

Housing Benefit in 2008

Issues, examples
and recommendations

A report by Aaron Barbour - linksUK

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Our purpose is to champion social change. We pioneer new ideas and new ways of working locally and share the learning nationally with practitioners and policy makers. As a result, we are recognised as national leaders in regeneration and social policy.

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Contents

Introduction	4
The issues, problems and concerns	6
1. Complexity of the system and its regulations	7
2. Poor administration	9
3. Work incentives	11
Solutions and Recommendations	14
Conclusion	18
Glossary of Terms	19
Bibliography	21
Appendix: An introduction to Community Links	23

Introduction

Some 4.6m people receive Housing Benefit (HB) in the UK, at an annual cost of around £11.5bn (approximately 1.5% of GDP; much higher than other European countries) (DWP, 2002). The current system for administering housing benefits has been in operation since January 1989 when rents were de-regulated. However over the intervening years housing benefit has become the most complex benefit. Numerous amendments and changes, have made the current system extremely complicated, making its administration difficult and cumbersome, and poorly done. This leaves Housing Benefit in 2008 confusing to claimants, staff (across government departments and agencies) and landlords alike.

Community Links welcomes the Housing Benefit Review announced in this year's Budget. This paper details some of the issues, problems and concerns that Community Links has with Housing Benefit (HB). The paper is illustrated with examples and case studies from our Advice Team staff and clients; and offers a number of constructive solutions and recommendations.

About Community Links

Community Links is an innovative charity running community-based projects in east London which aim to tackle poverty and deprivation. Founded in 1977, we now help over 53,000 vulnerable children, young people and adults every year, with most of our work delivered in Newham, one of the poorest boroughs in Europe. Community Links shares the learning from our local work through linksUK, which provides practitioner-led consultancy and training, research and policy development and a programme of publications. (See Appendix for more information).

Community Links has delivered advice, information and guidance to local residents for over 30 years through its dedicated advice team. We assist over 11,000 people each year by delivering specialist advice on welfare benefits, housing and debt in a wide variety of settings throughout Newham. Housing issues make up about 1/6th of our caseload.

The London Borough of Newham and Housing Benefit

- ▶ Newham has a total 'official' population of about 246,200 (ONS, mid-year estimate, 2005), who live in 101,163 households (LBN, 2007) in the borough. Though the number of people registered with local GPs is 320,000 (Newham Recorder, May 2008), suggesting a larger population.
- ▶ The market rate in Newham for one bedroomed accommodation is between £80 and £110 per week; this rises to between £300 and £360 per week for a four bedroom property.
- ▶ Over 20% of properties in Newham are provided by private landlords, and 30.6% of housing tenure is with the local authority and Registered Social Landlords (RSL) (Housing Department of LBN, 2005).
- ▶ Newham has the highest HB claimant rate in London. There are over 40,000 HB claims in Newham, equivalent to over 40% of all Newham's households claiming HB to pay their rent. (NIMS, 2008; Housing Department of LBN, June 2008). The Greater London average is 21% (GLA, 2008).

The London Borough of Newham has a deliberate policy not to build sufficient social housing, saying that:

'The need (for social housing) is so great that even if all available housing land was used for affordable housing, this would still not be enough. The Council recognises that to devote a predominant proportion of it's housing land to affordable housing is not financially feasible; would hamper regeneration efforts; is likely to lead to a need for increasing amounts of affordable housing in the future as a result of a self perpetuating cycle of poverty.'

Affordable Housing Consultation Draft, Newham, 2002

They estimate that the borough needs an additional 30,000 new units to meet the need. At the same time, they accept that there is a need for more good quality, affordable homes.

'Only investment and planning over a very long time span will make a difference to the housing situation in Newham. We recognise that 'sticking plaster' solutions and short term projects will do nothing to improve the underlying reasons for the lack of affordable housing.'

