CIH summary:
DWP Housing Benefit Reform – Supported Housing

Proposals for change in the way Housing Benefit assists those living in supported housing within the social and voluntary sector with their rent.

‘Shaping the Housing and Community Agendas’
Introduction

Government wants to look at housing benefit for supported housing/ exempt accommodation in the light of the policy direction in payment for support and care, which is being increasingly personalised and often paid to the recipient. The paper acknowledges that housing benefit for exempt accommodation is generally higher than mainstream housing due to the additional costs in provision – for management, maintenance, support and care.

The introduction in 2013 of Universal Credit is an additional driver; the paper looks at whether housing benefit should be based on the local housing allowance (LHA) and the approach is an attempt to make simplify the system for future administration.

It also looks at the type of supported housing commonly available and proposes a division into two groups:

- Those which would be considered ‘conventional supported housing’ – hostels, refuges, sheltered housing etc.
- Those where the tenants require additional and more intensive levels of support and care to live independently, that is not met within mainstream or existing supported housing and usually is provided in specially built/ acquired/ adapted housing.

Aims of the proposal

- To simplify the system
- To give greater transparency about how it will be assessed
- To increase efficiencies, savings and choice (enabling a range of providers)
- To make the system affordable and sustainable (its proposals explicitly aim for a cost neutral approach).

It seeks to introduce a system that:

- Acknowledges the legitimate higher costs of supported housing provision
- Provides controls to rent levels and expenditure and provides value for money
- Ensures that it is better targeted at those needing help
- Gives assurance of a predictable level of income
- Is clear about what additional activities can be covered
- Uses local expertise when setting additional levels of help
- Is compatible with Universal Credit.

Main proposals

For group one (applying to ‘conventional supported housing’)

The proposal is that housing benefit levels should be based on LHA with additional fixed payments. Comments are invited as to whether the additional amounts should be:
The paper acknowledges that there could, potentially be a range of additional rates to reflect the different types of supported housing, but that this would act against attempts to simplify the system.

**For group 2**

The proposal is that the rent should be based on the LHA, with additional needs to be met out with the housing benefit system, by application to a separate (supported housing) fund.

Government proposes that this should be administered locally, within the appropriate decision making arrangements of the local authority (inviting comment on which tier of local government and which department is best placed to have this responsibility).

This would enable local decisions, taking account of levels of rent and eligible charges. Authorities could also consider the wider benefits from providing this in collaboration with Fair Access to Care and teams working with vulnerable people. It could bring the funding for supported housing within the broader responsibility for commissioning care and support.

Overall policy responsibility is likely to remain with DWP. Government would also need to consider what appropriate constraints, guidance or legislation to direct controls on expenditure would be necessary.

**Wider reform**

The paper also poses the question whether a wider approach should be taken to reform, by paying standard housing benefits with all additional payments to be administered locally in the same way as Personal Budgets, or whether that would actually act against an individual’s ability to find suitable housing.

**Supported housing – registered providers**

Currently supported housing provided by registered providers and registered social landlords is included in the more generous supported housing rules for housing benefit. However, in practice the rents are usually treated in the same way as mainstream social housing.

As rent levels in social housing are kept below full market rents, the contractual rents (less any ineligible charges) are generally met in full by housing benefit. Where a local authority considers the level unreasonably high, it can ask for a rent officer to provide a valuation, which would then be the level at which HB would be paid. This is the process the paper proposes to formalise.
The government would consider a number of issues relating to rent referrals if this was the way forward; including requiring that rent officers consider a broad range of supported housing or wider areas, when reaching their determination.

**Service charges**

Service charges will be reviewed by government at some point, due to level of increases in recent years, as service charges are not subject to the same regulation as rent levels.

**Transitional arrangements**

The paper does not propose any transitional arrangements but invites comments on how this might be managed.

**CIH initial response**

CIH welcomes some positive elements in the proposals, notably:

- The acknowledgement that some people have more specific housing and support needs and that this entails higher housing costs
- The need to simplify the system and make it more transparent
- That it seeks to maintain not reduce current expenditure.

