

Consultation Response

Shelter's response to
the DWP consultation
on A new deal for
welfare: Empowering
people to work.

April 2006

www.shelter.org.uk

© 2006 Shelter. All rights reserved. This document is only for your personal, non-commercial use.
You may not copy, reproduce, republish, post, distribute, transmit or modify it in any way.

This document contains information and policies that were correct at the time of publication.

Shelter

Executive Summary

Social Sector: We are pleased that the Government has realised that the approach taken for the private rented sector with Local Housing Allowance may not be suitable for the social sector. We are strongly against introducing a flat-rate for the social sector. There is insufficient supply in the sector in most areas to allow claimants any realistic notion of 'shopping around'. It will instead create shortfalls where none existed previously. In the few areas where there is enough supply to allow claimants to move this could result in concentrations of poorer households in lower quality accommodation and in the worst areas.

We are also strongly against a compulsory scheme of direct payments in the social sector. Whilst we are supportive of the Government's wider agenda to encourage financial inclusion and incentives to work we feel that due to the nature of many of the tenants in the social sector this approach will be inappropriate. We fear it risks considerably higher levels of arrears and threats of eviction. Instead we recommend that tenants are encouraged to take responsibility for their Housing Benefit whilst retaining the final decision. We suggest that Jobcentre Plus personal advisors could perform this encouragement roll as part of the Government's wider welfare reform programme.

Local Housing Allowance in the private rented sector: We are supportive of the improvements made with regard to shortfalls in the Pathfinder areas but are concerned at the variations in the proportion of properties affordable under LHA across different areas. The suggested modifications to the way the rates are set may address our latter concern to some extent but also may hamper some of the progress made on shortfalls. As no detailed evidence or modelling of the likely outcomes of this proposal has been provided we cannot yet give it our support.

With regard to direct payments, many of our earlier concerns over increased arrears are yet to materialise in the Pathfinders. We still have concerns about this issue, however, and ideally would like choice returned to claimants. Failing this we feel it essential that certain groups are allowed exemption.

Anti-Social-Behaviour and Housing Benefit sanctions: We are disappointed to learn that the Government is once again considering this issue. As we highlighted previously it is difficult to envisage a sanctions regime that will not simply move problems on to different – and usually poorer – communities and exacerbate poverty for other innocent, family members

Other Housing Benefit concerns: We have also outlined our general position on Housing Benefit. Broadly we are concerned that rates of payments should be sufficiently generous to allow access to a reasonable level of good quality accommodation; that payments are made within a reasonable time; and that claimants are not prevented from securing accommodation due to age related restrictions. Shelter has developed practical proposals for reforming the Housing Benefit system in order to achieve these objectives, based on our first hand experience of advising claimants. These include:

- **Broad Rental Market Areas:** to ensure these adequately reflect rental market areas we suggest that relevant stakeholders are consulted on boundaries.
- **Non-Dependent Deductions:** simplified and widened exemptions for non-dependents that are in receipt of income related benefits to reduce delays in administration and end the current disincentive to claimants allowing friends/family in housing need to stay on a temporary basis.
- **Abolition of the Single Room Rent restriction:** abolition of this age related restriction to enable young people to access secure accommodation and enter the workplace.
- **Verification Framework:** simplification of the Verification Framework could greatly improve the speed at which claims are processed. Instead large-scale fraud should be targeted.
- **Interim Payments:** to ensure claimants receive payments in reasonable time the Interim Payment regulations and the form of redress for claimants need to be strengthened and made more accessible.
- **Overpayment Recovery:** to ensure a fairer system we recommend that all overpayments that are the fault of Housing Benefit administration should be made non-recoverable.

Introduction

We welcome this opportunity to comment on the Government's proposals outlined in 'A new deal for welfare: Empowering people to work'. We have restricted our response to Chapter 6 'A radical new approach to Housing Benefit' and therefore have replied to Question 12 only. In addition, we have taken the opportunity to comment on the Government's proposals to introduce Housing Benefit sanctions for anti-social behaviour, and to recommend a number of additional modifications to the Housing Benefit system that we feel to be essential to any successful reform programme.

