

# **BROMSGROVE DISTRICT COUNCIL**

## **CABINET**

**5TH MARCH 2008**

### **LOCAL HOUSING ALLOWANCE (LHA) POLICY**

Responsible Portfolio Holder	Councillor Denaro
Responsible Head of Service	Head of Financial Services – Jayne Pickering

#### **1. SUMMARY**

- 1.1 To inform members with the details of the Local Housing Allowance Scheme and to present the policy to support the delivery of the new scheme.

#### **2. RECOMMENDATION**

- 2.1 That the changes to the Housing Benefit scheme, as detailed in the report, be noted and the policy at Appendix 1 be approved and adopted.

#### **3. BACKGROUND**

- 3.1 The Local Housing Allowance (LHA) is central to the government's reform of Housing Benefit and provides for a more transparent system by basing payments on a flat rate of rental charge which takes into account household size and composition as well as the area in which the claimant resides. The Local Housing Allowance will be rolled out nationally in April 2008. One of the changes included in the new legislation is that claimant will receive housing benefit directly, except for special cases and authorities must devise a safeguard policy to deal with these cases.
- 3.2 From the 1 April 2008 the new scheme is being introduced for the payment of Housing Benefit for those claimants living in privately rented properties. There are two main changes for these claimants which are that rent levels are determined by the Rent Service locally and the local authority can only pay according to these preset levels, and unless there are particular circumstances, the payment of Housing Benefit must be made directly to the claimant. The policy document for approval is to deal with the circumstances where we would want to pay directly to a landlord instead of the claimant to protect the claimants' interests.

- 3.3 The changes affect only those tenants renting from a private landlord (this does not affect those people renting from Registered Social landlords such as Bromsgrove District Housing Association).
- 3.4 The change will only affect new tenants or those who have moved from one private landlord to another after 1 April 2008. In Bromsgrove District there are just under 400 claimants who rent from private landlords and so will not affect a significant number of people in the district.
- 3.5 Previously any claimant could request that their payment of Housing Benefit to be made directly to the landlord for payment of their rent. For those people renting from a private landlord from 1 April, direct payments can only be made in special circumstances – for example where a claimant is deemed to be safeguarded. Each authority must have a policy to explain in what circumstances they may pay directly to a landlord.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The council pays out around £12m in benefit each year and the majority of this money is claimed back in subsidy from the Department of Work and Pensions. The claims made under the Local Housing Allowance scheme will be treated in the same way for subsidy purposes.
- 4.2 The authority has received an additional grant of £82,862 from the Department of Work and Pensions to introduce the Local Housing Allowance. This additional funding is made available to pay for software development, producing a safeguard policy, introduction of money advice services, additional training and communication to ensure the efficient introduction of this new scheme.

#### **5. LEGAL IMPLICATIONS**

- 5.1 There are statutory amendments to Housing Benefit legislation for the introduction of Local Housing allowance from 7<sup>th</sup> April 2008

#### **6. COUNCIL OBJECTIVES**

- 6.1 Approval of this policy contributes to the Council's priority of customer service in ensuring all our customers have a consistent and quality service provided to them.

#### **7. RISK MANAGEMENT**

- 7.1 The main risks associated with the details included in this report are:
  - Safeguarded tenants not being identified to have their Housing Benefit payments to be made direct to their Landlord

7.2 These risks are being managed as follows:

Risk Register: Financial Services

Key Objective Ref No: 2

Key Objective: Efficient and effective payment of benefits to those people who are eligible

**8. CUSTOMER IMPLICATIONS**

8.1 Council Tax Benefit and Housing Benefit provides assistance to some of the most safeguarded members of the community. The approval of this policy shows that the Council is committed to ensuring that safeguarded claimants are treated fairly and assisted within the terms of the legislation.

**9. EQUALITIES AND DIVERSITY IMPLICATIONS**

9.1 The adoption of the policy and implementation of the Housing Allowance will provide greater support and ownership of housing benefit to all our customers. The welfare officer can be requested to provide personal support to any customer who requires assistance.

**10. VALUE FOR MONEY IMPLICATIONS**

10.1 The implementation of Local Housing Allowance and this policy will ensure that the benefit received by the Council is paid to eligible claimants in an effective and consistent way.

**11. OTHER IMPLICATIONS**

Procurement Issues - None
Personnel Implications - None
Governance/Performance Management - None
Community Safety including Section 17 of Crime and Disorder Act 1998 - None
Policy - None
Environmental - None

**12. OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	Yes
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Chief Executive	Yes
Executive Director (Partnerships and Projects)	Yes
Executive Director (Services)	Yes
Assistant Chief Executive	Yes
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	Yes
Head of Organisational Development & HR	Yes
Corporate Procurement Team	None

**13. WARDS AFFECTED**

All Wards

**14. APPENDICES**

Appendix 1 Local Housing Allowance – Safeguard Policy

**15. BACKGROUND PAPERS**

Discretionary Financial Assistance Regulations 2001 (S1 001 / 1167).

The Housing Benefit (Local Housing and Information Sharing) Amendment Regulations 2007.

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