Sir Robin Wales, Mayor of Newham, 2006

Housing Benefit does however play a vital role in Newham's housing and employment policies. For example, the recent 'Mayor's Employment Pilot', offers intensive support to the long-term unemployed or those who have never worked. The pilot team includes a dedicated HB officer to ensure a smooth and quick transition between HB re-assessments and make sure that the 4-week HB run-on is secured and administered quickly. They also offer an extended HB protection for those who are worse off in work for up to 52 weeks. The council clearly recognise the problems with the benefit system and HB in particular, and are providing the necessary support. The initial findings from the pilot are very positive.

The issues, problems and concerns

“Putting food on the table and a roof over my family’s head is all that matters”

Local Newham resident, May 2008

Housing benefit is designed to help people pay their rent. It is a means-tested benefit, and only available to people on low incomes, living in rented accommodation (including private, council and social housing). HB grew out of the 1948 ‘national assistance scheme’ and subsequent government housing strategies to address the problem of housing people on low incomes. There has been a two-pronged approach of building more social housing and paying people’s rent.

HB has been traditionally used to support three groups of people. Those who are:

- ▶ out of work (and on various benefits e.g. JSA, IS, IB (ESA), New Deal)
- ▶ getting (back) into work (different people are at different stages of work readiness)
- ▶ in-work but on a low-income

HB is currently used to meet a number of other social policy objectives beyond solely supporting those people on low incomes to pay their rent, which needless to say complicates and confuses things. The government needs to be clear about its objectives for HB, and how its accompanying strategy, policies and budgets meet these objectives. Current objectives are many and diverse including:

- ▶ giving tenants choice
- ▶ extending tenants personal responsibility
- ▶ reducing administrative costs / complexity
- ▶ reducing barriers to work (welfare to work / skills agendas)
- ▶ incentivising people into paid employment
- ▶ reducing numbers on Incapacity Benefit
- ▶ reducing fraud and error
- ▶ eradicating child poverty

HB is, at times, having an adverse impact on the success of these other government strategies because of the inherent complexity, disincentives, poor administration and the general confusion around HB.

‘The rent’s paid by the benefit. It goes up every year, I think its £320 (per week) but it might be more now. They told me when I took it that I couldn’t go to work. The housing officer said ‘this house we are giving you is only for people on benefits.’ So I’ve been here nearly two years. So in other words... I got one person telling me about getting a job and I got them telling me I can’t because of the house...’

Jane, a local Newham resident (Neale N, and Thorp S, 2006, p.8)

There are three main areas of concern within the current Housing Benefit system:

- ▶ Complexity of the system and its regulations
- ▶ Poor administration
- ▶ The use of work incentives

1. Complexity of the system and its regulations

The Housing Benefit system is far too complicated

What follows draws upon Community Links experience of working with thousands of people every year supporting them to resolve their housing and HB problems. The system is too complicated mainly because it has been tinkered with too much. HB is administered by local authorities, under the central direction of the Department for Work and Pensions.

“There are 66 words in the Lord’s Prayer; 42 laws of cricket; but housing benefit regulations runs to 967 pages, five parts, six schedules and 40 statutory instruments.”

I. Jones, LH magazine, 2005

Reforms to the system have in many cases made the situation worse, as new legislation conflicts directly with other parts of the regulations, leaving benefit staff and claimants confused as to which version of the rules to apply.

“There are few experienced housing officers in the borough, add to this all the frequent regulation and staff changes and we’re left with very few staff, who have very little up-to-date knowledge”

Community Links Adviser, May 2008

“Complexity, that’s what it comes down to. All the systems are too complex, by themselves, let alone when they have to work with one another”

Jobcentre Plus Manager, 2008

Old HB systems have not been dismantled as new ones have been introduced

There are three distinct transitional systems running concurrently:

- ▶ The new ‘Local Housing Allowance’ (LHA) (started in April 2008)
- ▶ ‘Local reference rent’ rules (from the 1990s)
- ▶ And the ‘pre-January 1996’ rules

Running these systems together, rather than quickly phasing out the old ones, has created mass complexity and confusion for staff, landlords and claimants alike.

