Local housing allowance final evaluation: implementation and delivery in North East Lincolnshire

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Citation: POUND, E., 2007. Local housing allowance final evaluation: implementation and delivery in North East Lincolnshire. Report no. 14h. IN: Local Housing Allowance Final Evaluation: Case studies of implementation and delivery in each of the nine Pathfinder areas, Report no. 14. Leeds: Corporate Document Services

Additional Information:

- This report is also available online at: http://www.dwp.gov.uk/housingbenefit/lha/evaluation/2007/lha-path-eval-report-oct07.pdf

Metadata Record: https://dspace.lboro.ac.uk/2134/3139

Publisher: © Corporate Document Services

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Local Housing Allowance Final Evaluation:

Implementation and delivery in North East Lincolnshire
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Acknowledgements

We would like to thank all those who gave up their time to take part in the study. Particular thanks go to Kim Holmes and Paula Stoneman, who as Project Managers of the LHA, provided much appreciated help and support with the research.

Last but not least, our thanks to Nicola Selby at CRSP for her valuable administrative support to the project and for formatting the study report.

Centre for Research and Social Policy

Elspeth Pound
Executive summary

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

The key stakeholder groups in NE Lincolnshire that are involved in the delivery of the LHA, and are thus most likely to be affected by its implementation, were identified as HB administration, the Rent Officer Service and Jobcentre Plus. The Private Sector Housing section and Housing Strategy within the Council, and CARE Rent, a local charity, were also included in the Evaluation as stakeholders. Landlords were interviewed individually in the earlier stages of the evaluation and discussions were held with the newly launched Landlord Forum at Wave 3.

A series of interviews was conducted by senior staff from the Centre for Research in Social Policy with individuals from the stakeholder groups in NE Lincolnshire. These followed a set of interview guides designed for each type of stakeholder (which were also used in the other eight Pathfinders).

The context

The population of NE Lincolnshire is concentrated in three urban centres Grimsby, Immingham and Cleethorpes, with smaller settlements to the south and west. It is overwhelmingly white but the proportion of ethnic minority groups has increased following the designation of the borough as a dispersal area for asylum seekers.

The proportion of lone parent households with dependent children is above the national average, and single parents are one of the three main claimant groups in the private rented sector. The rate of teenage pregnancies is one of the highest in the country.

A combination of higher than average unemployment and lower than average earnings means that NE Lincolnshire suffers from high levels of deprivation in a number of Wards. The Indices of Deprivation shows that NE Lincolnshire has three Wards in the top ten per cent of most deprived Wards in the country.

While property prices remain below the national and regional average, recent house price rises have made it more difficult for people on low incomes to become owner-occupiers.

There is an underlying upward trend in the numbers of homeless people, most of whom are aged under 60 years, often with a background of alcohol and drug misuse and/or mental health problems. The under 25s are seen as more likely to be drug users than the older age groups.

The private rented sector is dominated by pre 1919 terraced properties that are often in poor condition, with little new build for rent. There has been some reduction in privately rented accommodation over the past five years as landlords have responded to rising house prices by putting their properties on the market.
The private rented sector is dominated by tenants in receipt of Housing Benefit. These are mainly single people or couples since there is little social housing for single people in NE Lincolnshire.

LHA was introduced as a ‘big bang’ on 9th February 2004 for new and existing claimants. Existing claimants whose payments were being made direct to landlords were transferred on 16th August 2004. Eighty per cent of existing claimants were in the latter category at that time. The underlying principle of LHA that payment of benefit should be made to the tenant unless there were compelling reasons to the contrary was therefore seen to be a significant challenge to the prevailing culture of Housing Benefit in NE Lincolnshire.

Issues arising in the early stages of implementing LHA

The introduction of the LHA in NE Lincolnshire coincided with a period of organisational change and financial crisis within the Council which had consequences for the administration of Housing Benefit. These changes were driven by the Council’s financial situation and benchmarking based on other authorities used for comparison rather than by the introduction of LHA.

Following the decision that NE Lincolnshire should become a Pathfinder, a LHA Project Manager was appointed (in post from July 2003) and a LHA Steering Group was formed, including the Principal Benefits Manager, IT representatives and a supervisor from the benefits section. The LHA Project Manager was subsequently joined by a Debt Adviser and a clerical secondee. Over the following year the team expanded to include a Policy and Performance Liaison Officer, an Appeals Officer, and an additional clerical assistant.

The early stages of implementation of LHA were supported by an extensive communications strategy, which included the production of new publicity materials.

Respondents within and outside the Council reported that the early implementation of LHA had gone well. There had been a good level of ‘joined up thinking’ across the Council and with relevant organisations in the borough. LHA was said to have fitted a lot more comfortably into benefit administration than other changes implemented in the past. The structure for administering LHA had continued to evolve throughout the evaluation period. At Wave 3 the Pathfinder Team were in the process of transferring the vulnerability assessments directly into the Assessment Arena where they would be dealt with by the team of 27 assessors.

IT issues

There were some early difficulties in the operation of the software and a degree of criticism about the standard of service provided by Sx3. In particular, insufficient time was allowed to test successive versions of the software prior to the February 2004 launch, resulting in some slippage. There were some initial glitches in the operation of the system, particularly at phase 2 of LHA implementation, but most of the problems were ironed out in the first year and the system was seen to have bedded down quite well.
Assisting claimants with the LHA

The introduction of the LHA did not have a very noticeable impact upon the Customer Access Points (CAPS), which provide the first point of contact between the Council and the public. If anything, the advent of LHA was found to have improved relationships between CAPS staff and their customers because staff could be more confident about informing them of the amount of benefit they would receive.

One emerging issue at Wave 2 was a conflict between some landlords’ requests for information about their tenants and the obligation of CAPS under data protection legislation to maintain tenants’ privacy unless prior permission had been given for disclosure. This appeared to be less of a problem at Wave 3, by which time the CAPS had ‘tightened up’ on what could or could not be disclosed to landlords and were consistently checking whether there was a disclosure permission on the claim before giving any information.

At the time LHA was introduced to NE Lincolnshire, access to money advice services for local residents was severely limited. Debt advice therefore became an important aspect of the implementation of LHA.

The system for determining vulnerability was well-planned and generally ran smoothly from the outset. The actual time taken to process a vulnerability case varied. If the claimant had correctly completed the vulnerability form and provided the necessary supporting evidence then the decision could be taken very quickly. Cases involving rent arrears were perceived as more difficult and complex, and collating and checking the evidence could take two or three hours.

Direct payment to claimants is central to the LHA regime, and payment into claimants’ bank accounts is the preferred method because of the additional security and efficiency it offers. However, many former HB claimants in NE Lincolnshire did not have bank accounts and needed considerable assistance in trying to open them because of unforeseen obstacles. The banks’ varying and erratic requirements for confirming ID proved a particular stumbling block. Most of these issues had been resolved by Wave 3.

The views of the landlords

From the beginning, private sector landlords in NE Lincolnshire expressed considerable misgivings about LHA, which often translated into outright hostility. They objected in particular to the ending of direct payments to landlords, believing that this would lead to sharp increases in rent arrears. Many threatened that they would no longer rent to tenants on benefit, and some even said that they would sell their properties.

Problems with establishing vulnerability status, managing arrears and collecting the required evidence were evident throughout the evaluation period but were alleviated by the efforts of the LHA team to support and educate landlords and the willingness of most landlords, in return, to work with the scheme. The re-launch of a Landlord Forum, facilitated by the LHA Team, proved a useful vehicle for communication and information.

The general picture at the end of the evaluation period was that while many landlords continued to harbor reservations about LHA, and occasional flare-ups continued in their dealings with the Council, the system had shaken down to a large extent and a relatively harmonious working relationship had been established.
The introduction of LHA initially had only a small impact on the work of Jobcentre Plus. Because there was only one set of rates for NE Lincolnshire, staff found that it was easier to explain to customers than either Housing Benefit or Council Tax Benefit and it did not appear to add much time to interviews with customers.

Although LHA was said to have been absorbed into the knowledge base of Jobcentre Plus staff quite early on, there was some evidence that it became a lower priority over the evaluation period as Jobcentre Plus emerged from its own large-scale re-organisation. Further in-depth training and awareness raising about LHA was indicated, particularly in view of the high rates of staff turnover currently being experienced at Jobcentre Plus.

An issue highlighted by both Jobcentre Plus and local authority respondents at Wave 3 was that lengthy delays currently being experienced in the processing of state benefits via Jobcentre Plus was having a knock-on effect on the awarding of LHA. This was because the local authority required a final determination of income from other benefits before awarding LHA. It was argued that this was unfair to the claimant and that the problem should be addressed through more compatible systems and better communication.

The Work of Rent Officers under the new regime

In order to ease the transition to LHA, the Rent Service established an internal pathfinder group, the Pathfinder Excellence Group (PEG), to meet bi-monthly. It comprised Rent Officers operating in Pathfinder areas and allowed them to exchange information. At the same time, the transition was not perceived as a complex process and was judged to have gone ‘very smoothly’. In particular, the procedure for gathering market evidence in the early stages of LHA was seen to be working well.

Shadow referrals from NE Lincolnshire were provided by the Department for Work and Pensions and used by the Rent Officers to show what determinations would have been made had there been no Pathfinder, and to produce an untainted database by removing LHA cases from the market evidence database. Shadow determinations were seen as useful in providing evidence across the entire market.

The pattern established after the introduction of LHA was that LHA rates were reviewed monthly when Rent Officers met to review the market evidence and discuss changes noted during the previous month. The procedure for producing the Local Housing Allowances was, by the time of the fieldwork for Wave 1 of the evaluation, believed to have been ‘embedded’ and working well.

Business as usual? Examples of the lack of impact of the LHA on Housing Benefit delivery

LHA has had a negligible impact on the following areas of HB Administration:
Verification and intervention

Prior to the introduction of LHA, the Council had been wholly compliant with the Verification Framework. The introduction of LHA had no direct impact upon verification procedures but took place alongside an ongoing re-organisation of the benefits team. Following this re-organisation, verification review visits were dropped and, instead, intervention visits were introduced on a three-year cycle, whereby claimants were visited at homes to ensure that the details held on them were correct. Each case was allocated a risk score by the DWP and intervention visits conducted accordingly. The net effect of this change has been a speeding up of times for the processing of claims.

Fraud

The implementation of LHA has had minimal impact upon the work of the Fraud Team. There have been no changes in the policies and procedures for fraud detection that could be attributed to LHA.

Overpayments

Despite some earlier concerns that it was proving more difficult to recover overpayments from tenants under LHA than from landlords under the old system, there was no sustained evidence that the level of unrecovered overpayments increased over the course of the evaluation period. By Wave 3 the arrangements for recovery were seen to be working reasonably successfully. The preferred method was recovery by instalment and, where a tenant was paying a top-up to meet a shortfall in rent, efforts were made to set the instalments at a level that would not cause hardship.

Complaints

Complaints about properties were dealt with by the Private Sector Housing section. This part of its workload remained relatively stable over the evaluation period. There was, however, a recurrence of incidents requiring mediation from the Private Sector Housing section where the tenant refused to pay the rent because of the poor condition of the property and where the landlord in turn threatened eviction claiming that repairs could not be undertaken unless the rent was paid.

Complaints about the operation of LHA were dealt with by the CAPS and the Pathfinder team. Most were from landlords concerned about missed payments and arrears. However, the volume of complaints from landlords diminished over the evaluation period. The complaints process itself was working smoothly by Wave 3, with between 90 per cent and 95 per cent of complaints being dealt with at Stage 1.

Discretionary Housing Payments

There was little change overall in the number of Discretionary Housing Payments (DHPs) awarded, although some fluctuations were noted in the course of the evaluation. It was reported that DHPs had declined following the introduction of LHA only to increase in the second year. The increase was attributed to a high proportion of LHA claimants (64 per cent) with shortfalls.
Homelessness

Despite initial fears that LHA would lead to an upsurge in homelessness, monitoring by the Homelessness Team during the second half of the evaluation period indicated that LHA had had no detectable impact in this respect.

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

Processing times

The introduction of LHA contributed to improvements in the processing times of new PRS claims in NE Lincolnshire, resulting in an increased overall efficiency of HB administration. While not spectacular, these improvements were noticeable and consistent. The principal source of time saved was the elimination of ‘the paper chase’ of the interaction with the Rent Service. LHA was regarded as one element in a re-organised benefits system rather than the main driver of change.

