HOUSING AND NEIGHBOURHOODS MONITOR

Guy Palmer, Peter Kenway and Steve Wilcox
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Joseph Rowntree Foundation
The Homestead
40 Water End
York YO30 6WP
Website: www.jrf.org.uk

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As ever, responsibility for the report, including any errors within it, belong to the authors alone.
Introduction

Purpose
The aim of this report is to harness the power of statistics to provide an overall picture of what is happening in terms of housing and neighbourhoods in the United Kingdom.

The material is wide ranging in its scope, providing analysis of all aspects of housing and neighbourhoods. So, for example, the housing material addresses such questions as: Do we have enough housing and is it in the right place and of the right size? Is the available housing affordable, both for people on average incomes and for those on lower incomes? Which groups of the population are not having their housing needs met? How secure is people’s housing situation? And what are the trends in those aspects of housing which impact on the environment? For each of these broad questions, the analysis then covers a range of subjects. For example, the material relating to ‘what are the trends in those aspects of housing which impact on the environment?’ covers non-decent homes, energy efficiency, fuel poverty, use of brownfield sites and density of development.

The report’s basic purpose is to provide information to help people understand what is happening, showing how housing and neighbourhoods are changing and, in appropriate cases, how this measures up against Government policy targets. While primarily it aims to provide people with the information to help them form their own opinions based on the evidence presented, the report does offer some brief comments on policy developments and choices, both in areas where the Government does not seem on course to meet its own targets, and where policies and targets might in themselves be seen as problematic.

In line with its ‘mission to inform’, the material is organised in a highly structured manner with a strong emphasis on graphical presentation. In most cases, the material covers both trends over time and differences between groups of the population. Where possible, the time trends are compared with relevant Government targets.

The report is aimed at anyone who is interested in the subjects of housing and neighbourhoods. Whilst the breadth of the subjects covered necessarily limits the depth to which each can be explored, it is nevertheless hoped that even the most specialist audience will gain some insights from the analysis. The intention is for readers to be able to use the report as a reference tool, using those parts of the material of particular interest. Each theme and chapter can therefore be read as a standalone section.

Scope and structure

Chapters
The report aims to give equal weight to the subjects of ‘housing’ and ‘neighbourhoods’. In practice, however, there is much more data available about housing than there is about neighbourhoods and this is inevitably reflected in the balance of the material.
Furthermore, the term ‘neighbourhood’ is used in two quite different ways by Government and others, namely:

1. As a feature of people’s experiences in terms of the local area in which they live and interact with others.
2. As a way of thinking about variations by small geographic area: for example, the extent to which deprivation is concentrated in the limited number of small geographic areas.

In this context, the material is organised into three loosely-related chapters, namely housing, neighbourhoods and small area concentrations of disadvantage.

**Themes within each chapter**

The themes in the housing Chapter 1 are:

- Overall availability: do we have enough housing and is it in the right place and of the right size?
- Affordability: is the available housing affordable, both for people on average and for those on lower incomes?
- Unmet need: which groups of the population are not having their housing needs met?
- Insecure accommodation: how secure is people’s housing situation?
- Housing and the environment: what are the trends in those aspects of housing which impact on the environment?

Availability, affordability and unmet need are very closely linked subjects. For example, a lack of overall availability is likely both to decrease affordability (because house prices will rise) and to increase unmet need. The material in these three themes should therefore be read in conjunction.

The themes in the neighbourhood Chapter 2 are:

- Liveability: how adequate are our neighbourhoods as places to live?
- Sociability: how adequate are our neighbourhoods as communities?

The themes in Chapter 3 on small area concentrations of disadvantage are:

- Concentrations of low income and worklessness: to what extent is low income and worklessness concentrated in small geographic areas and where are these areas?
- Concentrations of other indicators of exclusion: to what extent are ill-health, lack of educational qualifications, etc. concentrated in small geographic areas and where are these areas?

**Indicators within each theme**

Each theme comprises a number of indicators. In the housing and neighbourhood chapters, each indicator comprises two graphs, one typically showing change over time and the second providing a breakdown by population group or geography, plus a page of associated key points. In the small area concentrations of disadvantage chapter, the second page of each indicator is a map, with the key points being grouped together at the start of each theme.
**Coverage**
Where possible, each indicator covers the whole of the United Kingdom. Where the data for Northern Ireland is either not available or not comparable, the indicator relates to Great Britain. Where the data for Scotland or Wales is either not available or not comparable, the indicator is for England only.

For simplicity, the introductory comments on the policy context at the start of each theme focus primarily on policies defined by the UK Government in Westminster, which apply fully in England, but may not apply in the same way across the UK. Devolved administrations may have somewhat different priorities that are not fully reflected here due to the largely devolved nature of policies on housing and neighbourhoods.

**Data limitations**
All the analysis in this report uses data that comes for authoritative sources, mostly Government surveys.

There is a wealth of data available on the subject of housing – if not always in the form that would be most useful – and the key challenge in this report has been to decide which data to use and how to present it. There are, however, some difficult issues around definitions and assumptions built into some datasets, and the report attempts to draw these issues out where they are of particular significance in understanding the data.

For neighbourhoods, the main limitation is the subjective nature of much of the available data, most of which is along the lines of ‘what do you think of your neighbourhood?’.

Finally, the data available at a small area level is very sparse, largely being limited to data about benefits and data from the Census. This is an important restriction in the scope of the material in the final chapter of this report in that many of the official statistics that purport to be about small areas are actually about local authority districts (average population of around 140,000 compared to an average population of around 300 for the output area level used in the Census data and 1,400 for the super output area level used in the benefits data).
Commentary

This Commentary section is divided in a way that reflects the three chapters included in the report. Within each chapter commentary, indicators are referred to by a number and a letter in brackets, for example [2A] is the upper graph on that page.

Chapter 1: Housing

Overall housing availability: do we have enough housing and is it in the right place and of the right size?

The definitions of the terms ‘dwelling’ and ‘household’ used in this report are those used in official Government housing statistics, namely:

- A ‘household’ is a group of people living at the same address who share common housekeeping or a living room.
- A ‘dwelling’ is a self-contained unit of accommodation whereby all the rooms (in particular, the basic facilities of kitchen, bathroom and toilet) are behind a door that only the household can use.

A dwelling can therefore be occupied by a single household or by a number of households which share at least one of the basic facilities but do not share living accommodation.

For many decades, the number of households has been growing much more quickly than the number of people. Since 1971, the number of households in Great Britain has risen 35 per cent from 18.5 million to 25 million. Over the same period, the population has risen just 8 per cent from 54.5 million to 58.5 million. These trends are forecast by the Government to continue. [1A]

The explanation for the very different rates of growth is that there has been a big rise in the number of one-adult households. All categories of one-adult household have grown in number – pensioners living alone, lone parents and working-age adults living alone – but it is the last group whose growth has been greatest, up in England from 1 million to 3.5 million since 1971. [1B]

The question of what has happened to the number of households compared with the number of dwellings is at the very heart of housing policy. In the 1960s and 1970s, the number of dwellings grew more rapidly than households, while the reverse was true in the 1980s. Since 1991, the number of dwellings in England as a whole has grown broadly in line with the growth in the number of households, both up by around 1.7 million over the period from 1991 to 2003. [5A] As a consequence, the balance of dwellings over households remains lower than in 1981, after having risen over the previous 40 years.

The number of households and the number of dwellings in England have both been growing by around 150,000 per year since 1991. Importantly, however, the number of households is projected to grow at around 220,000 per year in the period 2006 to 2021. Meeting this additional need for homes would therefore seem to require a substantial increase in the rate of house building.
After making provision for vacant dwellings and second homes, there appears to be a net deficit in dwellings across the South of England. [5B] There has also been a marked shortfall in the supply of new housebuilding (including conversions) relative to household growth in London since 1991.

But all of this remains subject to much uncertainty. First, any perceived housing shortages are the balancing item between two much larger numbers (total dwellings and total households) and can therefore change substantially with only small proportional changes in either of these numbers (as recently occurred with the Government’s revised household estimates for England).

Second, any undersupply of new dwellings is in itself a constraint on household formation, and can lead to people continuing to live with their parents or others such that they do not count as a separate ‘household’ and do not therefore show up in a straight comparison of the numbers of dwellings and households.

Finally, it is unclear how far these regional housing markets can really be treated as separate from one-another, and how well they reflect local housing markets.

Although most of the growth in household numbers has been among one-person households, this does not by itself imply an increased requirement for single bedroom dwellings as most one-person households now choose to occupy larger dwellings. This is part of a wider trend of increases in the number of bedrooms in the homes that households occupy whereby 70 per cent of households now live in dwellings above the dated ‘bedroom standard’, and half of all new dwellings have three or more bedrooms. [6A] and [4B] Nevertheless, combined with the material below on affordability and unmet housing need, it does raise issues about whether there is adequate provision for those one person households who cannot afford to buy the multi-bedroom dwellings that are being built. [6B]

Whilst norms in terms of number of bedrooms have been rising, norms in terms of total floor space have not. So, for example, the average total floor space of new dwellings in England is no bigger than that for older dwellings. Furthermore, whilst dwellings in England have on average the same number of rooms as the European Union as a whole, both the average size of these rooms and total average floor space are smaller than in just about any other EU country. [26B]

Finally, despite the overall rise in the number of dwellings, the number of dwellings for rent has gone down. [3A] This is because the amount of new social rented accommodation being built is at a historic low, whilst right-to-buy sales continue. [4A] As a result, there has been a big shift in the mix of housing tenure: in 1971, around 50 per cent of all households in Great Britain were home owners, with around 30 per cent being social renters and the other 20 per cent being private renters; around 70 per cent are now home owners, with 20 per cent being social renters and the other 10 per cent being private renters. For those working full-time, the proportion who are home owners rises to 80 per cent, whilst falling to 30 per cent for those of working-age who are not working. [2A] For couples, the proportion who are home owners is also 80 per cent, compared to 60 per cent for single adults. [2B] For young households (household reference person aged 16 to 24), the proportion who are home owners falls to 20 per cent.
Housing affordability: is the available housing affordable, both for people on average incomes and for those on lower incomes?

Housing costs as a share of disposable income are much higher for people on low incomes than for others: on average, they comprise 25 per cent of net household income for the poorest fifth of the population compared with 15 per cent for those on average incomes and 10 per cent for the richest fifth. Overall, housing costs as a proportion of income are slightly lower than a decade ago. [8A]

Beneath this overall favourable picture, there are groups for whom the outcome looks a lot less benign. Rents in both the social and private rented sectors have been rising in line with earnings and are therefore no lower as a proportion of income now than a decade ago. [11A] and [12A] In both cases, rents as a proportion of income are higher in London and the South East – in the case of private sector rents, much higher – than elsewhere in the country. [11B] and [12B]

The group for whom housing costs have risen most sharply are first-time buyers, for whom average mortgage costs are now a third of average earnings – the same as the peak recorded in 1990. [9A] This percentage varies markedly across the country, reaching 40 per cent across the South of England compared with 25 per cent in Scotland. As a consequence, the percentage of younger working households (aged under 40) unable to buy a home even at the low end of the market ranges from 20-25 per cent in Scotland and the North of England to almost 50 per cent in London and the South of England. [9B]

There is, of course, a strong link between housing tenure and income, with only 10 per cent of households in the richest fifth of the population living in rented accommodation (almost all of them in the private rented sector) compared with almost 50 per cent in the poorest fifth. But that still leaves more than 50 per cent of the poorest fifth of households owning their homes. [7A] Half of low income home owners, mostly pensioners, own their properties outright whilst the other half have a mortgage. For this latter group, mortgage costs represent a third of their disposable income on average. [10A]

Unmet housing need: which groups of the population are not having their housing needs met?

Measured against the bedroom standard, around 2.5 million people (600,000 households) in Great Britain are living in overcrowded conditions, similar to the number a decade ago. [13A] Although the problem is worst in London, the prevalence among family units with five or more people in them is high everywhere – 20 per cent on average, rising to nearly 30 per cent in London. [13B]

A larger problem, linked with overcrowding, is households whose current housing does not meet their needs. Around a million households in England – 5 per cent of all households – are judged to be in need of subsidised housing, including social renters in unsuitable accommodation and households currently without self-contained accommodation at all. [16B] Furthermore, this number is growing by almost 50,000 a year because of demographic trends.

Yet the number of new homes currently being built to meet this need, whether homes for rent or for low cost home ownership, is, at 35,000 in 2005/06, much lower than the level
that Kate Barker, in her report commissioned by the Government, estimated was necessary simply to keep up with the rising need from demographic trends (48,000 dwellings per year), never mind deal with the million backlog. It is also only half the rate at which such dwellings were being created in the early 1990s. [16A]

Those with the most acute housing needs that are not being met are people who are homeless, with between 150,000 and 200,000 households newly accepted as homeless each year in England alone. [14A] Though highest in the capital, London in no way stands out as being exceptional in England for its rate of homelessness, with high rates too across the North and the West Midlands. [14B] Around two-thirds of those accepted as homeless are provided with accommodation, whilst the other third are not. Of those who are provided with accommodation, the use of temporary (rather than permanent) accommodation has more than doubled since 1997, with 100,000 households in England being in temporary accommodation at the start of 2006 compared with 40,000 in 1997. [15A]

**Insecure accommodation: how secure is people’s housing situation?**

The picture presented by the statistics on mortgage costs show that, while costs on average are down, costs for some households are extremely high. This finds an echo in the statistics for court orders for re-possession which have been rising sharply since 2003. This is the reversal of a 15 year downward trend and is despite a continuing low level of serious mortgage arrears. [18A] and [18B] Only 20 per cent of mortgage holders have a mortgage protection policy, compared with a Government target of more than 50 per cent, and the level of Government help with mortgage costs has also declined substantially over the last decade. [20B] and [20A]

By contrast, both the level of arrears and the number of court actions for eviction by social landlords rose through the late 1990s but have been stable or falling since then. [19A] The rise in rent arrears between 1999 and 2001 broadly corresponds to the period when the administration of housing benefit, in terms of timely processing of new claims, deteriorated significantly following the introduction of new anti-fraud measures. Although now improving rapidly, the proportion of new claims not processed within 14 days still remains double the Government’s target level. [21B]

A further related issue for those in rented accommodation is that the proportion of people who are not taking up their entitlement to Housing Benefit appears to have doubled since 1997, from around 6 per cent to 13 per cent. This is around half a million households. [21A]

**Housing and the environment: what are the trends in those aspects of housing which impact on the environment?**

The broad picture on a number of measures of the quality of homes is one of steady and substantial improvement since at least the mid-1990s. So, for example, the proportion of homes which fail to meet the decent homes standard fell by a third between 1996 and 2004, as did the proportion which are very energy inefficient. [22A] and [23A] Nonetheless, the Government has recently acknowledged that it will not meet its target of bringing all social sector dwellings up to the decent homes standard by 2010.
The number of households suffering fuel poverty fell by three-quarters between 1996 and 2003, although rising energy prices since then have reversed that decline. [24A]

The likelihood of having an energy inefficient home is highest among private renters, especially for those with a below average income, but is no higher for social renters than for owner-occupiers. [23B] Households are only at a high risk of fuel poverty if they both have a low income and live in a very energy inefficient home. [24B]

70 per cent of new dwellings are now being built on brownfield sites, up from 55 per cent in 1997 and well in excess of the Government’s target of 60 per cent. [25A] Similarly, following a Government policy introduced in 2000 to avoid developments at less than 30 dwellings per hectare (12 per acre), the average density of new dwellings has risen from 25 per hectare (10 per acre) in 2001 to 42 per hectare (17 per acre) in 2005. [26A]

Chapter 2: Neighbourhoods

Liveability: how adequate are our neighbourhoods as places to live?

The vast majority (85 per cent) of households in England say that they are satisfied with their local area. Only 10 per cent express dissatisfaction, a proportion which has changed little over the last decade. [27A] For people living in either social rented accommodation, or in deprived areas or in London, this percentage rises to around 15-20 per cent. When all three factors are present – i.e. for social renters living in deprived areas in London – the percentage rises to almost 25 per cent. [27B]

Despite the fact that overall levels of dissatisfaction have remained unchanged, two and a half times as many people each year report that their local area is getting worse as report that it is getting better. [28A] On a range of issues, from vandalism and graffiti to traffic and noise, around a third of households think that the issue is a problem in their local area. [29A] On most issues, the perception that there are serious problems is more prevalent in deprived areas than in non-deprived areas, with the notable exception of traffic. [29B]

Crime and vandalism are overwhelmingly the most important single reason why people say that their local area has been getting worse. [28B] Each year, around half of people report that they believe the local crime rate has been increasing, compared with just 10 per cent who believe it has been falling. [31A] Yet these beliefs sit uneasily with both national crime statistics – which show that both burglaries and violent crime have fallen by around half since the mid-1990s – and with people’s reported levels of worry about being the victim of either a burglary or a violent crime (down by a third since the late 1990s). [31B]

The proportion of people in England reporting that they have problems reaching a range of essential services, from shops to doctors, does not show any marked difference between those in urban and those in rural areas. There is, however, a marked difference according to whether the household has a car or not – between just 3 per cent and 5 per cent of those with a car report problems in accessing these services compared with 10 per cent to 20 per cent of those without a car. What really stands out, however, is the difficulty that all groups of people have with reaching a hospital, whether urban or rural and whether with or without a car. [32A] and [32B]
Sociability: how adequate are our neighbourhoods as communities?
Most people have positive views about their neighbourhood. For example, around two-thirds of people in England say that they definitely enjoy living in their neighbourhood, with a similar proportion saying that they belong strongly to it. By contrast, less than a tenth say that they do not enjoy living in their neighbourhood, with a similar proportion saying that they do not feel that they belong to it. [33A]

Although people living in social rented accommodation are usually more likely than owner-occupiers to hold a negative opinion about their neighbourhood, their views are also still generally positive. Of note, social renters are as likely as owner occupiers to feel ‘a sense of belonging’ to their neighbourhoods. [33B]

Over the last ten years, reported levels of participation in social, political, cultural or community organisations have been falling among both owner-occupiers (below 50 per cent) and social renters (30 per cent). [34A] One type of activity where there is a really big difference between the two tenures is membership of a sports club to which 20 per cent of owner occupiers belong compared with less than 10 per cent of social renters, perhaps reflecting affordability issues. By contrast, membership of social groups – such as parents’/school associations, tenant/resident groups, and pensioner organisations – is slightly higher among social renters. [34B] And while a third of people report that they have friends or relatives round to their home less than once a month [35A], the vast majority report that they have relatives with whom they are in regular contact. [35B]

Chapter 3: Small area concentrations of disadvantage
The final chapter has a different focus from the previous two, being concerned with the degree to which various disadvantaged groups are concentrated in particular small local areas. The importance of this subject is illustrated by the fact that it is the subject of the Department for Communities and Local Government’s first strategic priority for the period 2005 to 2008, with the stated target being to:

…tackle social exclusion and deliver neighbourhood renewal, ... in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England.²

There is actually very little data available for genuine ‘small local areas’ (that is, areas smaller than local authority districts) and the subjects covered here more or less reflect the total of the information that is currently available.

Concentrations of low income: to what extent is low income and worklessness concentrated in small geographic areas?
Three groups of low income people are considered here, namely (a) non-disabled people of working-age (i.e. aged 16 to 59/64 for women/men) who are reliant on out-of-work state benefits, (b) disabled people of working-age who are reliant on out-of-work state benefits, and (c) pensioners who are reliant on means-tested state benefits. Of the three, the non-disabled people of working age are the most geographically concentrated while the pensioners are the most geographically spread out. More specifically:
45 per cent of non-disabled working-age people in receipt of out-of-work benefits live in the fifth of small areas with the highest concentrations of such people. In those areas, they represent 14 per cent of the working-age population. [36A] and [36B]

40 per cent of disabled working-age people in receipt of out-of-work benefits live in the fifth of small areas with the highest concentrations of such people. In those areas, they represent 16 per cent of the working-age population. [37A] and [37B]

30 per cent of older people in receipt of means-tested benefits live in the fifth of small areas with the highest concentrations of such people. In those areas, they represent 41 per cent of the older population. [38A] and [38B]

The overall patterns of concentration of working-age benefit recipiency in 2005 are almost indistinguishable from those in 1999. So, for example, of the 7,000 super output areas with the highest levels of benefits recipiency in 1999, 6,000 of these were still in the 7,000 areas with the highest levels of recipiency in 2005. [39]

Concentrations of other indicators of exclusion: to what extent are ill-health, lack of educational qualifications, etc. concentrated in small geographic areas?
The four groups of people considered here are those of working-age who are not working, those with a limiting long-term illness, people living in social housing and people aged 16 to 74 without any educational qualifications. Whilst not all such people will necessarily be disadvantaged, they are all conditions in which people are more likely to face disadvantage.

Once again, the focus is on their geographical concentration in small areas. Of the four, housing tenure is by far the most geographically concentrated in small areas followed by working-age people not working and people without qualifications. People with a limiting long-term illness are the least geographically concentrated.

People living in social housing are typically located in areas where there is a concentration of social housing. So, on average, 50 per cent of people in their neighbourhood also live in social housing. For people living in other tenures, an average of only 12 per cent of people in their neighbourhood live in social housing. [42A] At the regional level, the gap between these two percentages is markedly less (indicative of the lowest levels of concentration) in inner London. [42B]

Working-age adults who are not working are not as geographically concentrated together but still, on average, 30 per cent of people in their neighbourhood are also not working. For those who are working, there are an average of 22 per cent of people in their neighbourhood who are not working. [40A] At the regional level, the gap between these two percentages is greatest (indicative of the highest levels of concentration) in Scotland and the North of England. [40B]

People without qualifications are also likely to be geographically concentrated together. On average, 40 per cent of people in their neighbourhood also have no qualifications. For those with qualifications, an average of 30 per cent of people in their neighbourhood have no qualifications. [43A] Although the overall levels vary between regions, the gap between these two percentages is fairly uniform across the country. [43B]
People with a limiting long-term illness are the least geographically concentrated. On average, 22 per cent of people in their neighbourhood also have a limiting long-term illness. For those without a limiting long-term illness, an average of 18 per cent of people in their neighbourhood do have such a condition. [41A] At the regional level, the gap between these two percentages is markedly greater in Scotland than elsewhere. [41B]

**Issues arising for policy consideration**

This report has outlined the main trends and developments in housing and neighbourhoods with particular reference to those policy areas where the British Government has set itself targets. A checklist of the major policy challenges arising is set out below.

**Policy challenges in relation to housing**

- Ensure that the rate of house building rises to match the anticipated rate of future household growth in all parts of the country.

- Refine the data and methods for judging regional and local balances between household growth and increases in the housing stock.

- Implement an appropriate balance in local and regional housing markets by effectively co-ordinating economic, planning and housing policies.

- Implement practical mechanisms for improving affordability for first-time buyers, both by increasing supply and through targeted initiatives, including shared equity schemes.

- Increase the supply of new subsidised housing to meet both outstanding and future housing needs, and also to contribute to overall targets for housing supply.

- Achieve the target to halve the number of homeless households in temporary accommodation in England.

- Improve the safety net for home owners.