We welcome the rollout of the new ‘Local Housing Allowance’, and hope that the government passes similar HB reforms concerning Local Authorities and Registered Social Landlords (RSL) soon. However the complex rules governing the assessment of income and re-adjustment of claims in response to changes in circumstances remain in place.

Marketing and Communications

Claimants and staff are not clear about the rules, regulations and process involved with HB. For example, the level of take up for HB, particularly among people in-work is very poor at around 50% in 2005/6 (Citizen’s Advice, 2008). If staff from different departments and agencies were better trained and members of the public had clearer information, then some of the confusion about HB would diminish.

“I really want to go back to work – there is no reason not to want to. Need to figure out a better way. I don’t want to be worrying about the whole rent situation if I go back to work, although it would be less stressful working than being unemployed. Trying to work out how much I would be trying to earn, and if I go into hospital, will I have to refill the forms again?”

I don’t feel secure at all. I don’t know about private rented. All I want is one person from one office to sit down and tell me what’s going on, what my rights are, like if I can get a grant for furniture...If I went back to work it would make me feel more useful, achieving stability and help with the financial situation not living from hand to mouth. But then there is the stress, because I don’t want to become ill again, with all the changes. I can’t try to hold down a job and do all this stuff.”

Charlene, a local Newham resident

2. Poor administration

Housing Benefit is a means-tested benefit and is very sensitive to local conditions (e.g. property types, availability and local rent levels) and individual situations (e.g. family composition and change of circumstances). Unlike most social security benefits, it is administered by local authorities. At the heart of many of the problems surrounding HB is the claiming process and the difficulties many local authorities experience in administering this complex process.

The old maxim *'time is money'* holds very true today. For people on low and limited incomes the quicker that HB claims and re-assessments can be made the better.

In 2002-2003, the average time taken to process a new claim was 48 days. The government's target is 14 days, but the worst performing councils were sometimes taking as long as 150 days. In Newham the average processing time for a new claim is 30 days (Housing Department of LBN, June 2008). For claimants, these delays can result in financial hardship and, in some cases, eviction if the tenant is unable to pay the rent while waiting for their claim to be processed (Audit Commission, 2002).

Clients come to Community Links when they have tried to resolve their issue but cannot get any further by themselves. In our experience call centres cannot answer complex questions. Administrative issues that tenants present to Community Links qualified and experienced advice workers include:

- ▶ rent arrears and debt
- ▶ miscalculations of HB (customer and official error) which can lead to rent arrears, eviction and court
- ▶ other official errors
- ▶ delays in processing times
- ▶ backdating
- ▶ the impact of change in circumstances on HB
- ▶ providing the 'right' evidence
- ▶ appeals (average appeal time is 2-3 months).

Limited interaction between local authority departments and government agencies

One of our major areas of concern is government inter-departmental and inter-agency working. For example the practical links between local authorities HB departments, local Jobcentre Plus offices, and HMRC tax-credit departments. They can work together if it is in their interest to do so, for example claiming back an overpayment, however they do not always work so well together if there is an underpayment to a tenant.

"The systems look good on paper, but they are not working on the ground"

Community Links adviser, May 2008

Another example: when a person finds a job this should trigger a HB re-assessment. The forms are meant to be filled-in at the Jobcentre and then sent to the local housing department. In practice this often does not happen, meaning some individuals are going into rent arrears.

Change of Circumstances: re-assessment of HB

An individual has to go through the arduous process of being re-assessed and then reclaiming HB when their circumstances change. As people are not clear about the system, and do not trust that there will be a quick turn around time for their change of circumstances to be registered, they can be dis-incentivised to firstly, change their circumstances, or secondly to notify any changes. It can also impact on an individual's withdrawal rates. For the local authority the administrative burden of gathering together all the correct evidence, and paperwork can, if the administrative re-assessment is not done in sufficient time, push people into rent arrears, debt and possible eviction. Time is of the essence for people on a low-income. They do not have the luxury of savings and resources, only the option of debt. A quicker turn around time and fewer rules about declaring changes of circumstances would help considerably.

