

# Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

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## HB/CTB S3/2010

### SUBSIDY CIRCULAR

<b>WHO SHOULD READ</b>	Housing Benefit and Council Tax Benefit managers and staff. Fraud managers and staff. Officers preparing subsidy claims and estimates
<b>ACTION</b>	For <b>immediate</b> attention – applicable from 1 April 2010
<b>SUBJECT</b>	Further subsidy changes applicable from 1 April 2010 – HB subsidy for customers living in temporary accommodation

### Guidance Manual

The information in this circular does not affect the content of the HB/CTB Guidance Manual.

### Queries

If you

- want **extra copies of this circular/copies of previous circulars**, they can be found on the website at <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/user-communications/hbctb-circulars/>
- have any queries about the
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## Further subsidy changes applicable from 1 April 2010 – HB subsidy for customers living in temporary accommodation

### Status of the guidance

- 1 This guidance is accurate at the time of publication (April 2010). Please check the DWP website for further updates. This guidance is for use by local authority staff and for anyone responsible for dealing with Housing Benefit (HB) subsidy for customers living in temporary accommodation. This document is available to view on the Department for Work and Pensions (DWP) website, see <http://www.dwp.gov.uk/local-authority-staff/housing-benefit/>. It should be read in conjunction with the main guidance on subsidy for people in temporary accommodation (*HB/CTB Circular S7/2009*) issued in December 2009.

### Introduction

- 2 The new subsidy arrangements as described in *Circular S7/2009* came into force on 1 April 2010. Two further subsidy caps will apply alongside these arrangements. We expect these caps to affect mostly London cases and the Secretary of State for Work and Pensions has written to the leader of London Councils to explain the reasons for the changes.
- 3 The new scheme for temporary accommodation uses Local Housing Allowance (LHA) rates to determine maximum subsidy amounts for properties according to their size and location. However, the Secretary of State is concerned that, in central and inner parts of London particularly, the new subsidy formula, which uses LHA rates for January 2010, would encourage already high rents being further increased by local authorities.

### Summary of further changes from 1 April 2010

- 4 On top of the formula-based caps detailed in *S7/2009*, two further subsidy caps will also apply from 1 April 2010 to customers placed into temporary accommodation (as described in *Scope of the changes* below), as follows:
  - A a maximum weekly subsidy cap of £500 is applicable in respect of customers placed into temporary accommodation in the following Broad Rental Market Areas (BRMAs) in London (Group A):
    - Central London
    - Inner West
    - Inner North
    - Inner South West
    - Inner East
    - Inner South East
    - Outer South West

continued

- B** a maximum weekly subsidy cap of £375 is applicable for customers placed into all other remaining BRMAs in London (not included at **A** above) and elsewhere (Group B).
- 5 As per *Circular S7/2009*, the BRMAs as at January 2010 apply.
- 6 The introduction of these additional caps means that the amount of HB subsidy payable from 1 April will be the *lower* of either
- the amount of HB entitlement (week or part-week)
  - the maximum weekly amount determined by the subsidy formula, ie LHA-10% +£60 (for non-London authorities) or +£40 (for London authorities); or
  - £500 or £375 according to whether the property is located in a BRMA in Group A or B, as described above.
- 7 Given the immediacy of this measure, the Department is currently considering what scope there might be to offer some exemptions from this cap. However, it must be stressed that if any exemptions were to be made these would be in exceptional circumstances only and at the discretion of the Secretary of State. The supporting legislation for these changes will be made retrospectively.
- 8 Local authorities will be provided with further details on any potential exemption procedures in due course.

## Timing

- 9 These changes are applicable from 1 April 2010.

## Scope of the changes

- 10 These new subsidy caps, along with the subsidy arrangements described in HB/CTB S7/2009, will apply to both new claims and existing claims where subsidy was (in 2009/10) subject to the 'thresholds and caps' scheme.
- 11 The types of temporary accommodation that were subject to the thresholds and caps and therefore to the new arrangements are:
- board and lodging (including Bed and Breakfast) accommodation (provided by a local housing authority to discharge a homelessness function under Part 7 of the Housing Act 1996 or Housing (Scotland) Act 1987);
  - accommodation held by a local housing authority under license (provided to discharge a homelessness function under Part 7 of the Housing Act 1996 or Housing (Scotland) Act 1987);
  - accommodation held on a lease by a local housing authority for a period not exceeding ten years secured from a private landlord and accounted for outside the Housing Revenue Account (in England, Wales and Scotland); and
  - accommodation held on lease by an authority for a period not exceeding ten years secured from a private landlord and accounted for in the Housing Revenue Account (in Wales).

## Housing Association Leasing (HAL) schemes

- 12 When writing to the leader of London Councils, the Secretary of State also said that, subject to a thorough evaluation of the use of HALs, she intends to align subsidy for these cases with the new scheme, from April 2011.
- 13 We will provide updated guidance (replacing *HB/CTB A28/2002*) on the treatment of HAL rents in due course.

## Further queries

- 14 We hope to issue further guidance about the potential arrangements for considering exemptions to the caps as well as on HALs, as soon as possible. These publications will be subject to discussions with Local Authority Association representatives and other key stakeholders. If you do have any other queries in the meantime, please contact:
- Dave Marley (dave.marley@dwp.gsi.gov.uk), or
  - Joe Stacey (joseph.stacey@dwp.gsi.gov.uk)