

Social Security Advisory Committee
Minutes of the meeting held on 8 March 2023

Chair: Dr Stephen Brien

Members: Bruce Calderwood
Carl Emmerson
Phil Jones
Prof Gráinne McKeever
Seyi Obakin OBE
Liz Sayce OBE

Apologies: Kayley Hignell
Charlotte Pickles

1. Private Session

[RESERVED ITEM]

2. The Housing Benefit and Universal Credit Housing Costs (Executive Determinations) (Modification) Regulations (Northern Ireland) 2023

2.1 The Chair welcomed the following officials to the meeting: Brian Smith, Helen Vaughan and Deborah Kirk (Policy and Legislation, Department for Communities (DfC)), Vikki Knight, (Director, Housing, Fraud and Error), Sarah Kissack, (G6, Housing, Fraud and Error Analysis), Lavinia Slotema (T/G6 Housing, Fraud and Error Policy) Kelly Flett (SEO, Housing, Fraud and Error Policy) and Tony Knight (HEO, Housing, Fraud and Error Policy).

2.2 The Chair noted that, while the proposals were being brought forward by the Department for Communities (DfC), he was particularly grateful to DWP's Vikki Knight and her team for attending since the regulations mirror the provisions for Housing Benefit and Universal Credit (UC) as set out in *The Rent Officers (Housing Benefit and Universal Credit Functions) (Modification) Order 2023* which came into force on 31/01/23 (extending to England, Wales and Scotland).¹

2.3 These regulations make provision for the determination of Local Housing Allowance (LHA) rates in Northern Ireland for 2023/24. They are maintained at the rates agreed for 2020/21. Therefore, they are still set at the level of the 30th percentile from 2020 i.e., at the level where the payment is sufficient to cover the lowest 30% of the local rent market prices. In March 2020, as part of its response to the coronavirus pandemic, the DfC amended the Executive Determinations Regulations to increase LHA rates to cover the lowest 30% of local rents from April 2020. The aim was to provide increased support for private sector claimants in receipt of Housing Benefit or the housing costs element of UC. Maintaining LHA

¹ This Order was not subject to statutory scrutiny by the Social Security Advisory Committee.

rates at the same cash levels ensures that no rates reduce in April 2023 and that claimants who benefited from the increase in April 2020 continue to do so.

2.4 The Committee raised the following main questions in discussion.

- (a) Is there a policy on the price of housing that a claimant should be able to afford? Is the third decile the underlying policy? Was the 2020 increase intended to be temporary?**

The LHA was introduced in 2008 set at 50th percentile and that was the original policy intent. It was then reduced to the 30th percentile in 2011. At the Summer Budget 2015 it was announced that LHA rates would be frozen for a period of four years. During the period April 2016 to April 2020 rates were frozen at either the April 2015 rate or set at the 30th percentile, whichever was the lower. Targeted Affordability Funding was used during this period to recycle some of the savings from the freeze to the areas that had moved furthest away from the 30th percentile. LHA rates from April 2020 were to be set at the lower of:

- the 30th percentile of local rents;
- the previous LHA rate uprated by 1.7%; or
- the maximum local housing allowance (national cap).

Due to the effect of the Coronavirus pandemic beginning, further measures increased support to the 30th percentile rates for April 2020 which remains the current fiscal position. LHA is not intended to cover all housing costs in every area. LHA rates have been maintained at the increased levels from April 2020 so that everyone who has benefited will continue to do so. Discretionary Housing Payments (DHPs) are still in place with local authorities and since 2011 funding of £1.6 billion has been made available to provide additional support. The Department's expenditure in this area is high and therefore LHA should not be considered in isolation, it is intended to provide a level of support for claimants. The Committee will be well-versed in the support provided due to the cost-of-living crisis. LHA rates were increased to the 30th percentile rate in 2020 rather than uprated by the Consumer Price Index at that point. The Department considered how to continue and decided it was important to freeze in cash terms because it did not want anyone's rate to reduce.

- (b) You say LHA was never intended to cover all rent, was it never intended to cover 30%?**

It is not intended to cover all rent in all areas.

- (c) Is there any evidence how much LHAs cover?**

Most claimants do have a shortfall between the LHA and their rent.

- (d) Is that a policy shortfall in that the rents are above LHA level? Or is it a consequence of the rental values in a particular area which only have a random relationship to LHA because housing markets change over time?**

There is no available analysis that provides this level of detail. When LHA was at the 50th percentile there were still people with shortfalls which, in some cases, may have been a matter of personal choice. A person can choose to live in a place where the rent is higher than the LHA.

- (e) How much does the Department know about these individuals? How do people afford to cover such shortfalls? Are they making conscious choices to move to places outside of the LHA level? Is it primarily new claimants that are caught by this or long-term claimants? How much do you know about the impact?**

New claimants are more likely to have shortfalls because their rents are higher than those of existing claimants. It is difficult to disaggregate the impact because it may be due to the timing of the rental agreement, or because all affordable housing is taken in an area, or that they are choosing to live somewhere bigger.