Shelter is a national campaigning charity that provides practical advice, support and innovative services to over 100,000 homeless or badly housed people every year. This work gives us direct experience of the various problems caused by the shortage of affordable housing across all tenures, and of the practical operation of the Housing Benefit system. Our services include:

- A national network of over 50 housing aid centres
- Shelter's free housing advice helpline which runs from 8am-midnight
- Shelter's website which provides housing advice online
- The Government-funded National Homelessness Advice Service, which provides specialist housing advice, training, consultancy, referral and information to other voluntary agencies, such as Citizens Advice Bureaux and members of Advice UK, which are approached by people seeking housing advice
- A number of specialist projects promoting innovative solutions to particular homelessness and housing problems. These include 'Homeless to Home' schemes, which work with formerly homeless families, and the Shelter Inclusion Project, which works with families, couples and single people who have had difficulty complying with their tenancy agreements because of alleged anti-social behavior. The aim of these particular projects is to sustain tenancies and ensure people live successfully in the community.

Local Housing Allowance in the Social Rented Sector

Shelter is not convinced of the merits of extending the LHA regime to the social rented sector. This position holds for both of its main features, direct payments to tenants and the flat-rate allowance.

Flat rate payments in the social sector

HB rent restriction rules do not apply in the social sector, so the advantages of reduced shortfalls, greater transparency and simplicity in processing would not apply. A flat rate would create shortfalls where they currently do not exist, and would create losers at the point of change unless the rate was set very high.

The DWP describes one of the fundamental aims of the LHA as being to offer: 'Choice - Tenants will be able to choose the quality and price of their accommodation. For example, tenants could choose to pay more than the allowance they receive for accommodation that is larger than they qualify for or move to a less expensive house and keep the difference.'¹

However, DWP evaluation of the LHA Pathfinders has found little evidence that the flat rate system has resulted in private rented sector claimants 'shopping around' as aimed for. The evaluation found that when claimants did move it was rare for LHA to be the driving factor. If the flat rate in the private sector has not encouraged claimants to 'shop around' then it seems unlikely that it will prove a 'driving factor' in social sector tenants' reasons for moving.

Many local authorities now allocate via choice-based-lettings systems yet the reality is that in the vast majority of areas there is a shortage of social housing. For there to be a real prospect of choice, a surplus of housing is required: unless this is the case, tenants wishing to transfer in high demand areas will at best wait considerable time to move and at worst have no realistic prospect of a transfer. Currently many tenants wishing to move on serious medical grounds have to wait a number of years, and any tenant wishing to move to a property on the grounds of wishing to keep a small amount of excess benefit will not rank high on a local authority's priorities list. Tenants, then, with a shortfall could, potentially, be expected to live with this for a considerable period even if they were willing to move.

Rent restructuring has not yet brought rents for council housing into line with those charged for housing association properties, which means that many new RSL tenants are likely to experience serious shortfalls. A review of rent restructuring in 2004 found that target rents for housing associations will be higher than anticipated, and that marked variations will remain between social landlords operating in the

¹ <http://www.dwp.gov.uk/housingbenefit/lha/bgtoalha.asp>

same area.² A flat rate housing benefit system could mean that the poorest tenants are prevented from moving into better neighbourhoods with more expensive properties, undermining the Government's objective to promote mixed communities. Rent restructuring is not yet planned in Scotland, so differences in rents and shortfalls between different properties in Scotland would be arbitrary.

In Shelter's view a flat rate will therefore have two possible outcomes. It will either be ineffective due to lack of choice in areas where social housing is in short supply, creating shortfalls for tenants that they can do little to avoid. Alternatively in those few areas where there is choice it may result in the concentration of poorer households in the worst areas or properties.

Direct payments to tenants in the social sector

Whilst Shelter's concerns regarding the issue of direct payments in the PRS have been alleviated to some extent in the Pathfinders, we remain firmly against the policy being transferred to the social sector. We share the Government's commitment to financial inclusion and work incentives, but we do not believe implementing the system of direct payments from the PRS Pathfinders in the social sector will bring positive results. While the principle of encouraging people to take greater responsibility for managing their money applies just as much to those in social housing as it does in the PRS, a sizeable proportion of social sector lettings are to people whose circumstances mean they are more likely to experience more difficulty managing their money.

