

Consultation Response: Work and Pension Committee Inquiry on Benefit Delivery

The following submission is sent on behalf of Shelter. Shelter provides practical advice and support to over 4 million homeless or badly housed people a year via its website, telephone helpline and network of advice services. We employ over 200 advisers and 40 solicitors to give advice and offer representation.

However at Shelter we understand that helping people with their immediate problems is not a long-term solution to the housing crisis. That's why we campaign to tackle the root causes, so that one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

Section 1: Summary and overview of the problem

Due to the nature of Shelter's work the following evidence and analysis focusses primarily on housing benefit, with additional reference to the housing element within Universal Credit.

Government statistics show that over the last 5 years the number of people at risk of becoming homeless because of problems with their housing benefit has increased significantly. Problems with a housing benefit claim can encompass the accuracy and/or timing of the payment, both of which can lead to rent arrears, the threat of eviction, and debt, such as that owed to pay-day loan companies or family/friends.

We've drawn on case studies and statistics from our services across the country to highlight examples of the key problems with housing benefit delivery, and how this carries the risk of homelessness. Specifically, this evidence highlights that housing benefit delays and inaccuracies can result in:

- A tenant's inability to pay the rent, which can lead to eviction, homelessness or the accumulation of debt.
- Households being unable to start a new tenancy, which is especially problematic for households facing homelessness, fleeing from domestic violence or leaving care.
- Landlords not letting to tenants in receipt of housing benefit in the first place, which reduces the pool of available housing options for low income families.

There are a number of explanations for delays and inaccuracy, including errors and lack of action on behalf of the claimant; however Shelter's evidence points to the following as being key factors, which are all beyond the control of claimants:

- Delays caused by a backlog in the number of claims that a housing benefit department has to process.
- Delays caused by housing benefit departments losing an application or supporting evidence.
- Inaccuracy in award entitlement, due to misreading of a household's circumstance or the evidence that they have provided.
- Households being unable to understand housing benefit award letters, meaning that they do not dispute inaccuracies.
- The complexity of the system leading claimants to make errors or submit incorrect information. This problem is compounded by slow response times from assessors at each stage of the process.

Section 2: Impacts

a) The link between housing benefit delays and homelessness

There is an inherent link between a risk of homelessness and problems with housing benefit delivery. Problems with a housing benefit claim can lead to rent arrears, a break-down in landlord-tenant relations, and eviction. Our evidence suggests that this is especially the case in the private rented sector, where landlords will be less tolerant of tenants who fall behind with their rent, and may look to evict rather than wait for housing benefit to be reinstated. In most cases, a landlord's attempts to gain possession of a property via the courts are frustrated if the sole reason for eviction is non-payment of rent due to housing benefit issues, in which case the possession order will be suspended.

Case Study 1

Trevor lost his job and used his small amount of savings to cover his rent payments on a privately rented flat; however the savings soon ran out, and he had no option but to apply for housing benefit. Trevor was made homeless after a series of delays with processing his housing benefit claim.

"I lost my privately rented flat a few months after becoming unemployed, as I ran out of the savings which I'd been using to pay the rent. I had applied for housing benefit but it still had not been processed.

"When I asked about it (the housing benefit claim) and said I was being forced into homelessness they said if I enquired it would only delay the process. Because I used my savings to pay the rent I do not have any money for a deposit. Consequently I don't see a way out of homelessness. All my savings were used up and I also had to borrow some in the end so now I have debt as well."

Evidence also suggests that difficulties with a housing benefit claim can hinder the start of a tenancy, for example where the tenant is forced to wait for confirmation of their award up to or beyond the start date of their tenancy. This can be extremely problematic in a range of scenarios, but notably in terms of a household's options for leaving temporary homeless accommodation, fleeing from domestic violence, or moving out of the family home. This can further exacerbate homelessness and limit the effectiveness of support from local authorities and support organisations such as Shelter.

Case Study 2

Claire and her child were put at risk of homelessness when a delay in processing their housing benefit meant they couldn't move into their private rented home.

"I eventually found a private two bedroom home where the landlord would accept my housing benefit. I was given a moving in date and filled in the details on the council website straight away to inform them that I would be changing address. I filled this form in on the 18th March to be moving in to my new home on the 8th May.

