

## 2 Direct Payments and LHA Safeguards

### 2.1 Introduction and summary

At the end of 2009, the Department for Work and Pensions (DWP) made amendments to its guidance to Local Authorities (LAs) on paying Housing Benefit under the Local Housing Allowance (LHA) arrangements. The aim of the revised LHA Guidance was to make it clearer when Housing Benefit (HB) can be paid direct to landlords and to clarify the sources of evidence which can be used when deciding whether the safeguards apply. The amendments also included further interpretation on the application of the eight weeks arrears rule. The aim of this section of the questionnaire was therefore to evaluate the effectiveness of the revised guidance and establish whether LAs have made changes to their procedures as a consequence of it.

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.

The vast majority of LAs (94 per cent) had used the Revised LHA Guidance issued at the end of 2009. Ninety per cent of these described it as helpful and slightly more said that it was clear. Sixty-seven per cent of LAs had not made any changes to the way they administered direct payments and the LHA safeguards as a result of the revised LHA Guidance, however this included 41 per cent that said that their procedures were already in line. Among those that had made changes (32 per cent of LAs), 62 per cent said they had been making more direct payments to landlords under the eight week rule, 60 per cent had been making more direct payments to landlords under the LHA safeguards, 54 per cent had been working more closely with homelessness prevention teams and 49 per cent had been making decisions on direct payments more quickly.

Slightly fewer LAs (86 per cent) had used the LHA Good Practice Guidance issued in May of 2010. However, this document was also rated very highly for both helpfulness (93 per cent) and especially clarity (97 per cent clear). Thirty per cent of LAs had made changes to the way they administered direct payments and the LHA safeguards as a result of the LHA Good Practice Guidance. Among these, by far the most frequently mentioned change was to have reviewed local safeguard policy and publicity (70 per cent).

Forty two per cent of LAs said they had made more payments since both of the Guidance had been issued, two per cent said less had been made but 54 per cent said that the number of payments was about the same as before. Sixty one per cent said that the change was due to economic circumstances and 26 per cent said it was because of the new guidance.

When all LAs were asked specifically about the number of payments under the eight week rule since the guidance had been issued, a third (33 per cent) said there had been more and 63 per cent said they had remained at about the same level.