The DWP state that one of the aims of LHA is 'Simplicity: We are removing the complex rent restrictions and the need for individual claims to be referred to a rent officer before a decision is made.... This will speed up the decision-making process, which will benefit both tenants and landlords.'³

However, in the social sector there is currently no rent officer involvement in HB claims and so no gain in terms of processing times to be achieved. Instead demand on administration will increase due to the likelihood of a considerable number of applications for 'vulnerability' status to allow for payment to the landlord. As around three quarters of all HB claimants are from the social sector the impact of vulnerability tests on the administration of the benefit will be considerable. This added administration is likely to hinder attempts to improve processing times for claims.

² Wilcox, S (2004) 'From rent policy to local housing allowances?' In UK Housing Review 2004/5, Coventry/London, CIH/CML.

³ <http://www.dwp.gov.uk/housingbenefit/lha/bgtoalha.asp>

We also have concerns regarding the impact of direct payment to tenants on the future supply of social rented housing. Increased arrears in the sector and resulting higher collection costs may increase the risk level of lending to RSLs and so jeopardise low-rate private finance. Some evidence for the link between arrears and direct payments has already been provided by a London and Quadrant HA pilot of direct payment of HB to tenants: the result was a rapid rise in arrears and an escalation of collection costs, and all of the tenants have now returned to payments direct to the landlord.

We recommend that, rather than pushing ahead with compulsory direct payments in the social sector with all its associated pitfalls, the Government should develop a scheme with a more voluntary slant. There is no evidence to show the current compulsory direct payments system is fulfilling one its key aims, to encourage claimants into work. On the other hand, the use of Jobcentre Plus personal advisors in encouraging people back to work has been seen as one of the success stories in the wider DWP reform programme. We believe, along with Citizens Advice, keeping direct payments optional whilst giving Jobcentre Plus officers the task of encouraging claimants to take on the responsibility of direct payments may produce a more effective work incentive, whilst still encouraging personal responsibility and promoting the payment of benefits into bank accounts.

If the Government nonetheless decides to press ahead with the introduction a compulsory scheme in the social sector along the lines of the model used in the LHA Pathfinders, we make the following recommendations:

- We strongly feel that certain groups should be allowed to retain their current choice over payments. We suggest, although this is not an exhaustive list, that this should include pensioners, anyone in specialised or supported accommodation, any claimant moved on from such accommodation and perhaps anyone found social housing via the homelessness legislation.
- We also suggest that Local Authorities should be given a responsibility to be pro- active in identifying claimants who may have problems paying their rent. Currently the guidance for LHA Pathfinders states that Local Authorities are not required to be pro-active.
- The term ‘vulnerability’ should be replaced with a label that holds less negative connotations. Some claimants, whilst concerned about their ability to manage their finances, would not consider themselves to be ‘vulnerable’ and so would not welcome the stigma attached to such a label. Citizens Advice found that one claimant refused to apply for payment direct to her

landlord, as she was concerned that to be assessed as 'vulnerable' might bring the attention of social services to her and her children⁴.

- It will also be essential that a similar level of funding to that made available to the each of the LHA Pathfinder areas for financial advice and support services, is provided for all local authorities at the point of national roll out. The provision of these services has been important in helping claimants deal with direct payments, open bank accounts and avoid arrears and evictions.

If the DWP is determined to press ahead with including an enabling power in the Bill, we hope Ministers will at least make a commitment that, if independent monitoring reveals the kind of problems Shelter and others anticipate, the new system won't just be imposed on tenants regardless. We believe that there may be a role here for the Social Security Advisory Committee and Work & Pensions select committee to provide independent scrutiny of this measure.

Local Housing Allowance in the private rented sector

As Shelter provides advice and support to 100,000 people per year we are very familiar with the issues around Housing Benefit that are of concern to our clients. Housing Benefit should enable households on low incomes to pay for their housing, cover reasonable rents for decent quality accommodation and do so in an accessible and efficient way to avoid claimants falling into arrears. For too many claimants the Housing Benefit system fails to deliver these objectives.

Shelter believes that for Housing Benefit to deliver its fundamental aims improvements need to be concentrated on the rate at which benefit is paid, the speed at which it is paid and on the abolition of restrictions to applicants based upon age.

