



# **Briefing: reforming social security**

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**A briefing paper for the ADASS housing policy network**

**April 2013**

## 1. Background

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This paper has been written by Geoffrey Ferres at [Sitra](#) and Sue Ramsden at the National Housing Federation ([NHF](#)) for the Association of Directors of Adult Social Services' ([ADASS](#)) Housing Policy Network, with support from the Housing Learning and Improvement Network ([LIN](#)). It is written at a time when changes to welfare benefits are beginning to make an impact overall on the housing options for social care clients and other adults for whom authorities may be providing specialist accommodation such as women's refuges, homeless hostels, and other forms of [supported housing](#).

Whilst there is a strong body of information emanating from ADASS about a wide range of benefit reform, this paper contextualises those particularly in relation to clients and tenants who live in supported and sheltered housing and the providers of that housing. The report is divided into a number of sections:

- a) Key benefit changes
- b) Special treatment
- c) Service charges
- d) Housing costs for older people.

## 2. Key benefit changes

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Key benefit changes can be understood under three headings:

### a) Reduced amounts of benefit

The Government is directly reducing the amounts people can receive by way of benefits through measures including the following:

- Freezing Child Benefit
- Uprating many benefits by only 1%
- Uprating other benefits in line with the Consumer Price Index rather than the Retail Price Index
- Capping [Local Housing Allowance rates](#) nationally for each property size
- Reducing the amount of rent on which benefit can be paid to tenants of social landlords below women's state pension age if they are considered to be [under occupying](#) their home
- [Capping the total amount](#) the household of many claimants below women's state pension age can receive by way of many benefits and doing so primarily by limiting the amount remaining for housing costs
- Replacing Disability Living Allowance for people between the age of 16 and men's state pension age with a new benefit called [Personal Independence Payment](#) (PIP) for which fewer claimants are expected to be eligible. The roll out of PIP began in the North East and North West of England in April 2013.

The combined financial impact of these changes has been modelled by various individuals and organisations. It is more difficult – arguably impossible – robustly to forecast their likely combined impact on:

- Care and support needs
- Debt
- Employment and housing decisions
- Health and wellbeing
- Homelessness
- Household formation and relationship breakdown
- Offending and re-offending.

It is important to recognise that not every change the Government is making reduces the incomes of everyone it affects:

- Universal Credit, seen on its own, increases the incomes of significant numbers of claimants; for example, where someone in a workless household enters part-time employment, and
- Personal Independence Payment is predicted to increase the amount of benefit paid to 510,000 of the 1.75m existing Disability Living Allowance claimants of working age.

## **b) Role of local authorities**

The Government is examining the risks and opportunities for local authorities that result from Universal Credit:

- The [Direct Payments Demonstration Projects](#) examine the impact on local authority and other social landlords, on Housing Benefit staff and on local support networks of paying Housing Benefit direct to tenants rather than landlords
- The Local Authority-led [Universal Credit pilots](#) explore the role local authorities can play in the new landscape that results from combining Housing Benefit and many other benefits into a single, new benefit where claimants will interact mainly online with remote benefits centres run by Central Government
- Universal Credit Pathfinders in the North West of England will test the processes for claiming and paying Universal Credit from April 2013 including support needed from local authorities.

The detailed timetable for the introduction of Universal Credit has yet to be announced, and local authorities will need to be clear when it will be introduced in their area and how the introduction of it will be phased.

The Department for Work and Pensions Government and the Local Government Association have agreed a [Local Support Services Framework](#) which sets out how local delivery partnerships (led by local authorities and DWP districts) should develop to provide support for claimants moving onto Universal Credit, including money management and assistance with making and managing claims online. It emphasises the importance of social landlord involvement in local partnerships and that resources

will be available for implementation from the DWP. A funding instrument on local support should be agreed over the summer.

