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# **The Transitional Housing Benefits Scheme: A Three Way Process**

**In-house Report 86**

**A study carried out on behalf of  
the Department for Work and Pensions**

**By**

**Roy Sainsbury and Christine Oldman  
Social Policy Research Unit and Centre for Housing Policy**

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## SUMMARY

*It should be noted that during the course of the research there was a reorganisation of Government Departments. The Department of Social Security and the Employment Service of the Department for Education and Employment merged in June 2001 to become the Department for Work and Pensions. At the same time the former Department of the Environment, Transport and the Regions became the Department of Transport, Local Government and the Regions. Appropriate references to the old and new departments will be found in this report.*

The Housing Benefit system is playing a key role in the viability of supported housing. That role, from April 2003, will change when the new policy and funding regime, *Supporting People*, comes into force. The costs of providing support for people will transfer from Housing Benefit (and other sources) to a new budget, the *Supporting People* fund, which will be administered by local authorities.

The Transitional Housing Benefit Scheme (THBS) runs from April 2000 to March 2003 and is intended to provide the Department of Transport, Local Government and the Regions (DTLR), the National Assembly for Wales and the Scottish Executive with information about the current costs of providing support through Housing Benefit.

In October 2000 the Social Policy Research Unit and the Centre for Housing Policy at the University of York were commissioned by the Department of Social Security (DSS) and the Department of the Environment, Transport and the Regions (DETR) to carry out research into the implementation of the Transitional Housing Benefit Scheme by local authorities.

Six case studies carried out in early 2001 and four workshops for local authorities were hosted by DETR and DSS in April and May 2001. The case studies comprised in depth interviews with the key stakeholders in each local authority area, including Housing Benefit managers, staff directly involved with implementing THBS, *Supporting People* lead officers, staff in housing and social services departments, and providers of supported accommodation. A small number of interviews with staff of Benefits Agency offices were also carried out. The workshops were attended by Housing Benefit and *Supporting People* staff from approximately 160 local authorities.

The report is organised into chapters around a number of key issues that have emerged from the research:

- joint working (within and between local authorities, and with providers)

- working structures and procedures in Housing Benefit departments
- decision making on the transitional scheme
- identifying supported accommodation providers and their provision
- the needs of providers.

In this summary we set out first the key findings from the research and the principal lessons learned. These are organised into (1) lessons for local authorities, (2) lessons for central government, and (3) lessons for providers. Finally, an overview of the conclusions of the research is presented.

### **KEY FINDINGS FROM THE CASE STUDIES AND WORKSHOPS**

The report concludes that the task of establishing the total costs of supported accommodation through Housing Benefit is still problematic some 15 months into the transitional scheme.

- It was apparent from both the fieldwork and from the four workshops that, generally, Housing Benefit staff had not been pro-active in their reviews of supported accommodation claims, often simply processing claims as they came in unless they were particularly different from those received in the past. This tendency has led to identified support costs, which were being routinely reported to the DSS, as lower than the Government had originally estimated.
- Many Housing Benefit staff were largely fairly negative about the THBS, finding it impinged on their normal workloads and required detailed knowledge of supported accommodation they felt they did not have.
- The THBS was not very connected up to the mainstream process of implementation of *Supporting People* and there was little joint working between Housing Benefit staff and other local authority colleagues. THBS implementation, in other words, was chiefly a task carried out by Housing Benefit staff alone.
- By early summer 2001, with the appointment of lead officers continuing, many of those in local authorities responsible for implementing the *Supporting People* programme were beginning to realise the crucial importance of the THBS to its success.
- Housing Benefit staff operating within a very different cultural environment from lead officers appeared not be involved in any explicit activity aimed at ‘maximising the pot’. There was still tension between lead officers keen to develop services and Housing Benefit managers who saw their principal responsibility as safeguarding local authority funds.

- THBS was a strategic issue for providers. They have had to make an assessment of the overall impact of the *Supporting People* programme on their organisations, their provision and their tenants. This had certainly complicated the objective process of costing supported housing and deciding what element was housing and what was support.
- Providers continued, as they had prior to April 2000, to find it difficult to break down costs between the different components although registered social landlords, used to allocating costs under various housing finance regulations, experienced fewer problems than other categories of landlords.
- Some providers had found the THBS very hard to understand and some had shown little urgency towards the task of splitting support from rent.
- Until very recently providers had felt they were being encouraged to have some discretion as to whether a cost was housing management or support. Also many providers preferred to put more, not fewer, costs into rent because they felt they were considerable uncertainties for themselves and their tenants if large costs were transferred to the *Supporting People* grant.
- By Spring 2001, however, there was some evidence that providers' rent breakdown behaviour was being influenced, not so much by DSS circulars, but by DETR's rent reforms, under which, over a ten-year implementation period, all social landlords are expected to move towards setting their rents on the basis of a formula based on size, property value and local earnings. Especially where the reforms lead to reductions in registered social landlord rents, they provide a strong incentive to RSLs to lower their rents by putting more costs into support.
- It was likely that income support recipients who pay support costs were not being identified by Benefit Agency offices.

## **SUMMARY OF LESSONS LEARNED**

### **1. Lessons for local authorities**

#### *Joint working*

- Implementation of THBS should not be seen as Housing Benefit's responsibility only.
- Implementation of the THBS needs to be seen as a three way communication process between the main stakeholders: Housing Benefit staff, lead officers and providers. Implementation of THBS should not be seen as Housing Benefit's responsibility only.
- For joint working between these three parties to be successful the strategic and political nature of *Supporting People* and THBS must be recognised and accommodated.

- THBS lacks a driver. It needs to be owned. It is suggested that lead officers assume strategic ownership working with Housing Benefit departments. Ownership of THBS should result in lead officers convincing Chief Executives, senior staff and elected members that THBS should be given more priority and resources.
- A 'plain English' brochure should be prepared by local authorities on the THBS and widely distributed. The same brochure should be distributed to all the three interested parties.
- Joint working between Districts in shire counties should be a priority in order to achieve consistency in decision making.
- Local authorities need to make available more help and advice to providers.

#### *Working structures and procedures*

- There is a case for establishing specialist teams of staff to deal with THBS cases to reflect the complexity of the scheme and the need for particular knowledge and expertise about supported accommodation.
- Housing Benefit staff still require high quality training on THBS. This includes not only training on the technical aspects of the scheme but also on the wider political and policy context of *Supporting People*.
- Implementation of THBS requires resources. Trying to implement the scheme within existing resources is likely to result in delays and incorrect decision making.
- In planning for the period up to April 2003, Housing Benefit departments should be aware that many, and possibly all, rent/support breakdowns will need to be reviewed at some time.

#### *Transitional Housing Benefit decision making*

- Reasonableness issues require the input of suitably qualified staff from different agencies. Some form of appropriate multi agency forum should be set up to deal with difficult cases.
- Direct contact with providers is necessary to resolve issues around rent/support splits, eligibility, and reasonableness.
- Housing Benefit subsidy concerns should *not* affect decisions made on THBS cases.

- Serious consideration should be given to reviewing existing THBS cases to ensure they are realistic, justifiable and reasonable.

#### *Identifying providers and provision*

- No one method of identifying provision can be relied upon to identify all providers. A number of complementary methods is needed. Direct approaches to landlords through newsletters or forums are not effective means of identifying support services.
- Liaising with only a few colleagues in other local authority departments runs the risk of some support cases being missed. *All* social workers should be asked to identify cases involving community care assessments. However, one person within the Social Services Department needs to be a nominated contact for enquiries from outside.
- Claim forms should be amended to pick up potential support cases.
- Internal software systems provide the potential for trawling for possible support cases.
- Joint working structures and other external sources should be maximised to ensure that no form of existing or new provision is missed. Housing Benefit staff need help from housing and social services colleagues.
- Many providers still need high levels of encouragement and assistance with completing THBS returns. Relying on written communications only is likely to be ineffective.
- The task of reviewing an authority's own (or transferred) stock must be addressed as a matter of urgency.

#### *Lessons from providers to local authorities*

- Providers, particularly small providers would like more financial, technical advice.
- Providers would like more strategic advice such as more detail on the impact of *Supporting People*.
- Providers would like more feedback from Housing Benefit departments.

## **2. Lessons for central government**

#### *Joint working*

- A jointly produced (DWP/DTLR) THBS page could put on the K web and written more in the style of other *Supporting People* information than in circular format.

- A jointly produced (DWP/DTLR) brochure/pamphlet in *Supporting People* 'house style' could be printed which should be equally accessible to any of the three audiences, stressing that THBS is a common endeavour from which all can derive benefits.
- A jointly produced (DWP/DTLR/Housing Corporation) pamphlet could be written to dispel the commonly held view that the Housing Corporation in its guidance to RSLs on restricting rent increase. In fact Circular R2-02/01 excludes support costs from rent.
- Central government has a role to play in educating Chief Executives and elected members. Appropriate methods of communication should be used to attract their interest and commitment.
- DWP/DTLR could engage the Audit Commission in getting it to educate district auditors on the new approach to the issue of reasonableness.
- DWP could discuss the THBS with the Benefit Fraud Inspectorate so that the latter has a better appreciation of why charges may be high.
- Resources could be top sliced from the preparation monies to be dedicated to implementing the THBS.

#### *Working structures and procedures*

- Stats 121-124 forms will underestimate support significantly where an local authority's own stock has not been reviewed yet. This must be taken into account in any 'sizing the pot' estimates that are made.
- It may still be some time before management information is generated by new software systems. There may therefore be a question mark about the quality of information from some authorities.
- Consideration should be given to providing local authorities with sufficient additional funds (separate from new grants for implementing *Supporting People*) to administer THBS.

#### *Transitional Housing Benefit decision making*

- DWP/DTLR should consider issuing guidance on a number of issues:
  - reasonableness
  - appropriate depth of investigation on THBS cases
  - how to deal with support costs coming from Social Services departments.

- The message needs to be reinforced that local authorities will incur *no* additional costs through the Housing Benefit subsidy system.
- Any discussions with the Audit Commission should include the issue of what form of guidance about the THBS would be appropriate for District Audit staff.

#### *Identifying providers and provision*

- More guidance may be required on the extent to which local authorities can advise providers, or where local authorities can direct providers for independent advice.
- DWP/DTLR need to encourage local authorities to review their own (or transferred) stock as a matter of urgency.

#### *Support costs and income support*

- An outstanding task for the DWP and DTLR, is to raise levels of awareness among Benefits Agency staff so that all the cases in each local authority are identified and the local pot adequately funded.

#### *Lessons from providers to central government*

- There is probably a limit to what can be done to persuade Housing Benefit staff to scrutinise breakdowns more closely. Instead effort should be made to communicate the importance of the THBS and its relevance to rent convergence to providers.
- Government needs to continue to work with the national provider organisations so the latter can communicate the continued importance of the THBS and the impact of the rent convergence reforms to their members.

### **3. Lessons for providers**

- Providers need to be made more aware of the urgency of the providing rent/support breakdowns.
- Providers need to be persuaded that it might be expedient to *re-examine* rent breakdowns already provided.
- The dangers of loading costs into the rent element need to be explained to some providers.
- The shift in approach to the degree of discretion allowed to providers in deciding what costs go into rent and what into support needs to be more publicised.

- Superior landlords and managing agents need to work more closely on rent/support breakdowns.

## **OVERVIEW**

One of the principal conclusions of the research is that the Transitional Housing Benefit Scheme has been implemented patchily across the country. As a result we have doubts about the quality of information currently being delivered to DWP and DTLR. The evidence from the case studies and workshops suggests to us that the aggregate figures for the cost of support services that are currently being reported through the THBS are beset with a range of problems. At the time of writing, it is difficult to predict when THBS data will be sufficient for the purposes of sizing the pot accurately.

Some authorities appear to have made good progress in implementing THBS and are developing innovative ideas for improving the quality of their data and for dealing with remaining barriers. Implementation can clearly be achieved therefore. The problem for DWP and DTLR is to ensure that the authorities currently performing less well come up to the standards of the best. There is a case for DWP and DTLR taking a more proactive approach with authorities identified as 'failing' in some way. Strict timetables for achieving milestones could be developed and appropriate assistance offered.

