

# The Bedroom Tax in Tower Hamlets

## Contents

Summary of key findings .....	1
Defining 'under-occupation' .....	3
Caveats about DWP's data .....	3
The Bedroom Tax: areas compared.....	4
Trends in Tower Hamlets .....	6
Amount of benefit reduction .....	7
Occupancy .....	8
Tenure.....	8
Bedroom Tax: Age .....	9
Bedroom Tax: Gender.....	9
Bedroom Tax: Family type .....	11
Bedroom Tax: Work/benefits status .....	11
Bedroom Tax: Ethnicity .....	12
Further information .....	13

## Summary of key findings

In April 2013, the *removal of the spare room subsidy* came into effect - better known as the 'bedroom tax'. This cuts the amount of Housing Benefit that claimants receive if they are deemed to be under-occupying their homes. The measure is targeted at working age claimants living in social housing.

This briefing provides a profile of those affected in Tower Hamlets. The figures are based on figures from the DWP that relate to the situation as at November 2013.

- Most claimants affected (84 per cent) by the Bedroom Tax were deemed to be **under-occupying by one bedroom**. The remaining 16 per cent were under-occupying by 2 or more bedrooms.
- The proportion of working age HB claimants (in social housing) who are affected by the **Bedroom Tax is lower in Tower Hamlets than nationally** (10 vs. 22 per cent). Other London Boroughs also have rates below the national average. This is because households in the capital are more likely to be overcrowded, and less likely to be under-occupied, than those nationally.
- However, within the London context, in terms of the **number of claimants affected, Tower Hamlets ranks sixth highest** out of 32 London Boroughs – this reflects the fact that Tower Hamlets has a relatively large number of Housing Benefit claimants in the social rented sector compared with other areas.
- In Tower Hamlets, the average loss of benefit per claimant due to the Bedroom Tax was £21.09 per week, **the 8<sup>th</sup> highest average reduction out of 379 local authority areas**, and well above the national average of £14.40. Losses are typically higher in London due to higher rent levels.
- In Tower Hamlets, the total loss in benefit, across all 2,510 claimants affected in November, would be equivalent to **£2.7million per year**.
- In November 2013, **2,510 Housing Benefit (HB) claimants in Tower Hamlets were receiving a reduction in HB** as a result of the Bedroom Tax. This represents 10 per cent of all working age HB claimants in social housing in the borough.

- **RSL tenants were more likely than THH tenants to be subject to the Bedroom Tax.** 12 per cent of all working age RSL tenants on HB were subject to the tax compared with 8 per cent of THH tenants. RSL tenants comprise three quarters of all those affected by the Bedroom Tax.
- Certain groups of HB claimants are disproportionately affected by the Bedroom Tax. These include: older claimants, women, households without children, workless households (especially those receiving Employment and Support Allowance) and White British residents:
  - **Age:** the **likelihood of facing the Bedroom tax rises significantly with age.** The percentage of all HB (social rented) claimants who are subject to the Bedroom Tax averages 10 per cent, but rises from only two per cent of those aged under 25 up to 27 per cent of those aged 55-61 (the maximum age a claimant could be subject to the Bedroom Tax at the time data were collected). Those aged 45 and over account for almost three quarters (74 per cent) of all those subject to the Bedroom Tax.
  - **Gender:** **women are more likely to be affected by the Bedroom Tax than men.** The percentage of female HB claimants subject to the tax was 13 per cent compared with 11 per cent of male claimants and 7 per cent of couple claimants<sup>1</sup>. Of all 2,510 claimants affected, 54 per cent were female claimants, 23 were male and 23 per cent were claiming as part of a couple. This, in part, reflects the gender composition of HB claimants generally who are more likely to be women.
  - **Family type:** **Claimants without dependent children are more likely to be affected by the tax than those with children:** 18 per cent of claimants without children were subject to the tax compared with 5 per cent of those with children. Households without children make up almost three quarters (74 per cent) of all claimants affected by the bedroom tax.
  - **Benefits/employment status:** **Workless households, particularly those in receipt of Employment and Support Allowance (ESA), are more likely to be affected by the Bedroom Tax than those who are in work.** 12 per cent of HB claimants who are workless were subject to the Bedroom Tax compared with 7 per cent of those in employment. Workless claimants make up 78 per cent of all those subject to the Bedroom Tax, and within that group, those on ESA are the single largest group comprising more than one third (36 per cent) of all those affected.
  - **Ethnicity:** DWP do not publish data about the ethnic group of those affected by the Bedroom Tax, but research by Tower Hamlets Homes, found that - in the case of THH tenants - **White British tenants were twice as likely to be impacted by the Bedroom Tax compared to Bangladeshi tenants.** This is likely to reflect the fact that White British tenants are more likely to be under-occupying than Bangladeshi tenants who are more likely to suffer from over-crowding.

---

<sup>1</sup> All claimant rate percentages are based on working age HB claimants in the social rented sector. For analytical purposes, the working age population, used as the base for percentages, relates to those aged 16-64, though it is recognised that only those aged 16-61 were subject to the Bedroom Tax at the time these data were collected. The upper age limit will continue to rise in coming years in line with the rising state retirement age (see page 9).