Vulnerability claims

At the outset, the administration of vulnerability claims was reported to be a time consuming activity, because of the complexities of assessing vulnerability and determining the limits of responsibility of staff. Over the evaluation period, however, the time taken to process vulnerability claims dropped from an average of around 20 days at the outset to between eight and ten days at the end. Key to the smooth administration of vulnerability claims was the embedding of awareness among landlords and claimants of the vulnerability criteria and the supporting evidence required.

Transparency

There was widespread agreement that the introduction of LHA had improved the transparency of the administration of HB. Private sector tenants could be told from the beginning the precise amount of benefit to which they were entitled and were thus better able to budget for their accommodation. However, transparency cut both ways, and the publication of the new LHA rates reportedly encouraged local landlords to include in the contractual rent a top up of £10 or so above the LHA rate for the property. The Pathfinder data is ambiguous on this point.

Communication with landlords

Confusion on the part of landlords about the process for triggering vulnerability claims because of arrears led to tensions with the local authority in the earlier part of the evaluation. These were eased by better information and communication, helped by the re-launch of the Landlord Forum.
Delivering the LHA – Some continuing issues

Concerns that LHA would lead to higher levels of evictions and homelessness through the accumulation of arrears proved unfounded over the evaluation period. The various formal systems and informal stratagems for the management of arrears contributed to the smooth administration of LHA but exposed awkward underlying questions about their effect upon the underlying principles of enhancing claimant autonomy and choice. The more payments were redirected to landlords, the more LHA resembled the old HB system in which the presumption was that the claimant could not be entrusted with the responsibility of budgeting to pay their rent.

An important question, therefore, is the extent to which the prevention of arrears in NE Lincolnshire could be improved so that fewer redirections of payment become necessary.

A more proactive approach on the part of landlords towards monitoring arrears, better co-ordination between the local authority and Jobcentre Plus in the administration of benefit, and a two-weekly payment schedule for the payment of rent were suggested by different respondents as elements of a preventive approach.

Disquiet was expressed by some respondents that the implementation of LHA was eroding tenants’ rights under housing legislation to withhold rent if the landlord failed to make essential repairs. Negligent landlords were achieving the redirection of LHA benefit once a tenant accumulated arrears even when there was a strong case under the Housing Act for rent to be withheld because of the condition of the property. There were fears about the long-term effect upon the quality of the housing stock.

An important objective of LHA was to improve claimants’ choice of accommodation by enabling them to manage and plan their own budget, choosing what proportion of their benefit they committed to rent and, if they wished, trading up to better accommodation in line with their families’ needs. There was a consensus, however, that trading up had not really happened in NE Lincolnshire, at least not on any noticeable scale.

The lack of a rent deposit or bond scheme within the borough to ease transitions between properties was one factor but a more powerful influence was the tendency of landlords, in a sector historically dominated by HB claimants, to incorporate a top up into the rent, over and above prevailing benefit levels. This continued under LHA, with the consequence that only a minority of claimants had modest excesses in their benefit while an increasing proportion experienced shortfalls in their rent over the period, even though the amount of these shortfalls decreased. Landlords’ behaviour in this respect did not appear to be modified by market responses, raising the question of whether the local authority might play a stronger role in managing the market, as often happened in other authorities.

LHA was found to bear relatively harshly upon young people, single people and couples, whose choice of accommodation was effectively restricted to one or two-room properties at the lower end of the market. The under 25s without children were in a particularly disadvantageous position because of the low levels of benefit they received compared to older claimants in similar circumstances. This had considerably reduced choice for young people who were already marginalised in other ways and had pushed them towards those landlords without accreditation who offered unfit and overcrowded properties.
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?

The introduction of LHA in NE Lincolnshire coincided with a major re-structuring of HB administration within the Council. Within this context, LHA was a contributor to improved efficiency rather than a major driver of change. Its principal impact was to speed and simplify the processing of claims within the benefits assessment area by removing the requirement to refer each claim to the Rent Service and await an individual determination. Set against these improvements in the speed of claim processing, was the additional time that had to be invested in the determination of vulnerability claims, although this reduced over the evaluation period as major glitches were dealt with by the Pathfinder team. The net effect of LHA upon HB administration would not be observable until the management of vulnerability claims was fully transferred to the benefits assessment arena post evaluation.

The implementation of LHA had minimal impact upon the work of the Fraud Team and there were no grounds for believing that the main reasons for overpayments changed in any way because of LHA.

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

Mixed messages emerged from the evaluation in response to this question. Achieving fairness for both claimant and landlord was a delicate balancing act and some believed that the advantages of the new system had begun to tilt in favour of the landlord. The practice of adjusting rents to prevailing benefit levels was one aspect, and a reported increase in the redirection of payment to the landlord was another. There was a danger of compromising the underlying principle of LHA that benefit should sustain rather than erode the tenant’s autonomy and personal responsibility for managing their income.

It is widely argued that the structuring of benefit rates within LHA has led to unfairness for young people, single people and couples without children. As previously discussed, the low levels of benefit received by the under 25s without children compared to older claimants in similar circumstances, placed them in a particularly disadvantageous position with regard to choice and quality of housing.

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

Although the private rented sector in NE Lincolnshire has idiosyncratic features, there is no reason to suggest that the success of the Rent Service in overcoming market evidence problems and setting LHA rates could not be replicated across all types of market.

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?
LHA has brought undisputed improvements in the transparency of benefit administration in NE Lincolnshire. This is mainly attributable to the clarity that is built into the system for determining benefit rates, but has been reinforced by an active communications strategy on the part of the local authority, which has included a considerable investment in publicity materials and a substantial redevelopment of the Council website.

An unanticipated consequence of transparency, as already discussed, has been to enable landlords to realign rentals to the enhanced LHA rates, thus eroding tenants’ room for manoeuvre within the private rented market. Also, transparency in establishing vulnerability claims, while necessary to gain the confidence of landlords, may have the effect of eroding the autonomy and responsibility of tenants.

**Overall, Does the LHA carry substantial administrative advantages?**

The administrative advantages of LHA are probably marginal rather than substantial. There have certainly been savings in the cost of rent determinations and associated improvements in the speed of processing new claims. On the other hand, aspects of LHA implementation have proved time-consuming and therefore costly to administer: notably the opening of bank accounts for many claimants and, more importantly, the complexities involved in establishing vulnerability claims.
Chapter 1: Introduction

About this report

This report is the last in a series evaluating the impact of the Local Housing Allowance (LHA) on the Housing Benefit (HB) delivery in the NE Lincolnshire Pathfinder. The LHA calculation of eligible rent differs from previous arrangements in HB for claimants in the private rented sector 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 Officer 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 those organisations and agencies involved in the delivery of the scheme in NE Lincolnshire carry out their work. The aim of the Evaluation was to assess the significance of any changes and, more specifically, to address a set of questions the answers to which would assist both the design of the final LHA scheme on national roll out and assist HB administration and other organisations in non-Pathfinder authorities in accommodating the scheme. 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 NE Lincolnshire:

i 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?

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

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

iv 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 structure of this report

In order to provide answers to these questions for the case of the NE Lincolnshire Pathfinder, this report proceeds as follows. The remainder of this Chapter explains briefly how the Evaluation was carried out in NE Lincolnshire before, in Chapter Two, identifying the changes in HB and other national policies in addition to the LHA which might have affected HB delivery. That Chapter also sets the local context of NE Lincolnshire against which any changes identified in this report need to be assessed. Chapter Three is concerned with the short term impacts of the implementation of the LHA, short term impacts here being
interpreted as those which were felt largely in the earlier part of the two year Pathfinder (and Evaluation) period, but which were perhaps not of such significance subsequently. Chapter Four discusses areas of HB delivery which over the two years the LHA might have been expected to be affected by the new regime but in practice appear to have been largely unaffected. Chapter Five then identifies areas where generally beneficial effects have been felt, while Chapter Six discusses those issues related to the LHA with which HB and other organisations still have to deal with at the end of the period. Chapter seven then draws on the preceding Chapters to specifically address the Evaluation questions identified on page 13.

Before proceeding, it is important to draw attention to a matter of terminology. As noted on page 13, the LHA is another way of delivering HB which differs from the way in which HB is delivered to the PRS in areas outside of the Pathfinder authorities and which differs from the way in which it is delivered in the social rented sectors in all areas. Despite these differences, the LHA is nevertheless part of the HB system and claimants on the LHA are still regarded as receiving HB. Thus, when the LHA arrangements are contrasted with HB arrangements below, this is to be interpreted as ‘HB arrangements under the LHA regulations’ contrasted with ‘HB arrangements under the non-LHA regulations’.

Conducting the evaluation

The key stakeholder groups in NE Lincolnshire that are involved in the delivery of the LHA, and are thus most likely to be affected by its implementation, were identified as HB administration, the Rent Officer Service and Jobcentre Plus. In addition, a potentially important role is played by agencies internal and external to the Pathfinder authority that give advice and assistance to claimants, and others, on such matters as personal finance and budgeting, and homelessness. Hence, in NE Lincolnshire the Private Sector Housing section and Housing Strategy within the Council, and CARE Rent, a local charity, were also included in the Evaluation as stakeholders. Landlords were interviewed individually in the earlier stages of the evaluation and discussions were held with the newly launched Landlord’ Forum at Wave 3.

A series of interviews was conducted by senior staff from the Centre for Research in Social Policy with individuals from the stakeholder groups in NE Lincolnshire. These 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 significant for them and for the NE Lincolnshire area.

The interviews were conducted at four points in time in order to identify how HB was being delivered prior to the introduction of the LHA (‘Baseline Stage’) and to contrast this with any effects on delivery which were emerging six months, 15 months and two years after the new arrangements were introduced. The LHA was introduced in NE Lincolnshire in two phases: in February 2004 for new claimants and existing claimants receiving the payment of Housing Benefit direct, and in August 2004 for existing Housing Benefit claimants whose benefit had been paid direct to their landlord. The Evaluation visits and interviews took place in:
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- January 2004 (Baseline).
- August 2004 (‘Wave One’ of the Evaluation).
- June 2005 (‘Wave Two’).
- February 2006 (‘Wave Three’).

Given that LHA was introduced in February 2004, references in this report to the different waves of the evaluation should be interpreted as follows:

- Wave 1: 6 months from start.
- Wave 2: 15 months from start.
- Wave 3: 24 months from start.

Once the interviews at each stage were completed, working papers were prepared, identifying the impacts of the LHA which had been observed at each visit.

The LHA Pathfinder Project Manager and the other stakeholders in NE Lincolnshire checked the four working papers for factual accuracy before they were submitted to DWP as working documents to be drawn upon in subsequent reporting. This Evaluation report is based upon these four working documents, and on the subsequent discussions with both DWP and the NE Lincolnshire stakeholders.
Chapter 2: The context

NE Lincolnshire in context

The resident population of NE Lincolnshire was 157,979 on Census day 2001, a fall of 1.9 per cent since 1991. Most of the population lives in three urban centres: Grimsby, Immingham and Cleethorpes, with smaller settlements to the south and south west. Population predictions suggest a decline in the population of NE Lincolnshire of about 19,900 (or 12.5 per cent) by 2016. This includes significant falls in the 20 to 44 age group, the main economically active and household forming group, which will impact on future housing needs.

The population of NE Lincolnshire is overwhelming white (98.6 per cent compared a national average of 90.9 per cent). However, the proportion of ethnic minority groups has increased following the designation of the borough as a dispersal area for asylum seekers.

The proportion of lone parent households with dependent children (8.7 per cent) is above the national average (6.5 per cent), and single parents are one of the three main claimant groups in the private rented sector. The rate of teenage pregnancies is one of the highest in the country. However, the proportion of single person households, according to the Census, was similar to the national average (29 per cent and 30 per cent, respectively).

The local labour market

NE Lincolnshire has two major ports at Immingham and Grimsby, and Cleethorpes is a popular seaside resort. Nonetheless, in 2002 the working-age employment rate for North East Lincolnshire (71.4 per cent) was below that for GB (74.2 per cent). This is because of high unemployment rather than inactivity – the ILO unemployment rate is 7.9 per cent, compared to the national average of 5.2 per cent.

Moreover, the 2001 Census reveals a high proportion of people aged 16 to 74 without qualifications, 37 per cent in NE Lincolnshire compared to 29 per cent for England and Wales.