- (f) The Department does not know whether the shortfalls are against the 30th percentile or above? If you assume there is a baseline, that housing support at one point was meant to cover rents at or below the 30th percentile, to what extent is housing support achieving this?**

In 2020 it was increased to 30th percentile and shortfall prevalence fell from two thirds to half. It is hard to keep the analysis up to date because of the shift in situations. One can look at the Rightmove and estate agent reporting to see that rental prices have soared and recovered in cities. The rental market is very segmented, so it is hard to say. Overall rents have been going up considerably and there has been an increase in mortgage rates. Where landlords have had the same tenants for a while, they do tend to consider being flexible as they want to avoid damage or voids in their capital. It is not just rent that needs to be considered, but also vacancy rate and value of capital asset.

- (g) The broad purpose, for UC recipients and others on legacy benefits, is to cover reasonable housing costs. Reasonable can mean many things and has been considered to be at the 30th percentile of the market. Is that across the entire market, is that reasonable? If the stated policy is 30th percentile, how big a gap is there for people between the 30th percentile and the LHA?**

The policy intent is that the Department will supply a level of LHA. It is for the Government of the day to decide the level, whether that will be at the 30th or the 50th percentile. Current legislation says that it is the 30th percentile. Each year the Department reviews the levels

- (h) If someone is in an area in decline then they will be in the 30th percentile but if they are in an area that is on the up, there will be a shortfall. Was it considered an alternative to move to, for example, a consistent 25th percentile so as not to constrain people more in higher growth areas? In other words, this could be designed so as to keep within the same funding envelope given the Department has a constrained pot of money, but to deliver a more consistent outcome across the country?**

That was not considered; considerations were within LHA policy. Options were provided to Ministers, given the fiscal constraints the decision was to freeze current levels.

- (i) On the point of the funding envelope and how it has been used, did options presented to Ministers consider the impact on Northern Ireland or just Great Britain?**

No, the impact on Northern Ireland was not considered but the Department does speak to Northern Ireland colleagues regularly.

- (j) The Committee is aware from the published letters that the Minister was not keen for this in Northern Ireland but did agree it to go ahead. Does the Department know what effect this is having on net incomes?**

The DfC does not have that level of analysis as it does not have the policy lead. There is the discretionary fund and there has been a significant uptake on this in the winter period. There is concern that the budget will be exceeded because of the growing gap between LHA and the rates at which rents will be set.

- (k) Who is getting DHPs? If the budget may be outstripped by demand, what impact assessment has been made here?**

The Housing Executive provide DHPs in Northern Ireland and that information has not been obtained. Further information will be provided outside of the meeting.²

- (l) The data that is available is a little bit contradictory; is there a true picture of what the impact of this is on protected characteristics?**

² A response has been received from the Department for Communities (Northern Ireland) and can be found at annex B

There is no data for disability; it did show that there was not much difference between male and female claimants. Further information will be provided outside of the meeting.²

- (m) The Committee notes that it is difficult to build up a picture of how the housing sector works in Great Britain, is there a sense of how it works in Northern Ireland?**

There is no indication that it is particularly difficult to obtain payment but further information will be provided outside of the meeting.²

- (n) People who require accessible housing may find that suitable accommodation is not in the bracket. Is that the case in Northern Ireland, is there any information here?**

Some of these questions are to do with implementation although Disability benefits like Personal Independence Payment make up for additional costs. The Department for Communities would not have data on this; however, Disabled Facility Grants are available to landlords and private rented sector tenants may qualify for help with adapting a property if a person with a disability is living in their house.

- (o) Is there any indication of how many people are moving house in Northern Ireland due to LHA?**

The Northern Ireland Housing Executive would have that information which will be provided outside of the meeting.²

- (p) It is still important to understand these issues when creating legislation for Great Britain and then applying it to Northern Ireland. There is a risk that policy makers are not aware of the impact on the ground and so will not be asking relevant questions. In respect of targeted affordability, if there are no savings from freezing the rate, how do savings accrue?**

The Targeted Affordability Fund, when used in 2020, came from savings. Whilst the rates were frozen over the four-year period, there was an amount recycled. When it was increased to the 30th percentile, that was taken out of savings but, now that is frozen, there are no savings realised to create a targeted fund.

- (q) It seems specious to have a policy decision not to have a fund where at one point the levels were frozen and the gap created funding, and next time the freeze happens there is none.**

The difference is that in 2016 there was a commitment to freeze the levels for four years with no review and so savings were made. The position now is that the rates are reviewed annually. Although the baseline position was a freeze,

there was no conscious decision to review affordability funding. It is a completely different scenario.