## Introduction

In April 2013, the *removal of the spare room subsidy* came into effect – better known as the ‘Bedroom Tax’. Put simply, the tax cuts the amount of Housing Benefit that people can receive if they are considered to be under-occupying their homes. The Bedroom Tax applies to working age Housing Benefit claimants who live in the social rented sector.

## Defining ‘under-occupation’

To decide whether claimants are deemed to have too many bedrooms, their needs are assessed according to the **social sector size criteria**. These criteria are one bedroom for each person or couple living as part of the household, with the following exceptions:

- Two children under 16 of the same gender expected to share;
- Two children under 10 expected to share regardless of gender;
- Disabled tenant or partner who needs a non-resident overnight carer will be allowed an extra bedroom;
- Disabled children who are unable to share a bedroom with a sibling because of their severe disabilities are allowed their own room;
- One bedroom is allowed for a foster child(ren);
- A bedroom is allowed for any adult child serving in the Armed Forces who continues to live with their parents but is away on operational duty;

If claimants are deemed to have a spare room according to these criteria, then they receive a weekly reduction in their Housing Benefit.

## About this report

This report explores the impact of the Bedroom Tax in Tower Hamlets and profiles those affected. The report covers:

- Overview of numbers affected;
- Comparisons with other areas;
- Trends since the introduction of the tax and processing issues;
- Amount of benefit lost as a result of the Bedroom Tax;
- Degree of under-occupancy and tenure profile
- Characteristics of those affected.

Most of the analysis is based on statistics from the DWP’s new Stat-Xplore data web-site which draws on the Single Housing Benefit Extract. This summarises data sent to DWP by local authorities. The figures provide a snapshot of claimants affected each month. Most statistics presented relate to claimants whose Housing Benefit is administered by Tower Hamlets Council. A small proportion of these claimants may live outside the borough.

## Caveats about DWP’s data and the ‘legal loophole’

Most of the figures in this report relate to the situation as at **November 2013**. The figures include some claimants who should have been exempt from the tax (albeit temporarily) as a result of a legal loophole. These were claimants who had a continuous claim for Housing Benefit (at the same property) since 1996<sup>2</sup>. This exemption was initially missed by DWP and belatedly announced in January 2014. Claimants who were affected are able to have

---

<sup>2</sup> [DWP circular \(HB U1 2014\)](#)

their claim reassessed and claim a refund backdated to April 2013<sup>3</sup>. However, this loophole has been closed from March 2014, and from this date, those same claimants will be subject to Bedroom Tax deductions. The Council's Benefits Service estimates that **387 claimants** in Tower Hamlets were affected by the legal loophole. So while the DWP figures for November 2013 include these claimants in the Bedroom Tax totals, even though they should have been exempt at that time, most are likely to end up back in scope for the tax from March 2014.

Technical note: DWP randomly adjusts figures to avoid the release of confidential data. For this reason, figures in some of the tables that follow do not always sum exactly to the totals shown.

### The Bedroom Tax: areas compared

In November 2013, **2,510** Housing Benefit (HB) claimants in Tower Hamlets had a reduction to their weekly award amount as a result of the Bedroom Tax. This represents 10 per cent of all working age HB claimants in the social rented sector in the borough, and around 7 per cent of all HB claimants.

Table 1 Housing Benefit Claimants affected by Bedroom Tax, November 2013			
	Tower Hamlets	London	Great Britain
HB claimants: All	36,418	843,868	4,985,508
HB claimants: Working age, in social rented sector	24,200	421,702	2,264,449
<b>Number affected by Bedroom Tax</b>	<b>2,510</b>	<b>52,196</b>	<b>498,174</b>
<i>Bedroom Tax claimants expressed as % of:</i>			
HB claimants (All)	6.9	6.2	10.0
HB claimants (Working age, social rented sector)	10.4	12.4	22.0
<i>Source: DWP, Single Housing Benefit Extract (SHBE) via Stat-Xplore</i>			

The proportion affected in Tower Hamlets is lower than that nationally: across Great Britain, 22 per cent of all working age HB claimants in the social rented sector were subject to the Bedroom Tax – double the rate in Tower Hamlets (10 per cent), and significantly higher than the London average (12 per cent).

All London boroughs have rates below the national average, ranging from 7-18 per cent ([Figure 1](#)), while the highest rates are to be found in areas across the North of England, Scotland and Wales (ranging from 28-32 per cent).