ONS earnings data reported in the 2003/04 Housing Strategy shows that the average salary in NE Lincolnshire was 82 per cent of the national average. The local Housing Needs Survey reveals that more households in NE Lincolnshire have annual incomes under £10,000 than in the UK (31 per cent compared to 28 per cent) and fewer households have incomes over £30,000 per annum (20 per cent compared to 25 per cent).

The combination of higher than average unemployment and lower than average earnings means that NE Lincolnshire suffers from high levels of deprivation in a number of Wards. The Indices of Deprivation shows that NE Lincolnshire has three Wards in the top ten per cent of most deprived Wards in the country.
The local housing market

Within the local housing market were areas where there was said to have been ‘massive’ house price inflation; other areas were more static and some had even seen a decline in house prices. Prices remained lower than the regional and national averages. Nonetheless, recent house price increases, especially for detached and semi-detached properties, meant that the relatively large number of people on low incomes could find it difficult to enter the housing market. The private rented sector was said to be ‘cold to warm’, with many properties seen by the Council to be unfit or of a poor standard.

Evidence from the HM Land Registry (quoted in the Council’s Local Housing Market Annual Update) showed that while house prices increased between March 2002 and March 2003, property prices remained below the regional and national averages.

The 2001 Census figures revealed that just over 72 per cent of households in NE Lincolnshire were owner-occupiers; slightly more than 15 per cent were accommodated in social housing tenants; and ten per cent were in the private sector.

Homelessness

A total of 441 homelessness cases were recorded by the Council for the quarter ending 31 June 2003, of which 95 were judged to be unintentionally homeless and in priority need. There was an underlying upward trend in the number of homeless people – a threefold increase between 2000/01 and 2002/3.

The increase was attributed by the Council to the Homeless Act 2002, which widened the scope of the legislation by increasing the number of categories and priority need groups used. As a result of this change, the Council has been most affected by applications from 16-18 years olds and people fleeing domestic violence.

Council staff report that the majority of homeless people are aged under 60 years, often with a background of alcohol and drug misuse and/or mental health problems. The under 25s are seen as more likely to be drug users than the older age groups. The Council runs a homeless persons hostel that has 21 units. Other spaces are available at hostels run by the YMCA and the Salvation Army. However, neither of these two organisations will accept people who misuse alcohol or drugs. Substance users have to be accommodated in the Council’s hostel. The Council rarely places homeless people in bed and breakfast accommodation.

There is no agreement between the Council and private sector landlords to use their accommodation to re-house people deemed to be statutorily homeless. However, homelessness staff have a list of landlords and estate agents to whom non-statutorily homeless people can be referred.

1 The hostel referred to above (underlined) was Newsham Hostel and was closed in April 2005.
The private rented sector

The 2001 Census revealed an uneven spatial distribution of social housing across the wards of NE Lincolnshire, with a concentration in the Port Hinterland. The private rented sector is dominated by pre-1919 terraced properties that are often in poor condition. There is little new build for rent, although there are some executive properties on the market for rent.

There has been some reduction in privately rented accommodation over the past five years as landlords have responded to rising house prices by putting their properties on the market. Several landlords also threatened to pull out of the private rented market with the advent of LHA but the extent to which this took place has not been precisely documented. House prices, even for terraces, are too high for people on low incomes, or the properties are in such poor condition that people cannot afford to repair them.

The private rented sector is dominated by tenants in receipt of Housing Benefit. These are mainly single people or couples since, according to some Council staff, there is little social housing for single people in NE Lincolnshire. Historically, tenants have moved frequently between landlords, both within the private sector and between the private and social housing sectors, sometimes as a consequence of anti-social behaviour which is addressed proactively by the Council’s anti-social behaviour teams. Landlords have often failed to provide their tenants with rent books, and tenants have been unaware of their legal rights.

There is little difference in the rental values for furnished and unfurnished accommodation. A range of property types is available in a variety of locations, and rents vary by location being higher in Cleethorpes than in Grimsby or Immingham.

Housing Benefit claimants

A survey of Housing Benefit claimants was included in the Baseline report for each Pathfinder area. The NE Lincolnshire survey included 362 HB claimants. Key findings were that:

• Most were aged between 25 and 49, and almost two thirds were female.
• Nearly half were single.
• Over one third were single parents.
• Most had no qualifications.
• Just over one-tenth were in paid work, mostly in part-time employment.

Becoming an LHA pathfinder

The Department for Work and Pensions asked the Council if it would like to take part in the Pathfinder programme. The decision to become a pathfinder area was taken by senior officers (Chief Executive and Director of Finance) with the Leader of the Council and approved by Cabinet. Following a change in the political control of the Council, some councillors expressed doubts about continued participation in the scheme.
They were subsequently persuaded of the benefits of remaining a pathfinder, which were that it would raise the profile of the Council and allow the Council to influence the development of LHA by becoming involved at an early stage.

NE Lincolnshire was a ‘big bang’ pathfinder authority, introducing LHA in February 2004 for all claims. The full six-month transitional period was then used to assimilate new claimants and existing claimants who had received the payment of HB direct. This period is referred to in this report as Phase 1. The migration of the remaining stock caseload, comprising HB claimants whose benefit had been paid direct to their landlords, began in August 2004 (referred to as Phase 2).
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 NE Lincolnshire. The focus on events during the early stages of implementation is important since introducing changes to a welfare regime such as HB would be expected to affect the way that both HB administration and other organisations and agencies carry out their work. As important is the degree to which the initial impacts of the LHA on benefit delivery were ameliorated as both the arrangements for service delivery were adjusted in the light of these impacts and as stakeholders themselves adapted to the new system. Note that where the initial impacts of the LHA continued to be significant over and at the end of the two year Pathfinder and Evaluation period, these are discussed separately in Chapter Six.

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 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 clearly a concern not only for those directly concerned with managing the transition but also for the authority’s customer service function. The attitudes and practices of landlords were similarly critical to the implementation of the new scheme. The change that the LHA represents would further be expected to impact upon Rent Officers, who are responsible for setting the LHA rates, and upon the work of Jobcentre Plus, given that many LHA recipients are of working age and claiming other benefits. Thus, the early impacts of the LHA on HB administration and their IT, on customer services, on claimants’ ability to open bank accounts, upon the attitudes of landlords and on the work of both Rent Officers and Jobcentre Plus are considered in turn ahead.

Impacts on HB administration – The role of the Pathfinder Team

The introduction of the LHA in NE Lincolnshire coincided with a period of organisational change and financial crisis within the Council which had consequences for the administration of Housing Benefit. Around April 2004 (i.e. two months after the start date for LHA), the former Finance Directorate, which included benefit administration, was re-located within the Corporate Services Directorate. A reorganisation of the benefit administration teams also began at this time.

The latter involved a flattening of the staffing structure and an overall reduction in the number of staff by about ten. The fraud section was returned to the benefits section and merged with the Visiting/Verification Team to form a new Intervention Team. Responsibility for processing new claims was placed predominantly with benefit assessment officers in a move to remove the duplicate processing of claims by the (then) Verification Team and benefit assessor staff. These wider changes within Revenue and Benefits and Housing Benefit Administration were driven by the Council’s financial situation and benchmarking based on comparator authorities rather than by the introduction of LHA. At Wave 1, local authority staff considered that they had been more influential than LHA in improving performance.
In addition, the Council’s Customer Access Points (CAPS) moved to the Customer Services Directorate and the reception service at the Cleethorpes CAP was replaced by a self-service (as at Immingham).

Following the decision that NE Lincolnshire should become a Pathfinder, a LHA Project Manager was appointed (in post from July 2003) and a LHA Steering Group was formed, including the Principal Benefits Manager, IT representatives and a supervisor from the benefits section. The LHA Project Manager was subsequently joined by a Debt Adviser and a clerical secondee. Over the following year the team expanded to include a Policy and Performance Liaison Officer, an Appeals Officer, and an additional clerical assistant.

Priority tasks for the new Project Manager were to provide awareness training for all section staff, plus a training session for councillors; to develop close internal links with the Private Sector Housing Team and the Rent Service; and to make contact with a variety of external stakeholders, including local welfare groups and advice agencies, landlords and housing associations, banks, the Department for Work and Pensions/Jobcentre, and the local media.

The early stages of implementation of LHA were supported by an extensive communications strategy, which included the production of new publicity materials.

Key elements were:

- Letters to landlords and claimants at Phase 1 and Phase 2 informing them of the changeover to LHA. Claimants were informed about the amounts they would receive and landlords were told the date when payment could be expected. There was also informal liaison with landlords, although this declined after LHA went live.
- A Tenant Information Pack and a Debt Management Pack, available at Council centres, such as CAPS, and on the Council website.
- A one-day road show to publicise the change and the LHA rates.
- A tenant record card for people paying a rent top up but who were without a rent card or book.
- A ‘massive’ development of the Council’s website.
- The advertising of LHA rates on the Council’s website and on posters at CAPS, Jobcentre Plus, the local CAB and libraries.

Some materials produced by the Department for Work and Pensions were used locally but these sometimes needed to be adapted to fit local concerns and circumstances. For example, a standard letter announcing the ‘good news’ that tenants were to be paid LHA Direct was changed (to ‘important news’) in order to avoid raising the hackles of local landlords who were expressing opposition to the scheme at time. Also, it was felt that the content of the DWP’s communications was not always finely tuned to an area such as NE Lincolnshire with a high proportion of transient people.

Respondents within and outside the Council reported that the early implementation of LHA had gone well. There had been a good level of ‘joined up thinking’ across the Council and with relevant organisations in the borough. LHA was said to have fitted a lot more comfortably into benefit administration than other changes implemented in the past. At Wave 1, fewer complaints than expected had been received from landlords and there were few reported cases of rent arrears arising from the direct payment of LHA to tenants.
At the end of the evaluation period there was a sense of satisfaction that the implementation had been accomplished without any ‘major hiccups’. Some landlords had still not been won over to LHA but a Landlord Forum and a newsletter to landlords had been established (discussed more fully in Chapter five below), perceptibly easing communication. The tenants generally appeared to be happy with the new arrangements. Most of the initial teething problems within the system had been ironed out.

The only outstanding issue mentioned at this point was the timing for the monthly figures produced by the Rent Service. At present, these were available within three to five working days before the end of the month, a little too late for the Pathfinder Team to get the rates into the system for an automated mass calculation run.

The structure for administering LHA had continued to evolve throughout the evaluation period. At Wave Three the Pathfinder Team were in the process of transferring the vulnerability assessments directly into the Assessment arena where they would be dealt with by the team of 27 assessors. Experience had shown that the maximum daily number of vulnerability applications received in one day was about 12, and so there was optimism that these claims could readily be kept up to date.

Another change recently accomplished at this point was the transfer of responsibility from the Pathfinder Team to the Control and Monitoring Team for making the MIS returns to the Department for Work and Pensions. This was said to be working well.

**IT issues**

At Wave 1, there was a critical reaction from respondents to what they saw as a poor standard of service from Sx3. There were sometimes delays in Sx3 responding to enquiries and the explanatory notes provided tended to lack the level of detail required. The Council received approximately five versions of the software in the four months leading up to going live in February 2004, and each version had to be tested. The frequency of testing did lead to slippage, so that some testing of the functionality of the software had to be conducted during staff training sessions. Doubts were expressed about whether NE Lincolnshire would have had the capacity to introduce LHA on time if the software had not been extensively and independently tested by Brighton and Hove Council. With the benefit of hindsight, one respondent suggested that the authorities that were involved in the pathfinder project should have all come together at the outset to discuss the software issues, together with IT people within their sections.

Concerns were raised at an early stage of implementation about the performance of the IT system. Specifically, whilst the system did automatically convert cases to LHA at phase 1, it was unable to do so at phase 2, thus requiring that all 1,800 claims for phase 2 had to be converted manually. Also, the data health check, which was run when going live, showed that the system did not recognise the shared room rate for LHA, instead converting it to the two room rate. Each two room rate then had to be checked manually.

At Wave 2, the testing of new releases had been taken over by the Control and Monitoring Section. There had been some problems around the first anniversary date, which the software logged as 52 weeks rather than one calendar year, but this was subsequently resolved and, apart from some intermittent ‘niggly’
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problems in getting the system to work from the right dates and getting notification to give the right information, the IT appeared to have bedded down relatively successfully with no major negative impacts upon the administration of LHA.