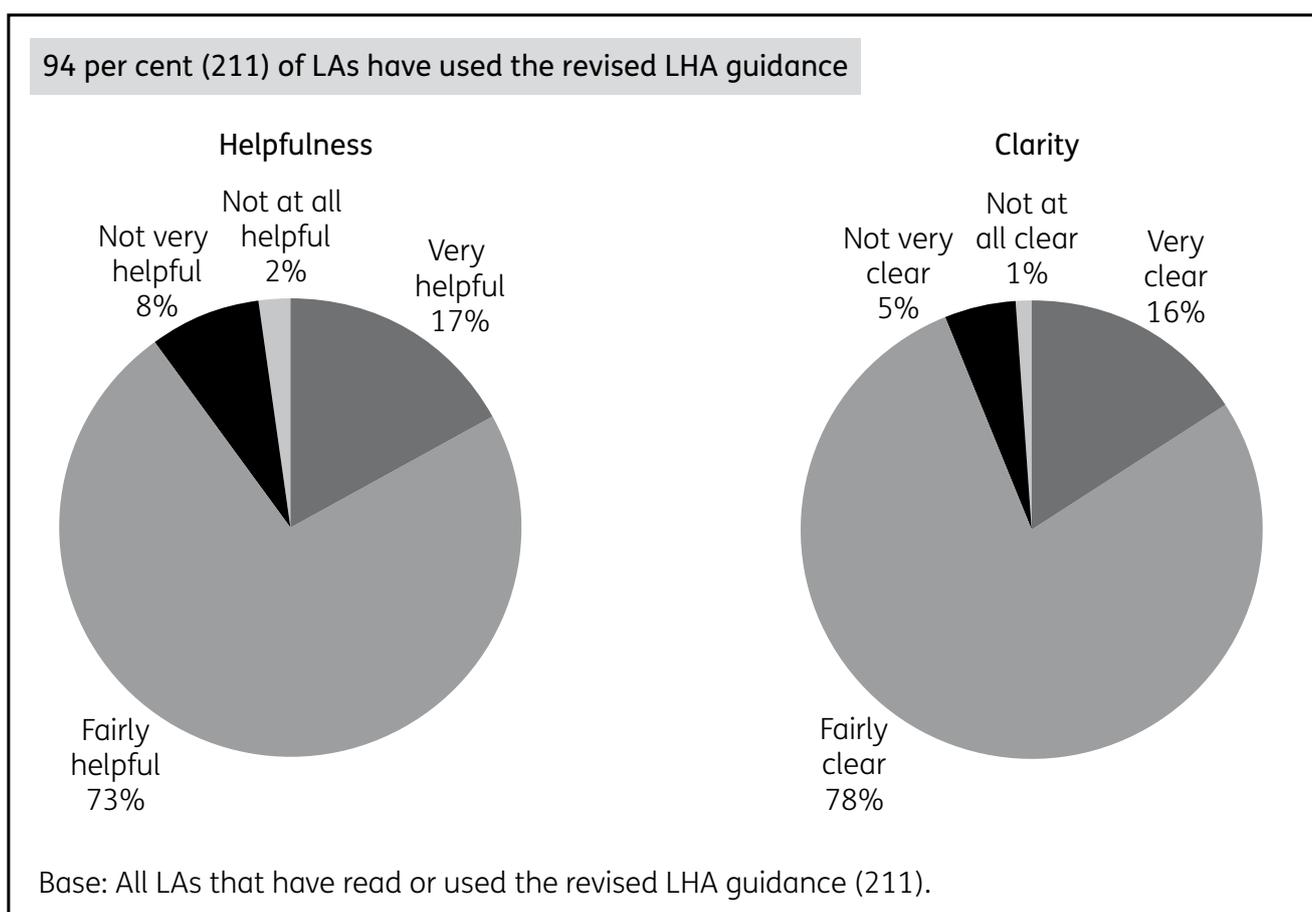
In terms of changes in landlord's behaviour regarding direct payments since the guidance had been issued, the main feature of change appears to be that some landlords have been contacting the LA sooner about arrears, mentioned by 57 per cent. On the other hand, 36 per cent of LAs said they had observed no change in behaviour.

## 2.1 Main findings

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

### 2.1.1 Revised LHA Guidance

**Figure 2.1 Have you (or a colleague in your department) read or used the Revised LHA Guidance issued at the end of 2009 in relation to direct payments and the LHA safeguards?  
How helpful did your LA find the Revised LHA Guidance?  
How would your LA rate the clarity of the Revised LHA Guidance?**



The vast majority of LAs (94 per cent) had used the revised LHA Guidance issued at the end of 2009. Ninety per cent of the LAs that used it described it as helpful, rising to 100 per cent of Scottish LAs. Slightly more LAs said that the revised LHA guidance was clear, with 100 per cent of Scottish and Welsh LAs describing it in this way.

London Boroughs and English Metropolitan Districts were significantly more likely than Scottish LAs to have said that the Revised LHA Guidance was not helpful (20 per cent and 17 per cent versus zero per cent). London Boroughs were also significantly more likely than Scottish LAs and English Districts to have described the guidance as unclear (fifteen per cent, zero per cent and five per cent respectively).

In contrast to the positive view of Scottish and Welsh authorities, London Boroughs were the most likely to have a negative view of the revised LHA Guidance with 20 per cent saying that it was not helpful and 15 per cent saying that it was unclear.