Contributing towards rent

Some Community Links clients are claiming other benefits (e.g. child benefit or tax credits) to pay rent to their private landlords. One way of counteracting this would be to extend tenancy agreements and rent levels from six to twelve months, for people on HB, with private landlords. So that private landlords cannot increase the rent after the first six months (as some currently do) leaving the tenant in a very difficult bargaining position.

3. Work incentives

Housing Benefit is the main trap, actively dis-incentivising people to move into work

Housing costs represent most people's single greatest regular cost. Without HB, 40% of households in Newham could not afford to pay their rent. People need to know that they have secured their accommodation before they move into work. The prospect of losing one's accommodation or having to pay high levels of rent, can be a strong motivation to remain on benefits. Yet, as discussed above, support is available (e.g. in-work HB) but people do not know or are put off by the administrative processes.

'A lot of people want to work even though they don't realise they're badly off, people generally want to work. I think it's not bad if you can sort out the council tax and the housing benefit and get a sort of balance with what you are earning...but they are generally worse off if they are working than on benefits.'

Housing Support Worker

Poor administration stops people returning to work

The poor administration of HB acts as a disincentive for claimants to leave benefit and take up paid employment. For example, in 2001/02, the national average was three weeks for recipients' housing benefit entitlement to be adjusted following a change of circumstances (DWP, 2002). The average time in Newham for a change of circumstance to be processed is 15 days; and 30 days for a new HB claim to be processed (Housing department of LBN, June 2008). However Community Links advisers cite delays (in processing times, payment and appeals) as the top issue for local tenants. This can make it risky for unemployed claimants to take up employment (while continuing to claim housing benefit) if the job is short-term. Short term, part time, temporary and sessional type jobs are now commonplace in areas such as Newham. The job market has moved on considerably from a traditional 35-hour week. It would be helpful if the benefit system was more flexible and responded far more quickly to people's working patterns.

'Government should allow claimants to keep some of the key benefits such as Housing Benefit when people get into low-paid work, rather than severing them off straight away and throwing people in at the deep end. When people get a job, you would want them to keep it, but if they face extreme difficulties including homelessness because they can't afford to rent, they may not keep the job, and sooner than later they will be on welfare again.'

Advice worker from Newham

Withdrawal rates of HB are excessively steep

When a person finds paid employment HB is re-assessed and withdrawn at a very high rate (65% of net income) compared with most other countries (Cited in Kemp, 2006). When combined with additional income tax and social security tax (national insurance), and reduced social assistance and tax credits, the effective marginal tax rate for housing benefit recipients can be very high and in some cases over 90%. (Wilcox, 1993. Cited in Kemp, 2006 – this is still the case 15 years later).

To simplify this a Marginal Deduction Rate (MDR) is the amount of money an individual 'losses' or is 'withdrawn' when they start work because the new income (i.e. wages) is offset by slashing the mean tested benefits money to make up for the 'extra' gained from the new income source (wages). For example, for every £1.00 you earn in wages you'd only actually benefit to the tune of 60p if you had been assigned an MDR of 40%.

This creates a disincentive for people to move into paid work, as they see themselves as no better off, and in some cases worse off because of the additional costs that employment can incur (e.g. travel, work clothes and tools).

"People are regularly being pushed into debt when they start work, well within their first few months, because of the extra costs they now face, like buying a travel card or a suit. Added into the debt mix is the extra money they've got to find to pay for the things they were getting from passported benefits, and the fact they might not receive their wages until two-four weeks into the job."

Community Links Advice Worker, June 2008

Earnings disregards count as income and are taken off HB calculations

For certain benefits, mainly Incapacity Benefit, earnings disregards are used as work incentives to encourage people back into work. An earning disregard is a work incentive which enables people to work and earn small amounts of money each week, up to a limit, and retain their benefit payments. However there is a huge contradiction in this process because any money earned through the disregard system is seen as income for HB calculations, and so HB is reduced penny-for-penny accordingly.