Assisting claimants with the LHA

**Impact on customer services**

It is perhaps inevitable that a change in the HB arrangements of the sort brought about by the introduction of the LHA would reveal a lack of understanding of the new regime on the part of claimants – and, indeed, landlords – and cause some confusion about the nature and payment of entitlements. This is despite the very large amount of work that HB administration, DWP and others put into informing all parties of the rationale for and implications of the LHA. Thus, it would be expected that front line staff in HB administration and other organisations would experience increased demands for advice and assistance.

In NE Lincolnshire, however, it was found that the introduction of the LHA had not had a very noticeable impact upon CAPS, with staff describing the transition as ‘very smooth’. If anything, the advent of LHA was found to have improved relationships between CAPS staff and their customers because staff could be more confident about informing them of the amount of benefit they would receive. As noted above, there had been a reorganisation of CAPS just prior to the implementation of LHA. These changes did not, in their turn, appear to impact upon the delivery of LHA. Essentially the same service was provided to private tenants as under Housing Benefit.

This relatively problem-free assimilation of LHA into the service provided by the CAPS was sustained right through the evaluation period. Complaints from landlords remained a significant feature of their daily workload but these were not always related to LHA. Indeed, the level of LHA-related complaints appeared to have reduced over time as landlords became more used to the scheme. Even if they remained unhappy about LHA, they understood it better and knew that they had recourse to the local authority if arrears began to accumulate.

At Wave 1 it was reported that some claimants wanting to be deemed vulnerable approached staff in CAPS. Some respondents said that ‘considerable numbers’ were involved. However, dealing with vulnerability had been less of a problem than anticipated for the service since CAPS staff’s role was mainly just to collect supporting evidence, although they would assist claimants with completing the form and advise on the adequacy of the evidence provided.

One emerging issue identified at Wave 2 was a conflict between some landlords’ requests for information about their tenants and the obligation of CAPS under data protection legislation to maintain tenants’ privacy unless prior permission had been given for disclosure. Some landlords appeared to believe that they had a right to information about tenants’ personal circumstances. This had led to some difficult exchanges when the CAPS staff had refused information and advised the landlord to speak to the tenant directly. This was said to be less of an issue at Wave 3 by which time the CAPS had ‘tightened up’ on what could or could not be disclosed to landlords and were consistently checking whether there was a disclosure permission on
the claim before giving any information. Although some landlords still became angry, they were receiving a more consistent response from the CAPS.

**Money advice services and vulnerability**

At the time LHA was introduced to NE Lincolnshire, access to money advice services for local residents was severely limited. The council’s Integrated Advice Service (IAS), which provided a money advice service, was closed in April 2004. The local CAB was under considerable pressure, with reported waiting lists of up to eight weeks and only one debt adviser in post. Shelter offered a service but local people saw this as dealing with homelessness rather than housing issues in general.

On the positive side, a new debt advice service, The Advice Centre, had been established at the Nunsthorpe and Bradley Resource Centre. This free service was staffed by most of the advisers from the former IAS. This is a private company that was believed to have funding from a variety of governmental and European sources.

Of more direct relevance to tenants claiming LHA was the appointment of a Debt Adviser to the Pathfinder Team. In addition, as mentioned earlier, the Council had developed a Tenant Information Pack, Debt Management Pack and a Tenant Record Card as part of its publicity strategy to support the introduction of LHA.

The role of the Pathfinder Debt Adviser, who had formerly worked for the IAS, was to provide a money advice service to Local Housing Allowance claimants. This was to cover all debts, not just rent arrears, since it was felt that a service that was narrowly drawn would be less effective. The service aimed to establish budget priorities for clients so that debts to landlords and others were resolved.

The adviser delivered the service from the most convenient council building for the client; no home visits were conducted. Face-to-face interviews were conducted in rooms where the client was assured of privacy.

The services provided by the adviser included: a maximising benefit check; debt counselling; helping with DHPs, securing funding from an Anglian Water trust if the client had water and sewerage charge arrears; detachments from benefit for, say, Council Tax arrears; referring clients to other organisations to address employment and health issues; assisting with applications to the Social Fund; and getting clients to cut up credit cards. The adviser also negotiated the repayment of debts with creditors. When the adviser approached private landlords they tended to be helpful and understanding.

The service was promoted through flyers (in CAPS, libraries, and doctors’ surgeries), the Tenant Information Pack and increasingly by word of mouth. Referrals could also be made from CAPS and by the Pathfinder project manager when reviewing vulnerable cases.

Although part of the Pathfinder project manager’s team, the Debt Adviser had sole responsibility for delivering the money advice service. The absence of any administrative support did constrain the number of clients caseloaded. Between mid-March and September 2004, the Debt Adviser had a caseload of 40 clients.
However, the Pathfinder Debt Adviser left in December 2004 and was not replaced within the team. At the time of the Wave Two interviews in June 2005, there was just one debt adviser within the local authority who had been in place for only one month at the time of fieldwork. He would receive lists of claimants in arrears from the LHA team, write to them offering advice and support, and follow this up with a phone call. Most of his work was generated through LHA team referrals. As noted below, a substantial part of his workload involved helping people who were having difficulty opening bank accounts.

The system for determining vulnerability was well-planned and generally ran smoothly from the outset. The Council had published its vulnerability criteria and associated indicators and had publicised that claimants could sign a Data Protection Consent Form so that the council could inform landlords that Local Housing Allowance was being paid direct to a tenant, and when payments commenced and ceased. The vulnerability indicators were as follows:

- Learning Disability.
- Medical Condition, i.e. dementia, terminal illness.
- Illiteracy or an inability to speak English.
- Addiction to drugs, alcohol, gambling.
- Fleeing domestic violence/single homeless (care leaver), leaving prison.
- Severe debt problems.
- Undischarged bankruptcy.
- Inability to open a bank account.
- In receipt of help from homeless charity.

The process for establishing vulnerability began with the claimant completing a vulnerability form. Claimants and landlords pursuing a claim for vulnerability status could:

- visit a CAP and submit the form and make a statement;
- telephone a number given on the letters sent to claimants informing them of the introduction of Local Housing Allowance; or
- post, fax or email the vulnerability form. (Landlords were more likely than tenants to fax or email the vulnerability forms.)

In addition, the Pathfinder Debt Adviser might refer clients to the project manager for consideration as vulnerable. At the outset, a substantial proportion of claims were initiated by landlords (estimated at 70 per cent at Wave 1).

Claims for vulnerability were then processed by the Pathfinder Team, initially by the Project Manager who was assisted in the collection of evidence by a clerical assistant. At Wave 1, two full-time officers within the team were responsible for undertaking visits to assess vulnerability but these posts had been discontinued by Wave 2, with no perceived detrimental effect upon the processing of claims.
The actual time taken to process a vulnerability case varied. If the claimant had correctly completed the vulnerability form and provided the necessary supporting evidence then the decision could be taken very quickly. Cases involving rent arrears were perceived as more difficult and complex, and collating and checking the evidence could take two to three hours. Often the project manager received ‘rambling’ supporting statements, usually without supporting evidence. In these circumstances a letter requesting specific evidence was sent to the landlord.

Claimants were initially classed as vulnerable for a year, when their vulnerability status was reviewed. Where payments were made direct to the landlord because of rent arrears, the case was reviewed once the arrears were cleared. By Wave 2, the system had become somewhat more flexible so that short-term vulnerability cases – for example, where a client was unable to open a bank account – were reviewed more quickly.

At the final stage of the evaluation, responsibility for processing vulnerability claims was being transferred to the assessment arena. Training sessions for the 27 assessors in the arena had been given by the Pathfinder Team.

**Claimants’ access to bank accounts**

Direct payment to claimants is central to the LHA regime. Making payments in this way is intended to empower claimants by enabling them to use their entitlement to choose alternative accommodation or negotiate with their landlord over the rent charged for their current property – in short, if they have the money they should have the power.

Clearly, if claimants are receiving the LHA direct, then they need to have some means of accessing their entitlement. This becomes particularly important under the new regime, given the much greater number of tenants who receive direct payment under the LHA than was the case under previous HB regulations. Hence, the importance attached to LHA claimants of having bank accounts. Paying the LHA directly into a bank account also yields efficiency benefits for HB administration and can be argued, in principle, to be one way of improving inclusion for claimants by bringing them within the mainstream financial system. In practice, paying the LHA direct into a bank account can benefit claimants by saving them the financial and other costs involved in cashing their entitlements and then subsequently arranging to hand over the rent to their landlord.

Given that under pre-LHA arrangements the norm was that of paying the benefit to the landlord so that the majority of tenants did not need access to bank accounts for HB purposes, there was uncertainty in the planning and early implementation stage as to how many claimants already had accounts. There were also conflicting views as to the difficulty or otherwise that claimant’s eligible for direct payment but without bank accounts might have in opening an account for the first time. The issue had been discussed with banks at a local and national level, and it appeared that the ID requirements for opening basic accounts were not onerous. Claimants moving on to the LHA also received a leaflet from HB administration explaining the bank account options and how these options could be exercised.
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Housing Benefit claimants in NE Lincolnshire had traditionally used the Council’s corporate bank to cash their benefit cheques free of charge but at Wave 1 the bank concerned was proposing to withdraw this facility. There was a suggestion that the bank was responding to the imminent introduction of LHA, which was expected to generate a much larger number of cheques needing to be cashed.

In addition, evidence was emerging about obstacles that LHA claimants might face within the local banking system. For example, requirements for confirming ID appeared to vary even between branches of the same bank and some had recently decided to accept only photographic evidence via passports and driving licences, neither of which were owned by a proportion of claimants. Some banks, having stated that they would accept a Department for Work and Pensions letter of entitlement to Jobseekers allowance as sufficient evidence for opening an account, subsequently changed their minds. At the time of the Wave 1 interviews, one council respondent estimated that up to 20 people had been refused a bank account because of a lack of suitable ID, and there was concern that some people might ‘slip through the net’ because they could not open an account and the Council could not pay LHA to the landlord. By this stage, 1,100 claims had been converted to BACS out of a private rented caseload of 5,800. This included 20 of the 25 who had previously been paid by girocheque. At this point, the Pathfinder team produced a leaflet for tenants offering guidance on how to open a bank account and it was planned to contact the local banks to try to persuade them to accept Housing Benefit notification letters as proof of identity.

Continuing difficulties with the opening of accounts and other banking issues were reported at Wave 2. The Pathfinder Team’s explanatory leaflet had proved to be of limited value because of frequent changes of rules and conditions by the banks, and the banks themselves were refusing to accept the Housing Benefit notification letters on the grounds that they could easily be forged. The Pathfinder Team had encountered cases where claimants who were unable or refused to open an account were paying hefty transaction costs for cashing excess cheques, sometimes almost equal to the value of the cheques themselves. The pressures on some tenants were compounded by some landlords who insisted that their tenants had bank accounts and set up standing orders for paying rent.

At this stage, a large proportion of the Pathfinder Debt Adviser’s work involved helping claimants to open bank accounts and moving remaining claimants and landlords onto the BACS system, which had been heavily promoted by the Council for Housing Benefit recipients since April 2004, prior to which date most had been paid by cheque and a few by giro cheque. Subsequently, the team sent out a flyer to tenants to remind them of the availability of the Debt Adviser to offer assistance with money problems and help with opening bank accounts.

The approach since taken by the Pathfinder team when a tenant has reported having difficulty in opening a bank account has been to switch payments to the landlord for a three month period and simultaneously to refer the claimant to the Debt Adviser for an investigation of the problem. Experience has shown that there can be problems with credit scoring when the individual has requested an account with a credit card and chequebook rather than a basic account, and sometimes that tenants with basic accounts have difficulty in setting up a standing order to their landlord. By Wave 3 it was reported that most of these cases were being resolved, enabling payment to be switched back to the tenant within a short period. The banking background of the new Debt Adviser was proving to be of great value in untangling problems with accounts, and it appeared that the situation had improved greatly over the previous year.
The views of the landlords

A landlord survey (size of sample not mentioned) conducted at the Baseline stage, indicated that 92 per cent of all landlords in NE Lincolnshire had at least one Housing Benefit tenant. They appeared to be more willing than landlords in general to accept Housing Benefit recipients as tenants, with 13 percent saying they preferred HB tenants, compared to eight per cent in the local authorities as a whole. The overwhelming majority of landlords and letting agents participating in the NE Lincolnshire survey preferred to have Housing Benefit paid to them, with only two percent expressing no preference and two percent wishing payment to be made direct to the claimant.

