

# Supporting people into work: the next stage of Housing Benefit reform

## Cymorth Cymru members' briefing

January 2010

The Department of Work and Pensions public consultation *Supporting people into work: the next stage of Housing Benefit reform* sets out the Government's vision for the future of Housing Benefit.

The paper outlines recent developments in the administration of Housing Benefit, including the introduction of Local Housing Allowance, which are described as making the system simpler to administer and fairer to claimants. The current proposals are introduced as the next steps in this programme of reform, and have a particular focus on the administration and rates of Local Housing Allowance, with supporting unemployed Housing Benefit claimants into work, and with using Housing Benefit as a mechanism to improve the quality of private rented sector housing.

### **The proposals seek to address a range of issues, including:**

- Concerns around unemployed people's transitions into work, particularly with regards to the complex relationships between Housing Benefit entitlements and that of other benefits, as well as other real or perceived financial disincentives to accessing employment
- Local Housing Allowance levels being set too high in some areas, giving claimants access to a quality of housing that is not available to many employed people, and allowing too many to retain some or all of the £15 excess. The paper explains that this situation is discouraging some claimants from accessing employment, and is contributing to an excessive increase in total Housing Benefit spending
- The poor quality of some private rented sector accommodation for which Housing Benefit is claimed

- Concerns that the the default system of paying Local Housing Allowance directly to claimants is leading to difficulties for some claimants and is unpopular with landlords

**Proposals to address these issues include:**

1. National roll-out of the In and Out of Work Project (March 2010) to build more effective links between HM Revenue and Customs, Jobcentre Plus and local authorities and improve benefits processing times for people moving into employment
2. Introduction of a new Transition to Work Payment for longer-term benefits claimants, maintaining previous Housing Benefit entitlement during the first three months of employment
3. Introduction of *fixed period awards* – that is, for employed people, levels of Housing Benefit entitlements would not alter during a given period (the example is given of six months) regardless of circumstances such as changes in earnings. This to reduce beaurocracy, though it is unclear whether it would apply to changes in circumstances which could bring about a *decrease* in entitlement, and *increase* in entitlement, or *both*.
4. Resetting the way that Local Housing Allowance rates are calculated – reducing Local Housing Allowance levels so that expensive properties are less affordable to claimants (research has been commissioned which will inform the approach adopted – initial findings are expected this year)
5. Removal of the £15 excess in April 2011
6. Reviewing Broad Market Area boundaries (this is already underway in Wales)
7. Making changes to the size criteria. Specifically
  - Increasing the age at which a young person qualifies for a separate room from 16 to 18, in order to fund
  - Allowing disabled people extra space for the use of carers, or
  - Allowing parents with shared custody of children to have space for their children to stay
8. Making changes to *properties'* eligibility for Housing Benefit. Specifically, disqualifying properties which fall below sety standards in terms of:
  - Quality
  - Energy efficiency, and
  - Carbon footprint
9. Allowing a return to tenants having a free choice as to whether their Local Housing Allowance payment is made to them or directly to their landlord, though apparently linking this to the quality of accommodation to encourage landlords

to meet minimum standards – that is, tenants of poor quality would not be eligible to choose

10. Encourage local authorities to establish local lettings agencies to co-ordinate engagement with the private rented sector, and to use Housing Benefit as a tool to improve the quality of housing available in the sector
11. To explore ways (unspecified) of delivering lower cost, HB-funded temporary accommodation
12. To help the social rented sector in assisting more tenants into employment by extending Choice-Based Lettings, Enhanced Housing Options, and other initiatives

**The Department of Work and Pensions consultation questions are as follows:**

- 1 Do you agree that a Transition into Work Payment will help to ease the move into work?
- 2 What would be the main features of such a scheme to secure maximum impact and minimise risk?
- 3 Should we introduce fixed period Housing Benefit awards for those customers in work?
- 4 What would be the main features of such a scheme to secure maximum impact whilst avoiding any perverse incentives and minimising risk to those whose income falls significantly?
- 5 What is the level of rent above which it would not be reasonable for the taxpayer to offer support?
- 6 How should we set benefit rates at an appropriate level so that they reflect the housing choices of other working households not eligible for benefit?
- 7 How could we set benefit rates to reflect different market conditions in different areas?
- 8 Would excluding the most expensive rents when setting Local Housing Allowance rates result in fairer levels of benefit?
- 9 How should we set appropriate Housing Benefit areas?
- 10 Should the Local Housing Allowance size criteria be adjusted?
- 11 Should Housing Benefit be extended to provide for an extra bedroom where there is an established need for a room for a non-resident carer?
- 12 Is there a case for providing for an extra bedroom in the size criteria to

help parents who need to care for non-resident children if there is evidence that working households can do so?

- 13 Should Housing Benefit entitlement be conditional on property meeting certain standards?
- 14 Should a direct payment to the landlord be linked to the property meeting a certain quality or energy standard?
- 15 We would welcome views on how Housing Benefit can contribute to the delivery of improvements in the standard of private sector housing for tenants

---

This paper necessarily presents a very brief summary of the full consultation document, which is available at:

<http://www.dwp.gov.uk/consultations/2009/supportingpeopleintowork.shtml>

**The consultation deadline is February 22<sup>nd</sup>.**

Carl Chapple

January 2010

Cymorth Cymru  
Norbury House  
Norbury Road  
Fairwater  
Cardiff  
CF5 3AS

Tel (029) 2055 3687