

Editorial

The Chancellor announced a package of Housing Benefit (HB) reforms in his Budget statement on 22 June. It is the most significant and comprehensive reform programme for HB since the scheme was introduced in the 1980s. The background is the budget deficit and the reductions in public expenditure that the Government is making to tackle it. Ministers are clear that the overall cost of HB, forecast to be around £20 billion this financial year, must be controlled and reduced. The package of reforms will save nearly £2 billion by 2014/2015. There are also important policy considerations around fairness and work incentives that lie behind the reforms.

I want to look separately at the relatively short-term changes and then the measures which will take a while to develop and implement. The article inside explains the changes in more detail but essentially Local Housing Allowance (LHA) rates will be capped at the four-bedroom rate, and at maximum levels for each bedroom size, from April 2011, the £15 excess will go then as well. From October 2011, LHA rates will be based on 30% of rents in a given market rather than half. This means that around a third of properties should still be affordable to those claiming HB. Additional help for disabled people who need an extra room for a non-resident carer will also come in from April 2011, as well as increases in the rates of non-dependant deductions.

Much of this agenda is about fairness as well as reducing costs. The principle is that those relying on state support should not be in a more advantageous position than working families with modest incomes. There will be people who will lose out from these changes, and the Government has decided to increase very substantially its contribution to discretionary housing payment budgets to help protect the most vulnerable.

For the medium-term, the Chancellor announced some more strategic changes: introducing size criteria in the social sector, a 10% reduction in HB for JSA customers after a year, and breaking the link between LHA rates and local rent changes and instead setting rates in line with the Consumer Price Index. The first two are designed to reinforce the value and importance of work, the third because we must restrain the growth in the HB budget. These measures require primary legislation and, whilst the principles are clear, they need more development than the shorter-term measures.

We will be talking to your associations, amongst others, about the changes, and there will be consultation on the regulations in the normal way. We will continue to keep you informed as much as we possibly can both about these changes and the wider reform programme as it develops.

 Email: Paul.Howarth@dwp.gsi.gov.uk



Emergency Budget June 22

A number of measures were announced that relate to Housing Benefit (HB).

Local Housing Allowance (LHA) measures:

From April 2011

- LHA levels will be restricted to the 4 bedroom rate
- a new upper limit will be introduced for each property size, with upper limits set at
 - £250 a week for a 1 bedroom property
 - £290 a week for a 2 bedroom property
 - £340 a week for a 3 bedroom property
 - £400 a week for a 4 bedroom property or larger
- as previously announced, the £15 weekly excess provision currently payable will be removed
- the size criteria will be adjusted to provide for an additional bedroom for a non-resident carer where a disabled customer has an established need for overnight care.

From October 2011 the LHA will be set at the 30th percentile of rents in each Broad Rental Market Area (BRMA), rather than the median.

The measure announced by the previous Government for the removal of the top 1% of rents in the market evidence for each bedroom size in the calculation of LHA rates will not now go ahead.

Non-Dependant deductions

- there will be staged increases in the rates of non-dependant deductions in the income-related benefits from April 2011






Longer term reform

- from 2013/14 onwards, LHA rates will be updated on the basis of the Consumer Prices Index, rather than on the basis of local rents.
- from April 2013, HB for working age social rented sector customers will be restricted for those who are occupying a larger property than their household size and structure would warrant.
- HB customers who are claiming Jobseeker's Allowance (JSA) will only receive their full HB award for a period of 12 months. After that period, their benefit will be reduced by 10%, and they will continue to be ineligible for the full out of work HB rate until they have left the benefit system and been in work for a period

Discretionary Housing Payments (DHPs)

The sum allocated by Government for DHPs will increase by £10 million in 2011 and by £40 million a year thereafter.

Contacts for further information

- LHA measures -
 E-mail: penny.higgins@dwp.gsi.gov.uk
- Additional room for non-resident carers -
 E-mail: nina.young@dwp.gsi.gov.uk
- April 2013 social rented sector restrictions -
 E-mail: nina.young@dwp.gsi.gov.uk
- Non-dependent deductions -
 E-mail: ben.aylott@dwp.gsi.gov.uk
- 10% reduction in HB after a 12 month award -
 E-mail: ben.aylott@dwp.gsi.gov.uk



Working Benefits workshops running in July

The full version of this item was published in Bulletin HB/CTB G10/2010 but is being repeated as a reminder in case you haven't yet booked your place at a workshop.

Many unemployed people don't realise they may be eligible for HB, CTB and other financial support while they work.

During July, we are running a series of [Working Benefits workshops](#).

These workshops are for people on the front line who advise jobseekers on employment, benefits, budgeting or housing issues. Delegates can learn more about the benefits available to people in work and when they start work. Tools, resources and materials will be available to help jobseekers to understand that they do not necessarily have to give up all their benefits when they start work.

The workshops are being delivered by hbnote, an independent company specialising in HB advice and training.