In this context, it is perhaps hardly surprising that landlords and letting agents participating in a focus group at the Baseline stage, expressed considerable misgivings about LHA, sometimes turning to outright hostility. They objected in particular to the ending of direct payments to landlords, believing that this would lead to sharp increases in rent arrears. Even the best tenants, they suggested, would be tempted to ‘borrow’ against their benefit once it was in their pocket.

At the Baseline stage, some had already decided to stop renting to people claiming Housing Benefit because of the impending arrival of LHA, and there were reports of some landlords selling their properties, with fears of a significant withdrawal of properties from the privately rented market once LHA was in place. Landlords were aware that the new vulnerability criteria could be used to redirect payments to the landlord but expressed uncertainty about how these would be used. As far as missed payments were concerned, they felt that there was a lack of clarity about when the Council could be contacted and payment redirected.

Other fears were that landlords’ administrative costs would increase, for example through extra bookkeeping and the reintroduction of rent collectors, and this would exert an upward pressure on rents.

Although landlords and agents continued to express hostility at Wave 1, they had evidently not been swamped with rent arrears problems. For example, one landlord with 30 new lets since the introduction of LHA said that only three had defaulted on their rent. Nonetheless, this was before the introduction of phase 2 of LHA, which incorporated those existing HB claimants whose payments had been made direct to the landlord. These were viewed by the landlords as a more problematic group, and it was feared that there would be an upsurge of arrears at this point.

Fifteen months later, at Wave 2 of the evaluation, there was anecdotal evidence from one letting agent that a few landlords had sold up in the more deprived areas of the borough in order to invest in properties in better areas.

It was unclear to what extent some landlords had acted on their early intention to restrict lettings to people not on benefit. At Wave 3, a respondent from the Landlord’s Forum suggested that 75-80 per cent of new advertisements for lettings indicated ‘No DSS’. At the same time, some local authority respondents were sceptical of the extent to which private landlords could exclude people on benefits, particularly at the lower end of the market where an overwhelming majority had traditionally been on Housing Benefit.
Some landlords had decided to put all their properties through CARE Rent, a local charity that re-houses people in the privately rented sector and receives direct payments of Local Housing Allowance for all its clients under a service level agreement with the Council. This arrangement enables the landlords to continue to receive guaranteed direct payment. CARE Rent expressed surprise that more landlords had not registered with them given the evident advantages to them.

Problems with establishing vulnerability status, managing arrears and collecting the required evidence were evident throughout the evaluation period but were alleviated by the efforts of the LHA team to support and educate landlords and the willingness of most landlords, in return, to work with the scheme. The re-launch of a Landlord Forum, facilitated by the LHA Team, proved a useful vehicle for communication and information. As indicated elsewhere in this report, the general picture at the end of the evaluation period was that while many landlords continued to harbour reservations about LHA, and occasional flare-ups continued in their dealings with the Council, the system had shaken down to a large extent and a relatively harmonious working relationship had been established.

**The LHA and the delivery of other benefits – The impact on Jobcentre Plus**

The introduction of LHA initially had only a small impact on the work of Jobcentre plus. Staff dealing with customers needed to have some basic understanding and knowledge of LHA but they found that it was easier to explain to customers than either Housing Benefit or Council Tax Benefit (because there was only one set of rates for NE Lincolnshire) and it did not appear to add much time to interviews with customers.

The LHA rates were sent each month to Jobcentre Plus so that they could be in-putted by the Personal Advisers into customers’ better-off calculations. At the outset, the software used for better-off calculations assumed customers were in receipt of Housing Benefit rather than LHA and so a manual adjustment was sometimes required. Where the LHA was greater than the rent, some advisers inputted to the software the full amount of the benefit as income.

Although the Jobcentre Plus offices initially had copies of the Tenant Information Pack and displayed posters about LHA rates, advisers referred customers to the local authority if they had detailed enquiries about LHA or wished to obtain an application form.

No adverse reaction by customers to the introduction of LHA was reported at Waves 1 or 2. At the same time, some customers appeared to be unaware of the rationale for the scheme – in particular, to simplify the system, to empower claimants to be able to choose the type of accommodation they want to live in and improve the work-readiness of claimants and create incentives for them to look for and enter work.

At Wave 2 it was felt that awareness of LHA had become basic knowledge among Jobcentre Plus staff and claimants and that although it continued to involve advisers in some additional work in setting up a new claim, it had minimal impact upon their business once the claim was up and running. LHA had not had the expected impact of increasing applications to the Social Fund.
At the end of the evaluation period, some concern was expressed by both Jobcentre Plus and local authority respondents about delays in the processing of HB/ LHA claims where the claimant was simultaneously claiming state benefit via Jobcentre Plus. It was reported that processing times for the latter by Jobcentre Plus were currently very slow – between four and eight weeks – and that the Council was reluctant to award HB/ LHA in the meantime without evidence of total benefit income. This could involve delays in the claimant receiving LHA, with the accompanying risk of a build-up of arrears and, in the worst case, eviction by the landlord. Moreover, both the claimant and the Jobcentre Plus staff were involved in an extra layer of form-filling in order to provide the information requested, and some claimants experience of being sent ‘from pillar to post’ was seen as contrary to the ethos of the current welfare system. It was suggested that the Council should be able to establish an interim payment for LHA in these circumstances and adjust it if necessary at a later date.

It was also reported at this stage that while Jobcentre Plus staff had been briefed about LHAs and had received some ‘flashy’ new packs to promote it, these packs were not being distributed to customers and old housing benefit forms were still being used. This was said to be indicative of the low priority accorded to LHA by Jobcentre Plus staff emerging from the massive reorganisation of their own service during the previous two years. Further in-depth training and awareness raising about LHA was said to be required, particularly in view of the high rates of staff turnover currently being experienced at Jobcentre Plus. There was, moreover, a need to promote the innovative features of LHA – particularly the enhancement of customer choice and autonomy – among Jobcentre Plus staff and customers alike.

Other than the issue flagged up above of extra time devoted to reporting back to the local authority on the progress of benefit claims, the front-line service provided by Jobcentre Plus had not been greatly affected by LHA during the last period of the evaluation. This mirrored the findings at Waves 1 and 2. The issues raised were rather to do with the overall quality and speed of service delivered to the customer by the local authority and Jobcentre Plus.

**The work of Rent Officers under the new regime**

The Rent Service is organised geographically with NE Lincolnshire covered by the South Bank Valuation Team, which in turn is one of the teams covering the Yorkshire area. The South Bank team is based in Doncaster.

Prior to LHA, Rent Officers typically allocated around 80 per cent of their time to casework on Housing Benefit determinations. Of the time devoted to Housing Benefit, approximately 20 per cent was spent gathering market evidence, provided mainly by letting agents and larger landlords. The emphasis upon collecting market evidence for NE Lincolnshire has not changed as a result of LHA but it has been difficult to obtain market evidence untainted by Housing Benefit, because of the high proportion of private tenancies where the tenant is in receipt of Housing Benefit. Market evidence was collected by Rent Officers, and, without prior knowledge, they often collected and subsequently discovered that the data they had gathered was for a Housing Benefit let. Collected evidence was checked against the Housing Benefit database to screen out cases that might be tainted by Housing Benefit.
In order to ease the transition to LHA, the Rent Service established an internal pathfinder group, the Pathfinder Excellence Group (PEG), to meet bi-monthly. It comprised of Rent Officers operating in Pathfinder areas and allowed them to exchange information. At the same time, the transition was not perceived as a complex process and was judged to have gone ‘very smoothly’.

**Collecting market evidence**

In particular, the procedure for gathering market evidence in the early stages of LHA was seen to be working well. Nonetheless, the Rent Officers anticipated that LHA would have two possibly negative effects upon this activity in the longer term: first, it would lead to more of the evidence being collected by pro forma since officers had less of a presence in the borough and it was more difficult for them to make appointments with landlords and agents; second, Rent Officers no longer had contacts with private tenants, and as a consequence were missing the tenants’ perspective on the market, possibly resulting in an inaccurate perception of their circumstances.

There was a concern that small landlords might not be able to provide untainted market evidence. This was partly because the landlords themselves might not know if a tenant was in receipt of benefit, and partly because under the Housing Benefit regime Rent Officers had experience of a few landlords (and agents) incorrectly saying that a tenant was not claiming Housing Benefit. At the time of the fieldwork, Rent Officers were unable to check conclusively as to whether a tenant was claiming Local Housing Allowance.

Findings at Wave 2 of the evaluation found that while individual properties were no longer inspected, regular contact with landlords was being maintained via pro formas and regular liaison meetings. Administrative staff had become more involved in contacting landlords and agents, using the SMILE computer programme to manage data. They were trying to develop electronic market evidence from the larger landlords. There were also plans to improve market evidence collection from the lower end of the market, typically occupied by individual landlords with only one or two properties.

**Shadow determinations**

Shadow referrals from NE Lincolnshire were provided by the Department for Work and Pensions and used by the Rent Officers to show what determinations would have been made had there been no Pathfinder, and to produce an untainted database by removing LHA cases from the market evidence database. The associated workload was anticipated at Wave 1 to be heavy and proved to be so. Findings from Wave 2 of the evaluation showed that 7000 shadow referrals had been dealt with in the intervening period. The process took longer than anticipated due to delays in receiving the DWP data and the number of duplicate records. A temporary member of staff had been brought in to support Rent Officers dealing with shadow referrals. Shadow determinations were seen as useful in providing evidence across the entire market.

A shadow determination computer programme was used, enabling Rent Officers to marry up the information from the referrals with historical data held on each property. Contradictions between historical data and DWP data were said to sometimes occur, and staff were generally more confident about historical data because these had been gathered through inspection. Properties were no longer inspected internally and the Rent Service expected to view around 10-15 per cent properties externally.
Setting the Local Housing Allowances

LHA rates are reviewed monthly when Rent Officers meet to review the market evidence and discuss changes noted during the previous month. This is a continuation of practice established prior to the introduction of LHA. Following each monthly review, the Rent Service has a three to five day window within which to provide the local authority with the Local Housing Allowance rates.

Also in accordance with previous practice, quarterly reviews are held in which the Broad Rental Market Area (BRMA) is reviewed and market evidence subjected to a more detailed analysis. The service expressed confidence in the BRMA and had no immediate plans to change it, although it was of course possible that each review could highlight the need for change.

The procedure for producing the Local Housing Allowances was, by the time of the fieldwork for Wave 1 of the evaluation, believed to have been ‘embedded’ and working well.

Exemptions to Local Housing Allowance

At Wave 1, there had been only a few referrals for determinations from the local authority and not all of these met the criteria for exemption, notably those cases involving supported accommodation. The Team had a policy of inspecting all supported accommodation ‘exempt’ cases to ascertain the nature of the letting, in particular to determine the board element of the rent. The Team received about 10 to 15 ‘genuine’ exempt cases per month. At Wave 2, the number of these determinations was described as insignificant.
Chapter 4: Business as usual? Example of the lack of impact of the LHA on housing benefit delivery

Introduction

It is important to recognise from the outset that from an administrative point of view many aspects of processing HB/LHA claims have not changed as a result of the new scheme. For example, the means test requirements of the previous regime still apply in full, so that information and evidence on many aspects of a claimant’s personal and financial circumstances still have to be collected and verified. There is nothing in the LHA scheme that would be expected to make this aspect of processing either easier or more difficult.

Further, as noted in Chapter Two above, a number of important changes in the HB regulations additional to those concerning the LHA have been implemented during the Pathfinder and Evaluation period which have significantly affected some aspects of HB administration and service delivery.

Verification and interventions

Prior to the introduction of LHA, the Council had been wholly compliant with the Verification Framework (since January 2001). Staff at the CAPS were checking that claimants had answered all relevant questions on the form, taking supporting evidence or informing claimants what evidence was required. According to most Council respondents, landlords and claimants generally knew what supporting evidence was required, and expected to provide it within the four week deadline. Interim payments were made whilst the Council was waiting for a rent valuation from the Rent Service.

