

4 Arrears and safeguards

4.1 Introduction and summary

Most Housing Benefit (HB) claimants in the private rented sector (PRS) receive their HB directly, and pay their rent themselves. However, there are safeguards within the Local Housing Allowance (LHA) rules to pay benefit direct to a landlord if someone is in significant arrears or is deemed unlikely to pay their rent. In April 2011, the Department for Work and Pensions (DWP) introduced a new temporary safeguard provision which allowed local authorities (LAs) to make payments direct to the landlord where they consider that it will assist the claimant in securing or retaining a tenancy.

The aim of this section of the questionnaire was to find out about LAs' experiences since April 2011 up until the time of the survey, which was conducted between October and December 2011, and assess how they had changed their behaviour as a result.

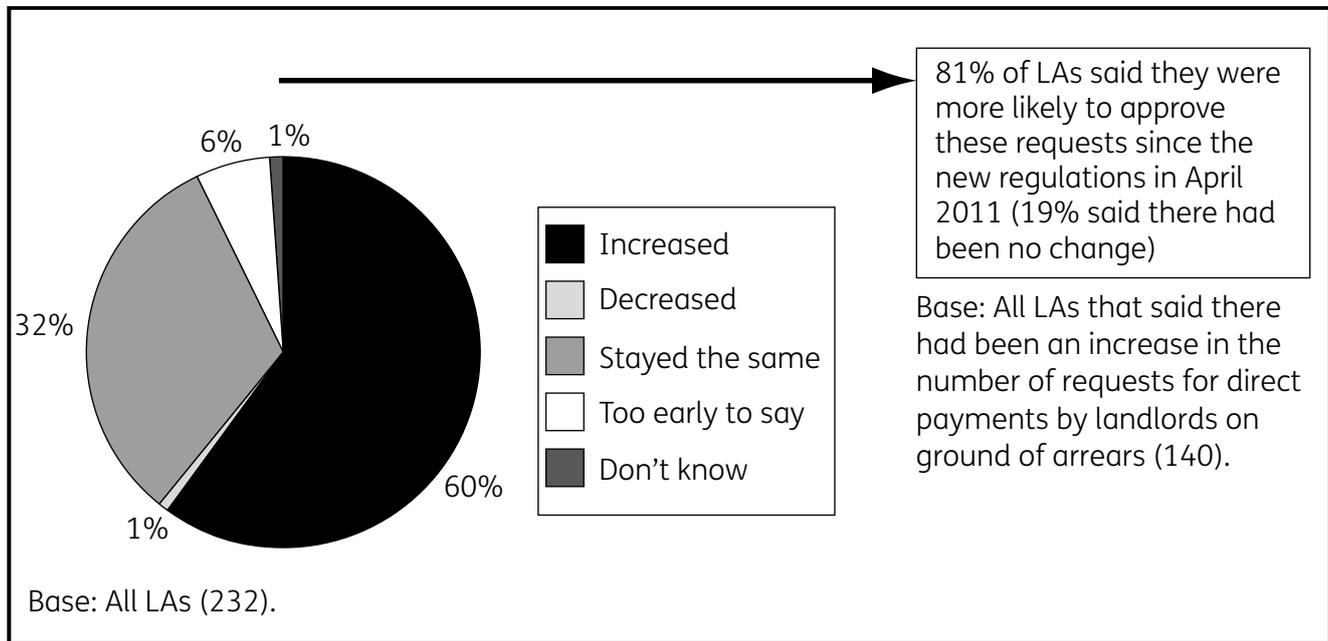
The key findings based on all LAs answering are summarised in this section. These are followed by the main findings, which include charts plus commentary highlighting the key sub-group differences.

- Three in five LAs (60 per cent) had seen an increase in the number of requests for direct payments by landlords on the grounds of arrears. However, one in three LAs (32 per cent) thought there had been no change in the number of requests and six per cent thought it was too early to say. Among the 140 LAs that had seen an increase, 81 per cent said they were more likely to approve these requests since April 2011.
- When asked about the change in the number of requests for direct payments by landlords on the grounds of claimants being **unlikely to pay**, almost a half of the LAs (47 per cent) that responded observed an increase in the number of these requests, while 44 per cent said there had been no change and six per cent thought it was too early to say. Among the 108 LAs that had seen an increase, 85 per cent said they were more likely to approve these requests since April 2011.
- Around three-quarters of all LAs (76 per cent) had already made use of the new safeguard that allows LHA to be paid direct to the landlord in order to help claimants secure or maintain a tenancy provided the landlord reduces the rent. When LAs were asked in approximately what proportion of claims their LA had used this safeguard, 60 per cent did not know. However, among those providing a percentage, the most common answer was that it was used in between one and ten per cent of claims (32 per cent).

