

Housing Benefit and Council Tax Benefit Circular

Department for Work and Pensions

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HB/CTB A6/2011

ADJUDICATION AND OPERATIONS CIRCULAR

WHO SHOULD READ	All Housing Benefit (HB) and Council Tax Benefit (CTB) staff
ACTION	For information
SUBJECT	Changes announced to the shared accommodation rate

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/>
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Change announced to the shared accommodation rate

Background

- 1 As you know, the Government announced in the Comprehensive Spending Review last October an extension of the Housing Benefit (HB) shared accommodation rate¹ to people aged under 35. At that stage, it was envisaged that this change would take effect from April 2012. This rate currently applies to people under the age of 25 and reflects the costs of renting non self-contained accommodation in the private sector where the tenant has exclusive use of a bedroom but shares other facilities such as a bathroom.
- 2 You will also be aware of the wider changes to the Local Housing Allowance (LHA) that were announced in last year's Budget, and which come into effect next month. Following consultation on the LHA changes, it was decided that existing claimants should be subject to transitional protection arrangements for up to nine months (Circular [HB/CTB A25/2010](#) refers). In practice, this would mean that many existing LHA claimants affected by the extension of the shared accommodation rate would see two changes in quick succession. First, their transitional protection would cease during 2012 leading to a reduction in benefit and then, shortly after, they would see a further reduction in benefit when they moved onto the shared accommodation rate on their anniversary date.

Change in implementation date

- 3 In developing the policy detail and implementation arrangements for the change relating to the shared accommodation rate, Ministers have now decided that this change should be brought forward by three months to take effect from January 2012. For existing customers affected by this change, this will bring the timing of the shared accommodation change into line with the LHA changes. It will ensure that single people aged 25 to 34 reaching the end of their transitional protection period will experience at that point a single reduction in their HB (LHA), rather than two separate reductions. And it could help avoid a potential situation whereby individuals might find themselves needing to move home twice in quick succession.
- 4 In practice, this means that
 - single claimants under age 35 making new claims to HB on or after 1 January 2012 will be entitled to the shared accommodation rate rather than the one-bedroom self-contained rate
 - existing claimants at that date who are receiving transitional protection from the April 2011 LHA changes will move to the shared accommodation rate at the same time as their transitional protection ceases

¹ This includes both the single room rent for pre-LHA cases and what was formerly known as the shared room rate for LHA cases.

- existing claimants not receiving transitional protection, i.e. those whose claims are made on or after 1 April 2011 but before 1 January 2012, will move to the shared accommodation rate on the anniversary date of their claim
- pre-LHA cases will move to the shared accommodation rate (previously known as the single room rent) on the annual review of their case

Communicating this change to customers

- 5 We appreciate that local authorities have already done much work to prepare for the April 2011 changes and notifications of revised LHA rates and transitional protection will in some cases have already started to go out to individuals. However, in light of the decision to bring forward the shared accommodation rate changes, some of the notifications about the LHA changes going out to those affected by the shared accommodation rate changes could be misleading unless action is taken to explain the combined effect of both changes. It is therefore important that any information about the rate of LHA payable to individuals at the end of their transitional protection period is as accurate as possible.
- 6 Wherever possible, you will want to be able to advise those affected of this change to the shared accommodation rate alongside the notifications of the new LHA rates. Ideally, one communication is best and so, if at all possible, you may wish to adapt the notification letter to advise those likely to be affected of the shared accommodation rate change. To help you do this some suggested wording is attached at Annex A. Where it is not possible to incorporate this information into a single notification letter, we have attached at Annex B wording for a separate attachment or insert to the LHA notification letter. These will also be made available on the DWP website. Although you will not be able to advise the claimant of the actual rate payable, as it will be the rate in place at the point the transitional protection ends, you may consider that it would be helpful to provide an indication of the likely lower level of benefit by including in the letter the current shared accommodation rate.
- 7 We are planning to have the amending legislation in place in early July 2011. In the meantime, we would encourage you to provide customers with as much information as possible in order for them to make informed decisions about their accommodation.

Amending guidance

- 8 Further guidance will be issued when the amending regulations have been laid.

Annex A

Wording for inclusion in notification letter template advising customers of changes to their LHA from April 2011

[For use in appropriate cases:]

If you are single and under 35

The Government is planning to change the rules that apply to single people living in self-contained accommodation and aged 25 or more, but under 35. This means that they will only be entitled to the lower rate of Housing Benefit for a room in shared accommodation.

If you are single and aged 25 or more, but under 35, when your Housing Benefit Local Housing Allowance (LHA) is reassessed from January 2012 onwards, this change will apply to you, unless you are covered by one of the exemptions. The change means that, instead of the LHA rate referred to above, you would move onto the LHA rate for shared accommodation in your area, which may be much lower.

The details of the change will not be known until they are agreed in Parliament later this year. Even when this happens we will not be able to tell you the exact rate for shared accommodation, as this varies from month to month. However, the current shared accommodation rate for property in your area is £....., which will give you an indication of the likely rate next year. There is more information about the change and about the current shared accommodation rates in different parts of the country at the Direct Gov website – [DirectGov](#) (under local housing allowance).

Annex B

Single and under 35?

The Government is planning to extend the age group for single young people who can only claim a shared accommodation rate to help with their rent (rather than being able to claim for self-contained one-bedroom accommodation).

This means you may only be entitled to the lower rate of Housing Benefit for a room in shared accommodation if all of the following apply:

- you are a single person
- you are occupying one-bedroom self-contained accommodation in the private rented sector
- your Housing Benefit is due to be reviewed from January 2012 onwards
- at the date of the review you will be aged 25 or over but under 35 years, and
- you are not covered by any of the exemptions on sharing accommodation.

The change means that from January 2012 onwards, instead of the one-bedroom self-contained rate as has been notified to you, you would move onto the shared accommodation rate applying at that date, which may be much lower. The details of the change will not be known until they are agreed in Parliament later this year. Even when this happens, we will not be able to tell you the exact Local Housing Allowance (LHA) rate for shared accommodation as these change from month to month. However the current shared accommodation rate for property in your area is £..... which will give you an indication of the likely rate next year. If you are not assessed under LHA rules we cannot provide you with an estimate at present, although the rate you get is likely to be much lower than the rate you currently get.

Further information about these changes and the current shared accommodation rates in different parts of the country is available at the Direct Gov website – [DirectGov](#) (under local housing allowance) these rates are shown as the '1 Bedroom with shared facilities' rates, but are only relevant to those who are assessed under the Local Housing Allowance rules.