The introduction of LHA had no direct impact upon verification procedures but took place alongside an ongoing reorganisation of the benefits team. As part of these changes, the fraud section was returned to the benefits section and was merged with the Visiting/Verification Team to form a new intervention team under an interim counter fraud manager. And, as noted earlier, the benefits assessors then assumed the primary responsibility for the processing of new claims, a role which they had formerly shared with the (then) Verification Team, leading to some duplication of function.

Following this reorganisation, verification review visits were dropped and, instead, intervention visits were introduced on a three-year cycle, whereby claimants were visited at home to ensure that the details held on them were correct. Each case was allocated a risk score by the DWP and intervention visits conducted accordingly. The net effect of this change was a speeding up of times for the processing of claims and, according to one respondent, a more consistent approach to verification, which now had to follow criteria laid down by government (for example, about the production of original documentation on rental agreements.)
Fraud

The implementation of LHA has had minimal impact upon the work of the Fraud Team. There have been no changes in the policies and procedures for fraud detection that could be attributed to LHA. This is all the more surprising when it is considered that NE Lincolnshire has seen an almost complete reversal from 80% payment to landlord to 80% payment to tenants.

As reported at Wave 2, local authority restructuring resulted in two visiting officers moving from the Fraud Team to the LHA Pathfinder Team for 12 months in order to deal with the initial influx of landlord letters relating to arrears and vulnerability. However, these visiting posts were subsequently discontinued and the Fraud Team lost the capacity to undertake LHA visits. They initially complained that this made it harder to verify and review vulnerability claims. The new intervention visits required one week's notice, which made fraudulent activity more difficult to detect. By Wave 3, however, the fraud section had developed a more positive view of the intervention visits, believing that they had brought about a more proactive and systematic approach to detection.

The pattern of fraud in NE Lincolnshire has remained unchanged throughout the evaluation period: i.e. predominantly involving cases of co-habitation/living together, typically with the partner not declaring work/income. The Housing Benefit Matching Service (HBMS) has become more important in the detection of fraud but this has not been associated with significant increases in sanction rates, which have remained remarkably stable over the period.

Overpayments

The main reasons for overpayments identified at the beginning of the evaluation period were:

- Changes in people's circumstances that are not immediately reported to the Council.
- Delays in processing non-priority cases even when changes have been reported.
- Human error due to low concentration levels by staff.
- Extended payments for Housing Benefit.

There are no grounds for believing that these reasons changed over the course of the evaluation.

Prior to the introduction of LHA, the detection of overpayments had improved with the introduction of the Verification Framework. The percentage of recoverable overpayments up to November 2003 was 44.5 per cent (against a target of 46.9 per cent).

The BFI had been critical of the Council’s overpayment recovery rate. The Council was following BFI (PIAT) recommendations and there was some evidence of improvement at Baseline. Recovery of overpayments had also been helped by the decision to use the Sx3 debtors’ module rather than the Council’s own corporate system because staff did not always follow through in recovering debts.
Unfortunately, it was not possible to track the progress of overpayment recovery over the course of the evaluation because of system functionality problems. At Wave 2, however, tests revealed an approximate increase in un-recovered overpayments of 11% and it was suggested that this could in part be due to LHA since the recovery of overpayments from tenants could be more problematic than from landlords.

Comparative figures were not available at Wave 3 but at this stage the arrangements for recovering overpayments were seen to be working reasonably successfully. The preferred method was recovery by instalment, and where a tenant was paying a top-up to meet a shortfall in rent, efforts were made to set the instalments at a level that would not cause hardship. Where this was not possible because the claimant had moved out of the area, the overpayment was deemed a sundry debt and passed over to the Debtors Team, which would chase payment and, if necessary, seek a County Court judgement against the debtor. It was reported that the chasing of debts had been tightened up considerably but that this could not be attributed to LHA.

**Complaints**

Complaints about the operation of LHA, rather than about the properties themselves, were received by the CAPS and dealt with by the Pathfinder Team. The majority of complaints came from landlords since tenants appeared relatively happy with the new system from the outset. Many landlords had been vocal in their opposition to the LHA at the beginning and some had threatened to discontinue lets to people claiming LHA. However, given the very high proportion of private sector tenants on benefit, this was not a viable strategy in most areas of NE Lincolnshire.

Complaints from landlords usually involved the non-payment of rent and the accumulation of arrears. Data Protection had placed clear limits upon the information that the Council was able to give to the landlord about their tenant unless the latter had signed a prior disclosure agreement. Some landlords were finding this difficult to grasp and continued to ask for information that was off-limits. Others had accepted that they needed to communicate directly with their tenants in order to compile the information they needed. This was regarded as a positive development. Landlords were also subject to tighter requirements in terms of the records and documentation they needed to produce in order to demonstrate arrears, and this was sometimes a source of contention.

In general, however, the volume of complaints from landlords had diminished over the evaluation period. Although landlords did not necessarily like the scheme, they were used to it and understood better how it worked. Crucially, they understood that the tenant rather than the Council was the first point of contact if payments became erratic and arrears began to build.

At the end of the period, the complaints process was working smoothly. Between 90% per cent of complaints were being dealt with at Stage 1 with only a very small minority going forward to the next stage. No changes in the handling of complaints were expected once LHA had moved fully into the benefits assessment arena, where they would be dealt with by senior benefits officers.
The Private Sector Housing section, which is part of the Council’s Community Care Directorate, deals with tenant complaints about housing. Prior to LHA, most of the complaints received by the section related to building defects (rather than the fitness of the property). As most of the private rented sector is terraced properties built over 100 years ago, complaints tended to be about the presence of damp, leaky roofs, rotting windows and sticky doors. Relatively few complaints were received about overcrowding or illegal evictions.

At the Baseline stage of the evaluation, there were some concerns within Private Sector Housing about the impact of LHA. In particular, it was suggested that LHA would increase the number of tenant complaints received by the Council, either because the scheme would encourage people to stay in poor quality housing in order to maximise their benefit, or – due to greater transparency – they would become more aware of the amount they were paying for their accommodation.

Over the course of the evaluation, however, the section’s workload remained relatively stable. If there were occasional increases in complaints it was difficult to discern whether these were related to LHA or to the generally damp weather conditions which had prevailed over the previous two years, leading to problems with dampness and leaky gutters and roofs. There had been no noticeable increase in tenants on benefit with the arrival of LHA since the overwhelming majority of private sector tenants had been on housing benefit under the old system.

One situation that had recurred in the section’s workload was a stand-off between landlord and tenant, when the latter complained about the condition of the house and withheld the rent, and the former then threatened eviction, claiming that it was impossible to see to repairs when deprived of rental income. It was unclear whether such incidents had increased under LHA, although the direct payment to the tenant – the default position of LHA – would suggest that this was likely. The tenant’s right to withhold rent pending repairs could lead to a situation under LHA where the landlord could then claim direct payment on the grounds of accumulating arrears. For this reason, the Private Sector Housing section encouraged the tenant to continue to pay rent while they negotiated with the landlord, involving the Environmental Health department where necessary. Such cases were, however, few in number and did not greatly increase the workload of the section.

Discretionary housing payments

Prior to the introduction of LHA, the principal reason for awarding a DHP was that the claimant had to make a ‘large’ top-up payment and there was a gap between the household’s income and outgoings. Also taken into consideration was whether they had renegotiated their rent and had a Pre-Tenancy Determination (PTD). Where a PTD has been obtained it would depend upon the claimants’ circumstances whether or not a DHP was made.

In February 2004, the first stage of LHA going live, there were 32 DHPs in payment. Following the introduction of Local Housing Allowance, payments were reduced or ended for 20 DHPs because the claimants were gainers under the new scheme. At Wave 1 it was reported that there had been no subsequent change in the volume of cases. However, the composition of the caseload had changed in that there were more
single people getting DHPs. This change reflected the level of rents in the borough relative to the levels of the Local Housing Allowances.

The volume of DHPs declined over the following year, leaving an end-of-year surplus. However, there was some evidence at Wave 2 that requests had recently increased (although no figures were available), and this was attributed to the high proportion (64 per cent) of LHA claims with shortfalls. Single people were once again the main source of requests, particularly single pregnant women living in three-room accommodation who required DHP until the baby was born. Respondents at the final stage of the evaluation continued to observe that LHA bore relatively harshly on single people, who were finding it more difficult than those with children to bridge the gap between LHA and the rent demanded. Precise figures were, once again, not available and there was no monitoring of DHPs with specific reference to LHA.

**Impact on homelessness in NE Lincolnshire**

One of the fears expressed about the introduction of LHA was that it would increase homelessness. Direct payment to the landlord under the old system ensured that Housing Benefit would be devoted to rent, whereas tenants with benefit money in their pockets might not regard rent as their first priority. More evictions because of rent arrears were predicted, with rising homelessness as a consequence. The established pattern among local landlords of setting rental levels in line with current levels of benefit would also put tenants at risk if LHA rates decreased in the future, leaving many unable to afford their rent.

At Wave 1, views differed about the extent to which such fears had been realised. Local authority respondents said that the introduction of Local Housing Allowance had not led to any increase in homelessness within the borough. Over the previous 12 months the number of people presenting as homeless had remained constant, and the number accepted as homeless had declined. However, CARE Rent said that more people were presenting themselves as homeless to the charity, and as it was placing the same number as previously it was helping proportionally fewer homeless people. It was not clear to what extent this was a consequence of LHA.

A clearer account of the situation was available in the final twelve months of the evaluation period. A system of monthly reporting by the Homelessness Team to the Pathfinder Team had been established in order to identify any cases of homelessness that were the direct result of LHA. This revealed that, despite all dire predictions, LHA had had no major impact upon homelessness. If landlords were indeed refusing to take tenants on LHA, those individuals did not appear to be experiencing homelessness as a consequence.
Chapter 5: Easing the administrative burden? Positive impacts of the LHA on service delivery

Introduction

This Chapter considers areas where the introduction of the LHA appears to have impacted positively on the administration and delivery of HB. Positive impacts are judged here as arising where resource savings have been made as a result of the LHA, where the speed or accuracy of administering it have improved or where the nature of the service provided by stakeholders has improved as a result of the new regime’s provisions.

Processing times

New claims

The introduction of LHA contributed to improvements in the processing times of new claims in NE Lincolnshire, resulting in an increased overall efficiency of HB administration. While not spectacular, these improvements were noticeable and consistent. At Wave 1, it was estimated that LHA had saved around ten minutes in the ‘prepping’ of a claim, which under the previous system involved checking the tenancy form, checking that the information for the Rent Officer was present, printing the form and placing it in an envelope. A further five-ten minutes was saved because there were no Rent Officer determinations to process two or three weeks later. Thus 15-20 minutes per private sector tenant claim had been saved. In addition, there was a cost saving through not having to produce and post notification letters to private rented tenants.

The following table and chart present the changes in processing times in NE Lincolnshire in the context of changes in other Pathfinder authorities and in all local authorities. It shows that in 2002/3 average processing times for new PRS claims were higher in NE Lincolnshire than in the Pathfinder authorities generally. They were also higher than the average times for all local authorities. Over the following year (to 2003/4), processing times fell more steeply in NE Lincolnshire than elsewhere, and this sharp decline continued during the first year of LHA (2004/5). The decline over the latter period was far more pronounced in NE Lincolnshire than in the other Pathfinder authorities, although this disparity had disappeared by the end of the period, at which point the average times were closely aligned.
Table 5.1  A comparison of processing times in NE Lincolnshire with other Pathfinder authorities and all local authorities

<table>
<thead>
<tr>
<th>North East Lincolnshire</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
</tr>
</thead>
<tbody>
<tr>
<td>LHA _ NE Lincoln</td>
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<td>na</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>LHA _ All Pathfinder</td>
<td>na</td>
<td>na</td>
<td>38</td>
<td>34</td>
</tr>
<tr>
<td>PRS _ NE Lincolnshire</td>
<td>66</td>
<td>51</td>
<td>36</td>
<td>37</td>
</tr>
<tr>
<td>PRS _ All Pathfinder</td>
<td>54</td>
<td>51</td>
<td>50</td>
<td>36</td>
</tr>
<tr>
<td>PRS _ All LAs</td>
<td>61</td>
<td>58</td>
<td>52</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: Pathfinder MI, HBMIS.

Note: The reported figures for 2002/03-2004/05 are weighted four quarter averages. 2005/06 figure is a three quarter average. Where data are missing estimates are used to calculate averages.

na: not applicable.

