

12 March 2008	ITEM 15 No 0710127
Cabinet	
CHANGES TO THE HOUSING BENEFIT ADMINISTRATION SYSTEM	
Portfolio Holder: Cllr T Hipsey, Leader & Cabinet Member for Finance & Organisational Development	
Report Author: Carole Owens, Business Relationship Manager	
Accountable Head of Service: Head of Business Services	
Accountable Director: Andrew Hardingham, Corporate Director of Resources	
Purpose: To inform Cabinet of the changes to the Housing Benefit administration	
Wards affected: All	Key decision: Yes
This report is public	

1. RECOMMENDATIONS:

- 1.1 That the introduction of the Local Housing Allowance be noted.**
- 1.2 That the changes required to introduce the new legislation in time for the operational start date of 7 April 2008 be noted.**
- 1.3 That a review be undertaken in September concerning the impact on vulnerable people.**
- 1.4 That a report on the findings of the impact of the new policy be taken to Overview and Scrutiny Committee**

2. INTRODUCTION:

- 2.1 Local Housing Allowance (LHA) is the cornerstone of the Government's Housing Benefit reform programme which aims to simplify Housing Benefit and ensure it supports the wider objectives of welfare reform.**
- 2.2 The fundamental aims of the LHA scheme are to promote:**
 - **Fairness – LHA bases the maximum amount paid to tenants on the size, composition and location of the household.**
 - **Choice – tenants are able take on greater responsibility and choose how to spend their income in a similar way to tenants who are not in receipt of benefits.**

- Transparency – the current link between housing benefit and individual rents is complex and does not set out clearly what level of state support is available for people on low incomes.
- Personal responsibility – empowering people to budget for and to pay their rent themselves, rather than having it paid for them. This helps develop the skills unemployed tenants will need as they move back into work.
- Financial inclusion – ideally the Department of Works and Pensions (DWP) want people to have their housing payments paid into a bank account and to set up a standing order to pay rent to their landlord.
- Improved administration and reduced barriers to work – for working age tenants, LHA provides a greater certainty about what help is available whilst they are in and out of work.

3. BACKGROUND:

- 3.1 The current system for administering housing benefits has been in operation since January 1989 when rents were de-regulated. Over the years there have been many amendments and changes, which have complicated the current system making it cumbersome to administer.
- 3.2 Since November 2003 LHA has been tested in nine local authorities across the country. These local authorities were known as the Pathfinder Authorities. (see attachment A)
- 3.3 In the March 2004 Budget the government announced that DWP would invite a second group of local authorities to join the LHA scheme, starting from April 2005. Nine authorities were selected and these are known as the Second Wave Group (see attachment A). These authorities were tasked with:
- Providing further information on the best way of implementing LHA more widely.
 - Enable DWP to make sure they take account of any issues that arise.
 - Help DWP to further test out the practical and operational implications for local authorities.
- 3.4 It was intended that this information would help the DWP to develop 'best practice' guidance for when the scheme is extended across the country.
- 3.5 On the 3rd May 2007 the Welfare Reform Bill received Royal Assent and the national implementation of LHA commences on the 7th April 2008.

4. ISSUES AND/OR OPTIONS:

- 4.1 The implementation is a legislative requirement and there is no choice as to whether or when to commence the LHA scheme. A Government grant has been paid to Thurrock to upgrade the computer system and implement new processes. This work will be lead by our strategic partner Vertex Data Science

Limited and the apportionment of the grant income will be agreed with them based on the resources required to implement.

- 4.2 Between now and the 7th April there will be liaison with landlords. Four meetings have already taken place with a further two scheduled during February, detailing the forthcoming changes to the way in which housing benefit is to be paid.
- 4.2 Meetings have taken place with local banks to ensure that they are ready to set up the standard bank accounts as suggested by the government. Talks are taking place with all new benefit claimants to ensure that they have bank accounts for their payments.
- 4.3 A full advertising campaign is scheduled to commence prior to the new system going live in conjunction with the DWP. All new claimants will be given full details of the new scheme and how it applies to them.
- 4.4 The upgrade to the Northgate benefit system has been ordered and training will be given to all benefit assessors to ensure a seamless transition.
- 4.5 A Direct Payment Policy has been written to ensure that vulnerable claimants are given every assistance in paying their rent. (see attachment B)

5. IMPACT ON CORPORATE PRIORITIES:

- 5.1 This implementation supports the Council Priority of including people in the ways described in 2.2 above.

6. OVERVIEW AND SCRUTINY:

- 6.1 This item has not been considered by a Scrutiny Committee.

RELEVANT POLICIES	
FINANCIAL IMPLICATIONS	
(Prepared by: Meinir Hall	01375 652147) e-mail: mhall@thurrock.gov.uk
The Council has received a grant to meet the costs of the implementation of the Local Housing Allowance scheme. There are no additional financial implications from the implementation of the scheme.	

