

4 Local Housing Allowance

4.1 Introduction and summary

The following section is focused on the private rented sector (PRS) and the roll-out of Local Housing Allowance (LHA). Some of the questions about local authorities (LAs') preparedness for the LHA were asked previously in Wave 16 of the LA Omnibus Survey.

When asked about the checks in place when considering making LHA payments direct to claimants, 86 per cent of LAs mentioned a check that the claimant has, or can open, a bank account, around four in five mentioned that the claimant does not have mental health concerns (81 per cent) or have learning disabilities (80 per cent). Three-quarters (77 per cent) mentioned that the record of rent payment should be satisfactory and 73 per cent that the claimant does not have an addiction or similar. Three in five (60 per cent) mentioned that the claimant does not have debt problems/recent County Court Judgements (CCJs).

When asked if the LA has staff with special expertise that make determinations about whether safeguards should be applied to LHA cases, 43 per cent did and 50 per cent said the determinations are part of the standard functions of the teams processing HB. The balance of these responses has changed since Wave 16 when 56 per cent had staff with specific expertise making determinations and 37 per cent said this was done as part of the standard functions of processing teams.

Where a claimant does not have a bank account or does not understand how bank accounts operate, LAs were asked what action they took. Seventy per cent refer the customer to a third party, 67 per cent offer in-house advice and 60 per cent refer them to a bank or building society. These findings were very much in line with those recorded at Wave 16.

LAs were asked to provide figures for the percentage of LHA cases that have needed money advice. All gave percentages under 50 per cent, with more than half of these being less than ten per cent (a quarter did not know).

In cases where LAs currently make HB payments direct to tenants, they were asked how often payment periods are made to coincide with rent charging periods. The responses were similar to those recorded at Wave 16. At both waves four per cent said 'yes, in all cases' while the proportion saying 'yes, in some cases' has gone up from 17 per cent at Wave 16 to 24 per cent at Wave 18. There was a corresponding decrease in the percentage saying that they do not coincide payments, from 74 per cent at Wave 16 to 64 per cent at Wave 18. Three-quarters (74 per cent) of LAs that don't coincide payments said they have no plans to do so; 22 per cent are considering it.

When asked if their LA found that LHA claims required more, less or about the same staff time to administer than the existing HB scheme for private sector tenants, 12 per cent said more, 35 per cent said less and 52 per cent said about the same.

Dealing with landlords' complaints or queries (80 per cent) and operation of safeguards policy (73 per cent) were the most frequently mentioned reasons for LHA taking longer to administer.

Three in five (60 per cent) of LAs said that queries from landlords have increased since LHA (a third of these said that they had increased a lot). The most frequently mentioned queries from landlords were the inconvenience of having rent paid to tenants (88 per cent) and rent arrears or missed payments (70 per cent).

One in five (19 per cent) of LAs said that queries from tenants have increased since LHA. The main query, mentioned by 78 per cent, was whether LHA can be paid direct to landlords.

Since LHA, just five per cent of LAs think that private sector landlords have been more willing to let property to HB tenants. On the other hand, a quarter (25 per cent) said they have been less willing and 57 per cent think that there has been no change.

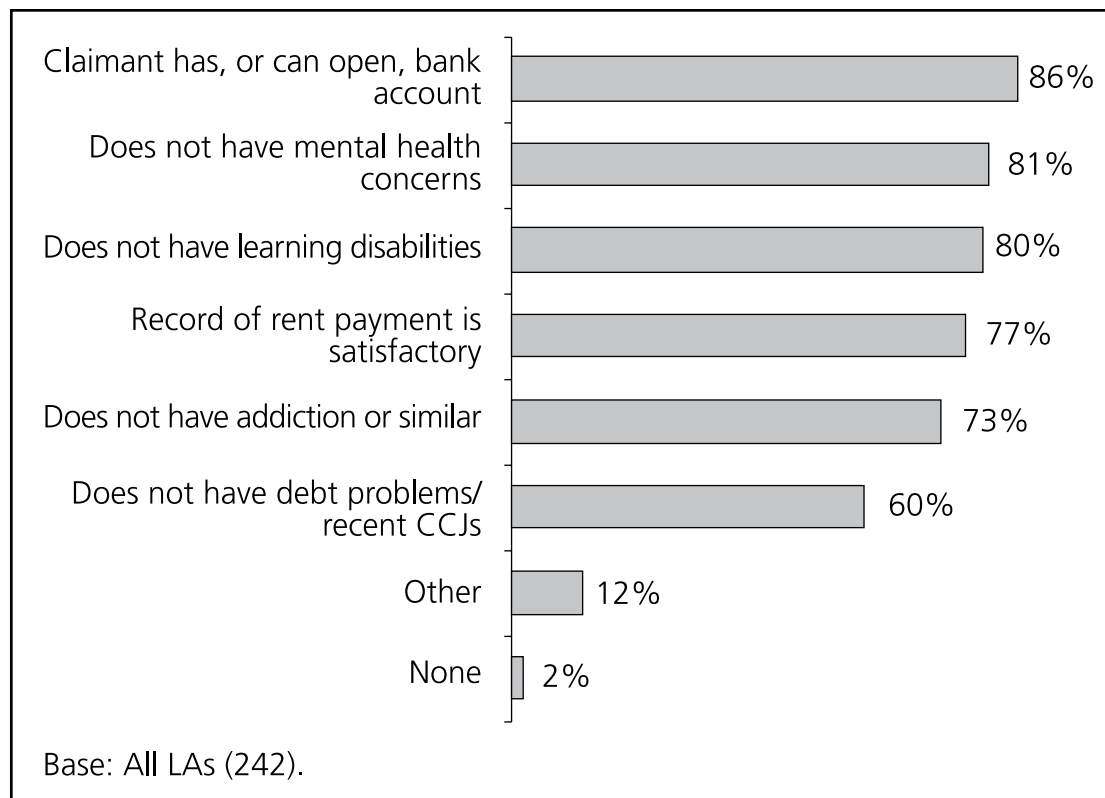
Since the roll out of LHA, nine per cent of LAs think homelessness has increased, four per cent think it has decreased and 64 per cent think LHA has had no impact.

Just 11 LAs out of all those who responded (five per cent) said that they think fraud and error has increased since LHA.

4.2 Main findings

The following details the main findings and includes charts for all questions plus commentary highlighting the key sub-group differences.