If you're an adviser and you haven't yet booked a place at your nearest workshop please go to the [workshop website](#)

For more information go to www.dwp.gov.uk/workingbenefits

 Email: tina.llewellyn@dwp.gsi.gov.uk

EAS CIS Implementation Project Update

We are now moving from design and development to delivery of the Employee Authentication Service (EAS) solution. The four LAs in our Small Implementation Pilot (SIP) have been trained to carry out their Sponsor and Registration Agent roles and are connected to the EAS test system. The SIP has been essential in helping us to refine our implementation approach so we can stick to our promise to make implementation as easy for you as possible (within certain financial, security and regulatory constraints). Part of this refined approach has been to order and distribute to you the Satellite kits which includes a webcam, signature pad, and smartcard reader, rather than providing subsidy and asking you to source these items. We will be writing to you with more detail soon.

The technical guide is in the final draft stages and will be sent to the 22 Early Adopters prior to their Agent training day to ensure all is ready for registering and enrolling users the day after training.

We recently asked you to think about where you place the LA Agent role if you have decided to participate in the Tell Us Once programme (or where the Agent is also a CIS user) and have had a good response, with most of you retaining the agent role in Revenues and Benefits for now. If you haven't yet responded, please do so to

 Email: eas.info@dwp.gsi.gov.uk

A copy of the letter can be found on our website

 www.dwp.gov.uk/eas




The Automated Transfers to Local Authority Systems Project

The HB Information Flows Programme is now working on the new Automated Transfer to Local Authority Systems (ATLAS) Project which we hope to implement by April 2011. This project is looking to arrange for the automatic transfer of award data for a range of Department for Work and Pensions (DWP) benefits and HM Revenues and Customs (HMRC) Tax Credits direct to your systems.

The information will be transferred where there is a new award or a change of award and the DWP/HMRC customer is in receipt of HB/CTB. We are currently developing the business requirements for the project and are working with a number of volunteer LAs and representatives from LA Associations to ensure that all your requirements are captured.

ATLAS will ensure data is sent to you at the earliest opportunity, in a secure format that can be uploaded directly into your processing systems. This will enable claims to HB/CTB to be promptly re-assessed.

Receiving information automatically will result in a reduction of HB/CTB underpayments and overpayments in particular where a customer fails to notify you of the claim or change, or provides this information late.

We will continue to consult on the project throughout its lifecycle and will keep you informed of developments with regular updates in HB Direct. Information will also be available on the  [DWP website](#)

If you have any queries please contact us on

 **Email** : QH.HBInfoFlowsProgramme@DWP.GSI.GOV.UK

Final call for LAs!

If you missed General Information Bulletin [HB/CTB G10/2010](#) then you may not have seen the exciting opportunity for LAs to get involved in a feasibility study being carried out by Shared Services Debt Management (DM).

DM is looking at the potential for extending its service to LAs, particularly looking at off-benefit recoveries and recoveries from the estates of deceased debtors.

DM acknowledge there is a lot of good work already going on out there in both these areas, but need to undertake a feasibility study to see what could be offered that might add genuine value to existing arrangements.

Involvement for the volunteer LAs isn't expected to be particularly onerous, so if you're interested, please contact the HB Project Team as soon as possible as DM are keen to start the feasibility study week commencing 12 July.

Contact details

- Ann Harrison, Senior Business Development Manager, on 0161 873 4758
- Eleanor Bentley, Business Development Manager, on 0161 873 4636



Fraud and error - Latest performance figures!

The latest fraud and error estimates, published on Thursday 27 May, show that the amount of overpayment due to HB fraud and error is at its lowest ever level. Due to your hard work and effort it's now 20% lower than it was at its peak in 2005/06. These results represent real achievement and progress in this area.

HB Overpayments Oct 2008 - Sept 2009

- Fraud £240m 1.3%
- Customer Error £390m 2.1%
- Official Error £190m 1.0%

Although official error has increased from 0.6% to 1.0% in these results, it is still 30% lower than its peak in 2005/06. We know that you are trying to tackle this problem.

You are also making progress in reducing the amount of overpayments due to fraud which have gone down to 1.3%. This means that they have dropped more than 30% since 2002/03, a real achievement.

Customer error overpayments have decreased to 2.1%, back to the level they were in 2007/2008 and substantially less than they were in the last published figures. This is a very encouraging result.

As you know it is a priority in the current financial climate for DWP to ensure that all inappropriate expenditure is eliminated and this includes reducing losses caused by benefit fraud. We will be taking a fresh look at our approach to tackling fraud and error and this will include working closely with you.

The full report can be viewed at

 http://www.dwp.gov.uk/asd/asd2/fraud_error.asp

Enquiries relating to this item should be sent to

 **Email:** fraud-error-policy@dwp.gsi.gov.uk

Publication of Right Time Indicator Official Statistics for Quarter 3 2009/10

Following the first release in March, DWP published Official Statistics on the average time taken to process HB/CTB new claims and changes of circumstances (the Right Time Indicator) on the 30 June 2010.

These statistics are encouraging on two levels. Firstly, due to continued quality assurance by the Department and LAs, the performance statistics for quarter 3 show increased coverage on the March publication and include data for 379 LAs. Secondly, these statistics show that you have continued to improve processing times for new claims for HB and CTB despite an increase in numbers of claims because of the recession.

Detailed tables for the quarter 3 publication can be found at  <http://statistics.dwp.gov.uk/asd/rti.asp>.

If you have any comments or questions about the recent statistics please contact either:

 E-mail: Mike Payne (michael.payne@dwp.gsi.gov.uk) or

 E-mail: Daniel Brown (daniel.brown3@dwp.gsi.gov.uk)

