrate the added value of individual support when helping people into work. However, this type of support needs to be funded effectively; the ambitions of the 2008 Welfare Reform Green Paper must be translated into meaningful and sustained spending commitments on the ground.

## Making work pay

In 1999, the Government introduced the national minimum wage, and in 2003, working tax credits (WTC) were introduced to send the message that work pays. Shelter welcomes the review of the housing benefit system announced in the 2008 Budget, one of the stated aims of which is to promote work incentives. There have been a number of improvements to the housing benefit system in recent years, including: improved transitional arrangements for housing benefit payments in the first few weeks

10 DWP, *No-one written off: reforming welfare to reward responsibility*, 2008.

11 For further information see [www.communities.gov.uk/speeches/corporate/fabiansocietyaddress](http://www.communities.gov.uk/speeches/corporate/fabiansocietyaddress)

12 Mitchell, F, Neuberger, J, Radebe, D, and Rayne, A, *Living in limbo*, Shelter, 2004.

13 *No-one written off: reforming welfare to reward responsibility*, op cit.

14 Dawson, S, Casebourne, J, Darlow, A, Bickerstaff, T, Fletcher, D, Gore, T, and Krishna, S, *Evaluation of the working neighbourhoods pilot: final report*, DWP, 2007.

15 Centre for Economic and Social Inclusion, *Working future evaluation*, 2007.

of employment; reduced processing times; and the forthcoming (October 2009) move to disregard child benefit in calculating housing and council tax benefit. The new local housing allowance, rolled out from April 2008, also aims to improve administrative efficiency further.

However, it is still the case that the interaction of housing benefit with income for those on the lowest wages can result in a situation either where work doesn't pay, or where the difference in income is not high enough to incentivise people into work. In this context, there is much more to do to make work pay after housing costs are taken into account.

## Worklessness initiatives

There are a number of initiatives under development which explore ways of integrating housing and employment advice and support. Twelve local authorities are taking part in the first phase of Communities and Local Government's (CLG) new Enhanced Housing Options Trailblazers programme<sup>16</sup>, which will provide training, employment, childcare and other advice alongside housing advice.

A recent Housing Corporation report<sup>17</sup> highlighted the important role that housing associations can play in working with hard-to-reach groups, building on existing relationships they have with households not assisted by other agencies. Many housing associations have strong expertise and experience in working with their tenants to increase employment rates. For example, Kush Housing Association has developed the Akaba project in Hackney, working with young African and Caribbean men with mental health problems, and offers one-to-one support while also working directly with employers to find suitable employment positions. The project has found employment and job placements for over 50 people in two years.<sup>18</sup>

These examples demonstrate the value in using housing providers as an access point to engage with current and future social housing tenants who are not in work. In particular, the existing relationship and trust between social housing landlords and their tenants may provide an important means of reaching those who need additional support and opportunities to find employment beyond that offered through traditional job seeking routes.

## What else do we need to do?

While many of these initiatives and activities provide positive opportunities for people not in work to find and take up employment, Shelter believes that there is much more to do in order to genuinely transform the employment opportunities of the most vulnerable and/or those on the lowest incomes. Shelter is keen to see the development of further initiatives to enable all of those who are not in work to achieve their potential, whether or not they live in social housing.

## System change

### The benefits system

The structure and operation of the benefits system continues to lead to serious and substantial work disincentives.<sup>19</sup> Analysis by the Joseph Rowntree Foundation (JRF) has considered the extent to which work incentives are weakened by the withdrawal of means-tested benefits and tax credits. Their analysis shows that more than two million working adults in Britain have effective marginal tax rates<sup>20</sup> (EMTRs) above 50 per cent, and a significant proportion of these have EMTRs which go up to 90 per cent and beyond. They argue that housing benefit recipients face some of the weakest work incentives.<sup>21</sup>

Shelter has identified below a number of inherent barriers to work in the benefits system that need to be tackled:

