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Briefing for Northern Ireland MLAs: Housing Benefit Exemptions

The Housing Policy Forum is an open network of voluntary sector organisations that have an interest in housing legislation and policy. VSHPF representation consists of core housing and homelessness organisations working in the Community & Voluntary sector throughout Northern Ireland. The HPF aims to enhance the capacity of the voluntary and community sector to make policy responses and influence policy development in housing and homelessness. Membership includes: Council for the Homeless NI, Chartered Institute of Housing, De Paul Ireland, First Housing, Housing Rights Service, NICVA, NI Federation of Housing Associations, Shelter NI, and the Simon Community NI.

Introduction

The underpinning principle of Welfare Reform is to 'make work pay'. The legislative changes aim to

- Simplify the welfare system
- Encourage people into employment
- Make savings

Many of the changes to the welfare system relate to housing including

- the size of property a claimant can expect to occupy and receive full housing costs (Shared Accommodation Rate, Under-occupation of social housing);
- the amount of housing credit payable dependent on the ages and incomes of household members (Under-occupation and Non-dependent Deductions);
- the contribution the Government will make towards housing in the private sector (Local Housing Allowance reduced by 20%); and
- how housing costs are calculated against inflation (use of the Consumer Price Index rather than the Retail price Index).

These changes will be made through secondary legislation (regulations) prior to the introduction of Universal Credit in October 2013.

In all it is anticipated that the benefit bill in Northern Ireland will reduce by approximately £400 million, with around £30million (7.5%) of this reduction relating to Housing Benefit. This means that many households will struggle to discharge their financial obligations, with significant shortfalls in the amount of money they will receive to pay their rent. Discretionary Housing Payments will not meet all these shortfalls and are time limited. It is anticipated that Discretionary Housing Payment will increase to a maximum of £6.8 million in 2013.

Research^{1,2,3} has shown that secure housing provides community benefit, by increasing the ability of individuals to enter into and remain in the work force. It reduces re-offending rates, improves mental and physical health and provides a foundation for educational attainment. It is therefore of benefit to ensure as many people as possible can access affordable accommodation or retain their current housing.

¹ CESI/OSW (2006). *The role of housing providers in enabling homeless people's employment success*, December 2006

² Singh, P. (2006). *No Home, No Job - moving on from transitional spaces*. *Off the Streets and into Work (OSW)*.

³ Scottish Government (2009). *Routes into employment for homeless people*.

At present there are a number of groups who have been exempt from existing rent restrictions, on account of either the type of property they occupy or through their personal circumstances.

In this paper we will outline the reasons for exemptions and argue that they should remain when the welfare reforms are applied in Northern Ireland. This rationale is based on the specific circumstances within Northern Ireland. Lord Freud has said that if there are 'particular circumstances' Northern Ireland has the capacity to administer the benefit system differently than the rest of the UK.

Exempt Accommodation

Supported housing⁴ is more expensive than general housing. This is due to a number of factors including the need for intensive housing management, additional wear and tear on the fabric of the buildings, higher security and the need to employ more qualified and skilled staff to support vulnerable people in the tasks that are pertinent to the upkeep of the building and to personal safety.

Supported Housing is occupied by a wide range of vulnerable individuals and households – the elderly, people with learning or physical disabilities, those suffering mental ill-health, people and families who are homeless, victims of domestic violence, ex-offenders and those with addictions.

Housing benefit in these schemes is paid at a higher rate to recognise the legitimacy of the extra costs incurred in helping support people to maintain their independence or develop the skills to live independently in the community.

Over 16,000 households live in supported housing in Northern Ireland at any one time⁵. Most of these properties are owned and managed by the voluntary and community sector and Housing Associations.

Funding for this type of accommodation is already under stress, with the Supporting People budget having been frozen for 4 years and costs continuing to rise. Any removal of the exempt status for these properties, with a resultant reduction in Housing Benefit income, would lead to widespread scheme closures and increase pressure on the housing, health and justice budgets.

4 Supported Housing is defined as accommodation for individuals and families which provides a measure of extra help in order for them to maintain or regain independence. Whilst such accommodation may afford the opportunity for specialist services to be delivered in house (e.g. domiciliary care, Community Mental Health nursing, etc.), the support element is directed towards developing or maintaining the life skills necessary to live in the community as self sufficiently as possible.

5 data derived from <http://www.nihe.gov.uk/SPOCCNET/>

We would ask that these properties retain their exempt status and that Housing credits reflect the true cost of providing this type of housing.

Exemption due to personal circumstances

Payments Directly to the landlord or lender

In Northern Ireland 75% of Housing Benefit payments are made directly to Landlords⁶. In England 80% of Housing Benefit is paid to the claimant. Under Universal Credit it is proposed that housing costs will be included in the single payment and that this will go directly to the claimant.

Overall, people in Northern Ireland are less financially capable than their counterparts in Great Britain⁷ and individuals will need support to learn the skills needed to manage their financial affairs. At present this type of support is limited in NI and unavailable in many areas.