Finally, it is crucial to involve providers more effectively in THBS and *Supporting People*. Providers need and want technical, financial help. They also need persuading of the urgency of THBS, they need to understand why it is important to identify adequate support costs and they need re-assurance that the post April 2003 world in the short term at least will not leave them excluded.

## 1. INTRODUCTION

The Housing Benefit system is currently playing a key role in the viability of supported housing. That role, from April 2003, will change when the new policy and funding regime, *Supporting People*, comes into force. The costs of providing support for people will transfer from Housing Benefit (and other sources) to a new budget, the *Supporting People* fund, which will be administered by local authorities as a working partnership with health bodies, the voluntary sector and probation services.

The Transitional Housing Benefit Scheme (THBS) is crucial to the success of the *Supporting People* initiative. The scheme runs from April 2000 to March 2003 and is intended to provide the Department of Transport, Local Government and the Regions (DTLR) (formerly the Department of the Environment, Transport and the Regions, DETR), the National Assembly for Wales and the Scottish Executive with information about the current costs of providing support through Housing Benefit. This information will contribute to the overall calculation of the *Supporting People* budget (the ‘sizing the pot’ exercise).

In the summer of 2000 the Department of Social Security (DSS) carried out a survey of local authorities to assess the level of progress that was being made in implementing the scheme. The results showed that many authorities did not appear to be making the sort of progress that was needed. However, the reasons for this, and what sort of policy response was required, were not immediately apparent. Hence, in October 2000 the Social Policy Research Unit and the Centre for Housing Policy at the University of York were commissioned by the DSS and DETR to carry out research into the implementation of the Transitional Housing Benefit Scheme by local authorities.

In preparing this report we have drawn on research data from six case studies carried out by the research team in early 2001 and from four workshops for local authorities hosted by DETR and DSS which were held in April and May 2001. The case studies comprised in depth interviews with the key stakeholders in each local authority area, including:

- the Housing Benefit manager and one or more staff directly involved with implementing the THBS,
- the *Supporting People* lead officer,
- appropriate staff in housing and social services departments,
- a number of providers of supported accommodation.

The case studies were preceded by exploratory visits to two Housing Benefit departments in late 2000. A total of 35 local authority staff and 18 provider organisations took part in the case studies. The sample of providers was selected to reflect the diversity within the provider

sector (such as size and type of provision, contractual arrangements with local authorities, and whether in the private or voluntary sector).

The case studies covered England, Scotland and Wales. The principal aim was to gather data on how local authorities had implemented the transitional scheme, what barriers they had found and how these had been or were being addressed. It was not the intention to visit authorities known to be making the most progress. The DSS selected authorities for the case studies which were thought to vary in performance.

The workshops were attended by Housing Benefit and Supporting People staff from approximately 160 local authorities in England<sup>1</sup>. In the workshop discussions delegates were asked specifically to identify examples of effective working practices or proposals to tackle remaining barriers to implementing THBS.

It should be noted that the case study fieldwork for this research was carried out in early 2001. At this time local authorities were working with Housing Benefit circular A47/99 as the main source of guidance on implementation. The four workshops were held after a new circular, A10/2001, had been distributed to local authorities.

In addition to Housing Benefit support costs, the housing related support costs paid by people living in leasehold housing who are required to pay service charges will, in April 2003, be transferred to the new *Supporting People* pot. Benefits Agency officers, therefore, have been required to identify the support costs contained within a service charge payment. In six of the case study areas we also interviewed staff of the appropriate Benefits Agency office (see further 2.3).

For the purposes of this report we have identified a number of key issues that have emerged from the research. Each of these forms a separate section in which we present briefly the main research findings and, where possible, set out a number of 'lessons learned' which may be of benefit to other stakeholders. At the end of these sections these lessons are summarised into two 'lessons for local authorities', and 'lessons for government'. 'Lessons for providers' are to be found in a separate section. The key issues of the report are:

- joint working (within and between local authorities, and with providers)
- working structures and procedures in Housing Benefit departments
- decision making on the transitional scheme

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<sup>1</sup> The workshops were aimed principally at English local authorities since DETR was not responsible for the implementation of Supporting People in Scotland or Wales. However, representatives from a small number of non-English authorities did attend.

- identifying supported accommodation providers and their provision
- the needs of providers.

The report starts with a brief discussion on the policy background to the THBS and a summary presentation of the findings which have emerged from both the case studies and the workshops.

The report will conclude that the task of establishing the total costs of supported accommodation through Housing Benefit is still problematic some 15 months into the transitional scheme, and presents an overview of the principal barriers to effective implementation that remain.

It should also be noted that in June 2001 the Department of Social Security and the Employment Service were merged to form a new government department for Work and Pensions (DWP). The DETR was also reformed as the new Department of Transport, Local Government and the Regions. However, because this project was commissioned by the DSS and DETR and because local authorities dealings were with these departments, we have mainly used the names of the old departments in this report. Only where we are speaking about future policy options have we referred to DWP or DTLR.



## **2. BACKGROUND: THE ORIGINS OF THE TRANSITIONAL HOUSING BENEFIT SCHEME THROUGH TO CIRCULAR A10/2001**

There is a history to the Transitional Housing Benefit Scheme (THBS). During the 1990s it became recognised that Housing Benefit was one of the major funding streams for support services designed to enable people to live independently in the community. A number of court cases between 1993 and 1997 highlighted conflicting interpretations of what Housing Benefit could or could not lawfully fund. The transitional scheme, introduced in April 2000, was preceded by interim regulations which provided supported accommodation temporary protection from the last of the court judgements in July 1997. This had ruled that only services concerned with the fabric of the dwelling relate to the *provision of adequate accommodation* could be funded through Housing Benefit. Without the interim regulations many supported housing tenants would, in the light of the 1997 court case, have lost significant amounts of Housing Benefit.

### **2.1 The THBS: a departure from previous approaches to limiting Housing Benefit**

The Transitional Housing Benefit regulations<sup>2</sup> represent a significant departure from previous regulations concerning service charges. The scheme's central purpose is to identify the most significant element of the total amount of funding which will be available to local authorities from April 2003 to implement the *Supporting People* programme. This element is the support part of Housing Benefit claims. The THBS departs from previous attempts to strip out non property costs from Housing Benefit in that:

- another Government department, the Department of Environment, Transport and the Regions (DETR) has a vital interest in its successful implementation;
- for the first time what is an eligible Housing Benefit cost has been defined in law and the problematic '50 per cent' rule dispensed with;
- an explicit distinction has been drawn between 'rent' and 'support'. The phrase 'support costs' is used to indicate those service charges which will be moved out of Housing Benefit;
- the guidance that accompanies the regulations, arguably, is written with a different emphasis to that produced before April 2000. It is less concerned with what is ineligible than it is with Housing Benefit officers correctly identifying support costs with the key proviso that these must be *reasonable*.

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<sup>2</sup> The Housing Benefit (General) Amendment (No.3) Regulations (SI 1999/2734).

The THBS represents a change in operation for Housing Benefit staff. THBS is the principal conduit for the adequate funding of the *Supporting People* programme. Until April 2000 Housing Benefit officers worked within a culture which emphasised the role of ‘containing’ and ‘constraining’ costs. Since then they have been asked implicitly to take on an ‘enabling’ role. They are an essential part of the preparation processes for *Supporting People* in that Housing Benefit departments are being required to identify the resources which will go into each local authority’s *Supporting People* grant to pay for services to a wide range of vulnerable people to assist them to live independently in the community.

Housing Benefit officers have been asked for some years to reduce Housing Benefit’s liability for support costs. Prior to April 2000 the task was to identify correctly ineligible service charges. The emphasis now is different; it is to determine reasonable support costs. However, the difficulties Housing Benefit staff faced pre April 2000 in making decisions about supported accommodation claims remain. Research (Oldman, Quilgars and Oldfield, 1996 and Cebulla *et al.*, 1999) showed the following:

- some providers, particularly those who are not registered social landlords, found it very difficult to break a total charge down into constituent parts;
- there are many, quite legitimate ways of breaking a total charge down, but these will not always correspond to headings within DSS regulations;
- there was no consensus on how to cost the different aspects of supported housing and hence no standard methodology which providers or benefit assessors can use;
- Cebulla’s research concluded that only a small minority of Housing Benefit claims were soundly based.

## **2.2 What are support costs?**

The THBS brings in a new distinction, between rent and support rather than between eligible rent and services and ineligible services.

A new schedule, 1b, of the Housing Benefit (General) regulations sets out what ‘support costs’ cover:

- charges for general counselling and support;
- charges for cleaning of room and windows (in special circumstances);
- charges for emergency alarm systems.

The principal guidance for making determinations from the period April 2000 to March 2001 was the circular A47/99, *Service Charges in Supported Accommodation*. It explicitly accepted that certain costs, especially those related to staff expenses and associated overheads, might

reasonably be classified as either rent or support charges depending on the circumstances of an individual project. In annex A the guidance reads:

The landlord has some legitimate discretion over how to allocate the costs of these dual purpose activities between rent and service charges for support. There are a variety of models of service provision and support that might be provided by a housing manager or caretaker in another.

The new circular, A10/2001, discusses in rather more detail the distinction between housing service charges and support charges. It continues to acknowledge that it may not be easy to designate whether an activity is a normal landlord function which would be carried out in any housing scheme or whether it is a support service for an individual claimant. There is, however, a subtle difference between the two circulars. The later one implicitly reduces the degree of discretion the landlord has in deciding whether to put a particular cost in housing management or in support. The new circular explicitly introduces the concept of *accuracy*. Via detailed discussion and via a model questionnaire for use by both Housing Benefit staff and providers the circular provides a methodology for accurately and systematically breaking down charges into rent and support. It also calls for breakdowns that are 'reasonable, justifiable and realistic'.

### **2.3 Income support housing related support**

In addition to Housing Benefit support costs, the housing related support costs paid by people living in leasehold housing who are required to pay service charges will, in April 2003, be transferred to the new *Supporting People* pot. Benefit officers, therefore, like their Housing Benefit colleagues have been required from April 2000 to identify the support costs contained within a service charge payment. In the pilot work which preceded the main fieldwork for the research project we found that two Benefit Agency (BA) offices had taken only little or no action beyond that contained in DSS guidance (see below) to identify appropriate cases, and neither had found a single relevant case. As a consequence it was agreed with DSS and DETR that we would carry out research in only two of the six local authorities chosen for the main fieldwork.

The key documentation to guide BA officers is Income Support Bulletin 11/00 *Transitional Housing Benefit Scheme*. The claimants likely to be affected by the THBS are a relatively small group, typically Minimum Income Guarantee claimants living in private sheltered housing whose service charges contain warden and similar support. The charges which need to be moved across are defined in the new THBS regulations, namely:

1. *general counselling and support;*
2. *cleaning of rooms and windows (except in communal areas);*
3. *emergency alarm systems.*

In March 2000 a national scan of Income Support cases by the Benefits Agency to identify cases was carried out. None of the authorities visited in the pilot study were aware of this scan or received any results from it for their area.

To qualify for these support costs claimants are required, like tenants living in private rented sector, to obtain a community care assessment.

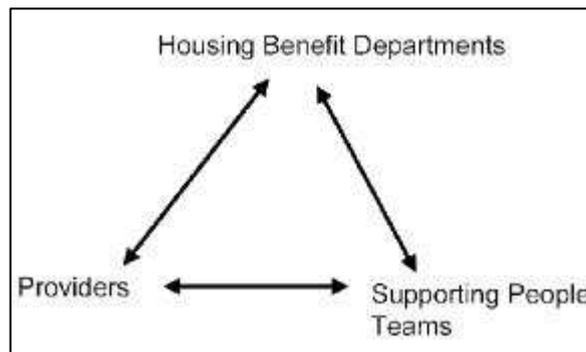
It seems likely that Benefit Agencies have been largely unaware of the relevance and importance of what has been asked of them and have not been proactive in identifying the support costs within service charges. Of the two areas we visited in the research project one was as unclear as the two pilot areas had been and had not identified a single case even though it was an area with a higher than average level of sheltered housing provision. The other area had scanned the paper files of 3000 cases and found 12 relevant cases. They were very surprised that there were not more. In neither area was the need to contact or communicate with providers recognised; reliance on identifying cases was through claim forms. The area which had identified some cases said they could see an argument for revising the claim form so that support could be more easily spotted. But they also said that their own scan of 3000 cases had not been a cost effective way of identifying relevant cases. As with Housing Benefit departments information systems need to be modified so information can be stored on sheltered and other providers. Neither area had any knowledge whatsoever of local provision.

