

Committee: Operations

Date: 28 June 2007

Title: Local Housing Allowance (LHA)

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Agenda Item

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Item for
decision

Summary

- 1 This report contains details of a new type of housing benefit for new tenants in privately rented accommodation.

Recommendations

- 2 The report is noted.

Background Papers

- 3 The Welfare Reform Act.

Impact

4

Communication/Consultation	It will be necessary to communicate the changes to stakeholders such as landlords, letting agencies, private tenants and the Citizen's Advice Bureau.
Community Safety	None identified.
Equalities	The changes have access to service implications which will be quantified by Officers in the coming months.
Finance	The changes may have some revenue implications relating to supplementary software licenses and ongoing maintenance. This will be quantified by Officers in the coming months when more information is available from suppliers. Initial set up and development costs will be met by funding from the Department of Works & Pensions. Payment of LHA subject to ongoing subsidy arrangements.
Human Rights	None identified.
Legal implications	Local Housing Allowance legislation is still developing. Welfare Reform Act refers.

Sustainability	None identified.
Ward-specific impacts	Local Housing Allowance will affect all new private tenants wishing to claim housing benefit with effect from April 2008.
Workforce/Workplace	It will be necessary to appoint a project officer on a temporary contract to deliver milestones in a Local Housing Allowance Project Plan.

Situation

- 5 Local Housing Allowance is a new name for housing benefit for new tenants in privately rented accommodation. It takes effect from April 2008. LHA differs from housing benefit because the level of allowance is not specific to individual properties as they are now for housing benefit. LHA is a standard amount that will be paid towards rent costs, based upon the size and ages of the family, the size of the dwelling appropriate to that family and the broad area in which they live. The new scheme has therefore been designed to pay the same amount to tenants with similar circumstances living in the same area. This differs from existing arrangements which ties the level of benefit to the rent actually paid (subject to a range of restrictions applied by the Rent Service). The intention is to allow tenants to trade the quality and price of their accommodation. For example, tenants will be able to choose between paying more to stay in a property that is larger than they qualify for under the size criteria or increasing their income after paying their rent by moving to less attractive accommodation.
- 6 The Rent Service will provide the Council with Local Housing Allowance rates based upon postcode. The rates will cover various property types and will be effective for a year from the date the claim was made. The rate will then be adjusted depending on who lives with the claimant. The amount of benefit paid will also continue to be influenced by claimant income, capital and personal circumstances.
- 7 Currently the Council pays many landlords direct. LHA will however be paid directly to the claimant, who is then responsible for paying the full rent to their landlord. The intention is that this will encourage tenants to take responsibility for budgeting and paying their rent themselves, rather than having it paid for them. There will be safeguards in place to pay the landlord in certain cases, e.g. where people are vulnerable (someone who may have difficulty in managing their money). There would no longer be the need for the complex rent restrictions and individual referral of rents to the Rent Service that currently contributes to the delay in processing claims by private tenants.
- 8 These changes will only affect new claimants. Councils will consequently be running the old and new schemes in tandem until such time as claims under the old scheme have expired.

- 9 Members of the Committee will be provided with further details and a copy of a project plan at their next meeting and or via the Members bulletin.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
<p>The Council does not introduce the Local Housing Allowance from April 2008.</p>	<p>The inherent risk is high. This is because there are a range of actions that need to take place in good time. Some of these actions contain dependencies with third parties, such as software suppliers. Other actions are potentially complex and untried, such as paying claimants direct. Associated legislation is still developing.</p>	<p>The inherent impact is high. This is because the welfare of new benefit claimants may be affected. This may also affect landlords and the rental market.</p>	<p>A project plan will be developed that captures the key milestones required to introduce the Local Housing Allowance.</p> <p>A temporary project officer will be appointed to deliver the project plan. The Principal Benefits Officer will also provide support.</p> <p>The Head of Corporate Support & Revenue Services will be sponsoring the project, monitoring progress against the plan and proposing remedies if issues arise.</p>