- Work with local authorities to continue to improve the delivery of Housing Benefit, including reversing the apparently worsening levels of take-up.

- Achieve the target of bringing all social sector housing in England up to the decent homes standard.

- Review the sustainability of brownfield targets post-2008 and whether these should be formulated in different terms.

- Review policy on space standards, given that new build has a smaller average room size than elsewhere in the European Union.
### Policy challenges in relation to neighbourhoods

- Understand why more people think their local area is getting worse than think it is getting better.

- Consider how to respond to the observation that traffic is the factor most commonly viewed as a problem in the local area.

- Ensure that the public’s perceptions about trends in crime are adequately informed by the actual trends.

### Policy challenges in relation to small area concentrations of disadvantage

- Ensure policy adequately reflects the fact that more than half of low income people do not live in deprived areas.

- Achieve real change in the geographic patterns of small area disadvantage, considering the role of both people-focussed and place-focussed interventions across Government.
# CHAPTER 1 Housing

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Theme: Overall housing availability

Policy context

Housing policy is fully devolved and thus England, Scotland, Wales and Northern Ireland all have their own policies. As discussed in the Introduction, for simplicity, the policy context commentary in this report focusses on England. In England, the responsible department is the Department for Communities and Local Government (DCLG). Of the DCLG’s two strategic priorities for the period 2005 to 2008 relating to housing, one is specifically focussed on housing availability. As set out in the 2004 Public Service Agreement (PSA), the stated aim is:

Delivering a better balance between housing supply and demand by supporting sustainable growth, reviving markets and tackling abandonment.

The associated PSA target is to:

Achieve a better balance between housing availability and the demand for housing, including improving affordability, in all English regions while protecting valuable countryside around our towns, cities and in the green belt and the sustainability of towns and cities.

The Government recognises that there is no simple way of judging whether there is an overall mismatch between housing supply and demand and, indeed, the technical notes supporting the PSA target above state that:

…we are still developing our understanding of the drivers underlying imbalances in housing markets and how best to measure change.

Nevertheless, the broad assumptions underlying the Government’s strategy for improving housing availability appear to be that:

- Overall, the number of homes should increase in line with the number of households.
- There is currently a shortage in the South East, East and London regions. So, for example, Chapter 3 of its five year plan, Sustainable communities: homes for all, published by the Office of the Deputy Prime Minister¹ in 2005, is entitled ‘Homes where they are most needed’ and states that they will invest in four Growth Areas in the wider South East.
- There is currently a surplus in the North East, North West and Yorkshire and the Humber regions. So, for example, one of its objectives is to reduce the long term vacancy rates in these regions.
- At a sub-regional level, there will be surpluses in some places and shortages in others. So, for example, the Government monitors the number of local authorities where house prices are much lower than in their neighbouring authorities (this being a proxy for housing surplus) and Sustainable communities: homes for all states that they will complete their reform of the planning system to deliver the development needed, when needed and where needed.
Introduction to the indicators

The definitions of the terms ‘dwelling’ and ‘household’ used in this chapter are those used in official Government statistics, namely:

- A ‘household’ is a group of people living at the same address who share common housekeeping or a living room.
- A ‘dwelling’ is a self-contained unit of accommodation whereby all the rooms (in particular, the basic facilities of kitchen, bathroom and toilet) are behind a door that only the household can use.

A dwelling can therefore be occupied by a single household or by a number of households which share at least one of the basic facilities but do not share living accommodation.

The first two indicators provide some contextual information about the need for housing through an analysis of demographic trends. The next two indicators provide some contextual information about the supply of housing in terms of both the total stock and new build. The final two indicators then bring the information on demography and housing supply together to provide an analysis of the nature of possible shortages.

WHAT THE INDICATORS SHOW

Indicator 1: Population and households
The number of households has been increasing even though the population has been broadly stable.
The number of households has been growing because of the growing number of people living alone, particularly among those of working-age.

Indicator 2: Households and tenure
The vast majority of those who can afford to do so have bought a home with a mortgage.
The vast majority of couples are owner-occupiers; this is less true for single people.

Indicator 3: Stock
The total stock has been increasing, but the social housing stock has been decreasing.
Both the growth in total stock and the decrease in social housing stock has been happening throughout the country.

Indicator 4: New builds
Almost all the new build in recent years has been in the private sector.
Most new dwellings have more than one bedroom, and a half have three or more bedrooms.

Indicator 5: Households and dwellings
Nationally, as the number of households has increased, so has the number of dwellings.
There do, however, appear to be housing shortages in the South of England.

Indicator 6: Density of occupation
More and more households live in homes above the bedroom standard.
The ‘bedroom standard’ measure of housing needs is not in line with current practice.
The first graph [1A] shows the estimated population and number of households over time, where a household is defined as a group of people living at the same address who share common housekeeping.

The source for the population data in the first graph is the DCLG live tables, using table 421. The population data up to 2003 are the Government’s mid-year estimates, which have been revised in light of the 2001 Census. The population data for 2004 onwards is the interim 2003-based estimates of the Government Actuary Department. The source for the household data is the DCLG live tables, using table 401, except for England from 1991 onwards where the March 2005 DCLG household estimates (based on 2003 data) have been used. The data relates to England because household estimates are not published for Northern Ireland, and those that are available for Scotland and Wales are both dated and only go up to 2011.

The second graph [1B] shows the estimated number of households over time for each type of household.

The main data source for the second graph is the March 2005 DCLG household estimates, where the basis for these estimates is the same as for the first graph. Data from the Government’s 1996-based household projections has been used to separate the estimates between those of working age and those of pensionable age. The category entitled ‘working-age couples’ is where the male partner is under the age of 65. The data is for England only as household estimates by household type are not available for Scotland or Wales.
Key points

The number of homes required depends on the number of households rather than the total size of the population. For many decades, household numbers have been growing at a much faster rate than the population. Over the 25 years since 1971, the number of households in Great Britain has risen from 18.5 million to 25 million, an increase of 35 per cent. Over the same period, the population has risen from around 54.5 million to 58.5 million, an increase of just 8 per cent.

The number of households has grown substantially in all the English regions, as well as in Scotland and Wales. In England, the number of households has increased by 35 per cent in the 25 years since 1971 and is projected to increase by a further 20 per cent in the period to 2021. Again, this rate of increase is much faster than that for the population as a whole, which increased by 10 per cent from 1971 to 2006 and is projected to increase by a further 5 per cent from 2006 to 2021.

In terms of absolute numbers, the annual increase in the number of households in England averaged around 150,000 in the period 1991 to 2003 but this annual increase is projected to rise to around 220,000 in the period 2003 to 2021.

The main reason for much faster growth in households than in population is that there has been a big rise in the number of one-adult households. All categories of one-adult households have grown in number – pensioners living alone, lone parents and working-age adults living alone – but it is the last group whose growth has been greatest, up in England from 1 million to 3.5 million since 1971. Whereas such households now account for 25 per cent of all working-age households, they accounted for just 10 per cent 35 years ago. By contrast, pensioners living alone represent a similar share of pensioner households now as 35 years ago, the growth in their numbers being due to the growth in the overall pensioner population.

The growth in working-age people living alone is the result of a complex range of factors. It does, however, seem to be clear that, as well as more people being single (i.e. not cohabiting with a partner), the proportion of these people who live alone (rather than with parents, friends, etc.) is growing.²

The number of households is projected to continue to grow in all the English regions, ranging from a 10 per cent growth between 2006 and 2021 in the North East to a 24 per cent increase in the South West and East.

Note that there is some uncertainty about the precise scale of the household growth. For example, the Government’s March 2005 revisions reduced the estimated number of households in England in 2003 by around 200,000 compared to their previous estimate, thus reducing estimated annual household growth since 1991 by around 20,000. The uncertainties are even bigger in terms of forward projections. For example, based on past trends, they rely on a number of assumptions about future trends in the propensity to live alone and in the levels of net migration. Clearly, however, these trends could change with consequent implications for the number of households.
Households and tenure

2A: The vast majority of those who can afford to do so have bought a home with a mortgage

The first graph [2A] shows, for each work status, the proportion of households in each tenure, where the work status is that of the ‘household reference person’ (the person in the household with the highest income). Only households where the household reference person is aged less than 60 are included in the analysis.

2B: The vast majority of couples are owner-occupiers; this is less true for single people

The second graph [2B] shows, for each household type, the proportion of households in each tenure, where the household types are defined in terms of couple/single, the age of the household reference person and the presence/absence of dependent children.

The second graph [2B] shows the estimated number of households over time for each type of household.

The data source for both graphs is the 2004/05 General Household Survey and the data relates to Great Britain.
Key points

Around 70 per cent of all households in Great Britain are now home owners, with around 10 per cent in each of the other three tenures (renting from private landlords, renting from registered social landlords and renting from local authorities). The proportion of households who are home owners is lowest in London (60 per cent), Scotland (65 per cent) and the North East of England (65 per cent).

There are significant differences in the economic and social composition of the households resident within each tenure. Some four-fifths of the households with the household representative person in full-time work are home owners. By contrast, only a third of those of working-age but workless are home owners. The workless make up just five per cent of all home owners of working-age with a mortgage.

Conversely, while less than one in ten of those in full-time work are located in the social rented sector, the sector also provides housing for around half of those of working-age but workless. Around half of the working-age households in the social rented sector are workless. However, these are ‘snap shot’ figures at a point of time, and panel survey data has shown that over time many households in the social rented sector move in and out of typically low paid and insecure forms of employment.

Similar differences in housing tenure by work status are to be found in all the regions in England as well as in Scotland and Wales.

Around four-fifths of all couples, both with and without children, and of working and retirement age, are home owners. For those aged 60+, the vast majority own their property outright whereas, for those aged less than 60, the vast majority are mortgage holders.

Single people, both of working and retirement age, are less likely to be home owners. Nonetheless the sector still accommodates around half of all single people. While working-age single people in rented accommodation are fairly evenly split between the social and private rented sectors, the great majority of the retired renting singles are located in the social rented sector.

Lone parent households are the least likely to be home owners, but nonetheless two-fifths are located in the sector, with a similar proportion in the social rented sector.

Only a fifth of young households (household reference person aged 16 to 24) are owner-occupiers. For those with children, most of the others are in social rented accommodation whilst, for those without children, most of the others are in private rented accommodation. By contrast, 60 per cent of households aged 25 to 34 are owner-occupiers, somewhat less than the proportion for those aged 35 to 54 (75 per cent) but much greater than the proportion for young households.

There are also significant differences in the distribution of ethnicity between tenures. Around three-quarters of Indian, white and Pakistani households are home owners. By contrast, less than two-fifths of all black and Bangladeshi households are home owners, and they are much more likely to live in the social rented sector.
**INDICATOR 3**

**Stock**

3A: The total stock has been increasing, but the social housing stock has been decreasing

![Graph showing the total stock of permanent dwellings from 1971 to 2004, with different colors for social housing, privately rented, and owner-occupied dwellings.](source)

3B: Both the growth in total stock and the decrease in social housing stock has been happening throughout the country

![Graph showing the change in the number of permanent dwellings from 1991 to 2004 as a proportion of the total 1991 number, for different regions.](source)

The first graph [3A] shows, for each year, the size of the housing stock, broken down into owner-occupied, private rented and social rented dwellings.

The second graph [3B] shows how the size of the housing stock has changed in each region in the period between 1991 and 2004, again distinguishing by tenure.

The data source for both graphs is the DCLG live tables, using table 101 for the first graph and tables 106 to 109 for the second graph. The data relates to the United Kingdom. The figures for 1971, 1981, 1991 and 2001 are from the relevant Censuses. The figures for the intervening years are obtained by incrementing the previous Census data based on the number of completions, conversions, demolitions and changes over use since that Census. For 1991, the figures for social rented dwellings are from local authority and Housing Corporation data as DCLG judge this to be more accurate than the Census data.
Key points

There are now almost 26 million dwellings in the UK; an increase of some 7 million since 1971. There have also been significant shifts in the tenure composition of the stock over those decades. The owner-occupied sector has almost doubled in size, from 9.5 million dwellings in 1971 to 18.5 million dwellings in 2004; in the process growing from 50 per cent to 70 per cent of the total stock. By contrast, the social rented sector has declined from 30 per cent of the total stock in 1971 to 20 per cent in 2004 due to a combination of right-to-buy and low levels of new build (see Indicator 4).

In part, the growth of home ownership has been a function of rising living standards, household choices and the ready availability of mortgage finance, but it also reflects Government’s view (at least in England) that owner-occupation is the tenure of choice. So, for example, since 1980, almost 2.5 million council (and some housing association) dwellings have been sold at heavily discounted prices under the ‘right-to-buy’ and similar schemes. Furthermore, until the early 1990s home buyers were subsidised by mortgage interest tax relief.

The rate at which home ownership grew was much faster in the 1970s and 1980s than in more recent years. Not only have levels of right-to-buy sales fallen (albeit with cyclical fluctuations), but the proportion of younger households becoming home owners has also declined, largely because of affordability issues and also partly because of the greater availability of privately rented accommodation following its deregulation, including the removal of rent controls, in 1989.

Gains to the social sector as a whole through new house building have been much lower than losses (primarily as a result of right-to-buy sales) and between 1981 and 2004 there was a net reduction of almost 2 million dwellings in the sector. Consequently the social housing sector now accounts for just 20 per cent of the total stock, compared to 30 per cent in 1981.

Within the social sector, the amount of local authority stock has halved since 1980. This is not only because of the right-to-buy, but also because of the ‘large scale voluntary transfers’ of housing stock to housing associations. Since 1988, stock transfers have switched more than a million dwellings in Great Britain from local authorities to housing associations.

The rates of change in the overall growth of the housing stock, and the changes in the tenure composition of the stock, have varied markedly in different parts of the UK. But in all regions, there has been a growth in overall stock combined with a reduction in the amount of social housing. Note that one of the reasons why the reduction in social housing since 1991 is so much higher in Scotland than in England and Wales is because the right-to-buy scheme, introduced in 1980, took longer to take off in Scotland, with a high level of such sales since 1991.
New builds

4A: Almost all the new build in recent years has been in the private sector

The two graphs show, for each year, the number of new dwellings completed. In the first graph [4A] the data is broken down into private sector, registered social landlord and local authority dwellings. In the second graph [4B], the data is broken down by the number of bedrooms.

The data source for both graphs is the DCLG live tables, using tables 244 and 251. The data relates to England. This is because size figures, as shown in the second graph, are not routinely available for Scotland, Wales and Northern Ireland. The first graph is also for England so that the two are directly comparable. In principle, a dwelling is regarded as completed when it becomes ready for occupation whether it is in fact occupied or not.
Key points

The rate of new house building in England declined sharply in the 1970s, before settling at around 150,000 dwellings a year, around half the level in 1971. This decline was primarily a consequence of the ending of Government programmes of council house building, with only a very modest expansion of programmes to build new housing association dwellings. While there have been some cyclical variations in levels of new private house building, there has been no general private sector expansion to offset the decline in new social sector house building. Indeed, rates of new private sector house building have also declined since 1970.

The relationship between the declining rate of social sector house building and the need for such accommodation is discussed in more detail in Indicator 16.

Within England, house building levels fell in London and the ‘broader South East’ during the second half of the 1990s, from 65,000 in 1995/96 to 51,000 in 2001/02, before rising again in the last few years, to 70,000 in 2004/05.

The trends over time in Scotland and Wales are similar to those in England. In Scotland, for example, around 24,000 new dwellings were built in 2004, the vast majority in the private sector, compared to around 40,000 in 1971, three-quarters of which were in the social sector. In Wales, around 9,000 new dwellings were built in 2004, the vast majority in the private sector, compared to around 15,000 in 1971, two-fifths of which were in the social sector. In Northern Ireland, like the rest of the UK, the rate of house building fell sharply in the 1970s but, unlike the rest of the UK, has grown sharply over the last decade, up from around 7,000 a year in the mid-1990s to almost 15,000 in 2003.

In England, a far higher proportion of the new dwellings being built now have four or more bedrooms. In 1971, such large dwellings made up less than a tenth of all new dwellings; 30 years later they made up a third of all new dwellings. Subsequently the proportion has fallen back to just below a quarter under the pressure for greater density in new build developments.

There has also been some increase in the proportion of two bedroom dwellings being built, while three bedroom dwellings, which accounted for over a half of all new buildings in 1971, now account for less than 30 per cent. While there has been a slight upturn in the last few years in the proportion of one bedroom dwellings being built (to 10 per cent), this is still a reduced level compared to previous decades.
Households and dwellings

5A: Nationally, as the number of households has increased, so has the number of dwellings

The first graph [5A] shows, for each year, the size of the housing stock compared to the number of households. The data is for Great Britain.

The source for the household data in the first graph is the DCLG live tables, using table 401, except for England from 1991 onwards where the later DCLG March 2005 household estimates have been used. The source for the stock data is the DCLG live tables, using tables 102, 106, 107 and 109. The stock figures for 1971, 1981, 1991 and 2001 are from the relevant Censuses, whilst the figures for 2003 are obtained by incrementing the 2001 Census based on number of completions, conversions, demolitions and changes over use since that Census.

5B: There do, however, appear to be housing shortages in the South of England

The second graph [5B] compares, for each region in England in 2003, the number of available homes with the number of households, with the data presented as the surplus/deficit of homes compared with households. Available homes are calculated as the number of dwellings less an estimated allowance for second homes and unavoidable vacancies. Directly comparable data is not available for Scotland and Wales.

The household and stock data used in the second graph are as for the first graph. The data on second homes is an estimate from the Survey of English Housing and a nominal allowance of 2 per cent has been made for unavoidable vacant dwellings.

The first graph [5A] shows, for each year, the size of the housing stock compared to the number of households. The data is for Great Britain.

The source for the household data in the first graph is the DCLG live tables, using table 401, except for England from 1991 onwards where the later DCLG March 2005 household estimates have been used. The source for the stock data is the DCLG live tables, using tables 102, 106, 107 and 109. The stock figures for 1971, 1981, 1991 and 2001 are from the relevant Censuses, whilst the figures for 2003 are obtained by incrementing the 2001 Census based on number of completions, conversions, demolitions and changes over use since that Census.

The second graph [5B] compares, for each region in England in 2003, the number of available homes with the number of households, with the data presented as the surplus/deficit of homes compared with households. Available homes are calculated as the number of dwellings less an estimated allowance for second homes and unavoidable vacancies. Directly comparable data is not available for Scotland and Wales.

The household and stock data used in the second graph are as for the first graph. The data on second homes is an estimate from the Survey of English Housing and a nominal allowance of 2 per cent has been made for unavoidable vacant dwellings.
Key points

This indicator discusses the overall balance between the total number of households and the total number of dwellings. Whether the housing is available and affordable to particular groups is discussed in the subsequent themes on affordability and unmet need.

The overall balance between the numbers of households and dwellings is a critical factor in trying to ‘offer everyone the opportunity of a decent home’. The overall number of dwellings has been increasing at a broadly similar rate to the number of households. So, for example, the number of dwellings and households in Great Britain have both increased from around 16 million in 1961 to around 25 million in 2003.

A closer examination of the data suggests that until 1961, there was a small crude shortage in dwellings compared to the number of households. That crude shortage was eradicated by 1971 and, by 1981, there was a surplus of around 4-5 per cent in dwellings compared to households in Great Britain. During the 1980s, the number of households grew a little faster than the net additions to the house stock and, by 1991, that surplus had fallen to around 2-3 per cent. Since 1991, households and housing stock – nationally – have grown at a similar rate, and the surplus has remained around 3 per cent. There was, however, a marked shortfall in the supply of new housebuilding (including conversions) relative to household growth in London over that period.

In numeric terms, the number of households and dwellings in England both grew at around 150,000 per year in the period from 1991 to 2003. Importantly, however, the number of households is projected to grow at around 220,000 per year in the period 2006 to 2021.

There are a number of complicating factors when assessing the ‘crude’ balance between households and dwellings shown in the graph [5A]. First, a ‘household’ is defined as “…a group of people living at the same address who share common housekeeping”. So, any housing shortages will mainly result in people continuing to live with their parents or sharing with others (typically not counting as a separate ‘household’) rather than manifesting themselves by a deficit of dwellings compared with households. As discussed in Indicator 16, it is estimated that there are around 250,000 households who are either ‘concealed’, for example, unsatisfactorily sharing a dwelling or would-be couples living apart.

Second, not all dwellings are available for residential occupation. Even in the most efficiently operating housing market, some dwellings will be vacant for short periods of time, either as a result of turnover, or because of the need for vacancy while major repairs or improvements are undertaken. For example, 2.5 per cent of all English dwellings were vacant in 2001, while a further 4 per cent were unfit for habitation (although occupied). In addition, some households own, and occupy, more than one home and the number of ‘second homes’ has grown rapidly over the last decade, particularly in rural areas. For example, around 300,000 English households now have a second home in England.

The second graph [5B] shows estimated regional household dwelling balances for England in 2003, after making provision for second homes and unavoidably vacant dwellings. This analysis suggests small deficits in the southern half of the country. A major problem with this analysis is that there is a high degree of uncertainty about the housing dwelling balance figures: as they measure very small differences between two very large numbers, it only takes a small change in either number to show quite different results. It is also not clear how far an analysis at the regional level adequately addresses issues at the level of local housing markets.
INDICATOR 6

Density of occupation

6A: More and more households live in homes above the bedroom standard

The first graph [6A] shows, for each year, the distribution of households in comparison with a measure of occupation density known as the ‘bedroom standard’. This standard is calculated in relation to the number of bedrooms and the number of household members and their relationship to each other. One bedroom is allocated to each married or co-habiting couple, any other person over 21, each pair aged 10 to 20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired, if possible, with a child under 10 of the same sex or otherwise counted as requiring a separate bedroom, as is any unpaired child under 10. The data source is the General Household Survey and relates to Great Britain. The data for 2001/02 and 2004/05 is weighted, but that for the earlier years is unweighted.

6B: The ‘bedroom standard’ measure of housing needs is not in line with current practice

The left hand bar in the second graph [6B] shows the distribution of households in terms of the minimum number of bedrooms they require according to the bedroom standard, the middle bar shows the distribution of dwellings in terms of their actual number of bedrooms, and the right hand bar shows the distribution of new (2004/05) build in terms of their actual number of bedrooms. The data for the left hand and middle bars is from the Survey of English Housing. The data for the right hand bar is from DCLG live table 251. All the data is for England for the year 2004/05.
Key points

One of the key features of growing household prosperity over the last century has been the increased number of bedrooms in the homes that households occupy. This can be seen both in the substantial fall in the numbers of households occupying dwellings ‘below the bedroom standard’ compared with 30 years ago and in a noticeable rise in those occupying dwellings ‘above the bedroom standard’, where the ‘bedroom standard’ is an estimate of the minimum number of bedrooms that a household requires given the number of household members and their relationship to each. In this standard, one bedroom is allocated to each married or co-habiting couple, any other person over 21, each pair aged 10 to 20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired, if possible, with a child under 10 of the same sex or otherwise counted as requiring a separate bedroom, as is any unpaired child under 10. So, for example, a couple with one child would have a bedroom standard of two whilst a couple with two children would have a bedroom standard of two or three depending on the age and sex of the children.