What is the incentive for someone to try out small bits of work (less than 16hours on current IB rules), developing new skills and experiences, and getting back into the routine of work, if they are financially penalised for doing so? This is even more acute for people on JSA where the disregards are significantly lower (i.e. JSA single person weekly earnings disregard is £5. They could not even work one full hour a week on the minimum wage!)

'...So for me now, if I go working, the less money I get the better... It's in my interest to do part time, small hours, earn less money, that way, ...it doesn't matter, it would be the same as on income support I think, because the money I get for this...so they encourage that. I don't really believe in it. It's when I do 50 hours and £6 an hour. But the rent eats all my money...Right now, if they going to be putting me on a higher salary, I say I can't because I have to give it all in benefit you know. I'm going to be working harder, doing more stuff, and what I get? Nothing? I have to pay all towards my house, it's ridiculous...'

Sarah, a mother of two

Housing Benefit Run-on

HB runs on (at the same rate) into new employment for up to four weeks, whilst HB levels are being re-assessed. This ensures that the rent is still paid, reduces disruption whilst

starting a new job, and can ease administrative timings. The rules and regulations seem sound. However many staff, landlords and claimants do not know about the run-on (it is not included on any of Newham Housing literature, for example); Nor do they know that an application form has to be filled in to be eligible for a run-on and that there are certain conditions to fulfil in order to qualify. For some the run-on is not long enough, as their Council's administrative systems are not responsive enough. So people receive back dated run-on payments 8-12 weeks after they have started their job.

Other issues affecting local people and HB

'Local Housing Allowance' concerns

Though we broadly welcome LHA, there are some concerns that LHA may lead to increases in rent arrears and higher collection costs for landlords. The evaluation of the 18 pilot programmes identified the same issues (DWP LHA evaluation website viewed on 13th June 2008: <http://www.dwp.gov.uk/housingbenefit/lha/evaluation/>). The national roll-out should be closely monitored and include real-time evaluations to check that these issues do not create problems for individuals and their landlords.

Fraud and Error

At any one time, approximately one in six recipients may be receiving the wrong amount of benefit because of official error, claimant error, or fraud (DWP, 2008). DWP needs to work with Local Councils and shift its focus to reduce the amounts of official and customer error, now much higher than fraud. Shelter claims that 680,000 people are missing out on HB worth £1 billion per year as a result of this and poor administration.

Owner-occupiers and HB

Some owner-occupiers (e.g. pensioners and carers) can be on council tax benefit (CTB) but not on HB. They can be capital rich but cash poor. The government could look at introducing small 'bill payment' benefits (c.f. winter fuel payments) for these individuals, with the knowledge that this frontloading support will stop them ending up in the HB system which is more expensive and more complex. The alternative is to sell their properties, move into private rented accommodation (so using up their income on rent), move into temporary housing (which is an expensive cost to the state), and then move into the HB system.

Temporary housing

There are number of issues about temporary housing that we are concerned with. These were in part addressed in our Evidence Paper No.9 (Neale E and Thorp S, 2006) examining the effects of high rents on temporary housing in Newham:

The report is available for download from:

www.community-links.org/ourwork/evidence_based_reports_and_submissions_to_government/

Solutions and Recommendations

As an integral part of the housing system, many of the problems relating to HB are tied up with wider issues of the availability and cost of housing. Nonetheless, it is almost universally accepted that HB is in urgent need of reform. We recommended that HB reforms should not be assessed in isolation, but incorporated into the wider context of national housing policy and benefit simplification. In addition to the internal, cross-departmental HB review, the government should consider widening the review to incorporate the experience, views and solutions of HB claimants themselves, and the voluntary and community sector organisations who work with claimants as well as public and private sector organisations.

