



# Plenty to get you thinking

**Geoffrey Ferres** looks at proposals from the Department for Work and Pensions to change the Housing Benefit rules for supported housing.

On 19 July, the Department for Work and Pensions (DWP) published its consultation paper, setting out ideas about changing Housing Benefit for sheltered and supported housing<sup>1</sup>. At the heart of the DWP's paper is a proposal to abolish what is known as the "exempt accommodation" rule and, in its place create three distinct processes for dealing with housing costs in sheltered and supported housing (see table opposite):

## Exempt accommodation

The exempt accommodation rule mainly protects a tenant if their landlord:

- Is a charity or not-for-profit organisation, and
- Provides them with care, support or supervision – directly or through someone else, on their behalf.

Strictly speaking, the protection disappears if the care or support is commissioned by the local authority from someone other than the landlord, as has increasingly happened under the Supporting People programme. The exempt accommodation

rule can also help tenants of Registered Providers but, as I explain below, they also have other protection.

## Basics of the DWP proposals

The new line drawn between "conventional" and "specially built" supported accommodation may be tricky to draw. The DWP does not offer a proposed definition, nor does it explain how the additional help will be worked out. For Route 2, it does not explain which authority in the shires will be responsible – the housing authority (District) or social services (County).

The new system is intended to start in April

2013, just six months before Universal Credit is due to start and the abolition of Housing Benefit set to begin. So, if you're a provider registered with the Tenant Services Authority, you need to consider not only how the rules have been applied by your existing local authority but also how they are likely to be applied within the Universal Credit regime, where housing costs will be handled by the DWP or its contractors.

## Route 1

If you're *not* a Registered Provider and you provide typical supported or sheltered housing, you need to look at what the

Route	Which landlords?	What accommodation?	What approach?
1	Non-RPs/non-RSLs	Conventional sheltered and supported housing (including hostels, refuges, etc)	LHA + flat rate addition
2	Non-RPs/non-RSLs	Specially built, acquired or adapted housing for people who need more intensive care or support.	LHA + additional help from local authorities
3	RPs/RSLs	All	As per general needs – but review of service charges

**Key** LHA = Local Housing Allowance RP = Registered Provider RSL=Registered Social Landlords

Local Housing Allowance (LHA) rate would be for your accommodation. You can do this via either of two websites:

- The Direct.Gov website<sup>2</sup>
- The Valuation Office website<sup>3</sup> – which is fine so long as you're absolutely sure you know the name of the relevant Broad Rental Market Area, which don't often match local authority boundaries.

You then need to work out how big a gap there is between the LHA and the amount of Housing Benefit your tenants currently receive. That's the amount you would need the DWP's final proposals to cover.

The DWP's overriding priority is the new system must be simple because, from October 2013, it will be administering it for new claims. So the DWP says there must be a flat rate addition, which could be the same for all supported and sheltered housing across Britain or could vary either by region or by type of accommodation.

The DWP sets out options it is already considering:

- Adding a standard percentage increase for supported and sheltered housing on top of the normal LHA rate
- Using the next LHA rate up for each property – so, for example, the normal two-bedroom LHA rate could be used for one-bedroom supported and sheltered housing.

### Route 2

The DWP does not see the issue of specially adapted, acquired or developed accommodation, provided by non-Registered Providers for people with more intensive care and support needs, as a matter for them. Only the standard Local Housing Allowance (LHA) rate would be paid and any shortfall would be a matter for local authorities.

To look up the level of LHA, see the advice under Route 1. Calculate the gap and ask yourself what kind of enhancement the DWP might offer under the new rules, how easily you will get someone else to cover any shortfall – and who that might be.

The DWP gives little hint of what rules it might set for local authorities and how

much money they would get back from central government.

### Route 3

If you're a Registered Provider, your rents are regulated and are "excluded" from automatic referral to rent officers by Housing Benefit departments, but can be referred at their discretion. In practice, this is done infrequently, although there is anecdotal evidence to suggest this happens more with supported housing than with general needs.

Referrals can happen when a local authority thinks a tenant of a Registered Provider in sheltered or supported housing has a rent that looks unreasonably high. The rent officer then issues a figure called the "local reference rent" which may restrict the amount of benefit payable. However, if the exempt accommodation rule provisions also cover the case, the local authority will probably have to agree that level of rent is justified and pay Housing Benefit on the full amount. This may affect the subsidy they get from central government, so they may be wary of making referrals in the first place.

On the other hand, local authorities have their Housing Benefit administration audited and auditors may query why an authority is paying for higher than average social housing rents without challenging the Registered Providers to justify them. Failures in administration can be penalised by loss of central government subsidy, so auditors tend to be heeded.

The DWP has also promised a review of service charges (see paragraphs 73 to 74). Although these paragraphs appear under the Registered Provider sub-heading, this review could have wider ramifications. It could be that Housing Benefit for service charges across the whole sector will be restricted in future.

The DWP argues its proposals mean no change for tenants of Registered Providers. This may be the case in the shorter term but if the exempt accommodation rule goes, Housing Benefit disappears into Universal Credit and the DWP takes it over, will this protection for

excluded tenancies vanish? Might the DWP and its contractors see they can save lots of money if they refer the rents of tenants of Registered Providers to rent officers? There could, therefore, be a dangerous "time bomb" in the proposals for Registered Provider accommodation.

### Personalisation

The DWP posits an alternative, of making local authorities completely responsible for giving vulnerable people personal budgets to help with the additional costs of supported and sheltered housing. It clearly thinks this is more of an alternative for people with more intensive care and support needs. But the DWP also asks the question that is probably already on your mind: "Is this a step too far that might jeopardise an individual's ability to find suitable accommodation and their required care within a total budget?"<sup>4</sup>

### Consultation

Sitra will be making a response to the DWP consultation, which closes on **Sunday 9 October 2011**. We'll be using the feedback collated from our members' policy forum on 28 July. If you missed that meeting but want to have an input into our response, please email [geoffreyf@sitra.org](mailto:geoffreyf@sitra.org).

We have arranged a consultation meeting with the DWP on 22 September in London (see page 19 for further details).

1. DWP, July 2011, *Public consultation: Housing Benefit Reform – Supported Housing*. You can download the consultation paper on the DWP's website at [www.dwp.gov.uk/consultations/2011/supported-housing.shtml](http://www.dwp.gov.uk/consultations/2011/supported-housing.shtml)

2. Visit <https://lha-direct.voa.gov.uk/search.aspx>

3. Visit [www.voa.gov.uk/corporate/Publications/residential.html#lrr](http://www.voa.gov.uk/corporate/Publications/residential.html#lrr)

4. DWP, July 2011, *Public consultation: Housing Benefit Reform – Supported Housing*, Para. 67. Visit [www.dwp.gov.uk/consultations/2011/supported-housing.shtml](http://www.dwp.gov.uk/consultations/2011/supported-housing.shtml)

## Sitra training

We are running a half day course on **Exempt accommodation and Housing Benefit** on **6 October in London**. For more information, visit [www.sitra.org/training](http://www.sitra.org/training)

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