The area differentials observed are broadly consistent with patterns of under-occupation by area. Recent research<sup>4</sup> based on the 2011 Census, shows that, in the case of households generally, those in England & Wales were more likely to be under-occupied

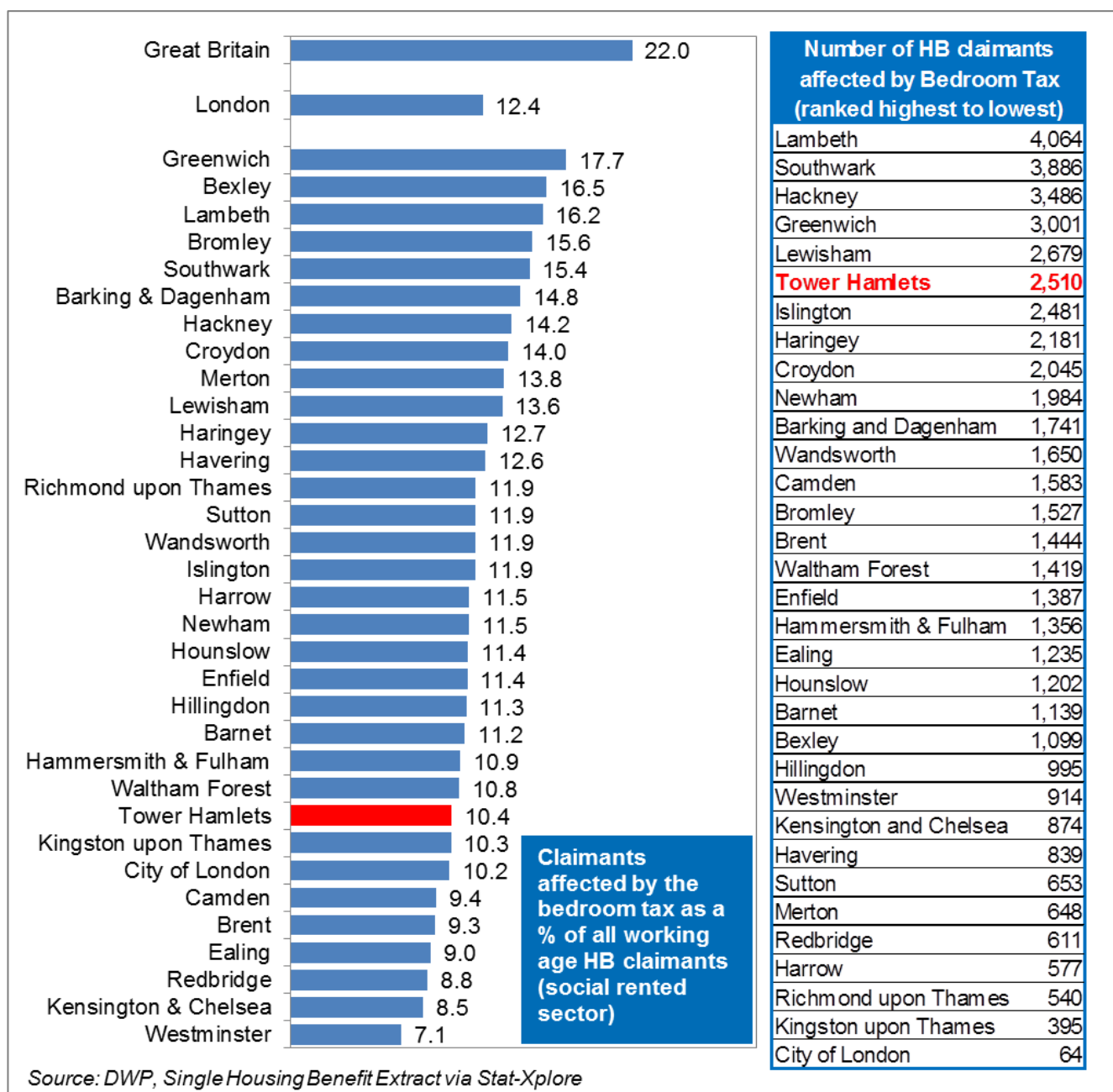
<sup>3</sup> Many of these households successfully applied for a Discretionary Housing Payment. Incorrectly overpaid DHPs caused by the loophole are not being recovered. The Council has advised landlords not to refund any resulting rent account credit (created by the DHP overpayment after the exemption had been applied) but to advise affected claimants that the bedroom tax will resume from 3<sup>rd</sup> March 2014 and the credit must be exhausted before such time as a further award of DHP will be considered.

<sup>4</sup> Greater London Authority, [Trends in Overcrowding](#), January 2014 (CIS2014-01)

than their London counterparts and that, conversely, London households were more likely to be over-crowded than those nationally.

While the proportion affected in Tower Hamlets is a bit below the London average, in terms of the number of claimants affected, Tower Hamlets ranks sixth highest out of the 32 London Boroughs (and City). This reflects the fact Tower Hamlets has a relatively large number of Housing Benefit claimants in the social rented sector compared to other boroughs.

**Figure 1 Housing Benefit claimants affected by the Bedroom Tax, London Boroughs, November 2013**





### Trends in Tower Hamlets

Since May 2013 (just after the tax was introduced), the number affected by the Bedroom Tax in Tower Hamlets has fallen from 2,911 down to 2,510 – a fall of 14 per cent. Table 2 compares claimant trends in Tower Hamlets with those regionally and nationally. The fall in numbers in Tower Hamlets is also evident regionally and nationally, and all three areas have experienced a broadly similar downward trend.