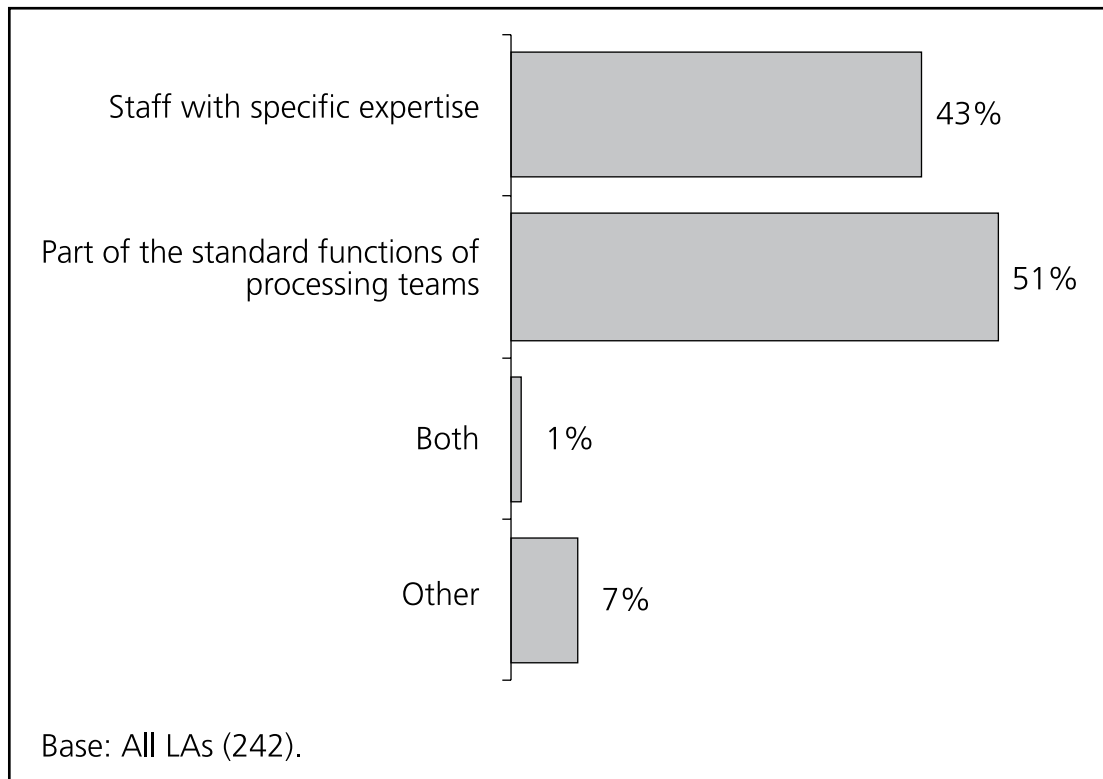
Figure 4.1 Local Housing Allowance payments are made direct to tenants but under certain circumstances can be made to landlords instead. What checks does your LA have in place when considering making payments directly to the claimant?



English metropolitan authorities were more likely to say that they checked that the claimant has a bank account or can open one (96 per cent of English metropolitans) compared with Welsh authorities (73 per cent) and London boroughs (75 per cent). English unitary authorities were more likely (86 per cent) to check that the claimant does not have an addiction or similar dependency that may impact rent payments than were Scottish authorities (64 per cent) or English districts (69 per cent).

When the results are analysed by region it is interesting to note that LAs in the North West were generally more likely to make all of the checks. All the LAs interviewed in the North West checked that the claimant has a bank account or can open one, that the claimant does not have learning disabilities that may impact rent payments and that the claimant does not have mental health concerns that may impact rent payments.

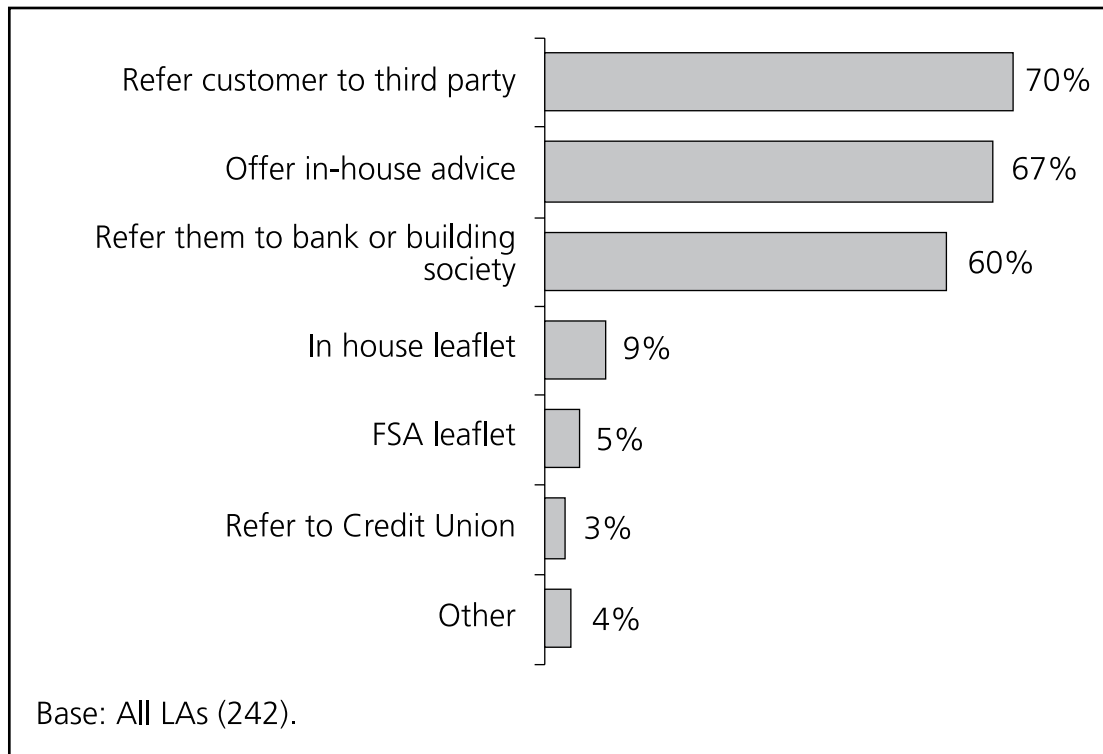
Figure 4.2 Does your LA have staff with special expertise who make determinations about whether safeguards should be applied to LHA cases or are determinations part of the standard functions of the teams processing housing benefit?



LAs in the South West region were more likely to have staff with specific expertise that make determinations about whether safeguards should be applied to LHA cases (61 per cent) than LAs in the following regions: Scotland (36 per cent), North West (35 per cent), West Midlands (36 per cent), South East (38 per cent) and London (31 per cent).

The responses have changed in the balance since Wave 16 when 56 per cent had staff with specific expertise making determinations and just 37 per cent said this was done as part of the standard functions of processing teams.

