Local housing allowance final evaluation: implementation and delivery in Coventry

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Centre for Urban and Regional Studies, University of Birmingham

Yvette Hartfree
Executive summary

This report is the last in a series of evaluating the impact of the Local Housing Allowance (LHA) on Housing Benefit (HB) delivery in the Coventry Pathfinder. It provides an overview of the impacts of LHA on HB administration, the issues raised over the two year evaluation period and seeks to answer the broad evaluation question of whether, overall, the LHA offers substantial administrative advantages.

The context

Coventry is the fifth most densely populated area of the West Midlands. It is an area of inward migration for asylum seekers and refugees and has a large ethnic minority population. With the growth of Coventry and Warwick Universities, Coventry also has an increasing student population. Living standards vary across the local authority. Six wards in Coventry fall within the top 10 per cent of the most deprived wards in England on the Multiple Deprivation Index in 2000. The working-age employment rate for Coventry is below both the national and regional average.

According to the 2001 Census the total number of households in Coventry was around 122,000. Of these, 69 per cent were owner-occupied, 18 per cent were social housing and 10 per cent were privately rented. Coventry is an area of low housing demand, with an oversupply of lower value properties. The cost of buying a property increased by 76 per cent between 1995 and 2002. However, average house prices in Coventry are below those of the West Midlands and national averages.

In 2000 the Local Authority transferred all of its housing stock to registered social landlord Whitefriars Housing Group. Overall, demand for social housing exceeds supply. Housing which has been of low standard and unpopular for many years and difficult to let, is now being demolished and replaced. In 2003 the average rent price for social housing in Coventry ranged from £50.38 for a one bedroom flat to £68.77 for a four bedroom house.

Prior to the introduction of LHA and following its introduction, homelessness, both statutory and non-statutory homelessness, was an increasing problem in Coventry. However, contrary to expectations, homelessness in Coventry has fallen sharply since 2004.

In August 2003 there were 4,000 private deregulated cases in Coventry, representing 19 per cent of the total Housing Benefit caseload in the local authority. Over a third of all PRS households are located in just four wards, three of which score highly on the Housing Deprivation index and the Multiple Deprivation index.

Prior to the introduction of LHA Coventry's private rented sector (PRS) was described as being 'hot' because of growth in demand as a result of a growing student population and the dispersal of asylum seekers to Coventry. By the end of the Pathfinder the PRS was still described as being buoyant but changes had occurred. Within the student market the local Universities have started to withdraw from the PRS. Privately run halls of residence have been built which has released stock in the PRS and increased housing opportunities for other sectors of the PRS market. Throughout the evaluation there has been uncertainty about the future of National Asylum Seekers Service (NASS) contracts in Coventry. At the Baseline stage NASS was expected to be changing it's contracting arrangements in 2005 prompting concern that if NASS contracts were not
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renewed it could cause oversupply in the PRS. In 2005 contract discussions with NASS were in progress although a slow down in the number of asylum seekers being placed in Coventry had been noticed.

In Coventry the Local Housing Allowance (LHA) was launched on 12 January 2004 and was introduced in a phased approach – this had both advantages and disadvantages. Prior to the introduction of LHA there were around 4,000 private deregulated cases in Coventry, representing nineteen per cent of the total Housing Benefit caseload in the local authority. By the end of the evaluation (February 2006) the number of private deregulated cases had increased by 25 per cent to 5,000 cases (equivalent to 22 per cent of the total Housing Benefit caseload). Data to explain this substantial increase had not yet been collated.

When Coventry first became a LHA Pathfinder it was a poor performing authority (as measured by average processing times), ranked in the bottom quartile of local authorities. During the LHA Pathfinder a number of other changes, focused on improving performance, have been occurring within the Benefits Service. Thus, from the outset of the evaluation it was apparent that it would be difficult to disentangle any improvements in processing times due to the introduction of LHA from these wider changes.

**Issues arising in the early stages of implementing LHA**

This chapter examines the main issues that arose during the early stages of implementing the LHA in Coventry.

**Role of the Pathfinder Team**

With the introduction of the LHA a new Pathfinder Team was formed within the Benefits Service responsible for its implementation and running throughout the period of the Pathfinder. A key role of the Pathfinder Team in implementing the LHA was to establish a communications strategy to ensure that tenants and landlords were aware that the LHA was being introduced and were aware of how the change would effect them. The Pathfinder Team were also responsible for ensuring that the Benefits Service as a whole was prepared for the introduction of LHA. Tasks included: staff training; meeting with The Rent Service, the IT software supplier, The Fraud Department; amending the HB claim form; adding new template letters for landlords and tenants onto the IT system; preparing information for tenants on bank account options.

Overall, it was thought that the implementation of LHA had gone well. Due to the general pressure that the Benefits Service was under to improve performance, Coventry adopted a low key approach to implementing LHA which focused on ensuring that the main stakeholders were all aware of LHA, and that staff were able to administer it. Areas, in hindsight, which could have been improved included the timing of internal staff training and earlier recruitment of the Pathfinder Team and Money Advice Worker.

The administration on a day to day basis is dealt with by Assessment Officers across seven Assessment Teams. In addition to dealing with HB claims for tenants in the social rented sector and private sector exemptions from LHA, Assessment Officers are responsible for:
• processing claims for LHA; and
• arrears – transferring payments from tenants to landlords when tenants are eight weeks in arrears; setting review dates for when it is expected arrears will have been paid off; and transferring payments back to claimants when they are no longer in arrears.

The majority of LHA payments (93 per cent) are made direct to claimants. The proportion of payments made to landlords has remained consistent throughout the Pathfinder at 5-7 per cent. Of payments made to landlords, just over half are due to tenants being in arrears, with just under half due to tenants being assessed as vulnerable.

A more recent addition to the Pathfinder Team has been the appointment of a Landlord Liaison Officer who deals with more complex LHA arrears cases. With the appointment of the Money Advice Worker (MAW) vulnerability requests had passed from Assessment Officers to the MAW. On a day to day basis other members of the Pathfinder Team only get involved in the administration of LHA if specific queries are referred to them.

**IT issues**

Problems with the IT system used by Coventry (Civica Benefits) have been reported throughout the evaluation period. Some of these problems have not been resolved. IT issues impact on the work of HB administration as a whole and on the work of the Pathfinder Team.

Problems include:

• the inability to process split payments;
• the IT system randomly switched the payment method – although this problem had been resolved by the end of the evaluation;
• lack of validation checks when inputting new claims details, which can result in claimants being paid the wrong LHA rate; and
• the system does not automatically pick up anniversary dates when tenants should be transferred over to LHA, nor pick up children’s birthdays which can trigger a change in LHA entitlement.

Producing the Management Information (MI) reports for the Department for Work and Pensions (DWP) from the IT system, required as part of the evaluation of LHA, has also been the main difficulty for the Pathfinder Team.

**Assisting claimants with the LHA**

Following the introduction of LHA Customer Services noticed an increase in the number of landlords contacting the service with queries and complaints regarding direct payments and the LHA rates. In comparison, there was not as large an increase in the number of enquiries from tenants when LHA was first launched as might have been expected. However, after the first six months of LHA the number of telephone calls and in-person enquiries received by Customer Services from both claimants and landlords about LHA
had fallen compared to the first six months of LHA. Overall LHA was not reported to have had a big impact on the workload of the service – “people who call us for Local Housing Allowance would have probably called us for Housing Benefit anyway”. A similar picture was reported by Coventry’s Benefits Advice Line.

Prior to the appointment of the Money Advice Worker vulnerability claims were determined by Assessment Officers within each of the Assessment Teams. Assessment Officers based their decisions as to whether a claimant is vulnerable on a vulnerability matrix (drawn up by the Pathfinder Team and based on DWP guidance) which lists the eligible criteria and the supporting evidence required. Assessment Officers were also responsible for reviewing claimants given vulnerability status.

Initially these arrangements were thought to be working well. However, it was not known how many tenants had applied to be considered as vulnerable, nor how many applicants had been unsuccessful because the decision making was spread across a large number of Assessment Officers. A spreadsheet had been developed for Assessment Officers to record all vulnerability applications and their outcomes, but this was not routinely being completed. By Wave 2 of the evaluation opinions had changed and there was concern that there were vulnerable claimants who were slipping through the system who had not yet been identified as vulnerable.

The appointment of the Money Advice Worker (MAW) in September 2004 provided the opportunity to change arrangements for determining vulnerability. Originally the role of the MAW was based within Coventry’s Benefits Advice Line but was later moved into the Pathfinder Team to establish closer links between the two. This move is considered to have been very successful. The MAW is now responsible for dealing with all requests for vulnerability which are passed onto the MAW by Assessment Officers, Customer Services staff or are sent directly to the MAW. The role is delivered more proactively and with more face-to-face contact with claimants, via interviews with those who apply.

The other main roles of the MAW in assisting claimants are providing assistance with bank accounts and working with other organisations and departments to set up schemes to house homeless people. The MAW role is now also more proactive in making contacts with local organisations to promote the role of the MAW and vulnerability provisions within LHA. The MAW was not involved in giving more general debt and money management advice to claimants.

Overall, it was thought that new vulnerability procedures and the role of the MAW had moved forward and was working well.

Claimants’ access to bank accounts

One of the key features of LHA is that claimants cannot choose to have their benefit paid to their landlord, unless they are considered as being vulnerable. For six in ten claimants LHA represented a change in payment method.

The first few months of LHA were reported to be difficult and Customer Services staff spent a lot of time persuading tenants to open bank accounts. After some initial difficulties persuading tenants to open bank accounts the number of tenants with bank accounts did increase – from 47 per cent of claimants at the
introduction of LHA to 67 per cent towards the end of the Pathfinder Period (February 2006). Early on in the evaluation some claimants were reported to be having problems opening bank accounts because they did not have sufficient proof of identity, however, the number of these cases did not appear to be widespread.

Throughout the first year and a half the Pathfinder claimants’ access to bank accounts was not perceived to be a serious issue. This is not, however, the case at the end of the Pathfinder period. Two years after the introduction of LHA claimants who do not have a bank account are now seen as a priority for the Pathfinder team.

The work of rent officers under the new regime

In preparation for LHA The Rent Service conducted a large mapping exercise to exactly identify the postcodes which fell into the Coventry locality, which became the Broad Rental Market Area (BRMA). The service was also collecting and reviewing market evidence in order to set the LHA amounts. There have been no changes to the BRMA since the introduction of LHA.

Despite a substantial fall in the number of rent referrals received under LHA from Coventry, this has not resulted in a comparable reduction in rent officers workloads. Rent officers are no less busy due to the increased focus on the collection of market evidence. It is felt that with receiving fewer referrals from Coventry staff are now better able to research the market and consequently target and collect market evidence. This is seen as a positive impact of LHA.

One of the main impacts of LHA has been in highlighting the importance of collecting and analysing market evidence and more time is now devoted to this. A key problem has been the lack of market evidence available for larger (eight plus) roomed properties. Properties of this size that do exist are reported to be executive properties at the higher end of the housing market. The Rent Service (TRS) looks to other areas such as Birmingham and Leicester to extrapolate information for setting LHAs for larger properties in Coventry, as well as speaking to local letting agents. The setting of these rates relies more on a valuer’s judgement (extrapolation/interpolation), as well as hard evidence, compared to setting LHA rates for smaller roomed properties. Collecting evidence for the bottom end of the market is also problematic. Properties at the bottom end of the market tend to be let by individual landlords by word of mouth rather than through letting agents. However, TRS was expecting to start receiving data on failed LHA claims which would provide them with a rich source of information on rents at the lower end.

A negative impact of LHA is that it has made the collection of market evidence more difficult because of the loss of contact with landlords that would have occurred through conducting Pre-Tenancy Determinations/HB inspections. Using other opportunities, such as landlord forums, to develop relationships with landlords are now key in the collection of market evidence.

Rates are determined every month, with an in-depth formal review every quarter. Due to movements in the market, there has been a gradual increase in LHA rates since the Pathfinder scheme was introduced. Shadow determinations were also being carried out by rent officers.
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Business as usual? Examples of the lack of impact of the LHA on Housing Benefit delivery

LHA has had negligible impact on the following areas of HB administration:

- verification and interventions;
- overpayments – LHA has not impacted on the number of, amount of, or type of overpayments generated, although in some cases, under LHA, overpayments can be easier to recover from tenants than from landlords;
- complaints and appeals;
- discretionary housing payments (DHPs) – the demand for DHPs has not increased as a result of LHA. The only difference LHA has made to DHPs is that previously disabled people could have their carers recognised as part of their household for HB purposes. Under LHA disabled people who need an additional bedroom to enable a carer to stay over, have to apply for a DHP; and
- fraud.