### *Housing benefit tapers*

For every pound increase in earnings income, there is a steep rate of housing benefit withdrawal of 65 pence. The Hills Review highlighted that a couple with two children in social housing, paying a typical rent of £60 per week, would only gain £55 if their weekly income rose from £100 to £400.<sup>22</sup> For an equivalent family in the PRS, paying an average rent of £120 per week, the gain would only be £23. In addition, WTC is counted as income when assessing entitlement to housing benefit; those who receive it are therefore little better off.<sup>23</sup>

### *Housing benefit administration*

Despite recent improvements in administrative efficiency, there is a general lack of confidence in the operation of the housing benefit system. Claimants fear that it could take a long time to sort

16 CLG, '12 council 'trailblazers' to offer homes and jobs advice', press notice, 3 July 2008.

17 Housing Corporation, *Housing associations tackling worklessness*, 2008.

18 [www.placesforpeople.co.uk/kush](http://www.placesforpeople.co.uk/kush)

19 For more detailed discussion of these issues please see Shelter's response to the Freud Review, 2007, available at: <http://tinyurl.com/6ft8kj>

20 The effective marginal tax rate measures how much of a small change in earnings is lost to direct tax payments and foregone state benefit and tax credit entitlements, and hence measures the strength of the incentive for individuals to increase their earnings.

21 Adam, S, Brewer, M, and Shephard, A, *The poverty trade-off: work incentives and income redistribution in Britain*, Joseph Rowntree Foundation (JRF) and The Policy Press, 2006.

22 This is the result of reduced benefits and tax credits, higher tax and national insurance.

23 For more information see Zebedee, J, Ward, M, and Lister, S, *Guide to housing benefit and council tax benefit 2008-09*, Shelter.

out payments on return to work, or if they lost their job, and claim processing times are still too long. If housing benefit payments were fixed for longer periods, regardless of a change of circumstances, then claimants could be reassured, and the administrative burden of frequent assessments and recovery of overpayments could be reduced.

#### *Earnings disregard*

Currently, single people in low-paid work are only able to earn up to £5 per week before the amount of housing benefit they receive starts to be reduced. The amount of this earnings disregard has not been increased since 1988. This means that a single person working 16 hours per week at the national minimum wage (£5.52 per hour) would only be £8.63 a week better off than if they were unemployed, once housing costs are taken into account.<sup>24</sup> This does not demonstrate that 'work pays'.

#### *Disincentive to study*

The '16-hour rule' prevents most of those over the age of 18 from claiming housing benefit if they study for more than 16 hours a week. This can impede the efforts of those on housing benefit to study for further qualifications, hampering opportunities to develop skills in order to gain or advance in employment.

#### **Childcare**

The cost of childcare is a major consideration for parents in deciding whether or not to seek paid work, and the availability and cost of childcare can be a significant barrier to work.<sup>25</sup> Even where childcare is available, some parents, particularly lone mothers, choose not to go to work, viewing their childcare responsibilities as more important than a comparatively marginal financial gain. Parents face additional childcare issues, such as restricted availability (particularly with respect to timing), and difficulties posed by separate provision for different age groups.<sup>26</sup>

The provision of accessible and affordable childcare remains a key government priority, closely linked to the Government's pledge to end child poverty. However, there is a long way to go before high quality and affordable childcare for all is a reality.<sup>27</sup> Until this is the case, it is unrealistic to expect some parents, particularly those likely to take up low-paid employment, to go back to work.

24 CLG/DWP figures.

25 *Working future evaluation*, op cit.

26 Fletcher, D, Gore, T, Reeve, K, and Robinson, D, *Social housing and worklessness: key policy messages*, DWP, 2008.

27 For instance, see the Daycare Trust's 21-point plan for better childcare: [www.daycaretrust.org.uk](http://www.daycaretrust.org.uk)

28 *Living in limbo*, op cit.

29 Preston, G, (eds), *At greatest risk: the children most likely to be poor*, Child Poverty Action Group, 2005, Chapter 4.

30 *Living in limbo*, op cit.

31 *Working future evaluation*, op cit.