### **Actions for local authorities**

*How can your authority support tenants and social care clients cope with the introduction of Universal Credit and Personal Independence Payment?*

*How will your authority support tenants and claimants to adjust to the 'Digital By Default' assumptions inherent in the Government's welfare reforms? Are those strategies suitable for your clients?*

*How is your authority involving housing providers and their tenants in thinking through strategies for change?*

*What arrangements is your authority putting in place to provide advice and help to benefit claimants with managing household budgets following the move to a single, combined payment of their benefits (including help with their rent) calendar monthly in arrears?*

*What arrangements is your authority putting in place to cover the risk of increasing levels of rent arrears arising from the application of the household benefit cap, the reductions in Housing Benefit for social housing tenants with additional bedrooms and the end of direct payments of rent money to landlords?*

*What information and intelligence does your authority have on the impact of the reductions in Housing Benefit for social housing tenants with additional bedrooms – also known as the removal of the spare room subsidy or as the bedroom tax? How does the supply of properties match demand in your area?*

*How is your authority measuring the potential or actual migration impact of welfare reform? How might the introduction of reductions in Housing Benefit for social housing tenants with additional bedrooms or the household benefit cap impact on who remains in or joins your local community?*

*Review how your authority is acting on the guidance on personal budgeting support published by the Department for Work and Pensions. This guidance seeks to address how vulnerable clients should be supported to adapt to three key changes that Universal Credit brings:*

- *A single combined payment for each claimant household*
- *Paid calendar monthly in arrears, and*
- *Help with rent paid directly to the claimant – so the claimant will pay their rent to the landlord themselves.*

### c) Localism

It would be easy to think the creation of Universal Credit and the abolition of Housing Benefit marginalise the role of local authorities in the benefits system. But local authorities not only retain the local taxation benefit but acquire the freedom to design and deliver their own Council Tax reduction schemes, albeit within reduced resources. This has not been the case since the 1980s.

The Government has also transferred certain aspects of the Discretionary Social Fund to upper-tier authorities.

The impact of these transfers will vary according to decisions authorities take but:

- The first of these may increase financial burdens on – and therefore needs for advice and support from – many individuals who receive their own bills. It may also increase the cost to landlords of vacancies and decants, even where vacancies arise as a result of delays in receiving nominations and referrals from local authority colleagues
- The second of these may have particular impact on the rate of successful moves into independent accommodation by people formerly living in hostels, refuges and other forms of supported housing.

It is in a similar spirit that the Government is considering transferring resources and responsibility to local authorities for some or all of the housing costs of at least some supported housing schemes.

#### Actions for Directors

*Review how appropriate Council Tax reduction information has been for social care clients and supported housing tenants and how the impact on these groups of the new arrangements is being measured.*

*Review how effectively local arrangements to replace aspects of the Social Fund are supporting your vulnerable clients.*

### 3. Special treatment

#### a) Supported exempt accommodation

The Government has accepted that Universal Credit, the reductions in Housing Benefit for social housing tenants with additional bedrooms, the household benefit cap and new arrangements for temporary accommodation all carry dangers for supported housing tenants and providers. The Government has attempted to address this by

legislating for exceptions to protect “supported exempt accommodation” – in the case of Universal Credit, not from the whole benefit but from its housing costs provisions.

The Government’s intentions may have been laudable but the way it which has chosen to do this has been by turning to a legal definition written in 1995 for a very different purpose. This approach appears to have two obvious flaws:

**i) Local authority supported housing**

The “exempt accommodation” [definition](#) excluded supported housing provided by housing authorities since its purpose was to protect rent allowance claimants from new benefit restrictions that did not apply to rent rebate cases – in other words, benefit restrictions that did not apply to tenants of housing authorities.

But the threat Universal Credit presents to supported housing applies as much to local authority supported housing as to any other supported housing whereas the Government envisages all local authority supported housing will be treated as if it were general needs housing and subject to new benefit restriction processes.

**ii) Local authority commissioned supported housing**

The way in which care and support are organised in supported housing has changed enormously since 1995. Then most care and support was provided as a service by the landlord of the supported housing scheme, or by an organisation under a contract with the landlord. So the (then) Government set the scope of the protection it introduced by including a requirement that care, support or supervision be provided to tenants by (or on behalf of) their landlord who must be a shire county, a housing association, a registered charity or a not-for-profit organisation. The exclusions – such as for-profit landlords – caused little outcry at the time.