LEGAL IMPLICATIONS

(Prepared by: David Lawson
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The change is a statutory requirement and failure to implement it by 7 April 2008 will mean that persons entitled to Housing Benefit may not receive the payments required to pay their rent.

The **Local Housing Allowance** scheme is the cornerstone of the Government's Housing Benefits reform programme. Its aim is to simplify the Housing Benefit Scheme and ensure it supports the wider objectives for Welfare Reform.

LHA is a flat rate allowance based on the size of household and the area in which a person lives. Each local authority will be divided into Broad Rental Market Areas (**BRMA**).

The Council must publish the LHA rates so that landlords and prospective LHA customers can be clear about the amount of rent that the LHA will cover.

The aim of this is that prospective tenants will have more choice in respect of the property they rent. If they find a property they like with a rent that exceeds their LHA they will need, as they do now, to make up the difference themselves. If they find a property with a rent below their allowance, they will be able to keep the difference up to a set maximum. There will be certain situations when payment will be made to the landlord for example when a tenant is in rent arrears of 8 weeks or more and for Vulnerable Tenants

The legal implications are as above or as excellently stated in the body of the report

DIVERSITY & EQUALITY IMPLICATIONS

(Prepared by: Simon Black
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01375 413962)

The proposed changes have been subject to an Equalities Impact Assessment. No negative impact was identified.

OTHER IMPLICATIONS

BACKGROUND PAPERS

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Attachment A

9 Pathfinder Authorities

Blackpool
Brighton and Hove
Conwy
Coventry
Edinburgh
Leeds
Lewisham
N E Lincs
Teignbridge

2nd Wave Group (2WG)

Argyll and Bute
East Riding of Yorkshire
Guildford
Norwich
Pembrokeshire
St Helens
Salford
South Norfolk
Wandsworth

Attachment B



LOCAL HOUSING ALLOWANCE DIRECT PAYMENT POLICY

Vulnerability

In order to protect vulnerable customers, Thurrock Council will use its discretion in deciding whether housing benefit should be paid to the landlord direct as opposed to the tenant. The following criteria will be considered when deciding who benefit should be paid to. By vulnerable we mean someone who may have difficulty managing his or her finances. We do not mean someone who does not want to pay the rent

Who might be vulnerable?

There are many reasons why someone cannot manage their finances. A vulnerable tenant may be someone who:

- Has severe debt problems
- Has a recent County Court judgement against them
- Is an un-discharged bankrupt
- Is unable to open a bank or building society account
- Has some of their Income Support or Jobseeker's Allowance paid direct to the gas, electricity or water company by DWP
- Is getting help from supporting people
- Is getting help from a homeless charity
- Independent Advocate - IMCat

We may look into whether a tenant is vulnerable or not if the tenant:

- Has learning difficulties
- Has an illness that stops them managing on a day to day basis such as mental illness
- Cannot read or speak English
- Is addicted to drugs, alcohol or gambling
- Is homeless

Aims and Objectives

- Protection for the most vulnerable customers, providing reassurance that their rent will be paid
- To help prevent rent arrears and customers being put at risk of eviction
- To reassure landlords that rent charged will be paid if they have vulnerable tenants or are approached by vulnerable tenants
- To help put customers in touch with other agencies/support groups where they are given the support to manage their own affairs
- To ensure council officials make fair, responsible and consistent decisions

- To promote and publicize a process which is widely understood
- To treat each case independently and on its own merits

Procedure

The tenant or tenants' representative makes us aware that they would prefer their LHA to be paid to the landlord. The request needs to be supported with written evidence from a third party. Information and evidence will be considered from, amongst others:

- Social services
- The Pension Service
- Jobcentre Plus
- Reputable financial institutions
- Courts
- Support or advisory services e.g. CAB
- Doctor
- The tenant
- Friends and family of the tenant
- Probation Officers

Evidence from a landlord cannot be accepted alone.

Making a decision

A council officer will work with the tenant taking account of all relevant evidence requested when making a decision on each case. The decision will be made on the basis of having regard to all of the available facts. In all cases one of two decisions will be made:

1. The customer is vulnerable and payment of LHA will be made to the landlord, or
2. The customer is not vulnerable and payment of LHA will be made to the customer.

Notifying affected parties

The customer and/or their representative will be written to and advised of the following:

- The decision and reasons for it
- If and when the decision will be reviewed
- Appeal Rights

- Advice agencies, voluntary or statutory organisations which will be able to help
- Contact details for the CAB money advice service if they do not have a bank account and will be receiving excess LHA themselves

The landlord will also be written to and advised:

- If the tenant has been found vulnerable and we will pay them, the landlord, LHA up to the contractual rent
- If and when the decision will be reviewed
- Request bank details if not previously received
- If the tenant has been found not to be vulnerable, the landlords' appeal right against this decision

Reviews and appeals

If the tenant or landlord disagrees with the decision they can appeal. The rules for this are the same as the rules for Housing Benefit