4.2 Main findings

The following details the main findings and includes charts for all questions plus commentary highlighting the key sub-group differences.

Figure 4.1 Would you say that since the new regulations in April 2011 requests for direct payments by landlords on the grounds of arrears has increased, decreased or stayed the same?

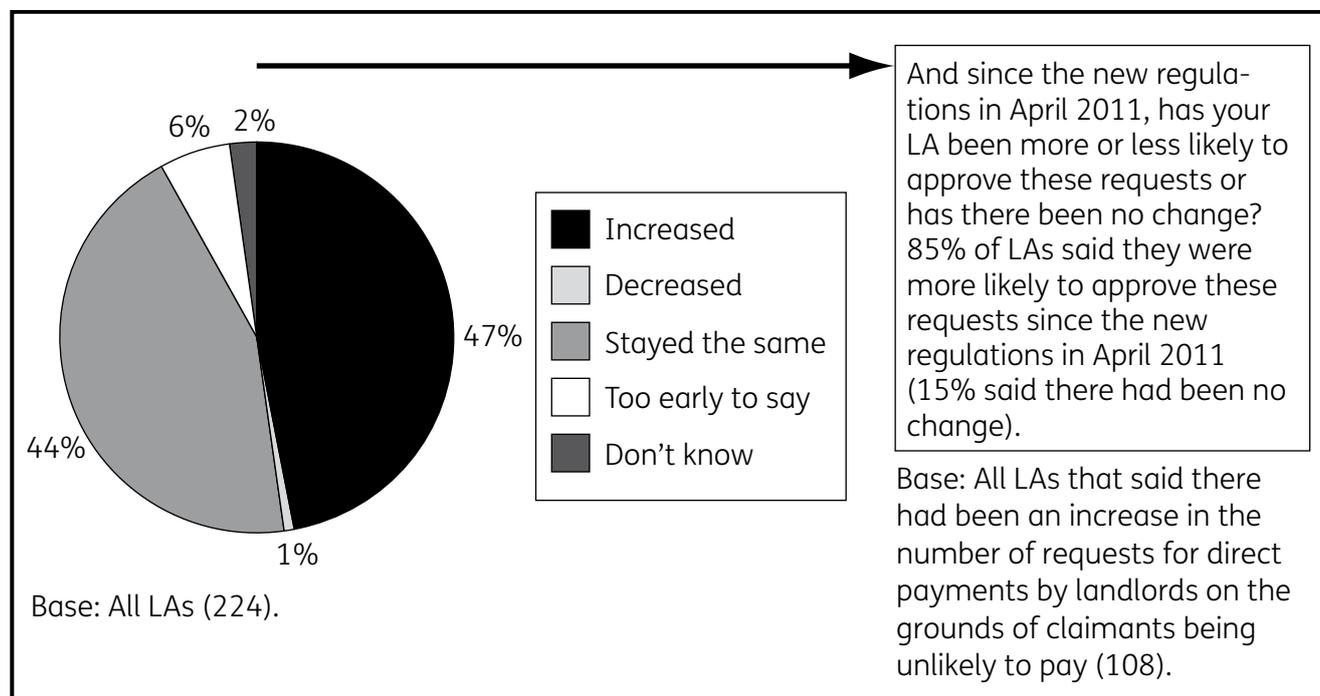


LAs were first asked about the change in the number of requests for direct payments by landlords on the grounds of arrears. It is important to note that this question was about LAs' perception of an increase, or otherwise in such requests, and doesn't say anything about an actual increase in levels of tenant arrears.

Sixty per cent had seen an increase in the number of requests, with this rising to 85 per cent of LAs in the North West of England. However, around one in three LAs (32 per cent) thought there had been no change in the number of requests and six per cent thought it was too early to say.

Among the 140 LAs that had seen an increase, 81 per cent said that they had been more likely to approve these requests since the new regulations in April 2011. Almost one in five LAs (19 per cent) said there had been no change, although this increased to 60 per cent of Scottish LAs

Figure 4.2 Would you say that since the new regulations in April 2011 requests by landlords for direct payments on the grounds of claimants being unlikely to pay has increased, decreased or stayed the same?