Community Links believes that HB should be reformed to:

- ▶ support people sufficiently, for a decent period of time, enabling them to find the right property which suits their needs
- ▶ improve administrative costs, reduce complexity, and focus on improving customer service
- ▶ improve work incentives
- ▶ reduce official and customer error

1. Reducing complexity

The rules surrounding two key variables - incomes and household composition - as well as HB's extreme sensitivity to changes of circumstances remain largely unaddressed within the current HB system. One way of addressing this would be a move away from means testing to universal, or flatter, rates of HB, which could realistically be looked at with local authority housing and RSLs tenants.

Phasing out old HB systems

The government should look at removing the legal barriers to be able to phase out all previous HB systems by 2010/11, so that only one exists.

Assess HB by household not by individual

Other adults living in someone's home are currently means-tested (a means-test within a means-test), and if information on their earnings is not available then the maximum non-dependent deduction is applied to housing benefit claims. There are two options to consider: firstly, government should move away from assessing HB individually to assessing HB by household; and secondly government should introduce a small flat-rate deduction for earning non-dependents and no deduction at all for non-earning non-dependents. This would reduce the risk of non-dependent young adults being asked to leave home. Although there would be cost implications, we believe it would stop the deception that the system currently encourages, as well as simplify and smooth the administration of the system. People and families would be able to live under the same roof without that impacting on their rent being paid by HB.

Reduce change of circumstance compliance

The government should look at ways in which change of circumstances declarations would not have to be made so frequently, and/or to reduce the paperwork and evidence that a

claimant needs to produce. Higher disregards (c.f. £25,000 disregards in the tax credit system) could be an option to consider.

Increased marketing and communications for those in work

More targeted marketing and advertising to raise awareness of in-work Housing Benefit should take place at local, regional and national levels, encouraging people to get the help that is available to them. Local authorities should be allocated further funding to conduct these take-up campaigns.

Positive PR should be generated, using, for example, case studies of real people who have successfully got a job and secured in-work HB support, promoting what they have gained from doing so.

2. Improve the administration

Locally

At a local level, Newham Council should:

- ▶ Speed up HB processing times to meet the government's target of 14 days
 - Systems / process mapping could be a useful tool to understand how the current system works in and between each department / agencies. Toyota's lean system is an interesting model.
- ▶ Improve staff training and retention
- ▶ Raise awareness of regulations and local processes amongst HB claimants and Landlords

Nationally

Develop a modified version of LHA to address problems with HB and Social Housing LHA will only cover about 20% of HB claimants, as over 80% of HB recipients live in Social Housing (local authority or RSL) (DWP, 2003). We know that the government expects to extend LHA to social housing, but when? A clear plan with specific deadlines needs to be set out by the government.

The introduction of the LHA into social rented housing will be more difficult than for private rental housing. This is because the ways in which rents are set and tenancies are allocated in social housing are very different from in the private rental market. Unless reforms are made in these areas, some of the hoped-for benefits of the LHA may not be realised when it is extended to social housing.

Introduce HB Tax Credit

The London Child Poverty Commission (2008) and others before them have suggested fully integrating HB and tax credits, with separate adult and child entitlements as with working tax credits and child tax credits. Community Links would like to see more detail as to how that would happen and how this move would help to harmonise benefits and tax credits, reduce administrative burden and costs, and reduce withdrawal rates.

Longer payment periods and less reassessment

HB should have a 12-month payment period for private rented and much higher disregards for all. This would simplify administration, and increase the incentive for people to move into work and then increase their earnings.

Rollout of the Local Housing Allowance

Alongside the rollout of the LHA, the Financial Services Authority should increase its number of financial literacy and education programmes to people on benefits, low-incomes and young people in the education system. Government should make it a condition of attending such sessions if moving to LHA.

There should also be more compulsory financial education as part of the PHSE curriculum in schools from key stages 2-4, to educate and therefore prevent, and reduce, financial problems in adulthood.