In 1971, two-fifths of all households occupied dwellings at or below ‘the bedroom standard’, but by 2004/05 this proportion had fallen to under 30 per cent. In contrast, there was a significant rise in the proportion of households occupying dwellings with two or more rooms above the standard, from a fifth in 1971 to a third in 2004/05.

The median case of occupational density is now the ‘bedroom standard plus one’. The mismatch between the ‘bedroom standard’ set nearly half a century ago and contemporary practice, in terms of both current occupation and new house building, is clearly illustrated in the second graph (which is for England only).

There are significant variations in occupancy standards by tenure. For example, only a third of the people in the social rented sector occupy homes above the bedroom standard compared with three-quarters of those in owner occupation. This differential level of ‘under occupancy’ reflects not just differences in incomes, but also the application of allocation policies by social landlords.

As discussed in Indicator 1, the recent and projected future household growth is overwhelmingly in one-person households. For the majority of such households, this does not by itself imply an increased requirement for single bedroom dwellings as most now choose to occupy larger dwellings. Combined with other indicators (e.g. Indicators 9, 14 and 16), however, it does raise issues about whether the housing market is adequately providing for those one-person and childless couple households who have lowish incomes and thus cannot afford to buy the multi-bedroom dwellings that are being built.

Finally note that, even though dwellings in England have on average the same number of rooms as the European Union as a whole, the average size of these rooms is smaller than any EU country except for Spain. As a result, the average total floor space of English dwellings is smaller than that in most other EU countries. Furthermore, the average total floor space of new dwellings in England is no bigger than that for older dwellings. So, whilst standards in terms of number of bedrooms have been rising, standards in terms of total floor space have not.
Theme: Housing affordability

Policy context
As with other aspects of housing policy, policy on housing affordability is fully devolved and thus England, Scotland, Wales and Northern Ireland all have their own policies. In England, affordability (as discussed in this theme) and availability (as discussed in the previous theme) are considered to be inextricably linked and are covered by the same Department for Communities and Local Government Public Service Agreement (PSA) target for the period 2005 to 2008, namely to:

Achieve a better balance between housing availability and the demand for housing, including improving affordability, in all English regions while protecting valuable countryside around our towns, cities and in the green belt and the sustainability of towns and cities.

Chapter 3 of the Government’s five year plan, Sustainable communities: homes for all, published by the Office of the Deputy Prime Minister in 2005, states that:

In some parts of the country we are simply not building enough new homes to meet our needs. As a result, young families cannot afford to live where they grew up and want to stay and first time buyers are priced out of the market.

In other words, lack of affordability is in large measure a consequence of housing shortage and the key concern is those wishing to enter the housing market.

Chapter 4 then goes on to state that: “...we want to offer as many people as possible the opportunity to own a home” and sets out a range of policies to help first-time buyers, key workers and existing social housing tenants to become home owners. Finally, Chapter 5 states that “…home ownership, even on a shared basis, is not the right option for everyone at all stages in their lives” and that the Government will “…tackle shortages of social housing.”

Sustainable communities: homes for all does not contain any specific objectives or targets for housing affordability. The technical notes to the PSA target above do, however, make it clear that the Government’s main indicator of success is the ratio between lower quartile house prices and lower quartile earnings. In other words, affordability is mainly viewed as an issue for those wishing to become home owners at the bottom end of the housing market. The technical notes also state that the Government will be announcing both national and regional affordability goals.

Finally, affordability of rented accommodation is not discussed in Sustainable communities: homes for all. Implicit in the Government’s regime for social housing rents, however, is the view that affordability should continue at current levels.

Introduction to the indicators
The first two indicators provide basic contextual information about the relationship between housing tenure, housing costs and household income:

- One focusses on the relationship between housing tenure and household income.
- The other focusses on the relationship between housing costs and household income.
The next four indicators then analyse affordability for the four types of housing circumstance that households can be in, namely:

- **First-time buyers**: affordability is looked at in terms of both house prices or mortgage costs, which show rather different trends over time mainly because of changing interest rates.
- **Existing home owners**: the focus here is on those home owners who have a low household income.
- **Private renters**.
- **Social renters**.

Note that:

- Due to data limitations, the analysis for private and social renters is for England only.
- The housing costs analysed in this section do not include mortgage capital payments on the grounds that these are repayments of loans rather than costs. Mortgage capital repayments are, however, included in the affordability analysis as they impact on cashflow.
- Where housing costs are compared to earnings, this is done, wherever possible, using median earnings rather than mean earnings. This is because the use of mean earnings would provide an overly optimistic picture of affordability as they are substantially higher than median earnings because of the impact of a relatively small number of very high earners.

**WHAT THE INDICATORS SHOW**

**Indicator 7: Housing tenure and incomes**
Just over half of people on below average incomes are owner-occupiers, a third are social renters and a tenth are private renters.
The proportion of people who have low incomes is much higher among renters than among owner-occupiers.

**Indicator 8: Housing costs and incomes**
Housing costs are much higher for the poorest fifth than for those on average and above-average incomes.
For people at all levels of income, housing costs as a proportion of household income are highest for those in private rented accommodation.

**Indicator 9: Affordability for first-time buyers**
Compared to earnings, mortgage costs for first-time buyers have now reached their 1990 peak.
Home ownership is least affordable in London and the South of England.

**Indicator 10: Affordability and low income home owners**
For low-income home owners with a mortgage, housing costs represent around a third of their disposable income.
Two-thirds of poor home owners are of working age, and the majority of these have a mortgage.

**Indicator 11: Affordability and the private rented sector**
Average private sector rents have broadly risen in line with average earnings.
As well as being higher in absolute terms, private rents in London are also the least affordable relative to earnings.

**Indicator 12: Affordability and the social sector**
Social housing rents have been rising in line with earnings and in excess of inflation.
Social housing rents in London are particularly high compared to household incomes.
Housing tenure and incomes

7A: Just over half of people on below-average incomes are owner-occupiers, a third are social renters and a tenth are private renters

The first graph [7A] shows, for each level of household income before deducting housing costs, a breakdown of people by housing tenure. To improve its statistical reliability, the data is the average for the latest three years.

7B: The proportion of people who have low incomes is much higher for renters than for owner-occupiers

The second graph [7B] shows, for each housing tenure, the proportion of people in that tenure who are in the poorest fifth of the population. Because the figures are so different before and after deducting housing costs, these are shown separately.

The data source for both graphs is Households Below Average Income, based on the Family Resources Survey (FRS) and covers all households, not just those on below-average incomes. The data relates to Great Britain. Income is disposable household income. All data is equivalised (adjusted) to account for variation in household size and composition. Note that the data is presented in terms of numbers of people rather than numbers of households.
Key points

Just over half of all people living in households with below-average incomes are owner-occupiers. This proportion rises to three-quarters of those with average incomes and to 90 per cent of those in the richest fifth.

By contrast, around a third of those with below-average incomes are social renters, falling to virtually none of the richest fifth. Over the last 30 years, the average incomes of social renters have fallen from 60 per cent of average incomes of mortgage holders to 30 per cent.7

A much lower proportion of owner-occupiers are poor than is the case for renters. So, for example, around 40 per cent of social renters are in the poorest fifth of the population compared with 10 per cent of owner-occupiers with a mortgage.

For both owner-occupiers without a mortgage, who typically have low housing costs, and private renters, who typically have high housing costs, the proportion who are in the poorest fifth of the population depends on whether the poorest fifth are defined before or after deducting housing costs. ‘Before deducting housing cost’ (BHC) incomes are net of (i.e. after) taxes, but include Housing Benefit as income. ‘After deducting housing cost’ (AHC) incomes deduct rents, service charges, ground rents, mortgage interest and building insurance costs.8

For owner-occupiers without a mortgage, 25 per cent are in the poorest fifth on the BHC measure and 15 per cent on the AHC measure. As discussed in Indicator 10, the majority of these people are of pensionable age.

For private renters, 20 per cent are in the poorest fifth on the BHC measure and 35 per cent on the AHC measure.

Note that the housing costs in the AHC measure do not include mortgage capital repayments on the grounds that these are repayments of loans rather than costs and that these repayments now comprise a much higher proportion of total mortgage payments (around 30 per cent) than they did when interest rates were at higher levels. Nor does the AHC measure take account of any expenditures on repairs or mortgage payment protection policies. If these expenditures were taken into account, the proportion of home owners defined as poor under the AHC measure would significantly increase.9

Poor social renters are often concentrated in large social housing estates, particularly estates where the right-to-buy has not led to a greater degree of tenure and income mix. In contrast, poor home owners are far more geographically dispersed, although there are some urban areas with concentrations of low income ethnic minority home owner households.

There are also tenure differences in the persistence of low incomes. Tenants in the social rented sector are rather more likely to be persistently poor over a number of years than home owner households. Low income home owner households are also more likely than social tenant households to have some savings, and also to own a range of consumer durables, typically reflecting previous periods with higher incomes.10
Housing costs and incomes

8A: Housing costs are much higher for the poorest fifth than for those on average and above-average incomes

8B: For people at all levels of income, housing costs as a proportion of household income are highest for those in private rented accommodation

The first graph [8A] shows, for each year and level of household income, housing costs as a proportion of disposable income. The second graph [8B] shows, for each level of household income, a breakdown of people by housing tenure. To improve its statistical reliability, the data is the average for the latest three years.

The data source for both graphs is Households Below Average Income, based on the Family Resources Survey (FRS) and covers all households, not just those on below average incomes. The data relates to Great Britain. Income is disposable household income before deducting housing costs. Housing costs are calculated as ‘income before deducting housing costs’ less ‘income after deducting housing costs’ and comprise such items as rents, service charges, ground rents, mortgage interest and building insurance costs. For people in receipt of Housing Benefit, the benefit itself is treated as income whilst the rent that it covers is treated as a housing cost. All data is equivalised (adjusted) to account for variation in household size and composition. To improve its statistical reliability, the data in the second graph is the average for the latest three years.
Key points

Across all tenures, housing costs for those on low incomes represent a much higher proportion of total household income than for those on higher incomes. For the poorest fifth of the population, housing costs now represent, on average, 25 per cent of their incomes, while those on average incomes devote around 15 per cent of their income to housing costs, and those in the richest fifth devote 10 per cent.

Note that, for many low income households, much of this housing cost will be borne by the state (through Housing Benefit and Income Support supplements – see Indicators 20 and 21) rather than by the households themselves.

Housing costs as a proportion of incomes are slightly down compared with a decade ago for households across the income distribution, although less so for those on low incomes. This is primarily a consequence of falling interest rates that have reduced the mortgage repayments for existing home owners and which have only been partly offset by the much bigger mortgages being taken out by more recent purchasers.

At 60 per cent of total income, housing costs are particularly high for low income households in private rented accommodation.

For all levels of income, housing costs as a proportion of household income are higher for those in private rented accommodation than for those in other tenures. This reflects the fact that, at all income levels, the rents for private renters are typically higher than either the rents for social renters or the mortgage costs for owner-occupiers.

For low income home owner households with a mortgage, housing costs represent, on average, a third of total household income. This is a similar proportion as for low income social renters. However, mortgage costs are far more variable than rents, with home buyers who have more recent mortgages tending to have far higher housing costs than those that took out mortgages many years earlier.

Low income households that are outright home owners face by far the lowest housing costs relative to their incomes (their costs being limited to service charges and building insurance costs), and this would remain the case even if their housing repair costs were taken into account.
Affordability for first-time buyers

9A: Compared to earnings, mortgage costs for first-time buyers have now reached their 1990 peak

The first graph [9A] shows, for each year for first-time buyers, average (median) house prices and average (median) annual mortgage costs, in each case compared with the average (median) earnings for full-time employees. The data source for the house price data is the Council of Mortgage Lenders’ Survey of Mortgage Lenders (median data not being available from DCLG live tables) and relates to the United Kingdom. The mortgage costs, which include both repayment and interest costs, are based on a standard 25 year mortgage at the average interest rates prevailing in each year. They also assume a standard 18 per cent deposit against purchase price, based on the average level of deposits by first-time buyers. In practice, there tend to be cyclical trends in deposit levels but, by levelling this out, the full impact of changing house prices is reflected in the mortgage cost measure. The data source for the earnings data is the New Earnings Survey (NES) up to 1998 and the Annual Survey of Hours and Earnings (ASHE) from 1998 onwards. These two surveys use slightly different methods of calculation so the NES figures have had a small adjustment applied to cater for this.

The bars in the second graph [9B] show house price to earnings ratios in each region in 2005, where these are calculated as the average house prices for 2/3 bedroom dwellings divided by average earned incomes of working households aged 20-39. The line shows the proportion of working households who ‘cannot afford to buy at the low end of the market’, where the ‘low end of the market’ is defined as houses at the first decile house price and ‘cannot afford to buy’ is defined as meaning that the required mortgage would be more than 3.75 times the household income for households with a single adult earner and 3.25 times the household income for households with two or more adult earners. The data source is a forthcoming update to the 2005 Joseph Rowntree Foundation report written by Steve Wilcox and entitled Affordability and the intermediate market, which uses data from the Council of Mortgage Lenders’ Survey of Mortgage Lenders 2005 (house prices) and the ONS Expenditure and Food Survey (household income).
Key points

Two measures of affordability for first-time buyers are used. The first is a ‘house price to earnings’ ratio, which is average (median) house prices for first-time buyers divided by average (median) full-time earnings. The second is ‘mortgage cost to earnings’ ratio, which is average (median) annual mortgage costs for first-time buyers, again divided by average (median) full-time earnings. On both measures, housing market affordability has worsened considerably over the last decade.

House price to earnings ratios are now at record levels. In 2005, average house prices for first-time buyers were 6 times average full-time earnings. This is much higher than the 3.7 ratio that they reached at the peak of the last housing market boom in 1990.

If the measure was based instead on all house prices, including those purchased by existing owners with established housing equity, the pattern over time would be similar but the ratios would be much higher. However, the prices paid by first-time buyers are typically only around three-quarters of the prices for all dwellings (in other words, first-time buyers typically buy cheaper homes than existing owners who are moving house). Measures based on all house prices consequently overstate the affordability difficulties that typically confront first-time buyers. This is the case whether earnings and prices are compared at the average level, or the lower quartile level (as in the official Department for Communities and Local Government house price affordability measure).

Because of relatively low interest rates in recent years, the mortgage cost to earnings ratio shows a rather different picture over time than the house price to earnings ratio. In 1990, at the peak of the housing market boom, mortgage costs represented 36 per cent of full-time earnings. During the subsequent recession, and fall in interest rates, the mortgage cost to income ratio fell as low as 18 per cent in 1996, before rising again to 36 per cent in 2005.

So, while the house price to earnings ratio suggests that affordability in 2005 is far worse than it was in 1990, the mortgage cost to income ratio suggests that affordability is not quite as problematic. Nonetheless, the mortgage cost to earnings ratio has now reached its 1990 record high.

There are significant regional (and local) variations in affordability. For example, average house prices for 2/3 bedroom dwellings in 2005 were around 5 times average annual earnings of young working households (household reference person aged 20 to 39) across the South of England compared to 3.7 times in Scotland.

Because of high house prices, around 35 per cent of younger working households would have been unable to buy even at the lower end of their local housing market in 2005 (i.e. at lowest decile house prices) if they were first-time buyers. In London, South East and South West of England, almost 50 per cent of younger working households were unable to buy. Even in Scotland and the North of England, 20-25 per cent were unable to buy.

For single earner households, the proportion rises even further to almost 50 per cent (25 per cent for multi-earner households). In other words, whereas 75 per cent of younger couples where both adults are working can potentially afford to buy locally, just over 50 per cent of single earner households can potentially do so. These issues are discussed in much more depth in a 2005 JRF publication entitled Affordability and the intermediate market (and a forthcoming update).
Affordability and low income home owners

10A: For low income home owners with a mortgage, housing costs represent around a third of their disposable income

![Graph showing housing costs as a percentage of BHC incomes for different income quintiles and home ownership status.]

Source: Households Below Average Income, DWP; Great Britain; the data is the average for 2002/03 to 2004/05

10B: Two-thirds of poor home owners are of working age, and the majority of these have a mortgage

![Pie chart showing ownership status by age group.]

Source: Households Below Average Income, DWP; Great Britain; the data is the average for 2002/03 to 2004/05

The first graph [10A] shows, for home owners in each income quintile, housing costs as a proportion of disposable income, with the data shown separately for home owners with and without a mortgage.

The second graph [10B] provides a breakdown of people who are in home owning households who are in the poorest fifth of the population according to whether they have a mortgage or not and whether they are of pensionable or working age. Note that a couple is classified as a pensioner couple if either of the adults is of pensionable age. Also note that this breakdown would look rather different if done for households rather than for the population as working-age households tend to be larger than those of pensionable age.

The data source for both graphs is Households Below Average Income, based on the Family Resources Survey (FRS) and covers all households, not just those on below average incomes. The data relates to Great Britain. To improve its statistical reliability, the data is the average for the latest three years. Income is disposable household income before deducting housing costs. Housing costs are calculated as ‘income before deducting housing costs’ less ‘income after deducting housing costs’ and comprise rents, service charges, ground rents, mortgage interest and building insurance costs. All data is equivalised (adjusted) to account for variation in household size and composition.
Affordability for home owners as a whole improved substantially in the early 1990s, as mortgage interest rates fell from 14.3 per cent in 1990 to just 6.5 per cent in 1996. Those falls in interest rates benefited existing home owners, as well as first-time buyers (see Indicator 9). However, in the subsequent years, those lower interest rates contributed to the sharp rise in house prices as they stimulated demand.

Consequently average mortgage costs for all home owners have also risen, under the pressure of the much larger mortgages taken out by post-1996 purchasers (as well as re-mortgaging by existing home owners). Between 1996/97 and 2003/04, average mortgage payments for all home owners in the UK (including capital payments) rose from £67 to £103 per week. Even so, over the last two decades as a whole, average mortgage costs for all home owners have increased no more rapidly than social sector rents.

While for all households with a mortgage, total housing costs now represent about 14 per cent of their income on average, the proportion for low income households is, at 32 per cent, far higher. Older people comprise about a third of the low income population who are home owners. But the vast majority of these do not have a mortgage and their housing costs will consequently be much lower.

The other two-thirds of the low income population who are home owners are in working-age households. The majority of these have a mortgage and consequently higher housing costs.

Note that that home owners predominantly become poor as a result of changing circumstances (unemployment, sickness, loss of earning, relationship breakdown, retirement). For cost reasons, very few already poor households are able to enter the sector.

Also note that the proportions above are in terms of numbers of people. In terms of households, the proportion of low income households who are of pensionable age rises to around half. This is because the average household size is smaller for those of pensionable age than for those of working age.

Finally, it is noteworthy that, as house prices have risen and loan terms have been extended, outstanding mortgage debt has more than doubled over the last decade, up from £400 billion in 1995 to £900 billion in 2004. With people potentially only being able to buy later in life, and with low inflation meaning that mortgage cost to earnings ratios erode far more slowly over time, these factors may subsequently lead to increases in debt levels for older age groups.
**Affordability and the private rented sector**

11A: Average private sector rents have broadly risen in line with average earnings

The first graph [11A] shows, for each year, average (mean) private sector rents as a proportion of the average (median) earnings of full-time employees, with the data shown separately for assured tenancies (which includes assured shorthold), regulated tenancies and people living in properties with resident landlords. In broad terms, assured tenancies (the vast majority of tenancies) are those which apply to people who have moved in since 1989 and regulated tenancies are those which apply to people who moved in prior to 1989. Note that median rent data over time is not available, hence the use of mean rent data.

The data source for the rents data in the first graph is the DCLG live table 731. Rents are before the deduction of any Housing Benefit.

The data source for the earnings data in the first graph is the New Earnings Survey (NES) up to 1998 and the Annual Survey of Hours and Earnings (ASHE) from 1998 onwards. These two surveys use slightly different methods of calculation so the NES figures have had a small adjustment applied to cater for this. This adjustment does not materially affect the trends.

11B: As well as being higher in absolute terms, private rents in London are also the least affordable relative to earnings

The second graph [11B] shows how average private sector rents vary by region. The bars show the average rents per month and the line shows these as a proportion of the average (median) earnings of full-time employees in the region.

The data source for the rents data in the second graph is the DCLG live table 734 and is for the years 2003/04 and 2004/05 combined. It covers assured tenancies only because DCLG considers that only assured tenancies are part of a ‘free market’ and no equivalent data is available for either regulated tenancies or resident landlords. Rents are before the deduction of any Housing Benefit.

The data source for the earnings data in the second graph is ASHE, using the 2004 data. Note that the data in both graphs uses median (rather than mean) earnings to put the graphs on a similar basis to the equivalent graph in Indicator 12.
Key points

The private rented sector has grown by a quarter since deregulation in 1989, and now provides some 570,000 more dwellings in the UK than 15 years ago, bringing the total dwellings in the sector to around 2.7 million. As a result, 10 per cent of households now live in private rented accommodation compared with 9 per cent in 1989. The rate of growth has been particularly rapid in London.

There is limited data on private rents from a consistent source over a run of years. However, the available data suggests that overall private rents have risen broadly in line with earnings over the last decade.

Given that house prices and mortgage costs have both risen sharply over the same period, it follows that private renting has become more affordable as an option compared to home ownership over that period, even if it has not become any more affordable relative to average earnings. Nevertheless, households in private rented accommodation still, on average, have higher housing costs than owner-occupiers (see Indicator 8).

Rents are highest for assured tenancies, which now represent the bulk of all lettings in the private rented sector, and lower for the remaining regulated tenancies (those let prior to the 1989 deregulation), which now represent only around 5 per cent of the sector.

Just over a quarter of all private lettings are now made to households receiving Housing Benefit. This proportion has reduced sharply from just under a half of all lettings in 1996, partly because of declining unemployment and claimant numbers and partly because of additional limits on the rents eligible for Housing Benefit introduced that year. However, it is notable that the decline in the number of private tenants in receipt of Housing Benefit since 1996 has now ended, with small rises since the end of 2003.

As is the case with house prices, private rents vary far more than earnings across the country. Average assured rents in London in 2004/05 were £775 per month, double the level in the Northern and Midland regions of England. However, average (median) full-time earnings for London residents are only about a third higher than in those regions. Consequently average private rents represent some 36 per cent of full-time earnings in London compared to just over 20 per cent in the Northern and Midland regions.
**Affordability and the social sector**

**12A: Social housing rents have been rising in line with earnings and in excess of inflation**

![Graph showing average social sector rents as a proportion of full-time employees' earnings](image)

Source: DCLG live tables (rents) and ASHE (earnings); England

**12B: Social housing rents in London are particularly high compared to household incomes**

![Graph showing social housing rents as a proportion of benefit unit income](image)

Source: Households Below Average Income 2004/05, DWP; Great Britain

The first graph [12A] shows, for each year, average social sector rents as a proportion of the earnings of full-time employees at the first quartile (i.e. a quarter earn less than this level). The data is shown separately for LA and RSL rents. Note that median rent data over time is not available. The data source for the rents data is the DCLG live tables 701, 702 and 703. Rents are before the deduction of any Housing Benefit and are for April in each year. The data source for the earnings data is the New Earnings Survey (NES) up to 1998 and the Annual Survey of Hours and Earnings (ASHE) from 1998 onwards. These two surveys use slightly different methods of calculation so the NES figures have had a small adjustment applied to cater for this. This adjustment does not materially affect the trends.