Whilst 'A New Deal for Welfare' does not directly ask for opinions on the national roll out of LHA in the private rented market nor Housing Benefit in general we feel this is a suitable place to outline our position on the above issues.

In regards to the LHA we are continuing to monitor its impact in the Pathfinder areas and will produce our final report in the later summer of 2006. We are keen to share our findings with the Department of Work and Pensions prior to its publication.

Direct Payments in the private rented sector

Shelter's concerns regarding increased arrears and evictions as a result of direct payment to private sector claimants have so far failed to materialise. We believe that the levels of funding for financial support and advice have been vital in this. If

⁴ Early Days, CAB Evidence Briefing, November 2005

direct payments are to be rolled out nationwide for private sector tenants then it is essential that the same level of funding is provided, along with a similar level of support for local authorities and claimants.

Ideally, in the interests of choice for claimants, we would prefer claimants to be allowed to choose whether to receive payments. Instead, as suggested above in relation to social sector claimants, we believe it would be more productive to give Jobcentre Plus officers the task of encouraging claimants to take on the responsibility of direct payments as part of the whole package of benefits and opportunities available to them.

If direct payments are to be rolled out in the private sector nationwide then many of the same concerns outlined above in regard to the social sector apply. We believe that certain groups should retain the choice of payments, the term 'vulnerable' needs to be re-considered and local authorities should have a duty to be pro-active in identifying claimants that may have difficulty with receiving payments.

Proposed changes to the Local Housing Allowance model

'A New Deal for Welfare' outlines a number of aspects of the LHA model that the DWP is considering changing before national roll out in the private sector. Shelter's main concerns following the Pathfinders are the significant variations between the proportion of properties affordable under LHA across different Pathfinders and the related issue of shortfalls. We hope that any changes even out these differences in affordability and do not hamper the progress made with shortfalls.

One of the most successful aspects of the Pathfinders was the reduction in both the numbers of claimants experiencing shortfalls and the average amount of these shortfalls. The percentage of claimants experiencing shortfalls under LHA reduced from 58% before the LHA, to 39% after⁵. Also the average amount of these shortfalls fell after the advent of LHA. It is vital that any changes to the model do not undermine this important progress.

However, significant variations remain under the LHA between the proportion of properties affordable in different areas. For example, Shelter's research on the LHA Pathfinders "On the Right Path" found that in Conwy only 10% of advertised properties were affordable, whilst in Edinburgh over half were affordable. Whilst this provides a good situation for claimants in Edinburgh, those in Conwy are clearly severely restricted in their choice of accommodation.

⁵ Receiving the LHA, DWP, 2005.

The Green Paper states that the proposed new method of calculating rates will accurately reflect the 'middle of rents in the housing market in which they live'. This may have the effect of ironing out some of the differences between the proportion of properties affordable under the LHA across different areas. On the other hand, we have been informed by the DWP that the new calculation method will result in lower, although "not significantly so", rates of LHA. This is therefore likely to mean that some of the progress with shortfalls made under the Pathfinders will not be felt when LHA is launched nationwide. Unfortunately, no evidence of modelling is provided in the Green Paper to allow a reasonable understanding of these changes, so it is difficult to assess their impact. However, we are concerned that they may be a cost-cutting measure, and would welcome reassurance that this is not the case.

When the LHA is rolled out nationwide we suggest that instead of it only applying to new claimants or those with a break as the Green Paper suggests, all claimants should be allowed the option of whether to continue under the current rules or to claim under the LHA rules. This would allow claimants to consider which system would be most appropriate for them, countering the risk of tenants being forced to either move property or create an unnecessary break in their claim to benefit from the LHA.

Payment Rates

Broad Rental Market Areas

Shelter is concerned that the recent move towards larger 'localities' has increased the variation from the average Local Reference Rent, leaving many tenants facing unsustainable benefit shortfalls, rent arrears and homelessness. This system is simply being carried over into the new Local Housing Allowances. Currently Rent Officers are left to decide the BRMAs. Shelter believes that other interested parties e.g. local authorities should be involved in determining 'localities' in an effort to ensure that the LHA rate is much closer to actual rents.