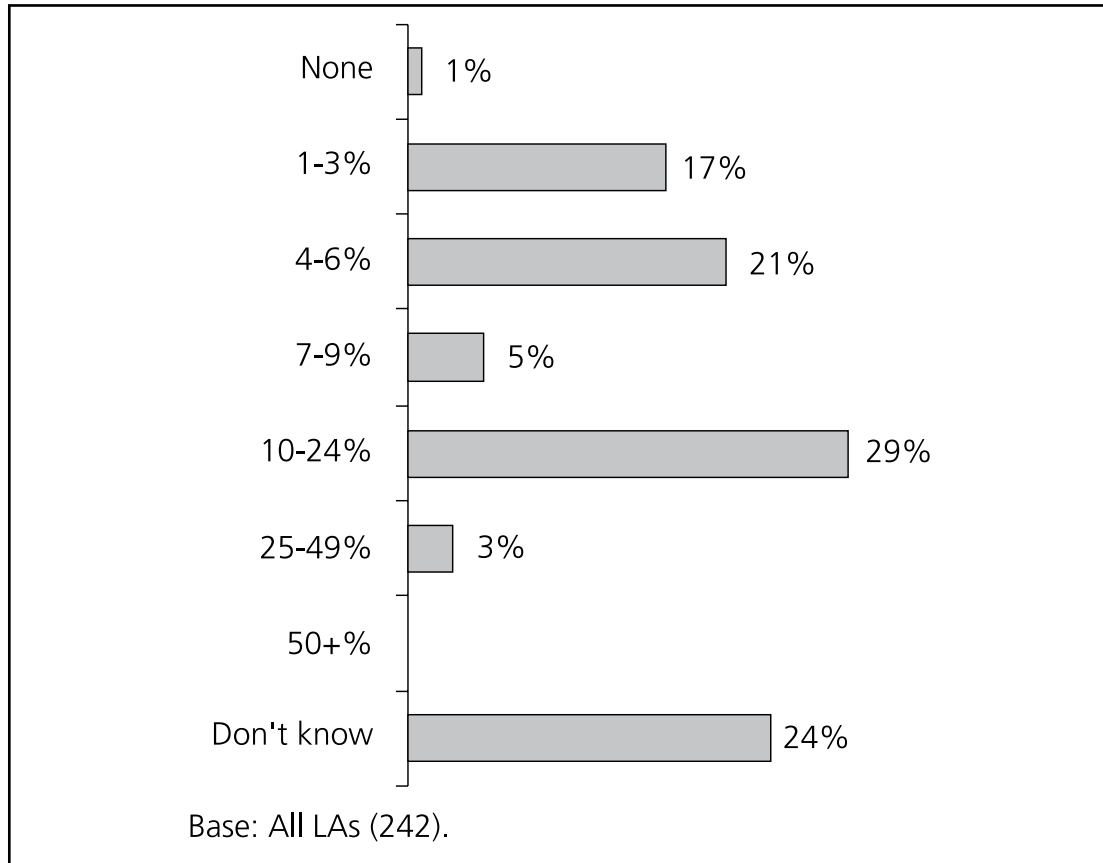
Figure 4.3 Where a claimant does not have a bank account or does not understand how bank accounts operate, which of the following actions does your LA take?



Where a claimant does not have a bank account or does not understand how bank accounts operate, LAs were asked which actions they took. Seven in ten (70 per cent) referred the customer to a third party, 67 per cent offered in house advice and three in five (60 per cent) referred them to a bank or building society. These findings were very much in line with those recorded at Wave 16: 71 per cent referred to third party, 68 per cent offered in house advice, 58 per cent referred to bank.

At Wave 18 LAs that were not contracted out were more likely to refer customers to a third party (74 per cent) than LAs that were contracted out (29 per cent). LAs with a high caseload were more likely to refer customers to a bank or building society (72 per cent) than those with a low (48 per cent) or medium (58 per cent) caseload.

Figure 4.4 What proportion of LHA cases do you estimate have needed money advice in your LA?



LAs were asked to give the percentage of LHA cases that have needed money advice and all gave percentages of 50 per cent or less. There is a gap in terms of the proportions that LAs estimated would have needed money advice when this was asked about at Wave 16 compared to the proportions that actually needed money advice at Wave 18. At Wave 16 when asked '*What proportion of LHA cases do you estimate will need money advice*', just over half (53 per cent) said less than ten per cent whereas the proportion stating this relatively low percentage bracket was lower at 43 per cent at Wave 18. Meanwhile, at Wave 16 just 18 per cent said that between ten and 24 per cent would need money advice whereas in reality at Wave 18 a higher percentage of 29 per cent said that the higher proportion of between ten and 24 per cent needed money advice. Overall, therefore, the reality has been that higher percentages of LHA cases have needed money advice than were estimated a year ago at Wave 16.

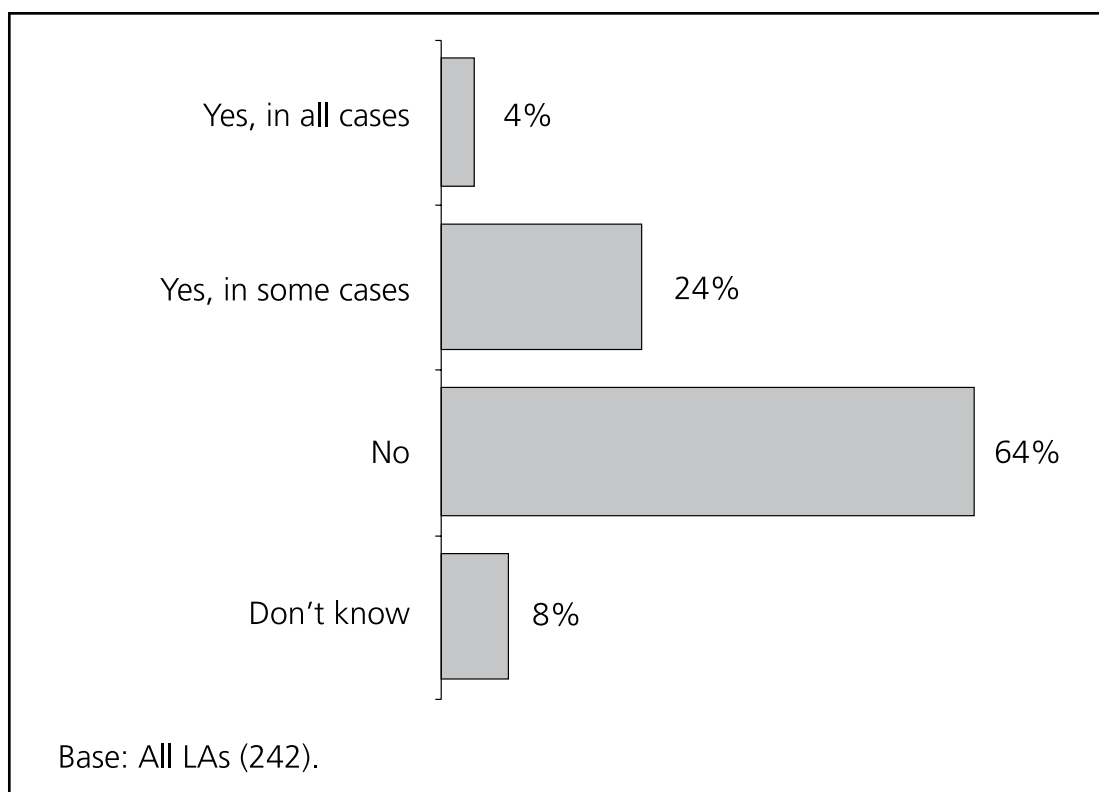
Table 4.1 What proportion of LHA cases do you estimate have needed money advice in your LA? (by Government Office Region)

Percentages	Total (242) %	Scotland		North East		Yorkshire and Humberside		North West		East Midlands		West Midlands		East Midlands		South East		South West		London		Wales	
		(22) %	(10) %	(14) %	(26) %	(26) %	(26) %	(22) %	(26) %	(28) %	(39) %	(28) %	(28) %	(28) %	(39) %	(28) %	(16) %	(11) %					
0	1	-	-	-	4	-	-	4	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-
1-3	17	14	-	-	12	-	-	12	15	32	25	15	21	19	27	-	-	-	-	-	-	-	-
4-6	21	14	10	36	12	31	9	25	28	25	13	25	9	-	-	-	-	-	-	-	-	-	-
7-9	5	-	-	-	8	15	-	4	5	11	6	-	-	-	-	-	-	-	-	-	-	-	-
10-24	29	36	40	36	31	27	41	18	18	32	25	45	-	-	-	-	-	-	-	-	-	-	-
25-49	3	-	10	7	4	-	5	-	3	-	13	-	-	-	-	-	-	-	-	-	-	-	-
50-74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
75-100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Don't know	24	36	40	21	31	12	14	25	31	25	11	18	25	18	11	25	18	11	25	18	11	18	

It is interesting to note that LAs in the North East (40 per cent), Scotland (36 per cent), North West (31 per cent) and South East (31 per cent) were significantly more likely to say that they did not know the proportion of LHA cases that have needed money advice than for instance the East Midlands (12 per cent) or the South West (11 per cent).