	Tower Hamlets	London	Great Britain
May 2013	2,911	59,881	547,341
June 2013	2,781	57,699	542,223
July 2013	2,718	56,246	530,378
August 2013	2,665	55,219	522,905
September 2013	2,607	54,037	513,237
October 2013	2,562	53,326	508,073
November 2013	2,510	52,196	498,174
Change	-401	-7,685	-49,167
% change	-13.8	-12.8	-9.0

### Processing issues and caveats regarding interpretation of trend data

However, given the Bedroom Tax is a new reform, which was brought in fairly rapidly, **trend data which cover the initial months of its introduction need to be interpreted with particular care.**

In Tower Hamlets, the experience of the Council's Benefits Service was that it took some time to fully integrate the tax into its systems not least because of the new requirement to compile information about bedroom details for social rented stock. Consequently, it also took some months to fully identify all residents who should have been exempt from the tax. Some of these claimants may well appear in the earlier month's figures but disappear from the later months. So while some of the fall shown in Table 2 could be explained by people moving, or changing their circumstances as a result of the tax, it is also highly likely that benefits processing issues have had a significant impact on the figures shown above.

Also, it is important to bear in mind the figures are 'snapshot' figures of the number affected at a point in time each month. They do not tell us exactly how many residents have been affected by the tax overall. As DWP<sup>5</sup> states, the figures will not include: those who have stopped claiming HB as a result of the tax (eg if their entitlements have been reduced to zero/negligible amount by the deduction); or those who have already moved. Furthermore, there is a considerable flow of claimants off and on Housing Benefit normally each month, some of whom may come in and out of scope for the Bedroom Tax<sup>6</sup>.

<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/256658/stats\\_summary\\_nov13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/256658/stats_summary_nov13.pdf)

<sup>6</sup> DWP estimates that, in Tower Hamlets, between May-November 2013, there was a total inflow of new claimants on to HB of 6,780 and a total off flow of around 7,560 claims. So, there is considerable churn in caseload normally which feeds into trends observed. Source: [Experimental Housing Benefit flows data](#)

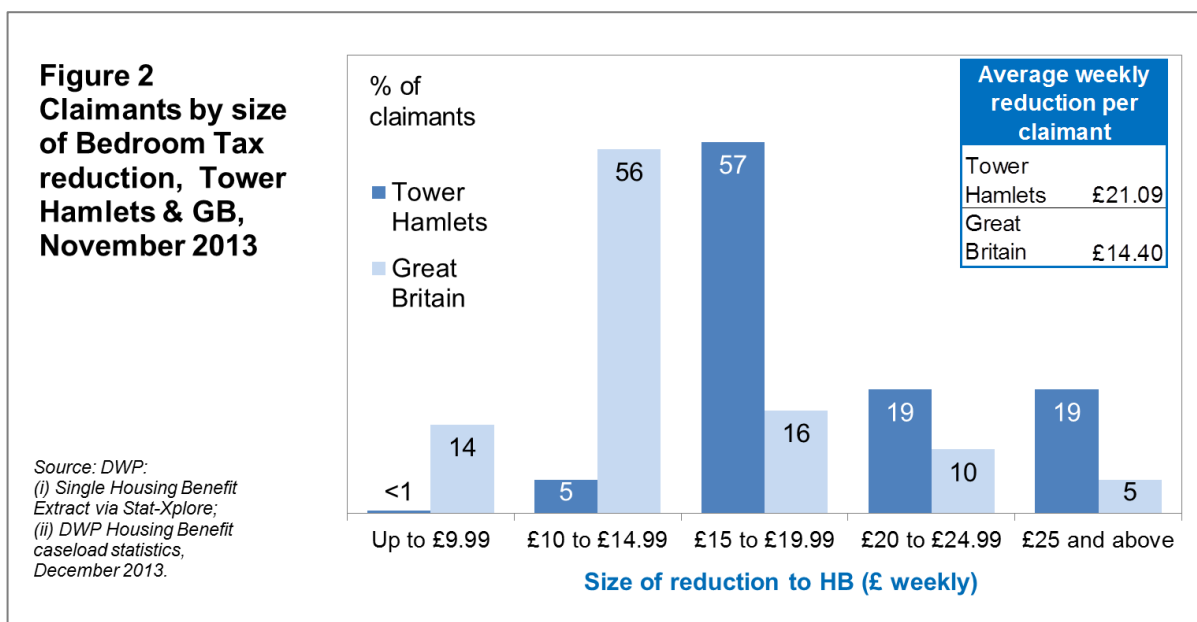
**Amount of benefit reduction**

The amount that a claimant will lose as a result of the Bedroom Tax depends on both the number of spare bedrooms they are deemed to have, as well as the level of their ‘eligible rent’ for Housing Benefit purposes<sup>7</sup>. Where the claimant has one spare bedroom they receive a 14 per cent reduction in their eligible rent, and where they have two or more spare bedrooms then they receive a 25 per cent reduction in eligible rent.