Similarly LHA has had no impact on the service provided by Jobcentre Plus. The procedure for forwarding on completed HB claim forms to the Benefits Service has not changed and the number of claimants enquiring about LHA at the jobcentre is similar to the enquiries received before LHA was introduced. Where claimants have any queries regarding LHA they are directed to the Local Authority. Whilst LHA has changed how Personal Advisors do better-off calculations, incorporating a LHA gain within the calculation has had negligible impact on service delivery. This is partly because the majority of claimants seen by Jobcentre Plus staff are from the social housing sector.

Easing the administrative burden? Positive impacts of the LHA on service delivery

Processing times

As described earlier, Coventry is a poor performing Local Authority (LA) ranked in the bottom quartile for average processing times. Prior to the introduction of the LHA the average processing time for PRS claims in Coventry was 63 days. Two years after the introduction of LHA processing times have decreased substantially to an average of 38 days.

However, average processing times for all claims still places Coventry within the bottom quartile for performance.

Whilst it was expected that LHA could have a positive impact on processing times, due to the many other changes happening in Coventry over the Pathfinder period, it is not possible to definitely say that the improvement in Coventry’s average processing time is a result of LHA. However, LHA was reported as being a simpler system to administer and overall Benefits Service staff thought that LHA had helped to improved processing times.
Assisting claimants under the LHA – Impacts on homelessness

A main concern of LHA was that the number of tenants being evicted by landlords because of arrears could increase. Despite a small number of such cases being reported, overall, initial concerns about a negative impact of LHA on homelessness do not appear to have been realised.

Where LHA has had a considerable positive impact on homelessness in Coventry is in the development of schemes to house homeless people using the vulnerability criteria to pay LHA to landlords rather than direct to tenants. In Coventry two schemes were up and running: one with the Homelessness Unit; another with Coventry Jesus Centre. Under both schemes landlords are guaranteed to received LHA payments for a period of 6-12 months. The incentive for landlords to participate in these schemes is also related to wider changes in the PRS which have encouraged landlords to look at other sources of rental income.

Delivering the LHA – Some continuing issues

Two areas that were causing problems by the end of the Evaluation were the IT system and secondly a more recent concern is the number of claimants being paid LHA by cheque and claimants who did not have a bank account.

A number of problems with the IT system were still unresolved by the end of the Pathfinder. Where LHA should have made the processing of claims for tenants in the PRS simpler, it was felt that due to the IT system, claims processing under LHA had become more complicated requiring various manual interventions to be made. However, a key development for the Benefits Service has been the award of funding to purchase a new IT system. This is central to the Service’s plans to improve processing times and to move out of the bottom quartile.

Claimants’ access to bank accounts has become a new priority issue in Coventry. Although the number of claimants being paid by cheque has fallen since the introduction of LHA there were still around 1,500 claimants being paid by cheque, many of whom cash their LHA cheque at the Local Authority.

Access to bank accounts has become an issue since the LA decided that it will be withdrawing its cheque cashing facility in April 2006. Offering the service is problematic in terms of the large numbers of people it brings into Customer Services and the large amount of money Exchequer Services have to hold. A key role of the Money Advice Worker is to try and get all claimants receiving LHA by cheque to open a bank account before the service is withdrawn.

Does the LHA carry substantial administrative advantages?

Which, if any, aspects of the new regulations have had greatest impact on the way in which the benefit is administered in terms of key areas such as the speed of claim processing, the detection of fraud and the incidence of overpayment?

Overall, LHA had some administrative advantages in relation to claim processing but they were not substantial. Not having to refer claims to The Rent Service was seen as an advantage compared to the old system, but
the extent to which this simplified the processing of benefit claims was negated by the IT system used in Coventry which made the processing of claims more complicated. The true extent of the impact of LHA on processing times cannot be estimated in Coventry because of wider changes within the Benefits Service which have occurred over the Pathfinder period. From the perspective of Assessment Officers LHA also brings administrative disadvantages in the form of additional responsibilities in relation to transferring payments to landlords (and back again) when tenants are in arrears and setting up split payments.

LHA did not have any noticeable impact on the detection of fraud, on the incidence of overpayments, or on the demand for discretionary housing payments.

The extent to which LHA carries substantial administrative advantages will also depend on the size of the LHA caseload. In Coventry, where the PRS accounts for a relatively small proportion of the total HB caseload any impact of LHA on average processing times, detection of fraud and overpayment will not be substantial.

Is the LHA in practice essentially equitable (fairer) as a way of delivering assistance with housing costs?

There were mixed views as to whether LHA is a fairer system, with arguments both for and against.

Evidence which could suggest that claimants view LHA as being a fairer system (in terms of LHA rates being set at levels which more realistically match contractual rents, or even exceed contractual rents) is the fact that the size of the LHA caseload has substantially increased over the life of the Pathfinder. This increase might be due to tenants in the social sector choosing to move to the PRS, although, as yet there is no evidence to substantiate this.

LHA has had no noticeable impact on the workloads of Complaints and Appeals Officers suggesting that LHA is at least seen as being no more unfair than the previous system.

Has the hoped-for transparency with regard to LHA administration been achieved, and have any administrative consequences that were unforeseen come to light during the evaluation period?

The overwhelming view of staff within the Benefits Service, other LA departments and welfare agencies was that LHA had provided the hoped-for transparency. The advantage for people working in the Benefits Service, Jobcentre Plus and in welfare agencies who dealt with claimants on a day to day basis was that they could now tell them how much LHA they were entitled to. LHA had made it easier to explain the HB system to people and to give advice.

The reported benefit for tenants is that they can make informed choices about where they live and know up front whether a property is more expensive or cheaper than their LHA entitlement. The experience of welfare agencies was that homeless people were choosing to move into the PRS over the social sector because they knew what they would be entitled to and could afford and so could choose to move to better accommodation in the PRS in a location of their choice.

There were no unforeseen administrative consequences which came to light during the evaluation period.
Chapter 1: Introduction

Background to the evaluation

This report is the last in a series evaluating the impact of the Local Housing Allowance (LHA) on Housing Benefit (HB) delivery in the Coventry Pathfinder. The LHA differs from previous HB arrangements for claimants in the private rented sector (PRS) in three important ways. First, the benefit is intended in normal circumstances to be paid direct to the claimant, rather than to their landlord. Second, household entitlements under the LHA are determined by the size of the household and thus the size of property that they are deemed to require. Third, the LHA rates are set by The Rent Service to reflect the rents at the mid point of the range for different sized properties locally. Although claimants’ entitlements continue to be subject to the means test, under the LHA regime those entitlements do not depend on the specific property that claimants occupy, in the great majority of cases, or the actual rent of that property. These changes to the HB regime potentially impact on the way in which organisations and agencies involved in the delivery of the scheme in the Pathfinder authorities carry out their work.

This report evaluates the impacts of the introduction of the LHA in Coventry. The Evaluation sought to assess the impact of these changes on HB administration, other organisations and agencies within the Pathfinder area, claimants and landlords. The broad question that the Evaluation seeks to address is whether, overall, the LHA offers substantial administrative advantages in the delivery of HB in the Pathfinder. Within this, there are four specific questions that the Evaluation attempts to answer in the light of the experience of Coventry:

1. Which, if any, aspects of the new regulations have had greatest impact on the way in which the benefit is administered in terms of key areas such as the speed of claim processing, the detection of fraud and the incidence of overpayment?
2. Is the LHA in practice essentially equitable (fairer) as a way of delivering assistance with housing costs?
3. Will it be possible to replicate practices relating to the setting of LHA across all types of market?
4. Has the hoped-for transparency with regard to LHA administration been achieved, and have any administrative consequences that were unforeseen come to light during the evaluation period?

Conducting the evaluation

The evaluation involved interviews with key stakeholders who were interviewed four times over a two year period. A ‘Baseline’ stage of interviews was conducted to identify how HB was being delivered prior to the introduction of LHA and to explore activities being undertaken in preparation for the launch of LHA. Following the introduction of LHA three stages of interviews were held at six months, fifteen months and two years after the launch to assess the impacts of the new scheme. Evaluation visits and interviews took place in:
December 2003 (Baseline).
July 2004 (Wave 1).
April 2005 (Wave 2).
January 2006 (Wave 3).

A number of key stakeholders involved in the delivery of the LHA were interviewed: HB administration, including the Pathfinder Team and Money Advice Worker, The Rent Service, and Jobcentre Plus. Wider departments within the Local Authority including Housing Strategy, Housing Enforcement and the Homelessness Unit were also interviewed as were external welfare advice agencies. These interviews followed a set of topic guides, see Appendix, designed for each type of stakeholder (which were also used in the other eight Pathfinders) in order to elicit information and views on a core set of topics. Ample opportunity was also given during the interviews for stakeholders to raise issues about the delivery of the LHA which were particularly salient for them and for the Coventry area.

A group discussion with local landlords was also held prior to each interview stage in order to ensure that those issues seen as important by this group could be fully addressed in the interviews with stakeholders involved in delivering the new Allowance. These discussions are reflected in the report concerned with the impact of the LHA on landlords’ decision making and are referred to only in passing in what follows.

This report provides an overview of the impacts of LHA and the issues raised over the two year evaluation period.

**Report structure**

The report has six main chapters. Chapter 2 provides a wider context to the delivery of LHA in Coventry including changes within the wider housing market and wider changes that have occurred within Coventry Benefits Service. Chapter 3 reviews how LHA was implemented and how it is delivered on a day to day basis in Coventry and discusses some of the issues raised during the Pathfinder period. Chapter 4 explores other areas of Housing Benefits administration where the introduction of LHA was anticipated to have an impact but have in fact been largely unaffected by LHA. Some positive impacts of LHA, anticipated and unanticipated, are discussed in Chapter 5. Chapter 6 considers issues which are still problematic for the Pathfinder. To conclude, questions which were central to the LHA evaluation are answered in Chapter 7.

LHA is another way of delivering Housing Benefit (HB), thus ‘claimants’ or ‘LHA claimants’, as used in this report, are also HB claimants.
Chapter 2: The context

Coventry in context

On Census day 2001, the total population of Coventry was 300,848. This is around 3,000 fewer people (or one percentage point fewer) than the population count in the 1991 Census. Coventry has a significant ethnic minority population with 84 per cent of the population reporting their ethnicity as white, compared with 91 per cent in England and 89 per cent in the West Midlands region. The largest ethnic minority group is Indian (eight per cent), followed by Pakistani (two per cent). Coventry is an area of inward migration for asylum seekers and refugees, with around 5,000 asylum seekers and refugees in Coventry from over 60 countries. With the growth of Coventry and Warwick Universities, Coventry also has an increasing student population.

Compared to England, the 2001 Census shows that Coventry has slightly more one person and lone parent households and slightly fewer couple households – married or cohabiting (see Table 2.1).

Table 2.1 Household composition in Coventry

<table>
<thead>
<tr>
<th>Household composition</th>
<th>Coventry</th>
<th>England</th>
<th>West Midlands</th>
</tr>
</thead>
<tbody>
<tr>
<td>One person households</td>
<td>31.3</td>
<td>30.1</td>
<td>28.8</td>
</tr>
<tr>
<td>Married couple households</td>
<td>32.5</td>
<td>36.5</td>
<td>38.1</td>
</tr>
<tr>
<td>Cohabiting couple households</td>
<td>7.8</td>
<td>8.3</td>
<td>7.9</td>
</tr>
<tr>
<td>Lone parent households:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>with dependent children</td>
<td>8.3</td>
<td>6.4</td>
<td>6.7</td>
</tr>
<tr>
<td>with non-dependent children only</td>
<td>3.4</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td>All other households</td>
<td>16.6</td>
<td>15.6</td>
<td>15.1</td>
</tr>
</tbody>
</table>

Source: Census 2001.