The second graph [12B] shows how average social sector rents (both LA and RSL rents) vary by region using the measure of rent as a proportion of ‘benefit unit’ income. A ‘benefit unit’ is a DWP technical term which effectively means ‘family’. It is not the same as the term ‘household’ used in other indicators in that adults living in the same household (other than spouses/partners) are considered to be separate benefit units. The bars show the measure for all benefit units and the line shows the measure for those benefit units where at least one of the adults is working and where the benefit unit is not in receipt of full Housing Benefit. The line is therefore a direct measure of affordability in that the benefit unit would have to bear the cost of any rent increases (those on full Housing Benefit have their rents paid by the State). The data source for the second graph is the DWP’s Households Below Average Income dataset, based on the Family Resources Survey. To improve its statistical reliability, the data is the average for the latest three years. Income is before deducting housing costs and, as such, state benefits are considered to be income.
Key points

For both local authority and housing association properties, average rents in England have, over the last decade, risen broadly in line with lower quartile full-time earnings (taken as a benchmark in recognition of low earnings levels in the social rented sector).

Average housing association rents are now 12 per cent higher than average local authority rents. This compares with an 18 per cent difference in 1999. This lessening difference reflects the Government policy of ‘rent restructuring’, introduced in 2000, whereby housing association target rents are now being increased at the rate of 0.5 per cent above inflation, while local authority target rents have been increased at the rate of one per cent above inflation, as a means for converging their rents.¹⁴ Note, however, that even when rent restructuring is completed, by around 2011/12, this will still leave average housing association rents somewhat higher than council rents due to the higher average capital values that have been assessed.

While overall there has also been a degree of convergence between council and housing association rents, the remaining differences vary by region. So, for example, while the gap in rents between the two sectors is relatively small in London and the West Midlands (8 per cent), the gap is much larger in the South West, East Midlands and South East (all 15-20 per cent). In part this reflects the application of rent caps in the very high value areas of Inner London, but it also reflects the differences between the past and present policy regimes for rents in the two sectors. While rent restructuring is widening regional differentials in rents in the housing association sector, it is narrowing those differentials in the council sector.

All the statistics above compare rents with the earnings of individuals. Clearly, a preferable comparison would be with household income. Whilst it is not possible to construct a time series on this basis, it can be done for the latest year. This shows that, as a proportion of household income, social housing rents are highest in London, representing on average around a third of household income compared to around a quarter in the rest of England.

Around three-fifths of social sector tenants are in receipt of Housing Benefit. Such tenants are protected from rent increases as these are paid for by the benefit. Rather, it is the working households who are not in receipt of Housing Benefit who are exposed to rent increases. For these households also, social housing rents are highest in London (and, to a lesser extent, the South East), representing on average a quarter of household income compared to around a fifth in the rest of England.

Local authority rents in Wales and Northern Ireland are a little lower relative to lower quartile earnings than is the case in England, and they are substantially lower in Scotland. In all cases, their change over time has followed a similar pattern to that of England.
Theme: Unmet housing need

Policy context
As with other aspects of housing policy, policy on unmet need is fully devolved and thus England, Scotland, Wales and Northern Ireland all have their own policies. In England, the responsible department is the Department for Communities and Local Government (DCLG). Whilst none of the DCLG Public Service Agreement (PSA) targets for the period 2005 to 2008 specifically relate to issues of unmet need, they are implicitly covered by the PSA target for overall housing availability.

On homelessness, the focus of Government policy, as set out in Chapter 7 of the Government’s five year plan, Sustainable communities: homes for all, published by DCLG’s predecessor, the Office of the Deputy Prime Minister, in 2005, is to:

Reduce homelessness, by offering a wider range of preventative measures and increasing access to settled homes, halving the number living in temporary accommodation by 2010.

In terms of ‘subsidised’ housing, Sustainable communities: homes for all acknowledges that there is a shortage of social housing and (in Chapter 5) states that:

The Government is committed to tackling this shortage – increasing the annual supply of new social homes by 50% and bringing empty homes back into use.

It also (in Chapter 4) sets out a range of policies to help first-time buyers achieve home ownership at lower than market prices, through its low cost home ownership programmes and ‘shared equity’ initiatives.

Introduction to the indicators
The indicators in this theme discuss various groups of the population whose housing needs are not currently being met.

The first indicator covers overcrowding.

The second and third indicators cover homelessness, with one on homelessness acceptances and the other on the use of temporary accommodation. The analysis is for England only as both legislation and policy differs somewhat in the devolved administrations making the data non-comparable.

The fourth indicator analyses the number of households in need of ‘sub-market housing’, where ‘sub-market housing’ is a phrase used in the recent Government sponsored ‘Barker Review’ into the housing market to describe housing which, for cost reasons, has to be provided by the social sector, either via social rented accommodation or low cost home ownership. To fit with the Barker Review, the analysis is for England only.

The final indicator looks at trends in the number of social sector lettings.
WHAT THE INDICATORS SHOW

**Indicator 13: Overcrowding**
Around 2.5 million people live in overcrowded conditions, similar to a decade ago. Overcrowding is most severe for larger households, especially in London.

**Indicator 14: Homelessness acceptances**
The number of households accepted as homeless fell sharply in 2005. Although most prevalent in London, homelessness is to be found throughout the country.

**Indicator 15: Use of temporary accommodation**
Use of temporary (rather than permanent) accommodation for homeless people in England has more than doubled since 1997. A quarter of households leaving temporary accommodation in 2005 had stayed there for a year or more.

**Indicator 16: Unmet housing need**
The number of new RSL dwellings is currently far below even the limited Barker targets. There are around a million households currently needing new subsidised housing.

**Indicator 17: Social sector lettings**
The number of social sector lettings to new tenants has been declining since 1997/98. The decline in lettings to new tenants has been happening throughout England.
Overcrowding

13A: Around 2.5 million people live in overcrowded conditions, similar to a decade ago

![Graph showing the number of households and people living in overcrowded conditions from 1994/95 to 2004/05 (Source: General Household Survey, ONS; Great Britain)]

13B: Overcrowding is most severe for larger households, especially in London

![Graph showing the proportion of households in overcrowded conditions for different family sizes and regions (Source: Survey of English Housing, DCLG; England; the data is the average from 2002/03 to 2004/05)]

The first graph [13A] shows the proportion of both people and households that fall below a measure of occupation density known as the ‘bedroom standard’. The ‘bedroom standard’ is calculated in relation to the number of bedrooms and the number of household members and their relationship to each other. One bedroom is allocated to each married or co-habiting couple, any other person over 21, each pair aged 10 to 20 of the same sex and each pair of children under 10. Any unpaired person aged 10-20 is paired, if possible, with a child under 10 of the same sex or otherwise counted as requiring a separate bedroom, as is any unpaired child under 10.

The data source for the first graph is the General Household Survey (GHS) and relates to Great Britain. Note that the data for 1997/98 and 1999/00 is missing because the GHS was not carried out in those years. Also note that the data for 1996/97 onwards is weighted, but for all previous years it is unweighted.

The second graph [13B] shows how the proportion of family units who are living in overcrowded conditions varies by both the size of the family unit and by region. Note that family units of one person can be living in overcrowded conditions if they are living in the same home as other family units.

The data source for the second graph is the Survey of English Housing and the data relates to England. To improve its statistical reliability, the data is the average for 2002/03 to 2004/05.
Key points

The long-term trend for households to occupy homes with more bedrooms has already been discussed (Indicator 6), as has the dated ‘bedroom standard’ by which density of occupation has traditionally been measured over the last half century.\textsuperscript{15}

While there has been a long-term trend for a decline in overcrowding against the bedroom standard, it has nonetheless begun to rise again in recent years as housing market affordability and access to social housing have both become more difficult.

Around 2.8 million people (600,000 households) in Great Britain were living in overcrowded conditions in 2004/05, similar to the number a decade ago. This is five per cent of the population (2.5 per cent of households).

Overcrowding is much more common among larger family units. Around 18 per cent of all family units with five or more members in England are overcrowded, compared to three per cent of family units with three or four members and one per cent of family units with one or two members.

Within England, overcrowding is most acute in London, where around 30 per cent of the larger family units (five or more members) are overcrowded, as are 9 per cent of family units with three or four members. Outside of London, overcrowding for larger family units is higher in the Northern and Midlands regions than it is in the South of England.

Overcrowding is also more concentrated in rented accommodation, where some 5 per cent of all households are overcrowded, compared to one per cent of owner-occupiers. Census data also shows a relatively high level of overcrowding in Scotland.

As well as the ‘bedroom standard’, there is also an even narrower definition of statutory overcrowding that dates from the 1930s. This definition includes a kitchen as a habitable room, and was much criticised even at the time it was introduced. Following a recent review, the Government has now accepted that kitchens should no longer be treated as a habitable room for the purposes of this measure.
INDICATOR 14

Homelessness acceptances

14A: The number of households accepted as homeless fell sharply in 2005

The first graph [14A] shows the number of households in England who are accepted as homeless by their local authority in each of the stated years, with the data shown separately for households ‘with dependent children’, ‘without dependent children but judged to be in priority need’, ‘without dependent children and judged not to be in priority need’ and ‘intentionally homeless’. In line with DCLG guidance, the numbers with children are assumed to be the same as the numbers who are in priority need because they have children. Scotland and Wales are not included in this graph because the legislative environment is different.

14B: Although most prevalent in London, homelessness is to be found throughout the country

The second graph [14B] shows, for the latest year, how the proportion of households accepted as homeless by their local authority varies by English region. The bars show acceptances as a proportion of all households and the line shows acceptances as a proportion of all applications.

The data source for both graphs is the DCLG Statutory Homelessness England, Statistical Releases.
Key points

To be classified as homeless, a household needs both to meet the legal criteria for homelessness and to have applied to their local authority to be classified as such. A household is legally homeless if they have nowhere to live which they both have a right to occupy and which it is reasonable for them to occupy.

If a household is accepted by their local authority as homeless then the local authority also decides whether or not the household is ‘in priority need’ and whether or not it is ‘intentionally homeless’. These decisions are important because, in England and Wales, the authority only has a duty to provide accommodation to those it classifies as both ‘in priority need’ and ‘unintentionally homeless’. While the categorisations differ somewhat between England and Wales, all households with dependent children are classified as ‘in priority need’ and households without dependent children are generally classified as ‘not in priority need’ unless they have one or more ‘vulnerabilities’. In Scotland, by contrast, the ‘priority need’ classification is being abolished, with local authorities having the duty to provide accommodation to all households accepted as homeless.

In England, between 160,000 and 200,000 households (40-50,000 per quarter) are newly accepted as homeless each year. These numbers rose sharply in 2002 and 2003 but have now fallen back to pre-2002 levels. How far the recent falls reflect local authorities adopting more proactive homeless prevention policies, or more restrictive ‘gatekeeping’, is not clear. Either way, it is notable that acceptances have declined in 2004 and 2005 despite worsening housing market affordability.

The legislative framework in Scotland (at primary level) and Wales (at secondary level only) is somewhat different than that in England so numbers are not comparable. In Wales, the number of homeless acceptances doubled between 1999 and 2004, from 8,000 to 16,000, before falling back to 13,000 in 2005. Scotland has seen more modest increases, from 33,000 in 2000/01 to 40,000 in 2004/05.

A third of those accepted as homeless in England are families with dependent children, a third are households without dependent children but judged to be ‘in priority need’, a third are households without dependent children and judged ‘not in priority need’, and a small number are judged to be ‘intentionally homeless’. The first two groups will be provided with housing and the other two groups will not, although they may receive housing advice.

There are marked regional variations in the rate of homeless acceptances. While the incidence of homelessness is particularly acute in London, there are significant numbers of homeless households throughout England. Only in the South East are homeless acceptances at less than half the rate found in London. Acceptance rates vary from 80 per cent in the East Midlands and South West to 65 per cent in Yorkshire and the Humber.

An age breakdown is not available for England but in Scotland the majority (two-thirds) of the homeless households without dependent children are aged 25 or over.

Family composition is also not available for England but in Scotland and Wales just about all the homeless households without dependent children are single people (i.e. not couples) and just about all the homeless households with dependent children are lone parent families (i.e. again not couples).

By far the biggest reason for becoming homeless is loss of accommodation provided by relatives or friends. Many of those who are effectively homeless live in concealed households – households which neither own nor rent the property that they are living in.
Use of temporary accommodation

15A: Homeless households placed in temporary accommodation – England

The first graph [15A] shows the number of households accepted by their local authority as statutorily homeless who were in temporary, as opposed to permanent, accommodation, measured at the end of each quarter. 'Temporary accommodation' includes bed-and-breakfast, hostel accommodation, private renting, and other. The graph also includes households who are 'homeless at home' – these are households where their local authority has accepted that it has to provide the household with permanent accommodation but where it is deemed acceptable for them to remain in their existing accommodation as a temporary measure.

15B: A quarter of households leaving temporary accommodation in 2006 had stayed there for a year or more

The second graph [15B] shows, for those households who left temporary accommodation in the first quarter of 2006, the length of time that they had spent in the temporary accommodation.

The data source for the both graphs is the DCLG Statutory Homelessness England, Statistical Releases, and the data relates to England.
Key points

When a local authority accepts the duty to re-house a homeless household, the household is either placed immediately in permanent accommodation or is placed in temporary accommodation pending the availability of permanent accommodation.

The use of temporary accommodation for homeless households has more than doubled since 1997. In England, the number of households in temporary accommodation at any point in time has risen from 40,000 in 1997 to 100,000 in 2006. In addition there are around 10,000 households that have been accepted as homeless and in ‘priority need’, but are ‘homeless at home’ – that is continuing to live in the homes of friends or relatives while awaiting permanent re-housing. Numbers in temporary accommodation have also increased manyfold in Wales (from 500 in 1997 to over 3,000 in 2005), with smaller but still significant increases in Scotland (from 4,000 in 1997 to 6,500 in 2004).

The leasing of private sector accommodation for use as temporary accommodation has grown substantially over the last three years, and it now provides over half of all temporary accommodation for homeless households in England.

In 2003, the Government set a short-term objective for England of ending the use of bed-and-breakfast accommodation (other than for very short periods) for households with children, and this has largely been achieved. There is no equivalent target for households without children, with around 5,000 such households being in bed-and-breakfast accommodation at the end of 2005.

In 2005, the Government also set a more challenging target to halve the overall numbers of households in temporary accommodation in England by 2010 compared to 2004. This will require a reduction of 50,000 households in temporary accommodation over the next five years. Achieving this target will be difficult, particularly given that the overall level of social sector lettings is on a downward trend (see Indicator 17), a factor which has also contributed to the increase in the use of temporary accommodation since 1997.

As well as the number of households in temporary accommodation increasing, the average length of time that they spend there has also been increasing. For example, 10 per cent of households leaving temporary accommodation in England in 2005 had been there for more than two years. This compares with less than one per cent in 1997.
Unmet housing need

16A: The number of new RSL dwellings is currently far below even the limited Barker targets

The first graph [16A] shows, for each year, the number of new RSL dwellings, with this number being divided into whether the housing is for low cost home ownership or renting. For renting, the figures are further sub-divided between whether they have been acquired via local authority social housing grants (LASHG) or the Housing Corporation’s approved development programme (the vast majority of low cost home ownership is via the approved development programme). These figures exclude transfers from local authorities. For comparison purposes, the graph also shows the two main targets for the future annual provision of new social housing from the 2004 Review of housing needs commissioned by the Government from Kate Barker, where the lower target is the amount of new provision needed to keep up with demographic change and the higher target also addresses the need of those homeless households currently in temporary accommodation (whilst assuming some lessening in demand due to her other recommendations being implemented).

The data source for the first graph is Housing Corporation annual reports and the data relates to England.

Whilst the first graph is largely about newly arising need, the second graph [16B] is about backlog. It shows Shelter’s updated estimates of the number of existing households who require new ‘sub-market housing’, with the data broken down into the categories used in the Barker report. ‘Sub-market housing’ is a phrase used by Barker to describe housing which, for cost reasons, has to be provided by the social sector, either via social rented accommodation or low cost home ownership. The data is from Table 4 of Shelter’s 2005 report entitled Building for the future: 2005 update.

16B: There are around a million households currently needing new subsidised housing

The first graph [16A] shows, for each year, the number of new RSL dwellings, with this number being divided into whether the housing is for low cost home ownership or renting. For renting, the figures are further sub-divided between whether they have been acquired via local authority social housing grants (LASHG) or the Housing Corporation’s approved development programme (the vast majority of low cost home ownership is via the approved development programme). These figures exclude transfers from local authorities. For comparison purposes, the graph also shows the two main targets for the future annual provision of new social housing from the 2004 Review of housing needs commissioned by the Government from Kate Barker, where the lower target is the amount of new provision needed to keep up with demographic change and the higher target also addresses the need of those homeless households currently in temporary accommodation (whilst assuming some lessening in demand due to her other recommendations being implemented).

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Key points

The immediate expression of unmet housing needs can be found in the levels of overcrowding and homelessness discussed in Indicators 13 and 14. They are also evidenced by the numbers of ‘concealed households’ living with friends or relatives and without a home of their own. For households unable to secure housing unassisted in the private sector, the supply of social rented housing is critical.

The provision of new social rented housing in England is now lower than at any time over the last 15 years, despite recent modest increases to the Housing Corporation budget. This is because the new provision funded through the Housing Corporation has been more than offset by the ending of the support for local authority investment in new housing association schemes. Moreover, the main focus of the Corporation programme increases to date have been on promoting various forms of low cost home ownership rather than on increased investment in new social housing.

In 2005/06, the total output from Housing Corporation funded programmes rose to some 36,000 dwellings, of which 20,000 were rented dwellings. This is somewhat more than a few years ago but is still around half the level of the first half of the 1990s.16

In this context, it is widely agreed that there is a shortage of affordable housing in England for people on lowish incomes and that this shortage has been growing. For example, the 2004 Barker Review, Review of housing supply, sponsored by HM Treasury concluded (recommendation 27) that:

> The provision of social housing should be increased. At least 17,000 additional houses are required each year compared with current provision to keep up with demographic trends.

The Housing Corporation plans envisage 49,000 new social rented dwellings and 35,000 new low cost home ownership dwellings being provided over the two year period 2006/07 and 2007/08. The envisaged average annual output over these two years, at 42,000, will still be substantially below the minimum level recommended by Barker (48,000).

Moreover, the 48,000 Barker estimate only takes into account some housing needs, defining others (such as households in shared accommodation and would-be couples living apart) as being of a lower priority. If these groups had been included by Barker then her estimate would have risen from 48,000 to 57,000 per year.

Furthermore, and importantly, the 48,000 Barker estimate is only concerned with newly arising need and effectively makes no provision for reducing the backlog of unmet need (her second target of 54,000 only provides for a reduction in the number of homeless households in temporary accommodation).17

As estimated in Barker, and recently updated by Shelter18, this backlog is considerable, comprising around a million households in various circumstances. Some of the backlog can reasonably be viewed as transitional as households adjust to changes of circumstance whilst other parts may be viewed as contestable. However, while it remains Government policy to aim to ‘provide a decent home for all’, there is no obvious basis for effectively ignoring all of this backlog except for those in temporary accommodation.
17A: The number of social sector lettings to new tenants has been declining since 1997/98

The first graph [17A] shows the number of social sector lettings to new tenants (i.e. excluding transfers by existing tenants) each year, with the data split between previously homeless households and other households. Note that part of the drop in lettings levels in 2003/04 is a consequence of a change of definition to exclude temporary lettings of social sector housing to homeless households as temporary accommodation.

17B: The decline in lettings to new tenants has been happening throughout England

The second graph [17B] shows, for each region in England, the number of social sector lettings to new tenants in 2002/03 as a proportion of the number in 1997/98. 2002/03 has been chosen as the end date because of the change in definition in 2003/04 and 1997/98 has been chosen as the start date because this is when the decline started.

The data source for both graphs is the DCLG live tables, using tables 601 and 602. The data relates to England only because the number of lettings to new tenants of RSL properties is not known for Scotland or Wales. RSL lettings to local authority tenants are excluded as they are considered to be lettings to existing tenants. Local authority lettings to RSL tenants are, however, included as the data does not allow them to be separated off.
Key points

The overall number of social sector lettings to new tenants in England has been declining since 1997/98, from 340,000 in 1997/98 to 290,000 in 2002/03. Note that part of the drop in lettings levels in 2003/04 is a consequence of a change of definition to exclude temporary lettings of social sector housing to homeless households as temporary accommodation.

This decline in social sector lettings to new tenants in England has been happening in all regions, with the sharpest fall in London.

The decline in lettings is partly a result of the relatively low levels of new social house building (see Indicators 4 and 16) and partly a result of a decline in re-let rates. Re-let rates were around 8 per cent of the total stock in 1997/98, falling to 7 per cent in 2002/03 and 6 per cent in 2003/04.

In the past, re-let rates have varied cyclically – rising in periods when house price to income ratios are lower and falling in periods when ratios are higher (and it is therefore more difficult for existing tenants to move).

In addition there is a continuing gradual decline as a result of right-to-buy sales over the last 25 years. Those sales will have a continuing impact on the available stock for lettings in the decades ahead, notwithstanding the recent decline in levels of new right-to-buy sales.

Lettings to homeless households now represent around 30 per cent of all lettings to new tenants. This fluctuates from year to year but compares with nearer 20 per cent in 1997/98.

Clearly, a decline in the number of social sector properties available to new tenants will make the Government’s target for reducing the number of homeless households in temporary accommodation more difficult to achieve (see Indicator 15).

It should also be noted that the ‘new lettings’ figures for local authorities include lettings to households that previously had a registered social landlord tenancy, with these transfers averaging around 15,000 a year.
**Theme: Insecure accommodation**

**Policy context**

Broadly, the direction of Government policy is similar to that which it inherited, namely:

- Support for workless (and some low paid) households with their housing costs is made through Housing Benefit (for renters) and supplements to Income Support (for some workless home owners with a mortgage).\(^{20}\)

- Promotion of practices which tackle problems of rent arrears among social housing tenants before they lead to eviction.

- Management of the problems of mortgage arrears being a matter for mortgage lenders.

Policy for Housing Benefit is the responsibility of the Department of Work and Pensions (DWP). They exercise that responsibility across the whole of Great Britain, with local authorities being responsible for the administration of the benefit. The relevant Public Service Agreement (PSA) targets for the period 2005 to 2008 are to\(^{21}\):

*Improve housing benefit administration by:*

- Reducing the average time taken to process a housing benefit claim to no more than 48 days nationally and across the bottom 15% of local authorities to no more than 55 days, by March 2008;

- Increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740,000 by 2008; and

- Increasing the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470,000 by 2008.