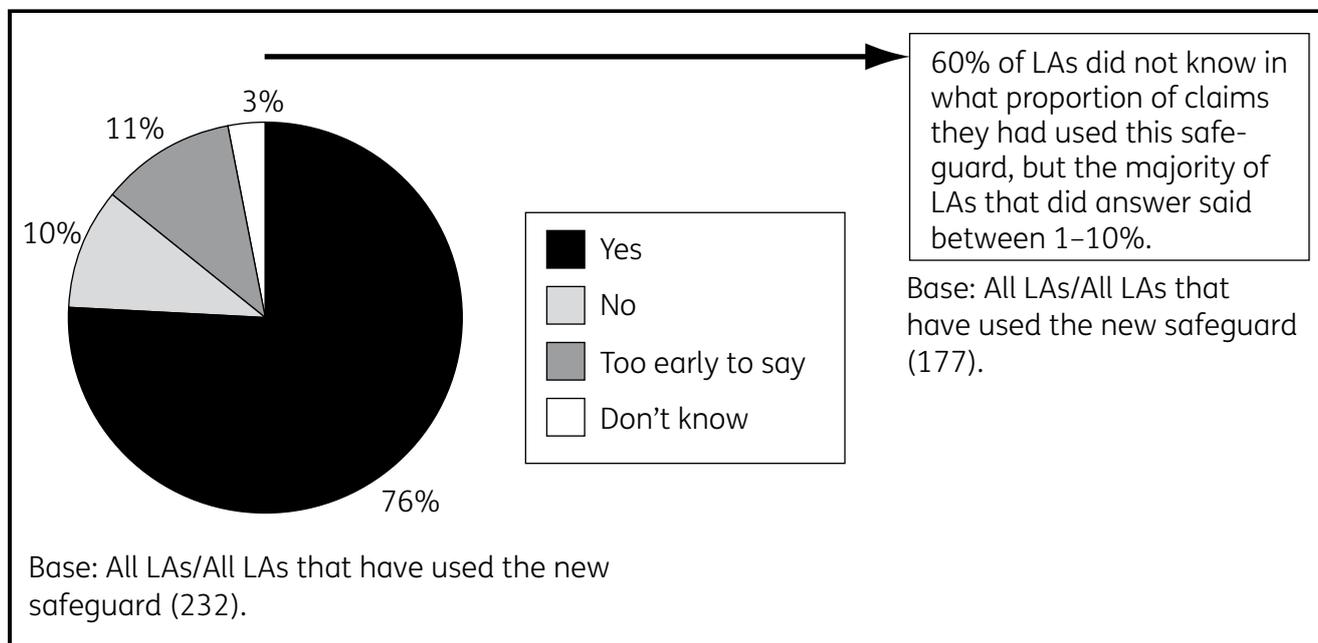


When asked about the change in the number of requests for direct payments by landlords on ground of claimants being unlikely to pay, almost a half of LAs (47 per cent) had seen an increase in the number of these requests, while 44 per cent said there had been no change and six per cent thought it was too early to say. There were no significant differences by any sub-groups.

Among the 108 LAs that had seen an increase, 85 per cent said that they were more likely to approve these requests since the new regulations in April 2011, while 15 per cent said there had been no change.

As with the previous question, these findings are based on perceived increases in requests, and do not necessarily indicate an increase in non-paying tenants.

Figure 4.3 Since the new regulations in April 2011, has your LA made use of the new safeguard that allows LHA to be paid direct to the landlord in order to help claimants secure or maintain a tenancy provided the landlord reduces the rent?



Three-quarters of all LAs had already made use of the new safeguard that allows LHA to be paid direct to the landlord in order to help claimants secure or maintain a tenancy provided the landlord reduces the rent. One in ten (10 per cent) had not made use of it, with this increasing to 23 per cent of LAs in the East of England. The remainder thought that it was too early to say (11 per cent) or did not know (three per cent).

When LAs were asked in approximately what proportion of claims their LA had used this safeguard, 60 per cent did not know. However, among those providing a percentage, most said that it was used in between one and ten per cent of claims (32 per cent). The full breakdown is as follows:

Table 4.1 Full percentage breakdown of LAs that have used the new safeguard

| Used safeguard | Percentage |
|----------------|------------|
| 1-4% | 18 |
| 5-10% | 14 |
| 11-19% | 3 |
| 20-29% | 3 |
| 30-39% | 1 |
| 40-49% | - |
| 50% and over | 2 |
| Don't know | 60 |

Base: All LAs that have used the new safeguard (177).