

# Housing Benefit 101

## Frequently Asked Questions

### HB-eligible/ineligible service charges

In broad terms, charges for communal services, i.e. services in respect of the common parts (heat & light, water charges, cleaning, health and safety checks, fire detection and firefighting equipment, gardening and pest control, etc.) can be included in a HB claim. The provision and servicing of kitchen and laundry equipment, furnishings, furniture and equipment, minor renewals & replacements, including furniture and equipment for residents' rooms or flats, can also be included for items that remain the property of the landlord.

Charges for services provided in residents' rooms or flats, including heat, light, water charges and cleaning **cannot** be included in a HB claim. Charges for broadband services are also ineligible.

Where meals are provided, there are standard amounts to be deducted from a HB claim, depending on whether there are three or two meals provided each day or breakfast only. Those standard deductions then become additional HB-ineligible charges. Reasonable costs in excess of the income receivable from ineligible charges may be included with HB-eligible service charges.

Charges for other services such as enhanced management, security, concierge and out-of-hours cover may be HB-eligible. See "Enhanced/intensive housing management" below.

### **Q: How are void costs & bad debts recovered? Can this be recovered through housing benefit?**

Some costs, such as heating and lighting for common parts, will be fixed or will not vary significantly with occupancy levels. Therefore, the cost of providing such services needs to take account voids and bad debt losses. There is no hard and fast rule but occupancy levels at 96% or down to 90%, where there are very specific allocation criteria, may be acceptable.

For example, if the cost of communal energy was £4,000 per annum for a project with 12 residents, the charge divided by 12 and by 52 weeks would be £6.41 per week. But if the occupancy was estimated to be at 96% and it was expected that 2% will be lost in bad debt write offs, the charge would be increased to  $£6.41 \times 100 \div (96 - 2) = £6.82$ .



## Overall rents and charges too high

**Q: The issue for us is the local authority saying that our rent charges are too high - they have accepted it is exempt accommodation, and that the resident requires, and is provided with support/supervision, but are comparing our charges with other supported providers in the area. Do other providers have this problem?**

**Q: Who ultimately decides how much is too much even when costs are demonstrated in detail to the HB dept by the provider?**

The local authority may reject a claim on the basis that equivalent accommodation, with the same level of service, is provided locally at a lower cost and it is reasonable to assume that the claimant could be housed by the lower-cost provider, taking account of their particular care and support needs.

The local authority may use a variety of sources to determine the cost of equivalent accommodation, including the cost in neighbouring areas where no sufficiently similar service can be found in the immediate area, taking account of the comparative rent levels in those other areas.

They do not have to consider whether the landlord would be unable to provide the accommodation while setting the rent at a lower level, but whether total rent charged (excluding ineligible charges) is unreasonably high compared to suitable alternative accommodation elsewhere.

**Q: What are typical overall rent levels that should be acceptable?**

There is a very wide range of rents and charges for supported housing units that meet the specified exempt criteria but there is no comprehensive national database that includes all types of providers. Core rent levels are likely to be higher for leased properties. This is because the lease charge payable to the building owners is often much higher than, for example, the loan charges paid by a registered provider that owns the property and may have received a capital grant towards the cost of acquisition and/or works.

The table below shows the average and maximum total amounts payable (including ineligible service charges) for supported housing provided by registered providers that had more than 1,000 units (of all types) in management during 2021/22. (Data for subsequent years has not been published in sufficient detail to provide a similar analysis.) This excludes projects such as specialised supported housing and temporary social housing that usually have notably high rents and are excluded from the "Rent Standard" that registered providers are required to comply with.



	Units	Total payable weekly	
		Weighted average	Maximum
Rooms	29,418	191.77	563.10
Bedsits	25,451	134.65	707.62
1-beds	202,671	129.97	476.81

Source: NROSH 2021/22

**Q: Is there a set cost for families living in supported accommodation fleeing domestic abuse?**

There is no specific set cost for refuges for housing benefit purposes, although there is a slightly different method for setting the core rent where the landlord is a registered provider of social housing.

**Landlord types – including registered provider status**

**Q: I am currently in the process of applying for our company to become a CIC - Have you ever come across providers who have a CIC arm, so that the council are more inclined to build a relationship as well as a limited arm for future ventures and potential profit-making opportunities?**

A Community Interest Company (CIC) is classified as “not for profit” organisation, however local authorities may check the constitution and accounts to ensure it is a voluntary organisation and can therefore qualify as a landlord in respect of specified exempt accommodation.

A CIC must have an asset lock, designed to ensure that the assets, including any profits or surpluses) are used for the benefit of its community. CICs can only transfer assets if it is made for the full market value or made to another asset-locked body.

**Q: If the provider is not an RP, do all HB costs stay with the local council and therefore cannot be claimed back from central government? Just of interest as news reports saying costs of TA (HB) are pushing many Local Authorities to effective bankruptcy. Would LA be more inclined to refuse non RHPs applications?**

**Q: If we are not a registered social landlord, can we still qualify for exempt supported accommodation and how long does it take?**

If the provider is not a registered provider of social housing (RP) the local authority does not receive full housing benefit subsidy from central government for the cost of HB for specified exempt accommodation. They do have a duty to meet the claims where they qualify as specified exempt, whether or not the landlord is an RP as long as they are a not-for-profit organisation. They also have the same duty to scrutinise claims by residents of registered or unregistered landlords, in terms of the provision of independently funded care support and supervision and the eligibility of rents and charges.



**Q: How does this process differ when the local authority is the owner of the building and landlord?**

If the owner of the building is an upper-tier authority in England which does not administer HB, they can provide specified exempt accommodation as landlord. Any local authority can provide a refuge for people fleeing domestic violence or an LA hostel (where the LA is the owner or manager providing shared housing accommodation, which is not a care home, with either meals provided or adequate facilities for the preparation of food, and where the claimant receives care, support or supervision).

If the LA is the owner and leases the building to another organization, then the leaseholder becomes the landlord in respect of the residents and the status of that organisation as a not-for-profit body is taken into account when determining whether an HB claim for specified exempt or specified managed accommodation can be considered.

### Floating support

**Q: For services such as Housing First, where the support is independent to the accommodation, similarly to floating support, would this also not fall under HB?**

Where support is not linked to the accommodation provided, it is regarded a floating support and cannot be considered as specified exempt or managed accommodation.

### Managing a HB claim

**Q: We are currently going through the process for quality assurance check on our accommodation. We have not had any housing benefit funding so far. Will housing benefit be back dated if the project gets the relevant approvals?**

It is important to make a claim as soon as possible. Claims can be backdated for up to a month but there has to be a good reason why the claim was not made earlier.

### Enhanced/intensive housing management

**Q: Can you reclaim overheads for support staff i.e. desk space, contribution for utilities if they have an allocated desk at a head office, i.e. this is their base, and they provide support at a number of properties?**

There is no specific rule regarding costs associated with providing staff to undertake HB-eligible tasks. The local authority may ask for a breakdown of those costs to ensure they are reasonable.



## Care, support and supervision

### **Q: How many hours of support/supervision is too much per week?**

There is no upper or lower limit for the number of hours of care, support or supervision provided. It must be “more than minimal” but this is not clearly defined. An example given of “minimal support” would be an optional workshop to help with budgeting skills.

## Budgeting template

### **Q: Do you have a template for show your costs of a project that can be submitted to the council?**

A budgeting template is available to [download here](#). However, local authorities have their own formats for presenting budgets and it may be necessary to extract the information from the budgeting template to provide information in the format required.