*Reduce overpayments from fraud and error in ... housing benefit.*

In its 2000 Housing green paper, *Quality and choice, a decent home for all*, the Government also set a target for at least 55 per cent of home owners taking out mortgage payment protection policies.

**Introduction to the indicators**

The first two indicators are concerned with re-possession/eviction and their main cause, namely people falling behind with their mortgage/rent payments. One covers mortgage holders and the other covers social renters. Because of data limitations, the indicator for social renters is for England only.

The second two indicators are concerned with state help with housing costs for those on low incomes, again covering mortgage holders (Income Support for mortgage interest payments) and renters (Housing Benefit) separately.
WHAT THE INDICATORS SHOW

Indicator 18: Mortgage arrears and re-possessions
Court orders for re-possessions from owner-occupiers rose sharply in 2005. However, the number of mortgage holders in serious arrears remains at a historically low level.

Indicator 19: Rent arrears and evictions in the social rented sector
Both arrears and court actions for eviction of social sector tenants rose in the period to 2002 but have now stopped rising. No single reason dominates why social sector tenants get into arrears.

Indicator 20: Income Support help with mortgage costs
The level of Government help with mortgage costs has declined substantially over the last decade in terms of both the number of claimants and the amounts received. Take up of mortgage payment protection policies is well below the current Government target of 55 per cent.

Indicator 21: Housing Benefit help with rents
Levels of non-take-up of Housing Benefit are rising, particularly among those of working-age. After rising sharply, the proportion of new Housing Benefit claims not processed within 14 days is now back to pre-1999 levels but remains substantially higher than the Government target of 10 per cent.
Mortgage arrears and re-possessions

18A: Court orders for re-possession from owner-occupiers rose sharply in 2005

The first graph [18A] shows, for each year, the number of court orders made for mortgage repossession plus the number of actual re-possessions. Note the number of orders excludes suspended orders, as these do not directly relate to re-possessions. The data source for re-possessions is the Council of Mortgage Lenders and the data relates to the United Kingdom. The figures are based on a sample which typically averages 85 per cent of the total mortgage market in any given year and have been scaled up accordingly. The data source for court orders is the UK Housing Review table 53 which in turn obtained its data from the Department for Constitutional Affairs. The data relates to England and Wales.

18B: However, the number of mortgage holders in serious arrears remains at a historically low level

The second graph [18B] shows, for each year, the number of residential mortgage holders who were 6 months or more in arrears with their mortgage repayments at the end of each of the years shown, with the data shown separately for those 6-12 months in arrears and those 12 months or more in arrears. The data source for the second graph is the Council of Mortgage Lenders and the data relates to the United Kingdom. The figures are based on a sample which typically averages 85 per cent of the total mortgage market in any given year and have been scaled up accordingly.
Key points

Re-possessions, court orders for re-possession and serious mortgage arrears all peaked at the beginning of the 1990s, following the economic recession and housing market ‘bust’. In the following 15 years, there was a substantial and continuous fall in all three measures. Indeed, by 2004, both serious mortgage arrears and repossessions were at their lowest levels for two decades, and only a small fraction of their levels at the beginning of the 1990s. For example, around 11,000 mortgage holders were more than a year in arrears at the end of 2004 compared with 150,000 in 1992, and 6,000 had their homes re-possessed compared with 70,000 in 1992.

The number of households in serious mortgage arrears continued to be at a very low level in 2005. By contrast, the number of re-possessions increased by 70 per cent compared to 2004, albeit from a very low level. Most dramatically, the number of court orders for re-possession has doubled since 2003 and, at 33,000 in 2005, is now back to the level seen in the mid-1990s.

A number of factors contribute to the current low levels of mortgage arrears. First, the sustained period of economic and housing market growth has reduced unemployment levels. Second, the large rise in house prices over the last eight years has made it far easier for home owners to adjust to adverse changes of circumstances, either by re-mortgaging to pay off short-term debts, or by ‘trading down’, or by making a voluntary exit from the market.

Conversely, from a lender’s point of view, the large rise in house prices has meant that the majority of borrowers have substantial levels of equity in their home, and that makes it easier for lenders to take a flexible approach both to managing mortgage arrears, and allowing re-mortgaging to assist home owners to pay off their arrears (and in many cases other consumer loans that typically have higher interest rates and are more difficult to repay).

However, as the 2005 rise in both possessions and court orders illustrates, mortgage holders remain vulnerable to adverse changes of circumstances in the future. Recent purchasers are unlikely to benefit from such sharp increases in house prices in the coming years, as the one-off impact of moving to a low inflation and low interest rate economic regime has now worked its way through the market. Moreover, low inflation means that the mortgage cost to income ratios for first-time buyers will be eroded far more slowly over time, and they will thus be vulnerable to any adverse changes of circumstance over a longer period.
Rent arrears and evictions in the social rented sector

19A: Both arrears and court actions for eviction of social sector tenants rose in the period to 2002 but have now stopped rising

The first graph [19A] shows how the proportion of social sector tenants subject to court actions entered for possession by social landlords and the proportion of local authority tenants more than six months in arrears have changed over time. In each case, the data is shown as a proportion of its incidence in 1997. Equivalent eviction data is not shown as the data is not considered to be reliable. The data in the first graph comes from a 2005 article by Hal Pawson entitled Social Landlords Get Tough? Investigating Recent Eviction Trends in England, whose stated sources are the Department for Constitutional Affairs (court actions) and CIPFA Housing Rent Arrears & Benefits Statistics (arrears); England.

19B: No single reason dominates why social sector tenants get into arrears

The second graph [19B] provides a breakdown of the reasons why social tenants get into rent arrears. To improve its statistical accuracy, the data is the average for the years 2002/03 to 2004/05. Note that some respondents give multiple reasons for getting into arrears and all the reasons given have been included in the graph. The data source for the second graph is the Survey of English Housing and the data relates to England.
Key points

The numbers of court actions taken out against tenants by social landlords increased by 40 per cent in the period from 1997 to 2002, although they eased back over the subsequent two years.

There has been a substantial increase in levels of local authority action in connection with anti-social behaviour, primarily focussed around ‘Anti-Social Behaviour Orders’ (ASBOs). But data for 2002/03 shows that just about all of the court actions (98 per cent) still relate to rent arrears, with only 2 per cent relating to anti-social behaviour.22

In this context, it is noteworthy that the trend in the number of local authority tenants in serious rent arrears has followed a broadly similar pattern to the number of court actions.23 This suggests that there has not been any significant hardening (or softening) of social landlord attitudes and practices in pursuing arrears through the courts. Nor is there any clear evidence of any more or less aggressive pursuit of rent arrears by different categories of social landlords.

It is also notable that the rise in rent arrears between 1999 and 2001 – from 5.5 per cent of council tenants in England and Wales having rent arrears of more than 26 weeks in 1999 to 7.5 per cent in 2001 – broadly corresponds to the period when the administration of Housing Benefit deteriorated significantly (see Indicator 21). Nonetheless, data for more recent years suggests that Housing Benefit problems only account for around a fifth of all rent arrears. Debts and unemployment are each given as the reason for arrears for a similar proportion of cases.

In 2003, there were around 140,000 court actions for eviction taken out by social landlords in England and Wales and around 25,000 actual evictions. The data also suggests that the proportion of social tenants who are evicted each year has risen by around a third since 1998.
20A: The level of Government help with mortgage costs has declined substantially over the last decade in terms of both the number of claimants and the amounts received.

20B: Take up of mortgage payment protection policies is well below the current Government target of 55%.

The first graph [20A] shows, for each year, the number of claimants of Income Support or Income-based Jobseeker’s Allowance whose level of benefit was increased to reflect their mortgage interest payments and other allowable housing costs (such as ground rent). It also shows the average weekly amounts paid for these items. The data source for the first graph is DWP, with the data obtained via the UK Housing Review table 112. The data relates to Great Britain. The estimates are based on a 5 per cent sample and, for 2004, include Pension Credit.

The second graph [20B] shows, for each year, the proportion of mortgage holders taking out mortgage payment protection policies, with the data shown separately for new and all mortgage holders. It also shows the current Government target of 55 per cent for the take-up of such policies. The data source is the Council of Mortgage Lenders.
Key points

The number of home owner households that receive state means-tested help with their mortgage interest payments has now fallen to just over 200,000, less than half of what it was a decade ago. Furthermore, the average amount of support that they receive has fallen from £40 per week to £25 per week.

In part, this fall has been the result of the benign economic and housing market circumstances that have also seen significant falls in levels of mortgage arrears and repossessions (see Indicator 18). However, it is also a consequence of policies introduced in 1995 to restrict state help with mortgage costs, and to encourage home buyers to take out private mortgage payment protection policies.

If they become unemployed, households that have taken out a new mortgage since 1995 will not get any help with mortgage costs for the first nine months of any claim for Jobseeker’s Allowance or Income Support. Lone parents and some other groups also do not get any help for the first nine months of any claim. There is, however, no delay with help with mortgage costs for pensioner households claiming Pension Credit.

In 2000, the mortgage lending industry, supported by the Government, set a target of 55 per cent take-up for home owners taking out private mortgage payment protection policies, on the grounds that the other 45 per cent have sufficient savings to provide a safety net without the need for any additional insurance. However, only 20 per cent of all home owners with a mortgage have such policies. Furthermore, only 30 per cent of new mortgage holders now take out such policies, with this proportion declining in the latest two years. Finally, note that not all policies cover accident, sickness and unemployment, and in some cases only provide cover for the ‘main’ earner.

State help with mortgage costs is paid only on mortgage interest liabilities, and does not cover the capital repayments that, with interest rates at low levels, now constitute a substantial proportion of total mortgage repayments. Mortgage interest is also paid at a notional average rate, rather than on the actual liabilities of the individual claimant. There is also a limit on the size of the mortgage loan that will be covered. As a result of these various restrictions on payments, the proportion of claimants that nonetheless experience some mortgage arrears has more than doubled, from 20 per cent in the early 1990s to 44 per cent in more recent years.

While a small number of home owners also have a safety net in the form of entitlements under ‘flexible mortgage policies’, or non-mortgage related insurance policies, a recent assessment suggests that, in the event of adverse economic and housing market circumstances, the current limited state and private sector safety nets would provide home owners with less protection than the pre-1995 regime.
INDICATOR 21: Levels of non-take-up of Housing Benefit are rising, particularly among those of working-age

The first graph[21A] shows the estimated proportion of households entitled to Housing Benefit but who are not taking up their entitlement, with the data shown separately for pensioner and working-age households. The data source for the first graph is the Income Related Benefits: Estimates of Take-Up series published by DWP. The data relates to Great Britain. In each case, the estimates are the averages for DWP’s low end and high end estimates and thus there is some uncertainty about the precise figure in any given year. For example, the proportion of non-take-up for 2003/04 for pensioners is shown in the graph as 15 per cent but could be as low as 12 per cent or as high as 18 per cent.

INDICATOR 21: After rising sharply, the proportion of new Housing Benefit claims not processed within 14 days is now back to pre-1999 levels but remains substantially higher than the Government target of 10%

The second graph[21B] shows the proportion of new claims for Housing Benefit not processed within 14 days of receipt of the necessary information, and compares this with DWP’s performance standard. This is one of the main Government indicators for monitoring the performance of housing benefit administration.

The data source for the second graph is DWP Housing Benefit performance statistics and the data relates to Great Britain.
Key points

There has been a substantial reduction in the number of households receiving Housing Benefit over the last decade. In total, claimant numbers in Great Britain fell from 4.7 million in 1995 to 4 million in 2005.

In tenure terms, the greatest proportional fall occurred in the private rented sector, in part reflecting the impact of the more rigorous limits on rents eligible for Housing Benefit in the private sector that were introduced in 1996. Claimant numbers are also affected by both the levels of non-take-up and the administration of the Housing Benefit scheme.

Non-take-up of Housing Benefit has increased sharply since 1997, particularly among working-age households. So, for example, the Government’s mid-point estimate is that 11 per cent of eligible working-age households did not claim the benefit in 2003/04 compared to just 4 per cent in 1997/98. Estimated take-up is relatively high among local authority renters. The 2003/04 take-up estimates also suggest that only some one-third to two-fifths of households where someone is in paid work take-up their potential Housing Benefit entitlement. This finding is consistent with earlier independent research undertaken in 1989.27

The reasons for the rise in non-take-up are not immediately obvious. For pensioners, the Government argues that the rise is largely attributable to low take-up among pensioners brought into entitlement by increases in income-related benefits.28 But this does not apply to those of working-age and the reasons here may, at least in part, be linked to administrative deterioration over that period. For example, as well as the disincentives of poor administration, the delays in dealing with claims mean there are a higher proportion of ‘claimants in waiting’, and a lower proportion of claimants receiving benefits.

Partly reflecting the non-take-up, and partly because of the low levels of income at which working-age households cease to be eligible for Housing Benefit, a sixth of all households in rented accommodation are living in income poverty but are not in receipt of Housing Benefit (and thus have to pay full rent).29

There was a major deterioration in the administration of Housing Benefit in 1999/00 and 2000/01.30 The proportion of new claims not dealt with within 14 days (from the receipt of all the required information) had already risen from 18 per cent in 1995/96 to 23 per cent in 1998/99, but it then shot up to 37 per cent in the following two years. This deterioration in performance followed the introduction of the ‘verification framework’ designed to reduce levels of fraudulent claims.

In recent years, performance has improved and, by 2004/05, the proportion of new claims not dealt with within 14 days had fallen to 22 per cent, as the verification framework was made more flexible and a number of other reforms were introduced to simplify the administration of the scheme. However, while performance on this measure is now only slightly worse than in 1995/96, it remains well below the Government target that only 10 per cent of cases should not be dealt with within that period. As discussed in Indicator 19, performance on this measure is an important factor for levels of rent arrears and evictions.

The average proportion of new claims not dealt with within 14 days is highest in London and the East of England and lowest in the North East of England and Wales.
Theme: Housing and the environment

Policy context

Like other areas of housing policy, policy on housing and the environment is fully devolved and thus England, Scotland, Wales and Northern Ireland all have their own policies. In England, the responsible department is the Department for Communities and Local Government (DCLG). Of the DCLG’s two strategic priorities for the period 2005 to 2008 relating to housing, one is specifically focused on the quality of the housing stock. The stated aim is:

Ensuring people have decent places to live by improving the quality and sustainability of local environments and neighbourhoods, reviving brownfield land, and improving the quality of housing.

The associated Public Service Agreement (PSA) target is:

By 2010, bring all social housing into a decent condition with most of this improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in decent condition.

The Government’s plans for achieving this target are set out in chapter 5 of its five year plan, Sustainable communities: homes for all, published by DCLG’s predecessor, the Office of the Deputy Prime Minister, in 2005. This states that:

We will deliver this by … continuing our sustained investment in social housing, enabling local authorities and housing associations to have spent around £42 billion on their existing stock by 2010.

There are no other DCLG PSA targets relating to housing and the environment. Chapter 8 of Sustainable communities: homes for all does, however, set out the Government’s strategy for this subject. It states that:

We are putting the achievement of sustainable development at the heart of the planning system.

We will take action to make best use of land by:
– Maintaining or increasing the greenbelt in each region, and introducing a new Green Belt Direction requiring certain proposals for development in the green belt to be referred to the Secretary of State.
– Protecting greenfield land by maintaining our target that at least 60% of new housing development should be on brownfield land.
– Building at higher densities and extending the scope of our Density Direction to cover other areas of high housing demand in the east and south west, including all the Growth Areas.

We will promote more sustainable, high quality design and construction, to reduce waste and improve resource efficiency.

We will promote more sustainable buildings, saving energy, water and materials and helping to meet the target to cut UK carbon emissions by 60% by 2050:
– Making existing homes more environmentally friendly, including energy efficiency improvements to over 1.3 million social homes between 2001 and 2010.
Finally, energy policy is a shared responsibility of DEFRA and the DTI. One of DEFRA’s PSA targets relates to housing and the environment, namely:


Note that, when talking about fuel poverty, DEFRA uses the term ‘vulnerable household’ to cover a much wider range of households than when the DCLG uses the term in its decent homes targets.

**Introduction to the indicators**

The first three indicators discuss three specific aspects of the condition of the housing stock, namely ‘non-decent’ homes, energy inefficient homes and households who are in ‘fuel poverty’. The analysis is for England only as definitions and policies differ somewhat in the devolved administrations.

The ‘decent homes’ standard has been chosen because it is the subject of a Government PSA target. The most common reason for Government classifying a home as non-decent is because it lacks ‘thermal comfort’ and a key measure of ‘thermal comfort’ is the energy efficiency of the home – hence the second indicator. Poor energy efficient homes combined with low incomes are a major cause of ‘fuel poverty’, defined by the Government as households which need to be spending at least 10 per cent of their disposable income on fuel – hence the third indicator.

The final two indicators discuss two specific aspects of Government policy for England relating to new housing build, namely use of brownfield sites and density of development, with these two issues being chosen because they are each the subject of specific Government targets.

**WHAT THE INDICATORS SHOW**

**Indicator 22: Non-decent homes**
A third of homes in England were classified as non-decent in 2004 compared to almost a half in 1996.
‘Lack of thermal comfort’ is the main reason for homes failing to meet the decency standard.

**Indicator 23: Energy efficiency**
The proportion of dwellings in England which are very energy inefficient has been declining for all types of tenure.
Private renters are the most likely to live in energy inefficient housing, followed by owner-occupiers on below-average incomes.

**Indicator 24: Fuel poverty**
1.3 million households in England were classified as being in fuel poverty in 2003 compared to 5 million in 1996.
In broad terms, a household is only at a high risk of fuel poverty if it has both a low income and a very energy inefficient home.

**Indicator 25: Use of brownfield sites**
In line with Government policy, the proportion of new residential dwellings which are on brownfield sites has risen in recent years.
Even excluding London, the proportion of new residential dwellings which are on brownfield sites varies noticeably by region but with no simple ‘North-South’ divide.

**Indicator 26: Density of development**
In line with Government policy, the density of new dwellings has risen sharply in recent years.
New dwellings in England are, on average, smaller than anywhere else in the European Union except for Italy.
The first graph [22A] shows how the proportion of dwellings deemed to be ‘non-decent’ has changed over time, with the data shown separately for social rented and private dwellings (owner-occupied plus private rented). For private sector dwellings, a further division is shown between those occupied by ‘vulnerable’ households and those occupied by ‘non-vulnerable’ households. The reason for this distinction, rather than owner-occupied and private rented, is that this is the distinction made in the Government targets for non-decency.

‘Non-decent’ homes are those which do not meet the Government’s standard for ‘decent homes’ whereby housing should: be above the statutory minimum standard (i.e. be fit for habitation); be in a reasonable state of repair; provide reasonably modern facilities and services; and provide a reasonable degree of thermal comfort.

‘Vulnerable’ households are those where either the household reference person or their partner is in receipt of any of the following benefits: Income support, Income-based Jobseeker’s Allowance, Housing Benefit, Disability Living Allowance, Industrial Injuries Disablement Benefit, War Disablement Pension or Attendance Allowance. It also includes those households in receipt of tax credits whose gross assessable income was less than £14,200 per annum in 2003.

The second graph [22B] shows, for 2003, the number of ‘non-decent’ dwellings by reason for their failure to meet the decent homes standard.

The data source for both graphs is the English House Condition Survey. The data relates to England.
The ‘decent homes’ standard is the primary indicator of stock condition now applied in England. A dwelling is defined as ‘decent’ if it meets the minimum statutory fitness standard, is in a reasonable state of repair, has reasonably modern facilities and provides a reasonable degree of thermal comfort. The devolved administrations in Scotland and Wales have adopted similar standards, but they differ in both their scope and their detail.

The proportion of homes in England which are ‘non-decent’ has been falling substantially, from 45 per cent of all homes in 1996 to 30 per cent in 2004. In numeric terms, there were just over six million ‘non-decent’ homes in 2004 compared to nine million in 1996. Rates of ‘non-decency’ are similar in the social rented and private sectors.

There was an interim target to reduce the number of non-decent homes in the social sector by a third between 2001 and 2004. In practice, the reduction achieved over that period was around a fifth, and 1.25 million non-decent social sector homes remained in 2004.

There is also a Government target to bring all social housing up to the decent homes standard by 2010. For this to be achieved, the rate of progress in the period from 2005 to 2010 would need to be double that achieved during the eight years to 2004. However, the Government now acknowledges that the target will not be met, partly as a consequence of the limited financial resources made available to councils, and partly due to decisions by individual councils (and/or their tenants) not to pursue stock transfer or to set up an ‘ALMO’ (arms length management organisation) in order to access the additional funds available through those options.

The Government has a more relaxed target in respect of ‘private housing’ (combining both owner-occupied and private rented dwellings). It aims to ensure that 70 per cent of all ‘vulnerable’ households occupy decent homes by 2010, where vulnerable households are broadly defined as those receiving one of the principal means-tested benefits. There are no decent homes targets in respect of the four million private sector dwellings not occupied by vulnerable households. As at 2004, 66 per cent of the private sector vulnerable households lived in dwellings that met the decent homes standard. This compares with 43 per cent in 1996 and, while this suggests that the Government is likely to meet its target, the rate of progress is likely to slow down as levels of support in the form of improvement grants are falling.

The main reason that dwellings fail the decent homes standard is the lack of ‘thermal comfort’. Around five million homes in England failed that test in 2003, while two million were below the required repair standard, one million were statutorily unfit, and half a million lacked modern facilities. However, failure to meet the repair and fitness tests were proportionately more significant in the private rented sector, which also has the highest proportionate rate of non-decent dwellings.

The proportion of homes which were non-decent in 2003 ranged from 34 per cent in the South West and London to 24 per cent in the North East. There is no obvious geographic pattern to the differences.
23A: The proportion of dwellings in England which are very energy inefficient has been declining for all types of tenure

The first graph [23A] shows how the proportion of households deemed to be ‘very energy inefficient’ has changed over time, with the data shown separately by tenure.

23B: Private renters are the most likely to live in energy inefficient housing, followed by owner-occupiers on below-average incomes

The second graph [23B] shows, for 2003, how the proportion of homes that are very energy inefficient varies by the income and tenure of the household.

The energy efficiency of a home is measured using something called the ‘Standard Assessment Procedure’ (SAP) rating. SAP ratings range from 0 to 100, with the higher the rating the more energy efficient the home. Following advice from DCLG, the threshold used to define ‘very energy inefficient’ homes is those which have a SAP rating of less than 30.

The data source for both graphs is the English House Condition Survey. The data relates to England.
Key points

There are a number of ways of measuring ‘energy efficiency’. In the past, the focus has been on individual property characteristics, such as central heating and double glazing. In more recent years, broader measures, which also take into account factors such as property type, construction materials, insulation and the efficiency of heating systems, have been developed. The primary measure now applied in England is the ‘SAP’ (Standard Assessment Procedure) rating.

SAP ratings for dwellings are measured on a scale from 0 to 100 (100 = most efficient), and the average rating for all dwellings in England in 2003 was 52, compared to 45 in 1996. Average SAP ratings are highest in the registered social landlord sector (62) and lowest in the private rented sector (47). SAP ratings are also much higher in recently built dwellings compared to older dwellings and so, for example, the average SAP rating for dwellings built since 1980 was 66 compared to an average SAP rating of 43 for pre 1991 dwellings.