Table 3 shows the amount Tower Hamlets claimants lost as a result of the Bedroom Tax in November 2013. More than half (57 per cent) of all claimants affected lost between £15-20 per week, 19 per cent lost between £20-25 per week and a further 19 per cent lost over £25 per week. The average loss per claimant was £21.09 per week<sup>8</sup>. Based on the November snapshot, **the total loss in benefit across all 2,510 claimants affected would be equivalent to £2.7million per year in Tower Hamlets.**

Table 3 BedroomTax by size of reduction, Tower Hamlets, November 2013		
	Numbers affected	% total
<b>TOTAL</b>	<b>2,510</b>	<b>100</b>
<i>By size of weekly reduction:</i>		
Up to £4.99	0	0
£5 to £9.99	11	0
£10 to £14.99	129	5
£15 to £19.99	1,425	57
£20 to £24.99	476	19
£25 and above	476	19

*Source: DWP, via Stat-Xplore (Note: DWP randomly adjusts figures to avoid the release of confidential data, and for this reason, figures do not sum exactly to the total shown).*



<sup>7</sup> Eligible rent means the reasonable rent for a suitable property in an area. Eligible rent is the maximum level of HB award someone could receive, subject to their income.

<sup>8</sup> Averages were published separately by DWP as part of their [HB caseload statistics \(Dec. 2013\)](#)

The size of the reduction in HB is significantly higher in Tower Hamlets than in other areas. Nationally, the average loss due to the Bedroom Tax is £14.40 (Great Britain) compared with £21.09 in Tower Hamlets – Tower Hamlets has the 8<sup>th</sup> highest average loss out of 379 local authority areas across Great Britain. Of all regions, London has by far the highest average loss, reflecting higher rent levels (£20.12).

Figure 2 compares the distribution of claimants by the size of reduction in Tower Hamlets to that nationally. In Tower Hamlets, 95 per cent of claimants face a loss of £15 per week or more, whereas in Great Britain, less than one third (31 per cent) stand to lose more than £15 per week.

### Occupancy

Most HB claimants, who were subject to a benefit reduction because of the Bedroom Tax, were recorded as under-occupying by one bedroom. In Tower Hamlets, 84 per cent were recorded as under-occupying by one bedroom and 16 per cent by 2 or more bedrooms. This was broadly similar to the national and regional picture, though across London the proportion under-occupying by 2 or more bedrooms was slightly higher (20 per cent).

Table 4 Bedroom Tax by occupancy, November 2013				
	Numbers		% totals	
	Tower Hamlets	Tower Hamlets	London	Great Britain
<b>Claimants affected by Bedroom Tax</b>	<b>2,510</b>	<b>100</b>	<b>100</b>	<b>100</b>
Number of spare rooms:	One bedroom	2,100	84	83
	Two or more bedrooms	410	16	20

Source: DWP, Single Housing Benefit Extract via Stat-Xplore

### Tenure

RSL tenants in the borough were more likely than THH tenants to be subject to the Bedroom Tax: 12 per cent of all working age RSL tenants on HB were subject to the tax compared with 8 per cent of THH tenants. RSL tenants comprise three quarters of all those affected by the Bedroom Tax in the borough.

Table 5 Bedroom Tax by tenure, Tower Hamlets, November 2013					
	HB claimants: Bedroom Tax applied		All HB claimants (working age, social rented sector)		Bedroom Tax claimants as % of all HB claimants (WA, SRS)
	Numbers	% total	Numbers	% total	
<b>All</b>	<b>2,510</b>	<b>100</b>	<b>24,200</b>	<b>100</b>	<b>10</b>
LA tenant	628	25	7,914	33	8
RSL tenant	1,885	75	16,287	67	12

Source: DWP, Single Housing Benefit Extract via Stat-Xplore  
Notes: DWP randomly adjusts figures as part of their disclosure control and for this reason, figures do not sum exactly to the totals shown.