Within the West Midlands, Coventry is one of the more densely populated areas, ranked fifth after Birmingham, Wolverhampton, Sandwell and Dudley, with a population density of 30.5 persons per hectare. Coventry’s housing stock largely consists of terraced housing.

Living standards vary across the local authority with some areas of Coventry being relatively deprived. Six wards in Coventry: Foleshill, St. Michael’s, Longford, Henley, Binley and Willenhall, and Radford fall within the top 10 per cent of most deprived wards in England on the Multiple Deprivation Index in 2000. These wards are located in the centre and in the east of the city.

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The local labour market

The working-age employment rate for Coventry is below both the national and regional average, at 73.2 per cent compared to 74.0 per cent for the West Midlands and 74.3 per cent for GB. The ILO (International Labour Office) unemployment rate is higher than the regional and national averages, at 5.9 per cent for 2001 compared to 5.4 per cent for the South East and 5.1 per cent for GB. At 22.3 per cent the economic inactivity rate is slightly higher than both the regional average (21.8 per cent) and the national average (21.7 per cent).

The number of people claiming Jobseeker’s Allowance in Coventry in June 2004 was 2.8 per cent, compared with 2.3 per cent in the West Midlands and 2 per cent in the UK. However, in the wards of Foleshill and St. Michaels the number of people claiming Jobseeker’s Allowance was much higher at 5.8 and 5.1 per cent respectively.

Labour demand, measured by the ‘job density’ indicator (the number of jobs and vacancies per working age resident), is high at 0.90 compared to 0.8 for both the West Midlands and the UK. This may partly reflect the presence of jobs and vacancies that are available to those in commuting distance of Coventry but who do not live within the local authority itself.

Coventry’s comparator area, Wolverhampton, has a ‘cooler’ labour market than Coventry. It has a lower working-age employment rate (68.2 per cent), a higher ILO unemployment rate (7.6 per cent) and a higher economic inactivity rate (26.1 per cent). Labour demand, as measured by the ‘job density’ indicator is lower at 0.8, though comparable with the regional and national average.

During the 1950s and 1960s Coventry was a major industrial city with car and aircraft industries. Many of Coventry’s factories have since disappeared with new investment largely in the service sector, bringing an increase in office and commercial work. However, manufacturing remains a key employment sector with 23 per cent of people employed in manufacturing and 20 per cent in distribution in 2000. The growth of Coventry and Warwick Universities has increased the importance of Coventry as a centre for education and research.

In the last few years Coventry has undergone regeneration: the City Centre has seen it’s largest makeover since the 1950s; new sports facilities have been built; Coventry Airport is planned to expand following the introduction of passenger flights in March 2004; and Coventry & Warwickshire Hospital is due to close and be replaced by a new Super-hospital.

The local housing market

According to the 2001 Census the total number of households in Coventry was around 122,000. Of these, 69 per cent were owner-occupied, 18 per cent were social housing and 10 per cent were privately rented.

\[\text{Coventry in Context Update 2005, Coventry City Council.}\]
\[\text{Housing Strategy 2003-2008 – Coventry in Context, Coventry City Council.}\]
\[\text{Coventry in Context Update 2005, Coventry City Council.}\]
Coventry is an area of low housing demand, with an oversupply of lower value properties. Coventry’s housing stock largely consists of terraced housing. The cost of buying a property increased by 76 per cent between 1995 and 2002. Between March 2002 and March 2003 alone house prices increased by an average of 28 per cent (Table 2.2). However, average house prices in Coventry are below those of the West Midlands and national averages.

**Table 2.2 Average house prices March 2002 and March 2003**

<table>
<thead>
<tr>
<th>Type</th>
<th>January/March 2002 (£)</th>
<th>January/March 2003 (£)</th>
<th>Per cent increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coventry:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detached</td>
<td>160,007</td>
<td>220,544</td>
<td>38</td>
</tr>
<tr>
<td>Semi-detached</td>
<td>86,225</td>
<td>108,153</td>
<td>25</td>
</tr>
<tr>
<td>Terraced</td>
<td>62,626</td>
<td>79,992</td>
<td>28</td>
</tr>
<tr>
<td>Flats</td>
<td>57,746</td>
<td>77,867</td>
<td>35</td>
</tr>
<tr>
<td>All properties</td>
<td>77,866</td>
<td>99,839</td>
<td>28</td>
</tr>
<tr>
<td>England and Wales</td>
<td>121,881</td>
<td>145,897</td>
<td>20</td>
</tr>
</tbody>
</table>

(Land Registry data)

The majority of properties in Coventry are of low capital values with 71 per cent of all properties falling into Council Tax Bands A and B i.e. the least expensive bands, compared to just 35 per cent of properties in England as a whole. Coventry represents good value for first time buyers, but due to structural imbalance is unable to retain ‘aspirational’ households, who move out of the area to neighbouring authorities such as Rugby, Warwick and Nuneaton, and Bedworth which have more higher value properties.

House prices in Coventry at the end of the evaluation were reported to have reflected national trends in that they had increased sharply until mid 2005 when they had started to stabilise. As a result home ownership in Coventry has become less affordable. The Local Authority is looking to introduce new forms of affordable housing through shared ownership and low cost ownership schemes. Previously the focus had been on the social rented sector.

**Housing standards**

Poor standards of housing is an issue in Coventry. Coventry’s House Condition and Energy Efficiency Survey (2001/02) identified 5.9 per cent of dwellings as being unfit, 3.1 per cent of dwellings as borderline unfit and a further 9.9 per cent of dwellings in substantial disrepair. The total cost of bringing properties in the

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5 Ibid.
6 *Housing Demand in Coventry, Centre for Urban and Regional Studies, 2003.*
private sector up to a reasonable standard is estimated to be almost £190 million. Coventry is spending about £2 million a year on private sector grants for carrying out essential repairs. There is currently a demolition programme to replace very poor housing in the social sector.

Four wards in Coventry fall into the top 10 per cent on the Housing Deprivation index (2000). The Housing Deprivation index identifies people living in unsatisfactory housing, including overcrowding or housing in poor condition, and homeless households living in temporary accommodation. These wards are Holbrooks, Radford, St. Michael’s and Foleshill which form a zone from the city centre through the north east of the city.

**Social housing**

In 2000 the Local Authority transferred all of its housing stock to registered social landlord Whitefriars Housing Group. Overall, demand for social housing exceeds supply, with long waiting lists for social housing. Demand has increased as a result of rising property prices, whereby fewer people are able to buy even at the bottom end of the market. Demand has also increased due to landlords in the PRS moving out of the HB market and into the student and asylum seeker markets. The supply of social housing has been decreasing year on year through housing lost through ‘Right to Buy’ sales. Housing which has been of low standard and unpopular for many years and difficult to let, is now being demolished and replaced, which in the short-term has reduced the supply. Of the existing social housing stock over 10,000 properties have been refurbished.

Table 2.3 shows that in 2003 the average rent price for social housing in Coventry ranged from £50.38 for a one bedroom flat to £68.77 for a four bedroom house.

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7 Coventry in Context Update 2005, Coventry City Council.
8 Ibid.
Table 2.3  Average rent prices for social housing in Coventry 2003, £/month

<table>
<thead>
<tr>
<th>Property Type</th>
<th>£ Assured Tenancy Rehab/Older</th>
<th>£ Assured Tenancy New Build</th>
<th>£ Secure Tenancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 bed flat</td>
<td>48.81</td>
<td>52.37</td>
<td>49.97</td>
</tr>
<tr>
<td>2 bed flat</td>
<td>55.70</td>
<td>56.67</td>
<td>51.59</td>
</tr>
<tr>
<td>2 bed house</td>
<td>55.70</td>
<td>62.07</td>
<td>55.72</td>
</tr>
<tr>
<td>3 bed house</td>
<td>60.08</td>
<td>66.13</td>
<td>58.70</td>
</tr>
<tr>
<td>4 bed house</td>
<td>66.79</td>
<td>75.43</td>
<td>64.09</td>
</tr>
<tr>
<td>Cat 1 Bungalow</td>
<td>52.33</td>
<td>60.02</td>
<td>n/a</td>
</tr>
<tr>
<td>Cat 2 Sheltered 1 bed flat</td>
<td>45.27</td>
<td>50.00</td>
<td>48.02</td>
</tr>
<tr>
<td>Frail Elderly 1 bed flat</td>
<td>37.43</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Supported Housing Unit</td>
<td>53.61</td>
<td>61.51</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Homelessness**

Prior to the introduction of LHA and following its introduction, homelessness, both statutory and non-statutory homelessness, was an increasing problem in Coventry. The number of statutory homeless households increased from 344 in 1999/00 to 737 in 2000/03.9 Table 2.4 shows that in 2003/04 the number of statutory homeless households had increased slightly to 741 households. However, the number of statutory homeless households do not represent all those who consider themselves to be homeless. Between 2000/01 and 2003/04 the number of people presenting themselves as homeless to the Local Authority increased from 710 to 2,024 – almost a three-fold increase.10

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10 Coventry in Context Update 2005, Coventry City Council.
Table 2.4  Homeless households for which decisions were made 2003/04

| Eligible, unintentionally homeless and in priority need | 741 |
| Eligible, homeless and in priority need, but intentionally so | 161 |
| Eligible, homeless but not in priority need | 568 |
| Eligible, but not homeless | 504 |
| Ineligible households | 50 |
| **Total** | **2024** |

(Coventry City Council, P1E returns).

At Wave 1 of the evaluation it was reported that homelessness had increased three-fold over the previous three years in Coventry because of:

- rising house prices;
- the demolition of hard to let social housing stock which reduced the supply of social housing;
- a reduction in the supply of private rented housing to HB claimants as a result of landlords moving into the student and asylum seeker markets; and
- the dispersal of asylum seekers to Coventry, who when given refugee status wish to remain in the local area.

As a consequence the local authority was having to house people in emergency accommodation for longer, such as B&Bs and hostels.

Two years on since the launch of LHA these issues remain salient in Coventry. The programme of demolition of social housing stock is on-going, reducing the supply of lower demand, difficult to let properties. Due to the continued popularity of ‘right to buy’ a large number of properties, around 300 per year, are also being lost from more popular social housing areas. However, contrary to expectations, statutory homelessness (as measured by the number of applications received by the Local Authority’s Homelessness Unit) in Coventry has fallen sharply since 2004. The Local Authority is looking to undertake to research to investigate the reason(s) for this decline.

At the time of the Baseline study (just prior to the introduction of LHA) the LA was looking at ways to engage with private sector landlords in providing contracts to house some of the statutory homeless. It would appear that LHA has provided the vehicle for this engagement. The impact of LHA on homelessness is discussed in Chapter 5.
The private rented sector

In August 2003 there were 4,000 private deregulated cases in Coventry, representing 19 per cent of the total Housing Benefit caseload in the local authority. In Coventry’s comparator area, Wolverhampton, there were only 2,700 private deregulated cases representing just 12 per cent of the total Housing Benefit caseload in the local authority.

Table 2.5 shows the percentage of households renting privately in Coventry by ward in 2001. Excluding households stating that they pay no rent, the data indicates that about 10 per cent of households rent privately. Over a third of all PRS households are located in just four wards: St. Michael’s, Foleshill, Whoberly and Radford. Except for Whoberly, these wards score highly on the Housing Deprivation index and the Multiple Deprivation index. The proportion of households renting in the private sector is highest in St. Michael’s in the centre of Coventry and those wards immediately surrounding the city centre – Foleshill through to Cheylesmore. The further away from the city centre, wards Wyken through to Woodlands, the lower the proportion of private renters.