It would appear that an outstanding task for the new government departments, DWP and DTLR, is to raise level awareness among BA staff so that all the cases in each local authority are identified and the local pot adequately funded.

### 3. THE IMPLEMENTATION OF THBS: A THREE WAY PROCESS

This report identifies below a number of ways of moving forwards from the current situation described in the previous section. The first concerns the need for joint working between the three principal groups namely Housing Benefit staff, *Supporting People* teams, and providers.

The case studies suggested that THBS has not yet been successfully implemented and that identified support costs are thus far lower than originally envisaged. The principal explanation for these trends is that the implementation of the scheme has effectively been a solo task, one for Housing Benefit staff acting under guidance from the DSS. Until very recently, the information and communication flows on THBS have been principally one way from the Government, through the DSS to only one of the interested parties; that is Housing Benefit staff. However, there are two other groups of stakeholders, the providers and the *Supporting People* teams in each local authority. The way forward, thus, is to see the implementation process as a two way communication process between these three groups:



Judging from the case studies and the workshops joint working around THBS is the exception rather than the rule although the need for it was increasingly being recognised.

Delegates to the workshops believed that the THBS must be a project jointly owned at the national as well as local level by the main departments with a stake in *Supporting People*. These include the new Departments for Work and Pensions, and for Transport, Local Government and the Regions, and possibly the Department of Health.

#### 3.1 Involving providers

It was recognised at the four workshops that THBS should involve joint working between Housing Benefit staff and *Supporting People* officers. However, some delegates argued that implementation was a *three way* process. Analysis of the case study data confirms this view. The weakness of the implementation process so far is that it has not involved providers in any consistent and systematic way. There needs to be greater understanding of their behaviour,

their perceptions of the future and current constraints they are operating under. Local authorities need to have more understanding of why providers have not been identifying significant support costs. For providers the future seems uncertain. The THBS implementation process should recognise the strategic and political implications of both it and *Supporting People*, and develop processes in each local authority to accommodate these (see further Section 3.4).

### **3.2 What has to happen to make joint working work?**

The lack of joint working and the isolation of both Housing Benefit staff and providers was cited in all four workshops as a barrier to the implementation of THBS. However, expectations of joint working were quite low. It was generally recognised that the implementation of *Supporting People* itself requires a new sort of joint working between partners who do not normally have much to do with each other. But joint working around THBS is, as one workshop delegate remarked, ‘as hard as it gets’. There is a very large literature around joint working, mainly describing the most ‘natural’ sort of joint working that between health and social services and even here ‘the policy landscape is littered with the graveyards of joint working failures’ (Webb, 1991).

Joint working is known to need some basic essentials. First, each of the parties has to be convinced that the time and effort required will reap benefits to their individual organisations. Secondly, there needs to be a strong sense of ownership. One of the parties needs to be willing to be the main catalyst and facilitator. Thirdly, there needs to be a shared understanding of the project and some willingness to trust other parties and to exchange information. Finally, joint working cannot just happen it needs to be resourced.

#### *Perceived benefits of joint working*

Applying these criteria to THBS in particular and *Supporting People* in general leads to a conclusion that any simplistic exhortation to carry out joint working is unhelpful. The first condition, relating to the perception that joint working brings advantages, however, can be made to stick. Joint working around THBS can be seen to be delivering benefits to each of the three parties. Housing Benefit staff do not have the time or expertise to make sound THBS determinations without help. They do not want to attend long *Supporting People* meetings which, in the main, are discussing items which they do not believe have relevance to them. However, they do seem to be willing to invest some resources into joint working where they can see that their job will be made easier. At the workshops they expressed concerns that they would suffer ‘reprisals’ post April 2003 if the decisions they made about support cost now were seen to result in underfunded *Supporting People* ‘pots’.

*Supporting People* personnel have been slow to make connections between the programme and THBS. In the second half of 2001 this is changing rapidly as newly appointed lead officers begin to recognise that the commissioning plans for new low level support services will not happen if the resources to fund them have not been identified adequately.

The third group, providers, are also becoming aware of the need to work jointly as far as the THBS is concerned. They are the group most directly affected by the scheme but the group in some ways most isolated from it.

#### *Assuming ownership*

The research fieldwork in six local authority areas suggested that there was no strong sense of ownership as far as THBS is concerned. For Housing Benefit managers it was a necessary but not compelling task. The success or otherwise of local Supporting People programme did not appear to be Housing Benefit staffs' top priority.

Lead officers' key responsibility is the adequate funding of the programme in their areas; for this reason they need to own THBS. This appears to be recognised by central government. Lead officers' responsibilities were listed in *Policy into Practice* (DETR, January 2001). These were all about setting up arrangements for the future. However, the July 2001 lead officer milestone targets now include the submission of statistical returns to the DETR about how far their authority is progressing with the accurate representation of support costs. We recommend, therefore that lead officers assume strategic ownership of the THBS, delegating the technical exercise, i.e. the stripping out of support from rent, to their Housing Benefit colleagues, but providing advice on the more specialised aspects associated with supported housing.

Part of the task of 'owning' the implementation of the THBS is raising its profile. Lead officers need to convince Chief Executives, other senior staff and, through them, elected members of the crucial relationship between THBS and *Supporting People*. Central government departments need to consider how they can contribute to increasing the awareness and commitment of senior officials and elected members. Based on the comments of many Housing Benefit staff and *Supporting People* lead officers, we suggest that DSS and DETR exploit as many methods of communication with local authority officers and elected members as possible. The following were suggested:

- Personalised communications to members and chief officers to ensure that the addressees actually see and read letters.
- Email communication with key officers, keeping them up to date with developments, and reinforcing action that they need to be taking.

- Hands on advice and assistance from DSS and DETR experts.
- More seminars and interactive events for Housing Benefit staff and lead officers.

### *Shared understanding*

It is the third criteria of successful joint working that poses the greatest challenge to the successful implementation of the THBS. Joint working too often fails because of lack of shared understanding and mutual trust. However, these problems can be addressed if the political realities of joint working are not denied but are explicitly acknowledged (see paragraph 3.4). There are a number of areas where conflict rather than consensus might characterise relationships around both THBS and *Supporting People*. First, not all the commissioning partners will share the same strategic priorities, a local authority might favour its own provision over RSL provision or use more of the grant to fund the community care groups rather than less popular groups, Lead officers and Housing Benefit staff are likely to operate from different perspectives. It has already been noted that one of the main tasks of Housing Benefit staff is to protect public expenditure, not act as the instigators of increased expenditure. By contrast lead officers are now seeing the enormous potential for THBS to fund existing services more adequately than before and to develop new services prior to April 2003. *Supporting People* officers' aim is to 'maximise the pot'. The allocation of Supporting People grant to local authorities in 2003/04 will be largely based on actual spending identified in the 'sizing the pot' exercise. Then from 2004/05 onwards, resource allocation will gradually move towards 'target allocations' produced by the allocation formula, which will reflect objective measures of relative needs and costs.

Providers face possible uncertainty in the *Supporting People* future. There undoubtedly will be re-configuration of services as local authorities develop their strategic priorities. Over-supply for some client groups will be identified and there may be less of an emphasis on bricks and mortar schemes, some projects will close and there will be more of an emphasis on support to people living in ordinary housing. Providers, however, have a short term interest in working jointly around THBS to ensure that their services do at least continue for the first few years of the new programme. Nevertheless they must act in self interest and hence this will affect their approach to joint working.

Although THBS is not a politically neutral process its successful implementation brings clear benefits to all parties. It is this simple message that needs to be clearly disseminated at both the local and national levels.

### *Resources*

The final requirement for joint working to be successful relates to resources, usually scarce staff resources. The *Supporting People* implementation process is being funded by central

government. Several delegates suggested that specific resources might be identified to be used for the purpose of joint working. Another suggestion was for some of the funds allocated to Lead Officers in the future to be earmarked for Housing Benefit departments.

### **3.3 The reasons why THBS requires joint working**

The fieldwork and the feedback from the workshops suggested a number of reasons why joint working is needed. Each issue is discussed in some detail in the sections below but here they are flagged up as aspects of THBS that Housing Benefit staff need help with from other agencies. These issues are:

- achieving a common understanding between the three different stakeholders: Housing Benefit staff, Supporting People teams and providers of the THBS;
- the identification of providers and provision;
- judging the reasonableness of support costs;
- achieving consistency of decision making;
- reviewing cases;
- maximising the pot;
- providing advice and help to providers;
- the administration of community care assessments for private rented sector claimants.

#### *Achieving a common understanding*

*Supporting People* teams need adequate funding for their commissioning plans but they do not have the technical expertise to assess either rent or support costs. Some Housing Benefit staff have expressed concerns that the *Supporting People* ‘pot’ will be excessive because they sometimes perceive providers as opportunist. The reality, at least in the early days of THBS, is the opposite; support costs reported to DSS have been lower than expected. Both *Supporting People* teams and Housing Benefit staff, thus, need each other in order to build up a common understanding of THBS. Housing Benefit staff need to understand the reasons why, for example, Social Service departments (SSDs) may be transferring certain services from mainstream SSD budgets to Housing Benefit. To Housing Benefit staff this can look like opportunist or ‘cost shunting’ behaviour.

A suggestion that was made in the course of the fieldwork visits was the joint preparation of what were called ‘crib sheets’. These were envisaged as jointly produced brief and succinctly written explanations of THBS and the relationship between it and *Supporting People*. These could be widely disseminated throughout an authority to all involved, at different levels, in each of the three sectors including providers. It emerged from both the fieldwork and the workshops that the THBS circulars are not easily understood by everyone involved, be they benefit assessors, *Supporting People* teams, or providers.

### *Identification of providers and provision*

Cebulla *et al.*'s (1996) research on the overpayment of Housing Benefit concluded that Housing Benefit staff underestimated the amount of supported housing provision in their areas because traditionally their management information systems are built around the individual claimant not around schemes or providers. They need, therefore, to work with colleagues in other sectors of the authority who have greater knowledge of the range of provision and who may have been involved in drawing up directories or who are currently administering the ongoing DETR *Supporting People* audit of provision on forms SP1 and SP2.

Joint working is not only necessary to help identify providers it is also necessary for the exercise of maximising the pot through the transfer of existing services funded via other sources or through the development of entirely new services such as tenancy support to vulnerable tenants in general need social housing. This is a task that Housing Benefit staff think they should not be expected to do.

### *Judging the reasonableness of support costs*

Both the fieldwork and workshop data indicated that the biggest problem Housing Benefit staff had in implementing THBS related to the judging of the reasonableness of support costs. They lacked the specialist knowledge needed. It was very apparent from the research that different Housing Benefit staff were making quite widely different judgements about the reasonableness of support costs in apparently similar projects with similar non chargeable income going into them. The question of reasonableness is discussed in some detail in section 5.3, here it is sufficient to say that *Supporting People* teams need to set up mechanisms to provide assistance to Housing Benefit staff making judgements.

### *Achieving consistency of decision making particularly in the shire counties*

In the case study visits national or regional providers often complained that different Housing Benefit departments did not make the same decision about similar projects. This issue has particular adverse repercussions in shire counties with several housing (and Housing Benefit) districts. For example if 'reasonable' support costs, for, say, supported lodgings, in district A and B are very much lower than in districts C and D then the overall size of the county's *Supporting People* grant will be lower than it need be to the detriment of services for local people in that county. It has been widely noted that the experience of implementing *Supporting People* in shire counties will be different from that in urban areas and, arguably, because of the two tier structure, harder. Good practice would suggest that Housing Benefit staff need to agree common approaches to making decisions about reasonableness possibly through existing forums in which they discuss technical issues around decision making.