We propose that the housing element of Universal Credit is disaggregated so that all tenants can choose how to pay their rent.

The Department for Work and Pensions (DWP) states that there is discretion to pay Landlords directly where there is evidence that the customer would be unlikely to pay their rent and making direct payments would be in **the interest of the customer**^{8,9}.

These exemptions include those whose medical condition or educational needs suggest difficulties in handling their financial affairs including illiteracy, addiction, homelessness or debt problems.

The DWP have accepted therefore that there are some people for whom direct payments remain appropriate. They are currently working on a definition of vulnerability for exemption purposes through an 'Exceptions and Support' Working group.

The IT system, by necessity, will have a facility to make direct payments. The resource implications for N.I., in offering a choice to all relevant recipients, are likely to be minimal and be directed towards revenue rather than capital investment.

⁶ Source: Housing Benefit Department, NIHE.

⁷ Consumer Council Northern Ireland (2007). *Managing money. How does Northern Ireland add up?* www.consumerCouncil.org.uk/filestore/documents/Financial_Capability_060907.pdf

⁸ Housing Benefit and Council Tax Benefit Circular. HB/CTB A4/2011. Department for Work and Pensions

⁹ Local Housing Allowance Guidance Manual, DWP. April 2011

We would suggest that a similar group be set up for Northern Ireland to ensure that the facility for direct payment of housing credits being built in to the Universal Credit IT system is fully and correctly utilised here.

NI has twice the population in receipt of DLA than GB, with 21% of adults having at least one disability. Mental disorders are highly prevalent being 25% higher than in England with elevated rates of post-traumatic stress disorder^{10,11}. Approximately 2% of the population can be classified as having a learning disability^{12,13}.

Landlords have also asserted unwillingness to house tenants in receipt of welfare benefits if direct payments are removed. This will lead to increased homelessness, overcrowding and family stress.

Should it not be universal, we would ask that direct payments continue to be paid to landlords in respect of vulnerable groups and all those living in Supported Housing, as it is clearly not in anyone's interests to risk an increase in arrears and possible eviction.

Under-occupation in social housing

The Welfare Reform Act 2012 brought in restrictions in housing benefit payable to households in the social rented sector which have unused bedrooms. The size criteria in the social rented sector will restrict housing benefit to allow for one bedroom for each person or couple living as part of the household, with the following exceptions:

- Children under 16 of same gender expected to share
- Children under 10 expected to share regardless of gender
- Disabled tenant or partner who needs a non -resident overnight carer will be allowed an extra bedroom

All working age claimants who are deemed to have at least one spare bedroom will be affected. This includes:

¹⁰ The Bamford Review of mental health and learning disability NI (2006). *Mental health improvement and well-being - a personal, public & political issue.*

¹¹ Bunting, B, Murphy, S, O'Neill, S and Ferry, F (2011) Lifetime prevalence of mental health disorders and delay in treatment following initial onset: evidence from the Northern Ireland Study of Health and Stress. *Psychological Medicine*, 2011 . pp. 1-13.

¹² Source: MENCAP

¹³ *Equal Lives: Review of Policy and Services for People with a Learning Disability in Northern Ireland - September 2005*

- Separated parents who share the care of their children and who may have been allocated an extra bedroom to reflect this. Benefit rules mean that there must be a designated 'main carer' for children (who receives the child benefit). The secondary carer will now have to pay for the child's bedroom out of their Universal Credit payment. This could be between 5-10% of their weekly income.
- Couples who use their 'spare' bedroom when recovering from an illness or operation
- Foster carers, because foster children are not counted as part of the household for benefit purposes
- Parents whose children visit but are not part of the household
- Families with disabled children
- Disabled people including people living in adapted or specially designed properties.

In NI, 25% of families are lone parents¹⁴ with 43% of these living in social housing¹⁵. Approximately 65% have regular overnight contact with their children¹⁶. As already highlighted there is also a much higher level of disability.

We would ask MLAs to give careful consideration to extending the exemption to the under-occupation legislation in favour of those with disabilities and overnight access to children.

Conclusion

The period of the summer recess will allow time for reflection on the impact of Welfare Reform and the opportunity to gather data which can make the case for 'particular circumstances' which may modify this impact.

Should you wish any additional information on any of the areas raised in this briefing, please do not hesitate to contact us: Ms. Ricky Rowledge, Secretary Housing Policy Forum, c/o Council for the Homeless NI, 4th Floor Andras House, 60 Great Victoria Street, Belfast BT2 2BB. Tel: 02890 246440. ricky@chni.org.uk.

¹⁴ *Whole Population (statistics) Chapter 3: DSDNI (2010)*

¹⁵ *Family and Children Survey 2008 / 44% in England: Survey of English Housing, Preliminary Report: 2007/08, CLG, 2009*

¹⁶ *Contact problems in separated families. Peacey, V., Hunt, J. Gingerbread, 2009*