But over 15 years later landlords are less often care and support providers – in particular, after the 2003 funding transfers that established upper-tier local authorities as commissioners of housing related support under the Supporting People programme. Instead, local authorities have often commissioned care and support through competitive procurement, sometimes with a clear preference for purchasing it from someone other than the landlord of the property – an approach encouraged by the [Care Quality Commission](#) and by Government.

As a result, it is unclear whether half of supported housing projects have been protected by the concessions Ministers have introduced. Directors will therefore find that supported housing within their authority that falls outside Ministers’ actual protection is variously under threat from one or more of:

- Reduced rates of rent collection as a result of payment of help with rent to tenants as the norm
- Problems with entitlement for people who stay less than a month
- Restrictions on benefit in respect of temporary accommodation by reference to the Local Housing Allowance

- New rent officer referral processes to be applied by civil servants in remote benefits centres to rents in areas of the country completely unfamiliar to them
- Changes to eligibility of service charges in Universal Credit
- Reductions in Housing Benefit for social housing tenants with additional bedrooms that, for example, penalise the provision of separate bedrooms for working age couples in extra care housing
- Household benefit caps that limit total income from tax credits and most benefits by reference to average earnings.

In a [recent letter](#) Lord Freud has confirmed that the Government recognises that there are problems with the current definition of ‘exempt accommodation’. The letter states: “we would like to make clear our intention to protect providers from any unintended consequences. For example, we wish to protect refuges and hostels where care is provided by or arranged through a ‘managing agent’ rather than the landlord. Such arrangements may not meet the precise definition of exempt accommodation but in all other ways the provision is identical to that which does...Due to the legislative constraints it is not possible to put a solution in place for April.” The letter continues to say that the DWP will work with the supported housing sector to look at a revised definition.

Directors should be aware that claimants with children and claimants incapable of work may be assisted by higher Universal Credit work allowances if they are treated as having no housing costs for Universal Credit purposes as a result of the housing costs of “supported exempt accommodation” being met outside Universal Credit. This will provide some care and support clients with a significantly greater incentive to take paid employment while living in “supported exempt accommodation”.

### Actions Directors might take in relation to:

#### **Procurement and commissioning staff**

*Ensure procurement and commissioning staff are aware of the potential threats to rent income faced by supported housing projects.*

#### **Housing Benefit departments**

*Find out how Housing Benefit colleagues addressed the requirement to identify all supported exempt accommodation cases in their Single Housing Benefit Extract for April 2013.*

#### **Government**

*Consider whether to take up with Ministers the exclusion of local authority supported housing from the definition of “supported exempt accommodation”.*

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*Risk assess all supported housing projects you commission against the threats posed by forthcoming benefits changes.*

*Consider whether it may be possible to use Discretionary Housing Payments to assist supported housing tenants adversely affected by forthcoming benefit changes.*

*Consider how to manage any risks identified in conjunction with care and support providers, partner landlords, and housing and Housing Benefit colleagues in your authority and, where relevant, partner district councils.*

*Consider how other Health partners including Clinical Commissioning Boards and Health and Well Being boards are addressing issues around welfare reform, and where coordinated action might be appropriate.*

## **b) Claimants fleeing violence**

The Government has largely carried over into the Universal Credit regulations existing rules regarding claimants who have fled domestic violence that, for example, permit Housing Benefit to continue to be paid for up to a year both on a claimant's current home and on a previous home from which they have fled but to which they intend to return.

In fact, the Government has widened provisions so they no longer refer to "domestic" violence. But the "benefit on two homes" provision has not been excluded from the household benefit cap although the benefit paid on the housing costs of a women's refuge will be excluded if the refuge is fortunate enough to fall within the definition of



“supported exempt accommodation”. This means the provision will in many cases be nullified by the household benefit cap.