London boroughs (13 per cent) were significantly more likely than those in the East Midlands, East and South West (all zero per cent) to say that the proportion that needed money advice was between 25-49 per cent.

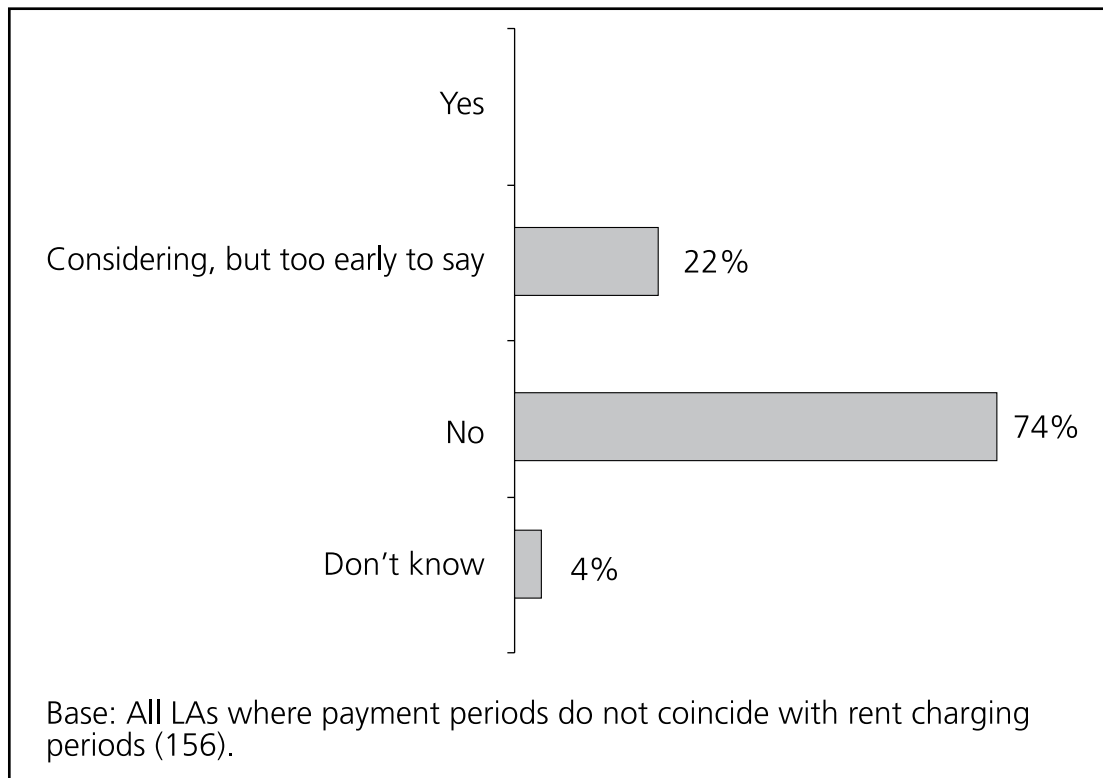
Figure 4.5 As you are aware, receiving payments means tenants must manage their own money. In cases where you currently make housing benefit payments directly to tenants, how often are payment periods made to coincide with rent charging periods?



The responses at Wave 18 were similar to those recorded at Wave 16 with the exception that increased numbers of LAs said 'yes, in some cases' (24 per cent at Wave 18, 17 per cent at Wave 16). At both waves four per cent said 'yes in all cases', while 64 per cent at Wave 18 said they were not carrying out this action, compared with 74 per cent at Wave 16.

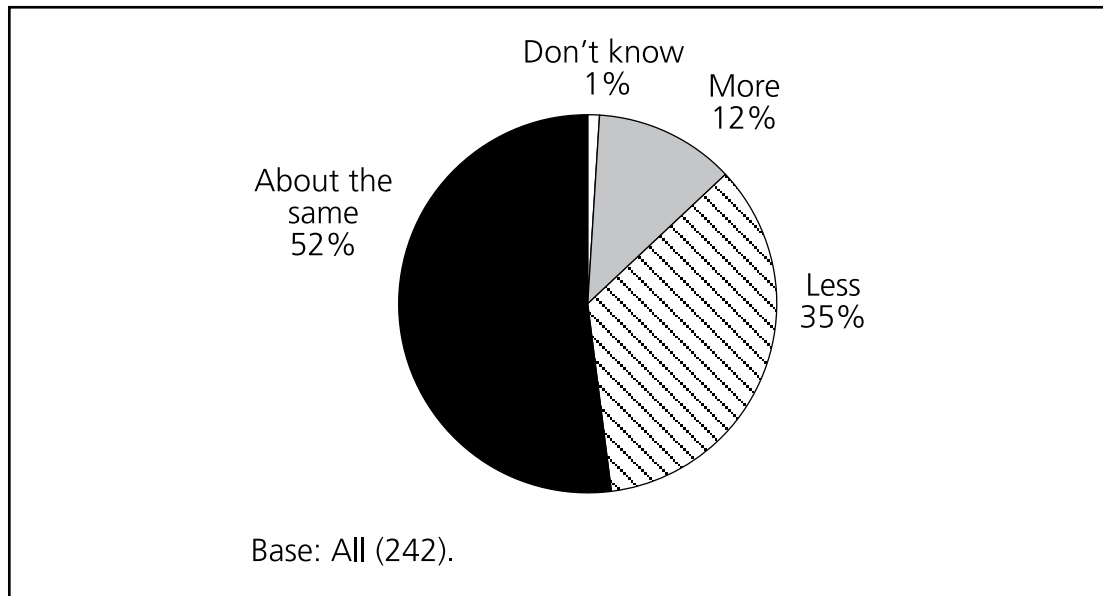
At Wave 18 LAs in Scotland were more likely to have said 'yes, in all cases' (23 per cent Scottish LAs compared with, for example, none of English unitary authorities and none of the London boroughs).

Figure 4.6 Does your authority have any plans to make changes to your payment systems so that payment periods coincide with rent charging periods?



When asked if their authority had any plans to make changes to their payment systems so that tenants could receive their Housing Benefit (HB) to coincide with when their rent was due, 91 per cent of Scottish authorities said they were not planning to do this. This was significantly higher compared with Welsh authorities (33 per cent) but should be viewed in the context that relatively high numbers of Scottish LAs were already engaged in this activity.

Figure 4.7 Overall, does your LA find that it requires more, less or about the same staff time to administer LHA than the existing HB scheme for private sector tenants?