There are however, some concerns about the proposals put forward:

- Lack of clarity and definitions over the two groups, in particular what schemes or client groups will fall into group 2.

A significant aim of the proposal is to make the system simpler and more certain in terms of eligible costs. However, the paper is very vague over how group 2 service and/ or clients in particular will be identified. It is unclear whether this would include extra care housing for older people, for example. The lack of clear definition acts against the stated aims of the paper and would not support simplification and application under universal credit.

- Move from a system that supports rights, entitlement and choice to a discretionary system

The proposals for group 2 would mean a number of potentially the most vulnerable people in a local area would loose their previous entitlement to support through housing benefit, to a discretionary pot of funding, subject to locally set priorities, accessed through social services. This has the potential for putting at risk services for some of the most vulnerable (the pressures for local authorities’ finances, that have led to some large reductions in services under the previous Supporting People programme demonstrate the risks). There are also concerns over the assessment process and many could potentially fall through the gap if not able to access services in group 1.

- Risks for providers

The move to a discretionary pot of funding and the increased risks inherent in that may lead to reluctance from some providers in the sector to engage with this more vulnerable group (or to obtain financing to do so). Consequently this could reverse
the recent progress made in supporting independent living, increasing dependency on institutional settings and in turn increasing costs to other areas of the public purse).

CIH preferred approach

There are several key principles which should underpin any new system for support with housing costs in supported housing:

- Maintenance of the individual’s rights and entitlement to help with housing costs
- For the higher housing costs of supported housing to be met through housing benefit
- Support for greater choice and control by vulnerable people

CIH believes that it is more appropriate for to apply the proposals for group 1 (including the proposals for registered providers/registered social landlords) to all supported housing provision, whereby the additional housing costs required are addressed under the housing benefit system (and the housing element for universal credit). Housing benefit provides a steady funding stream for providers and being able to make long term plans is essential for the provision of quality supported housing.

It maintains the individual’s right’s as a citizen, supports choice and independent living.

In order to meet the government’s aims of encouraging a wide range of providers, but also to ensure that there is a level of quality and standards, and robust governance in place to protect the interests of vulnerable tenants, landlords could be required to follow some registrations or accreditation scheme. This could involve either registration as a registered provider/registered social landlord or as a charity, or alternatively a different accreditation route whereby RPs/RSLs and charities are automatically accredited.

This can then be reviewed once the operational system for Universal Credit is known and in place, to ensure that it works effectively for individuals, providers and government. CIH believes it is unhelpful to devise an entirely new system for this sub set of the housing sector before the system for Universal Credit is fully in place.

Controlling expenditure

Public authorities can exercise their right to restrict housing costs when these are either ineligible or unreasonable and this should enforced to address the small number of cases of concern, rather than reforming the entire system to catch these cases and in the process potentially destabilise other providers. There is also a clear route to challenge decisions to restrict housing costs, which is appropriate.

CIH acknowledges the requirement to ensure value for money and to keep adequate restraint on housing benefit expenditure. However, given the needs of vulnerable
people which is likely to increase at times of economic and social pressure, there should be reasonable provision of funds for supported housing, in particular as it demonstrably provides savings for other areas of public expenditure. CIH therefore calls for a clear ongoing commitment not to apply the shared room rent for supported housing, given the needs of people within supported housing. Likewise, the local reference rent should remain at the mid point of local market rents, even when the Local Housing Allowance is pegged at the 30\textsuperscript{th} percentile.

\textit{Transitional arrangements}

If there is to be a transfer of responsibilities to another body (local authorities), there must be a clear requirement to capture the level of actual costs in the current system, 12 months before any change occurs, to ensure that the other authorities have the funds required to meet commitments to current schemes.

Historically there has not been liaison between the Dept of Health and DWP to ensure that a transfer of people from institutional settings to independent living schemes, there is a corresponding transfer of funds. This should be undertaken to ensure adequate funds are in place in future development of schemes.

\textbf{Give your feedback}

CIH welcomes your comments on the government’s paper and our proposed responses. Please give your comments to sarah.davis@cih.org (or telephone 024 7685 1793) by midday Monday 3\textsuperscript{rd} October.