### Actions Directors may take

*Discuss with community safety, housing, and benefits colleagues how the proposed new arrangements may impact on the authority’s work with those at risk of violence and what options exist to deal with adverse consequences, including possible use of Discretionary Housing Payments.*

## 4. Service charges

The Government has created a new framework for determining [eligible service charges in social rented accommodation](#) to try to make the processing of claims by its staff easier than the processing of similar claims has been for local authority benefit departments.

Insofar as the new eligibility rules affect the amount of benefit payable they have implications for all local authority tenants but it is generally the case that accommodation for people with care and support needs will have charges for additional services included in the gross rent.

Particular areas of difference between current Housing Benefit rules and proposed Universal Credit ones include eligibility of costs of:

- Alarm services
- Communal rooms
- Concierge services
- Leisure facilities
- Maintenance of adaptations
- Meals
- Window cleaning.

A Department for Work and Pensions consultation on service charges guidance for Universal Credit closed on 31 January 2013 and the Government has not yet published the final guidance.

### Actions Directors may take

*Alongside supported housing providers and key, local, partner social landlords consider the impact of changes to service charge rules under Universal Credit.*

*Encourage relevant colleagues to assess the impact of the DWP’s current proposals on people of working age in need of care and support.*

## 5. Housing costs for older people

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The Government has started drafting rules to be followed when Pension Credit takes over current Housing Benefit responsibilities for people over women's state pension age. The Department for Work and Pensions expects to begin administering rented housing costs for older people from April 2014. There is a real opportunity to lobby for a different set of rules for older people than those agreed for people of working age.

There is concern that many sheltered housing schemes (including extra care schemes) will fail the Universal Credit definition of 'supported exempt accommodation' because:

- Either insufficient care or support is provided
- Or care or support is provided but is contracted from an organisation other than the landlord.

But the rules on Pension Credit housing costs could potentially be sufficiently flexible to cover fully the housing related costs of the provision of sheltered housing by social landlords where overall rent levels are already regulated.

### Actions Directors might take in relation to:

#### Future negotiations with DWP

*Consider with relevant colleagues what aspects of the current Housing Benefit system you would like to see retained in the new system of paying housing costs within Pension Credit.*

*Consider how best to allocate responsibility within England for any localised arrangements for paying benefit on exempt accommodation, between adult social care and Housing Benefit departments, particularly in traditional shire counties.*

#### Key, local, partner social landlords

*Discuss in which cases levels of care and support in specialist housing for people over women's pension age warrant a case being made out to treat such provision as supported exempt accommodation.*

*Discuss whether it is better to argue for or against including all sheltered housing coming within the scope of a proposed future scheme outside Universal Credit for localised payment of potentially all the housing costs of supported housing.*

## 6. Further information

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Association of Directors of Adult Social Services: [www.adass.org.uk](http://www.adass.org.uk)

Department for Work and Pensions (2013). *Universal Credit: Guidance on personal budgeting support*. Available online at: [www.dwp.gov.uk/docs/personal-budgeting-support-guidance.pdf](http://www.dwp.gov.uk/docs/personal-budgeting-support-guidance.pdf)

Department for Work and Pensions (2013). *Universal Credit: Local Support Services Framework*. Available online at: [www.dwp.gov.uk/docs/uc-local-service-support-framework.pdf](http://www.dwp.gov.uk/docs/uc-local-service-support-framework.pdf)

Housing Learning and Improvement Network: [www.housinglin.org.uk](http://www.housinglin.org.uk)

Local Government Association. *Welfare reform: A quick guide for councillors*. Available online at: [www.local.gov.uk/c/document\\_library/get\\_file?uuid=b43384de-3e50-4ca6-8cb3-15759773a5a0&groupId=10171](http://www.local.gov.uk/c/document_library/get_file?uuid=b43384de-3e50-4ca6-8cb3-15759773a5a0&groupId=10171)

National Housing Federation's website: [www.housing.org.uk/welfare](http://www.housing.org.uk/welfare)

Sitra: [www.sitra.org.uk](http://www.sitra.org.uk)