"I then received a letter from the local authority saying that my housing benefit was being suspended due to them receiving information that I was moving address and I had not provided these details. I called the housing benefit department immediately to be told that my change of details was there, however they were

only up to dealing with post from the 24th February and there would be a few weeks delay. My landlord will not let me move in as I can't afford to pay the rent this Friday 8th May.

"I called the council to tell them the situation, but was told that all I can do is phone the first choice homes emergency line to arrange some homeless shelter. I am 14 weeks pregnant and have a 14 month old daughter. I have nowhere for our belongings to go so will lose everything and will be made homeless on Friday when I have no rent to pay my new landlord. My old landlord has new tenants moving in on the 9th so I will have nowhere to go."

As a short term solution households affected by problems with their housing benefit claim may use other sources of income to cover their rent payments in order to avoid the risk of being evicted. Findings from the 2014 All Party Parliamentary inquiry into hunger in the UK highlighted benefit related problems as the main reason for food bank referrals¹. The inquiry concluded that benefit problems often led claimants to face difficult decisions over whether to pay their rent or provide essentials such as food, gas and electricity for their household. Alternatively, households may be driven to using payday loan companies that carry the risk of leading people into significant debt, or to transferring the debt onto family and friends via informal lending.

Since the abolition of the Social Fund in 2013 there is limited support from government and local authorities to assist households impacted by housing benefit delays or inaccuracy. The majority of Discretionary Housing Payments are used by local authorities to mitigate the impact of the Benefit Cap, the Social Sector Size Criteria and reforms to Local Housing Allowance, leaving a smaller percentage available for homeless prevention issues such as housing benefit delays and inaccuracy. In certain cases Local Welfare Provision can be applied for to bridge the loss of income from a housing benefit problem.

Short-term benefit advances, available in some cases where payment of Employment Support Allowance, Jobseekers Allowance or Universal Credit is delayed, and the claimant is facing hardship, does not extend to housing benefit, often leaving a claimant with insufficient income to pay the full amount of the rent.

b) Evidence of problems with housing benefit delivery

Processing times

The scale of the problem is suggested through Department for Work and Pensions (DWP) statistics² on the speed of housing benefit processing. The latest statistics show that the average time taken to process a new claim is 22 days. Although this time has decreased slightly over the past three years, it is still significantly higher than the target processing time of 16 days.

Furthermore, statistics on processing times do not count how long it takes between a claim first being made to when a claimant or landlord physically receive a payment, and instead are measured up to the point that a claim is approved by an assessor, known as the Actual Average Clearance Time (AACT). Consequently, there is potential for a second stage of housing benefit delay that is not reflected in official statistics.

¹ All Party Parliamentary Inquiry into Food Hunger in the UK – evidence review.

<https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-appg-evidence-review-final.pdf>

² Department for Work and Pensions: housing benefit speed of processing (Q4, January 2015 – March 2015).

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447176/sop-summary-qtr4-july-2015.pdf

In addition to delays, underpayment of housing benefit to claimants has persisted in being a significant issue. DWP statistics³ show that 0.8% of total housing benefit expenditure in 2014/2015 was subject to underpayment due to official error. A further 1.3% of total housing benefit expenditure for that year was underpayment due to claimant error. It is worth noting that the gross total for error is significantly higher than the rate of fraud, the latter being 0.7% of total housing benefit expenditure in 2014/2015.

Landlords' reactions to housing benefit problems

Shelter's annual private landlord and tenant survey⁴ – the largest in the country – further reveals the extent of housing benefit delays and inaccuracies:

- 21% of landlord respondents who had let to a household in receipt of housing benefit in the last five years had experienced delays in the local authority making a payment, which subsequently affected their tenant's ability to pay the rent on time.
- 12% of landlords had difficulties communicating with the local authority on housing benefit issues.