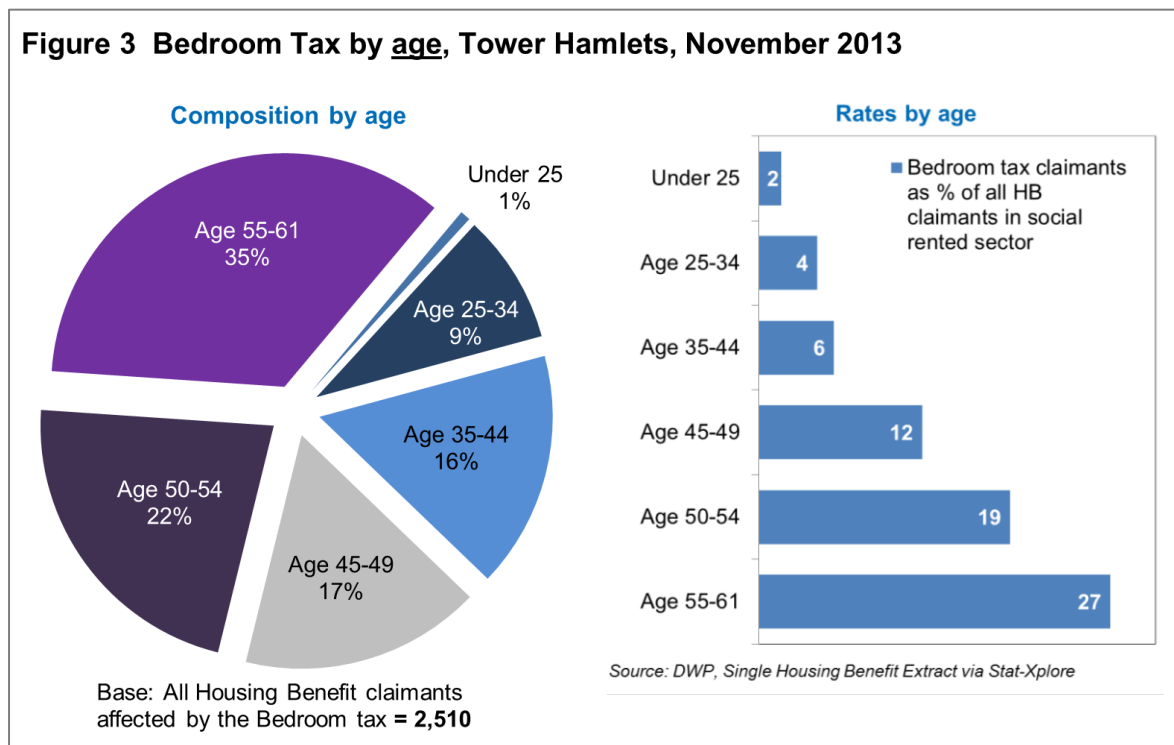


### Bedroom Tax: Age

The sections that follow profile the characteristics of claimants affected by the tax, starting with the age profile. The tax affects working age claimants. For Bedroom Tax purposes, ‘working age’ is defined as 16 up to the qualifying age for Pension Credit (which was around age 61 for both men and women in November 2013). The upper age will continue to rise in coming years in line with the state retirement age. Within the working age group, it is older claimants who are more likely to be affected. Figure 3 illustrates this and shows:

- A breakdown of the 2,510 claimants affected by age (‘composition’)
- The percentage of all HB claimants (in the social rented sector), who are affected by the Bedroom Tax for each age group (‘% rates’).

In terms of composition, almost three quarters (74 per cent) of all those subject to the Bedroom Tax in Tower Hamlets were aged 45 and over (up to age 61). The rates show the increasing likelihood of claimants facing the tax as age increases. The percentage of claimants who had a Bedroom Tax reduction rose from two per cent of those aged under 25 up to 27 per cent of those aged 55-61, the group most likely to experience a reduction.



### Bedroom Tax: Gender

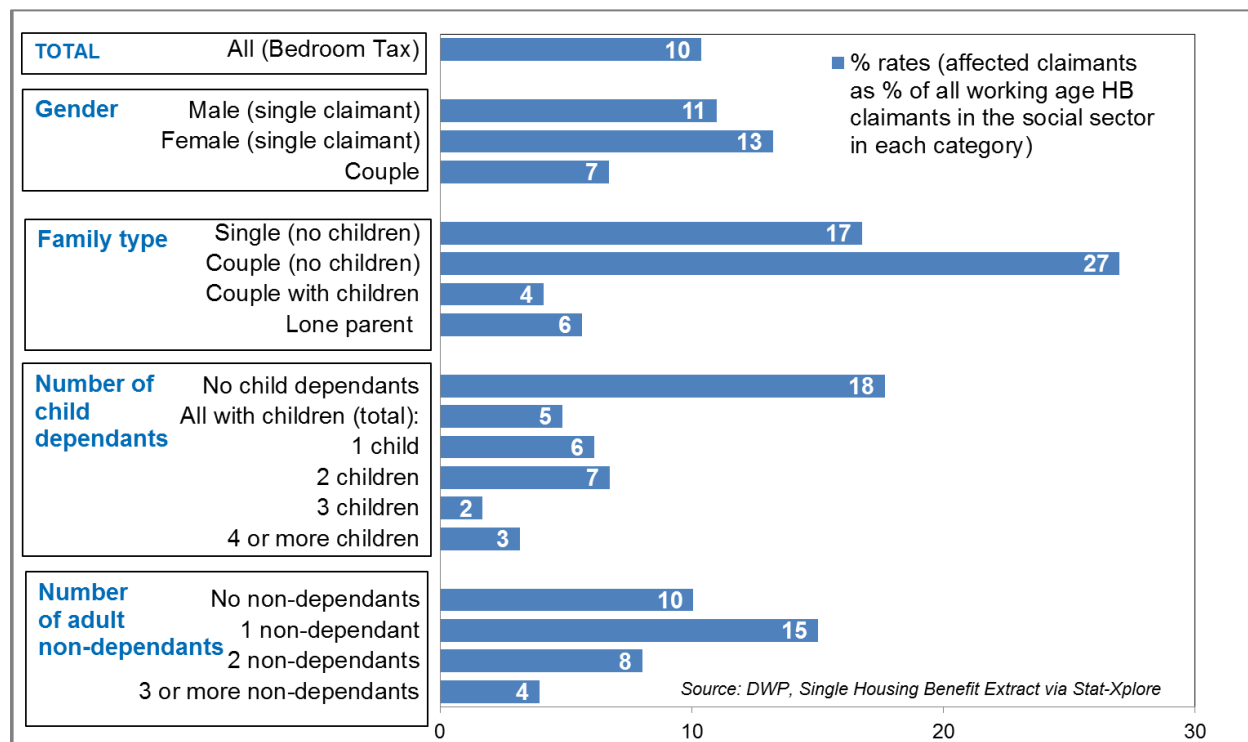
Of all 2,510 households affected, 54 per cent were single female claimants, 23 were single male claimants and the remaining 23 per cent were claiming as part of a couple<sup>9</sup>. This - in part - reflects the gender composition of HB claimants generally who are more likely to be women. In terms of rates, 13 per cent of female HB claimants were subject to the Bedroom Tax, compared with 11 per cent of male claimants and 7 per cent of couple claimants (Table 6 and Figure 4).