Social Services, operating from the first tier of government also need a mechanism for working with the second tier, the district authorities, and need a local presence in each of the districts.

#### *Reviewing cases*

A decision now needs to be taken in each local authority as to whether a completely new review should be conducted in the light of concerns that the first time it was not complete or was yielding low support costs. It is a process which Housing Benefit staff cannot be expected to do on their own but should receive help from other colleagues in the authority. This question of a second review is discussed further in 6.

#### *Maximising the pot*

It is increasingly being recognised at the local level that renewed efforts must be made to 'maximise the pot'. Both existing provision needs to be adequately funded and new services need to be brought into the THBS. This is not an activity, however, Housing Benefit staff thought they had any competence to carry out. They saw it as beyond their brief. To maximise the pot they need assistance from *Supporting People* teams.

#### *Providing advice and help to providers*

In the workshops a view was commonly held that more should be done to bring providers into the THBS. However, Housing Benefit staff felt that they did not have the expertise to help providers nor should they. In the case study visits and in the workshops Housing Benefit staff said they could not be 'both judge and jury'. Within the local authority, *Supporting People* teams need to develop mechanisms for working with providers to give them advice and help and as much re-assurance as possible. Even at this point in the implementation process some providers, particularly non registered social landlords, do not understand the implications of the THBS. Moreover, a wide range of providers have not really accepted *Supporting People* but felt distrustful of it. At a national level, organisations like SITRA have provided a THBS information service to providers at cost. At a local level local authorities through, possibly, their Welfare Rights Units can provide a similar service at no cost to local providers particularly those who are both struggling to understand the complexities of the THBS and those who lack the financial expertise to cost the separate components of their charges.

#### *Community Care assessments: a case study in joint working*

Joint working has been asked for by the DSS for obtaining community care assessments (CCAs) for tenants living in private rented accommodation. Paragraph 4 of circular A8/2000 requires social service departments, the agency, typically, required to carry out the assessing, to set up joint working arrangements with Housing Benefit colleagues. The process of

obtaining CCAs provides a very useful case study in joint working but the fieldwork suggested that generally the process was not working well on a number of dimensions. In Chapter 6 some suggestions are made on how joint working around community care assessments can be made to be more effective.

### **3.4 Joint working structures**

Making joint working around the THBS work seems to require a number of processes all aiming at establishing a structural framework. A list of the key, and peripheral, players necessary to THBS joint working should be drawn up along with suggested responsibilities. Who to involve will depend on the type of authority, unitary or non unitary, and also on the background of the lead officer. Where, for example, the lead officer comes from a social services background there will need, in addition, to be someone else with rather more knowledge of housing and social security policy. DSS circulars have already asked for lead contacts in the different sectors. Not all the authorities have nominated these and in many instances where they have, no real action is being required of the individuals involved. Suggestions as to which key individuals should be involved in joint working, in addition of course to Housing Benefit staff, relating the THBS are:

- the lead officer or a designated member of the team (who could be called the THBS officer);
- (particularly where the lead officer is in social services) a housing department official;
- a social services officer, in addition to the lead officer where they are located in this department;
- the Welfare Rights Unit;
- both client and contractor contacts where Housing Benefit administration has been outsourced;
- both client and contractor where council stock has been transferred;
- Rent officers (rents still have to be referred but net of support);
- a Probation contact;
- representatives from provider forums;
- Housing Benefit staff and lead officers in neighbouring authorities to discuss cross boundary issues.

Joint working around THBS needs to be very focused. As much use should be made of existing forums, of which there will be a number, rather than necessarily forming new structures. However, a small sub group of the Core Strategy Group needs to be established in order to guide and direct the links between other forums and individuals. Existing forums in addition to those set up for *Supporting People* which could be pressed into action are:

- county wide forums of Housing Benefit staff. Although these undoubtedly do have THBS on their agendas they need to do so in a more formal and systematic way and to have good links with other forums such as a County level forums of Chief Housing Officers as well as the Probation Authority and Social Services;
- County wide forums of Chief Housing Officers (see above);
- Special need housing forums (these will often have provider representation) and/or homelessness forums;
- Landlord associations;
- Health authority contacts.

Formal links, relating to THBS, between these above organisations and from them to both Housing Benefit staff and lead officers need to be made.

Formal links need to be made between THBS and other, relevant, local authority strategies. This is very much part of *Supporting People* requirements but has not, thus far, had much of a THBS focus. However, as far as maximising the pot is concerned, there is potential in getting into THBS new services which emerged from strategies like the *Safer Communities Fund*.

#### *Joint working at the national and regional level*

Coming strongly out of the workshops was the concern that the THBS needs to be perceived as being jointly owned by national bodies, by both the DSS and the DETR, by other government departments such as the Department of Health and the Home Office, and by the Housing Corporation. There is a perception that the local tension between two agendas, one of reducing Housing Benefit, and the other of maximising the *Supporting People* pot is mirrored at the national level. Some suggestions are made below.

### **3.5 Summary of lessons learned**

#### *Lessons for local authorities*

- Implementation of the THBS needs to be seen as a three way communication process between the three stakeholders: Housing Benefit staff lead officers and, importantly, providers.
- Implementation of THBS should not be seen as Housing Benefit's responsibility only.
- Joint working between these three interested parties is necessary. However, for this to be successful the strategic and political nature of *Supporting People* and THBS must be recognised and accommodated.

- THBS lacks a driver. It needs to be owned. It is suggested that lead officers assume strategic ownership working with Housing Benefit departments.
- THBS is seen as a lower priority than *Supporting People* itself. However the latter cannot happen without funding and THBS is fundamental to that process. Ownership of THBS should result in lead officers convincing Chief Executives, senior staff and elected members that THBS should be given more priority and resources.
- A ‘plain English’ brochure should be prepared by local authorities on the THBS and widely distributed. The same brochure should be distributed to all the three interested parties.
- Joint working between Districts in shire counties should be a priority in order to achieve consistency in decision making.
- Local authorities need to make available more help and advice to providers.

#### *Lessons for Government*

- A jointly produced (DWP/DTLR) THBS page could put on the K web and written more in the style of the rest of the *Supporting People* information than in circular format.
- A jointly produced (DWP/DTLR) brochure/pamphlet in *Supporting People* ‘house style’ could be printed which should be equally accessible by any of the three audiences, stressing that THBS is a common endeavour from which all can derive benefits.
- A jointly produced (DWP/DTLR /Housing Corporation) pamphlet could be written to dispel the commonly held view that the Housing Corporation in its guidance to RSLs on restricting rent involved. In fact Circular R2-02/01 excludes support costs from rent.
- Central government has a role to play in educating Chief Executives and elected members. Appropriate methods of communication should be used to attract their interest and commitment.
- DWP/DTLR could engage the Audit Commission in getting it to educate district auditors on the new approach to the issue of reasonableness.

- DWP could discuss the THBS with the Benefit Fraud Inspectorate so that the latter has a better appreciation of why charges may be high.
- Resources could be top sliced from the preparation monies to be dedicated to implementing the THBS.



## **4. WORKING STRUCTURES AND PROCEDURES**

In Housing Benefit circular A47/99 the DSS set out the details of the Transitional Housing Benefit Scheme. The initial task for local authorities was to review their caseload by April 2000 and identify all support costs using the guidance in A47. From then on, authorities were expected to implement changes to existing claims, administer new claims that included a support element, and respond to claims arising from new provision of supported accommodation. Regular management information (through quarterly returns) would provide the DSS with updated costs.

To meet the requirements of A47, therefore, each Housing Benefit department has had to create new working arrangements and procedures to process and record THBS cases. In the case studies, we explored with Housing Benefit staff how they had responded to the task of implementing THBS and their experiences of administering the scheme. We were often presented with examples of difficulties, obstacles and frustrations. In many cases obstacles had not been overcome. Useful lessons, however, were learned from both the case study visits and the workshops concerning the impact of problems. The most common effect was *delay*, seen as an inevitable consequence of trying to implement a new set of regulations without additional resources and in the face of competing pressures.

In this section we present selected research findings about how Housing Benefit departments have organised themselves to deliver THBS, the competing pressures and lack of resources which have led to problems in implementation, effects on the processes of collecting management information, and possible pressures in the future which need to be anticipated.

### **4.1 Team structures and training**

In all six local authorities visited some form of 'specialisation' had been introduced. The task of examining the breakdown in costs between rent and support supplied by supported accommodation providers was usually undertaken by a small team including one or more senior staff. In smaller authorities the role was often carried out by Housing Benefit managers themselves. The rationale for this was the recognition that decision making under the THBS was (a) complex, (b) needed the exercise of judgement and discretion, and (c) required knowledge of the way in which support is provided. It was felt therefore that the creation of dedicated teams or the involvement of senior staff was an effective and efficient way of implementing THBS.

This approach was reported by many of the delegates in the workshop discussions. The advantages of setting up small teams were that training requirements were minimised,

expertise could be built up, and some degree of consistency in decision making could be achieved. The role of 'front line' staff who process claims was generally limited to identifying possible support cases and to putting payments into place once decisions had been made elsewhere.

Many, but not all, of the local authorities who took part in the case studies or workshops had been able to send a member of staff to attend one of the presentations arranged by central government or other organisations (such as SITRA) on THBS and Supporting People. For some, the main or only source of information about implementation was Housing Benefit circulars. Some had made use of sources available on the internet (such as the London Borough of Camden's website). Most training had therefore been arranged internally by the Housing Benefit department, sometimes with input from a Supporting People officer.

One of the principal findings from the case studies was that Housing Benefit departments had had to implement the THBS within existing resources. No additional monies had been made available to Housing Benefit managers. This could cause particular difficulties in smaller authorities where there was little opportunity for redeploying or releasing staff from their regular duties. Section 3.2 above on the need for joint working around the THBS makes a similar point about the need for dedicated resources.

#### **4.2 Information technology**

Any change in Housing Benefit regulations usually requires amendments to Housing Benefit software systems. All the authorities visited during fieldwork reported that software changes had been made. For some authorities this had been fairly straightforward, others experienced varying degrees of problems with their supplier. Sometimes the amended software had arrived well after the start of the THBS. However, even where problems were reported, it was suggested that this was a familiar experience and not linked particularly with THBS, for which the software changes necessary were said to be relatively simple.

Not all authorities had finished test checking their new software but all were confident that the requisite management information for DSS would eventually be produced without further difficulty. Arising from the workshops, however, was an important issue that may need clarification from Government. Some delegates stressed that Housing Benefit departments were being required to record support cost data scheme by scheme. Others reported that they were not doing this. The issue here is that THBS represents a change in information recording practices because information is needed not only by claimants but also by provider and by scheme.

The main lesson for DTLR is that it may still be some time before some authorities are able to produce reliable management information automatically from their computer systems, and that a reliance on manual systems will continue for some time.

### **4.3 Competing demands**

During the fieldwork and in the workshops Housing Benefit staff reported examples of how the implementation of THBS had had to compete for time and resources with other developments within their authority. The general point was frequently made that THBS (and *Supporting People*) was just one of many initiatives or projects which Housing Benefit staff were currently involved with. Some of these were national policy initiatives, such as Best Value or Benefit Fraud Inspectorate inspections, or implementing the Verification Framework. Others pressures were specific to individual authorities, such as implementing a major computer upgrade, the internal reorganisation of a key department, and transferring the authority's own housing stock to a housing management company.

Whether or not a local authority recognised the importance and urgency of implementing THBS, other demands could be even more pressing or had imminent deadlines, and therefore take precedence over THBS. Apart from initiative based pressures, Housing Benefit departments were also susceptible to the pressures created by routine administration, such as peaks of work at certain times of year or backlogs caused by staff sickness or leave.

As mentioned in the introduction to this section, the result of competing pressures, whatever their source, has often been that, without having access to additional resources, the implementation of THBS has been delayed.