## **Temporary accommodation**

Homeless households placed in temporary accommodation face particular obstacles to employment. In 2004, research with more than 400 households in temporary accommodation found that 77 per cent of these households had no family member working.<sup>28</sup> In comparison, data suggests that formerly homeless households living in more affordable local authority or housing association properties, had between 40–50 per cent worklessness rates.<sup>29</sup> Those living in temporary accommodation cited as barriers to employment: health problems caused, or exacerbated by, housing conditions; insecurity of tenure; high rents; lack of childcare; and concerns about changes to benefit.<sup>30</sup>

In London, the Working Future pilot pioneered new ways of helping families in temporary accommodation into work by tackling the benefits trap, and providing employment support. The pilot used block subsidy to reduce the amount of rent payable to the level of a social rent, thus improving work incentives. The evaluation of the pilot demonstrated its considerable potential as a tool to help those individuals trapped in worklessness as a result of high rent levels in temporary accommodation. A control group of households received the same employment advice and guidance services as other pilot participants, but did not receive block grant subsidy of their rent. Job entry rates for households receiving the rent subsidy were 40 per cent higher than the control group. The project found that, having considered all known personal characteristics and attitudes, the rent level impacted on the chance of starting work: the higher the rent, the lower the chance.<sup>31</sup>

### **Additional job-related costs**

Those who have been living on low incomes for a long time are likely to find it difficult to meet the up front costs of looking for, or commencing, employment, such as transport, clothes for a job interview, or a training course. For individuals from backgrounds that involve high levels of social exclusion and poverty, these cost barriers may be insurmountable. In addition, sustaining employment incurs ongoing costs of travel, appropriate work clothes, and other necessary expenses. Therefore, the net gain in income needs to be sufficiently high

to offset these costs, and still leave the person significantly better off. For those in low-paid employment, the current system can make these net gains marginal at best, and negligible at worst. The Working Neighbourhood pilots have played a key role in providing support with employment-related costs, yet such provision is subject to a postcode lottery and funding for projects is unreliable.

### Area-based initiatives

Neighbourhood effects are significant in determining an individual's work opportunities. The evaluation of the Working Neighbourhood pilots found that 'jobs available locally were often low paid, and many were located on peripheral industrial estates which are difficult to reach by public transport'.<sup>32</sup> There was also some evidence of postcode discrimination by employers due to stigmatisation of particular areas.<sup>33</sup> Another possible factor is that attending struggling schools leads to lower levels of qualifications and skills among school leavers.<sup>34</sup>

### Reducing the concentration of poverty

Social housing is disproportionately located in deprived areas, a situation exacerbated by stock losses caused by the Right to Buy scheme, enabling many economically active households to move. Evidence suggests that the concentration of poverty in areas where social rented housing is located creates additional area disadvantages.<sup>35</sup> The evidence doesn't point to these area effects having a specific impact on worklessness<sup>36</sup>, but there are still strong arguments for de-segregating poverty and directing policy towards the creation of genuinely mixed communities.

Current government targets aim to increase the supply of social rented housing, which offers an opportunity to avoid repeating previous mistakes where concentrated areas of deprivation have been created. The provision of more social rented housing through section 106 agreements provides an ideal opportunity for the mixing of tenures.<sup>37</sup> There are also a number of possible approaches to the rejuvenation of existing estates; the Joseph Rowntree Housing Trust developed an initiative to sell off alternate vacant units on an estate in Yorkshire, bringing in

middle-income homeowners to reduce the level of deprivation.<sup>38</sup> The Government must ensure that the right homes are provided in the right places, and that they do not perpetuate the problem of large concentrations of need and deprivation without support or access to employment.

### Jobs

The British economy is now primarily based on service industries, as traditional manufacturing industries have declined. This has caused a mismatch in some areas between the skills held and the skills needed for local employment opportunities.<sup>39</sup> Difficulties experienced by some of the most disadvantaged, such as mental or physical health problems, can also make it hard to sustain employment.<sup>40</sup> Employers may also be reluctant to recruit those they perceive as risky, particularly if they have been out of the labour market for some time.