**Figure 2.2 As a result of the Revised LHA Guidance has your LA made changes to the way you administer direct payments and the LHA safeguards?**

32 per cent of local authorities said that they have made changes to the way they administer direct payments and the LHA safeguards

41 per cent that said their procedures were already in line

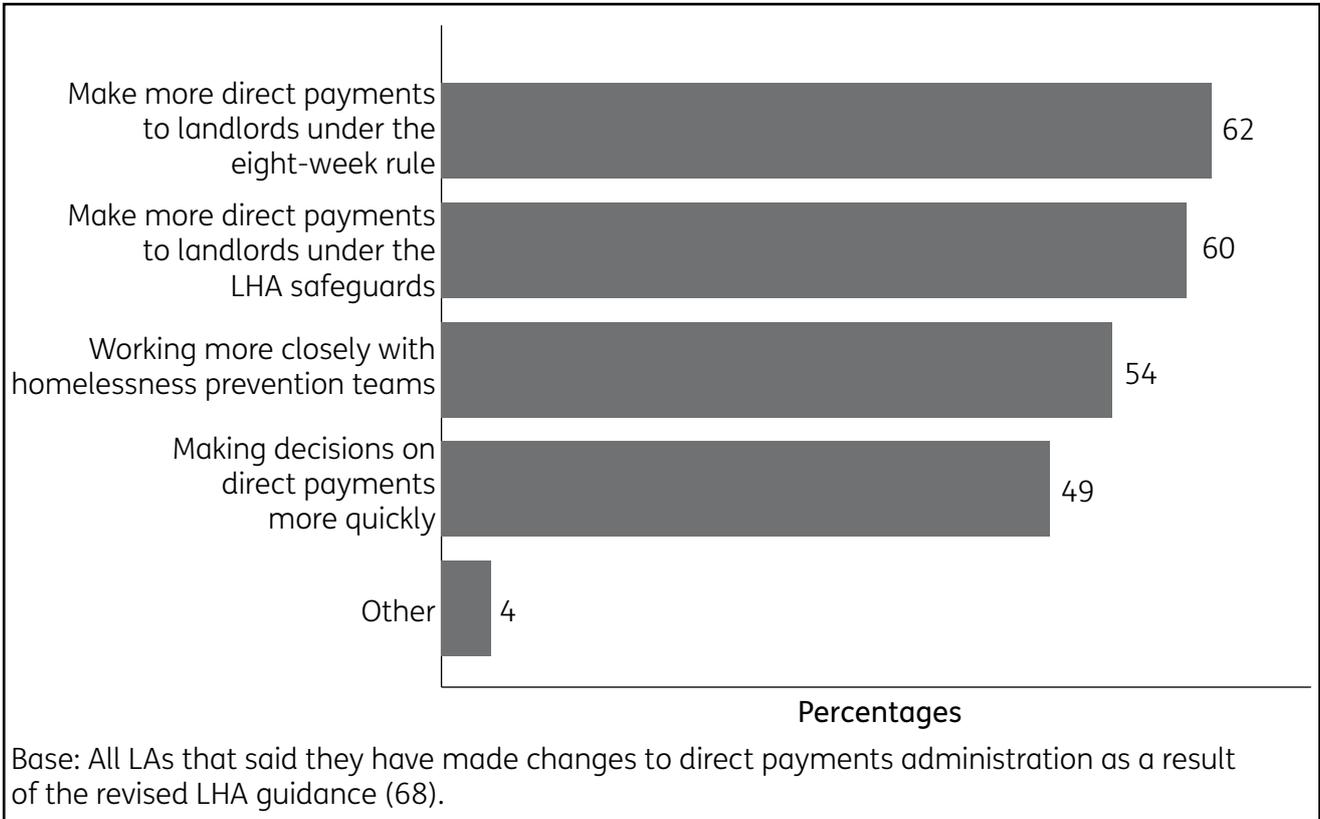
A further 26 per cent said no, no changes made

Base : All LAs that have read or used the revised LHA guidance (211).

Overall, 66 per cent had not made any changes to the way they administered direct payments and the LHA safeguards as a result of the revised LHA Guidance. However, it is important to note that this included 41 per cent that said that their procedures were already in line.

English Metropolitan Districts and London Boroughs were more likely to have made changes as a result of the guidance (both 50 per cent). Scottish and Welsh authorities and English Districts, on the other hand, were most likely to have not made any changes as a result of the guidance and did not have their procedures in line either (42 per cent, 36 per cent and 32 per cent respectively).