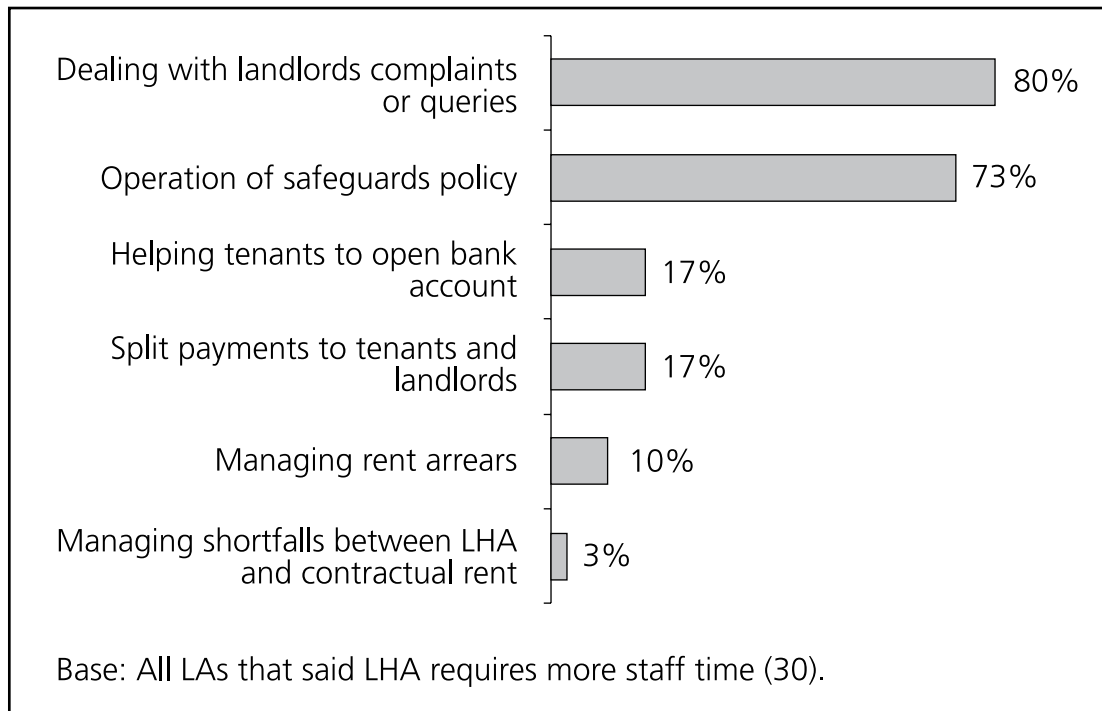


LHA is only initially being applied to new claims. This means that the LHA operates alongside the previous HB schemes.

When asked if their LA found that it required more, less or about the same staff time to administer LHA than the existing HB scheme for private sector tenants, 12 per cent said more, 35 per cent said less and 52 per cent said about the same.

LAs with a high caseload were more likely to say that it took more time (24 per cent) than those with a low (three per cent) or medium (eight per cent) caseload.

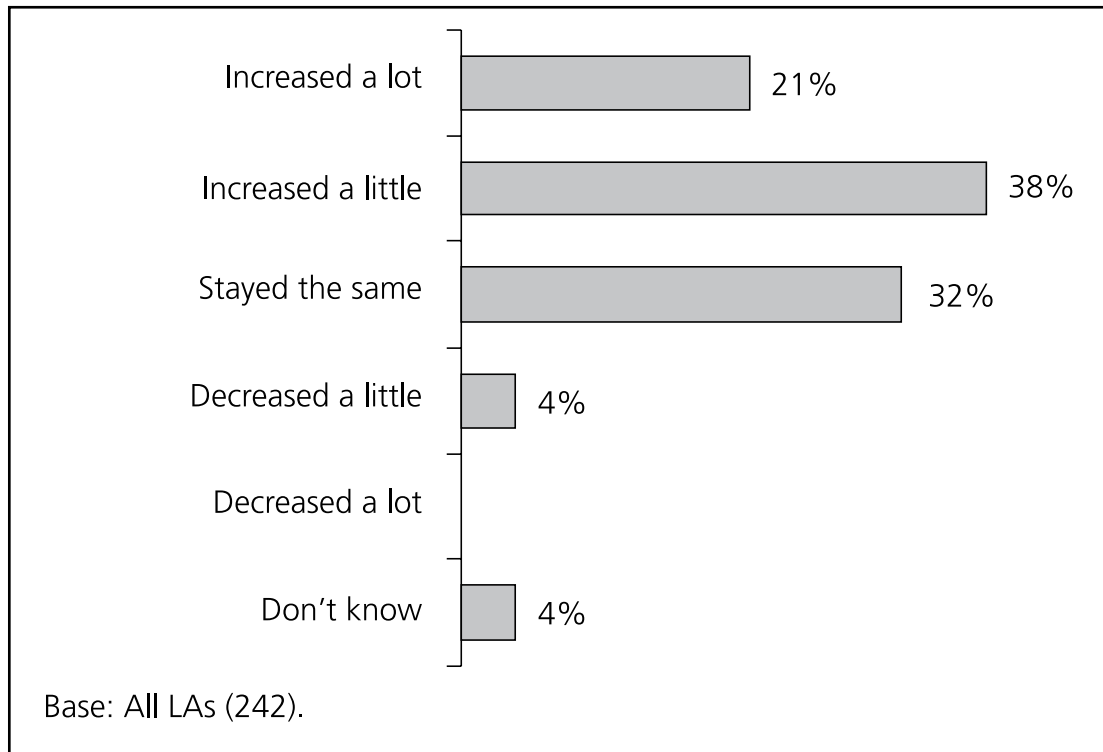
Figure 4.8 In what particular areas do you think it requires more staff time to operate LHA than the existing HB scheme for PRS tenants?



Dealing with landlords' complaints or queries (80 per cent) and operation of safeguards policy (73 per cent) were the most frequently mentioned areas where LAs indicated that it required more staff time to operate LHA than the existing HB scheme for PRS tenants.

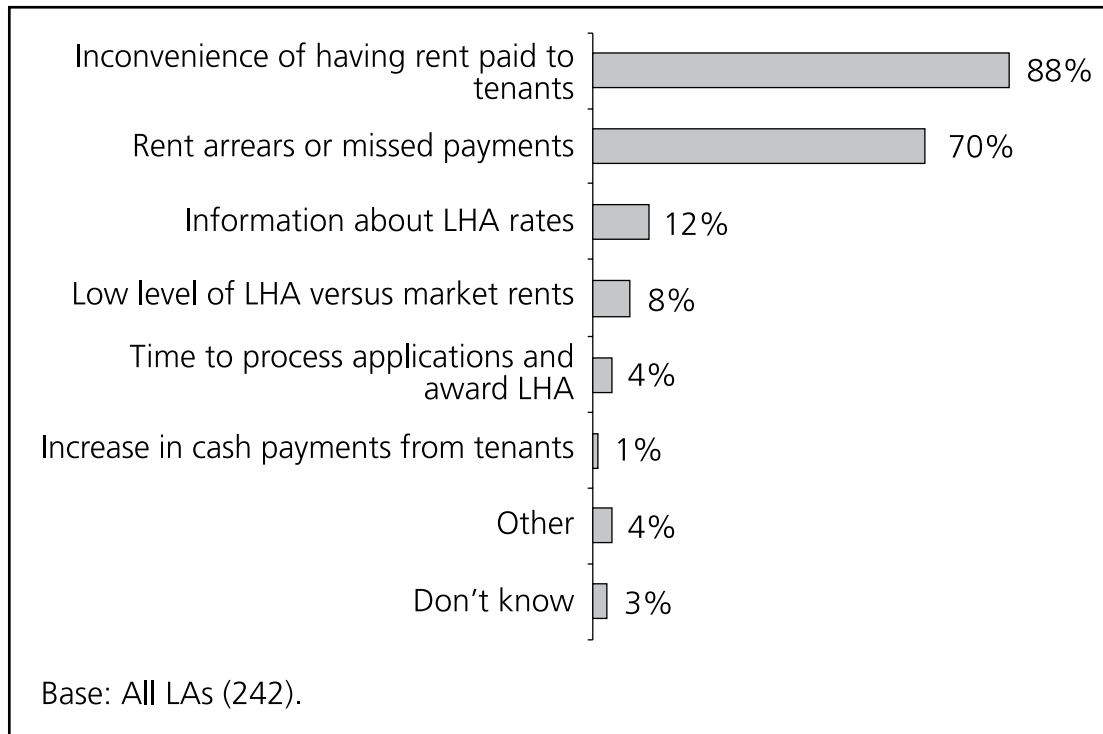
LAs with high caseloads were more likely to have said dealing with landlords' complaints or queries (95 per cent) compared with those with low (none) and medium caseloads (57 per cent).