The availability of accessible, sustainable jobs is absolutely vital to tackling rates of worklessness, particularly among the most disadvantaged groups. There needs to be a coordinated approach to the provision of appropriate employment between local and national government and employers to match the coordinated approach being developed to work with job seekers, in particular to end the 'revolving door' of low-paid work and unemployment.<sup>41</sup>

Shelter welcomes the Government's 'jobs pledge' set out in the 2007 Employment Green Paper. Through local partnerships this promises to provide 250,000 job opportunities with major employers for those at a disadvantage in the labour market.<sup>42</sup> However, where people are able to access low-skilled work, in many cases it will be of a temporary, short-term, or insecure nature. Such employment is particularly difficult for those who rely on housing benefit as it can lead to frequent reassessments of benefit level, confusion over expected entitlement, rent arrears, and overpayments.

### Transport

Transport can present another barrier to employment, restricting travel to work and therefore job search areas.<sup>43</sup> There is also more limited evidence about

32 *Evaluation of the working neighbourhoods pilot: final report*, op cit.

33 Ibid.

34 *Ends and means: the future roles of social housing in England*, op cit.

35 Fitzpatrick, S and Stephens, M (eds), *The future of social housing*, Shelter, 2008, chapter 5.

36 Ibid.

37 Section 106 agreements are agreements made under section 106 of the Town And Country Planning Act 1990 between a local planning authority and a land developer. These require developers to fulfil certain obligations through their development.

38 Martin, G and Watkinson, J, *Rebalancing communities*, JRF, 2003.

39 *Evaluation of the working neighbourhoods pilot: final report*, op cit.

40 *Social housing and worklessness: key policy messages*, op cit.

41 *The future of social housing*, op cit.

42 *In work, better off: next steps to full employment*, op cit, chapter 3.

43 *In work, better off: next steps to full employment*, op cit.

the existence of narrow spatial horizons among some social housing residents, which also serve to restrict travel to work areas. This is particularly evident in neighbourhoods with low levels of residential mobility.<sup>44</sup> As outlined above, travel costs can be a barrier to employment on an ongoing basis.

Further attention should be paid to the availability of public transport and local jobs, and the net gain in income from employment after transport costs have been taken into account. In addition, as the drive for increased housebuilding continues, it will be vital to ensure that job creation in, or close to, new communities is an integral part of development.

## Individual support

Along with systemic change and area-based initiatives, there remains a need for further personalised support for those with particular difficulties or disadvantages.

### Addressing personal disadvantage

Research suggests that worklessness in social housing is particularly high due to the multiple disadvantages faced by tenants.<sup>45</sup> These disadvantages are often hidden from view, such as undiagnosed physical or mental health problems. This is a crucial part of the explanation why, even after controlling for labour market disadvantages, tenants in the social sector are more likely to be workless than those living in other tenures. In addition, individuals may face further obstacles, such as insufficient access to the internet to look for jobs, or not having a network of contacts who can help and advise them in their job search.

Existing support programmes have difficulties gaining access to people with the most challenging circumstances.<sup>46</sup> Particular groups, such as young people, people from ethnic minorities, and those with mental or physical disabilities, may face additional disadvantages, and need specifically tailored support. It will therefore be important to ensure that the development of tailored support, as pledged in the 2008 Welfare Reform Green Paper, is followed through with a genuine commitment to the provision of personalised support for people with the most

entrenched or complex disadvantages, if they are to be expected to access and sustain employment.

### Geographical mobility

Government statements have identified difficulties with geographical mobility in the social rented sector as a significant obstacle to reducing worklessness.<sup>47</sup> CLG is currently considering the introduction of reasonable preference in the allocation of social housing for people moving for job-related reasons. However, it is important to acknowledge that individuals who could find work if they moved areas are likely to be in a very small minority. Therefore, it would be counter-productive to place too much emphasis on geographical mobility within social housing as a solution to the problem of worklessness.