Issues with a housing benefit payment can undermine an ongoing tenancy, or deter landlords letting to claiming households in the first place. Shelter's landlord survey revealed that 63% of landlords will not let to tenants in receipt of housing benefit, either having a specific policy to bar them (42%) or a preference not to let to them (21%). Moreover:

- 16% of landlords that preferred not to let to tenants in receipt of housing benefit said the reason for this was a bad experience with delays/local authority administration.
- Three in ten (29%) who preferred not to let to households in receipt of housing benefit, said it was due to being advised not to do so by other landlords/the media. Problems with delays/local authority administration are likely to be a factor in this.
- More than four in ten landlords (43%) would be more likely to let to households in receipt of housing benefit if there was an assurance from the local authority that the rent was paid in advance, a reference to housing benefit being paid in arrears.

Homelessness

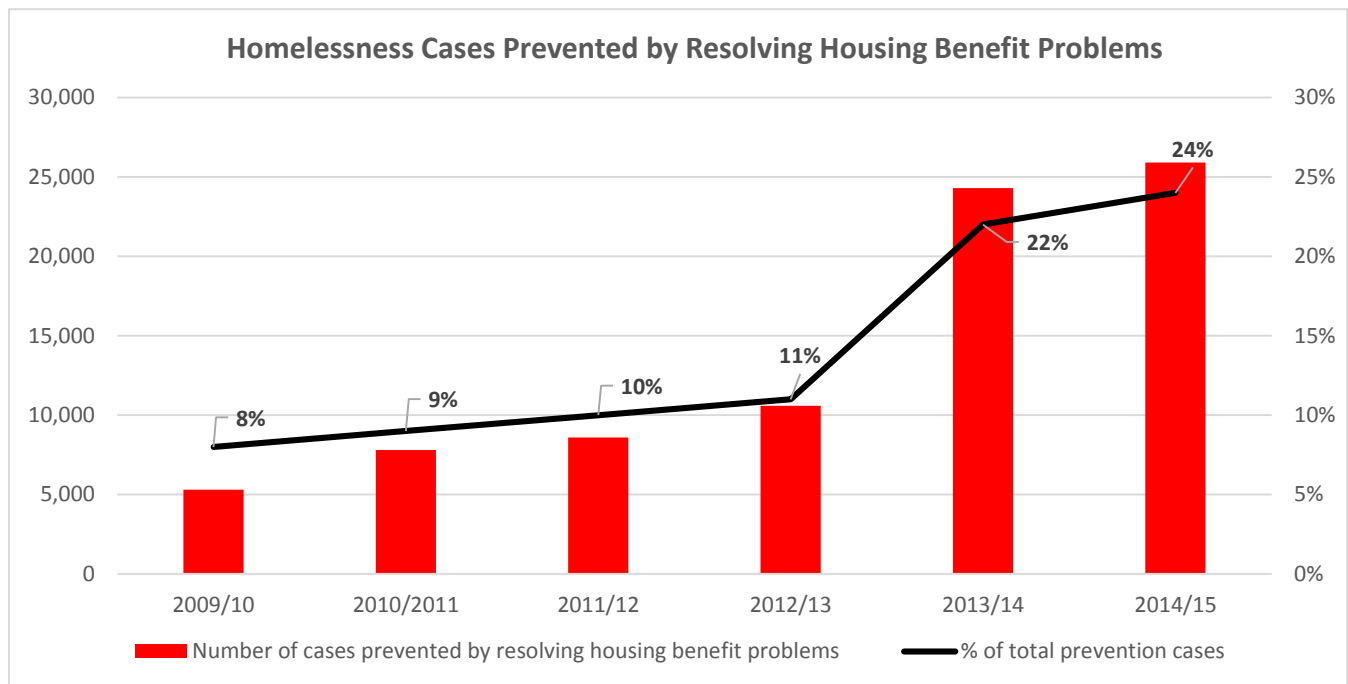
Government homelessness statistics⁵ further demonstrate the effect that housing benefit problems can have on maintaining a tenancy. Over the last 5 years there has been a steady growth in the number of cases at risk of being made homeless due to problems relating to their housing benefit. Government figures show that, in 2014/15, local authorities in England prevented 25,900 cases from becoming homeless by resolving housing benefit problems, a figure that has increased by almost 400% since 2009/10.

³ Department for Work and Pensions: fraud and error in the benefits system (2014/2015).
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/429749/stats-release-v3.pdf

⁴ YouGov Plc. Total sample size was 1,071 landlords. Fieldwork was undertaken between 24th June - 14th July 2015. The survey was carried out online.