3. Increase the use of work incentives

Introduce a tapered withdrawal of HB

HB should be withdrawn using a taper over 12-36 months of moving into paid employment. It could also be withdrawn by having a taper that relates to earnings. This would increase the incentive to move into work, ease the transition for individuals, giving them greater 'breathing time' and security (financial and emotional - when finding their feet in a new job), and the ability to plan financially for their future.

Disregard earnings disregards as income for HB calculations

HB calculations should not include earnings disregards as income. The current system incentivises with one hand (disregard) and takes or dis-incentivises with the other (HB). This change will be particularly important for the success of 'Employment & Support Allowance' from October 2008 onwards.

Pilot the Community Allowance

The CREATE Consortium has launched a new campaign to establish the Community Allowance within the UK benefits system. This would enable community organisations to pay people who work to strengthen their communities, without it affecting their benefits. CREATE could work within IB/ESA structures *if (and it's a crucial if)* HB calculations did not consider earnings disregards as income.

To find out more about the Community Allowance and to watch the five-minute film, 'Benefits Rule', about how benefit regulations stop people getting paid work in their community, visit: www.communityallowance.org

Withdraw HB and CTB at different times

HB and council tax benefit (CTB) should not be withdrawn at the same time. This would increase the rate at which net income rises as earned income rises and would therefore improve incentives to seek employment and to increase earnings once in employment.

At the moment, as other income rises, both council tax benefit and housing benefit are withdrawn together, contributing to a total withdrawal rate of 85%. This is a disincentive to

seeking employment. CTB should be paid at the full rate until HB has been completely withdrawn, and that only then should CTB begin to be withdrawn.

HB run-on

Raise awareness

Staff training and some localised take-up campaigns would increase awareness of run-ons.

Make the run-on automatic

Currently a claimant has to know that HB can be run-on (barrier 1), meet certain conditions (barrier 2), they have to get a form (barrier 3), and then fill it in correctly (barrier 4). HB run-ons should be made automatic for all people moving into employment. Efficient computer systems and data sharing could make this a reality.

Remove conditions

HB run-ons involve meeting certain conditions to qualify. To remove the conditions would ease the transition into employment.

Extend the run-on

Whilst HB is being re-assessed extend run-on to 8-12 weeks to compensate for administrative delays otherwise people can go into arrears or debt very quickly through no fault of their own.

Increase employment support for those unemployed and in-work

Local authorities and RSLs should look at joining-up services. For example, they should provide intensive employment support to unemployed and in-work tenants. The Working Futures Pilot in east London is an example that combined subsidised rents for temporary accommodation with intensive in-work support. Though the numbers on the pilot were relatively small, the results were positive. A similar project is happening in Lewisham. This approach should be rolled-out across London and tested in other parts of the UK.

Conclusion

To paraphrase, the old adage, “an Englishwoman’s home is her castle”, this still holds true today. Securing the roof over our heads is one of life’s priorities. To this end HB reform is urgently needed. Not more piecemeal reform, but progressive, joined-up, big-picture reform.

We recommended that HB reforms should not be done in isolation, but integrated into the wider context of national housing policy and benefit simplification.

HB Reform should:

- ▶ support people sufficiently, for a decent period of time, enabling them to find the right property which suits their needs
- ▶ improve administrative costs, reduce complexity, and focus on improving customer service
- ▶ improve work incentives
- ▶ reduce official and customer error

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Glossary of Terms

Benefit system

The benefit system provides practical help and financial support to those unemployed and looking for work. It also provides additional income when one's earnings are low, and help with bringing up children, for those who have retired, and for carers, people who are ill or have a disability.

The Department for Work and Pensions (DWP) manages most benefits through Jobcentre Plus offices. The Pension Service deals with benefits and entitlements for pensioners. Local councils administer Housing Benefit and Council Tax Benefit; and HMRC deals with tax credits.

Council Tax Benefit (CTB)

A means-tested state benefit paid to council or private tenants who need help paying their council tax.

