

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH AND HOUSING COMMITTEE

Agenda Item No 12

meeting date: 16 SEPTEMBER 2010
title: HOUSING BENEFIT EXEMPT ACCOMMODATION
submitted by: DIRECTOR OF RESOURCES
principal author: DAWN SLATER

1 PURPOSE

- 1.1 To inform members that Lancashire County Council Social Services are placing customers with high-level care needs in private sector supported housing accommodation within Ribble Valley.
- 1.2 To highlight the cost implications to Ribble Valley Borough Council regarding these schemes.

2 BACKGROUND

- 2.1 Ribble Valley Borough Council ceased payments for Supporting People in 2003 and since that date the responsibility lies with Lancashire County Council (LCC). Once the responsibility transferred to LCC restrictions were introduced on what costs were allowable for Housing Benefit payments and this means for some private sector tenancies a referral to the Valuation Office Agency (VOA) is required.
- 2.2 Properties that are "exempt" accommodation cannot be restricted to the VOA decision unless Ribble Valley Borough Council can evidence suitable alternative accommodation within the locality. "Exempt" accommodation is where the landlord falls broadly into the "not-for-profit sector and provides care, support or supervision" to the tenant (or gets someone to do it on their behalf). If the property is not restricted the local authority can be liable to pay either 40% or 100% above the VOA assessment: - e.g. rent £100 per week, VOA £60 per week.

In the above example the additional costs to the LA is 100% of the excess over the VOA assessment i.e. £40 or £16 per week (40% of £40) if the customer was considered to be vulnerable.

3 ISSUES

- 3.1 In the last financial year Ribble Valley Borough Council incurred a subsidy shortfall of £5,321.41 arising from customers who live in properties that are classed as "exempt" private sector accommodation.
- 3.2 The benefit section has received a further three claims in July 2010 which met the criteria of "exempt" accommodation. These claims could potentially cost the authority £14,000 per annum and this cost would continue to increase year on year when rent increases were received from the Landlord.
- 3.3 LCC has also informed the benefit section that another four customers will be ready to move into the Ribble Valley Borough at the start of 2011. All these customers are also classed as vulnerable and therefore unless LCC can obtain tenancies with a Registered Social Landlord there will be further costs chargeable to Ribble Valley Borough Council.

3.4 The Benefit Section has worked closely with other neighbouring local authorities in connection with the concerns over “exempt” accommodation (see report to District Leaders’ Forum – 22 February 2010 attached at Annex 1). In addition South Ribble BC has exchanged correspondence with Grant Shapps the Minister for Housing and Local Government – see Annex 2.

4 CONCLUSION

4.1 The Local Authority has very little control over these potential losses and little knowledge or influence over the placements. There will be a significant effect on the council’s budget arising from these claims and the numbers could continue to grow.

4.2 It is therefore imperative that we continue to lobby the Government along with our neighbouring authorities on this issue.

4.3 The Department for Work and Pensions (DWP) issued a questionnaire last year which Ribble Valley Borough Council took part in regarding “exempt” accommodation and the latest information regarding that is 20 local authorities have been involved in discussions with the DWP. The discussions have highlighted that the current arrangements are unsatisfactory and there is a need to change the current system. The DWP are yet to formulate a new scheme but they are sympathetic to the concerns of LA’s about loss of subsidy. The DWP are currently working on this issue although no changes are foreseen prior to late 2011/early 2012.

DAWN SLATER
BENEFITS MANAGER

HH6-10/DS/AC
5 August 2010

Report to District Leaders' Forum – 22 February 2010
Housing Benefit - Exempt Accommodation

1.0 Introduction

- 1.1 The purpose of this report is to highlight the high and increasing burden that is being placed on Lancashire District Councils through non subsidised Housing Benefit (HB) payments made, as a result of activity involving Lancashire County Council Social Services and others placing clients with high level care needs in private sector supported housing accommodation.