**Figure 2.3 How has your LA changed the way you administer direct payments and the LHA safeguards since the revised LHA Guidance was issued?**



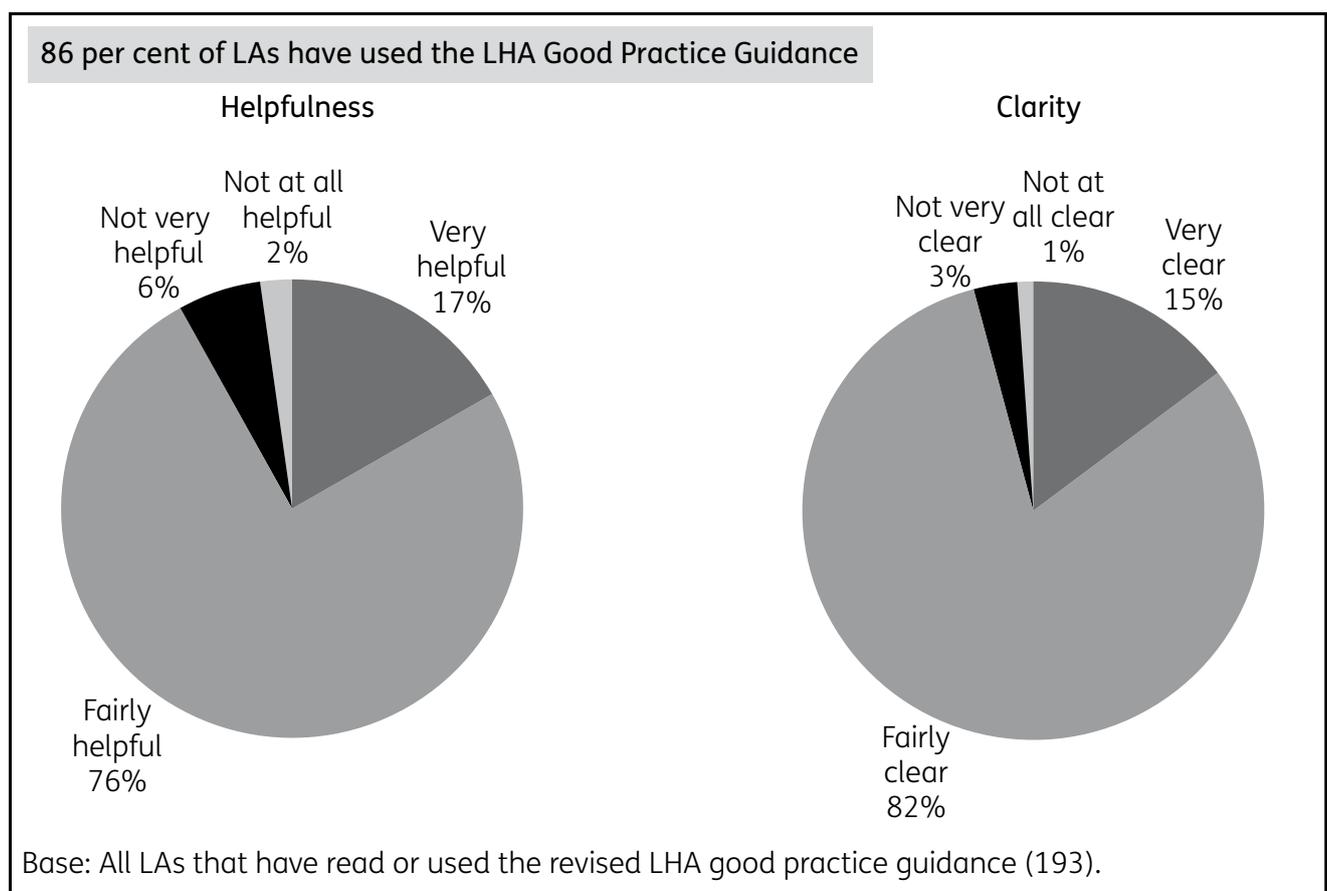
All LAs that had made changes to the way they administered direct payments and LHA safeguards as a result of the guidance were asked what they had been doing differently.