We appreciate that increased transparency and simplicity are key to the Government's reforms of Housing Benefit. Yet we are concerned that simplicity will result in a smaller number of BRMAs. This will produce unsuitably large areas that are not sensitive enough to reflect variations in the market. In general if a market is too large it will undermine the Government's aim to provide choice to claimants.

We are also concerned about the lack of transparency surrounding the calculation of LRRs, which is again being carried over to the LHA system. We believe that the rent service should be obliged to publish the data used to calculate rent figures, so that this can be compared against actual figures and challenged if necessary.

Non-Dependent Deductions

The number of varying rates of Non-Dependent Deduction adds to the complexity of the housing benefit system and contributes to delays and maladministration. Some claimants with more than one non-dependent living at home have more than 50 per cent of their benefit deducted. Shelter and Citizens Advice believe that the DWP should include legislation in the Bill reducing the number and rates of Non-Dependent Deduction, and capping these at a maximum of 50 per cent of the rent due.

We also believe that the exemption for claimants of Disability Living Allowance from Non-Dependent deductions should be extended to cover those receiving income or health related benefits and those without a bedroom or who are only staying on a temporary basis.

The practice of requiring contributions from non-dependents claiming benefits at a rate of £7.40 per week can result in confusion for claimants, overpayments and rent arrears. Shelter's advice centres often hear from clients who are unable to stay with friends or relatives due to concern over non-dependent deductions. We have also had cases where claimants have allowed a friend to stay on a temporary basis only to find months later that as a result they have been overpaid with their Housing Benefit.

Earnings Disregards

The standard £5 rate of earnings disregard has not been uprated since 1988. Shelter and Citizens Advice strongly believe that a more generous earnings disregard would improve work incentives. We believe that the standard rate should be increased substantially, at least to the £25 rate enjoyed by single parents and disabled people. We also believe that a mechanism should be introduced to uprate this disregard annually along the lines of Income Support etc.

Single Room Rent Restriction

If the Government is serious about encouraging greater numbers of benefit claimants into work it should reconsider its position on the Single Room Rent and its LHA equivalent the Shared Room Rate.

In theory, the SRR simply restricts the amount of Housing Benefit payable to single people under the age of 25 in private rented housing to the average cost of a room in a shared house. In practice, thousands of vulnerable young people have been left with serious shortfalls between their benefit and the rent they owe. For those unable to find a room in shared accommodation or secure employment, rent arrears, eviction and homelessness almost inevitably follow.

The SRR is intended to act as work incentive, to stop unemployed young people accessing a better standard of accommodation than their employed peers could afford. Recent DWP research found quite the opposite. Instead it 'undermines efforts to get young people into employment by not providing them with the stable housing base they need to take up training and jobs'⁶.

The same DWP research found that the SRR prevents many young people from finding any private rented accommodation. This combined with the reluctance of landlords to let to young people has resulted in many young people taking up informal lettings, using friends' floors, forcing them into unnecessary hostel accommodation or attempting to make use of the homelessness legislation.

After receiving overwhelming evidence of the hardship it causes young people, ministers made changes to the way the SRR is calculated. Changes introduced in July 2001 were designed to ensure it more adequately reflects the housing costs young people face. However, the DWP research shows how these changes have had very little impact on the ability of 18-25 year olds to access accommodation in the private rented sector.⁷

Young people subject to the SRR face an average shortfall of £35 a week, more than double that faced by those over 25. The DWP research specifically highlighted the need to reform the SRR by extending up to the age of 25 years, the existing exemption for persons aged below 22 who had formerly been in care and widening the exemption for 'severely disabled' applicants to include all disabled claimants.

The more recent 'shared room rate' of Local Housing Allowance available to young people in the Pathfinder areas, while marginally increasing the maximum benefit available, has not addressed these specific concerns or significantly increased the ability of unemployed young people to meet their housing costs.

The DWP's LHA evaluation has failed to isolate the effect of the LHA on the under 25's. Instead we can only draw from the statistics produced on those residing in shared accommodation (this includes all over 25s who are in living shared accommodation as they are also restricted to the SRR rate). The research shows that these claimants suffer the highest rates of shortfalls, 55% of all claimants, and the highest average amounts of shortfalls, £24⁸.