### **4.4 Management information**

The sole channel for passing management information from local authorities to central government are the quarterly statistical returns, Stats 121-124. From our fieldwork we suspect that the information provided through these returns should be treated with caution. Reliance on manual systems of data collection in some authorities increases the risk of error and inconsistency.

Importantly, it should be noted that the information passed to DSS is based only on support costs *identified so far*. Where an authority has not yet reviewed support costs within its own (or transferred) stock, no costs will be recorded on the Stats 121-124 returns. This will be rectified in future, and certainly before April 2003, but it is likely that many authorities will be making 'nil' returns for their own stock for some time to come.

Until *all* support cases have been reviewed, the management information from many authorities must be considered to be a substantial under-estimate of total support costs.

#### **4.5 Future pressures**

The administrative workload created by THBS has been huge. The initial expectation placed on local authorities that they review their existing caseload by April 2000 has been shown to be unrealistic. For many authorities, possibly the majority, the task of reviewing support costs within their own stock (or transferred stock), has still to be completed.

In the second year of the transitional scheme (2001-02) it is likely that much of the work in reviewing cases carried out so far will need to be repeated to ensure that initial breakdowns of rent and support costs are as accurate as possible.

The lesson to be learned from this observation is that local authority Housing Benefit departments might be well advised to plan for a new wave of work, and where possible begin the process of securing the necessary resources from *Supporting People* monies or elsewhere.

#### **4.6 Summary of lessons learned**

##### *Lessons for local authorities*

- There is a case for establishing specialist teams of staff to deal with THBS cases to reflect the complexity of the scheme and the need for particular knowledge and expertise about supported accommodation.
- Housing Benefit staff will require high quality training on THBS. This includes not only training on the technical aspects of the scheme but also on the wider political and policy context of *Supporting People*.
- Implementation of THBS requires resources. Trying to implement the scheme within existing resources is likely to result in delays and incorrect decision making.
- In planning for the period up to April 2003, Housing Benefit departments should be aware that many, and possibly all, rent/support breakdowns will need to be reviewed at some time.

##### *Lessons for government*

- Stats 121-124 forms will underestimate support significantly where an local authority's own stock has not been reviewed yet. This must be taken into account in any 'sizing the pot' estimates that are made.

- It may still be some time before management information is generated by new software systems. There may therefore be a question mark about the quality of information from some authorities.
- Consideration should be given to providing local authorities with sufficient additional funds (separate from new grants for implementing *Supporting People*) to administer THBS.



## **5. TRANSITIONAL HOUSING BENEFIT DECISION MAKING**

The Transitional Housing Benefit Scheme allows supported accommodation providers considerable discretion to decide which elements of the rents they charge fall within a definition of ‘support’ and which fall within a definition of ‘housing management’ (commonly referred to as the ‘rent/support split’). The task for Housing Benefit departments has been to examine the breakdowns supplied by providers and decide whether they are reasonable, justifiable and realistic.

Circular A47/99 provided the first guidance on how local authorities should evaluate rent/support splits. It elaborated the relevant Housing Benefit regulations and in particular set out clearly which service charges were eligible as ‘general counselling and support’. Circular A10/2001 provided further guidance on a range of issues but principally on the distinction between rent and support. It also contained a questionnaire which local authorities were encouraged to send to providers who needed assistance in supplying full and accurate information to the local authority.

From the case studies (carried out when local authorities had been using A47/99 only) and from the workshops (after A10/2001 had been in use for between one and two months) it was clear that local authority Housing Benefit departments had had to address a number of issues around decision making on rent/support breakdowns. In this section, we will discuss the main concerns of authorities and how they have responded to them.

### **5.1 Assessing the balance between rent and support**

It was a common experience among Housing Benefit departments to be faced with wide variations in both total level of charges and in apportionment of rent and support costs. Notwithstanding whether the charges were seen as reasonable (see 5.3), Housing Benefit officials reported that it was unclear how they should respond to providers who appeared to ‘load’ the rent element or load the support element. There was some concern that support costs were often ‘too low’ compared with what was known about the type and level of support provided.

There were also problems for Housing Benefit staff when a clear distinction between rent and support was not apparent. For example, is helping a resident cook an omelette ‘support’ or part of housing management? The answer is that it could be either. Helping a resident cook might form part of a programme of moving him or her towards independent living (and therefore defined as support) or it might be to make sure that a house does not burn down (and therefore be housing management). And, of course, it could be both.

There was a feeling that some providers, particularly the smaller, locally-based ones, were doing little more than making best guesses about how to apportion costs. (This view was confirmed in the interviews with some providers.) A different problem was posed by some of the larger Registered Social Landlords (RSLs) who operated across a number of authority areas. These RSLs had made decisions about splitting rent and support at a national level. Local authorities could therefore find it difficult to discuss the breakdown with one of the RSL's schemes in their area when the local manager had not been involved in the original decision.

Many authorities had come to the conclusion that issues around the rent/support split could only be resolved by face-to-face discussions and negotiations. Other authorities found this approach difficult within the resources available to them.

## **5.2 Assessing eligible and ineligible costs**

Staff interviewed as part of the case studies reported that making decisions about eligible and ineligible costs was generally helped by the advice and guidance in the circular A47/99, which elaborated schedule 1b of the THBS regulations. Early responses to the new circular, A10/2001, from the workshops suggested that the further examples of eligibility and ineligibility were also proving helpful.

An issue for Housing Benefit staff was that providers sometimes did not describe the support they provided in terms which easily matched the definitions in the guidance documents. It was hoped that the questionnaire accompanying A10/2001 would help overcome this problem, but again it was thought that the best way of resolving any problems was direct engagement with the provider.

Section 2.1 discussed the decisions Housing Benefit staff had to make before the THBS. They reported then problems with deciding what was housing support and hence eligible and what was 'care' and hence ineligible. They had also to look for concealed, unspecified, ineligible costs within an overall rent. These problems still remain. Housing Benefit staff said they suspected that the circulars were now taking a more liberal view as to what was support but they were not sure. The issue is probably best summed up around the concept of 'help'. If a project worker was actually doing something for a tenant such as cooking did that render it ineligible? Was an activity only eligible if the project working was only 'helping' someone to do something?

### 5.3 Assessing ‘reasonableness’

Assessing the reasonableness of support costs was reported as the most difficult issue for Housing Benefit staff. In brief, the problem was that staff felt that they were being faced with a range of questions that they were not the appropriate people to address. These included:

- was a particular support service appropriate at all for the type of tenant?
  - Housing Benefit staff did not know whether help with cooking, or cleaning, for example was appropriate for someone with a history of alcohol or drug dependence.
  
- if it was, was it the right amount being provided?
  - if it was decided that a service was justified then how many hours per week should be provided?
  
- was it being provided by the right kind of person?
  - in some supported accommodation schemes it appeared that relatively simple, unskilled tasks were being carried out by highly qualified (and therefore expensive) staff.
  
- was the charge reasonable?
  - this was the overarching question that led some Housing Benefit staff to question, for example, whether wage rates were too high.
  
- was the reason why some projects’ costs were reasonable and other, very similar projects, were not, because the former was getting significant amounts of other funding?
  - assessing the impact of non chargeable income was not easy.

Housing Benefit staff felt that their existing knowledge was not sufficient to make judgments on these types of question and that they had not received any training which would help them. Nevertheless, decisions had to be made<sup>3</sup>. In the course of the research, two main responses to assessing reasonableness emerged. One approach was generally to accept that the costs supplied by a provider were reasonable unless there was an immediate suspicion that they might be *unreasonable* in some way. So, if the overall rent was within what the local authority usually accepted and the rent element was also within usual limits, then there was an assumption that the support costs were likely to be reasonable.

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<sup>3</sup> In the workshops an alternative view was expressed that decisions about reasonableness should never have been given to Housing Benefit staff and that other, more appropriate staff should take over the task.

Some authorities, however, had introduced processes for identifying possible unreasonable charges and mechanisms for scrutinising them. The most common criterion for identifying suspect cases was the overall cost of the rent. This ‘trigger’ rent varied between authorities but in one for example was £250 a week. An unexpected and large increase in a provider’s rents might also alert Housing Benefit staff. Increases in providers’ charges was always an expected outcome of the THBS because support costs were known to be ‘hidden’ (through pooling for example) in the financial arrangements of some providers. Indeed one of the purposes of THBS was to make such charges transparent and realistic. However, Housing Benefit staff were often concerned at the scale of the increases that were presented to them and unsure about how to make decisions about reasonableness.

The case studies and workshops identified a number of mechanisms for dealing with cases that had been identified as possibly unreasonable. It was generally agreed as 3.3 has already noted, that a joint working approach is needed. Housing, health and social welfare expertise needs to be drawn upon. The case might be taken on by a senior member of staff who would make contact with the provider to discuss the level of their charges. In one authority this meeting was also attended by a member of the social work department. Alternatively, expert advice would be sought either from a named individual (usually in the social services department), or from an *ad hoc* committee of local authority staff comprising typically a senior Housing Benefit officer, a representative from social services, and a member of the Supporting People team. The aim in all the arrangements described above was to harness the expertise of people who were qualified to address the questions of whether support provision was justified and reasonable.

There was a general feeling, particularly in the workshops, that more guidance on assessing reasonableness was required. Suggestions that might be considered by DWP and DTLR included:

- a template or schedule of acceptable charges - this might be in the form of a ‘tariff’ of the appropriate number of hours (or a range of hours) of a particular kind of service that a particular type of tenant might require. Local authority staff could then apply local wage rates to come up with a reasonable charge,
- some guidance on what should be considered an acceptable maximum level or ‘ceiling’ of support costs, however caution is needed here since the needs of individuals vary so much rendering any sort of ‘benchmarking’ problematic,
- a handbook of ‘worked examples’ specifically dealing with typical cases where reasonableness was an issue.

The opposite of reasonableness is unrealistic costing. The pot will not be maximised if providers support costs are too low. It has already been noted that Housing Benefit staff by their own admission are not the best people to be looking for underpayments; they need help here from their *Supporting People* colleagues.

#### **5.4 Concerns over Housing Benefit subsidy**

Under THBS, most authorities were experiencing an overall rise in Housing Benefit expenditure. In many areas the increase was perceived to be large enough to be a cause for concern. Housing Benefit managers in particular were concerned that, as they saw it, local authorities were having to bear the cost of five per cent of all new expenditure due to the subsidy rules (which stipulate that authorities receive 95 per cent of the value of correct payments). Where support costs were rising sharply this might represent a substantial additional burden on a local authority's finances. The effect of this was that Housing Benefit staff in some areas were trying to negotiate THBS payments downwards. For example, they might argue with a provider about the level of support given to tenants or about the wages of staff. It was apparent from the workshop discussions that Housing Benefit staff were mostly aware that the amount of support costs identified in their authority would be affected by this approach but felt they had a greater responsibility to keep a tight rein on benefit expenditure.

One suggestion for overcoming this concern was to offer a 100 per cent subsidy on payments made under the transitional scheme. This would instantly remove any perceived pressure to restrict THBS expenditure.

However, this perception of the burden on authorities is wrong. Our understanding is that 5.5 per cent of benefit expenditure (i.e. *more* than the 5 per cent 'lost' through subsidy) is actually returned to local authorities through the Revenue Support Grant (RSG). There is therefore a case for educating local authorities about the relationship between Housing Benefit subsidy and the RSG and giving the strong message that no local authority will suffer financially if THBS payments rise.

#### **5.5 Concerns over Social Service department transfers**

A problem experienced in a number of authorities was the perceived attempt by Social Services departments to make claims on the THBS for services previously paid for out of social services budgets. There was some suspicion, in both unitary and two-tier authorities, that THBS was being seen as an opportunity to shift existing costs on to Housing Benefit. Not all authorities thought in this way. There was a recognition in some that Social Services departments *should* be reviewing the kinds of care and support they provide to their clients

and that it was legitimate and to be expected that this would lead to some additional claims on the THBS.