Figure 1  North East Lincolnshire processing times by claim type

Source: Pathfinder MI, HBMIS.

Notes: The reported figures for 2002/03-2004/05 are weighted four quarter averages. 2005/06 figure is a three quarter average.

Where data are missing estimates are used to calculate averages.

PRS – Private rented sector.

------- Introduction of LHA.
The principal source of time saved was the elimination of ‘the paper chase’ of the interaction with the Rent Officer. Efficiencies associated with the implementation of LHA coincided with other changes in benefits administration, such the replacement of the verification visiting scheme with the intervention scheme and the creation of a separate telephone team which dealt with the majority of calls direct. These resulted in a more streamlined and targeted approach to HB administration. LHA was regarded as one element in a reorganised benefits system rather than the main driver of change.

There was, however, a major snag remaining in the processing system. This was the delay arising in the processing of claims for people who were also new claimants for state benefit via Jobcentre Plus. As detailed in Chapter 3, slow processing times for new claims at Jobcentre Plus (between four and eight weeks) delayed decisions on Housing Benefit/LHA because the Council was reluctant to award it without final evidence of benefit income. The consequences for private sector tenants could be an early build up of arrears and possibly eviction by the landlord.

The problem was said to have also had a serious impact upon social landlords who wished to provide a sustainable and continuous service for their clients but who were unable to provide accommodation for more than one night at a time without evidence of LHA.

Interim payments of HB/LHA were suggested as a relatively easy solution to this problem, with final determination and, if necessary, adjustment once the claim for state benefits had been completed. This change would reduce initial processing times and, more importantly, would ease pressure upon claimants.

At a more basic level, it was suggested that incompatibilities between local authority and Jobcentre Plus administration of benefits – for example, in terms of data protection and IT – should be ironed out in the interests of providing a seamless and cohesive service to the customer. One suggestion was that there should be a local authority benefits presence within Jobcentre Plus.

**Vulnerability claims**

The determination of claims for vulnerability under LHA added a new element to HB administration but it was dealt with by the Pathfinder team during the evaluation period and did not therefore impact on benefit administration within the assessment arena. At the final stage of the evaluation, however, responsibility for vulnerability claims was being transferred into the assessment arena, with training and support from the Pathfinder team. The experience of the Pathfinder team in processing vulnerability claims and ironing out problems was thus likely to have important consequences for the management of such claims in the future.

At the outset, the administration of vulnerability claims was reported to be a time consuming activity, because of the complexities of assessing vulnerability and determining the limits of responsibility of staff. At this stage, two full-time officers were responsible for undertaking visits to assess vulnerability but these posts were subsequently discontinued with no reported adverse effects upon the processing of claims, which were subsequently dealt with by telephone and letter. Over the evaluation period, the time taken to process vulnerability claims dropped from an average of around 20 days at the outset to between eight and ten days at the end.
Key to the smooth administration of vulnerability claims was the embedding of awareness among landlords and claimants of the vulnerability criteria and the supporting evidence required. At the beginning, a few landlords believed that they could demonstrate the vulnerability of their tenant on the flimsiest of evidence. For example, one was reported to have visited a CAP with a photograph of his tenant as ‘evidence’ of vulnerability. There were also a few cases of landlords trying to persuade the Pathfinder team to confirm vulnerability before a tenancy was offered.

Where vulnerability was to be determined on the grounds of arrears, landlords needed to keep good records of payment and to be aware of the time-scales for triggering a claim. This caused a degree of conflict and misunderstanding with some landlords throughout the evaluation period. At Wave 1, it was said that some landlords waited eight weeks before contacting the authority about a tenant in arrears, and did not realise that they could act after four weeks. Those waiting eight weeks appeared to believe that at that point they would receive direct payments automatically, not realising they still had to produce the required rent evidence – which they could have provided after four weeks of arrears. At Wave 2, the LHA team continued to report that communication with landlords had been difficult, particularly in explaining the procedures for reporting arrears to the Benefits Service.

A recognition of the need to improve communication with landlords around arrears and vulnerability led to the re-launch by the Pathfinder Team of a Landlord Forum as a regular meeting place where landlords could discuss their concerns with the LHA team. This is discussed more fully below. The Forum has provided an arena for the information and education of landlords about the administration of LHA as well as a platform for airing their views.

The forum was seen by local authority respondents as having played an important part in easing tensions and misunderstandings around LHA. For example, a CAPS respondent at Wave 3 said that there were noticeably fewer angry phone calls and complaints about LHA from landlords than in the early days. While many landlords continued to object to LHA, and the principle of direct payments to the tenant in particular, they were now more aware of the vulnerability criteria and were more prompt in getting in touch once payments became erratic or were missed for several weeks. Also, they appeared to have got the message that they needed to communicate directly with their tenant in order to gather evidence of vulnerability, although, as reported above, some landlords continued to press the local authority for information about their tenant without obtaining prior permission and then became angry when their request was turned down under data protection regulations.

According to one respondent, improvements in the processing of vulnerability claims also owed something to an increased reasonableness and flexibility on the part of members of the LHA team. The example given was the changing relationship between the team and the Drugs Intervention Programme (DIP). Initially, DIP clients were being refused LHA but this stance was subsequently renegotiated so that each case would be considered individually but with a presumption that someone on the DIP programme was likely to be vulnerable.
Transparency

There was widespread agreement that the introduction of LHA had improved the transparency of the administration of HB. Private sector tenants could be told from the beginning the precise amount of rent for which they were eligible (i.e. the maximum HB before income was taken into account and non-dependent deductions made), and were thus better able to budget for their accommodation. Instances were given where the tenant had been pleasantly surprised by the amount of their entitlement, which had opened up a wider choice of properties.

As a consequence of direct payments to tenants, the flow of money between tenant and landlord also became more transparent. The landlord’s rental income ceased when the tenant left the property, whereas, under the previous system, there were instances where landlords had continued to be paid HB long after a tenant had departed. This did not necessarily reflect deliberately fraudulent behaviour on the landlord’s part but rather the inertia within the system and the lack of incentives for landlord and tenant to keep in touch. It is important to remember that landlords in receipt of direct payment were liable for any HB overpaid and the recovery could be taken from any other benefit payment to the landlord. But where an element of fraud had previously existed (and the extent of this could not be precisely determined), it could be assumed that LHA had contributed to its reduction.

The transparency of the system did, however, work against certain key objectives of LHA. The setting of rates at the mid-point of the local privately rented housing market resulted in more generous awards to claimants in NE Lincolnshire and elsewhere than under the old system. The rationale had been that this would give tenants more choice of housing, enabling them to trade up to better accommodation if they wished. However, transparency cut both ways, and the publication of the new LHA rates reportedly encouraged local landlords to increase rents up for new tenancies to LHA levels plus a ‘top up’ of £10 or so. There were also reported instances of landlords trying to flout restrictions on changing the conditions of existing tenancies in order to benefit from the increased rates, although these were firmly dealt with by the LHA team.

The Pathfinder data on the changing pattern of rents in NE Lincolnshire is inconclusive. It shows that between the baseline and wave 2 in NE Lincolnshire average rents increased from £70 to £75 per week. At 7.7 per cent this is slightly above the Pathfinder average increase of 5.5 per cent, (though this may be in part reflecting that rents in NE Lincolnshire were the lowest of all Pathfinder local authorities.) It should also be noted that this is equal to the average rent increase in the Comparator local authorities.

Although some tenants had received excesses under LHA, these were at a lower level than reported in other areas (an average of £8 per week for those who had excesses, compared to an average of £22 across all Pathfinders). Even allowing for the fact that rents are lower in NE Lincolnshire than in other areas and that the purchasing power of any excess is therefore greater, the low level of excesses would suggest that those who had more money in their pockets enjoyed little flexibility in terms of investing more of their income in renting a better property.
Communication with landlords

Improved and more systematic communication with private landlords was identified as a valuable spin-off from the introduction of LHA. A Landlord Forum had existed in the past but had gradually faded out, possibly through a lack of local authority input to co-ordinate it and to enthuse the landlords to take part. LHA had obvious financial implications for landlords and, as already described, caused high levels of anxiety and hostility at the beginning. The Council in its turn was aware that open communication with landlords would be essential to the effective implementation of LHA. Thus the reinvigoration of the Landlord Forum became a matter of mutual interest. The Forum is currently facilitated by the Pathfinder Team but this role will be taken over by the Private Sector Housing section in April 2006. It includes private landlords, managing agents and providers of supported housing as well as local authority representatives.

The Forum has enabled a dialogue to take place about the practicalities of administering LHA, with particular reference to vulnerability claims, the management of arrears and data protection issues. It has also enabled the local authority to flag up forthcoming changes in LHA, such as the planned inclusion of social landlords. A supplementary means of communication has been a landlords’ newsletter produced by the Pathfinder team, once again informing landlords of any changes to LHA, including alterations to LHA rates. These efforts to keep landlords ‘in the loop’ were felt to have played an important part in calming the situation and promoting a more constructive attitude to LHA.
Chapter 6: Delivering the LHA – some continuing issues

Introduction

This Chapter focuses on a selection of issues that, at the end of the evaluation period, were still ‘live’, in the sense that they continued to attract concern and debate. It should be emphasised once again that the implementation of LHA in NE Lincolnshire was generally perceived to have gone very well and that the Pathfinder team were confident that most of the administrative snags had been unpicked before the administration was fully transferred into the assessment arena. The outstanding issues related more to the success of LHA in reinforcing its underlying principles of encouraging claimants to exercise choice and to make informed decisions about housing in the best interests of themselves and their families.

Arrears: management or prevention?

Private landlords had expressed grave misgivings at the outset about the effect that LHA would have upon their incomes if tenants failed to use their benefit to pay their rent. Prior to LHA, the Council had evidence that many landlords were unsuccessful in collecting the ‘top-up’ element of their rent and that, in some cases, substantial arrears were building, to the extent of several thousand pounds for some tenants. However, the direct payment of most of the rent to landlords through HB provided an incentive for the landlord to continue to let to the tenant, even though they were technically losing out through the non-payment of the top-up.

This incentive was missing under LHA unless benefit was redirected to the landlord through a vulnerability claim. As reported earlier, concerns that LHA would lead to higher levels of evictions and homelessness through the accumulation of arrears proved unfounded over the evaluation period. Great strides had been made by the Pathfinder team in educating landlords and claimants about how to establish vulnerability once arrears had begun to build so that action could be taken promptly to achieve redirection of benefit to the landlord. Additional steps to protect landlords were put in place over the evaluation period. Thus ‘flags’ were placed on the IT system for claimants who had left a previous tenancy without paying arrears, enabling payment to be made automatically to the new landlord. Also, finding that the largest proportion of arrears occurred at the point of first payment, the LHA Team had adjusted the system so that where the first payment covered five or more weeks, the cheque was made payable to the landlord and sent to the claimant.

Discussions with the Landlord Forum towards the end of the evaluation period indicated that while a level of dissatisfaction remained with the system and some had lost significant amounts of income from arrears, they felt that LHA was working more fairly than they had anticipated and that their legitimate interests were being taken into account. Moreover, they claimed to have achieved a substantial shift towards direct payment of benefit to the landlord since the early months of LHA and said that this reflected tenant choice as well as the landlords’ interests. One local authority respondent suggested that redirection of benefit had probably been achieved in some cases by collusion between landlord and tenant in order to fabricate a record of non-payment, although this was impossible to prove.
The various formal systems and informal stratagems for the management of arrears contributed to the smooth administration of LHA but exposed awkward underlying questions about their effect upon the underlying principles of enhancing claimant autonomy and choice. The more payments were redirected to landlords, the greater the resemblance to the old HB system in which the presumption was that the claimant could not be entrusted with the responsibility of budgeting to pay their rent.

An important question, therefore, is the extent to which the prevention of arrears in NE Lincolnshire could be improved so that fewer redirections of payment become necessary. One problem highlighted by respondents in the local authority and Jobcentre Plus, and discussed earlier in the report, is that the assessment of LHA entitlement is often slowed down by the need to determine income from other state benefits, which in turn has been affected by recent processing delays at Jobcentre Plus. The risk of arrears is an obvious consequence. Remedies suggested in the course of the evaluation included the award of an interim payment of LHA pending the final assessment of state benefit. It was also felt that the claimant would be helped by improved compatibility between the IT systems and data protection protocols at Jobcentre Plus and the local authority. A borough-wide rent deposit or bond scheme to ease the situation of new claimants and to encourage landlords to take on tenants claiming LHA was a further suggestion.