Low SAP ratings are an issue in terms of both global warming and the Kyoto targets given that domestic energy consumption accounts for about 15 per cent of all carbon dioxide emissions in the UK. Despite the general improvements in SAP ratings, this total level of domestic energy consumption is similar to a decade ago, due at least in part to the increasing number of households (see indicator 2).32

The contemporary benchmark applied to define properties with a very poor level of energy efficiency is a SAP rating of less than 30. The proportion of homes in England with a SAP rating of less than 30 has been falling substantially, from 15 per cent of all homes in 1996 to 10 per cent in 2003. In numeric terms, this equates to two million homes in 2003 compared to three million in 1996.

This improvement is not just because of new dwellings; rather there have also been improvements in existing dwellings. For example, for pre-1980 dwellings, the proportion of homes with a SAP rating of less than 30 has been come down from 17 per cent in 1996 to 13 per cent in 2003.

While numerically the largest number of dwellings with low SAP ratings are in the owner-occupied sector (1.3 million), proportionately, properties with low SAP ratings are far more common in the private rented sector: 400,000 dwellings in the private rented sector have a SAP rating below 30; representing almost one fifth of the sector. This compares with less than one in ten dwellings in the other tenures.

Unlike most of the other housing indicators in this report, the social rented sector scores as well as owner-occupation on this measure, both sectors having less than one in ten dwellings with a SAP rating of less than 30.

Private renters at all levels of income have an above-average risk of living in a dwelling with very poor SAP ratings. By contrast, social renters at all levels of income have a below-average risk. For owner-occupiers, the level of risk depends on the level of income, with poor SAP ratings much more common among those with below-average incomes.
Fuel poverty

24A: 1.3 million households in England were classified as being in fuel poverty in 2003 compared to 5 million in 1996

The first graph [24A] shows how the number of households deemed to be in ‘fuel poverty’ has changed over time, with the data shown separately by tenure. Note that data by tenure is not available for the year 1996.

24B: In broad terms, a household is only at a high risk of fuel poverty if it has both a low income and a very energy inefficient home

The second graph [24B] shows, for 2003, how the proportion of households that are in fuel poverty varies by combinations of the income of household and the energy efficiency of the home. For the definitions of energy efficient homes, see the previous indicator.

Households are considered to be in ‘fuel poverty’ if they have to spend more than 10 per cent of their household income on fuel to keep their home in a ‘satisfactory’ condition, where, for example, a ‘satisfactory’ heating regime is considered to be one where the main living area is at 21 degrees centigrade with 18 degrees centigrade in the other occupied rooms. It is thus a measure which compares income with what the fuel costs should be rather than what they actually are. Household income is disposable household income before deducting housing costs. The fuel costs included comprise that used for space heating, water heating, lighting, cooking and household appliances.

The data source for both graphs is the English House Condition Survey (EHCS) and relates to England. The 1996 data in the first graph has been amended by the Government from the original EHCS estimate of 4.3 million to take account of DTI gas and electricity bill data and is taken from The 3rd annual progress report of the UK fuel poverty strategy published jointly by DTI, DEFRA, the Scottish Executive, the Welsh Assembly and the Department for Social Development (Northern Ireland).
Households are considered to be in ‘fuel poverty’ if they have to spend more than a tenth of their disposable household income on fuel to keep their home in a ‘satisfactory’ condition, where, for example, a ‘satisfactory’ heating regime is considered to be one where the main living area is at 21 degrees centigrade with 18 degrees centigrade in the other occupied rooms. It is thus a measure which compares income with what the fuel costs ‘should be’ rather than what they actually are, the concept being that households in fuel poverty will either be spending a disproportionate proportion of their income on fuel or will be living in circumstances which are unsatisfactory for their health and well-being.

The number of households in England estimated to be in fuel poverty fell substantially in the period from 1996 to 2003, from around 5 million to 1.3 million. The Government estimates that around three-fifths of this improvement was due to increased incomes, one-fifth to energy prices and the final fifth to energy efficiency improvements. Although no fuel poverty data is available for 2004 or 2005, it is understood that the number of households in fuel poverty has increased substantially since 2003 because of increased energy prices. The Department of Trade and Industry estimates that, other things being equal, a one per cent increase in energy prices leads to an additional 40,000 households being in fuel poverty. Given that the prices paid for fuel and light increased by 17 per cent between 2003 and 2005, this could have led to an increase of up to 700,000 in the number of households in fuel poverty, bringing the number up to two million.

The Government target is to eliminate fuel poverty for ‘vulnerable’ households by 2010, where vulnerable households are broadly defined as all those containing a child, a person of pensionable age, or someone who is sick or disabled. Note that this is a much broader definition of ‘vulnerability’ than that used in energy efficiency (Indicator 23) and covers around three-quarters of all households. Based on the historic trends, this target may well be achievable although, of course, this depends on what happens to energy prices.

Fuel poverty is most common among those who live in private rented accommodation: 10 per cent of households in private rented accommodation are in fuel poverty compared to 5-6 per cent in other tenures.

Despite their much lower average incomes, however, those in social rented accommodation are no more likely to be in fuel poverty than owner-occupiers. This is because very little social housing is energy inefficient (see Indicator 23), plus the typical property is smaller and thus it requires relatively little fuel to keep it warm. So, for example, the DTI estimated that the average social renting household had to spend £280 per annum on space heating in 2003 to keep a home warm compared to an average of £380 per annum for owner-occupiers.

Most households in fuel poverty have low incomes (80 per cent of those in fuel poverty are in the poorest fifth of households). But most households on low incomes are not in fuel poverty (75 per cent of the poorest fifth of households are not in fuel poverty). Rather, in broad terms, the only households with a high risk of being in fuel poverty are those who both have low incomes and live in very energy inefficient homes.
**Use of brownfield sites**

**25A:** In line with Government policy, the proportion of new residential dwellings which are on brownfield sites has risen in recent years.

![Graph showing the proportion of new residential dwellings built on previously-developed land from 1995 to 2005.](source)

**Source:** Land Use Change in England: Residential Development to 2005, DCLG; England

**25B:** Even excluding London, the proportion of new residential dwellings which are on brownfield sites varies noticeably by region but with no simple ‘North-South’ divide.

![Graph showing the proportion of new residential dwellings built on previously-developed land by region from 2003 to 2004.](source)

**Source:** Land Use Change in England: Residential Development to 2005, DCLG; England; the data is the average of 2003 and 2004

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The first graph [25A] shows, for each year, the proportion of new dwellings (including conversions) built on previously-developed land. Note that, if conversions are excluded, the proportion would be reduced by around 3 per cent in each of the years.

The second graph [25B] shows how this proportion varies by English region. To improve its statistical reliability, the data is the average for 2003 and 2004.

The data source for both graphs is the May 2006 version of the DCLG publication Land Use Change in England: Residential Development to 2005. The data includes conversions and is for England only.
Key points

There is a widely based consensus that new developments should make more effective use of ‘brownfield sites’; that is, sites that have been previously been developed. The Government now has a target that, by 2008, 60 per cent of all new housing in England should be built on brownfield sites rather than greenfield, and this target has been exceeded in recent years.

The proportion of new housing built on brownfield sites is exceptionally high in London, where just about all new build housing is now built on brownfield sites.

Outside of London, the proportion of new housing built on brownfield sites in England ranges from 57 per cent in the East Midlands to 78 per cent in the North West. There is no obvious geographic pattern to this variation and, for example, no simple ‘North-South’ divide.

While the Government anticipates that the national target will continue to be met until 2008, it acknowledges that the rate of building on brownfield sites may decline thereafter.

In this context it should be noted that the ‘net urban footprint’ of new housing development is to some degree offset by the conversion of brownfield sites back to ‘undeveloped uses’. Over the last decade, a fifth of all brownfield sites brought back into use have been for ‘undeveloped uses’, which includes the creation of new parks, as well as mineral extraction and interim use as landfill sites. Current Government targets do not allow such developments to offset housing development on greenfield sites elsewhere. This contrasts with the Government targets for green belts, which are set in terms of maintaining the net area of land designated for green belts and thus allow ‘outflows’ to be offset against ‘inflows’.

In overall terms, domestic housing accounts for just 5 per cent of the total land area in England, and of that some four-fifths is represented by gardens. 88 per cent of all English land is green, with a balance being water, roads, etc.35 Even in London, two-fifths of the land was green in 2001.
INDICATOR 26

Density of development

26A: In line with Government policy, the density of new dwellings has risen sharply in recent years

The first graph shows, for each year, the average density of new dwellings built in terms of dwellings per hectare. The data source for the first graph is the May 2006 version of the DCLG publication Land Use Change in England: Residential Development to 2005. The data is as reported by the Ordnance Survey. The 2005 data is provisional. The data is for England only.

26B: New dwellings in England are, on average, smaller than anywhere else in the European Union except for Italy

The second graph shows, for each of the pre-accession EU countries, the average size of new dwellings in square metres in the latest year for which the data is available. Except for the English data, the data in the second graph comes from a 2005 publication entitled Housing Statistics in the European Union 2004. This is an annual publication sponsored by the EU. The date for the data for the various countries ranges from 2000 to 2003. The English data is more up-to-date than that presented in the report and is from the 2003 English House Condition Survey; for sample size reasons, the data presented is the average for the period 1991 to 2003. No equivalent data is available for Scotland or Wales.
Key points

One aspect of Government policies designed to maximise the efficient use of land is to require all new developments to be undertaken at higher densities. Since 2000, it has been Government policy to avoid developments in England at less than 30 dwellings per hectare (12 per acre).

This policy has had a dramatic impact on the completion of newly built dwellings in the last few years. From 1995 to 2001, the average density of completed developments was unchanged at around 25 dwellings per hectare. Following a small rise in 2002, the average density rose to 34 dwellings per hectare in 2003, 40 per hectare in 2004, and 42 per hectare in 2005.

This rise in average densities of new developments since 2002 has occurred throughout England and, as a result, now exceeds 30 per hectare in every region. This compares with the situation in 2002 whereby it was only in London that the average was above 30 per hectare.

One of the consequences of the increased density requirement has been a recent decline in size of the dwellings now being built (see Indicator 4).

Even before the increased density requirement, England was building relatively small dwellings by international standards. For example, in the period to 2003, England was building smaller dwellings than any other EU country except Italy. This was not because they had fewer rooms (England is roughly at the EU average) but because the average room size was smaller (England has the smallest average room size in the EU except for Spain).36

While the high density policy reflects concerns about environmental sustainability, and is reinforced by current issues around affordability, there are concerns about the social sustainability of the policy. For example, as discussed in Indicator 6, there is a long-term trend towards households occupying homes with more bedrooms, as well as evidence of households moving out of large cities to smaller towns, partly for the possibility of occupying larger dwellings in less densely developed neighbourhoods.
CHAPTER 2 Neighbourhoods

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Theme: Liveability

Policy context
Like other areas of neighbourhood policy, policy on liveability is fully devolved and thus England, Scotland, Wales and Northern Ireland all have their own policies. In England, the responsible department is the Department for Communities and Local Government (DCLG). The relevant Public Service Agreement (PSA) target for the period 2005 to 2008 is to:

*Lead the delivery of cleaner, safer, greener public spaces and improvement of the quality of the built environment in deprived areas and across the country, with measurable improvement by 2008.*

Within this, there are a range of indicators of success, including:

*To reduce the percentage of local authority districts nationally judged to have unacceptable levels of litter and detritus by a statistically significant amount, and by a greater amount again for the group of local authorities in receipt of Neighbourhood Renewal Fund (NRF), below the baseline year 2003/04.*

*To increase to 60% the proportion of local authority districts nationally, and to 60% the proportion of local authority districts in receipt of NRF, with at least one park or green space that meets Green Flag Award standard.*

*To increase the percentage of residents satisfied with local parks and open spaces by four percentage points nationally, and by six percentage points overall for residents living in local authority districts in receipt of NRF, above the baseline year 2003/04.*

*To increase the percentage of households satisfied with the quality of the places in which they live by one percentage point nationally, and by two percentage points for households located in local authority districts in receipt of NRF, above the baseline year 2003/04.*

The Government’s plans for achieving the PSA target and its associated indicators of success are set out in Chapter 3 of its five year plan, *Sustainable communities: people, places and prosperity*, published by DCLG’s predecessor, the Office of the Deputy Prime Minister, in 2005. This states that the DCLG will:

*Lead the delivery of the cross-cutting Government ‘cleaner, safer, greener communities’ programme for improving local liveability in every community in the country.*

Why the indicators were chosen
This theme is about the adequacy of the neighbourhood as a place to live. As such it provides three overall indicators about how people feel about their local area, namely:

- Overall satisfaction with local area: the extent to which people say that they are dissatisfied with their local area.
- Changes in the local area over time: the extent to which people think that their local area is getting better or worse over time.
- Problems with the local area: the extent to which people think that particular factors are problems in their local area.
Note that all three indicators relate to people’s perceptions rather than being objective measures of the adequacy of the neighbourhood. Furthermore, most of the indicators involved people choosing from pre-defined lists of possibilities, rather than being able to choose whatever factors they wanted.

The second set of three indicators pick up on particular areas of interest, namely:

- Litter and open spaces: chosen as two of the Government’s main targets for specific improvements in liveability.
- Anxiety about crime: chosen as a subject of major concern and topicality.
- Access to services: chosen as a longstanding area of concern especially from a rural perspective.

In all cases, except anxiety about crime, the analysis covers England only.

### WHAT THE INDICATORS SHOW

**Indicator 27: Overall satisfaction with local area**

Around a tenth of households are dissatisfied with their local area, a similar proportion to a decade ago. Levels of dissatisfaction are higher for social renters, those living in deprived areas and those living in London.

**Indicator 28: Changes in the local area over time**

Two-and-a-half times as many people think that their local area has been getting worse over time than think it has been getting better. Crime and vandalism is the main reason why people think their local area has been getting worse over time.

**Indicator 29: Problems with local area**

On a range of issues, from vandalism and graffiti to traffic and noise, around a third of households think that the issue is a problem in their local area. On most issues, the perception that they are serious problems is more prevalent in deprived areas than in non-deprived areas, with the notable exception of traffic.

**Indicator 30: Liveability targets (litter and open spaces)**

In most regions, the proportion of residents dissatisfied with their local parks and open spaces is similar for both local authorities with and without Neighbourhood Renewal Fund money. London has a higher proportion of streets with ‘unacceptable levels’ of litter than other regions in England.

**Indicator 31: Anxiety about crime**

Throughout the last decade, many more people think that the local crime rate has been increasing than think that it has been decreasing. Both burglaries and violent crimes have halved over the last decade. Levels of worry about being the victim of crime show a similar pattern.

**Indicator 32: Access to services**

The proportion of households in England who find it difficult to access essential local services is similar in rural and urban areas. The proportion of households who find it difficult to access essential local services is much higher for those without cars than for those with cars.
**Overall satisfaction with local area**

**27A: Around a tenth of households are dissatisfied with their local area, a similar proportion to a decade ago**

![Graph showing proportion of households dissatisfied with their local area](source: Survey of English Housing, DCLG; England)

**27B: Levels of dissatisfaction are higher for social renters, those living in deprived areas and those living in London**

![Graph showing proportion of households dissatisfied by area characteristic](source: Survey of English Housing, DCLG; England; the data is the average for the years 2002/03 to 2004/05)

The first graph [27A] shows, for each year shown, the proportion of households who say that they were ‘dissatisfied’ with their local area, as opposed to either ‘satisfied’ or ‘neither satisfied nor dissatisfied’. The definition of ‘local area’ is left up to each survey respondent.

The second graph [27B] shows how this proportion varies by area characteristic, showing those characteristics which are associated with higher levels of dissatisfaction, namely social renters (as opposed to owner-occupiers or private renters), those living in deprived areas and those living in London. Whilst these three factors are somewhat correlated, it is not the case that, for example, levels of dissatisfaction in London are higher simply because a greater proportion of the population are social renters or live in deprived areas. This is illustrated by including various combinations of the three factors in the graph.

The data source for both graphs is the Survey of English Housing. The data is for England only. To improve its statistical reliability, the data in the second graph is the average for the latest three years.
Key points

Overall, only a tenth of households say that they are dissatisfied with their local area, this proportion being similar to a decade ago. Half say that they are very satisfied and a third say that they are fairly satisfied.

Levels of dissatisfaction are somewhat higher than the average for social renters (15 per cent), for those living in deprived areas (17 per cent) and for those living in London (15 per cent). They are highest where all three factors are present: 24 per cent of all social renters living in deprived areas in London say that they are dissatisfied with their local area.
Changes in the local area over time

**28A:** Two-and-a-half times as many people think that their local area has been getting worse over time than think it has been getting better

The first graph shows, for each year shown, the proportion of households who have lived in their local area for at least two years who said that they think that their local area had got better/worse over the previous two years. The question was not asked in 1996/97, 1997/98 or 1998/99.

For those who said in 2004/05 that their area had got worse, the second graph shows the proportion who agreed that the stated factor was one of the reasons why the area had got worse. Note that the factors shown in the graph are the full list of possible reasons from which the respondents could choose – any other reasons were simply classified as ‘other reasons’. Also note the percentages add up to more than 100 per cent as respondents were allowed to agree with more than one of the possible reasons.

The data source for both graphs is the *Survey of English Housing*. The data is for England only.
Key points

Although levels of dissatisfaction with the local area have not changed much over time (Indicator 27), many more people think that their local area has been getting worse over time rather than better. Throughout the last decade, around a quarter of people believe that their local area has been getting worse compared to only a tenth who think it has been getting better.

Even among those who say that they are satisfied with their local area, twice as many think it has been getting worse than think it has been getting better (a fifth compared with a tenth). The obvious implication is that there are quite a lot of people who think that their area is getting worse but that it has not yet reached the stage where they have become dissatisfied.

Crime and vandalism are overwhelmingly the most important single reason why people say that their local area has been getting worse. The environment is also an important concern.
Problems with local area

29A: On a range of issues, from vandalism and graffiti to traffic and noise, around a third of households think that the issue is a problem in their local area.

The first graph [29A] provides a measure of the perceived quality of the local area, with this measure being the one used by the Government in setting its future targets for England. The measure is defined as the average of the results for the proportion of respondents who said that the following six factors were problems in their local area: traffic, litter, vandalism, noise, graffiti, and dogs. For example, in 2004/05, the proportion of households who said that the stated factor was a problem in their local area was 52 per cent for traffic, 43 per cent for litter, 40 per cent for vandalism, 27 per cent for noise, 23 per cent for graffiti and 23 per cent for dogs, giving an average of 35 per cent across the six factors.

29B: On most issues, the perception that they are serious problems is more prevalent in deprived areas than in non-deprived areas, with the notable exception of traffic.

The second graph [29B] shows the proportion of households who agreed that the stated factor was a serious problem in their local area. The data is shown separately for households living in ‘deprived’ and ‘non-deprived’ areas, where ‘deprived’ areas are those in Acorn groups 8, 13, 14, 15, 16 and 17, as this is the Survey of English Housing’s definition of ‘deprived’ areas. Collectively, these Acorn groups contain around a quarter of the English population. Note that the factors shown in the graph are the full list of possible factors from which the respondents could choose with three exceptions, namely ‘teenagers’ and ‘racial harassment’ and ‘other harassment’. ‘Teenagers’ is considered by the project team to be an inappropriate question which should not be bracketed with problems such as crime and litter. Harassment has not been included because its prevalence will depend in part on the ethnic composition of the area rather than its deprivation per se.

The data source for both graphs is the Survey of English Housing. The data is for England only.
Key points

To monitor the quality of a local area in England, the Government looks at a range of factors, namely vandalism/hooliganism, graffiti, dogs, litter/rubbish, noise and traffic, in each case looking at the proportion of households who think that the factor is a problem in their local area. Its target is to reduce the average of these results to 33 per cent by 2007/08. This target actually represents only a small improvement over the current situation: in 2004/05, the average of these results was 35 per cent, the same as in 1998/99 (when the data was first collected).

The six factors above are a subset of a wider list on which data is collected. For most issues, the proportion of households in deprived areas who think that it is a serious problem in their local area is around double that for households living in non-deprived areas. For example, 20 per cent of households in deprived areas think that litter/rubbish is a serious problem compared with 10 per cent of households in non-deprived areas, and 17 per cent of households in deprived areas think that vandalism/hooliganism is a serious problem compared with 7 per cent of households in non-deprived areas.

The one exception to this general pattern is that of traffic, where the proportion of households in deprived areas who consider it a serious problem is actually less than the proportion in non-deprived areas (15 per cent compared with 20 per cent). Traffic is also notable as being the only factor where more than half of all households think it is a problem (serious or non-serious) in their local area.
### Liveability targets (litter and open spaces)

**30A:** In most regions, the proportion of residents dissatisfied with their local parks and open spaces is similar for both local authorities with and without Neighbourhood Renewal Fund money.

![Graph 30A](image)

Source: Audit Commission Best Value Indicators; England; the data is for 2003/04

**30B:** London has a higher proportion of streets with ‘unacceptable levels’ of litter than other regions in England.

![Graph 30B](image)

Source: Audit Commission Best Value Indicators; England; the data is for 2004/05

The two graphs cover two of the Government’s specific liveability targets for England, namely local parks/open spaces and litter/detritus. In each case, the data is shown separately by region and, within this, for local authorities receiving or not receiving Neighbourhood Renewal Fund monies, with the figures shown being the average for the local authorities in the given group. Note that the figures for authorities in the East region in receipt of Neighbourhood Renewal Fund monies are subject to substantial uncertainty as they only include two authorities.

The first graph [30A] shows the proportion of residents who said that they were dissatisfied with their local parks and open spaces.

The second graph [30B] shows the proportion of ‘sites’ with levels of litter/detritus which is deemed unacceptable by the Government.

The data source for both graphs is the Audit Commission’s Best Value Performance Indicators (BV119e and BV199 respectively). The data in the first graph is for 2003/04, whilst that in the second graph is for 2004/05. The data is for England only. Authorities who did not provide any data have been excluded from the analysis but those where the Audit Commission have some doubts about the reliability of the data have been included as otherwise the sample size would have been too small for some of the Neighbourhood Renewal Fund groups of authority.
Key points

The Government monitors two specific aspects of liveability, namely local parks/open spaces and litter/rubbish. In each case, it has targets for both England as a whole and for local authorities in receipt of Neighbourhood Renewal Fund (NRF) money in particular.

Around a third of residents in England are currently dissatisfied with their local parks and open spaces. This compares with a Government target to reduce this to a quarter by 2006/07 (for both England as a whole and for local authorities in receipt of Neighbourhood Renewal Fund money). In most regions, the proportion of dissatisfied residents is similar for both local authorities in receipt of Neighbourhood Renewal Fund money and for those not in receipt of such money, in both cases being somewhat higher than the Government target.