⁶ Research into the Single Room Rent Regulations, Research Report No 243, DWP, 2005.

⁷ Research into the Single Room Rent Regulations, Research Report No 243, DWP, 2005.

⁸ Receiving the LHA, DWP, 2005.

Shelter's own research on Pathfinder areas found that very few properties advertised matching the Shared Room Rate definition were actually accessible to the under 25s⁹. In Brighton more than 500 adverts were added to our database, yet only 89 were affordable under the LHA SRR rate. Of these 89 adverts, 30 barred HB claimants. Telephone calls made to landlords or those placing the adverts (often tenants looking for someone to share their rented home with them) made as part of the research found that of those affordable and not barring HB claimants openly half did so when contact was made. This means that of the 500 potential homes only 30 or 6% were actually affordable and open to HB claimants. This is not to say that a claimant could then walk into any of the 30 remaining homes. They still have to be considered suitable housemates, and potential friends, by those already occupying the property and will often face competition from other candidates.

In the next stage of our LHA research we will be looking further into the idea that under 25s on HB face greater difficulty in finding accommodation than other claimants. Unless an under 25 is fortunate enough to have a friend that also needs accommodation, allowing them to find a two-bedroom home to share, they are restricted to looking to fill vacant rooms in homes that are already shared. In this situation it appears that it is usually those already occupying a property placing an advert and assessing candidates rather than the actual landlord of the property. This places a greater burden on those looking to join the household as a landlord is not normally interested in the social skills, class or other factors of a potential tenant.

Shelter recognizes that unemployed young people on benefits should not be better off than those in work. However, equally, we should not be prepared to tolerate a benefits system that denies vulnerable young people the opportunity of a stable home and the possibility of securing employment. Along with Centrepont, Child Poverty Action Group, Citizens Advice, Crisis and the YMCA, Shelter will be campaigning to persuade ministers not to carry these additional restrictions for young people over into the new regime.

Processing and administration

Despite recent improvements in administration, the complexity of the system continues to contribute to long delays in local authorities processing of Housing Benefit. The most recent data shows that it took an average of 30 days to process a new claim.¹⁰ There is still massive variation across the country, and some authorities continue to perform very poorly.

⁹ On the Right Path, Reynolds, Shelter, 2005.

¹⁰ DWP Housing Benefit Quarterly Performance Statistics 2005/6, Quarter 3.

Delay in payment often leads to tenants facing possession action by their landlord. Research by Shelter found that Housing Benefit problems were a factor in 70 per cent of arrears possession cases across three county courts.¹¹ Shelters Housing Advice Centres all too commonly advise tenants facing possession action as a result of Housing Benefit delay. Housing Benefit processing delay not only leads to tenants losing homes but also creates a barrier to finding a home. Private sector landlords commonly cite delay in receiving payment as a main factor in deciding not to let to Housing Benefit claimants. We believe that the DWP should build upon the progress made in recent years in processing time. Shelter has developed a number of practical proposals for reform, based on first hand experience of advising claimants:

- **Verification Framework:** The Verification Framework, which is designed to combat fraud, means that large amounts of information must be collected and verified by local authorities before Housing Benefit can be paid. Rather than effectively targeting fraud, the Framework has unintentionally created barriers to vulnerable people pursuing their claim, leaving some of them in arrears, and facing eviction and homelessness. For, example a young person using Shelter's advice services submitted multiple bank statements requested by the council's Housing Benefit department. He was already in receipt of means tested-benefits, so his income had been verified once already by the DWP. A series of requests for pieces of evidence over a number of months delayed his claim, leading to large rent arrears and the threat of eviction by his landlord.

Shelter and Citizens Advice hope ministers will use the Bill to reduce and simplify the requirements of the Verification Framework. Instead fraud should be combated through investment in staff dedicated to targeting large-scale fraud.

- **Interim Payments:** It is essential that tenants receive payment quickly. It is for this reason that local authorities are under a duty to make interim payments of Housing Benefit after 14 days if they have not made a final decision on entitlement and the delay is not the fault of the claimant. This is essential, especially in the private sector, for ensuring tenants do not fall into arrears at the outset of a tenancy/and or claim. It could also play a major role in improving the image of HB in the eyes of private sector landlords. Unfortunately local authorities often ignore this important requirement, often using the Verification Framework as an excuse. In other cases, local authorities deliberately base interim payments on artificially low figures.

