

		<b>AGENDA ITEM NO.</b>																																								
<b>Report Cover Sheet</b>																																										
<b>Name of Meeting:</b>		EXECUTIVE																																								
<b>Date of Meeting:</b>		23 JULY 2007																																								
<b>Report Title:</b>		Introduction of Local Housing Allowance																																								
<b>Summary of report:</b>		Members to understand the implications of the new Local Housing Allowance and agree the governance arrangements to oversee its introduction.																																								
<b>For Further Information Please Contact (report author):</b>		Andrew Jones 6830 andrew.jones@warwickdc.gov.uk																																								
<b>Would the recommended decision be contrary to the Policy Framework:</b>		No																																								
<b>Would the recommended decision be contrary to the Budgetary framework:</b>		No																																								
<b>Wards of the District directly affected by this decision:</b>		All																																								
<b>Key Decision?</b>		Yes																																								
<b>Included within the Forward Plan?</b>		Yes 5																																								
<b>Is the report Private &amp; Confidential</b>		No																																								
<b>Background Papers:</b>		None																																								
<b>Consultation Undertaken</b>																																										
Below is a table of the Council's regular consultees. However not all have to be consulted on every matter and if there was no obligation to consult with a specific consultee they will be marked as n/a.																																										
<table border="1"> <thead> <tr> <th>Consultees</th> <th>Yes/ No</th> <th>Who</th> </tr> </thead> <tbody> <tr> <td>Other Committees</td> <td>n/a</td> <td></td> </tr> <tr> <td>Ward Councillors</td> <td>n/a</td> <td></td> </tr> <tr> <td>Portfolio Holders</td> <td>Yes</td> <td>Norman Pratt</td> </tr> <tr> <td>Other Councillors</td> <td>n/a</td> <td></td> </tr> <tr> <td>Warwick District Council recognised Trades Unions</td> <td>n/a</td> <td></td> </tr> <tr> <td>Other Warwick District Council Service Areas</td> <td>No</td> <td></td> </tr> <tr> <td>Project partners</td> <td>n/a</td> <td></td> </tr> <tr> <td>Parish/Town Council</td> <td>n/a</td> <td></td> </tr> <tr> <td>Highways Authority</td> <td>n/a</td> <td></td> </tr> <tr> <td>Residents</td> <td>n/a</td> <td></td> </tr> <tr> <td>Citizens Panel</td> <td>n/a</td> <td></td> </tr> <tr> <td>Other consultees</td> <td>n/a</td> <td></td> </tr> </tbody> </table>				Consultees	Yes/ No	Who	Other Committees	n/a		Ward Councillors	n/a		Portfolio Holders	Yes	Norman Pratt	Other Councillors	n/a		Warwick District Council recognised Trades Unions	n/a		Other Warwick District Council Service Areas	No		Project partners	n/a		Parish/Town Council	n/a		Highways Authority	n/a		Residents	n/a		Citizens Panel	n/a		Other consultees	n/a	
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## Officer Approval

With regard to officer approval all reports must be approved by the report authors relevant director, Finance Services and Legal Services.

<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Relevant Director(s)	29/06/07	Karen Pearce
Chief Executive	29/06/07	Chris Elliott
CMT	29/06/07	All
Section 151 Officer	29/06/07	Mary Hawkins
Legal	29/06/07	Simon Best
Finance	28/06/07	Gary Walker

[illegible]

<b>Final Decision?</b>	Yes
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**Suggested next steps (if not final decision please set out below)**

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## **1. RECOMMENDATION(S)**

- 1.1 That the Executive endorses the Local Housing Allowance Safeguard Policy (Appendix) which details those instances where Housing Benefit payment is likely to be made to the landlord rather than the tenant.
- 1.2 That the Culture and Social Policy Committee be asked to monitor progress on the introduction of the Local Housing Allowance.
- 1.3 That the Executive receives an evaluation report 12 months following the introduction of the Local Housing Allowance from the Culture and Social Policy Committee.
- 1.4 That the council's estimates are increased by £108,077 to reflect the receipt of grant income from Central Government.

## **2. REASONS FOR RECOMMENDATION(S)**

- 2.1 The Welfare Reform Act 2007 has introduced significant changes to Housing Benefit legislation. This report concerns two of those changes. The first change enables tenants signing-up for Private Landlord accommodation to be sure of the amount of benefit they will receive prior to occupation. Secondly, payment of benefit must be paid to the tenant rather than direct to the landlord unless the tenant is "vulnerable".
- 2.2 Where tenants are deemed to be vulnerable then payment can be made to the landlord, however, the council must have a Safeguard Policy which provides guidance about which circumstances make direct payments appropriate.
- 2.3 The change in payee legislation does not affect council or housing association tenants.