**Table 2.5 Households privately renting in Coventry 2001 by Ward: ranked by percentage of households renting**

<table>
<thead>
<tr>
<th>Ward</th>
<th>All households</th>
<th>PRS households*</th>
<th>PRS as % of all households</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Michael’s</td>
<td>6,013</td>
<td>1,336</td>
<td>22.2</td>
</tr>
<tr>
<td>Foleshill</td>
<td>6,379</td>
<td>1,175</td>
<td>18.4</td>
</tr>
<tr>
<td>Whoberley</td>
<td>7,167</td>
<td>1,048</td>
<td>14.6</td>
</tr>
<tr>
<td>Radford</td>
<td>7,182</td>
<td>1,014</td>
<td>14.1</td>
</tr>
<tr>
<td>Upper Stoke</td>
<td>7,085</td>
<td>895</td>
<td>12.6</td>
</tr>
<tr>
<td>Earlsdon</td>
<td>6,728</td>
<td>798</td>
<td>11.9</td>
</tr>
<tr>
<td>Lower Stoke</td>
<td>6,355</td>
<td>717</td>
<td>11.3</td>
</tr>
<tr>
<td>Sherbourne</td>
<td>7,101</td>
<td>753</td>
<td>10.6</td>
</tr>
<tr>
<td>Cheylesmore</td>
<td>6,302</td>
<td>627</td>
<td>9.9</td>
</tr>
<tr>
<td>Wyken</td>
<td>7,419</td>
<td>735</td>
<td>9.9</td>
</tr>
<tr>
<td>Longford</td>
<td>7,456</td>
<td>729</td>
<td>9.8</td>
</tr>
<tr>
<td>Holbrook</td>
<td>7,123</td>
<td>604</td>
<td>8.5</td>
</tr>
<tr>
<td>Westwood</td>
<td>5,968</td>
<td>475</td>
<td>8.0</td>
</tr>
<tr>
<td>Henley</td>
<td>6,901</td>
<td>364</td>
<td>5.3</td>
</tr>
</tbody>
</table>
Prior to the introduction of LHA Coventry's PRS was described as being 'hot' because of growth in demand as a result of a growing student population and the dispersal of asylum seekers to Coventry. Coventry’s Housing Demand Survey (CURS, 2003) identified a number of distinct sub-markets in the private rented sector:

- higher income groups;
- asylum seekers and refugees;
- students; and
- Housing Benefit recipients.

By the end of the Pathfinder, two years later, the PRS was still described as being buoyant but changes had occurred. Within the student market the local Universities have started to withdraw from the PRS. Privately run halls of residence have been built which has released stock in the PRS and increased housing opportunities for other sectors of the PRS market.

Throughout the evaluation there has been uncertainty about the future of National Asylum Seekers Service (NASS) contracts in Coventry. At the Baseline stage NASS was expected to be changing it’s contracting arrangements in 2005 prompting concern that if NASS contracts were not renewed it could cause oversupply in the PRS. In 2005 contract discussions with NASS were in progress although a slow down in the number of asylum seekers being placed in Coventry had been noticed.

Between April 2002 and March 2003 the average referred rent in Coventry, as reported by the flow of HB referrals to the rent officer, was approximately £80 a week. Wards with the most housing deprivation have the cheapest private rented properties in Coventry. Rent levels and how they have changed over the Pathfinder period are illustrated by comparing the LHA room rates set in January 2004 and 2006 (Table 2.6).

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Table 2.5  Continued

<table>
<thead>
<tr>
<th>Ward</th>
<th>All households</th>
<th>PRS households*</th>
<th>PRS as % of all households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bablake</td>
<td>6,349</td>
<td>284</td>
<td>4.5</td>
</tr>
<tr>
<td>Binley &amp; Willenhall</td>
<td>7,746</td>
<td>322</td>
<td>4.2</td>
</tr>
<tr>
<td>Wainbody</td>
<td>5,131</td>
<td>216</td>
<td>4.2</td>
</tr>
<tr>
<td>Woodlands</td>
<td>7,962</td>
<td>331</td>
<td>4.2</td>
</tr>
<tr>
<td>Coventry</td>
<td>122,367</td>
<td>12,423</td>
<td>10.2</td>
</tr>
</tbody>
</table>

Table 2.6  Coventry LHA Room Rate: January 2004 to 2006

<table>
<thead>
<tr>
<th>Rate</th>
<th>Jan 2004</th>
<th>Jan 2005</th>
<th>Jan 2006</th>
<th>% change '04-'06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared room</td>
<td>45</td>
<td>50</td>
<td>50</td>
<td>+11</td>
</tr>
<tr>
<td>Two room</td>
<td>81.54</td>
<td>85</td>
<td>92</td>
<td>+13</td>
</tr>
<tr>
<td>Three room</td>
<td>92.31</td>
<td>101</td>
<td>113</td>
<td>+22</td>
</tr>
<tr>
<td>Four room</td>
<td>103.85</td>
<td>110</td>
<td>121</td>
<td>+17</td>
</tr>
<tr>
<td>Five room</td>
<td>112.50</td>
<td>118</td>
<td>126</td>
<td>+12</td>
</tr>
<tr>
<td>Six room</td>
<td>138.46</td>
<td>139</td>
<td>150</td>
<td>+8</td>
</tr>
</tbody>
</table>

The number of LHA tenants whose LHA entitlement is equal to, greater or less than their contractual rent is shown in Table 2.7.

Table 2.7  LHA Shortfalls and Excesses

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>%</th>
<th>Av. excess/ shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>LHA is greater than the rent (excess)</td>
<td>2,999</td>
<td>62</td>
<td>20</td>
</tr>
<tr>
<td>LHA is equal to the rent</td>
<td>143</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>LHA is less than the rent (shortfall)</td>
<td>1,708</td>
<td>35</td>
<td>15</td>
</tr>
</tbody>
</table>

Coventry established a Landlords Forum in February 2002. The forum was initiated to launch the Coventry Accredited Property Scheme. The accreditation scheme aims to improve the physical standards and management in the private rented sector by providing an incentive for landlords to bring their properties up to certain acceptable standards. Accredited properties are identified with a ‘kite mark’ which should give landlords a market advantage in attracting tenants. The forum also provides landlords with a venue for voicing their views and provides Local Authority staff with an opportunity to educate landlords about their rights and obligations.

The introduction of the LHA

In Coventry the Local Housing Allowance (LHA) was launched on 12 January 2004 and was introduced in a phased approach. At the time it was thought that a phased approach was advantageous for Coventry because, being a poor performing Local Authority, it lessened the pressure on staff who were having to deal with only a small number of LHA cases initially. Thus any problems would occur on a smaller scale and so were easier to resolve.
However, from the perspective of Assessment Officers a phased approach was considered to be problematic. A phased introduction created confusion about when and under what circumstances claimants should be transferred over to the LHA and when dealing with claimants they had difficulty explaining why a neighbour might be getting more HB than them – under LHA, rates have been perceived to be more generous.

In August 2003 there were around 4,000 private deregulated cases in Coventry, representing nineteen per cent of the total Housing Benefit caseload in the local authority. By the end of the evaluation (February 2006) the number of private deregulated cases had increased by 25 per cent to 5,000 cases (equivalent to 22 per cent of the total Housing Benefit caseload). This represents a substantial increase in private deregulated cases. The LHA Pathfinder team were aware of this increase but had not yet been able to gather data from HB records to examine the reasons behind this increase and whether or not it was a result of tenants moving out of the social housing sector. Assessment Officers had anecdotal evidence to suggest that some social housing tenants were moving from the social sector to the private rented sector - they had seen one or two cases per month which they had not come across prior to the introduction of LHA. From a Housing Strategy perspective, although more properties had become available in the PRS due to changes in the market, there was no evidence of tenants moving from the social to the private rented sector.

All eligible HB claimants had been transferred onto the LHA by July 2005, 19 months after first going live with the scheme. However, Assessment Officers were still finding the odd tenant who had been not been transferred.

When LHA was first launched the Pathfinder Team consisted of three people: a Pathfinder Manager, a Project Officer and an Admin Officer. The Money Advice role is delivered in-house, rather than by an external welfare advice agency. This role was not in place until September 2004 and was initially based within the LA’s own Benefits Advice Agency.

At Wave 2 of the research lack of resources on the Pathfinder Team was a key problem. The team comprised one full-time manager and one part-time project officer. The administrative assistant post was vacant. The activities of the Pathfinder Team were limited to and focused on producing the MI reports which was taking up all of their time. A funding request had been put to DWP to increase the number of staff on the team. Another request had been made for a landlord liaison officer. By Wave 3 the team was at full strength: the Admin Officer post had been filled, the Money Advice Worker had been brought within the Pathfinder Team and a new Landlord Liaison Officer had also joined the team.

**Coventry Housing Benefits Service**

To understand the impacts (or lack of) of LHA on HB administration in Coventry it is necessary to understand the wider context within which the Benefits Service operates.

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11 Two Assessment Officers were interviewed for the research. It is important to note that their experience may not be common across all Assessment Officers in Coventry.
When Coventry first became a LHA Pathfinder it was, and still remains, a poor performing authority, ranked in the bottom (4th) quartile of local authorities for HB processing times.

Following Coventry's poor Benefit Fraud Inspectorate report new resources and support were injected into the Housing Benefit service. Extra funding was received from both the local authority and from the DWP. At the time of the Baseline study Coventry was working with external partners to improve their performance with the aim of moving into the top (1st) quartile for performance by March 2006. As a result Coventry was in the process of reviewing all of its Benefits administration processes and staff structures, to find more streamlined ways of working.

The following outlines some of the changes to the HB Service which were reported during the Baseline and Wave 1 stages of the evaluation:

2003-2004:

- in 2003 a new team structure introduced more but smaller Assessment Teams with the aim of improving the management of staff and workloads by team managers;
- telephone enquiries were moved away from Assessment Teams to a separate telephone enquiry team based within Customer Services;
- the Fraud Team was brought into the Housing Benefit service;
- staffing levels increased as a result of the introduction of Tax Credits and Pension Credits;
- LHA was introduced in January 2004;
- at Wave 1 the structure of Customer Services was being reviewed;
- an Interventions Team was set up as a consequence of the abolition of benefit periods;
- a bid for an electronic document image processing system was being written.

During 2004 the appointment of a new Benefits Manager and a new Head of Revenues and Benefits brought further changes to the Service. The following changes were reported at Wave 2 of the evaluation (April 2005):

- the work with external partners had been brought to a close;
- a new plan for restructuring staff roles, with greater emphasis on the role of Customer Services, was in place;
- the Customer Services enquiry counters which had been closed for refurbishment were re-opened along with a new in-house customer call centre;
- Electronic Document Management System (EDMS) became operational in October 2004 – this was a huge change for the HB Service and had both positive and negative impacts on HB administration;
- community based surgeries were introduced along with plans for a Benefits bus;
- agency staff had been replaced with new permanent staff;
- the overall aim of the Service was still on improving performance but the focus had moved to more shorter-term goals for reducing processing times.
After a long period of change Wave 3 (January 2006) of the research found the HB Service to be in a more stable position with earlier plans coming to fruition:

- five community based surgeries were now up and running;
- the benefits bus was due to be launched in March;
- the use of the EDMS system had been developed further;
- Customer Services had been developed to give customers more ways to access the service including home visits; and perhaps most importantly
- the backlog of outstanding claims work was almost cleared and claims processing times were at their quickest ever.

For the future of the HB Service, the new staff structure is still to be fully implemented with some new staff needing to be recruited. However, the biggest change planned is to move to a new IT system. Overall aims for the near future are to improve standards of work and reduce errors, and with a new IT system to move into the 3rd or 2nd quartile for performance. Moving into the top quartile is considered to be too ambitious for the HB Service at this point in time.
Chapter 3: Issues arising in the early stages of implementing the LHA

Introduction

This chapter examines the main issues that arose during the early stages of implementing the LHA in Coventry. Note that where the initial impacts of the LHA continued to be an issue at the end of the two year Pathfinder and Evaluation period, these are discussed separately in Chapter 6.

The areas of service delivery where some of the early impacts of the LHA were expected to be most apparent were in HB administration itself, particularly in respect of the necessity for, and the role of, the Pathfinder Team and on the operation of the HB IT system. Since the LHA represents a major change in benefit delivery, the ability of claimants both to understand the system and to make provisions for receiving their entitlements through accessing bank accounts were a concern not only for the Pathfinder Team but also for the authority’s customer service function and outside welfare agencies. The change that the LHA represents would also be expected to impact upon rent officers, who are responsible for setting the LHA rates. These early impacts of the LHA on Coventry’s Benefits Service and on the work of rent officers are discussed below.

Impacts on HB administration – The role of the Pathfinder Team

With the introduction of the LHA a new Pathfinder Team was formed within the Benefits Service. The team was responsible for its implementation and running throughout the period of the Pathfinder. Initially the team consisted of a Project Manager (who reports to the Benefits Manager), a Project Officer and an Admin. Officer. During the last six months of the Pathfinder a Landlord Liaison Officer and the Money Advice Worker joined the team. The Money Advice Worker did not start until September 2004 and was initially based within the Benefits Advice Line – the LA’s own telephone advice service.