Figure 4.9 Have queries from landlords increased, decreased or stayed the same with the introduction of LHA?



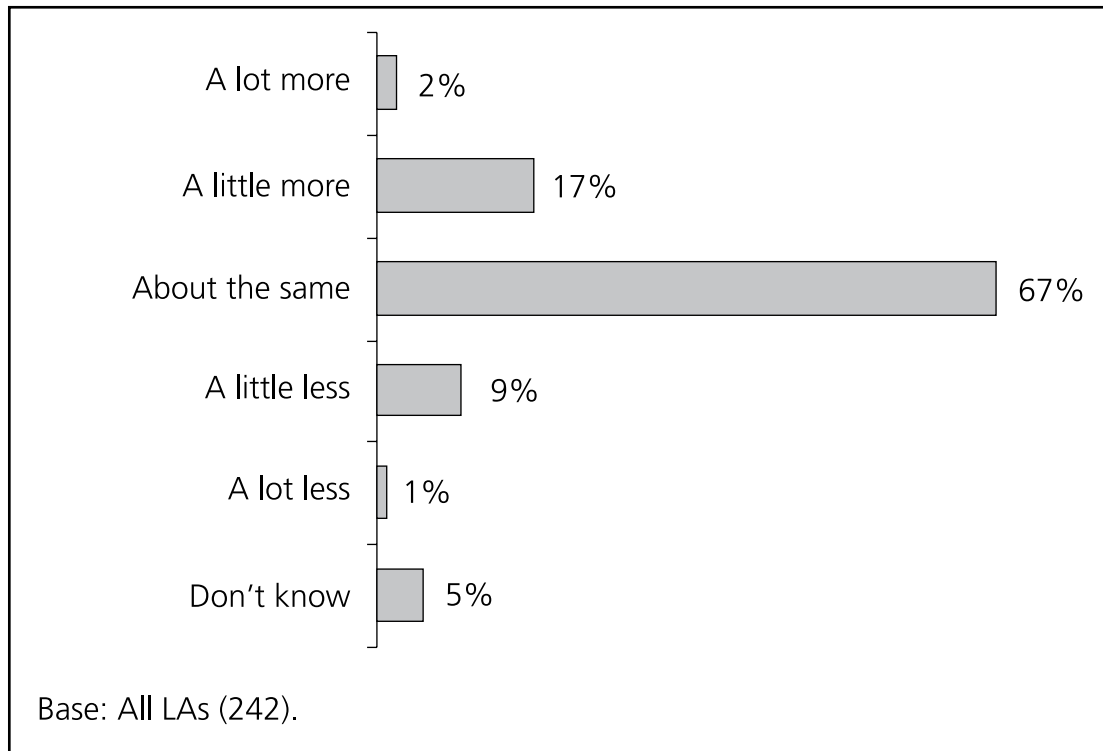
Three in five (60 per cent) of LAs said that queries from landlords have increased since the introduction of LHA (21 per cent said this had increased a lot). Significantly greater proportions of LAs with high caseloads said queries from landlords had increased (33 per cent LAs with high caseloads compared with eight per cent with low and 20 per cent with medium caseloads).

Figure 4.10 What are the two areas that landlords most often query in relation to the LHA?



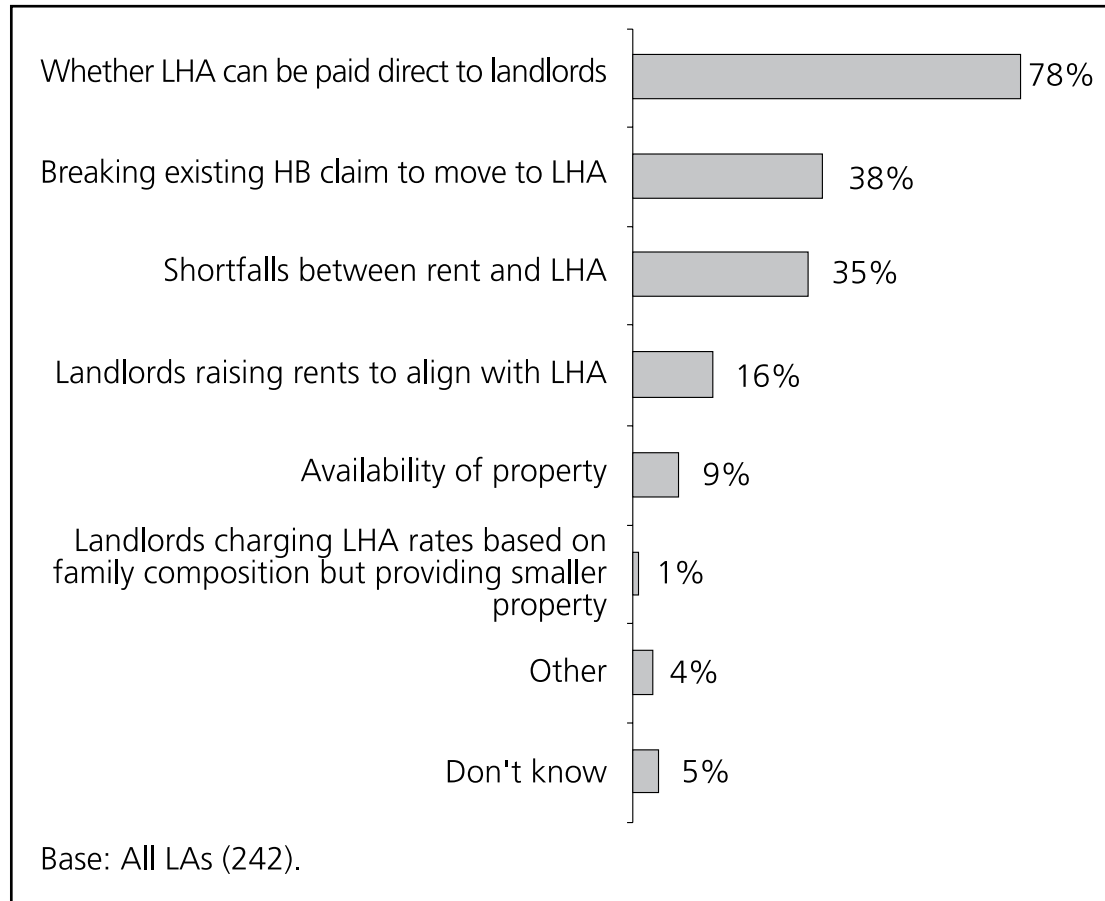
When asked what the main queries from landlords were, the most frequently mentioned were inconvenience of having rent paid to tenants (88 per cent) and rent arrears or missed payments (70 per cent). Rent arrears or missed payments were more likely to be cited by LAs with high caseloads (79 per cent) than those with low (63 per cent) and medium (67 per cent) caseloads.