Despite these opposing views, there was some agreement that more guidance was required on how Housing Benefit departments should be dealing with costs transferred from social service budgets. Generally it was thought that it might be possible to determine what social service costs were legitimate by deciding whether they fell into the category of 'housing related'. These issues relate to the need for constructive joint working between Housing Benefit staff and *Supporting People* teams.

### **5.6 Concerns about the audit of THBS cases**

The need for more joint working with local and national auditors has already been mentioned in Section 3. The concern in Housing Benefit departments was that when THBS were eventually scrutinised by auditors there was a danger that they would deem some payments to be unjustified or unreasonable and that their authority's subsidy payments would be reduced.

There was some feeling therefore that what was needed at this stage (i.e before audit even start their scrutiny) was guidance on the *depth* of investigation they should be making that would satisfy auditors. For example, is it sufficient to accept rent/support splits and levels of charges on the basis of a paper examination only? What sort of documentary evidence should be asked for in support of THBS claims? Should some form of face-to-face enquiry or verification be required?

We understand that, at the time of writing, DWP and DTLR are about to enter discussions with the Audit Commission about a range of issues. It would be advisable if those discussions included consideration of the sort of guidance requested by some local authority staff.

### **5.7 Quality of information**

From our interviews with Housing Benefit staff and providers, and from the workshops, it is clear that some (possibly much) of the information collected so far from providers on their rent/support splits needs to be reviewed. Since THBS was introduced, there has been a growing awareness and understanding among providers of how support costs should be identified and quantified and about the implications of their decisions for funding after April 2003. The new circular A10/2001 may change this understanding further with its new emphasis on the 'accurate representation' of costs.

Some authorities are sufficiently concerned about the quality of information supplied so far (some of which was supplied in the very early days before April 2000) that they are

considering a complete review of all cases. Another authority is taking a more modest approach and is planning to conduct an exercise to assess the extent of the problem. This authority will be drawing a sample of five cases which on the face of it appear to have 'high' support costs, five which are 'low' and five in between. If the exercise shows that many cases are not sufficiently accurate they may have to consider a bigger exercise to review their THBS cases. All authorities need to be taking a view now as to whether they should be undertaking a second complete review of all cases. This decision, as Section 3 suggests, should be taken jointly.

## **5.8 Summary of lessons learned**

### *Lessons for local authorities*

- Reasonableness issues require the input of suitably qualified staff from different agencies. Some form of appropriate multi agency forum should be set up to deal with difficult cases.
- Direct contact with providers is necessary to resolve issues around rent/support splits, eligibility, and reasonableness.
- Housing Benefit subsidy concerns should NOT affect decisions made on THBS cases.
- Serious consideration should be given to reviewing existing THBS cases to ensure they are realistic, justifiable and reasonable.

### *Lessons for central government*

- DWP/DTLR should consider issuing guidance on a number of issues:
  - reasonableness
  - appropriate depth of investigation on THBS cases
  - how to deal with support costs within Social Services departments.
- The message needs to be reinforced that local authorities will incur *no* additional costs through the Housing Benefit subsidy system.
- Any discussions with the Audit Commission should include the issue of what form of guidance about the THBS would be appropriate for District Audit staff.



## 6. IDENTIFYING PROVIDERS AND PROVISION

If local authorities are going to be successful in obtaining an accurate representation of support costs in their area they have to do a number of related things. They must identify all providers of support, they need to ensure that the full range of services supplied by a provider is identified and costed both reasonably *and* realistically and they must be able to keep up to date with developments in their area which might result in new provision.

Identifying providers and provisions are two sides of the same coin. Most authorities attempted to identify providers in the first instance and then collected information on the support provided. However, it is also possible to identify support first and hence identify the provider. In this section we present emerging findings on the approaches local authorities have taken to identifying providers and provision, and present some of the innovative practices that have been tried or under consideration.

### 6.1 Identifying providers

In the early days of the THBS, before or soon after April 2000, local authorities began the task of identifying and drawing up a comprehensive list providers of supported accommodation. Much of the initial information was drawn from the cumulative knowledge of Housing Benefit staff themselves, and from asking staff in other local authority departments such as Housing and Social Services as well as staff in the Probation Service. Local authorities taking part in the case studies and workshops were generally confident that this initial trawl identified the vast majority of RSLs, probably most of the smaller, locally based voluntary and charitable organisations who acted as landlords, and some of the landlords in the private rented sector.

It is felt that the major gaps that were left or became apparent later were among: the PRS landlords (and, to a lesser extent, among the voluntary sector), floating support and, possibly sheltered housing. The responses of local authorities fell into three different types:

- direct approaches to landlords
- using resources *internal* to the authority (or county authority)
- using external sources of information.

#### *Direct approaches to landlords*

Most authorities have a variety of means of communicating with landlords, some but not all of whom might be providing eligible services to their tenants. These included newsletters and landlord forums. However, attempting to identify the provision of support services through these channels was generally unsuccessful. Very little, if any, provision was identified. There

was a general consensus among the local authorities taking part in this research that impersonal approaches to landlords was largely ineffectual and definitely should not be relied upon as the principal means of identifying provision.

#### *Using internal resources*

In the course of the research we came across numerous examples of Housing Benefit departments using their own resources, often in collaboration with other local authority departments or their counterparts at county level, to identify providers.

#### *Information from Social Services departments*

Many authorities had been supplied with one or both of the following from their Social Services colleagues:

- a list of all Social Services clients with a community care assessment
- a list of all properties where tenants might be receiving support, or might in the future.

Housing Benefit departments were able to use these lists to scrutinise existing claims and to identify new claims which might be eligible for THBS payments. Some authorities had provided their staff with lists of addresses where it was known that support is or might be provided. (In one local authority visited it was reported that staff sometimes missed cases and it had been necessary to introduce a routine computer sweep to check new cases against the list of known providers.)

It is common for local authorities to run some form of adult placement scheme in which tenants live in the same house as a landlord who provides a range of support services. Most Housing Benefit departments had asked a Social Services officer for details of such schemes but it had become clear that some eligible cases were not identified. Part of the reason for this in some authorities was the highly decentralised nature of social work provision; no one person knew about all the relevant cases. The lesson from this was that *all* social work staff should be asked to identify possible support cases. However, it was clear from both the case studies and the workshops that the joint working which needs to happen around community care assessment did not always work well. Some Housing Benefit staff said that they were not identifying all relevant cases because Social Service staff were not always being co-operative. Both Housing Benefit staff *and* landlords reported that although all social work staff should be involved there should be one Social Services department manager who they could contact and who would co-ordinate the necessary work.

*Utilising Housing Benefit claim forms:* Some authorities had already amended, or were in the process of amending, their standard Housing Benefit claim forms to include appropriate

questions about support, so that follow up action could be taken to identify eligible support costs. It was recognised that the wording of new questions had to be carefully drafted since experience showed that if a question is unclear to claimants they tended not to answer rather than ask for more information. Some authorities had delayed amending their forms because the Benefit Fraud Inspectorate (BFI) was in the process of designing a standardised claim form for use in all local authorities. The BFI model claim form was made available to local authorities in February 2001, although it did not cover *Supporting People* in detail.

*Utilising information held on local authority software systems:* Housing Benefit databases contain information that can be used to identify *potential* support cases. Trawling through thousands of cases is a relatively simple exercise, but staff resources are required for the follow up action. One model that was described in the course of the research had the following elements:

- a trawl of the Housing Benefit live caseload was carried out to identify cases where the claimant
  - was in receipt of a disability benefit or premium, and
  - was in private sector accommodation, and
  - was not receiving any support costs
- letters were sent to the claimants offering a visit by a local authority welfare rights worker to discuss their support needs and how they might be supplied and paid for
- visits were made by the welfare rights worker and any appropriate action instigated.

Another authority had trawled for cases where payments for board were being made. It was not expected that these initiatives would necessarily yield large numbers of new support cases, but it was thought that such cases could not be identified in any other way.

#### *Using external resources*

Some authorities provided examples of external sources of information that could be used to identify support providers. These included:

- local Councils for Voluntary Service - who might know of previously unidentified small voluntary organisations providing accommodation and support
- liaison officers situated in local health trusts and authorities who could keep them informed about developments in health provision that might impact on the need for supported accommodation (such as hospital closures)
- the use of an external consultant to map provision of support services in their area.

## 6.2 Identifying existing provision

Identifying providers is the first stage in the process of costing the support provided by them. Local authorities have experienced a number of problems in extracting information from providers, including:

- known providers not replying to requests for information
- providers not identifying all the support given in their rent/support splits

Housing Benefit and *Supporting People* staff were aware of some of the reasons for providers' apparent unwillingness to supply information or identify all their support costs. The task of splitting support from rent was thought to be genuinely difficult for some providers, particularly small organisations with limited accounting expertise or staff resources. There was also a feeling that some providers were reluctant to commit themselves because of the perceived risks in allocating their charges between rent and support (i.e. in affecting what happens to their funding after April 2003).

Part of the problem for local authorities is that providers have no immediate incentive to supply cost breakdowns, they will continue to receive payments of Housing Benefit. Some providers, indeed, have failed to understand that identifying support costs is a time related and hence urgent task. Most authorities responded by persevering with writing to providers, or making contact in other ways, with varying degrees of success. In a small number of authorities, however, a more coercive policy was adopted: providers failing to supply the required information were told that payments of Housing Benefit would be suspended until they complied. This was reported to be very effective in persuading providers to co-operate.

There was a recognition among many authorities that the key to getting information from providers was to work with them, making sure they understood the importance of producing accurate rent/support splits for funding *Supporting People* in 2003, (and the importance of doing it sooner rather than later), and providing direct assistance with filling in the relevant documents. Some Housing Benefit managers had concerns about this approach. First, they thought that they did not have the staff capacity to engage directly with possibly large numbers of providers. Secondly, they were unclear about how far they could go in providing advice given that the Housing Benefit department would be making decisions on the THBS claims. In 3.3, in a discussion of the need for people other than Housing Benefit staff to be communicating with providers the point was made that Housing Benefit staff do feel there are limits to their advice giving role. In one of the workshops an argument was made for some form of 'reference point' for providers, independent of the Housing Benefit department, where advice could be sought.

During the course of the research two new tools became available to local authorities, the questionnaire accompanying circular A10/2001 and the forms SP1 and SP2 produced by DETR. Both types of document contain questions about support and its costs. Early indications from the workshops were that these tools were welcome but we have no direct data on the extent of their use or effectiveness. Delegates felt that SP1 and SP2 would prove to be very useful in a check list role. When audits of provision are complete they can be matched against Housing Benefit's own list of provision. However, as 4.2 notes this will only be possible where information is recorded adequately by Housing Benefit departments both by provider and by scheme.

### **6.3 Identifying new provision**

Many supported accommodation providers will have had development plans in place before *Supporting People* was announced, and will have continued with their planning and implementation. Local authorities therefore need to be aware of such developments so any associated that support costs can be identified through the THBS and eventually be reflected in the size of the authority's *Supporting People* 'pot' in 2003.

The *Supporting People* initiative also acts as an incentive to local authorities and supported accommodation providers to increase provision of support for tenants in advance of the implementation date of April 2003. Increases in provision can take a number of forms, including providing *more* of an existing service by increasing staff hours or employing new staff, adding *new* services in existing schemes, and providing more places within existing schemes. There is also the opportunity of setting up entirely new provision in new schemes.

The task for Housing Benefit departments is to ensure that they become aware of new services and take the necessary action. Some authorities taking part in the research suggested that their structures for joint working were the channel through which *Supporting People* lead officers of Housing Benefit departments learned of relevant developments. As Section 3 has noted identifying both new provision and ensuring existing provision is adequately funded is a prime candidate for joint working between several agencies within an authority but most notably between Housing Benefit staff and *Supporting People* teams. Housing Benefit staff do not have the resources, the motivation or the expertise to maximise the pot.