A key role of the Pathfinder Team in implementing the LHA was to establish a communications strategy to ensure that tenants and landlords were aware that the LHA was being introduced and were aware of how the change would effect them.

- Tenants in the private rented sector were sent letters and DWP leaflets informing them about the change. Tenants were also sent a pro-forma asking them to indicate whether they wanted their LHA to be paid by cheque or into a bank account, it also asked the tenants to provide their bank account details.
- Private landlords were also sent information and were invited to attend a meeting at which the then minister Chris Pond spoke. Landlord forums have continued to be held regularly since the initial pre-launch meetings. However, they are attended by only a small number of interested landlords. The focus of these forums has broadened out to be about benefits in general rather than just LHA. They have improved the relationship between landlords and the Benefits Service.
More generally LHA was advertised on local radio and in the local press. The Pathfinder Team also worked with the LA’s communications team to get information onto the LA website. Leaflets and posters were also displayed at the customer enquiry counters.

Raising awareness of LHA among local banks was also seen as a key priority. Local banks were invited to attend a forum to inform them about LHA and the fact that rent would be paid to tenants and therefore they might see more customers wanting to open basic bank accounts. Representatives from nine local banks attended the meeting.

Local Welfare Advice Agencies were invited to a presentation about LHA by the Project Manager. In developing links with stakeholder groups such as welfare rights organisations and landlords the Project Manager was having to start from scratch because there were no existing relationships on which to build.

Tasks that were completed by the Pathfinder Project Team to ensure that the Benefits Service was ready for the launch date included:

- Internal staff training. The Pathfinder Manager also provided awareness training to staff at Jobcentre Plus.
- Writing and adding onto the IT system the various letters that tenants and landlords would need to be sent. For example, a letter informing tenants that they had been transferred onto LHA and explaining the direct payment change, and another letter informing landlords that benefit would now be paid to the tenant.
- Developing a chart which could be sent out to tenants informing them which forms of evidence and proof of identity were required by each bank in order to open a basic bank account.
- IT system – regular meetings were held with Coventry’s software supplier to resolve some of the problems with the IT system.
- Working with The Rent Service who provided a ‘room calculator’ that staff could use to calculate the amount of LHA tenants would be entitled to.
- Compiling a database of advice centres and other places where people might go for information, such as Post Offices, who are all sent the LHA rates each month.
- Coventry added a note to their existing HB claim form informing claimants that their rent might not be paid to their landlord. With private tenants comprising a relatively small proportion of all HB claimants, producing a new claim form was not a priority and was not introduced in July 2004.
- Regular meetings with The Rent Service.
- Meetings with Fraud Manager to discuss the risks of fraud under LHA, strategies and administrative processes for identifying and referring cases from Assessment Officers to the Fraud Unit.

Until April 2005 Coventry Benefits Service was using the Department for Work and Pension HCTB1 (LHA) Housing Benefit claim form, alongside the local authority’s benefit application form, which incorporated an additional sheet with information relevant for those customers falling under the LHA scheme. Specifically, the sheet contained information regarding direct payments and enabled tenants to complete bank details.
A new redesigned Coventry City Council benefit claim form was introduced in April 2005 to incorporate changes relating to LHA (information on room entitlements for different household sizes and new wording about payment choices for claimants in the PRS who could no longer choose to have HB paid to their landlord) as well as wider changes, including: a redesigned layout; a tear-off page for claimants to report change of circumstances; and equal opportunities monitoring. At Wave 3 further amendments were about to be introduced:

- where claimants are asked to indicate whether or not the Benefits Service can disclose information about their claim to their landlord, this was to be re-worded to include other third parties, such as support workers in cases of vulnerability; and
- an amendment to comply with The Civil Partnership Act which came into force on 5 December 2005.

Overall it was thought that the implementation of LHA had gone well. Due to the general pressure that the Benefits Service was under to improve performance, Coventry adopted a low key approach to implementing LHA which focused on ensuring that the main stakeholders were all aware of LHA, and that staff were able to administer it. Whilst there were a few teething troubles (see below) all plans and strategies were implemented. It was felt the implementation guidance from DWP had been essential to the success.

One area that with hindsight could have been improved was internal staff training. This occurred too early in October and November 2003 and meant that staff did not have the opportunity to put their training into immediate practice. The late recruitment of staff also caused problems. The Pathfinder Team was not felt to have been in place early enough to start preparing for LHA; and the Money Advice Worker, a key role in providing support for claimants having difficulties with the new LHA arrangements, was not in place until nine months after LHA had been introduced.

Following the implementation of the LHA the Pathfinder Team has been involved with monitoring the impacts of LHA, collating information from the IT system, revising the LA’s benefit claim form and maintaining communications with the various stakeholders. With the Money Advice Worker based within the Pathfinder Team the Pathfinder Team as a whole has been involved with issues around bank accounts and claimant vulnerability.

The administration on a day to day basis is dealt with by Assessment Officers across seven Assessment Teams, who deal with claims on an alphabetical split. Thus the teams are generalist, dealing with claims from across the authority for both the social and private rented sectors. In addition to dealing with HB claims for tenants in the social rented sector and private sector exemptions from LHA, Assessment Officers are responsible for:

- processing claims for LHA; and
- arrears – transferring payments from tenants to landlords when tenants are eight weeks in arrears; setting review dates for when it is expected arrears will have been paid off; and transferring payments back to claimants when they are no longer in arrears.

12 From 5 December 2005 civil partners and those living together as civil partners are treated as couples for new HB/CTB claims.
The procedure for transferring payments to landlords when the Assessment Officers have been notified by a landlord that their tenant is in arrears is as follows:

- A form is sent out to the landlord on which they are required to detail what payments they have and have not received and how much the arrears are.
- The Assessment Officer also writes to the tenant notifying them that they have been informed by their landlord that they are eight weeks in arrears. Tenants are given four weeks to reply if they object to payments going to the landlord and to supply evidence if they are not in arrears.
- Providing the landlord can show evidence (e.g. rent book, bank statements) that the tenant is eight weeks in arrears, and the tenant has not objected, payments are transferred to the landlord.
- A review date is set on the IT system, the timing of which depends on the extent of the arrears and the extent of any LHA excess which can be used to help pay off a tenant’s arrears. It is at Assessment Officers discretion as to whether any LHA excess a tenant may receive is also paid to the landlord. There was a concern that the IT system was not always picking up review dates which was about to be investigated.
- Payment to the landlord continues until all arrears have been paid off.

For the first year and half of the Pathfinder the arrears procedure was that payments continued to be made to the tenant up until the time when tenants had had four weeks to object to payments transferring to the landlord and evidence from the landlord had been received. This procedure was changed during the last six months of the Pathfinder whereby; when a landlord notifies the Benefits Service of arrears payments are now put on hold until evidence has been collected and until tenants have had the opportunity to make any objections. This change of procedure has resulted in fewer complaints from landlords.

Table 3.1 shows that the majority of LHA payments (93 per cent) are made direct to claimants rather than to landlords and that the proportion of payments made to landlords has increased very slightly over the Pathfinder from five to seven per cent. More payments are made direct to claimants in Coventry compared to an overall average across all nine Pathfinders of 84 per cent.

Of payments made to landlords, just over half are due to tenants being in arrears with just under half due to tenants being vulnerable. These proportions have also been consistent over the Pathfinder, suggesting that there has not been a large increase in tenants getting into arrears over the length of the Pathfinder, which had been a concern initially. Interviewees from both within the Local Authority and from external welfare agencies reported that tenants having difficulties with managing their rent and getting into arrears was not a widespread problem and was no longer a particular concern in relation to LHA.
Table 3.1 **Payment destinations in Coventry**

<table>
<thead>
<tr>
<th>Payments to Claimants</th>
<th>Payments to Landlords</th>
<th>Payments to Landlords: Arrears</th>
<th>Vulnerability</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Aug ’04</td>
<td>95</td>
<td>5</td>
<td>56</td>
</tr>
<tr>
<td>Nov ’04</td>
<td>95</td>
<td>5</td>
<td>56</td>
</tr>
<tr>
<td>Feb ’05</td>
<td>95</td>
<td>5</td>
<td>54</td>
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<tr>
<td>May ’05</td>
<td>94</td>
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<td>47</td>
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<td>Aug ’05</td>
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<td>6</td>
<td>55</td>
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<tr>
<td>Nov ’05</td>
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<td>6</td>
<td>55</td>
</tr>
<tr>
<td>Feb ’06</td>
<td>93</td>
<td>7</td>
<td>56</td>
</tr>
</tbody>
</table>

(Source: Pathfinder MIS).

The recent addition of the Landlord Liaison Officer, appointed in August 2005, was thought to have brought substantial benefits to the Pathfinder Team. In more complex arrears cases, where tenants are in dispute with landlords over arrears, Assessment Officers are able to pass these cases on to the Landlord Liaison Officer to deal with. Housing Enforcement also refer landlords to the liaison officer to arrange for payments to be transferred to them when tenants are in arrears and landlords are looking to undertake eviction procedures. The Landlord Liaison Officer has similar links with Coventry’s Homelessness Unit, whereby tenants who attend the Homelessness Unit as a result of being threatened with eviction are referred on to Landlord Liaison Officer. Thus Landlord Liaison Officer has played a key role in integrating the Benefits Service with other housing services within the Local Authority.

However, the main role of the Landlord Liaison Officer is to work with RSLs to inform them of developments in legislation and developments within the Benefits Service and to find out about their views, concerns and needs in the event of LHA being extended to the social housing sector and how it can be made more acceptable to them.

Until the Money Advice Worker was recruited Assessment Officers were also responsible for determining the vulnerability of claimants as part of the every day LHA administrative process. Assessment Officers based their decisions as to whether a claimant was vulnerable on a vulnerability matrix, listing the eligible criteria and the supporting evidence required, drawn up by the Pathfinder Project Team, based on DWP guidance.

The impact of LHA on Assessment Officer’s work has not been substantial because LHA, and the private rented sector as a whole, represents only a small proportion of their caseload. On a day to day basis the pathfinder project team only get involved in the administration of LHA if specific queries are referred to them.
By the end of the evaluation it was not known when funding for the Pathfinder Team would be ending. The Benefits Service was looking into how the work of the Pathfinder Team would be absorbed into normal benefits administration. The new posts of Landlord Liaison Officer and Money Advice Worker were to be retained but would sit elsewhere within the departmental structure.

**IT issues**

Problems with the IT system used by Coventry (Civica Benefits) have been reported throughout the evaluation period. Some of these problems have not been resolved (see Chapter 6). IT issues impact on the work of HB administration as a whole and on the work of the Pathfinder Team.

Problems include:

- The inability to process split payments – where payments have been transferred to the landlord the system also transfers any LHA excess to the landlord. At one point cheques were having to be raised manually to make payments to tenants for which the Benefits Service were charged internally for every cheque raised. Problems with split payments impacts on Customer Services who have to deal with tenants who have not received payment of their LHA excess.

- The IT system randomly switched the payment method. For example, where the payment was set up to go to the tenant it paid the landlord and vice versa. The IT system also switched payments from ACT to cheque and vice versa. This problem had been resolved by the end of the evaluation.

- The IT system does not include validation checks within the claim processing software which can result in errors in processing claims. For example, gender is not a mandatory field to complete, so if an Assessment Officer does not add this data for all members of the household, the system will assume that any children are of the same sex. This can mean that the claimant is paid the wrong LHA room rate, and can be underpaid if children in the household are of different sexes. Similarly there is no validation check on the system to ensure that Assessment Officers record the actual number of rooms that the household is living in.

- The system does not automatically pick up anniversary dates when tenants should be transferred over to LHA, nor pick up children’s birthdays which could trigger a change in LHA entitlement.

Producing the Management Information (MI) reports for DWP, required as part of the evaluation of LHA, has been a main difficulty for the Pathfinder Team. Where information has not been included about a claim i.e. is missing, because of lack of validation checks this information has to be manually retrieved from claim forms.

On reflection, it was thought that the amount of resources needed by the software company to support the implementation of LHA had been underestimated. Lack of clarity from DWP as to the information required in MI reports was also thought to have caused additional problems for the software company in making the necessary alterations to the IT system.
Assisting claimants with the LHA

Impact on customer services

It would be expected that the introduction of new benefit arrangements would impact on front line staff with additional numbers of tenants and landlords seeking help and advice.