Figure 4.11 Is the level of queries from tenants for advice and information about LHA more or less than that for HB for the remaining PRS tenants, or is it about the same?



One in five (19 per cent) of LAs said that numbers of queries from tenants had gone up since LHA. It is interesting to note that London boroughs were more likely to say that queries from tenants were less under LHA. A quarter (25 per cent) of London boroughs said that queries from tenants were either a lot less or a little less compared with, for example, none of the Welsh authorities that were interviewed.

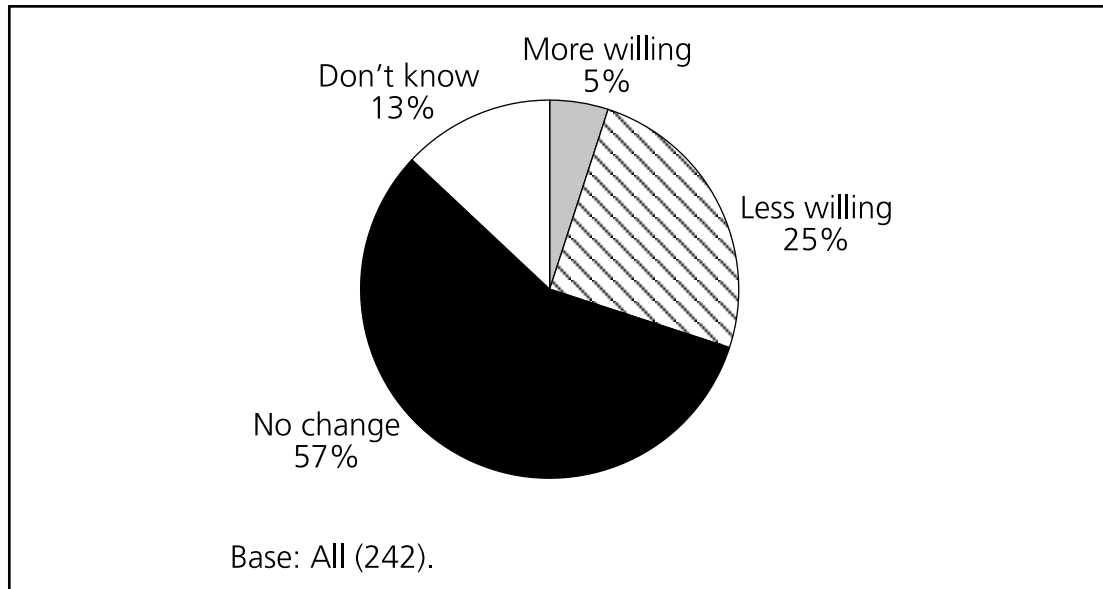
Figure 4.12 What are the two areas that tenants most often query in relation to the LHA?



The main query from tenants mentioned by 78 per cent of LAs, was regarding whether LHA can be paid direct to landlords. Other queries included breaking existing HB claim to move to LHA (38 per cent) and shortfalls between rent and LHA (35 per cent).

When the responses were analysed by caseload, those LAs with high caseloads were more likely to have mentioned 'landlords raising their rents to align with LHA rates (23 per cent for LAs with high caseloads compared with 11 per cent for those with low and 13 per cent for those with medium caseloads). LAs with high or medium caseloads were more likely to have mentioned queries about 'breaking their existing HB claim in order to move to LHA (49 per cent for high and 40 per cent for medium caseloads) compared with LAs with low caseloads (22 per cent).

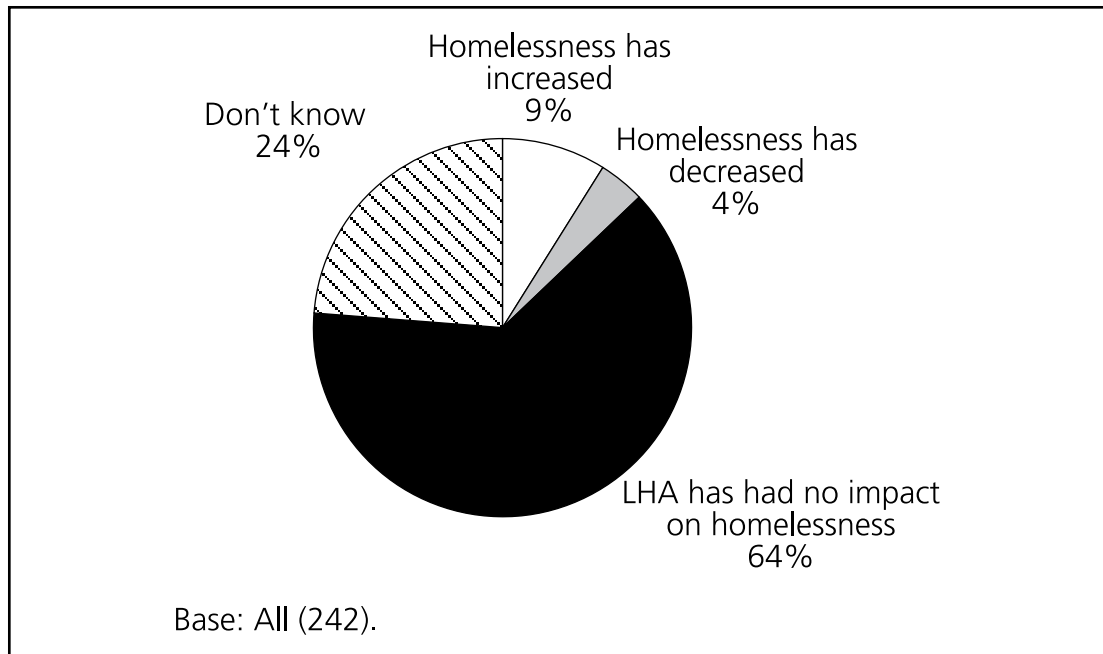
Figure 4.13 In your opinion, since LHA, have private sector landlords been more or less willing to let property to housing benefit tenants or has there been no change?



Since LHA, five per cent of LAs thought that private sector landlords been more willing and 25 per cent thought they had been less willing to let property to HB tenants whilst 57 per cent thought there has there been no change.

London boroughs (25 per cent), Scottish LAs (18 per cent) and English metropolitan authorities (12 per cent) were more likely to have said that PRS were more willing to let property to HB tenants than were English districts (one per cent) and English unitary authorities (none).

Figure 4.14 Since the roll-out of LHA do you think that homelessness has increased as a result of LHA, decreased as a result of LHA or that LHA has had no impact on homelessness?