⁵ Department for Communities and Local Government: homelessness statistics (January 2015-March 2015).
<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

Problems relating to a housing benefit claim were the most common reason for households requiring homeless prevention services from local authorities in 2014/15, accounting for 24% of all prevention cases. In 2009/10, housing benefit problems accounted for only 8% of all prevention cases, but this proportion has increased steadily every year since.



Yet the prevention figures do not give a full account of the impact of housing benefit problems on being able to sustain a tenancy, as they may not include cases that were evicted and therefore made homeless, or had to move to alternative accommodation. Similarly, there is no accounting for households who do not approach the council for any form of assistance, having lost their home because of housing benefit issues.

Section 3: Reasons for problems with housing benefit delivery

Evidence from Shelter services points to the following as being key reasons for problems with housing benefit delivery:

- Increase in the complexity of cases:** while the total housing benefit caseload has generally remained static over the past 5 years, the number of people in-work and needing support with their housing costs has grown considerably. By January 2015 22% (1,097,114) of all Housing Benefit claimants were in employment, an 81% increase over the last five years. This has resulted in a more complex caseload, compounded by households moving in and out of employment, or increasing their earnings/hours worked. A growth in self-employment and the use of zero-hour contracts by employers has added to the complexity of the overall housing benefit caseload.

Case Study 3

The following case study is from a Shelter solicitor, who represented the client, a single mother with school age children, at court.

“My client was living in a council tenancy and was in and out of work. When she was out of work she claimed benefits. It would take 3 months for the housing benefit claim to be processed, during which time she could not pay the rent. She would go back into work and inform the housing benefit department, who would continue to pay until it had processed the change of circumstances at least two months later. She would then go out of work, and when she reclaimed housing benefit again it would take months to be processed. This time she would not get full housing benefit because they would claim for an overpayment, due to the local authority paying housing benefit for too long after she informed them of her change of circumstances for her previous claim.

“She could not afford to pay the extra £10 a week in the clawback, as well as pay the £10 a week the council were demanding towards arrears, and so the debt cycled round and round.”

- **Welfare reform:** the implementation of significant reforms to housing benefit entitlement over the past five years – including the Social Sector Size Criteria, Overall Household Benefit Cap and changes to Local Housing Allowance – have added to the complexity of cases and the likelihood of delays and inaccuracies.

Enquiries received by Shelter often focus on clients’ inability to understand housing benefit award letters, in particular how their award has been limited or reduced by recent welfare benefit changes.

- **Local government pressures:** local authorities are subject to unprecedented funding pressures, and in many cases are running services on a basis of efficient statutory minimum. Reduced housing benefit departments, coupled with an increased complexity of cases, account for both the delays and inaccuracies of housing benefit claims.

As a cost saving measure housing benefit departments in most local authorities are outsourced to external providers, and sometimes based out of borough with limited knowledge or connection to the local area. Where this is the case difficulties often arise around the sharing of information, specifically between housing benefit departments and other local authority services such as housing.

As a further cost saving method many local authorities are undergoing channel shift to a digital-by-default approach, which limits both face-to-face and telephone contact with residents. This is typically the case with housing benefit departments, with the risk of key details on a claim being lost or delays/inaccuracies going unreported.

Case Study 4

Sarah was subject to a series of housing benefit delays following changes to her employment status. Constant delays and a breakdown in communication with the local authority housing benefit office led to a build-up of stress and anxiety.

“Every time I have a change in circumstances due to a change in my employment situation they seem to complicate my situation so that I get threatened with or issued a notice seeking possession (of my home). It generally turns out it is due to a delay in them processing my claim for.

"I am generally a happy person who can keep on top of things, but due to all the stress and trauma they have caused me I have suffered bouts of depression and go into panic mode when I receive a letter with their logo on, as it generally means problems."

- **The rollout of Universal Credit:** we are concerned that, as the rollout of Universal Credit progresses over the next couple of years, the quality in administration of legacy benefits, including housing benefit, could diminish.

Furthermore, waiting days under Universal Credit mean that a claimant will have to go without financial support for the first 6 weeks of their claim (excluding certain high-vulnerability groups); this is before delays or inaccuracies with a claim are taken into account.