Coventry's customer services provision consists of an enquiry team which provides a telephone enquiry service and a face to face counter service. They are responsible for responding to any queries from tenants and landlords. Coventry also runs its own Benefits Advice Line, a telephone based service, through which claimants can receive advice on general benefit issues. Although funded and based in the LA, the service is independent of the LA and can provide advocacy for clients. As reported in Chapter 2, since the introduction of LHA the Customer Services side of the Benefits Service has been expanded and improved, including the recent addition of community based surgeries.

Following the introduction of LHA Customer Services noticed an increase in the number of landlords contacting the service with queries and complaints regarding direct payments and the LHA rates. In comparison, there was not as large an increase in the number of enquiries from tenants when LHA was first launched as might have been expected.

After the first six months of LHA the number of telephone calls and in-person enquiries received by Customer Services from both claimants and landlords about LHA had fallen compared to the first six months of LHA. Overall LHA was not reported to have had a big impact on the workload of the service – “people who call us for Local Housing Allowance would have probably called us for Housing Benefit anyway”.

The lack of reported impact on Customer Services might be partly attributable to the changes occurring within Customer Services over the period when LHA was introduced. In October 2004 a newly refurbished Customer Services opened along with a new in-house call centre. Prior to this telephone enquiries had been outsourced and the counter service had been closed for a period during which time face to face advice was only available via appointment.

However, a similar picture was found at the Benefits Advice Line. The main queries they receive concern sickness and disability benefits, followed by HB enquiries. Overall, there had not been the flood of calls to the Benefits Advice Line at the start of LHA that had been expected. Queries received by the service from claimants included:

- whether they could keep their LHA gain and whether the extra income would affect any of their other benefits;
- what amount of LHA they were entitled to; and
- calls from tenants in social housing enquiring whether they could claim LHA because they knew of someone renting privately who was making an LHA gain.
The service also received a few calls from landlords asking:

- how much LHA their tenants were entitled to;
- how much rent they could charge if a family of a certain size moved in to one of their properties, to which they are advised they could charge as much as they liked, but the family would receive X amount in LHA; and
- why LHA couldn’t be paid to them.

A year after the introduction of LHA the number of and the number of calls received by the Benefits Advice Line from tenants had been fairly stable. On a weekly basis they might receive 5-6 calls per week from claimants who are having difficulties with opening a bank account.

**Role of the Money Advice Worker and Vulnerability**

Claimants who are ‘vulnerable’ can request to have their LHA paid to their landlord.

Prior to the appointment of the Money Advice Worker (MAW) vulnerability claims were determined by Assessment Officers within each of the Assessment Teams. Assessment Officers based their decisions as to whether a claimant is vulnerable on a vulnerability matrix (drawn up by the Pathfinder Team and based on DWP guidance) which lists the eligible criteria and the supporting evidence required. Assessment Officers were also responsible for reviewing claimants given vulnerability status.

Initially these arrangements were thought to be working well, however, it was not known how many tenants had applied to be considered as vulnerable, nor how many applicants had been unsuccessful because the decision making was spread across a large number of Assessment Officers. A spreadsheet had been developed for Assessment Officers to record all vulnerability applications and their outcomes, but this was not routinely being completed.

By Wave 2 of the evaluation opinions had changed and there was concern that there were vulnerable claimants who were slipping through the system who had not yet been identified as vulnerable. Problems with the existing procedure included:

- The inability to monitor the number of people making requests for vulnerability and the outcomes of requests on the HB IT system. Asking staff to complete a separate spreadsheet had not worked due to other pressures on staff time.
- It was felt that staff were not picking up on signals during conversations with tenants or landlords that a tenant might be vulnerable. This was partly because Assessment Officers and Customer Service staff did not have enough time to do this.
- There could be delays in processing applications for vulnerability. If Assessment Officers had other priority workloads to deal with, such as backlogs to clear, then applications for vulnerability may not be dealt with until several weeks later.
The appointment of the MAW in September 2004 provided the opportunity to change arrangements for determining vulnerability and to transfer this work to the MAW. However, responsibility for vulnerability requests did not fully pass over to the MAW until April 2005.

The MAW role has been developed since the post was first put in place. Originally the role of the MAW was based within Coventry’s Benefits Advice Line but was later moved into the Pathfinder Team to establish closer links between the two and which has been considered to be very successful.

The MAW is now responsible for dealing with all requests for vulnerability which are passed onto the MAW by Assessment Officers, Customer Services staff or are sent directly to the MAW. The role is delivered more proactively and with more face-to-face contact with claimants.

Following receipt of a request for vulnerability claimants are sent information on the vulnerability criteria and the types of evidence that can be accepted in support of their claim. Claimants are also written to or called inviting them to come in for an appointment. The MAW tries to interview all applicants face-to-face. The MAW is responsible for deciding whether or not a claimant meets the vulnerability criteria, transferring payments to the landlord, setting a review date and reviewing vulnerability cases. Where supporting evidence has not been received and is holding up a person’s claim they will make a judgement based on evidence collected through having interviewed the claimant.

Review dates tend to be set for between three and six months. At review claimants are asked to provide evidence that they are still vulnerable. If evidence is not received then payments revert to the tenant. Where procedures were not yet working properly was in picking up review dates. It was thought that there were several cases where payments were still being made to the landlord but were past the review date.

Eighty per cent of requests for vulnerability are successful. The main reasons why claimants are considered vulnerable are drug, alcohol and mental health issues.

The other main roles of the MAW in assisting claimants are providing assistance with bank accounts (see below) and working with other organisations and departments to set up schemes to house homeless people. The MAW role is now also more proactive in making contacts with local organisations to promote the role of the MAW and vulnerability provisions within LHA. The MAW was not involved in giving more general debt and money management advice to claimants.

The MAW runs a clinic one day/week when claimants can call into see the MAW, and will also meet with claimants in Customer Service on an ad hoc basis as and when required. Home visits are also available to claimants.

Overall, it was thought that new vulnerability procedures and the role of the MAW had moved forward and was working well. With the MAW delivering a more pro-active service there was less concern than before about vulnerable people slipping through the system. However, it was acknowledged that there are still many agencies and support groups who work with vulnerable people who are not yet aware of LHA and the provisions for vulnerable tenants.
Claimants’ access to bank accounts

One of the key features of LHA is that claimants cannot choose to have their benefit paid to their landlord, unless they are considered as being vulnerable. Prior to LHA 41 per cent of claimants in Coventry received HB payments direct, and 59 per cent had their benefit paid to their landlord. Thus for six in ten claimants LHA represented a change in payment method.

As described earlier, in implementing LHA raising awareness of LHA among local banks was seen as a key priority. The Pathfinder Manager invited local banks to a presentation about LHA and received an enthusiastic response.

The first few months of LHA were reported to be difficult and Customer Services staff spent a lot of time persuading tenants to open bank accounts. In response the Pathfinder Team produced a list informing tenants of the different types of account available and the proof of identity required by each bank/building society. After some initial difficulties persuading tenants to open bank accounts it was thought by staff within the Benefits Service that the number of tenants with bank accounts had increased. This is supported by administrative data (Table 3.2). Initially only 47 per cent of LHA claimants were paid LHA into a bank account (May 2004), but over the Pathfinder period this figure has increased to 67 per cent (February 2006). This is lower than the average across all nine Pathfinders where 79 per cent of LHA payments to claimants are made using Automated Credit Transfer (ACT).

Table 3.2  LHA payment method

<table>
<thead>
<tr>
<th></th>
<th>Paid to Claimant by ACT %</th>
<th>Paid to Claimant by Cheque %</th>
<th>Paid to Landlord %</th>
</tr>
</thead>
<tbody>
<tr>
<td>May ’04</td>
<td>47</td>
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</tr>
<tr>
<td>Aug ’04</td>
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</tr>
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<td>Nov ’04</td>
<td>56</td>
<td>40</td>
<td>5</td>
</tr>
<tr>
<td>Feb ’05</td>
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<td>6</td>
</tr>
<tr>
<td>Feb ’06</td>
<td>67</td>
<td>26</td>
<td>7</td>
</tr>
</tbody>
</table>

(Source: Pathfinder MIS. Note: percentages may not add up to 100% due to rounding)

13 Pathfinder MIS Returns February 2006.
During Waves 1 and 2 of the evaluation it was reported that some claimants were having problems opening bank accounts because they did not have proof of identity such as a driving licence or passport, but overall, the change to direct payments to tenants under LHA was not thought to be causing too many difficulties. Cases where claimants had been unable to open a bank account were not widespread.

In the meantime claimants who did not have a bank account were able to cash LHA cheques at the Customer Service reception, which fifteen months after the introduction of LHA the number of tenants cashing cheques was reported to have fallen. A few claimants who had been unable to open a bank account had been treated as vulnerable so that their rent could be paid to their landlord.

With the appointment of the MAW one of their main roles has been advising people about opening bank accounts. Claimants are referred to the MAW from Customer Enquiries and from Cashiers when claimants go to cash in their LHA cheque. In some instances the MAW has contacted local banks on behalf of claimants. Some claimants referred to the MAW for advice on opening bank accounts and on further investigation, were found to be vulnerable and payments have been transferred to their landlord.

Thus, throughout the first year and half of the Pathfinder claimants’ access to bank accounts was not perceived to be a serious issue. This is not, however, the case at the end of the Pathfinder period. Two years after the introduction of LHA claimants who do not have a bank account are now seen as a priority for the Pathfinder team and in particular for the MAW. This is discussed further in Chapter 6.

The work of rent officers under the new regime

Coventry work is dealt with by the Coventry and Warwickshire team at The Rent Service (TRS) Birmingham office. Within the Coventry and Warwickshire area Coventry is the largest LA.

Prior to the introduction of LHA the team received a total of 12,000 HB referrals (Nov ’02 to Oct ’03) of which around 45 per cent were from Coventry (5050 cases). In addition, over the same period the team handled around 3,000 Fair Rent cases and received 270 pre-tenancy determinations from Coventry. However, in terms of rent officer time, valuations were easier to produce for Coventry where much of the housing is comprised of similar style property, compared to more rural areas in Warwickshire where more unique properties are found. Coventry had one locality which exactly matched the LA boundary and which distinguished Coventry from very different neighbouring localities.

In preparation for LHA The Rent Service conducted a large mapping exercise to exactly identify the postcodes which fell into the Coventry locality, which became the Broad Rental Market Area. The service was also collecting and reviewing market evidence in order to set the LHA amounts. There have been no changes to the BRMA since the introduction of LHA although it is kept under regular review. The BRMA, which is the LA boundary, is still felt to be the correct definition, although new developments in the north of the city are being watched closely for any impacts. Under the national roll-out of LHA it is anticipated that TRS will come under increasing scrutiny in relation to the setting of BRMAs. People living on the boundary of a BRMA might challenge its definition if LHA rates are higher in the neighbouring BRMA.
It was not anticipated that the introduction of LHA would necessarily result in a decrease in the team’s workload. This was because more rent officer time would be involved in reviewing the LHAs and collecting market evidence. Carrying out shadow determinations would be an additional task to complete.

This expectation was correct and LHA is not thought to have had a big impact on workloads or staffing. At Wave 1 the team were still receiving a backlog of HB referrals from Coventry for applications received prior to LHA starting, as well as dealing with referrals for tenants living in hostels and board and attendance accommodation, who Coventry Council assess as part of the LHA exemptions. Overall, as a result of receiving fewer referrals from Coventry (who used to be their biggest supplier) the team has experienced a decrease in caseload, however, rent officers are no less busy due to the increased focus on the collection of market evidence. It is felt that with receiving fewer referrals from Coventry, staff are now better able to research the market and consequently target and collect market evidence. This is seen as a positive impact of LHA. Referrals that are still received are exempt cases, the majority of which are supported accommodation, but also include houseboats and caravans.

The main impact of LHA on staff throughout the Pathfinder period has been on staff morale as a result of future uncertainty around staffing levels and job security.

