



Sedgemoor

I'll Huff... And I'll Puff...

A report on Housing Benefits in Sedgemoor in the
Context of the Cost of Living Crisis in 2022.

HOUSING IN SEDGEMOOR

IN THE CONTEXT OF THE COST OF LIVING CRISIS

Changes in the cost of Housing are a main factor in the Cost of Living Crisis.

The gap between the cost of Housing for those renting in the Private Sector and Housing Benefits is increasing rapidly and creating huge problems for our clients.

17935000 people claim Benefits: 12364000 of these are claiming State Pension.

There are about 3046000 households claiming Housing Benefits - one in every 12 people is claiming.

There is no set amount for Housing Benefit.

720000 people claim housing Benefit in connection with Private Rented property; 2200000 (76%) claim in connection with Social rented housing.

12364000 people are claiming the State Pension.

Housing Benefit is a means tested benefit that is paid to a Household. **For those in the Private Sector, it depends upon a Local Housing Allowance and the link between that and actual rents is increasingly distant.**

Only 11% of one-bedroom properties are affordable to people on Housing Benefit.

The average gap between Housing Benefit rates and the actual cost of rents has grown by more than 40% in the last five months.

We recommend that the link between the 30th centile of rents actually paid and the Housing Benefit paid should be firmly and clearly maintained as a matter of law so as to enable claimants to have an expectation of a renting property in the bottom third of the market.

The calculation is complex, affected by several other factors, including age, family size, public/private sector, "bedroom tax", a Benefit Cap and Discretionary Housing Payments.

Housing Benefit may well leave a successful claimant with a shortfall so that they need to use funds from elsewhere to make up the difference.

There is a shortage of Housing – more acute in Sedgemoor in the context of the work at Hinkley Point C: the local authority strategy includes the completion of 3000 new homes by 2027.

The Retail Price Index is used as the official measure of inflation. The alternative is the Consumer Price Index, which factors in the price of housing, where the Retail Price Index does not.

Food prices rose by 11.6% in the year to October 2022. While Average Total Pay rose by only 6% to August.

Our advice would be to tackle the problem urgently: when a client has money problems, we advise them to talk to the Creditor.

It is all very well to think about income. But it is the relationship between income and expenditure that makes us rich or poor. It is fairly easy to establish people's income, but difficult to establish their expenditures.

In early 2021, an average household spend was £2548 per month. Average spending on Housing fuel and power was the largest area of spending, at 18% - £84.60 per week. We expect that to have grown massively, especially when compared against incomes.

The lowest income groups spent a greater proportion of their income on Housing (and fuel and power), and groceries. So they had less "disposable income" - meaning money that they could choose what to do with.

Citizens Advice Taunton analysis adopts a typical rent for a home for a nuclear family of £800 a month.

It factors in costs of £779 a month for Council Tax, Utility bills, water, communications (broadband and a mobile 'phone), television licence and food.

It calculates a Base Guaranteed Income of £1811, consisting of

- Universal Credit including the Housing component at £1509
- Child Benefits at £157
- Council Tax Reduction at £145.

So a disposable income - of £32 a month.

Pensioners do much better – with a disposable income of £398 a month.

The model that does worst is a large family of more than 5 people – who can expect a deficit of £446 each month.