Case Study 5

As the rollout of Universal Credit intensifies Shelter are beginning to encounter cases where the client is faced with both financial hardship, as well as pressure being placed on their current tenancy as a result of the changes.

"I have just taken a call from a client who has lived in his housing association property since 2002. Housing benefit covers all of his rent, which is currently paid in arrears. He has been contacted by the housing association and told that due to a combination of Universal Credit also being paid in arrears, plus waiting days when he first applies, he will need to pay a month's extra rent so that his rent will therefore be in advance.

"He has made a formal complaint regarding this and the housing association have confirmed that this will be rolled out to everyone."

Section 4: Recommendations

The following recommendations for the improvement of housing benefit delivery are put forward based on the above evidence:

- **Joint working between housing services and benefit departments at local authority level:** our evidence suggests that problems with housing benefit claims is a key driver of homelessness at a local level. To ensure that households at risk of homelessness are prioritised and that everything possible is done to rectify any delays, or other problems that may be leading to rent arrears, some local authorities have more closely aligned their housing benefit departments with their housing/homelessness services. The Committee should consider encouraging all local authorities to follow this practice.

This can be achieved by establishing a single referral point for both homelessness queries triggered by housing benefit problems, or through the co-location of housing benefit officers within housing services. This is especially relevant to the rollout of Universal Credit, and the need to align DWP services with local housing, employment and benefit support.

- **Clearer communications from local authorities:** evidence suggests that a breakdown in communication between housing benefit departments, tenants, landlords and other local services can

lead to stress, the risk of eviction, and homelessness. This breakdown in communication can be sparked by delays in contact, or confusing correspondence that does not properly inform claimants of their current situation. Regarding the latter, this is especially the case where a claimant's entitlement has been reduced, for example by the Benefit Cap or through a new non-dependent deduction.

Local authorities could go some way to addressing this problem by ensuring that all claimants, including those who do not have access to the internet, or for example have a disability that limits access, have clear communication options in place in order to make a claim or to lodge an enquiry. Local authorities should where possible be clear in providing timescales for both awards and responses to a query, so that tenants can reassure their landlord that a delay is temporary and that the rent payment is forthcoming. Joint communication, with the consent of the claimants, from a housing benefit department, with the claimant, landlord and housing services can greatly reduce the risk of homelessness. Access to advice and advocacy is also key to helping claimants navigate the housing benefit system and challenging incorrect decisions.

- **DWP recording of housing benefit processing times:** DWP record the waiting period for a housing benefit claim using Actual Average Clearing Time (AACT), which measures the time taken up to the point a claim is finalised by an assessor, not when it is actually received by the claimant.

To better understand the scale of the problems with housing benefit delivery Shelter recommends that processing is measured from the point a claim is made, to when the claimant receives a payment, or is otherwise correctly told they are not eligible for housing benefit. This will continue to be of importance under Universal Credit.

Conclusion

Evidence suggests that housing benefit delays and inaccuracies are prevalent issues, especially among tenants living in the private rented sector. DWP statistics show that the average housing benefit claim is 6 days over its target response time, and that a significant number of claims are being underpaid.

The impact of this can be disastrous for families. Housing benefit delays and inaccuracies lead to the build-up of rent arrears, which can result in eviction and homelessness. In some cases, households will attempt to bridge the gap in their housing benefit claim by borrowing, either formally or informally, and therefore will fall into debt.

Although government statistics suggest that local housing authorities are managing to prevent a large number of households from becoming homeless by working to resolve their housing benefit issue, it is concerning that this already a significant issue, and one that continues to grow in scale.

Our evidence points to a substantial number of private sector landlords experiencing problems with their tenants housing benefit claim, often made worse by difficult communication with a local authority. Such negative experiences often lead to landlords refusing to let to tenants in receipt of housing benefit in the future, which reduces housing options for low income families and undermines local authority homelessness prevention efforts.

To help address these issues Shelter recommends that local authorities closer align housing/homelessness and benefit services, and review communication with tenants and landlords. This is especially relevant to Universal Credit, which risks distancing delivery of the benefits system from local support. Shelter also recommend a change to the way that housing benefit processing times are calculated, measuring up to the point a claimant receives their payment.

Further enquiries

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