**Collection of market evidence**

The collection of market evidence in Coventry is the responsibility of one rent officer who is assisted by other members of the team when needed. One of the main impacts of LHA has been in highlighting the importance of collecting and analysing market evidence and more time is now devoted to this. Evidence is collected from local papers, shop adverts, landlords and letting agents. A key problem has been the lack of market evidence available for larger (eight plus) roomed properties. Properties of this size that do exist are reported to be executive properties at the higher end of the housing market. TRS looks to other areas such as Birmingham and Leicester to extrapolate information for setting LHAs for larger properties in Coventry, as well as speaking to local letting agents. The setting of these rates relies more on a valuers judgement (extrapolation/interpolation) as well as hard evidence, compared to setting LHA rates for smaller roomed properties. A few months after the introduction of LHA TRS started to include LHA rates for seven and eight room properties within the monthly LHA rates, although these are not published. The largest property size TRS has been asked to provide a LHA rate for is ten rooms.

Collecting evidence for the bottom end of the market is also problematic. Properties at the bottom end of the market tend to be let by individual landlords by word of mouth rather than through letting agents. However, TRS was expecting to start receiving data on failed LHA claims which would provide them with a rich source of information on rents at the lower end.

A negative impact of LHA is that it has made the collection of market evidence more difficult because of the loss of contact with tenants and landlords that would have occurred through conducting Pre-Tenancy Determinations/HB inspections. Becoming a LHA pathfinder has reinforced to TRS the importance of good relationships with landlords. Landlord forums have provided a good opportunity for TRS to build relationships with some of the smaller private landlords. There is now more focus on working with and
developing relationships with landlords in order to build up market evidence. As well as landlord forums, when landlords contact the service with a query the opportunity is taken to try and establish further relationships with them to talk about the properties they have. Contacts with landlords from other LAs about pre-tenancy determinations are also used to ask them about other properties that they might have in Coventry. Any other chance meetings or contacts with landlords are also seen as an opportunity to gather market evidence. Taking opportunities such as forums to meet with landlords was described as being crucial to LHA. Collecting evidence from agents has become easier as they are now more aware of why it is necessary and its importance. TRS was hoping to be able to send a mail shot to landlords in Coventry, via a local authority mailing, asking them to complete a questionnaire about their properties.

**Reviewing LHA rates**

Rates are determined every month, with an in-depth formal review every quarter. Rent officers apply the formula for Local Housing Allowance as found in Schedule 3A of the Rent Officers (Housing Benefit Functions) Order. Due to movements in the market, there has been a gradual increase in LHA rates since the Pathfinder scheme was introduced.

The rates are emailed monthly to the HB Service.

**Shadow determinations**

A Valuation Team Manager from another region cleansed the database in the first instance; using their excel model, the work is now carried out at the Birmingham rent office.

By Wave 2 of the evaluation two downloads of shadow determinations had been received from DWP, one of 3,500 cases and another of 2,500 cases. Two further downloads have since been received from DWP. Overall, the quality of the information received has been relatively poor.

At Wave 2 shadow determinations were being dealt with primarily by an experienced temporary rent officer, employed on a full-time basis for three months. Subsequent downloads for shadow determinations have been divided amongst members of the team.

Future downloads are to be received directly from Coventry HB Service, however it is not certain that with the Coventry IT system this will be possible.

**Interagency working**

A positive additional benefit of LHA has been inter-agency working. Relations with Coventry Benefits Service were reported to have strengthened as a result of regular contact. Joint working with other departments at Coventry LA has also been beneficial, enabling TRS to gain a broader understanding and greater awareness of issues within Coventry which could impact on the PRS as well as allowing the Local Authority to benefit from TRS expertise.
Chapter 4: Business as usual? Examples of the lack of impact of the LHA on housing benefit delivery

Introduction

LHA represents a considerable change to HB administration for private sector tenants. In Coventry this is equivalent to over 4,000 claimants. There were a number of areas where it was anticipated LHA might have wider impacts on HB administration, including: verification and interventions; overpayments; complaints and appeals; discretionary housing payments and fraud. The change that the LHA represents might also be expected to impact upon the work of Jobcentre Plus, given that many LHA recipients are of working age and claiming other benefits. This chapter explores the impact (or lack of) of LHA on these other areas of benefits administration.

Verification and interventions

LHA has not had an impact on verification and interventions because Coventry is not yet fully Verification Framework (VF) compliant. However, throughout the Pathfinder Coventry’s Benefits Service has been moving further towards compliance. By the end of the Pathfinder period the service was new claims compliant, in that Assessment Officers were completing the VF compliance checklist, but interventions had only just started. The service was in a position to become VF compliant but had not applied for its’ compliance certificate.

Overpayments

Overpayments are dealt with by Assessment Officers and a team of three overpayment officers (which includes the DWP funded post) who send out invoices when overpayments cannot be recovered from ongoing HB payments. LHA was not reported to have had an impact on the value or number of overpayments, nor on the types of overpayments generated.

Overall, the number of overpayments generated has not changed as a result of the introduction of LHA. Paying the LHA to claimants, rather than to landlords, has not impacted on the amount of overpayment arrears. Whilst it may have been expected that recovering overpayments from claimants would be more difficult, because they move around more than landlords and can be harder to trace if they stop claiming benefit, this has not had any noticeable impact on arrears levels. Where claimants are continuing to receive LHA it can be quicker to recover the overpayment from the tenant directly than it is to recover an overpayment from a previous landlord in cases where a tenant has moved address.

14 The Verification Framework is a major strategy intended to prevent HB fraud and error. All local authorities with Housing Benefit/ Council Tax Benefit responsibilities are expected to be VF compliant by March 2006.
15 Note: there were no statistics available to support these findings.
The main reason why overpayments occur are due to changes in the claimant’s circumstances which are not notified to the Benefits service, such as moving home or abandoning the property, starting work, non-dependents moving in or out of the household. These had not changed with the introduction of LHA. The majority of overpayments are claimant error rather than fraud, although, sometimes it is a result of local authority error. Under LHA the kinds of local authority error which occurred included transferring pre-1989 tenancies over to LHA, or paying a claimant the wrong LHA rate.

Where overpayments occur for other reasons such as, a change in income, or change in household composition, tenants who receive a LHA excess were reported to be receptive to the suggestion made by staff of clearing the debt more quickly by the recovering the overpayment from their LHA excess. This has improved Coventry’s recovery rates.

The main impact on overpayments has been the Housing Benefit Matching Service where more cases of overpayment are being notified to the Local Authority.

**Complaints and appeals**

Local Housing Allowance has had no noticeable impact on the work of Complaints and Appeals Officers.

The most common complaints received are about delays with processing claims and standards of service. LHA has had no impact on this. The main complaints received in relation to LHA tend to be from landlords complaining generally that they are not happy with the scheme and that tenants are not paying them rent; and more specifically in relation to the eight weeks in arrears procedures where payments continued to be made to the tenant until evidence of arrears had been collected (these procedures are no longer in place). Overall the Service had received fewer complaints from landlords about LHA than had been expected.

Appeals requests received in relation to LHA claims have concerned: circumstances where tenants have been eight weeks in arrears and landlords have appealed when payment has not been transferred to them; appeals from welfare agencies about the vulnerability of clients; and backdating of LHA. Very few requests go to a formal appeal, most are revised. In total only a very small number (no more than five) of LHA claims had gone to an Appeals tribunal.

**Discretionary Housing Payments**

All DHPs are dealt with by a full-time DHP Technical Officer. Any letters received from tenants informing the local authority of difficulties they are having in paying their rent are passed on to the DHP Technical Officer who then sends out a DHP application form.

Subsequent to the introduction of LHA the number of DHP applications and awards in Coventry increased, as reported at Wave 2, but not as a result of LHA. The number of new awards made has increased as claimants have become aware of DHPs due to increased publicity. Customer Service staff have been encouraged to promote DHPs to the customers they deal with. A further reason why DHP applications and awards have increased is because existing applicants are re-applying when their award runs out.
In 2004/05, 270 awards were made, compared to 160 in 2003/04. Seventy applications were refused. At
the end of the evaluation the total number of awards made in 2005/06 were expected to be similar to the
previous year.

The only difference LHA has made to DHPs is that previously disabled people could have their carers
recognised as part of their household for HB purposes. Under LHA disabled people who need an additional
bedroom to enable a carer to stay over, now have to apply for a DHP. In this way LHA was considered to
be less fair on disabled people.

In some instances LHA has helped to justify the refusal of DHP applications, in that claimants who move
to a property where the rent is more expensive than the LHA rate have knowingly put themselves into
financial difficulty.

The main groups of claimants to whom DHPs are awarded are:

- people who are working and not getting full LHA because of their income;
- claimants under the age of 25 who have great difficulty finding accommodation for the one room
  LHA rate of £50/week; and
- disabled people who need an extra room for carers to stay over.

Overall LHA has had negligible impact on the demand for DHP and has had no impact on how requests
for DHPs are administered.

Fraud

LHA has had no impact on the staffing or set-up of the Fraud Team and has had only minimal impact on their
workload. By the end of the evaluation the Fraud Team had received only two referrals relating to LHA. Both
were cases where it was thought that the number of people living in a property might be questionable.

- One case, a family with eight children living in a two-bedroomed house, was investigated and was
  found not to be fraudulent – there were indeed eight children living in the house.
- The other case, where it was thought a landlord might be manipulating the number of tenants across
  several properties, had only recently been received and was yet to be investigated.

Due to understaffing and the inability to produce reports from the IT system, which could enable staff to
target specific areas or household types, the Fraud Team has been unable to be proactive in investigating
possible cases of Fraud. Thus further cases of LHA fraud, if they do exist, have not been found.
Impacts on Jobcentre Plus

Overall, LHA has had no impact on the service provided by Jobcentre Plus.

The procedure for forwarding on completed HB claim forms to the Benefits Service has not changed and the number of claimants enquiring about LHA at the jobcentre is similar to the enquiries received before LHA was introduced. Where claimants have any queries regarding LHA they are directed to the Local Authority. The main queries received by Jobcentre Plus from claimants are whether their HB claim has been processed and queries about HB run-on.

As before, jobcentre staff provide claimants with advice on how to make a claim and hand out claim packs, the only difference with LHA is that staff can also advise claimants on how much LHA they will receive.

Whilst LHA has changed how Personal Advisors do better-off calculations, incorporating a LHA gain within the calculation has had negligible impact on service delivery, this is partly because the majority of claimants seen by Jobcentre Plus staff are from the social housing sector.

The lack of impact on Jobcentre Plus in Coventry may be because the Customer Management System (CMS)\(^{16}\) is not yet fully operational in Coventry. In the one office where CMS is operational difficulties were reported. At Wave 2, HB claim forms which had been completed on CMS and received by the Benefits Service were incomplete. Signatures, or proof of identity, or proof of income were missing. From the perspective of Benefits Service staff the introduction of CMS has meant that some customers who contact the Service do not need to complete a separate HB form, whilst most do. To be on the safe side all customers were given a claim form to complete.

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\(^{16}\) With CMS local authorities receive ‘passported’ claims from Jobcentre Plus. CMS aims to improve the way in which information is gathered and verified for benefit claims.
Chapter 5: Easing the administrative burden? Positive impacts of the LHA on service delivery

Introduction

This chapter looks at two areas where positive impacts have arisen. The first, processing times, is an area where positive impacts of LHA would have been expected to occur. However, the extent to which in Coventry improvements in processing times are a result of LHA is discussed. The second, homelessness, is an area where, in Coventry, positive impacts were not anticipated. Initial concerns about LHA were that it would have a negative impact on evictions and homelessness. Unexpectedly, LHA has provided an opportunity for welfare agencies and the Homelessness Unit to work with landlords in the PRS to increase housing opportunities for homeless people.

Processing times

As described in Chapter 2, Coventry is a poor performing LA ranked in the bottom quartile for average processing times. Prior to the introduction of the LHA the average processing time in Coventry for PRS claims was 63 days. Two years after the introduction of LHA, processing times for LHA claims have decreased substantially in Coventry to an average of 38 days. This follows the national trend (across all Pathfinder and non-Pathfinder local authorities) of decreasing processing times for PRS claims (over the same time period) from 58 days to 40 days. However, average processing times for all claims still places Coventry within the bottom quartile for performance. Compared to the average for all of the LHA Pathfinders, Coventry’s average number of days for processing new LHA claims is higher at 38 days compared to an overall average of 33 days.