Sixty two per cent said they had been making more direct payments to landlords under the eight week rule and 60 per cent had been making more direct payments to landlords under the LHA safeguards. Fifty four per cent had been working more closely with homelessness prevention teams and 49 per cent said they had been making decisions on direct payments more quickly.

The only differences in the findings were by caseload. Medium and high caseload LAs were significantly more likely than low caseload authorities to have made more direct payments to landlords under the eight week rule (71 per cent, 68 per cent and 42 per cent respectively). On the other hand, low and medium caseload authorities were significantly more likely to have worked more closely with homelessness prevention teams (68 per cent, 63 per cent and 36 per cent respectively).

**2.1.2 LHA Good Practice Guidance - paying benefit and applying the safeguards**

**Figure 2.4 Have you (or a colleague in your department) read or used the LHA Good Practice Guidance - paying benefit and applying the safeguards – that was issued in May 2010?  
How helpful did your LA find the LHA Good Practice Guidance?  
How would your LA rate the clarity of the LHA Good Practice Guidance?**



Slightly fewer LAs (86 per cent) had used the LHA Good Practice Guidance issued in May of 2010. However, this document was also rated very highly for both helpfulness (93 per cent) and especially clarity (97 per cent clear).

All Scottish and Welsh authorities described the LHA Good Practice Guidance as both helpful and clear, while 100 per cent of London Boroughs also said that it was clear.

English Metropolitan Districts were the most negative about the guidance in terms of helpfulness with 23 per cent saying that it was not helpful.

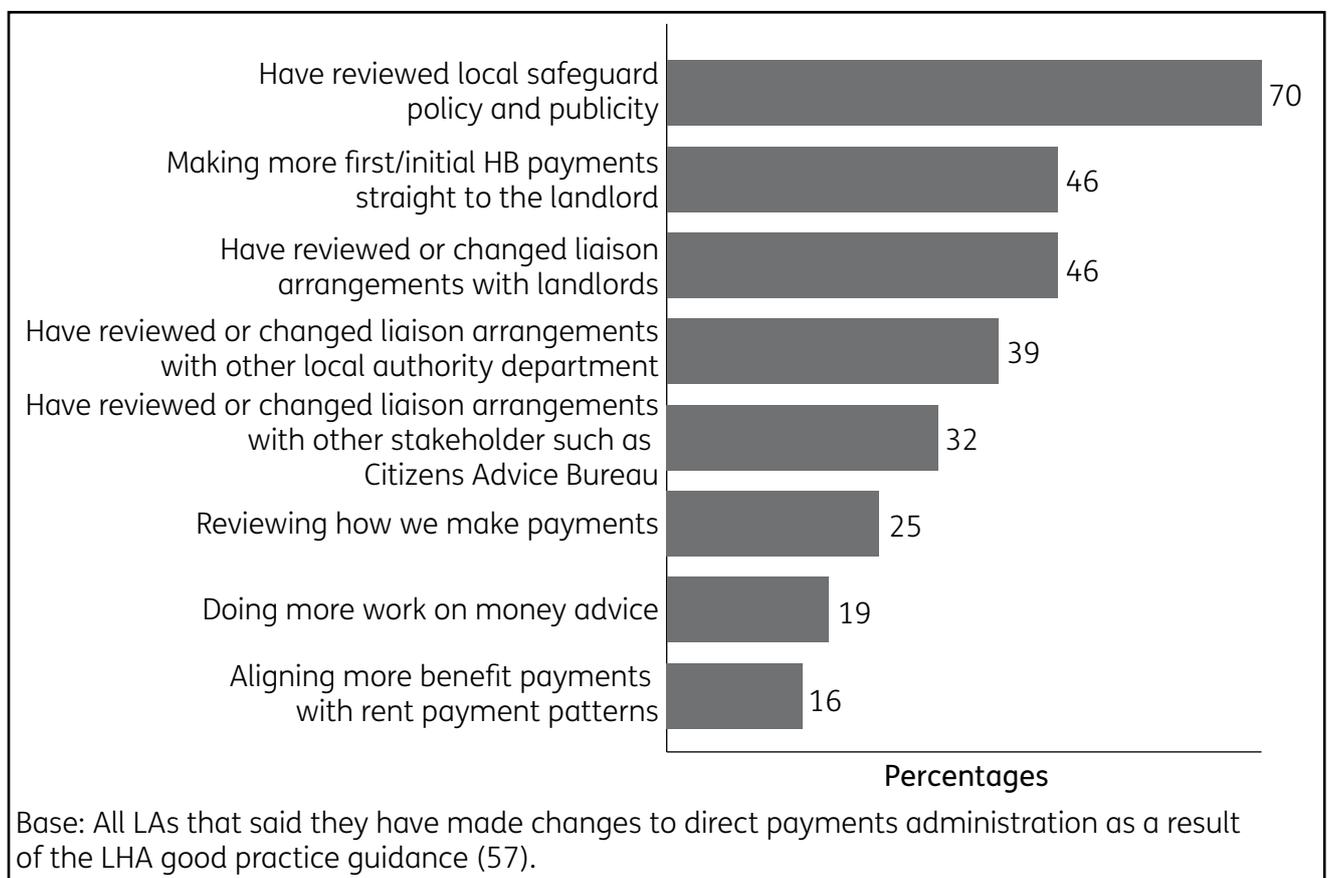
**Figure 2.5 As a result of the LHA Good Practice Guidance – paying benefit and applying the safeguards – has your LA made changes to the way you administer direct payments and the LHA safeguards?**