There were suggestions from some local authority respondents that landlords were insufficiently proactive in helping tenants to reduce their arrears by negotiating manageable arrangements for repayment, and also that they were exploiting the transparency of LHA in order to set rents at a level somewhat above LHA rates, thus creating a shortfall which added to the difficulties of tenants in paying their rent. It was reported at Wave 2 that 64 per cent of LHA claimants experienced a shortfall.

From the landlords’ perspective, there was criticism that tenants received LHA every two weeks but were required to pay rent only every four weeks. They felt that a fortnightly payment schedule would help tenants to maintain their payments and discourage the spending of benefit elsewhere.

**Disincentives for poor landlords to maintain and repair properties**

Disquiet was expressed by respondents from the Rent Service and the Pathfinder Team that the implementation of LHA was eroding tenants’ rights under housing legislation to withhold rent if the landlord failed to make essential repairs. Negligent landlords were achieving the redirection of LHA benefit once a tenant accumulated arrears even when there was a strong case under the Housing Act for rent to be withheld because of the condition of the property. The net effect was that poor landlords benefited from a sustained income flow while their tenants continued to occupy sub-standard properties. While very poor landlords were fortunately scarce, there was frustration that the application of LHA rules appeared to be removing rather than reinforcing incentives to keep their properties in good repair. On a larger scale, there were concerns about the long-term effect upon the quality of the housing stock at the lower end of the market. A recent case reported at Wave 3 involved a death at a property from carbon monoxide poisoning from a faulty gas appliance (although it was unclear whether the tenant had been receiving LHA).

Although the Pathfinder team and the Private Sector Housing Team sought to mediate in individual cases where conflicts had arisen around rent versus repairs, the remedy was seen to lie at government level through
a realignment of the Housing Act and Housing Benefit legislation. This is happening in at least some areas, under the HMO and landlord licensing powers, which may remove a landlord’s ability to charge rent.

**Staying at the same level rather than trading up**

An important objective of LHA was to improve claimants’ choice of accommodation by enabling them to manage and plan their own budget, choosing what proportion of their benefit they committed to rent and, if they wished, trading up to better accommodation in line with their families’ needs. This process was to be helped by setting LHA rates at the mid-point of the local rental market and thus providing more generous levels of benefit than under the old HB, and by graduating benefit according to the size of the claimant’s family.

There was a consensus that trading up had not really happened in NE Lincolnshire, at least not on any noticeable scale. While there was a great deal of movement of tenants between properties, this was largely crisis-driven, for example in the wake of disputes over arrears or repairs, rather than reflecting a planned improvement in accommodation.

Several factors were said to be at work in limiting tenants’ upward mobility. One was the difficulty of coming up with a deposit for a more expensive property before that for the previous property could be recovered. As noted above, the borough lacks a rent deposit or bond scheme to ease transitions between properties for people on low incomes, other than that operated by the charity Care Rent which offers landlords a £300 surety against any damage caused by the tenants it places.

A more powerful influence in a private rented sector that had traditionally been dominated by HB claimants was the tendency of local landlords to set rents at a level that incorporated prevailing benefit rates plus a top-up element. It was said that landlords who had been accustomed to setting rents that included the whole of the HB benefit plus a top-up continued this practice under LHA, so that the contractual rent comprised the whole of LHA plus a top up. The consequence was that only a minority of tenants had excesses in their LHA. A considerable majority, as noted above, had shortfalls, severely limiting their capacity to trade up.

Landlords’ behaviour in this respect did not appear to be modified by market responses. One respondent believed that a stronger role could be played by Strategic Housing in managing the market, as often happened in other authorities. Common waiting lists and allocation lists across the social and private rented sectors were suggested as one mechanism used to open up the market and encourage rental levels to settle to a level that reflected the total availability of local housing rather than current rates of LHA.

**The disadvantageous position of young people, single people and couples under LHA**

One social landlord providing supported housing for 16-25 year olds reported that LHA had made it considerably more difficult to move single young people on to private rented accommodation since the level of benefit available, currently £43.50, was well below the rate for someone over 25 or for a young
person with children. Local landlords were setting the rates for one or two room accommodation in line with the LHA awarded to over-25s, resulting in rents of around £70 - £85, well beyond the reach of the younger age group. This had considerably reduced choice for young people who were already marginalised in other ways and had pushed them towards those landlords without accreditation who offered unfit and overcrowded properties.

As well as impacting harshly on individuals, this was believed to have the unfortunate social consequence of reinforcing the negative stereotype of young women seeking to become pregnant in order to obtain accommodation.

For the organisation concerned, it meant that their strategy of stabilising young people in temporary accommodation before moving them into a more independent setting was becoming more difficult to sustain.

Levels of LHA are more generous for older single people and couples without children, enabling them to access bed-sit or one-bedroom accommodation, but rates are still far below the rental levels of the two or three-bedroom terraces to which they might aspire. There was general agreement that property rents had risen across much of the private sector in line with LHA rates and that the rentals for larger properties reflected levels of benefit for families with children, lifting them out of the range of single people and couples who were thereby locked into the lower end of the market.
Chapter 7: Does the LHA carry substantial administrative advantages? A summary evaluation

This Chapter draws on the foregoing discussion of the impacts of the LHA in an attempt to provide answers to the key questions which the Evaluation of the administrative impacts of the scheme is intended to address before coming to a conclusion as to whether, on balance, the LHA does carry with it substantial administrative advantages.

The remainder of this Chapter addresses the following Evaluation questions:

i 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?

The introduction of LHA in NE Lincolnshire coincided with a major re-structuring of HB administration within the Council as part of an organisational response to a financial crisis. The net effect was a simplification of the administrative structure, a reduction in the number of staff, the elimination of the duplicate processing of claims, a reduced visiting function and the creation of a separate telephone team.

Within this context, LHA was a contributor to improved efficiency rather than a major driver of change. Its principal impact was to speed and simplify the processing of claims within the benefits assessment arena by removing the requirement to refer each claim to the Rent Service and await an individual determination. This reduced both the volume of paperwork and delays in decision times. Positive effects were also reported at the CAPS where staff were able to give clearer guidance to potential claimants about their entitlement than under the former system.

Set against these improvements in the speed of claim processing, was the additional time that had to be invested in the determination of vulnerability claims. This task proved particularly time-consuming and complex in the earlier part of the evaluation period when landlords and claimants were often confused about the evidence required to support a claim. The efforts of the Pathfinder team to explain the new requirements, both in their individual dealings with customers, and by means of a borough-wide communications strategy, paid dividends, so that by the end of the period there was confidence that people had become more familiar with the system and accepting of it. Responsibility for dealing with vulnerability claims was about to be transferred to the assessment arena as the final wave of evaluation interviews took place. It remained to be seen, therefore, to what extent the time saved in the processing of new claims was offset by the additional time required by vulnerability claims. However, the Pathfinder staff believed that they had succeeded in ironing out major glitches and that the processes around vulnerability claims were now working smoothly. In addition, the volume of vulnerability claims – at around 12 per day – was likely to prove manageable within a team of 27 benefits assessors.

The implementation of LHA had minimal impact upon the work of the Fraud Team. There were no changes in the policies and procedures for fraud detection that could be attributed to LHA. At the beginning, the fraud section were sceptical about the capacity of the new intervention visits – requiring one week’s notice...
– to detect fraudulent activity but by Wave 3 they had developed a more positive view, believing that the intervention visits had brought about a more proactive and systematic approach.

There were no grounds for believing that the main reasons for overpayments changed in any way because of LHA. Because of system functionality problems, it was not possible to track the progress of overpayment recovery over the course of the evaluation. At the mid-point, there were concerns that the level of unrecovered payments had increased but by the end of the period these fears had been allayed, and the system for recovering overpayments seemed to be working well.

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

Mixed messages emerged from the evaluation in response to this question. Achieving fairness for both claimant and landlord was a delicate balancing act and some believed that the advantages of the new system had begun to tilt in favour of the landlord. On the one hand, claimants were helped by knowing from the beginning the precise amount of benefit they were to receive, enabling them to be better informed when investigating tenancy options and, in principle, giving them more choice over the disposition of their household income. On the other, in an area where a considerable majority of private sector tenants were already on housing benefit, landlords had become accustomed to adjusting rentals to prevailing benefit levels and this continued under LHA, with a significant upward adjustment of rents to reflect the more generous benefits.

Moreover, most landlords were still adding a top-up, with the net effect that an increasing number of tenants experienced shortfalls over the period, even though the average amount of shortfall decreased. Thus the extra capacity that the system was designed to deliver to the tenant to maximise their housing choices in line with their needs appeared to have been eroded. Where tenants were receiving excesses in their benefit, these were very modest and insufficient to support a trading up of accommodation.

Procedures to establish vulnerability, particularly on the grounds of arrears, further shifted this advantage. It was clearly in the best interests of tenants that a private rented sector that was hostile and edgy upon the introduction of LHA should be reassured about the protection that landlords would receive if tenants defaulted on their rent. On the other hand, a significant shift towards the redirection of benefit to the landlord (and it is unclear to what extent this has taken place in NE Lincolnshire) would compromise the underlying principle of LHA that benefit should sustain rather than erode the tenant’s autonomy and personal responsibility for managing their income.

It is widely argued that the structuring of benefit rates within LHA has led to unfairness for young people, single people and couples without children. The formula for determining levels of benefit for these groups means that their choice is effectively confined to one or two-room accommodation since the benefit rates for claimants with children have lifted larger accommodation well beyond their reach. The situation is particularly dire for young people under-25 whose benefit under LHA is insufficient even to cover the rent of a decent bed-sit and whose only recourse may be to rent unfit and/or shared accommodation from unaccredited landlords.
Will it be possible to replicate practices relating to the setting of LHA across all types of market?

This question relates to RO practices, which appear to be very similar across the Pathfinders.

The procedure for producing the Local Housing Allowances in NE Lincolnshire was said by the Rent Service to have been ‘embedded’ and working well quite early on in the evaluation period. A specific feature of the area was the high proportion of properties occupied by tenants on housing benefit, with the associated difficulty for the Rent Service of obtaining market evidence untainted by HB. The processing of shadow referrals in order to produce an untainted market evidence database involved a sharp but temporary increase in the workload of the Rent Service. The Rent Service expressed confidence in the BRMA and had no plans to change it.

Although the private rented sector in NE Lincolnshire has idiosyncratic features, there is no reason to suggest that the success of the Rent Service in overcoming market evidence problems and setting LHA rates could not be replicated across all types of market.

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?

LHA has brought undisputed improvements in the transparency of benefit administration in NE Lincolnshire. This is mainly attributable to the clarity that is built into the system for determining benefit rates, so that claimants have ‘up front’ guarantees about the benefit they will receive. However, the transparency has been reinforced by an active communications strategy on the part of the local authority, which has included a considerable investment in publicity materials and a substantial redevelopment of the Council website. The re-launch of the Landlord Forum has promoted dialogue between the Council and the private rented sector. In addition, staff within the LHA Pathfinder team, the benefits assessment arena and the CAPS have played an important part in informing and educating individual claimants and landlords about their rights and obligations under the new system.

A consequence of transparency, as already discussed, has been to enable landlords to realign rentals to the enhanced LHA rates, thus eroding tenants’ room for manoeuvre within the private rented market. Also, transparency in establishing vulnerability claims, while necessary to gain the confidence of landlords, may have the effect of eroding the autonomy and responsibility of tenants. This suggests that more attention needs to be given in NE Lincolnshire to mechanisms for preventing arrears as well as managing them once they have occurred.
Overall, does the LHA carry substantial administrative advantages?

The administrative advantages of LHA are probably marginal rather than substantial. There have certainly been savings in the cost of rent determinations and associated improvements in the speed of processing new claims. On the other hand, aspects of LHA implementation have proved time-consuming and therefore costly to administer: notably the opening of bank accounts for many claimants and, more importantly, the complexities involved in establishing vulnerability claims. The LHA team has taken much of the extra administrative load during the evaluation period and it remains to be seen what the net effect upon HB administration will be once LHA is fully transferred to the assessment arena.

The larger question, perhaps, is whether the principles underlying LHA are worthwhile and sustainable and, if so, how the administration of LHA can maximise rather than erode their impact.