Whilst it was expected that LHA could have a positive impact on processing times, due to the many other changes happening in Coventry over the Pathfinder period, it is not possible to definitely say that the improvement in Coventry’s average processing time is a result of LHA. Other changes which have had a positive impact on Coventry’s processing times include:

- the introduction of smaller assessment teams with closer management of staff and workloads;
- additional funding from DWP and the LA which was spent on staff recruitment and training;
- the introduction of Electronic Document Management System (EDMS); and
- the use of agency staff to clear Coventry’s backlog.

It is also important to note that in Coventry where tenants from the PRS make up only a small proportion of all claims dealt with by the Benefits Service (around 10 per cent) any impact of LHA would have only a limited impact on the overall average processing time.

17 Pathfinder MIS data, March 2006.
However, LHA was reported as being a simpler system to administer and overall Benefits Service staff thought that LHA had helped to improved processing times. Under the previous system referring claims to The Rent Service was more complicated. Delays occurred if there were mistakes or information missing when the claim was referred by Assessment Officers to TRS and the TRS had to write back to the LA asking for more information. Referring claims to TRS could take up to six weeks. However, the extent to which referring claims to TRS slowed down processing times is partly contested by TRS who met their targets (15 days for inspected claims and three days for non-inspected) in the majority (over 98 per cent) of cases.

**Assisting claimants under the LHA – Impacts on homelessness**

**Evictions**

A main concern of LHA was that the number of tenants being evicted by landlords because of arrears could increase. It was thought that tenants who had never received their HB direct before might be tempted to spend it rather than pass it on to their landlord. Over the period of the Pathfinder local welfare agencies, Coventry’s Housing Enforcement department and Homelessness Unit have all reported cases where tenants have been taken to court for arrears, or evicted because they used their rent money for other things, but the number of these cases has been few. Overall, initial concerns about a negative impact of LHA on homelessness do not appear to have been realised.

The new Landlord Liaison Officer post on the Pathfinder Team was reported to have played a positive role in reducing the likelihood that tenants would be evicted because of arrears and thus become homeless. When Housing Enforcement and the Homelessness Unit come across tenants being threatened with eviction because of non-payment of rent, they are now able to refer them to the Landlord Liaison Officer to intervene and negotiate with the landlord for payments to be transferred to the landlord under the eight weeks in arrears arrangements.

**Homelessness**

Until mid 2004 the number of statutorily homeless people in Coventry was increasing year on year as a result of rising house prices, the demolition programme of hard to let social housing stock, and NASS contracts which had taken properties out of the PRS. In the last year and a half, however, homelessness in Coventry has fallen dramatically. The reasons for this are not known, hence the Local Authority is looking to undertake research to find out why, but may be due to an increase in the supply of private rented accommodation as a result of the withdrawal of the Universities from the PRS and a slow down in the dispersal of asylum seekers to Coventry. This data would also suggest that LHA has not had the negative impact on homelessness that had been expected.
Homeless schemes

Where LHA has had a substantial positive impact on homelessness in Coventry is in the development of schemes to house homeless people using the vulnerability criteria to pay LHA to landlords rather than direct to tenants.

Within the context of the wider housing market in Coventry: the withdrawal of the university sector from the PRS and uncertainty around the future of NASS contracts, which has released stock in the PRS, has attracted some landlords to the new opportunities presented by homeless schemes, reassured by the certainty of having LHA paid to them and thus having a guaranteed income.

The loss of properties in the social sector, combined with fewer nominations rights for the LA, has meant decreased availability and choice of social sector properties for homeless people. Even without LHA the Homelessness Unit was having to move towards housing more homeless people in the PRS. The LHA, combined with changes in the supply of housing in the PRS, has provided the vehicle the Homelessness Unit were looking for.

By the end of the evaluation two schemes were already up and running: one with Homelessness Unit; another with The Coventry Jesus Centre who run a drop in centre and support service for homeless people.

The scheme set up by the Homelessness Unit is available to people who are statutorily homeless and guarantees that LHA will be paid to the landlord for 12 months. The Homelessness Unit also guarantee the landlord the equivalent of two months rent to cover any damage to the property or where the tenant leaves before 12 months. After 12 months it is intended that payments revert to the tenant. The main conditions for landlords are that they set their rent at the LHA rate and are registered under Coventry’s Landlord Accreditation Scheme. Four people had been housed under the scheme so far. The Homeless Unit were looking to extend the scheme to non-statutorily homeless people who met the vulnerability criteria. The scheme had received positive feedback from tenants who liked the choice a PRS tenancy gave them. Properties in the PRS tended to be in better areas and in better condition than properties available to them in the social sector.

The scheme run by Coventry Jesus Centre has been set up with the help of the Money Advice Worker and is similar to the Homelessness Unit scheme. The scheme has two local letting agents on board who notify Coventry Jesus Centre when they have properties available. Coventry Jesus Centre are responsible for collecting the supporting evidence to show that claimants are vulnerable and for ensuring that they have sufficient proof of income and proof of identity to make a claim for LHA. A key feature of this scheme is that the MAW meets with the claimant, the support worker from Coventry Jesus Centre and the letting agent to complete the LHA application form. The incentive for the letting agent is that they can see that the LHA claim has been completed and are reassured that the claim will go through smoothly. The claim for LHA is assessed straight away by the MAW. In just nine weeks of the scheme being started 20 people had been housed.

The Money Advice Worker was in the process of setting up further schemes with the Refugee Centre and Coventry Cyrenians.
Chapter 6: Delivering the LHA – Some continuing issues

Introduction

This chapter focuses on two areas that were causing problems at the end of the Evaluation, firstly continuing difficulties with the IT system and secondly a more recent concern around the number of claimants being paid LHA by cheque and who did not have a bank account.

IT

Problems with IT system were still unresolved by the end of the Pathfinder. The main problems were:

• Split payments – the IT system was still unable to process split payments. As a result split payments had to either be done manually or the payment was set up on the system so that the landlord received the whole payment including any LHA excess that should have gone to the claimant.
• Validation checks – lack of validation checks resulted in errors being made in processing claims and made the production of management information reports for DWP more difficult.

Where LHA should have made the processing of claims for tenants in the PRS simpler, it was felt that due to the IT system, claims processing under LHA had become more complicated requiring various manual interventions to be made. It was also uncertain whether the IT system would be able to generate the information needed by The Rent Service to produce shadow referrals.

A key development for the Benefits Service has been the award of funding to purchase a new IT system. This is central to the Service’s plans to improve processing times and move out of the bottom quartile. Rather than taking 15-20 minutes to process a claim, a new system should enable Assessment Officers to process claims substantially quicker, thus enabling more claims to be processed in a day and performance to improve.

Claimants’ access to bank accounts

Claimants’ access to bank accounts has become a new priority issue in Coventry. Although the number of claimants being paid by cheque has fallen since the introduction of LHA there are still around 1,500 claimants being paid by cheque, many of whom cash their LHA cheque at the Local Authority.

Access to bank accounts has become an issue since the LA decided that it will be withdrawing its cheque cashing facility in April 2006. Offering the service is problematic in terms of the large numbers of people it brings into Customer Services and the large amount of money Exchequer Services have to hold. Feedback from claimants to Benefits Service staff as to why they did not have a bank account was because they had been unable to open a bank account due to insufficient proof of identification or had been put off from trying to open a bank account due to not knowing which banks would accept them.
A key role of the MAW is to try and get all claimants receiving LHA by cheque to open a bank account before the service is withdrawn. Following visits to all of the local banks and building societies, four were found who offered a basic bank account suitable for claimants and who accepted a benefits letter from DWP or Housing Benefit letter as proof of identity.

Claimants were now being encouraged to open bank accounts through the following means:

- a mail shot to claimants encouraging them to get an account;
- each time claimants go to cash a cheque they are told by Customer Services where they can go to get a bank account and what ID they need;
- the MAW has been telephoning claimants who do not have account giving them information and advice;
- the MAW offers one-to-one appointments for those having difficulties opening an account.
Chapter 7: Does the LHA carry substantial administrative advantages?

This chapter draws together the evaluation findings in Coventry to answer the following questions:

*Which, if any, aspects of the new regulations have had the greatest impact on the way in which the benefit is administered in terms of key areas such as the speed of claim processing, the detection of fraud and the incidence of overpayment?*

Overall, LHA had some administrative advantages in relation to claim processing but they were not substantial. Not having to refer claims to The Rent Service was seen as an advantage compared to the old system, but the extent to which this simplified the processing of benefit claims was negated by the IT system used in Coventry which made the processing of claims more complicated. The true extent of the impact of LHA on processing times cannot be estimated in Coventry because of wider changes within the Benefits Service which have occurred over the Pathfinder period.

From the perspective of Assessment Officers LHA also brings administrative disadvantages in the form of additional responsibilities.

- Where tenants are eight weeks in arrears Assessment Officers have to administer the following procedures – collect evidence of arrears, transfer payments to the landlord, set a review date and switch payments back to the tenant when the arrears have been paid off. This was reported as being time consuming.
- Where payments are transferred to the landlord and the tenant is in receipt of an LHA excess, Assessment Officers also have to deal with setting up split payments.

LHA did not have any noticeable impact on the detection of fraud, on the incidence of overpayments, or on the demand for discretionary housing payments. However, recovering overpayments from tenants who were still claiming HB was considered to be easier, in some cases, than recovering overpayments from landlords.

The extent to which LHA carries substantial administrative advantages will also depend on the size of the LHA caseload. In Coventry, where the PRS accounts for a relatively small proportion of the total HB caseload any impact of LHA on average processing times, detection of fraud and overpayment will not be substantial.

*Is the LHA in practice essentially equitable (fairer) as a way of delivering assistance with housing costs?*

There were mixed views as to whether LHA is a fairer system. Proponents of this view argued that:

- assessing entitlement to LHA based on household composition was a fairer system compared to basing entitlement on property size and location;
- LHA was also considered to be fairer because the rates claimants were entitled to had been set at a more realistic level which had given claimants more choice in where they wanted to live.
Arguments against this view were that:

- It was not fair that some claimants were receiving LHA rates that were greatly in excess of their rent. Allowing claimants to receive a large LHA gain was not seen as being fair or cost effective.
- For some, having one flat LHA rate across the city was not considered to be fair because it meant that poorer areas of the city had the same rate as better off areas.
- LHA disadvantaged disabled people who no longer had their additional needs considered by the rent officer but had to make a separate application for a Discretionary Housing Payment.
- Under 25s are entitled to considerably less LHA than over 25s.

Evidence which could suggest that claimants view LHA as being a fairer system (in terms of LHA rates being set at levels which more realistically match contractual rents, or even exceed contractual rents) is the fact that the size of the LHA caseload has substantially increased over the life of the Pathfinder. This increase might be due to tenants in the social sector choosing to move to the PRS, although, as yet there is no evidence to substantiate this.

LHA has had no noticeable impact on the workloads of Complaints and Appeals Officers suggesting that LHA is at least seen as being no more unfair than the previous system.

*Will it be possible to replicate practices relating to the setting of LHA across all types of market?*

Yes – there was no evidence reported to suggest that LHA could not be replicated across other markets.

*Has the hoped-for transparency with regard to LHA administration been achieved, and have any administrative consequences that were unforeseen come to light during the evaluation period?*

The overwhelming view of staff within the Benefits Service, other LA departments and welfare agencies was that LHA had provided the hoped-for transparency. The advantage for people working in the Benefits Service, Jobcentre Plus and in welfare agencies who dealt with tenants on a day to day basis was that they could now tell claimants how much LHA they were entitled to. LHA had made it easier to explain the HB system to people and to give advice.

The reported benefit for tenants is that they can make informed choices about where they live and know up front whether a property is more expensive or cheaper than their LHA entitlement. The experience of welfare agencies was that homeless people were choosing to move into the PRS over the social sector because they knew what they would be entitled to and could afford and so could choose to move to better accommodation in the PRS in a location of their choice.

An area where LHA appeared to cause some confusion and was less transparent was in how the shared room rate was defined.

There were no unforeseen administrative consequences which came to light during the evaluation period. The LHA requiring Benefits Service staff to encourage claimants who did not have a bank account to open one was foreseen. What perhaps wasn’t foreseen was the number of claimants who would be using the LA’s cheque cashing service and that this service would be withdrawn.