30 per cent of LAs said that they have made changes to the way they administer direct payments and the LHA safeguards

Base : All LAs that have read or used the LHA Good Practice Guidance (193).

Thirty per cent of LAs had made changes to the way they administered direct payments and the LHA safeguards as a result of the LHA Good Practice Guidance. This rises to 52 per cent of those LAs that had contracted out.

**Figure 2.6 How has your LA changed the way you make payments or administer the safeguards since the LHA Good Practice Guidance was issued in May 2010?**



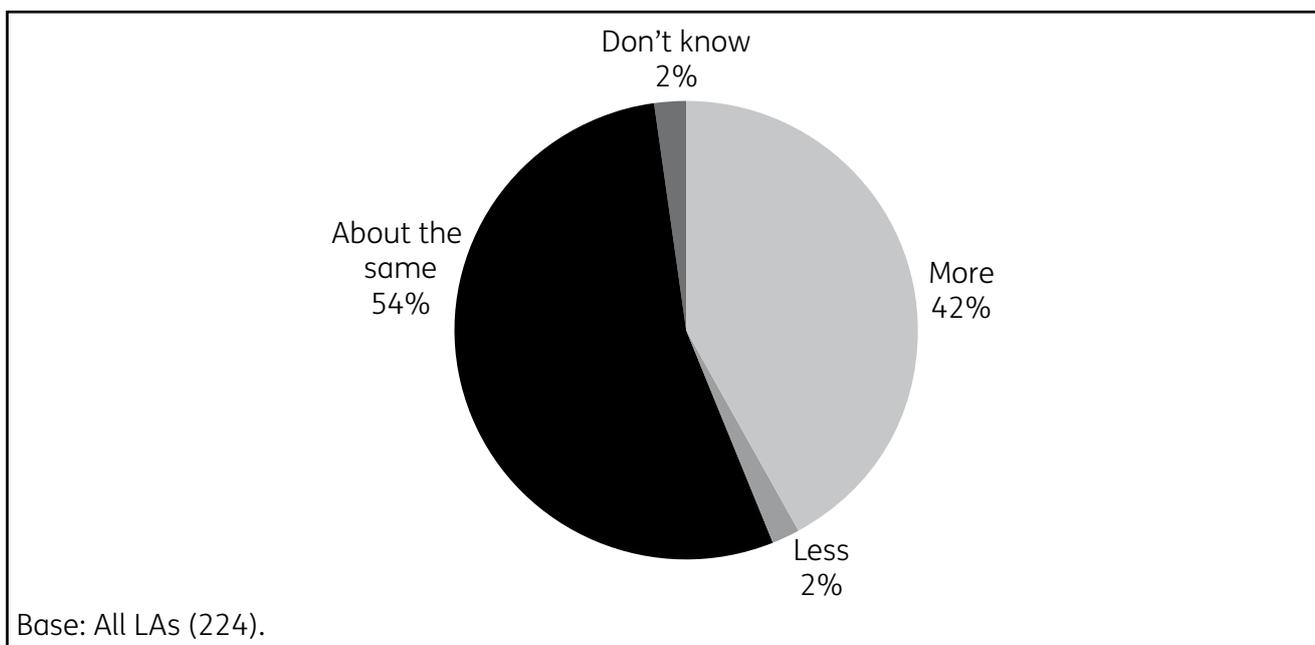
Among the 57 LAs that had made changes to the way they administered direct payments and the LHA safeguards as a result of the LHA Good Practice Guide, the most frequently mentioned change was to have reviewed local safeguard policy and publicity (70 per cent). Forty-six per cent said they

