

What's not working?

The impact of rent and housing benefit

What did we do?

Secure, quality employment can have a big impact on a person's life. This is why we set out to find out what factors impact people's choices when it comes to employment and increasing their income.

Our research set out to answer these questions:



Do higher rents disincentivise people living in social housing from finding work or working more hours?



Is this disincentive exacerbated by housing benefit?



What other factors contribute to decisions to find work or increase working hours?



450 residents

living in Peabody and L&Q homes in London surveyed.



5 years

we examined the change in working hours between 2012 and 2016



45%

of our respondents were large households with three or more children. 33% had one or two children, and 22% were single people or couples without children.

What did we find?



Around half of the residents we surveyed told us they were currently looking to increase their income. This was regardless of whether they were claiming housing benefit.

Nearly 80% of respondents in our study are families with children. For them, the most common barrier to increasing their income was access to affordable childcare. Many residents told us that the high cost of childcare meant that it wasn't financially worthwhile for them to work.

Many residents were already working part-time and could not increase their working hours for the same reason: a lack of affordable childcare.

People generally didn't perceive housing benefit as a disincentive to work. We found no statistically significant relationship between the level of rent and whether tenants increased their working hours.

Why is this important?

Our research over five years shows that very few people see rent and housing benefit as a disincentive to work. Rather many of them want to work more and increase their income but a lack of affordable childcare is stopping them.

If we are to successfully support more social housing residents to return to work or increase their income, much more needs to be done to improve the accessibility and affordability of childcare.



What's not working?

The impact of rent
and housing benefit (cont.)

What needs to change?

Improve access to flexible childcare

Why? There's a lack of flexible childcare, especially in London. The number of childminders has fallen by 30% in the last nine years and there has been a 47% increase in nursery closures since 2017.

Less than half (44%) of registered childcare providers said they would extend free childcare hours to 30 per week for 3 to 4 year olds, and many nurseries are not actually open 30 hours a week.

How? Increasing the number of subsidised places for childminding and childcare qualifications will see the number of registered providers also increase, providing parents with more flexible childcare options.

Reduce childcare costs

Why? Londoners face some of the highest childcare costs, with a two-parent working household paying £7,600 a year for a child under two to go to nursery. Even with help through the benefit system, a full-time nursery place costs £60 a week more than the support available.

How? We encourage government to increase financial support to parents and for employers and community organisations to offer subsidised childcare options.

Government should also allow parents on Universal Credit to claim in advance for childcare bills, as under the legacy benefits system. For families on Universal Credit, childcare fees must be paid by the claimant upfront and then later reclaimed. The upfront cost is often more than £1,000. This means that parents can't start working if they don't have the upfront payment.

Adequately fund childcare programmes

Why? Current government provision doesn't always cover the full costs of childcare delivery as borne by providers. In London government funding for the 30-hours free childcare programme can vary from £4.91 to £8.53 per hour per child: in the lower funded areas this does not always cover the costs of caring for the child.

The National Day Nurseries Association's annual survey found that there was a government funding shortfall of £2,166 per year per child for childcare. This is passed on by providers through higher fees for younger children, or charging parents for extras.

How? Government should ensure that the 30-hours free childcare programme for 3 to 4 year olds adequately covers the variable cost of provision of places in London.

How is Peabody supporting parents and families?

- The Peabody Community Foundation will invest more than £90 million to support communities over the next 10 years. This year, it invested more than £7.3 million.
- Our 10 year Pembury Children's Community programme is improving the lives of the 1,000 children and young people living in Hackney.
- We also offer free childcare qualifications to train more people to become registered childcare providers or to work in the sector.
- Our work also involves partnering with the New Economics Foundation to deliver parent-led childcare co-operatives suitable for low-income parents.
- Parents will volunteer their skills in exchange for up to 50% reduction in childcare costs.