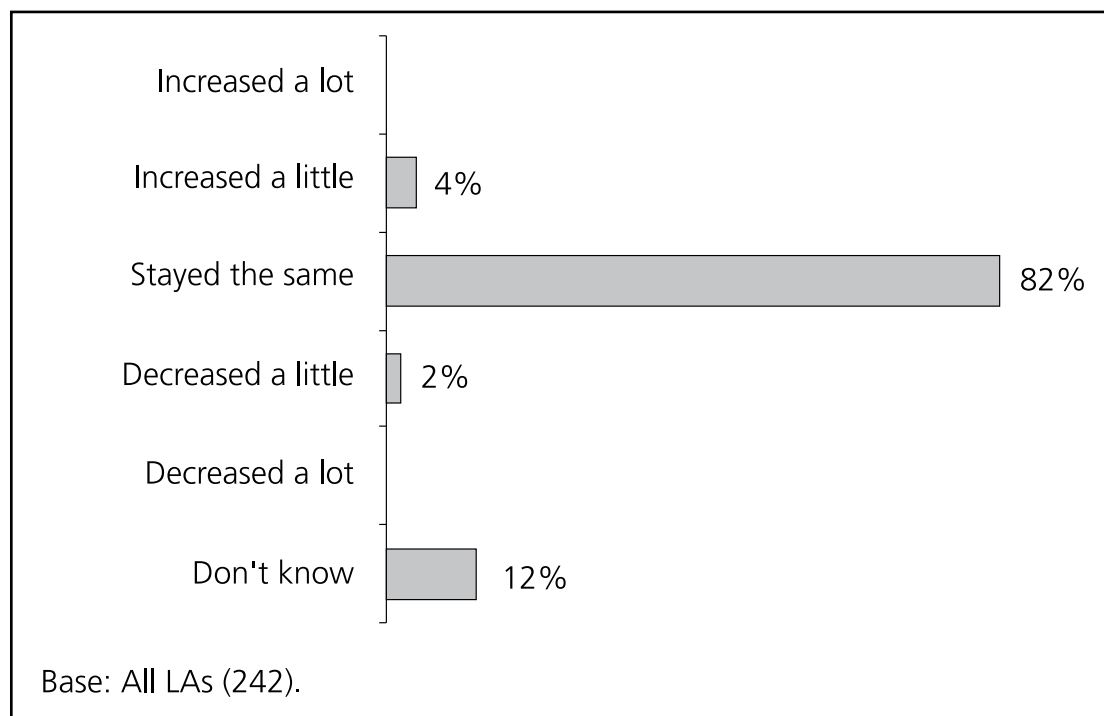
Since the roll out of LHA nine per cent of LAs think homelessness has increased, four per cent decreased and 64 per cent think it has had no impact. LAs with a low caseload were more likely to have said that LHA has had no impact on homelessness than LAs with high caseloads (58 per cent).

Table 4.2 Since the roll-out of LHA do you think that homelessness has increased as a result of LHA, decreased as a result of LHA or that LHA has had no impact on homelessness? (by Government Office Region)

Percentages	Total		Scotland		North Yorkshire and Humberside		North West		East Midlands		West Midlands		East		South East		South West		London		Wales	
	(242)	%	(22)	%	(10)	%	(14)	%	(26)	%	(22)	%	(28)	%	(39)	%	(28)	%	(16)	%	(11)	%
Incr	9	14	-	14	-	14	15	4	4	14	14	-	13	11	-	-	-	-	-	-	-	-
Decr	4	-	-	7	-	7	-	8	8	5	5	7	5	4	-	-	4	4	-	-	-	9
Same	64	64	64	50	70	50	54	73	73	59	59	71	59	71	59	71	71	63	63	63	64	64
Don't know	24	23	23	29	30	29	31	15	15	23	23	21	23	14	23	14	14	38	38	38	27	27

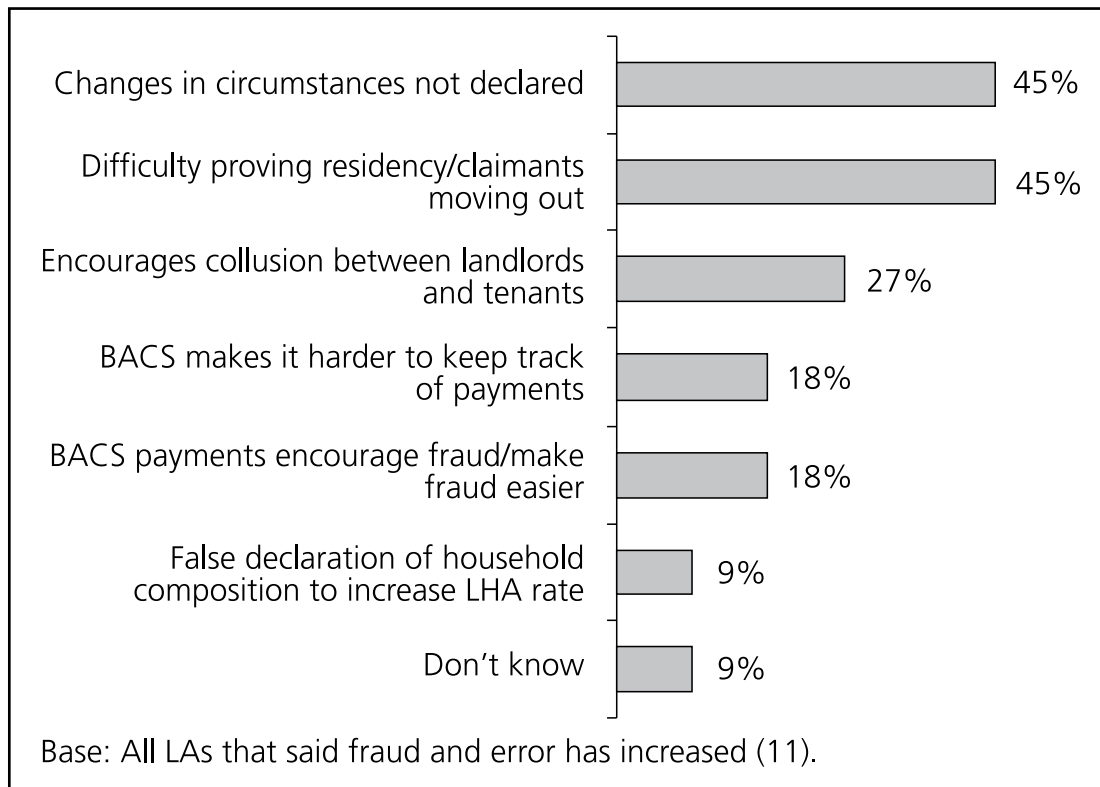
It should be noted that there was a significant difference between regions for this question in that LAs in the East region were less likely than several other regions (Scotland, Yorkshire and Humberside, North West, West Midlands, South East, South West) to say that homelessness had increased as a result of LHA.

Figure 4.15 Do you think the level of fraud and error has increased, decreased or stayed the same since the introduction of the LHA scheme (compared with the HB scheme for private sector tenants)?



Just 11 (five per cent) LAs said that fraud and error has increased since LHA (four per cent said it had increased a little and less than one per cent said it had increased a lot). LAs with a low caseload were more likely to state that fraud and error had stayed the same (89 per cent) than were LAs with a high caseload (77 per cent).

Figure 4.16 What are the main areas in which fraud and error has increased under the LHA compared with the HB scheme for private sector tenants?



It is interesting to note that when asked at Wave 16 if LHA would pose different challenges to HB claims in terms of minimising fraud and error, 39 per cent thought it would.

When that group were asked why, 50 per cent thought the challenge would be false declaration of household composition to increase LHA rate. At Wave 18 just one LA (nine per cent) said that this had been an area in which fraud and error had increased so it would seem that some of the anxieties about fraud and error that were mentioned at Wave 16 have not been realised to the extent that LAs feared they would.