were making more first/initial HB payments straight to the landlord or had reviewed or changed liaison arrangements with landlords. Slightly fewer (39 per cent) had reviewed or changed liaison arrangements with another LA department, had reviewed or changed liaison arrangements with other stakeholders such as CAB (32 per cent) or had reviewed how they make payments (25 per cent). Nineteen per cent were doing more work on money advice and 16 per cent were aligning more benefit payments with rent payment patterns.

The only real difference in the findings was by caseload with low caseload LAs significantly more likely than medium and high LAs to have been doing more work on money advice (37 per cent, 14 per cent and six per cent respectively).

### 2.1.3 Revised LHA Guidance and LHA Good Practice Guidance

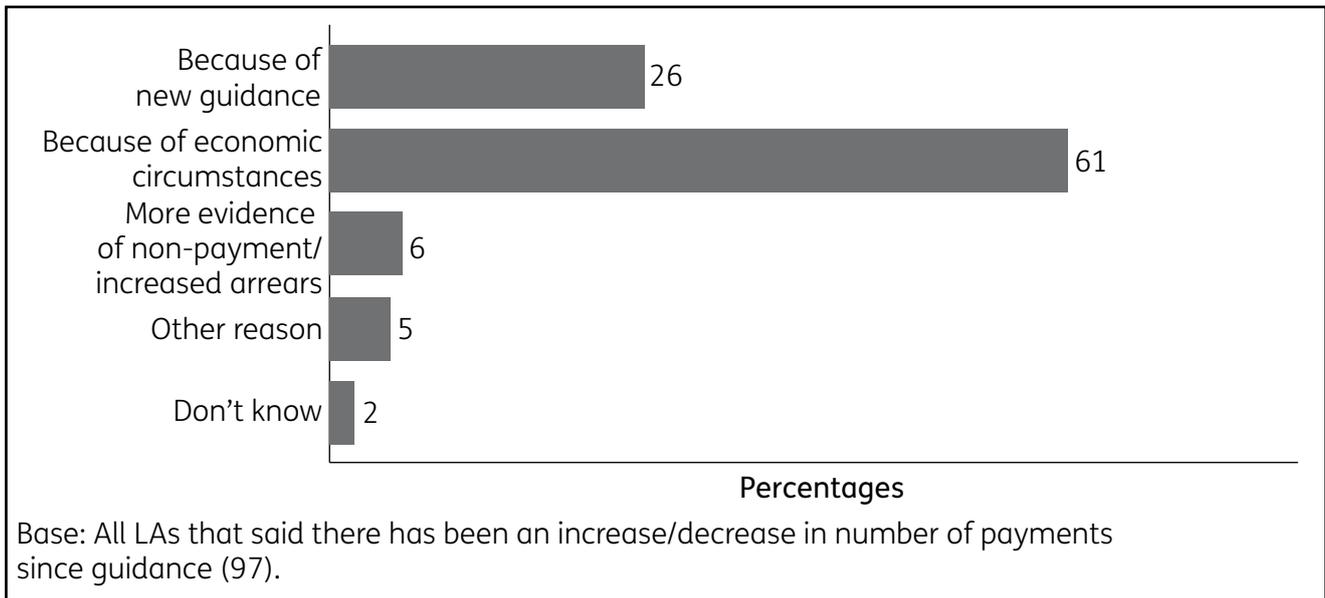
**Figure 2.7** Since the Department issued its revised LHA Guidance at the end of 2009 and LHA Good Practice Guidance in May 2010, in relation to direct payments and the LHA safeguards, would you say that your LA is making more, less or about the same number of payments?