2.0 Background

- 2.1 Prior to the introduction of the Supporting People (SP) arrangements, the Housing Benefit Regulations were amended in 2000 to assist in the identification of support charges under the Transitional Housing Benefit (THB) Scheme. The purpose of this amendment was to identify support charges that were included in HB payments so that funding in respect of these payments could be transferred to the proposed new cash limited Supported People funding arrangements. County Councils or Single Tier authorities would then administer payment of SP funding to appropriate support providers. The THB Scheme ended in 2003.
- 2.2 As a result of these changes restrictions were placed on what charges qualified for Housing Benefit payment, In general, most private sector tenancies were then subject to a referral to the Rent Officer for a determination of the maximum eligible rental for HB payment purposes.
- 2.3 That said, HB claims, and subsequent payments, in respect of some properties cannot be restricted to the maximum determined by the Rent Officer unless suitable alternative accommodation could be identified within the locality. These properties, often existing residential houses purchased on the open market, are classed as *exempt accommodation*. *Exempt accommodation* being that provided by, for example, non-profit making organisations or charities, where care, support and supervision are included as part of the tenancy.
- 2.4 In situations such as those outlined at 2.3, the cost of all HB paid above the Rent Officer's determination falls to be met from local authority budgets. Depending on whether the claimant is considered vulnerable, the local authority is required to meet either 40% or 100% of the additional HB paid. Local Authorities' ability to restrict these types of HB claims is very limited.
- 2.5 In circumstances where support is provided by a Registered Social Landlord (including Local Authorities), and the tenancies do not require referring to the Rent Officer for a determination, full HB DWP subsidy can be claimed by the local authority thereby minimising the overall impact on revenue budgets.

3.0 Current Position

3.1 In recent years Lancashire Social Services appear to have been more active in placing clients into “exempt” private sector accommodation which, for the reasons explained above, has resulted in a considerable increase in HB Subsidy loss for Local Authorities. The position for all Lancashire LA’s for 2007/08 and 2008/09 is detailed below in the table below:-

3.2

<i>Local Authority</i>	<i>Actual 2007/8</i>		<i>Actual 2008/9</i>	
	<i>Housing Benefit Paid</i>	<i>Subsidy Shortfall</i>	<i>Housing Benefit Paid</i>	<i>Subsidy Shortfall</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Burnley	209	84	259	104
Chorley	493	199	519	209
Fylde	28	11	127	51
Hyndburn	15	7	18	9
Lancaster	97	39	103	41
Pendle	242	97	294	118
Preston	268	112	168	70
Ribble Valley	8	3	13	5
Rossendale	No information supplied			
South Ribble	440	180	472	193
West Lancs	69	35	308	143
Wyre	13	5	25	10
Total	1,882	772	2,307	953

It is clear from this table that the cost borne by certain Authorities is significant and the total subsidy loss is increasing towards £1m in 2008-09.

4.0 Key problems

- 4.1 Due to the current Housing Benefit Regulations the placement of individuals with high level care needs in “exempt accommodation” results in a considerable loss of benefits subsidy.
- 4.2 District councils have very little control over this loss and have little knowledge or influence over the placements made into these properties or their physical location.
- 4.3 This type of housing provision is having a growing and significant effect on district council budgets.

5.0 Action to date

- 5.1 Evidence gathering continues to take place between Lancashire Authorities to help benchmark the rent levels for similar types of property, to enable a consistent approach for determining fair rent levels to be developed.
- 5.2 Lancashire Benefit Managers have contacted DWP as a group to express their concerns regarding the increasing loss of subsidy. Lancashire Authorities were invited to respond to a survey of Authorities on the subject earlier this year but were advised by the DWP that this is part of a more general review of Housing/Council Tax Benefits.
- 5.3 Central Lancashire authorities have been taking a leading role in working with local partners in this area to establish reasonable and appropriate expectations on rental levels. This work includes South Ribble, Chorley, Preston and West Lancashire Councils.
- 5.4 Central Lancashire authorities have now established good working links with LCC commissioning to get advance notice of placements likely to be made into “exempt accommodation” in an effort to influence a suitable and sustainable outcome.
- 5.5 As the amount of care, support or supervision that needs to be provided by a landlord for the accommodation to be classified as ‘Exempt Accommodation’ is **not** specified within Housing Benefit Regulations, Chorley Council appealed to the Upper Tier Tribunal (formerly Social Security Commissioners) arguing that, in the specific cases, it was not sufficient to fall within the definition. Unfortunately Chorley Council was unsuccessful in their appeals.

6.0 Points for consideration

- 6.1 If the current situation remains then district councils will have great difficulty in controlling increasing costs in this area. This may cause considerable problems for some Authorities in terms of budget provision.
- 6.2 It is absolutely essential that there is a co-ordinated dialogue between Districts and the County Council to try to minimise the financial impact and gain greater certainty of any potential subsidy loss. This could perhaps lead to consideration of different types of providers being used or a more partnership based strategic approach to the placement and funding for “exempt accommodation”.
- 6.3 Representation should be made to the Department for Works and Pensions regarding the fact that it seems unfair that the Housing Benefits budgets should stand the cost of this type of housing provision.