## **3. ALTERNATIVE OPTIONS CONSIDERED**

- 3.1 The Executive could not ask the Culture and Social Policy Committee to monitor the introduction of the Allowance. However, housing benefit is paid to approximately three thousand private tenant households in the District and therefore there is significant stakeholder interest in the changes and the way that the council handles the administration of the new scheme. The Committee will receive a regular report from the Project Board established by officers and would therefore be able to monitor progress and ask any questions. The Project Board will comprise colleagues from Citizens Advice Bureau, The Rent Service, Warwickshire Welfare Rights Advice Service and District Council Officers.
- 3.2 The authority has no option but to establish a Safeguard Policy. Although it is not necessary for the Executive to endorse the policy it is considered good practice.

## **4. BUDGETARY FRAMEWORK**

- 4.1 The Government is providing grant funding of £108,077 to assist with software purchase and implementation, publicity, training and any short-term staffing requirements. It will therefore be necessary to increase the council's estimates by £108,077 to reflect receipt of this income.

## **5. POLICY FRAMEWORK**

- 5.1 Housing Benefit is a national means-tested benefit administered by local councils. The Benefits Service strives to administer the scheme efficiently and effectively.

## **BACKGROUND**

Housing Benefit is a state benefit administered by local councils to a national set of complex rules with very limited discretion.

The benefit enables those on low incomes or with more difficult personal circumstances, to pay their rent. Assistance is in the form of a rebate for Council Tenants and an allowance for Private Tenants. This report only concerns Rent Allowances for those who rent from a Private Landlord (not including a Housing Association).

The basic rules for awarding a rent allowance are the same for all Private Tenants. However, there are distinct differences regarding the level of rent which can be used in the benefit entitlement calculation. These differences largely depend upon when the property was occupied.

There were major changes to the Housing Benefit scheme in 1989, 1996 and 1997 and the latest changes will affect the vast majority of private landlord tenants who occupy accommodation after 1<sup>st</sup>, April 2008.

There are two main aspects to the changes:-

1. A tenant occupying private landlord accommodation will know the level of rent to be used in the benefit calculation prior to occupying the property;
2. There will no longer be an option for benefit to be paid direct to the landlord unless the tenant is covered by the council's Safeguard Policy.

### Certainty Regarding Rent

It is currently the case that unless a tenant applies for a pre-tenancy determination (PTD), there will be no certainty regarding the amount of benefit when a tenancy agreement is signed. PTD's are requested in only a small percentage of cases and so the vast majority of private landlord tenants receiving benefit are in an uncertain position at the outset of their tenancy.

The new rules provide for average rents (based on household size and composition) to be used when calculating benefit entitlement. The average rents will be published throughout the district so that when a tenant is negotiating a lease, all things being equal, they will know how much benefit they will receive.

The tenant will then be able to make a choice about whether he or she can afford to take on a tenancy. If the tenant manages to negotiate the rent below the "average" rent, they will be able to keep the excess up to a maximum of £15.00. If the "average" rent is lower than the negotiated rent, they will need to make a decision about whether it is realistically possible to meet the financial commitment of the tenancy.

The "average" rent is determined by The Rent Service (an executive agency of the Department for Work and Pensions) and is arrived at by gathering market rental evidence from a locality. The locality for Warwick District covers Burton Green to the North, Napton on the Hill to the East, Shipston Sour to the South and Welford on Avon to the West.

### Benefit Paid Direct to Tenants

Under Local Housing Allowance rules, housing benefit is generally paid to the tenant rather than the landlord. This is because the policy aim is to encourage personal responsibility and financial inclusion. Central Government wishes to see tenants taking responsibility for the payment of their rent and at the same time encourage tenants to open a bank account for benefit receipt and rent payment. The Government believes that lack of a bank account helps perpetuate financial exclusion.

Officers will need to undertake a significant piece of work to ensure that for those claimants who do not currently have a bank account, all possible advice and support is given to try and put a bank account in place.

In preparation for this change, the Benefits Service will shortly commence a campaign to pay benefit by BACS. Payment by this method is usually more convenient, certainly more secure and is more cost effective for the authority.

Where a claimant is deemed to be vulnerable (as defined in the authority's Safeguard Policy) or falls into arrears of at least eight weeks, the benefit payment will be made direct to the landlord on the claimant's behalf. However, this should be for a time limited period only with regular reviews.

### Conclusion

It is clear from the research that if the policy intentions are to be met the council has to concentrate its efforts on publicising the scheme as widely as possible. Tenants will not be able to take advantage of the new arrangements if they are not aware of them when they negotiate a tenancy.

There is particular concern around those in low paid employment who may not come into contact with the agencies who support those wholly reliant on benefits. It is expected that the countywide take-up officers (secured by LPSA2 funding) will ensure that actions are taken to try to make such client groups aware of how to access appropriate information.