¹¹ Neuberger J. (2003) House Keeoing :Preventing homelessness through tackling rent arrears in social housing, London, Shelter.

A failure to make interim payments is not considered an official decision so there is no right of review/appeal. The only recourse for the claimant is Judicial Review, or to complain to the Local Government Ombudsman. Both these procedures are lengthy, and do not provide an effective and user-friendly form of recourse.

Shelter believes that the DWP should review the issue of interim payments and develop a system that ensures local authorities adhere to this regulation. Claimants need to be provided with an easier, quicker, and more accessible form of recourse.

- **Overpayment Recovery:** At present, overpayments of Housing Benefit are only non-recoverable if the claimant could not reasonably have been able to realise that they were being overpaid. This is often harshly interpreted by Local Authorities. Shelter and Citizens Advice want to see all overpayments resulting from administrative errors by local authority housing benefit sections made non-recoverable. We hope ministers will be persuaded to use the Bill to make this amendment to the regulations.

Housing Benefit Sanctions

Shelter strongly supported the Department of Work and Pension's decision in 2003 not to go ahead with plans to withdraw housing benefit from perpetrators of anti-social behaviour. We do not believe that withholding housing benefit will provide an effective solution to anti-social behaviour; instead it is likely to exacerbate poverty and social exclusion. Additionally, it is an indiscriminate measure, as it will penalise an entire household, rather than just the individual(s) responsible for the anti-social behaviour. In its Housing Green Paper published in 2000, the Government acknowledged this as a very real problem and made it clear that: "Above all, we would need to ensure that the innocent families of unruly tenants did not suffer."¹²

The Respect Action Plan suggests that sanctions may be targeted at those that have been evicted for anti-social behaviour and have refused to take up offers of support. It remains the case with this proposal that eviction would serve the purpose of moving the problem onto another community and, with less income to pay for housing costs, the household is likely to be forced deeper into poverty and into the worst accommodation, ghettoising those guilty of anti-social behaviour in the least popular neighbourhoods. There is the prospect of further eviction, and subsequent homelessness, caused by the non-payment of benefit. This cycle of homelessness will also add to the costs of the local authority in processing subsequent homelessness applications.

¹² *Quality and choice: a decent home for all: The Housing Green Paper*, DETR, April 2000

There are further arguments against the proposals:

- withdrawing HB as ASB sanction is more likely to compound problems than provide an effective deterrent. This is because the proposals are unlikely to reform behaviour¹³
- It could undermine other proven approaches to tackling ASB and other Government programmes on poverty and social exclusion;
- It would only apply to those who receive housing benefit. Therefore it would do nothing to tackle the behaviour of those who are not be in receipt of housing benefit (e.g. owner occupiers)
- It would further complicate the administration of housing benefit (especially if the claimant moved into a different local authority), making it more expensive.
- It could reduce landlords' willingness to rent to those receiving housing benefit. In the past, a fear was also expressed that where housing benefit was paid directly to the landlord, the target group would not feel the impact.

In his statement to the House of Commons, announcing the decision not to implement housing benefit sanctions, the then Parliamentary Under-secretary for Work and Pensions, Chris Pond, stated that, "There is already a wide range of tools to deal with the types of behaviour that makes people's daily lives a misery..."¹⁴ The Respect Action Plan has further increased the range of tools and expanded preventative work. Shelter does not believe that additional financial sanctions would produce a more effective result.

Shelter is disappointed to see the Government revisit this idea, even in a revised form, in the Respect Action Plan. It is difficult to envisage a sanctions regime that will not simply move the problem on to a different – and usually poorer – community and exacerbate poverty for other innocent, family members. The disadvantages of housing benefit sanctions continue to significantly outweigh any benefits, and so Shelter remains strongly opposed to their introduction.

¹³ *Sanctions and Sweeteners Rights and Responsibilities in the benefits system* ISBN: 1860302548 Kate Stanley and Liane Asta Lohde with Stuart White 19.12.2004

¹⁴ Official Report, House of Commons, 27 January 2004, Column 10WS