The Government also has a target of increasing the proportion of local authorities with at least one park or green space that meets Green Flag Awards standard to 60 per cent by 2007/08 (for both England as a whole and for local authorities in receipt of Neighbourhood Renewal Fund money). The proportion of local authorities with Green Flag Awards has doubled between 2003/04 and 2005/06, from 20 per cent to 40 per cent. For local authorities in receipt of Neighbourhood Renewal Fund money, it has risen from 40 per cent to 55 per cent.¹ These targets therefore look to be eminently achievable.

The proportion of streets with levels of litter/rubbish which the Government deems unacceptable is much higher in London than elsewhere in England. Excluding London, the average proportion of streets with levels of litter/rubbish which the Government deems unacceptable is similar in rural and urban local authority districts.
31A: Throughout the last decade, many more people think that the local crime rate has been increasing than think it has been decreasing

The first graph [31A] shows, for each year, the proportion of people who believe that the local crime rate has increased or decreased over the two previous years.

31B: Both burglaries and violent crimes have halved over the last decade.
Levels of worry about being the victim of crime show a similar pattern

The second graph [31B] shows the number of burglaries and violent incidents with injury in each year as estimated by the British Crime Survey, including both incidents reported and not reported to the police. It also shows the proportion of people in each year who said that they were worried about being burgled or about being the victim of violent crime.

The data source for both graphs is the British Crime Survey (BCS). The data is for England and Wales (BCS only covers England and Wales). Data on worries about violent crime are not available prior to 1998. Some of the questions are only asked in certain years. In the first graph, and the bars in the second graph, only these years are shown. Because this approach cannot be taken with lines, some of the data points in the two lines have been estimated by taking the average of the previous and following years (this being the case for 1995, 1997 and 1999).
Key points

Crime is one of the issues that worries people most about their local area (Indicator 29). It is also the main reason why people think that their area has got worse over time (Indicator 28).

These high levels of general concern are reflected in people’s beliefs about trends in crime: throughout the last decade, around half of the population report that they believe crime has been increasing in their local area compared to only a tenth that think it has been decreasing.

In sharp contrast, however, people’s worries about personally being the victim of crime have reduced substantially over the last decade. For example, the proportion of people who worry about being burgled has halved, from 24 per cent in 1995 to 13 per cent in 2005/06, and the proportion who worry about being the victim of violent crime has reduced from 25 per cent in 1998 to 17 per cent in 2005/06.

These reductions in levels of worry are very similar to the actual trends in crime as estimated in the British Crime Survey. For example, both the estimated number of burglaries and estimated number of violent incidents with injury have halved since 1995: for burglaries, down from 1.8 million a year to 0.7 million; for violent incidents, down from 2.4 million a year to 1.2 million. In other words, actual trends in crime (as measured by both surveys and people’s personal worries about being the victim of crime), which show a substantial reduction in the prevalence of crime, are in sharp contrast to people’s beliefs that levels of crime are increasing.

As estimated in the British Crime Survey, there are marked regional variations in the incidence of burglary in England and Wales, with the burglary rate being almost three times as high in Yorkshire and the Humber as in Wales. There is much less regional variation in the incidence of violent crime.
32A: The proportion of households in England who find it difficult to access essential local services is similar in rural and urban areas

32B: The proportion of households who find it difficult to access essential local services is much higher for those without cars than for those with cars

Both graphs show the proportion of households who say that they find it difficult to access a selection of essential local services. In the first graph [32A], the data is shown separately for households in rural and in urban areas. In the second graph [32B], the data is shown separately for households with and without cars.

The distinction between rural and urban areas in the first graph has been analysed at a local authority district level using the Countryside Agency definitions of which districts are rural and which are urban. Note that it would have been possible to have shown the data separately for ‘remote rural’ and ‘accessible rural’ districts but this has not been done as the proportions were similar for each of the services shown.

The data source for both graphs is the Survey of English Housing. The data is for England only.
Key points

Obviously, many people in rural areas live further away from essential services than people in urban areas.

In its annual *State of the countryside* reports, the Commission for Rural Communities (formerly the Countryside Agency) monitors the number of households in rural areas within defined distances of a range of essential services. This shows that, for example, 35 per cent of rural households live more than four kilometres away from their nearest supermarket, 20 per cent more than four kilometres from their nearest GP surgery, and 15 per cent more than two kilometres from their nearest post office. And, the more remote the rural area, the greater the proportion of households who do not have these services locally. By contrast, urban households have an almost complete local provision in that all of them have the full range of essential services within a few kilometres.

It is, however, much less clear that people in rural areas therefore find it more difficult to access these services. Indeed, the proportion of households in rural English districts who report finding it difficult to access corner shops, supermarkets, post offices, doctors and hospitals is, in each case, similar to the equivalent proportion for households in urban areas.3

This is clearly linked to the fact that access to these services is now often by car. There are significant differences when comparing households with and without cars: the proportion of households without cars who find it difficult to access corner shops, supermarkets, post offices, doctors and hospitals is, in each case, at least double the equivalent proportion for households with cars. For example, a fifth of households without cars say that they find it difficult to access a supermarket compared to only one in twenty of households with cars.

What also stands out is the difficulty that all groups of people have in reaching a hospital, whether in urban or rural areas and whether with or without a car.
Theme: Sociability

Policy context
This theme discusses the adequacy of the neighbourhood as a community: whether people enjoy living in their neighbourhood, trust their neighbours, feel they belong in the neighbourhood, etc. Like other areas of neighbourhood policy, policy on such issues is fully devolved and thus England, Scotland, Wales and Northern Ireland all have their own policies. In England, responsibility is shared across departments but the main Public Service Agreement (PSA) targets have been with the Home Office. The relevant Home Office PSA targets for the period 2005 to 2008 are to:

- Increase voluntary and community sector activity, including increasing community participation, by 5% by 2006.
- Bring about measurable improvements in race equality and community cohesion across a range of performance indicators, as part of the government's objectives on equality and social inclusion.

Why the indicators were chosen
In line with previous research on this subject, the indicators cover three particular aspects of this subject, namely:

- Neighbourliness: the extent to which people feel comfortable in their neighbourhood.
- Participation: the extent to which people take part in local organisations or groups.
- Social networks: the extent to which people interact with their friends, neighbours and relatives.

In each case, the indicators show the differences between people in different housing tenures, this being the main characteristic of the local area where differences exist and where data is available to analyse these differences. For ‘participation’, the indicator also shows trends over time, but this is not possible for either ‘neighbourliness’ or ‘social networks’.

Depending on the data sources, the analysis is either for Great Britain or for England and Wales.
WHAT THE INDICATORS SHOW

Indicator 33: Neighbourliness
Most people have positive views on most aspects of ‘neighbourliness’.
Unlike most aspects of ‘neighbourliness’, sense of belonging is equally strong for social renters as for owner-occupiers.

Indicator 34: Participation
Levels of participation in social, political, cultural or community organisations are both falling and are much lower for social renters than for owner-occupiers.
Social renters are much less likely to participate in sports clubs than owner-occupiers.

Indicator 35: Social networks
A third of people have friends or neighbours round to their home less frequently than once a month.
The vast majority of households have relatives with whom they are in regular contact and who live nearby.
**INDICATOR 33**

**Neighbourliness**

33A: Most people have positive views on most aspects of ‘neighbourliness’

The 2005 Citizenship Survey asked a variety of questions about ‘neighbourliness’, with respondents having to choose from a defined list of possible answers. For each question, the first graph [33A] shows the proportion who gave each of the possible answers. People who did not answer a particular question are excluded from the analysis.

The second graph [33B] shows, for some of the questions, how the answers varied by housing tenure. The questions shown have been selected to illustrate the differing patterns between whether people feel that they belong to the neighbourhood (similar proportions for each answer among social renters and owner-occupiers) and other aspects of ‘neighbourliness’ (where a higher proportion of social renters gave a negative response).

The data source for both graphs is the 2005 Citizenship Survey and the data relates to England and Wales.
Key points

Only a small proportion of people – less than a tenth – say that they do not enjoy living in their neighbourhood, with an equally small proportion saying that they do not feel that they belong to their neighbourhood. In contrast, around two-thirds say that they definitely enjoy living in their neighbourhood, with a similar proportion saying that they belong strongly to it.

Levels of trust follow a similar pattern: half say that ‘many’ of their neighbours can be trusted, with only one in six saying that ‘only a few’ can be trusted. Other aspects of ‘neighbourliness’ receive a more mixed – but still generally positive – response; for example, a quarter say that they do not feel safe walking alone in the neighbourhood after dark, a third say that the people in their neighbourhood do not pull together to improve it, and a fifth think that people in the local area do not get on well.

Social renters generally have a less positive view about ‘neighbourliness’ than owner-occupiers but, even so, a substantial majority still take a positive view. For example, 15 per cent of social renters say they do not enjoy living in their neighbourhood compared to 5 per cent of owner-occupiers. The one notable exception to this general pattern is that of ‘belonging to the neighbourhood’, which is equally strong for social renters as for owner-occupiers.

The views of private renters are typically somewhere between those of owner-occupiers and social renters, except for ‘belonging to the neighbourhood’ where it is much weaker, perhaps reflecting a greater transience between places.

People living in deprived areas generally take a less positive view than those living outside of these areas. For example, around half of those living in the most deprived fifth of England definitively enjoy living in their neighbourhood compared to two-thirds of those living outside of these areas. The one notable exception to this general pattern is again that of ‘belonging to the neighbourhood’, which is equally strong for those living in deprived areas as for the rest of England.

The variations by housing tenure are generally greater than those by any of the household characteristics. The most notable variations by household characteristic include:

- By age group, the main differences concern young households (where the head of the household is aged 24 or less), where the proportion taking a negative view is typically around double that for other households on the range of aspects of ‘neighbourliness’.
- By gender, concerning walking alone in the neighbourhood after dark: two-fifths of women feel somewhat unsafe compared to one-fifth of men.
- By ethnicity, concerning whether people in the neighbourhood can be trusted: 30 per cent of those from ethnic minorities believe that only a few people in the neighbourhood can be trusted compared to 15 per cent of white people.
34A: Levels of participation in social, political, cultural or community organisations are both falling and are much lower for social renters than for owner-occupiers

![Graph showing participation rates for owner-occupiers and social renters from 1993/94 to 2003/04.](image)

Source: British Household Panel Survey, University of Essex; Great Britain

34B: Social renters are much less likely to participate in sports clubs than owner-occupiers

![Graph showing participation rates for owner-occupiers and social renters in sports clubs, religious groups, community groups, and social groups for the latest year.](image)

Source: British Household Panel Survey, University of Essex; Great Britain

The first graph [34A] shows the proportion of people aged 16 and over who report themselves as being active in at least one of a range of social, political, cultural or community organisations, with the data shown separately for owner-occupiers and social renters. The organisations are: trade unions, professional associations, environmental groups, voluntary services groups, parents/school associations, pensioner organisations, tenant/resident groups, other community groups, women’s groups, religious groups, environmental groups, sports clubs, social groups, scouts/guides, and political parties.

The second graph [34B] shows, for the latest year, how the proportion who report themselves as being active in particular types of organisation varies by housing tenure. The particular types of organisation shown are those where the levels of participation are highest. In this graph, 'community groups' is any of parents/school associations, tenant/resident groups, pensioner organisations or other community groups.

The data source for both graphs is the British Household Panel Survey and the data relates to Great Britain. The questions on participation are only asked every other year and were not included in the 2004/05 survey.
Key points

Levels of participation in civic organisations (sports clubs, religious groups, community groups, social groups, etc.) are noticeably lower for those living in social rented accommodation than for owner-occupiers. For example, a third of social renters participate in any social, political, cultural or community organisations compared to half of owner-occupiers. Furthermore, these differences have grown over the last decade as levels of participation among social renters have fallen, down from two-fifths in 1993 to a third in 2003.

Average levels of participation across all tenures are highest in sports clubs (18 per cent) followed by religious groups (11 per cent). 10 per cent participate in a community group, 7 per cent in a social group, 4 per cent in a professional organisation and 3 per cent in a voluntary services group.

Differences in levels of participation between social renters and owner-occupiers exist for just about all types of organisation. The biggest difference is membership of a sports club to which 19 per cent of owner-occupiers belong compared with 7 per cent of social renters, perhaps linked to affordability. The two exceptions to this general pattern are community groups, where levels of participation are similar, and social groups, where a greater proportion of social renters participate than do owner-occupiers.
The first graph [35A] shows how often people aged 16 or over have friends or neighbours round to their home, with the data shown separately by housing tenure. Respondents had to choose one of the following three options: ‘at least once a week’, ‘less than once a week but at least once a month’ and ‘less than once a month’.

The second graph [35B] shows the extent to which people are in regular contact with relatives with whom they are not living, with the data shown separately by housing tenure. ‘Regular’ is defined as ‘at least once a month’, ‘contact’ is any type of contact, and respondents had to choose one of the following three options: ‘yes, with some of the relatives living within 30 minutes travel time’, ‘yes, but with none of the relatives living with 30 minutes travel time’ and ‘no’.

The data source for both graphs is the 2003 Citizenship Survey and the data relates to England and Wales. Note that the 2005 survey asked a different set of questions regarding social networks.
Key points

A third of people have friends or neighbours round to their home less frequently than once a month, with the proportion being similar for people in all housing tenures.

The vast majority of people – 95 per cent – have relatives who they do not live with but with whom they are in regular contact, this being the case for people in all housing tenures. In most cases, these relatives live within 30 minutes travel time.

Private renters are the least likely to have relatives with whom they are in regular contact and who live nearby: 60 per cent compared to 80 per cent of owner-occupiers and 85 per cent of social renters.
### CHAPTER 3 Small area concentrations of disadvantage

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Theme: Concentrations of low income and worklessness

Policy context
Tax and benefit policy is common across Great Britain, with the responsible departments being the Department of Work and Pensions (benefits) and HM Revenue and Customs (tax, including tax credits). By contrast, policy on small area concentrations of disadvantage is fully devolved and thus England, Scotland, Wales and Northern Ireland all have their own policies for area-based regeneration. In England, the responsible department is the Department for Communities and Local Government (DCLG). Small area disadvantage is the subject of DCLG’s first strategic priority for the period 2005 to 2008, with the stated aim being to:

_Tackle disadvantage by reviving the most deprived neighbourhoods, reducing social exclusion and supporting society’s most vulnerable groups._

The associated Public Service Agreement (PSA) target is to:

_Tackle social exclusion and deliver neighbourhood renewal, working with [other Government] Departments to help them meet their PSA floor targets, in particular narrowing the gap in health, education, crime, worklessness, housing and liveability outcomes between the most deprived areas and the rest of England, with measurable improvements by 2010._

The Government’s approach to progressing this target is centred on the achievement of a number of ‘floor targets’, which are essentially concerned with narrowing the gap in outcomes between ‘deprived areas’ and the rest of England. Collectively, the floor targets relating to the PSA target cover:

- Health, in terms of mortality rates.
- Education, in terms of attainment in English, maths and science.
- Crime, in terms of the total volume of crime.
- Worklessness, in terms of the employment rate.
- Housing, in terms of the quality of the social housing.
- Liveability, in terms of levels of litter.

The Government’s plans for achieving the PSA target and its associated floor targets are set out in Chapter 5 of its five year plan, _Sustainable communities: people, places and prosperity_, published by DCLG’s predecessor, the Office of the Deputy Prime Minister, in 2005. This states that the DCLG will make:

_Faster progress in education, health, work and cutting crime in the most deprived areas, and for the worst off people – narrowing the gap between the most deprived and others._

Responsibility for achievement of each floor target is essentially joint between DCLG and the relevant Government Department (e.g., Department of Health for health, Department for Education and Skills for education, etc.). In this context, each of these departments has a related PSA target which it is responsible for, and to which the floor target is additional. The DCLG also has a strategy for neighbourhood renewal supported by a Neighbourhood Renewal Fund and other area-based regeneration initiatives.
For health, crime, housing and liveability, the geographic level at which ‘deprived areas’ are defined is that of the local authority district, broadly speaking defining those local authorities who are in receipt of Neighbourhood Renewal Fund money as being deprived. There were initially 88 such local authorities. For worklessness, the geographic focus is at a ward level, and for education, the focus is at the individual school level, in each case covering selected wards/schools in those local authorities who are in receipt of Neighbourhood Renewal Fund money. Given this chapter’s focus on small areas, the only floor targets which are directly relevant are therefore those relating to worklessness and education.

Why the indicators were chosen

Scope of the chapter as a whole

This chapter explores the extent to which disadvantage is concentrated in small areas, the geographic patterns of the concentration, and the extent to which these patterns have changed over time.

This material is divided into two themes. The first theme is concerned with low income and worklessness, using small area data about people in receipt of out-of-work benefits (working-age) and means-tested benefits (pensionable age). The geographic level of this analysis is that of ‘super output areas’, as used in the various Indices of Deprivation. In this geography, Great Britain is divided into around 40,000 super output areas.

The second theme is concerned with broader aspects of disadvantage such as a lack of educational qualifications and ill-health. It uses small area data from the Census.

Between them, the material in the two themes effectively covers all the information about indicators of disadvantage that is currently available at a small area level.

Note that local authority districts are not considered to be small areas. Indeed, it is precisely a dissatisfaction with district-level analyses that has led in recent years to an interest in lower level neighbourhood statistics. It follows from this that subjects where data is only available down to a district level are not considered in this chapter. This is an important restriction on the scope of the material in that many of the official statistics that purport to be about small areas are actually about local authority districts. In other words, there is actually much less data available at a small area level than is often assumed.

Focus and scope of this theme

The focus of this theme is on low income and worklessness. These are not the same thing: some working-age households will have a substantial income even though none of their adults are working whilst other households will have a low income even though some of their adults are doing some paid work. Nevertheless, they are clearly related to each other: most working-age households where none of the adults are working will have a low income and most households where some of the adults are working will not have a low income.

There is no national data on the prevalence of low income at a small area level. Indeed, direct estimates of the number of people who are in low income households is not available even at a local authority district level. The approach that has therefore been taken is to use data about people in receipt of benefits to provide direct information about the patterns of
worklessness and indirect information about the patterns of low income. More specifically, the material focuses on three main groups of people:\(^2\)

- **People of working-age who are not working and not disabled but are in receipt of out-of-work benefits.** This group comprises those in receipt of Jobseeker’s Allowance, Income Support or Carer’s Allowance, excluding those who are also in receipt of the main disability benefits Incapacity Benefit and Severe Disablement Allowance. These benefits are mostly means-tested so such people are both out-of-work and typically live in a low income household.\(^3\)

- **People of working-age who are not working, but are disabled and in receipt of out-of-work benefits.** This group comprises those in receipt of either Incapacity Benefit or Severe Disablement Allowance (in line with guidance from the Department of Work and Pensions, those receiving Disability Living Allowance only are not included as lack of work is not a criterion for receipt of this benefit).\(^4\) Note that these benefits are not means-tested and people in this group will therefore all be without paid work but may or may not live in a low income household.

- **Older people who are in receipt of means-tested benefits.** This group comprises those people in receipt of the guaranteed part of Pension Credit (available from the age of 60).\(^5\) Because this benefit is means-tested, people in this group will live in a low income household.\(^6\) The main complication here relates to the issue of the substantial numbers of people who are eligible for the benefit but not claiming it where, in the absence of any information to the contrary, it is assumed that this has not overly distorted the analysis of the geographic distribution of claimants.\(^7\)

In each case, the analysis covers:

- **Degree of concentration:** one graph on the extent to which the recipients are concentrated in a limited number of geographic areas (at super output area level), with a supporting graph on the extent to which the proportion of the population who are recipients varies between areas with high levels of recipiency and other areas.

- **Patterns of concentration:** a map of which parts of the country (at super output area level) have a high proportion of their population who are recipients.

The analysis has been undertaken at a super output area level (average adult population of around 1,400). It uses November 2005 data and is for Great Britain.

In addition, there is a fourth indicator on the extent to which patterns have changed over time since 1999. This is for working-age people only because the 1999 data does not cover those of pensionable age.

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**WHAT THE INDICATORS SHOW**

**Patterns of concentration**

The overall patterns of concentration for each of the three groups analysed (non-disabled people of working-age in receipt of out-of-work benefits, disabled people of working-age in receipt of out-of-work benefits and older people who are in receipt of means-tested benefits) are actually all rather similar. In each case:

- High levels of recipiency can be found in many parts of the Welsh Valleys, the central belt of Scotland (from Inverclyde in the west to Edinburgh in the east), and many of the major urban areas in the North East, North West and West Midlands.
• In most of the large areas above, there are many geographic areas where levels of recipiency are not high. So, for example, whilst around half of the small areas in the urban North East have high levels of recipiency, the other half do not.
• Throughout the whole of Great Britain, there are pockets of high levels of recipiency.

Major differences in the overall patterns of the three groups include:
• Many parts of London have high levels of benefit recipiency for non-disabled working-age people and for older people but very few parts of London have high levels of recipiency for disabled working-age people.
• Just about all parts of the Welsh Valleys have high levels of benefit recipiency for disabled working-age people, much more so than for either older or non-disabled working-age people. To a lesser extent, the same applies to the major urban areas in the North East and to the central belt of Scotland.

At a more micro level, there are substantial variations in the pattern. For example, whilst a quarter of all small areas have high levels of benefit recipiency for at least one of the three groups, less than a tenth have high levels of benefit recipiency for all three groups.

Degrees of concentration
The main indicator here is the proportion of all benefit recipients who live in the fifth of super output areas with the highest concentrations of recipiency. Using this indicator:
• 45 per cent of non-disabled working-age people in receipt of out-of-work benefits live in the fifth of small areas with the highest concentrations of such people.
• 40 per cent of disabled working-age people in receipt of out-of-work benefits live in the fifth of small areas with the highest concentrations of such people.
• 30 per cent of older people in receipt of means-tested benefits live in the fifth of small areas with the highest concentrations of such people.

In other words, disabled working-age people who are out-of-work are somewhat less spatially concentrated than their non-disabled counterparts and older people living in low income households are much less geographically concentrated.

These differing levels of concentration are then reflected in the extent to which the proportions of people who are recipients varies between areas of high recipiency and elsewhere:
• The proportion of the working-age population in receipt of non-disabled out-of-work benefits in areas with high concentrations of such people is around three-and-a-half times the proportion for the rest of the country (14 per cent of the working-age population compared to 4 per cent).
• The proportion of the working-age population in receipt of disabled out-of-work benefits in areas with high concentrations of such people is around three times the proportion for the rest of the country (16 per cent of the working-age population compared to 6 per cent).
• The proportion of older people in receipt of means-tested benefits in areas with high concentrations of such people is around two-and-a-half times the proportion for the rest of the country (41 per cent of the older population compared to 16 per cent).

Concentrations of benefit recipients over time
The overall patterns of concentration of working-age benefit recipiency in 2005 are almost indistinguishable from those in 1999. So, for example, of the 7,000 super output areas with the highest levels of benefits recipiency in 1999, 6,000 of these were still in the 7,000 areas with the highest levels of recipiency in 2005.
Non-disabled working-age people in receipt of out-of-work benefits

36A: 45% of non-disabled working-age recipients of key out-of-work benefits live in a fifth of small areas, whilst the other 55% live outside of these areas

The first graph [36A] shows the proportion of all the recipients who are in each group of super output areas. So, for example, 27 per cent of the recipients are in the tenth of super output areas with the highest concentrations of such people. The first two tenths of the super output areas are highlighted, as this is the threshold often used to differentiate between ‘deprived’ and ‘non-deprived’ areas.