Department for Work and Pensions (DWP)

The government department responsible for overall administration and policy work concerning social security benefits. DWP is also used to refer to Jobcentre Plus, The Pension Service, and Debt Management.

Earnings Disregard

A work incentive which enables people to work and earn small amounts of money each week, up to a limit, and retain their benefit payments. E.g. a single person on JSA can earn up to £5 per week, anything earned over and above this amount is deducted penny for penny from their next benefit payment.

Her Majesty's Revenue & Customs (HMRC)

The government department responsible for overall administration and policy work concerning tax credits.

Household

A household is defined as a single person or a group of people living at the same address as their only or main residence and either share one main meal a day or share the living accommodation or both.

Housing Benefit (HB)

A means-tested state benefit paid to council or private tenants who need help paying their rent.

Housing Benefit run-on

Housing Benefit 'runs on' (at the same rate) into new employment for up to 4 weeks, whilst Housing Benefit levels are being re-assessed.

Local Housing Allowance (LHA)

LHA is a new way of calculating Housing Benefit for those renting from a private landlord. It is based on the area the customer lives, number of occupiers in the property and household size. All new private rented HB claims from 7th April 2008 are assessed using the LHA.

Marginal Deduction Rates (MDRs)

Measure the extent of the poverty trap by showing how much of each additional pound of gross earnings is lost through higher taxes and withdrawn benefits or tax credits.

Overpayments

If a person is paid too much benefit or tax credits it is called an 'overpayment'. Overpayments are generally deducted or 'clawed back' from future payments.

Passported benefits

Some benefits and tax credits act as a 'passport' to other benefits e.g. if a person is in receipt of Income Support they may be eligible for free school meals, health benefits and access to the Social Fund.

Poverty

The most widely used definition of poverty is living in a household that has a disposable income below 60% of the median income. The median is the mid-point of the income distribution, so half the population will always have an income below the median by definition.

Registered Social Landlords (RSL)

RSL are social landlords that are registered with the Housing Corporation (most are housing associations, but there are also trusts and co-operatives) to provide social housing.

Work incentives

Financial incentives within particularly benefits which aim to progress people off benefits into work e.g. an earnings disregard.

Working Tax Credits

Working Tax Credit is a payment to top-up the earnings of low paid working people (whether employed or self-employed). Working Tax Credit, can be claimed by those aged 25 or over and working at least 30 hours a week. Tax credits are calculated on household income and circumstances.

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Appendix: An introduction to Community Links

Community Links is an innovative charity running community-based projects in east London. Founded in 1977, we now help over 53,000 vulnerable children, young people and adults every year, with most of our work delivered in Newham, one of the poorest boroughs in Europe.

Our Vision is to be champions of social change.

Our Purpose is to tackle the causes and consequences of social exclusion by developing and running first rate practical activities in east London, and by sharing the local experience with practitioners and policy makers nationwide.

Our Work is based on the belief that we all have the potential to do great things. Community Links aims to encourage everyone to fulfil their own potential and knows that every adult can build their own ladder out of poverty or disadvantage. This is reflected by 80% of Community Links' services being provided by people who were themselves service users.

In east London we provide advice, training and practical support, including education programmes for non-school attenders, play and care schemes, family advice sessions, youth work with young people on the street, training schemes, counselling groups, emergency services and much more.

linksUK explained

Community Links shares the learning from our local work through **linksUK**, which provides practitioner-led consultancy and training, research and policy development and a programme of publications

Over the last eight years, linksUK has:

- ▶ published over 32 books and reports based on our research
- ▶ worked with over 5,000 local people using our innovative 'Everyday Innovators' approach
- ▶ succeeded in securing 12 national policy changes
- ▶ influenced government strategy and policy on the informal economy and deprived neighbourhoods
- ▶ hosted seven government secondments
- ▶ and has successfully tested 11 ideas for improving delivery of local services.

Further information

Website: www.community-links.org

Blog: www.community-links.org/linksuk

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