7.0 Recommendations

- 7.1 That District Councils consider this paper and agree the further action to be taken on this matter.

Date: 25 August 2010

Your ref: Our ref: MRS/TOR

Please ask for: Councillor Mrs M R Smith

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Dear Mr Shapps

RE: SUPPORTED "EXEMPT" ACCOMMODATION – HOUSING BENEFIT FUNDING

Thank you for your letter dated 30 June, in response to my letter of 3 June to the Rt Hon Eric Pickles MP, on the above mentioned subject.

Whilst we very much welcome the Department for Work and Pensions (DWP) review of housing benefit paid in respect of supported accommodation could you please clarify the timetable for conducting and concluding this review. We can fully understand this review needs to be carried out in a thorough manner, to properly assess any impact on vulnerable tenants. However, until it is completed, and funding reforms introduced, it will be left to the local council taxpayer to continue subsidising what is a rapidly increasing housing benefit bill.

May we respectfully suggest that the Government amends the housing benefit regulations immediately to increase the amount of grant subsidy payable to local authorities whilst the DWP review is completed. That way those vulnerable tenants in supported accommodation will not suffer a reduction in housing benefit and this demand led budget pressure will be lifted from local council taxpayers.

We look forward to your reply.

Yours sincerely

COUNCILLOR MRS M R SMITH
LEADER OF THE COUNCIL
 On behalf of the Lancashire Leaders

Date: 25 August 2010

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Please ask for: Councillor Mrs M R Smith

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Dear Baroness Eaton

RE: SUPPORTED "EXEMPT" ACCOMMODATION – HOUSING BENEFIT FUNDING

Thank you for letter of 10 August 2010.

We are naturally pleased to hear that the Local Government Association will, as part of both the Department for Work and Pensions (DWP) working party and the Spending Review submission, be making the case to try and secure full funding for housing benefit paid in respect of supported accommodation. I have enclosed, as requested, copies of our correspondence with Government on this topic and can confirm that we are happy for you to cite Lancashire in providing specific evidence of this unfunded spending pressure.

You may also be interested to hear that we have established a countywide group of officers to look into this issue. Specifically, how we can achieve better co-ordination and value for money in the commissioning of supported accommodation. If the LGA's officers would value a direct dialogue with our officer group then our Benefits Manager, Jeni Barnes (01772 625213 jbarnes@southribble.gov.uk), will be able to make the necessary introductions.

Finally, you asked a specific question about reductions to the maximum local housing allowance (LHA) rent. You will be aware that, as it falls outside of the LHA scheme, this will not restrict the benefit payable to claimants occupying supported accommodation. The impact on other benefit claimants is also expected to be minimal, as the maximum rent threshold proposed generally exceeds rents payable within Lancashire.

Your continued support in taking this issue forward is very much appreciated.

Yours sincerely

COUNCILLOR MRS M R SMITH
LEADER OF THE COUNCIL
on behalf of all Lancashire Leaders

Copied to: All Lancashire Leaders & Chief Executives

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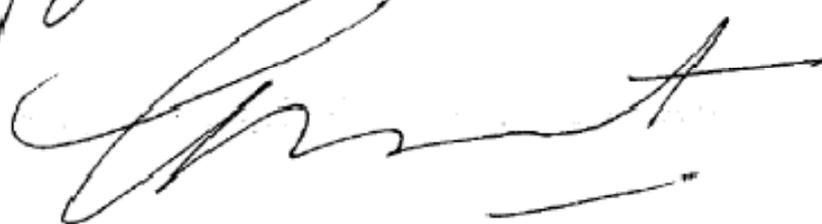
30 JUN 2010

Dear Cllr Smith,

SUPPORTED "EXEMPT" ACCOMMODATION - HOUSING BENEFIT FUNDING

Thank you for your letter of the 3 June to the Rt Hon Eric Pickles MP regarding Supported Exempt Accommodation and Housing Benefit Funding. I have been asked to reply as the Minister responsible for Housing and Local Government.

As you know, the Department for Work and Pensions (DWP) is looking to change the way these individuals are treated within the Housing Benefit system to ensure a simpler, clearer and fairer system. They have commissioned an extensive research project and a working group to examine these issues – membership of this working group includes representatives from local authorities and officials from this department. DWP are aware of the pressures on local authorities and their budgets, but as this is a complicated area with no easy solutions and involving very vulnerable tenants, they feel that it is important to get this right and to ensure that whatever changes are made are soundly based and appropriate for funding through Housing Benefit.

Yours sincerely,


GRANT SHAPPS MP