<sup>9</sup> Gender breakdown is not available for couples

		Numbers	% total (composition)
<b>All claimants affected by Bedroom Tax</b>		<b>2,510</b>	<b>100</b>
<b>Gender of claimant</b>	Male	565	23
	Female	1,367	54
	Couple claimants	586	23
<b>Family Type</b>	Single (no children)	1,593	63
	Couple (no children)	266	11
	Couple with children	318	13
	Lone parent	336	13
<b>Number of Child-Dependants</b>	No child dependants	1,856	74
	All with children (total):	666	27
	1 child	272	11
	2 children	273	11
	3 children	51	2
	4 or more children	70	3
<b>Number of Non-Dependants</b>	No non-dependants	1,866	74
	1 non-dependant	491	20
	2 non-dependants	123	5
	3 or more non-dependants	34	1

Source: DWP, via Stat-Xplore (Note: DWP randomly adjusts figures to avoid the release of confidential data, and for this reason, figures do not sum exactly to the total shown).

Figure 4: Proportion of claimants affected by gender and family type, Tower Hamlets, November 2013



### Bedroom Tax: Family type

Almost three quarters (74 per cent) of claimants affected by the Bedroom Tax had no children; 63 per cent were single claimants and 11 per cent were couple households. The remainder were either lone parent families or couple families with children – both 13 per cent.

Households without children are more likely to be affected by the Bedroom Tax than those with children, because children are taken into account when determining the size of accommodation which is considered reasonable. Furthermore, older adults whose children have left home are more likely to be under-occupying accommodation.

Figure 4 shows rates by family type (those affected as a percentage of HB claimants). Couples with no children were the family type most likely to be subject to the tax: 27 per cent of couple HB claimants in this group were subject to the tax compared with 17 per cent of single claimants, and 5 per cent those with children.

Households containing 1 adult non-dependant were more likely to be subject to the tax than those without any non-dependants (15 vs. 10 per cent of claimants). In terms of composition, of all those affected by the Bedroom Tax, just over one quarter of claimant households had 1 or more adult non-dependants.

### Bedroom Tax: Work/benefits status

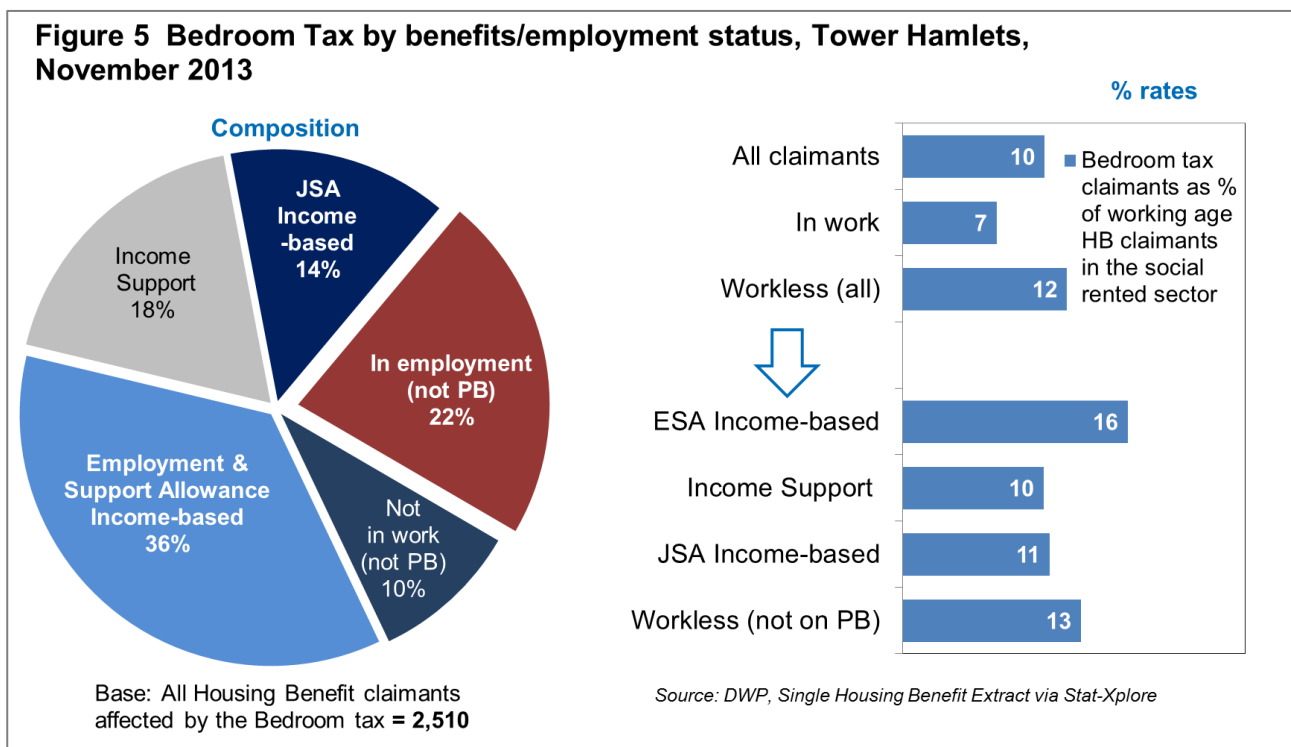
Using DWP figures, it is not possible to precisely profile the employment status of all HB claimants as employment status is only known for some claimants. However, the benefits status of claimants can be used as a proxy indicator of worklessness.