The analysis in both graphs examines how the pattern of recipiency of key out-of-work benefits by non-disabled working-age people varies by ‘super output area’. The benefits included are Jobseeker’s Allowance, Income Support and Carer’s Allowance, excluding those also receiving either Incapacity Benefit or Severe Disablement Allowance. The super output areas are grouped into tenths according to the proportion of the working-age population who are in receipt of these benefits, such that each group of super output areas contains the same overall working-age population.

The second graph [36B] shows how the rate of recipiency in the fifth of super output areas with the highest levels of recipiency compares with that for the rest of the country.

The data source is DWP Work and Pensions Longitudinal Study and relates to Great Britain. The data is for November 2005.
A high proportion of the working-age population is in receipt of non-disabled out-of-work benefits in many parts of the Welsh Valleys, the central belt of Scotland, and many of the major urban areas in the North East, North West and West Midlands of England, as well as London.
Disabled working-age people in receipt of out-of-work benefits

37A: 40% of disabled working-age recipients of key out-of-work benefits live in a fifth of small areas, whilst the other 60% live outside of these areas

37B: The proportion of the disabled working-age people in receipt of out-of-work benefits in areas with high concentrations of such people is around 3 times the proportion for the rest of Great Britain

The analysis in both graphs examines how the pattern of recipiency of key out-of-work benefits by disabled working-age people varies by ‘super output area’. The benefits included are Incapacity Benefit and Severe Disablement Allowance. If someone is receiving more than one of these benefits, they are only counted once. The super output areas are grouped into tenths according to the proportion of the working-age population who are in receipt of these benefits, such that each group of super output areas contains the same overall working-age population.

The first graph [37A] shows the proportion of all the recipients who are in each group of super output areas. So, for example, 25 per cent of the recipients are in the tenth of super output areas with the highest concentrations of such people. The first two tenths of the super output areas are highlighted, as this is the threshold often used to differentiate between ‘deprived’ and ‘non-deprived’ areas.

The second graph [37B] shows how the rate of recipiency in the fifth of super output areas with the highest levels of recipiency compares with that for the rest of the country.

The data source is DWP Work and Pensions Longitudinal Study and relates to Great Britain. The data is for November 2005.
All the super output areas in the Welsh Valleys have a high proportion of their working-age population in receipt of out-of-work disability benefits, but very few areas in London do.
INDICATOR 38

People of pensionable age in receipt of means-tested benefits

38A: 35% of recipients of Pension Credit recipients live in a fifth of small areas, whilst the other 65% live outside of these areas

The analysis in both graphs examines how the pattern of recipiency of the guaranteed part of Pension Credit varies by 'super output area.' The super output areas are grouped into tenths according to the proportion of the population aged 60 and over who are in receipt of these benefits, such that each group of super output areas contains the same overall population aged 60 and over. The first graph [38A] shows the proportion of all the recipients who are in each group of super output areas. So, for example, 18 per cent of the recipients are in the tenth of super output areas with the highest concentrations of such people. The first two-tenths of the super output areas are highlighted, as this is the threshold often used to differentiate between 'deprived' and 'non-deprived' areas. The second graph [38B] shows how the rate of recipiency in the fifth of super output areas with the highest levels of recipiency compares with that for the rest of the country.

The data source is the DWP Work and Pensions Longitudinal Study and relates to Great Britain. The data is for November 2005.
A high proportion of pensioners are in receipt of the mean-tested Pension Credit in much of the central belt of Scotland, Eilean Siar, the major urban areas in the North East, North West and West Midlands of England, and London.

**Key**

- The sixth of ‘super output areas’ with the highest proportion of the population of pensionable age in receipt of the guaranteed part of Pension Credit
- Next sixth
- Next sixth
- Super output areas with a below-average proportion
Concentrations of benefit recipients over time

The overall patterns of concentration of working-age benefit recipiency in 2005 are almost indistinguishable from those in 1999. Of the 7,000 super output areas with the highest levels of benefits recipiency in 1999, 6,000 of these were still in the 7,000 areas with the highest levels of recipiency in 2005.
Both maps show how the proportion of the working-age population who are in receipt of key out-of-work benefits (Jobseeker’s Allowance, Income Support, Incapacity Benefit, Severe Disablement Allowance and Carer’s Allowance) varies by super output area, with the first map showing the pattern in 1999 and the second map showing the pattern in 2005. The data source is the DWP Work and Pensions Longitudinal Study and relates to Great Britain. The 2005 data is for November 2005. The 1999 data is for August 1999. No equivalent data exists for earlier years.
Theme: Concentrations of other indicators of exclusion

Why the indicators were chosen
This theme uses data from the 2001 Census to look at the extent to which the geographical distribution of people with particular characteristics often associated with disadvantage varies at the level of the small local area or, to use the Census terminology, ‘output area’. Census output areas typically contain around 300 people.

The four characteristics examined are as follows:
- Work: people of working-age who are not in paid work.
- Health: people who have a limiting long-term illness.
- Tenure: people who live in social housing.
- Education: people (aged 16 to 74) without any educational qualifications.

Whilst not all such people will necessarily be disadvantaged, they are all conditions in which people are more likely to face disadvantage.

In each case, the indicator looks at three types of measure:

1. The average share of the particular population group. This can be considered at the national, regional, local authority district or small area level. So, for example, 19 per cent of people in Great Britain live in social housing, as do 25 per cent of people in the North East and 30 per cent of people in Newcastle.

2. For the average person in the particular population group, the percentage of their neighbours (in the small local area) who are also in that group. So for example, across Britain as a whole, people in social housing have, on average, around 50 per cent of the people in their small local area also living in social housing. In Newcastle, people in social housing have around 61 per cent of the people in their small local area also living in social housing.

3. For the average person not in the particular population group, the percentage of their neighbours (in the small local area) who are in that group. So for example, across Britain as a whole, for people not in social housing, around 12 per cent of the people in their small local area are living in social housing.

The first of these measures is self-explanatory because it is just a simple average. The key point of interest about the other two measures is the extent to which they are different from each other. The greater the differences, the greater the extent to which the two groups (e.g. those in social housing and those not in social housing) are separated from each other at the level of the small local area.
Each of the indicators then uses this analysis in a variety of ways:

- In the first graph, each of the three measures is presented as a single statistic for the country as a whole.
- In the second graph, each of the three measures is presented separately for each region.
- In the first map, the first measure is presented as a single statistic for each local authority district. This provides an overall picture of the geographic variations.
- In the second map, the ratio of the second and third measures is presented for each local authority district. This provides a picture of the local authority districts which have a high degree of clustering between the small local areas that make up the local authority.

The idea with this form of presentation is to help the reader through what is a rather complicated analysis. By having a relatively simple first graph, and by using the same form of presentation for the first and second graphs, it is hoped that the reader will fully understand the three measures before moving on to the more voluminous analysis encapsulated in the two maps. Similarly, the two maps have been drawn at a district level rather than an output area level on the grounds that this makes them easier to interpret.

**WHAT THE INDICATORS SHOW**

**Ill health**
Limiting long-term illness is the most uniform of the subjects discussed in this theme. People with a limiting long term illness have, on average, 22 per cent of their neighbours also having such a condition. For those without a limiting long-term illness, an average of 18 per cent of their neighbours do have such a condition.

As well as the whole of Wales, other areas where many of the local authority districts have high levels of limiting long-term illness include the South West of Scotland, the major urban areas in the North East and North West of England, South Yorkshire, and many of the coastal districts.

Whilst Wales has generally high levels of limiting long-term illness, the extent to which this is clustered within particular small local areas is generally below the British average. In contrast, much of Scotland – particularly the Central Belt (from Inverclyde in the west to Edinburgh in the east) plus the areas immediately north and south of it – combines above average levels overall with high levels of small area clustering. This is a combination which occurs in very few areas outside of Scotland.
**Worklessness**

Working-age people who are not working have, on average, 30 per cent of their neighbours also not working. For those who are working, an average of 22 per cent of their neighbours are not working.

At the regional level, the gap between these two percentages is greatest (indicative of the highest levels of clustering/polarisation of non-working people in particular small areas) in Scotland and the North of England.

With the exception of inner London, many of the districts with a high level of worklessness are the same as those with a high level of limiting long-term illness.

Also, as with limiting long-term illness, much of Scotland combines above-average levels of worklessness with a high degree of clustering within particular small areas. This is also the case for the major urban areas in the North West of England and West Yorkshire. By contrast, most of Wales combines above-average levels of worklessness with a low degree of clustering within particular small areas. So, for example, the Valleys have a high level of worklessness but this is dispersed throughout the Valleys.

**Lack of educational qualifications**

The 2001 Census data on educational qualifications in Scotland is not directly comparable with that in England and Wales so the analysis is restricted to England and Wales only.

People without qualifications have, on average, 40 per cent of their neighbours having no qualifications. For those with qualifications, an average of 30 per cent of their neighbours have no qualifications.

The list of local authority districts with above average levels of people without qualifications include many of those in the North East, Yorkshire and all along the East coast.

There is no clear pattern to those districts which combine above average levels of people without qualifications with high levels of small area clustering, except that most are major cities (Newcastle, Leeds, Manchester, Sheffield, Nottingham, Norwich and Swansea).

**Social housing**

Inner London has a much higher level of people living in social housing than the rest of Great Britain: two-fifths of people in inner London live in social housing compared to a quarter in the next highest two regions (Scotland and the North East). Most of the districts in these three regions have relatively high levels of social housing.

What is most notable about social housing, however, is how much more clustered at a small area level it is than the indicators of disadvantage linked to health, work and education previously discussed. People living in social housing have, on average, 50 per cent of their neighbours also living in social housing. For people living in other tenures, an average of 12 per cent of their neighbours live in social housing.
These high levels of small area clustering occur throughout the country. So, for example, whilst the South West and South East have relatively little social housing (an eighth of the population), those who live in this social housing will nevertheless have a high proportion of people in their immediate area who also live in social housing (two-fifths). This is because much of the social housing that does exist in these regions is still organised in estates.

The only exception to this general pattern is inner London, where the social housing is more spread out than in other parts of the country.

Except for a few isolated cases, the only part of the country where there are some districts which combine above average levels of social housing with above average concentrations at a small area level are in the North West (Tameside, Wigan, Sefton and the Wirral).
Worklessness

40A: Working-age people who are not working have, on average, 30% of their neighbours also not working. For working-age people who are working, an average of 22% of their neighbours are not working.

The two graphs provide an analysis of the proportion of people aged 16 to 74 who are not in paid work, with both numerator and denominator excluding those who are either retired or students. The data source is the 2001 Census and the data is for Great Britain. As discussed more fully in the main text at the start of the theme, both of the graphs cover three types of measure, with the first graph showing these measures for Great Britain as a whole and the second graph showing them separately for each region.

The first measure – represented by the middle bars – is the overall proportion who are not in paid work.

The second measure – represented by the right hand bars – is, for those who are not in work, the average proportion of people in their output area who also lack work.

The third measure – represented by the left hand bars – is, for those who are in work, the average proportion of people in their output area who lack work.
The first map shows those local authority districts which have above average levels of worklessness (i.e. those districts where the equivalent of the middle bar from the preceding graphs is above the national average). The data is for those aged 16 to 74 who are neither retired nor students.

The second map shows those districts which have both above average levels of worklessness and above average small area clustering (i.e. those districts which are highlighted in the first map where the ratio of the right hand and left hand bars from the preceding graphs is higher than the national ratio).
41A: People with a limiting long-term illness have, on average, 22% of their neighbours also having such a condition. For people without a limiting long-term illness, an average of 18% of their neighbours have such a condition.

The two graphs provide an analysis of the proportion of the population who have a limiting long-term illness. The data source is the 2001 Census and the data is for Great Britain.

As discussed more fully in the main text at the start of the theme, both of the graphs cover three types of measure, with the first graph [41A] showing these measures for Great Britain as a whole and the second graph [41B] showing them separately for each region.

The first measure – represented by the middle bars – is the overall proportion who have a limiting long-term illness.

The second measure – represented by the right-hand bars – is, for those who have a limiting long-term illness, the average proportion of people in their output area who also have a limiting long-term illness.

The third measure – represented by the left-hand bars – is, for those who do not have a limiting long-term illness, the average proportion of people in their output area who do have a limiting long-term illness.
The first map shows those local authority districts which have above average levels of limiting long-term illness (i.e. those districts where the equivalent of the middle bar from the preceding graphs is above the national average).

The second map shows those districts which have both above average levels of limiting long-term illness and above average small area clustering (i.e. those districts which are highlighted in the first map where the ratio of the right hand and left hand bars from the preceding graphs is higher than the national ratio).
**Social housing**

42A: People living in social housing have, on average, 50% of their neighbours also living in social housing. For people living in other tenures, an average of 12% of their neighbours live in social housing.

The two graphs provide an analysis of the proportion of the population who live in social housing (both local authority and registered social landlords), with both numerator and denominator excluding that small number of people who are either living in institutions or living rent free. The data source is the 2001 Census and the data is for Great Britain.

As discussed more fully in the main text at the start of the theme, both of the graphs cover three types of measure, with the first graph showing these measures for Great Britain as a whole and the second graph showing them separately for each region.

The first measure – represented by the middle bars – is the overall proportion who are living in social housing.

The second measure – represented by the right hand bars – is, for those who are living in social housing, the average proportion of people in their output area who are also living in social housing.

The third measure – represented by the left hand bars – is, for those who are living in other housing tenures, the average proportion of people in their output area who are living in social housing.
The first map shows those local authority districts which have above average levels of social housing (i.e. those districts where the equivalent of the middle bar from the preceding graphs is above the national average).

The second map shows those districts which have both above average levels of social housing and above average small area clustering (i.e. those districts which are highlighted in the first map where the ratio of the right hand and left hand bars from the preceding graphs is higher than the national ratio).
Lack of educational qualifications

43A: People without qualifications have, on average, just under 40% of their neighbours having no qualifications. For people with qualifications, an average of just under 30% of their neighbours have no qualifications.

43B: The small area clustering of people without educational qualifications is fairly uniform across England and Wales.

The two graphs provide an analysis of the proportion of the population aged 16 to 74 who have no educational qualifications, with both numerator and denominator excluding those whose level of qualification is not known. The data source is the 2001 Census and the data is for England and Wales (the data for Scotland is not directly comparable).

As discussed more fully in the main text at the start of the theme, both of the graphs cover three types of measure, with the first graph showing these measures for England and Wales as a whole and the second graph showing them separately for each region.

The first measure – represented by the middle bars – is the overall proportion who have no educational qualifications.

The second measure – represented by the right hand bars – is, for those who have no educational qualifications, the average proportion of people in their output area who also have no educational qualifications.

The third measure – represented by the left hand bars – is, for those who do have some educational qualifications, the average proportion of people in their output area who have no educational qualifications.
The first map shows those local authority districts which have above average levels of adults aged 16 to 74 who lack any educational qualifications (i.e. those districts where the equivalent of the middle bar from the preceding graphs is above the national average). Scotland is not shown as the data is not directly comparable.

The second map shows those districts which have both above average levels of people lacking any educational qualifications and above average small area clustering (i.e. those districts which are highlighted in the first map where the ratio of the right hand and left hand bars from the preceding graphs is higher than the national ratio).
Notes

Commentary
1 The Office of the Deputy Prime Minister (ODPM) was renamed as the Department for Communities and Local Government in May 2006.
2 DCLG Public Service Agreement (PSA) target 1 for the period 2005 to 2008.

Chapter 1: Housing
1 Now the Department for Communities and Local Government.
3 The numbers are the total for the London, South East and East regions.
5 Definition taken from the notes and definitions of the DCLG live tables relating to households and population estimates.
7 Analysis of the incomes of household heads from *General Household Survey*, Great Britain.
8 ‘After deducting housing cost’ incomes do not make any deduction for home owners’ capital payments on their mortgage on the grounds that these are repayments of loans rather than costs. They also do not make any deduction for expenditures on repairs or mortgage payment protection policies.
12 The housing costs discussed here do not include mortgage capital payments on the grounds that these are repayments of loans rather than costs. In a period of low interest rates, capital repayments now comprise a much higher proportion of total mortgage payments (around 30 per cent) than they did when interest rates were at higher levels. They also do not include any expenditures on repairs or mortgage payment protection policies.
14 The formal term for ‘target rents’ for local authorities is ‘formula rents’. Target/formula rents differ from actual rents in that annual increases for current local authority tenants are limited to a maximum of 0.5 per cent above inflation plus £2 per week and also by caps on maximum rent levels.
16 In addition, a few thousand new ‘affordable’ dwellings each year are provided without Housing Corporation funding, primarily as part of S106 planning agreements, or by housing associations re-investing capital receipts from shared ownership sales. However, consistent annual figures on these additions, or the reductions following sales of vacant dwellings by associations needing to raise funds to meet the decent homes standard, are not available.
17 It also assumes that home ownership affordability will improve as a result of increases in the supply of market housing, and that there will be no further contraction in the numbers of low income households able to secure accommodation in the private rented sector.
18 *Building for the future: 2005 update*, Shelter
Survey of English Housing.

Mortgage tax relief was reduced under the previous Government and abolished under the current Government.

Local Housing Allowance, as referred to in the PSA targets, is the scheme that the Government is introducing to replace Housing Benefit for private sector tenants.


CIPFA Housing Rent Arrears & Benefits statistics suggests that the number of actual evictions by social landlords has also followed a broadly similar trend over time, but this data is considered to be somewhat unreliable.


Analysis of the 2003/04 Households Below Average Income dataset. The income ‘poverty’ threshold used is 60 per cent of median household’s income after deducting housing costs.

Housing Benefit is administered by local authorities but within a defined set of rules set down by the Department for Work and Pensions.

From decent homes to sustainable communities: a discussion paper, DCLG, 2006.


The 3rd annual progress report of the UK fuel poverty strategy, published jointly by DTI, DEFRA, the Scottish Executive, the Welsh Assembly and the Department for Social Development (Northern Ireland), 2005.

DTI quarterly energy prices, comparing the third quarter of 2003 with the third quarter of 2005.


Chapter 2: Neighbourhoods

The British Crime Survey is generally agreed to be the best source of data about trends in crime. It should be noted, however, that the data from this survey is not the same as crimes recorded by the police (termed ‘recorded crime’). Recorded crime peaked in 1992, then fell each year until 1998/99 when the counting rules used by the Home Office were expanded to include certain additional offences. Since then recorded crime has increased. At least in part, however, this is due to the National Crime Recording Standard introduced in 2002 to ensure greater consistency between forces in recording crime and to take a more victim-oriented approach to crime recording. Because of the changes in recording practices since 1998, the Home Office recommended that trends in recorded crime in recent years should be treated with caution (see section 2.3 of Crime in England and Wales 2004/05, Home Office).

Note that the definition of ‘rural’ in this paragraph is not the same as, and is less sophisticated than, that used by the Commission for Rural Communities. This is because the data source – the Survey of English Housing – does not directly record whether each respondent lives in a rural or urban area. But it does record the local authority district in which the respondent lives and each district can be allocated to ‘rural’ or ‘urban’ using Countryside Agency definitions of which districts are rural and which are urban.
For example, the 2004 Home Office publication *2003 Home Office Citizenship Survey: people, families and communities* and the 2002 ONS publication *People’s perceptions of their neighbourhood and community involvement*.

The only other area characteristic which is generally analysable is geographic region, but this typically shows only small differences by region. In some cases (e.g. the *Home Office Citizenship Survey*), the level of deprivation of the local area in which the respondent lives is also recorded but this data has been suppressed from the dataset on grounds of confidentiality.

I.e. Living in the fifth of ‘super output areas’ with the highest Index of Deprivation scores.

### Chapter 3: Small area concentrations of disadvantage

Note that it is 2001 benefits data which drives the calculations of the composite indicators for the ‘Income’ and ‘Employment’ domains in the 2004 *Index of Deprivation*, which in turn are the two biggest elements driving the overall 2004 *Index of Deprivation* calculations.

The *Index of Deprivation* is not, however, itself used as a data source for this chapter. One reason for this is that the only publicly available data is a limited number of composite indicators which combine various types of disparate data. For example, every super output area has a ‘health domain score’ which is a mathematical calculation based on data about ‘years of potential life lost’, ‘comparative illness and disability’, emergency admissions to hospitals, prescriptions for mood or anxiety orders, and suicides. The data for each of these individual elements is not publicly available.

Related to this, the calculation of the composite indicators in the Index has required a number of major assumptions to be made. For example, the calculations of the number of ‘income deprived people’ assume that all working-age people in receipt of Income Support or Jobseeker’s Allowance are ‘income deprived’ but that none of the people in receipt of Incapacity Benefits are ‘income deprived’, even though both groups are of working-age and without work.

A second problem with the *Index of Deprivation* is that its underlying data is typically somewhat out of date. For example, the calculations of the number of ‘income deprived people’ in the 2004 Index is actually based on 2001 data about benefits and tax credits, whereas data on these subjects is now available up to the year 2005. It is this later data which is used in this chapter.

People in receipt of tax credits have not been included in the analysis for two reasons. First, the majority of tax credit recipients do not have a low household income. Second, there is no publicly available data on Working Tax Credit and Child Tax Credit below the level of local authority district.

All of the 2.2 million recipients of Income Support are means-tested. Of the 0.8 million recipients of Jobseeker’s Allowance, 0.6 million are explicitly means-tested whilst the other 0.2 million are eligible without a means-test because they have only lost their job recently. Some of this latter 0.2 million, and perhaps most, would however have passed a means-test should it have been required.

Ideally, disabled people in receipt of Income Support only would also be included but this is not possible as the available data does not identify the number of Income Support recipients in each small area who are disabled.

And its predecessors, the Minimum Income Guarantee and Income Support for people of pensionable age.

Noting that, because the guaranteed part of Pension Credit is substantially more than Income Support for working-age people, recipients of Pension Credit will typically have somewhat higher incomes than working-age recipients of means-tested out-of-work benefits. Also note that, Attendance Allowance is not included in the analysis as it is not means-tested and has no obvious relationship with low income.

In its estimates of *Income Related Benefits Estimates of Take-Up*, DWP estimates that around a third of pensioners eligible for the guaranteed part of Pension Credit do not claim it. Furthermore, these rates of non-take up vary from a fifth of those eligible who live in rented accommodation to a half of those eligible who live in owner-occupation. This issue is similarly present for those of working-age, but at a much lower level.
8 The use of these three types of measure draws its inspiration from work done by Danny Dorling (Department of Geography at the University of Sheffield) and others on indexes of ‘isolation’. Its distinctive feature in this report is that the analysis is being undertaken at a very small geographic level (i.e. output area).

9 One of the issues with the second map is how to handle districts which only have a small number of people in the category. For example, if there was only one council estate in Kent then clearly there would be a massive difference between the second and third measures defined on the previous page, because the third would be close to zero. For this reason, the second map only highlights those districts which have an above average difference between the second and third measures and an above average proportion on the first measure.