### **6.4 Identifying support costs within an authority's own (or transferred) stock**

Missing so far from the *Supporting People* pot is what is likely to be a local authority's biggest single item, i.e. their own stock. At the time of the case study visits local authorities had not been required to identify the support element of these rents. A draft DETR circular *Supporting People: identifying support service costs and the amount of pooled rent income*

*financing support services* (February 2001) had just been discussed. Local authorities can be large providers of supported housing. Typically the housing department will be the biggest provider but Social Services can be landlords. Some local authority supported housing provision will be identical to that in other tenures; services are specified and charged for. However, the majority of local authority (or, increasingly, transferred local authority stock) supported housing rents are different. Support services are free at the point of consumption and not identified as such in the rent. Through rent pooling arrangements local authority supported housing tenants usually pay the same level of rents as their general needs counterparts. Funding for support comes out of the Housing Revenue Account. However, after *Supporting People* is fully implemented this will not be allowed and local authorities will have been expected to fully cost support and transfer it into the *Supporting People* pot.

In the case study visits there was considerable confusion about all of this. Most, but not all, of the people we spoke to knew the above had to happen but they were unsure how it was to be done and when it was to be done. There was also evidence that where support charges were specified and hence should have already been included in the THBS they had not been. Also there appeared to be some gaps in the type of provision which it was felt should be included; sometimes only sheltered housing was mentioned as needing to be included within the THBS.

Some managers reported actual, or anticipated, difficulties with colleagues in other local authority departments, for whom the job of splitting rents and support was not only an additional administrative burden but also a potentially problematic technical exercise, requiring the breakdown and re-apportionment of pooled rents between tenants.

There has been little learned in the case study visits or in seminars from local authorities about how to deal with their stock. The lesson for government, however, is that local authorities need to be encouraged to get on with the task as a matter of some urgency.

## **6.5 Summary of lessons learned**

We cannot evaluate the effectiveness or value for money of the various ideas and initiatives set out in this section. All we can say is that they were presented as worthwhile by the local authorities taking part in the research. Other local authorities might like to consider whether any are suitable for their own use.

### *Lessons for local authorities*

- No one method of identifying provision can be relied upon to identify all providers. A number of complementary methods is needed.

- Direct approaches to landlords through newsletters or forums are not an effective means of identifying support services.
- Relying on liaising on only a few colleagues in other local authority departments runs the risk of some support cases being missed. For example, *all* social workers should be asked to identify cases involving community care assessments. But one person within the SSD needs to be a nominated contact for enquiries from outside.
- Claim forms should be amended to pick up potential support cases.
- Internal software systems provide the potential for trawling for possible support cases.
- Joint working structures and other external sources should be maximised to ensure that no form of existing or new provision is missed. Housing Benefit staff need help from housing and social services colleagues.
- Many providers still need high levels of encouragement and assistance with completing THBS returns. Relying on written communications only is likely to be ineffective.
- The task of reviewing an authority's own (or transferred) stock must be addressed as a matter of urgency.

#### *Lessons for government*

- More guidance may be required on the extent to which local authorities can advise providers, or where local authorities can direct providers for independent advice.
- DWP/DTLR need to encourage local authorities to review their own (or transferred) stock as a matter of urgency.
- An outstanding task for the DWP and DTLR is to raise levels of awareness among Benefit Agency staff so that all cases in each local authority are identified and the local pot adequately funded.



## 7. LESSONS FROM PROVIDERS, LESSONS TO PROVIDERS

It has been suggested in this report that the implementation of THBS has not directly involved the provider sector principally because it has been organised by the DSS through circulars directed, in the main, to Housing Benefit departments. Until very recently, with the publication of the new circular A10/2001, THBS has not been particularly ‘connected up’ to the *Supporting People* programme.

The key issue around the implementation of THBS is that identified support costs have so far been much lower than originally expected. The Government’s response to these trends has been to re-double its efforts to engage Housing Benefit staff in the task of accurately identifying Housing Benefit support costs. This it has done by issuing a new and, in the view of many Housing Benefit officers, a clearer, more ‘user friendly’ ‘how to do it’ circular (A10/2001) and by attempting to get *Supporting People* officers on board through a series of joint seminars for them and their Housing Benefit colleagues. The Government has recognised that Housing Benefit staff have competing pressures, have little knowledge of the supported housing sector and have difficulties assessing claims. On this latter point supported housing claims present problems to Housing Benefit staff which other claims do not. Costs can vary so widely between projects for two reasons:

- needs of service users vary so much between groups and over time;
- some projects rely more on chargeable (Housing Benefit) income than others which may be receiving substantial amounts of non chargeable income to pay for support costs.

Increasingly, therefore, it is being recognised that judging reasonableness is not a task for Housing Benefit staff alone. This report has made a number of suggestions for joint working between Housing Benefit staff and other agencies in an authority to help in making sound judgments about supported housing costs. However, it is likely that this is not enough, that more needs to be done in reaching providers, understanding their rent setting and breakdown behaviour and providing advice.

This section of the report summarises from our research what we found out about providers’ experiences of the THBS and extracts from this data messages that are clearly coming *from* providers which, arguably, could be acted upon in the implementation process. It concludes with suggestions concerning messages that could be sent *to* providers from local and national implementers of the THBS. It starts with a brief discussion of the policy background against which providers are making their rent and support split decisions.

## 7.1 A dynamic policy environment

Supported housing rents can be very high and far exceed local reference rents. There are different explanations for this. Providers themselves will tend to stress the high costs of housing management and maintenance such as extra wear and tear, higher voids, greater turnover and so on. Housing Benefit staff will put emphasis on the support element of the charge and may argue that high charges conceal costs which are in Housing Benefit terms *ultra vires*. A further reason why rents may be high affects a minority of supported housing provision. Some projects relating often to health service re-provisioning programmes are funded entirely through private finance and hence higher rents are charged to service these loans.

Supported housing providers face pressures from a number of quarters to rein in rent increases at the same time as having from the financial year 2000/2001 to increase the rent to cover cyclical maintenance, no longer fundable from a Sinking Fund. The registered housing sector seems likely to lose its privileged position of 100 per cent grants and, like the general needs sector, has been obliged to keep rent increases within this past financial year to the Retail Price Index plus one per cent. However, far greater pressure was introduced by the adoption in the December 2000 housing policy statement of the approach to social rent setting outlined in the Housing Green Paper. Over a ten-year implementation period, all social landlords are expected to move towards setting their rents on the basis of a formula based on size, property value and local earnings. Nevertheless, service charges including those for support will not be covered by the formula. Arguments relating to how the supported housing sector is affected by these reforms have yet to coalesce. There is a view that these changes impact very adversely on the sector given their high rents. Nevertheless, a way forward has been proposed, most notably by the supported housing consultants SITRA (Rogers, 1999). It is argued that the THBS represents an opportunity for supported accommodation providers to achieve the rent target sooner rather than later as the reforms themselves suggest (over a ten year period). In some circumstances some providers may be able to achieve the target overnight by immediately shifting substantial housing management costs into support.

The supported accommodation sector is very diverse, a fact which itself poses problems for the successful implementation of THBS. Providers' views of *Supported Housing* match this diversity. Some providers have always welcomed the changes, seeing them as allowing them to give a better service to their users and one which improves the affordability of their service. The high rents of some projects act as a disincentive towards people who are able to find work. With high marginal rates of benefit withdrawal, many people experience only small gains in disposable income as their earning rise. Other providers, however, have not welcomed the changes seeing them as stifling innovation and possibly resulting in a

withdrawal of support from that large group of supported housing clients who do not generally attract local authority funding, vulnerable homeless people, drug and alcohol misusers, ex-offenders, etc. Many sheltered housing providers do not like the reforms because some of their tenants may not *need* support but move to the accommodation because they want easy to manage housing, safety and security and companionship. Also while, in the main, most non sheltered supported housing tenants receive Housing Benefit a significant minority of sheltered tenants do not. For these reasons some sheltered housing providers believe that the *Supporting People* reforms are inappropriate for their type of provision. Other providers still remain sceptical and uncertain about the changes. They want to know how they will fare after 2003.

The feeling of uncertainty at the time of writing is heightened by the, as yet unknown, outcome of the *Supporting People* charging proposals. Again sheltered housing is affected differently from most of the rest of the sector. It seems likely that people living in 'non permanent' accommodation will not be charged for their support; however those living in permanent accommodation, most notably sheltered tenants, will be potentially subject to charging, depending on their means. Sheltered housing providers worry about these proposals; existing and potential tenants who are not eligible for Housing Benefit will be exposed to higher costs. Currently rent pooling, particularly in the local authority sheltered housing sector, has the affect of subsidising these rents. Tenants are often not now paying the full or, in some cases, any of the costs of the support service. However, local authorities are now being required to identify and cost the support element of their total sheltered housing charges.

## **7.2 'The providers' call'**

During the course of the THBS providers have received a considerable amount of advice and information from their trade and consultancy organisations. In the early days of the scheme, at least, the message from these groups was that it was mainly 'the providers' call'. In other words, their interpretation of the THBS circulars was that it was very much up to providers how to apportion costs:

The Transitional Housing Benefit regulations rely on providers to determine what part of the costs of employing staff falls to the 'housing side', what part to 'general counselling and support' and, implicitly, what part is paid out of non rental income. The DSS guidance acknowledges the 'legitimate discretion' of providers in making decisions over this.  
(SITRA, 1999).

The National Housing Federation in its briefings asked providers to pose themselves the question of 'where do you want to be post April 2003?' In other words, if providers felt

worried about their position in the new regime, the advice was the balance between housing and support would be more towards the former. Various strategies were suggested in deciding how to draw the line between rent and support:

- affordability strategy: pegging accommodation costs to local reference rents or below and putting the rest to support net of other funding;
- checklist strategy: having netted off other funding apportion the actual costs of housing and support according to some time sheet activity which shows which is which;
- cautious strategy: maximise housing costs because there is so much uncertainty about what will happen to the funding of support post April 2003.
- maximisation strategy: maximises the support pot and keeps rent affordable.

There is some evidence now that provider organisations are changing their position and advising providers, in the context of the strong pressures coming from Government to reduce rent increases, to look more positively on putting more costs into support. The rent convergence reforms look like being a more effective mechanism for maximising the pot than THBS circulars. Provider organisations now seem to be stressing the dangers to providers of being left with high rents after 2003 which are likely to be subject to challenge. It will then be too late to transfer costs into support. Possible consequences are loss of financial viability and eventual closure.

Provider organisations have also provided advice on the methodology of rent/support splitting. Two broad, contrasting approaches have been put forward. The first of these is appropriate to general needs providers with some supported stock. Here, the same rent policy which applies to the general needs stock is applied and costs over and above this classified as 'support'. The second approach is to look at the range of tasks carried out by staff and classify them via some time diary activity into: housing related, support related; and care related. Such an exercise, however, is inevitably subjective since different staff will have different views as to what is housing, what is support and what is care. However, it is a transparent process.

### **7.3 The case study provider sample**

In the six case studies we interviewed in total 18 providers and in choosing a sample tried to reflect the diversity within the sector. As mentioned in Chapter 1, providers in the sample differed according to the following criteria:

- supported housing only/general needs as well;
- the type of client group: community care/non community; likely to work for some periods/unlikely to work;
- small providers/large providers;
- management agent schemes/directly managed;
- RSL schemes directly or directly managed/voluntary sector provider;
- not for profit landlord/for profit landlord;
- supported housing provider/sheltered housing provider.

A key finding of the research was that some of these differences between providers to a greater or lesser extent affected how providers approached the rent/support split.

#### **7.4 Providers' understanding of the THBS**

Providers' understanding of THBS varied enormously. Generally, the larger providers and the RSL providers had very sophisticated knowledge and saw the scheme as giving them the opportunity for the first time to fund their provision properly. They also welcomed the transparency it introduced to decisions about charging. They believed this could ease their relationship with Housing Benefit departments through a more open process of explanation of how costs had been arrived at.