- (r) **It would be helpful to have further data. The freeze needs to be considered in the round, will it be giving more money to different areas depending on rent rises?**

It is based on different support available, not rents.

2.5 The Chair thanked DWP and DfC (Northern Ireland) officials for attending and answering the Committee's questions. He asked that the information which had been promised during discussion be provided to the Committee at the earliest opportunity.

2.6 Following a period of private discussion, the Committee decided that it would not take the regulations on formal reference.³

3. Private Session

[RESERVED ITEM]

Date of Next Meeting

The next meeting is scheduled to take place on 22 March 2023.

³ The Committee was not quorate at the meeting, therefore action was taken in accordance with its formal Rules of Procedure which states: "*In the absence of a quorum, those Members present shall not make decisions on behalf of the Committee but may make recommendations for the subsequent approval of the Committee.*" Accordingly, this decision was made following consultation with Committee members not present at the meeting.

Attendees

Guests and Officials

Item 2: *Department for Communities (Northern Ireland)*

Brian Smith (Department for Communities (Policy and Legislation))
Helen Vaughan (Department for Communities (Policy and Legislation))
Deborah Kirk (Department for Communities (Policy and Legislation))

Department for Work and Pensions

Vikki Knight (Policy Manager, Housing, Fraud and Error Policy)
Sarah Kissack (G6, Housing, Fraud and Error Policy)
Lavinia Slotema (T/G6 Housing, Fraud and Error Policy)
Kelly Flett (SEO, Housing, Fraud and Error Policy)
Tony Knight (HEO, Housing, Fraud and Error Policy)

Secretariat: Denise Whitehead (Committee Secretary) *[Items 1 and 3 only]*
Dale Cullum (Assistant Secretary)
Gabriel Ferros (Analyst)
Anna Woods (Assistant Secretary) *[Item 1 only]*

The Housing Benefit and Universal Credit Housing Costs (Executive Determinations) (Modification) Regulations (Northern Ireland) 2023

Further information provided to the Social Security Advisory Committee by the Department for Communities (Northern Ireland) after the meeting

(a) Who is getting DHPs? If the budget may be outstripped by demand, what impact assessment has been made here?

- The main policy objective of Discretionary Housing Payments in Northern Ireland is to sustain tenancies and prevent and alleviate homelessness. In administering the scheme, the Housing Executive take all reasonable steps to prevent evictions and resulting homelessness or the need for housing support to facilitate rehousing. DHPs play an active role in this endeavour.
- The Housing Executive administers the DHP scheme with the direct aim of:
 - sustaining tenancies and homelessness prevention;
 - supporting those moving from temporary homeless accommodation to private rented sector accommodation;
 - supporting care leavers moving to private rented sector accommodation;
 - helping claimants through personal and difficult events e.g. loss of employment, family bereavement within their household or illness;
 - supporting domestic violence victims who are trying to move to a place of safety;
 - supporting the vulnerable or the elderly in the local community;
 - alleviating poverty;
 - safeguarding residents in their own homes;
 - keeping families together;
 - providing stability for children; and
 - supporting those with a disability living in the private rented sector who have had their accommodation adapted to meet their needs.

The DHP budget is monitored on a monthly basis to ensure we are maximising spend, whilst supporting customers living in the private rented sector who are in receipt of Housing Benefit or the housing costs element of Universal Credit, with additional financial help towards their housing costs.

(b) It is difficult to build up a picture of how the housing sector works in Great Britain. Is there a sense of how it works in Northern Ireland?

The Housing Executive has been actively working to promote the DHP scheme.

In order to raise awareness of DHPs, we have:

- included information on how to apply for a DHP on all Housing Benefit award letters;
- targeted communications aimed at those likely to be affected through social media (Twitter & Facebook);
- presented policy changes to key stakeholders, including the Advice Sector;
- given advice on DHPs when people contact the Housing Executive to discuss a claim;
- informed external and internal bodies that give advice (money advice, welfare rights, homelessness, housing etc.) of the scheme;
- established close working relations with Homelessness Local Area Groups to promote the use of the DHP scheme;
- established and maintained links to ensure awareness of the scheme among staff working in Housing Services within the Housing Executive;
- included advice on the DHP scheme as part of general welfare advice services with the Financial Inclusion Officers within the Housing Executive;
- made private landlords aware of the scheme through our landlord forums;
- raised awareness of the scheme by having information available at tenants and residents' forums and the Welfare Reform Working Group; and
- included clear DHP eligibility requirements, application and appeal information on the Housing Executive's website, ensuring it is visible and easily accessible to both Housing Benefit and Universal Credit claimants.

(c) Is there any indication of how many people are moving house in Northern Ireland due to LHA?

There has been an increase in rent charges in the private rented sector, as well as an increase in demand for DHPs. Unfortunately, there is no data available to determine how many people are moving house due to LHA.