## Conclusion

Social housing provides a vital lifeline for one fifth of the population, providing a stable basis on which they can build their lives. A homeless or badly housed person is in a better position to find and keep a job if they can first gain access to a stable, affordable and secure home. Research has found that social tenants closer to the labour market reported that security of tenure, sub-market rents, and more supportive landlords all provided work-related benefits.<sup>48</sup> It concluded that 'any moves to undermine security of tenure in the social rented sector are likely to have an adverse impact on levels of worklessness, as well as undermining the well-being of some of the most vulnerable tenants'.<sup>49</sup>

However, despite evidence of numerous social and financial barriers to employment, there has been a tendency towards a policy focus on the 'culture of worklessness' among social housing tenants. Employment rates in the sector are reported to have 'collapsed'<sup>50</sup>; the Housing Minister has referred to a 'no one works around here' culture.<sup>51</sup> However, strong doubt surrounds the policy emphasis on measures to tackle perceived cultures of worklessness. Research has concluded that 'there is no evidence that social housing represents a deterrent to work... and there is no evidence of cultures of worklessness on social housing estates'.<sup>52</sup>

44 *The future of social housing*, op cit.

45 Ibid.

46 National Audit Office, *Helping people from workless households into work*, HC 609 session 2006/07, 2007.

47 Flint, C, 'Flint on council house row', *New Statesman*, 12 February 2008; Cooper, Y, 'Social and affordable housing investment', CLG, 12 December 2007.

48 *The future of social housing*, op cit.

49 *The future of social housing*, op cit, chapter 7.

50 For further information see [www.communities.gov.uk/speeches/corporate/fabiansocietyaddress](http://www.communities.gov.uk/speeches/corporate/fabiansocietyaddress)

51 Wintour, P, 'Labour: if you want a council house, find a job', *the Guardian*, 5 February 2008.

52 *The future of social housing*, op cit, chapter 7.

Shelter believes there is much to be welcomed in current government approaches to tackling worklessness: the development of personalised support; the piloting of integrated housing and employment advice; and the emphasis on the role of social landlords. However, more needs to be done to tackle obstacles to work, and trigger a genuine and sustained shift towards lower rates of worklessness.

Firstly, it is essential that the inherent disincentives to work in the benefits system are addressed; marginal tax rates of over 50 per cent would be unacceptable with any other group of workers, and it is profoundly

unfair to impose such stark financial penalties on those on the lowest incomes. Secondly, in many areas there is an overlap between concentrations of deprivation, and high proportions of social housing. However, it would be a mistake to assume that area disadvantages relate to social housing per se, rather than to an area overall, and to tackle worklessness comprehensively, changes need to be beneficial to all, regardless of housing tenure. Finally, some people not in work will have come from a background of housing need and disadvantage and will need very specific and tailored support in order to overcome personal barriers to work.

## Recommendations

- In order to make work pay, the interaction between housing benefit and income as earnings increase needs to be re-balanced so withdrawal rates are substantially lower.
- There needs to be greater protection for people claiming housing benefit who are going through changes in circumstances, particularly to ensure that those going into and out of short-term or insecure employment are not financially penalised.
- Housing benefit rules should change to ensure that adults studying for more than 16 hours a week to gain basic skills and qualifications do not have their housing benefit entitlement affected.
- Extend the Working Future pilot to all households in temporary accommodation. Providing block subsidy of rent is an imperative part of the programme and should be combined with the provision of tailored support.
- It is vital that housing associations and developers work with the Government to ensure that new housing developments create genuinely mixed communities.
- Childcare needs to be accessible, affordable and high quality to enable social housing tenants to move into work.
- National, regional and local government must work with employers to develop attractive job opportunities, particularly in areas of new housing delivery and high worklessness. This should involve working in partnership with housing associations and community agencies, ensuring employment programmes reach the most disadvantaged.
- The Government should not link social housing tenancies with work-seeking behaviour if this means punitive sanctions could apply and that ultimately a tenant could lose their home. Policies based on provision of support into employment will yield the best results.
- The Government should build on the Working Neighbourhood pilots to ensure that a social tenant not in work has access to intensive and tailored support that meets their needs. However, this work must be supported with reliable, long-term and simpler funding structures.

Shelter, the housing and homelessness charity  
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# Shelter