The available data allow us to break claimants down into three main groups:

- **Those on passported 'out-of-work' benefits (mainly workless)**  
Passported Benefits (PB) for working age claimants are: Income Support (IS), Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA). People who receive these benefits are automatically 'passportted' onto full Housing Benefit. Most people on these benefits are out of work, but some people working part-time can also receive these benefits (eg those on IS/JSA working less than 16 hours a week). However, it is likely that most, but not all, people in this group will be workless.
- **Not in employment** (not on passported benefits): people in this group have had their income assessed for HB so their employment status is known.
- **In employment** (not on passported benefits): again, people in this group have had their income assessed and are known to be in work.

Figure 5 shows the breakdown of claimants subject to the Bedroom Tax in each of these groups. The majority of those affected are likely to be workless. Just over a fifth (22 per cent) were known to be in work. The remaining 78 per cent was made up of 10 per cent who were known to be workless and 68 per cent in receipt of passported 'Out-of-Work' benefits: comprising Employment and Support Allowance (36 per cent), Income Support (18 per cent) and Jobseeker's Allowance (14 per cent).

Figure 5 also shows the proportion of working age HB claimants (in the social rented sector) affected by the Bedroom Tax in each of the different benefit / employment groups. HB claimants in receipt of ESA were the group most likely to be affected (16 per cent were subject to the Bedroom Tax) while those in employment were the least likely to be affected (7 per cent).



### Bedroom Tax: Ethnicity

DWP does not publish data on the ethnicity of those affected by the Bedroom Tax but recent analysis by Tower Hamlets Homes (THH) provides useful intelligence on the ethnic profile of THH tenants affected. This found that White British tenants were twice as likely to be impacted by the Bedroom Tax compared to Bangladeshi tenants: 11.4 per cent of White British tenants were affected by the tax compared with 5.3 per cent of Bangladeshi tenants.

THH concludes that this is likely to reflect the fact that White British tenants are more likely to be under-occupying than Bangladeshi tenants who are more likely to suffer from over-crowding. This could also be related to the older age profile of White British tenants.

The full report can be found on the THH website:

[http://www.towerhamletshomes.org.uk/top\\_level/about\\_us/diversity/equality\\_impact\\_assessments.aspx](http://www.towerhamletshomes.org.uk/top_level/about_us/diversity/equality_impact_assessments.aspx)

## Further information and contact details

---

### Further information

Access to detailed statistics about Housing Benefit and the Bedroom Tax can be found on the DWP's Stat-Xplore website:






<https://stat-xplore.dwp.gov.uk/>

This Briefing was produced by the Council's Corporate Research Unit. Research briefings provide timely and in-depth analysis of data about Tower Hamlets and are designed to improve the use and sharing of data across the Partnership. The latest briefings are available as part of the 'borough profile' on the council's website:

[http://www.towerhamlets.gov.uk/lgs/901-950/916\\_borough\\_statistics.aspx](http://www.towerhamlets.gov.uk/lgs/901-950/916_borough_statistics.aspx)

### Contact details

Contact details for the Corporate Research Unit are:

<a href="#">Juanita Haynes</a>	Senior Research Officer	 020 7364 4238
<a href="#">Laura Widyanto</a>	Research Officer	 020 7364 2239
<a href="#">Benn Huntley</a>	Research Officer	 020 7364 6887
<a href="#">Matthias Schnepfel</a>	Research Officer	 020 7364 1650
<a href="#">Lorna Spence</a>	Research Officer	 020 7364 4014

For queries relating to this report, please contact [Lorna Spence](#).