

## SUPPORTING PEOPLE INTO WORK: THE NEXT STAGE OF HOUSING BENEFIT REFORM

### DWP CONSULTATION

#### Introduction

The DWP has published a short consultation document on proposals for Housing Benefit reform. It is concerned with measures aimed at supporting people into work, promoting mixed communities and ensuring that the Housing Benefit system is affordable and reflects the rents paid by working households who do not get housing benefit. The reforms are seen as a transitional stage as part of the government's long term aim to integrate housing benefit into the benefits and tax credit system. The consultation contains 15 questions, but responses to any part of the consultation document are welcomed. It closes on 22<sup>nd</sup> February 2010.

This briefing provides a short overview of some of the key proposals. Full documents and details for responding can be found on the [DWP website](#). Homeless Link are collating members view through an on-line form.

### SUPPORTING PEOPLE INTO WORK

#### Proposals

Proposals for supporting people into work through housing benefit reform are seen as part of a wider programme that has included the introduction of the New Deal and additional payments for people moving off out-of work benefits: the Job Grant, In-work Credit and Return to Work Credit, and the introduction of Employment and Support Allowance. By March 2010, the government aims to have completed a national roll-out of the In and Out of Work Project. This joint working programme between the agencies administering tax credits, out to work benefits and housing and council tax benefits aims to simplify benefits administration for people who move in and out of work frequently. There are two main proposals in this section: new Transition into Work Payments and Fixed period awards

#### 1. Transition into Work Payments

People on out of work benefits are currently entitled to a continuation of housing benefit at the out of work rate for four weeks after they start work, before benefit is recalculated to reflect their new income. A new 'Transition into Work Payment' of 3 months benefit is proposed, fixed at the rate paid before work started. Changes in circumstances including changes in wages received would be ignored. At the end of 3 months, entitlement to Housing Benefit would be reviewed, with usual rules of entitlement applying.

*Consultation questions: Q1 and Q2 apply*

#### 2. Fixed period awards

Housing Benefit customers are currently required to report changes in circumstances whenever they occur so that benefit can be recalculated. It is proposed that this system is simplified so that Housing Benefit awards are made for a fixed period of 6 months.

Three options are suggested about how changes of circumstances could affect housing benefit during this time:

- No changes – the award is fixed regardless of changes in income or personal circumstances
- No changes in earnings would affect the award, but other changes in personal circumstances would
- Changes of income with a certain band would be ignored (as in Transition to work payments)

*Consultation questions: Q1 and Q2 apply*

## **A FAIR AND AFFORDABLE SYSTEM**

### **Local Housing Allowance (LHA)**

The impact of the introduction of LHA is reviewed. Although the process of claiming housing benefit has been made simpler and less bureaucratic, rent levels have risen, contributing to a rise in housing benefit expenditure overall. There is a concern that housing benefit is being paid on properties that households would be unable to afford if working, acting as a disincentive to HB claimants to take employment.

The consultation looks at ways at setting the maximum rent level that would qualify for housing benefit. LHA currently sets this at the median of the private rented rate in each area and excludes rents on properties where housing benefit is in payment. The consultation asks how the way maximum rent is set could be changed to ensure that housing available is affordable for households in or out of work. Suggestions include excluding the most expensive properties, setting rates in smaller rental areas, setting rates according to rents paid by non-HB households and reviewing the way homes with tenants claiming HB are included in the calculation. It also suggests the creation of a national series of benefits rates divided into bands. The same LHA rates would apply in areas where rents are similar, even if the areas were in different parts of the country.

Broad Rental Market Areas are currently set by rent officers to determine the boundaries of the local rental markets. Factors included in the assessment of the areas include access to a range of health, education, recreation, banking and shopping facilities. The consultation asks if different indicators should be taken into account when determining the boundaries of the area eg distance travelled to employment by low income workers, or basing the boundaries on existing administrative areas such as local authority boundaries for ease and simplicity.

*Consultation questions: Q5 to Q9 apply*

### **London issues**

Rent levels in London are higher than elsewhere. The consultation asks if this can be addressed through the banded approach, or by capping benefits at the level affordable by working households not eligible for housing benefit.

### **Fairer size criteria**

LHA uses different criteria for the size of properties to that used in the social housing sector. The consultation asks if the criteria should be adjusted so that a young person qualifies for a bedroom at the age of 18 rather than 16. It asks if HB should fund an extra bedroom for non-resident carers, and to help parents with non-resident children if evidence shows this is something that working households can do.

*Consultation questions: Q10 to Q12 apply*

## **DECENT HOUSING, MIXED COMMUNITIES**

### **Standard of property and direct payments to landlords**

The consultation asks if Housing Benefit should be made conditional on properties meeting certain standards in terms of quality, energy efficiency and carbon footprint. It proposes making the direct payment of HB to landlords conditional on property meeting certain standards.

*Consultation questions: Q13 to Q14 apply*

It notes that problems with safeguard procedures for direct payments have not been working well enough in some areas, but suggests improvements to guidance as a remedy.

*Consultation questions: No question applies*