However, among some, usually small providers but also among local managers of some national organisations, understanding of the THBS could be very poor. Consequently opportunities were being missed and in some cases, inadvertently, providers were endangering their own and their tenants' future by leaving themselves at risk of unacceptable high rents and no identified support post April 2003. It was not clear to some providers that high rents could and would be challenged. Neither had they any sense of urgency. Some had very little knowledge of the timetable. Not all had seen the circulars, some who had found them difficult to follow. However, some providers felt that A47/99 represented a radical break with tradition and was about allowing costs rather than disallowing them. The majority felt that more costs had become eligible, for example, life skills training and resettlement activity was now explicitly allowed. The fieldwork was carried out prior to the appearance of A10/2001 so it is not possible to say whether this circular improves providers' understanding of the scheme. One large provider said to us that A10 was issued too late for their 2001/2002 rent charge breakdowns.

Some providers' knowledge of THBS was very good and better than that invested in the Housing Benefit department. They had tried to assume the role of educating their Housing

Benefit colleagues. This is quite the reverse of A47 expectations where it is implied that Housing Benefit departments will introduce the scheme to providers.

## **7.5 Approaches to the rent/support split**

Providers' comments fell into two categories, those about their approach to tackling the job of separating rent in the first place and the subsequent process of dealing with Housing Benefit departments.

### *Internal decision making*

A key finding was that splitting rent from support was a difficult task requiring financial expertise that not all providers had or could call upon. Some providers complained that the Government was failing to recognise the technical complexity and time consuming nature of the task of breaking down costs between rent and support. They, the providers, did not see it only, however, as a technical exercise with always a correct answer as to what is rent and what is support. All the providers did feel that they had some choice or discretion as to whether to load costs into housing or into support. We do not know whether this attitude has now shifted with the publication of circular A10/2001 and its rather different approach to discretion. Taking the 18 providers together there was more of a tendency to go for housing than support principally because of worries about *Supporting People* but also because of how they defined housing management. Some providers felt that neither DSS nor DETR properly understood 'intensive housing management'. These providers argued that supported housing has higher housing management costs than general needs housing and that these are not reducible to support because they are nothing to do with supporting the individual. Apportioning costs on an actual basis via a time sheeting activity was the exception rather than the rule in our sample.

It has already been noted that some local authorities were recognising the fact that providers need advice but that there were limits to Housing Benefit departments' ability or willingness to provide this. From the interviews with providers it was apparent that some still need advice and that this could be of two types. Providers, particularly those used to presenting a gross charge only, wanted technical, financial advice but they also wanted strategic advice and reassurances that their services would continue to be supported. This category of advice is even harder to supply than the first type. At one of the seminars a suggestion was made that sophisticated providers might set up a 'buddy' system to help smaller, less knowledgeable providers. However, there was some criticism of this idea on the grounds that providers are competing for scarce resources and hence are unlikely to co-operate extensively.

Sheltered housing providers may be more likely than other supported housing landlords to opt for putting more not fewer costs into housing services than support services although we would need a larger sample to be more certain of this. Generally they felt that they and their tenants had more to lose from *Supporting People* for reasons explored in Section 7.1.

The discussion above relates to those providers who were making considered decisions relating to the THBS. However, a very striking finding was that taking the 18 providers together for around a quarter it appeared to have passed them by. They had not changed their charge and its constituent breakdown at all. Generally these were small, voluntary sector providers. Small providers will not only be directly managing schemes. They may be managing agents. Communications between superior landlord and managing agent was not always very good; when there were aware of it each party could have a different approach to splitting rent and support.

In 7.3 above the diversity within our sample of 18 providers was described. Some of these defining characteristics appeared to have some bearing on how the rent/support split was approached. For example, those providers who were supported housing only were more likely to apportion cost using time sheets. Those who were also big general needs providers were more likely to pool rents across all their stock. Those providers whose clients were in and out of work seemed to see the THBS as an opportunity to shift as many costs into support as possible in an attempt to make provision more affordable post 2003. Lastly, as already noted, sheltered housing providers may be more likely to load costs into rent.

#### *Dealings with Housing Benefit departments*

Some providers felt that Housing Benefit department forms were unnecessarily detailed and complex and required cost breakdowns which they believed were not asked for in the circular. Providers also had a number of comments to make about Housing Benefit staffs' decision making. Some providers felt that the DSS and Housing Benefit departments did not understand the impact of non chargeable income, particularly SHMG. Often little support will be separately shown in the rent because it is covered by this grant. Around a quarter of all the sample appeared to have their charges challenged. They felt that Housing Benefit departments were out of kilter with the cultural shift which they felt characterised A47. They also thought that some Housing Benefit staff were wrongly defining support as care. Finally some providers complained that they received no or little feedback from Housing Benefit departments after they had sent their breakdowns in.

## **7.6 Lessons from providers to local authorities**

- Providers, particularly small providers would like more financial, technical advice.
- Providers would like more strategic advice such as more detail on the impact of *Supporting People*.
- Providers would like more feedback from Housing Benefit departments.

## **7.7 Lessons from providers to central government**

- There is probably a limit to what can be done to persuade Housing Benefit staff to scrutinise breakdowns more closely. Instead effort should be made to communicate the importance of the THBS and its relevance to rent convergence to providers.
- Government needs to continue to work with the national provider organisations so the latter can communicate the continued importance of the THBS and the impact of the rent convergence reforms to their members.

## **7.8 Lessons for providers**

- Providers need to be made more aware of the urgency of the providing rent/support breakdowns.
- Providers need to be persuaded that it might be expedient to *re-examine* rent breakdowns already provided.
- The dangers of loading costs into the rent element need to be explained to some providers.
- The shift in approach to the degree of discretion allowed to providers in deciding what costs go into rent and what into support needs to be more publicised.
- Superior landlords and managing agents need to work more closely on rent/support breakdowns.

## 8. OVERVIEW

In this final section we draw together some of the main themes and issues that have emerged from our research. In making some observations about what might help further the successful implementation of THBS we have also drawn on our own reflections from carrying out the case studies and participating in the four workshops.

Our principal conclusion is that the Transitional Housing Benefit Scheme has been implemented patchily across the country. As a result we have serious doubts about the quality of information currently being delivered to DWP and DTLR. The evidence from the case studies and workshops suggests to us that the aggregate figures for the cost of support services that are currently being reported through the THBS are beset with a range of problems. At the time of writing, it is difficult to predict when THBS data will be sufficient for the purposes of sizing the pot accurately.

It must be said that the situation described in this report is not surprising. In Section 2 we discussed the origins of the THBS and earlier attempts to take non housing costs out of Housing Benefit. Essentially the task is very difficult for two main reasons. First, some providers do not know how to break rents down into constituent parts and, second, there is no agreed methodology for costing supported housing. Added to these main difficulties is *Supporting People*. The THBS does represent a break from the past. It does require Housing Benefit staff to do things which they are not used to, the most difficult of which is the requirement to see that costs are not only reasonable but also realistic. They must ensure that projects are adequately funded. They must see that the pot is maximised. Lastly the THBS is difficult because it is the principal conduit for funding the *Supporting People* programme. So for providers THBS is not only a technical exercise it is a strategic or political exercise. This aspect has certainly complicated the objective process of costing supported housing and deciding what element is housing and what is support.

### **Remaining problems**

The main problems experienced by local authorities in implementing the THBS are as follows:

#### *Lack of progress in implementation*

- There are still a significant number of authorities who have made little progress in the implementation of THBS. Initial reviews of support cases that should have been completed by April 2000 were still not complete in early 2001.

- Many authorities have made little or no progress in reviewing support costs within its own (or transferred) stock.

#### *Quality of data*

- The quality of the data that has been collected so far cannot be assumed. Many providers report that their initial rent/support splits were done to the best of their knowledge at the time but often done quickly and are in need of a second look.
- It appears that Housing Benefit staff are tending to be reactive not proactive, that is they tend to accept what they are presented with rather than scrutinise it in any great detail.
- The ‘technical’ task of separating rent and support takes place in a wider context that challenges the assumption that an ‘accurate representation of costs’ wholly defines the THBS task. Housing Benefit departments are concerned about the auditor looking over their shoulder and about the subsidy implications of their decisions. Providers are concerned with making decisions which contribute to longer term strategic plans for their organisations.

#### *Lack of commitment and resources*

- THBS is not getting the levels of commitment and resources that are needed. There is no real sense of ownership. The burden of implementation has often fallen solely on the Housing Benefit departments. In some authorities, for example, *Supporting People* lead offices are still not in place to help. The demands of THBS have had to be balanced against competing demands on Housing Benefit departments. Often THBS is given lower priority than other pressures such as Best Value inspections.

#### *Lack of shared understanding and joint working*

- The message that THBS needs to be working reliably *very soon* does not appear to have got through to some, possibly many, authorities and providers.
- In some authorities there is not a sufficiently joined up approach to *Supporting People* and THBS. There is still tension between lead officers keen to develop services and Housing Benefit managers who see their principal responsibility as safeguarding local authority funds.
- Implementation so far has not really recognised that there are three interested parties: Housing Benefit staff, lead officers and providers. There has been little communication with the latter.

### *Providers struggling with THBS and Supporting People*

- A key reason why support costs so far are lower than originally estimated is that providers have tended to put more not less costs into rent than support.
- There is still a job to be done in educating providers about *Supporting People* and what is needed from them before April 2003. Many also need levels of help that local authorities are either unwilling or unable to give.

### **Possible courses of action**

This is a picture that demands urgent attention. In the previous sections of this report we have set out a number of 'lessons' aimed at local authorities, providers and government departments which could be acted upon. Some of the ideas and suggestions presented cannot be evaluated in any systematic way, but each idea does appear to have some *prima facie* merit.

Some authorities appear to have made good progress in implementing THBS and are developing innovative ideas for improving the quality of their data and for dealing with remaining barriers. Implementation can clearly be achieved therefore. The problem for DWP and DTLR is to ensure that the authorities currently performing less well come up to the standards of the best.

Some authorities need technical help. There is clearly a desire on the part of many Housing Benefit departments for more guidance from the centre on a range of issues. These have been set out in previous sections but are summarised below:

- how to assess 'reasonableness'
- appropriate depth of investigation on THBS cases
- how to deal with support costs coming from Social Services departments
- the extent to which local authorities can advise providers.

There is also a need for more instruction on how to prepare Stats 121-124 returns.

Some authorities seem to need a renewed impetus. From our experience of the workshops it appears that some of the slower authorities will quicken their pace in the next few months having learned of the importance of THBS for *Supporting People*. The workshops therefore have had some degree of success in 're-launching' THBS. However, not all authorities were able to attend and some chose not to. DWP, DTLR and the Department of Health need to reach all authorities, and all lead officers and Housing Benefit departments, both with any new guidance, and with more general exhortations to increase the pace of progress. In

particular, there seem to be some merit in trying to engage more directly with local authority Chief Executives, Treasurers and elected members. These are the people who can mobilise and release the necessary resources at the local level. At present, the evidence from the people who took part in the research suggests that senior officers and members generally have little awareness and understanding of the importance of THBS and *Supporting People* for some of the vulnerable groups of people living in their areas.

Based on the comments of many Housing Benefit staff and *Supporting People* lead officers, we suggest, in Section 3, that DWP and DTLR exploit as many methods of communication with local authority officers and elected members as possible. The following were suggested:

- Personalised communications to members and chief officers.
- Email communication with key officers.
- Hands on assistance from DWP and DTLR.
- More events for Housing Benefit staff and lead officers.

There is also a case for DWP and DTLR taking a more proactive approach with authorities identified as ‘failing’ in some way. Strict timetables for achieving milestones could be developed and appropriate assistance offered.

The final course of action concerns getting providers on board. Our view is that this is a crucial area for action. There is probably a limit to the amount of work that can be done with Housing Benefit staff. Undoubtedly the new circular and the recent DSS/DETR seminars have been useful developmental exercises. However, Housing Benefit staff are limited in the time and expertise they can devote to THBS. The challenge, therefore, lies in developing joint working around THBS so that *Supporting People* teams and other housing and welfare colleagues work with providers. This work needs to be of two types. Firstly providers need and want technical, financial help. However, they also need more than that. They need persuading of the urgency of THBS, they need to understand why it is important to identify adequate support costs and they need re-assurance that the post April 2003 world in the short term at least will not leave them excluded.

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