

Local Housing Allowance Implementation Conferences – Frequently Asked Questions

We held a number of spring conferences to explain the changes to Local Housing Allowance from April 2011. As promised, here are the Frequently Asked Questions from those events, grouped into the main subject areas.

Discretionary Housing Payments (DHPs)

- Q DHPs – How is the additional DHP funding allocated to each local authority/shouldn't work be done on average losses before distributing the DHP allocation to LAs?
- A The £10 million for 2011 has been allocated in proportion to the total benefit loss for local authorities (using data published in the impact document). The formula for distributing the additional £40 million in 2012/2013 may be different and there will be further consultation.
- Q Will DHP Guidance show how we can use DHP for deposits and advance of rent?
- A Yes. But there does have to be an underlying entitlement to HB for a lump sum payment to be made. Good practice material has now been issued.
- Q With regard to DHPs, can you tone down the view that it is a cure for all ills? And can work be done with the bankers into the mortgage rates for landlords in the buy to let area?
- A Ministers are aware that DHPs will not cover every eventuality and that many awards will be for a temporary period. The intention is for local authorities to target the additional funding at the most difficult cases.
- Q When allocating DHPs will you take into account additional costs such as the need for a vehicle in outlying places?
- A Feedback like that is what is needed when proposing how we go about proportioning the future DHP allocation. Please let us have your suggestions.
- Q What is the future funding on DHPs, what is the timing and how transparent will the weighting be?
- A There are no set timescales yet. Over the summer, we will be looking at profiling. Whatever we do will be transparent.

- Q Did DHP allocation take into account the impact of the staged increases in the non-dependent deduction.
- A 40% of the additional DHP funding was allocated to London on the basis that they would be most impacted by the changes. The DHP allocation did not take non-dep deduction into account as this would have made the allocation model very complicated.

Direct Payments

- Q Why don't the new direct payments regulations specify the need to reduce rents?
- A We have discussed the new direct payment safeguard in detail with lawyers. We needed to ensure the new safeguard fitted with the existing legislative framework. If we had put this wording in the regulations it would have been too prescriptive, and the flexibility of LAs might have been compromised.
- Q Won't the direct payment to landlords in return for reducing rents be like offering bribes to landlords? Will this not be what the future holds under Universal Credit?
- A Direct payments are an incentive to landlords to lower the rent to an affordable level, that is the LHA rate. The new direct payment safeguard is a temporary measure. The longer term decisions for Universal Credit are still to be made.
- Q The direct payment mitigation is temporary, how long will that be?
- A The temporary measure will continue until longer term decisions are made, probably about two years.
- Q What would you do if you have a situation where the tenant has a shortfall and their landlord is saying they will not renew their tenancy unless the Housing Benefit are paid directly to him?
- A It would be for the local authority to decide whether the rent was affordable, this would depend on the size of the shortfall and how and if the shortfall was being paid.
- Q If you have a customer with a reasonable rent and the landlord decides not to increase the rent if they have direct payment can the local authority accept that?
- A If the landlord is prepared to sign off that they will not increase their rent that will make the rent affordable and you could consider direct payment to the landlord.

- Q Will there be any penalties if direct payments are paid to landlords too easily?
- A Our Ministers will expect rents to go down if direct payment to landlords goes up. If the measure is used appropriately, it is a valuable tool.
- Q What happens if landlords decide to reduce their rent to take advantage of direct payment and increase rent again?
- A The key question will be is the rent level at a point where it is affordable, therefore making it possible for the customer to retain their tenancy.

General

- Q Have you any idea when the LRR cases will move to LHA?
- A This is one of the things we will be looking at as we develop the policy to uprate LHA by CPI from April 2013.
- Q Will Universal Credit be based on BRMAs?
- A This has not yet been decided.
- Q What will the transitional protection be for the change to the size criteria for social housing?
- A The design of this measure hasn't been finalised yet. Keep an eye on the debates on the Welfare Reform Bill.
- Q The LA staff reserves are being hit by the cuts and it is difficult to retain staff because of uncertainties, it is likely we will lose experienced staff.
- A Retaining staff is an issue but it is too early yet to make decisions on future staffing. There could be future roles for LAs in delivery of universal credit as it is inevitable that we will need face to face staff. We can't lose the housing function and help with council tax will be a localised provision and will need staff.
- Q Where will the ATLAS project stand?
- A There is still a very good business case for ATLAS and we are going ahead. There is an article in the March 2011 issue of HB Direct.
- Q Do you see any extra subsidy for fraud?
- A The new proposed SFIS is in the Welfare Reform Bill. There is an article in the March HB Direct. Funding issues have not yet been decided.

- Q Have DWP assessed the impacts of the Shared Accommodation Rate (SAR) to the under 35s as many have children who they have access rights to?
- A Work is underway on the impact assessment for this policy. We are hoping to get the draft regulations out soon and we are obliged to publish an impact assessment and to consult on the measure. A circular ([HB/CTB A6/2011](#) PDF) has since been issued following the announcement in the 2011 Budget.
- Q The speed of the changes is a concern. Fundamental changes are being rushed in is there a great danger of it going wrong?
- A There have been numerous debates in Parliament over the HB measures and the 2011 measures were subject to a public consultation exercise by the social security advisory committee. We are now at this stage where the regulations have been laid and we want to ensure we are doing all we can to support the implementation process.
- Q Single customers under 35 in the private rented sector will only be entitled to the shared accommodation rate. How will this affect those in the same age group in the social rented sector?
- A The measure will not affect those living in the social rented sector.
- Q Does the up to £15 excess cease for all customers from 1 April?
- A The excess will be removed on the anniversary date or following change of circumstances. New claims will be affected from 1 April 2011.
- Q When you will be issuing guidance on the additional room for carers?
- A Circular [HB/CTB A3/2011](#) (PDF) providing further guidance on the new provision for non-resident carers, was issued on or around 23 February 2011.
- Q Does the additional room for carers apply to exempt accommodation?
- A The measure applies to customers in receipt of Local Housing Allowance (or previous schemes for tenants in the mainstream private rented sector). We will shortly be issuing a consultation on the future provision for exempt accommodation.
- Q In our local authority we will only be getting our software update on 25 March?
- A We know software suppliers have been under considerable pressure. Unfortunately, it was not possible to warn them earlier in advance of the changes being announced.

Q Would the Citizens Advice be prepared to negotiate with the landlord on behalf of the customer?

A Yes, if the individual bureau has the resource.

Q How does the pathfinder protection interact with the nine months transitional protection?

A Pathfinder protection takes precedence over the nine months transitional protection.

Q Are there any plans to review the transitional protection?

A No.

Q Will DWP share the outcome of research findings on the April changes especially customers movements with local authorities?

A There will be early findings in spring 2012. It will be an independent review, and local authorities will be given the opportunity to input.