Forty two per cent said they had made more payments since both of the guidance had been issued, two per cent said less had been made but 54 per cent said that the number of payments was about the same as before.

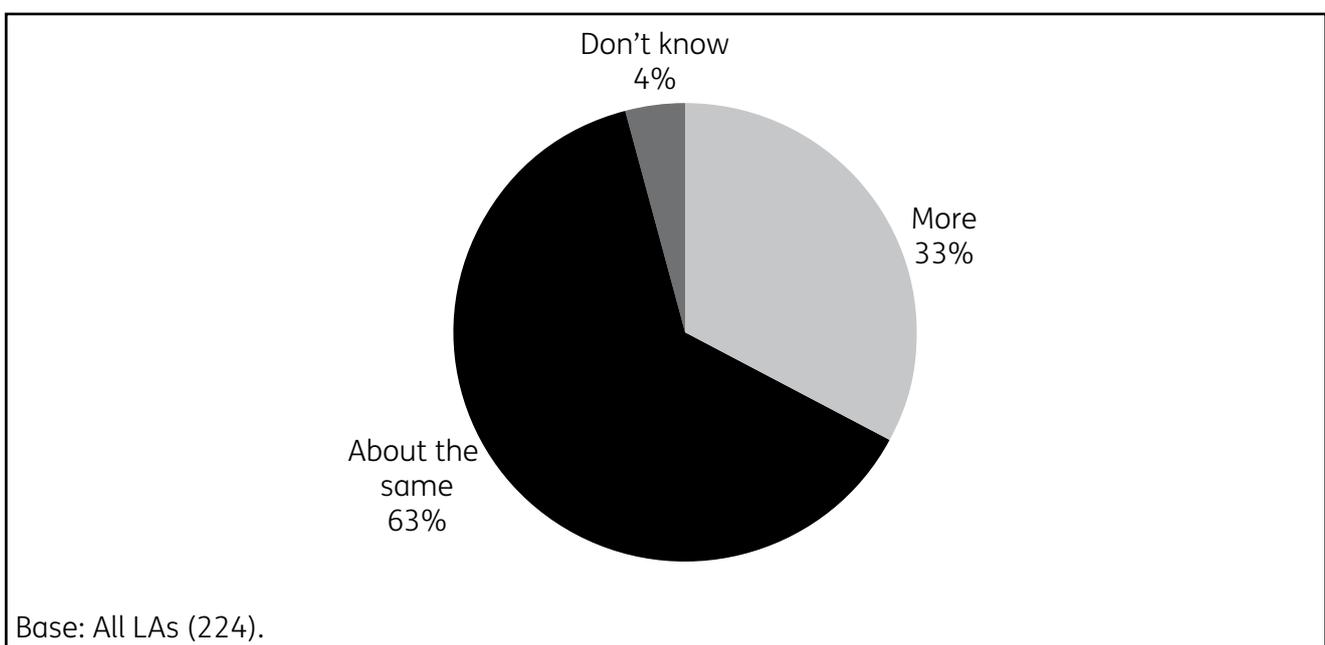
High caseload authorities, in particular English Metropolitan Districts, were significantly more likely than low and medium caseload LAs to have made more payments since the guidance (61 per cent, 32 per cent and 38 per cent respectively). Low and medium caseload LAs were significantly more likely than high caseload LAs to have made about the same (63 per cent, 56 per cent and 39 per cent respectively).

**Figure 2.8 What would you say is the main reason that this increase/decrease in the number of payments has happened? Is it because of the new guidance, because of economic circumstances or some other reason?**



Those LAs that said there had either been either an increase or decrease in the number of payments were asked why they thought the change had occurred. Sixty one per cent said it was due to economic circumstances, 26 per cent said it was because of the new guidance and six per cent said that there was more evidence of non-payment/increased arrears/claimants inability to manage finances.

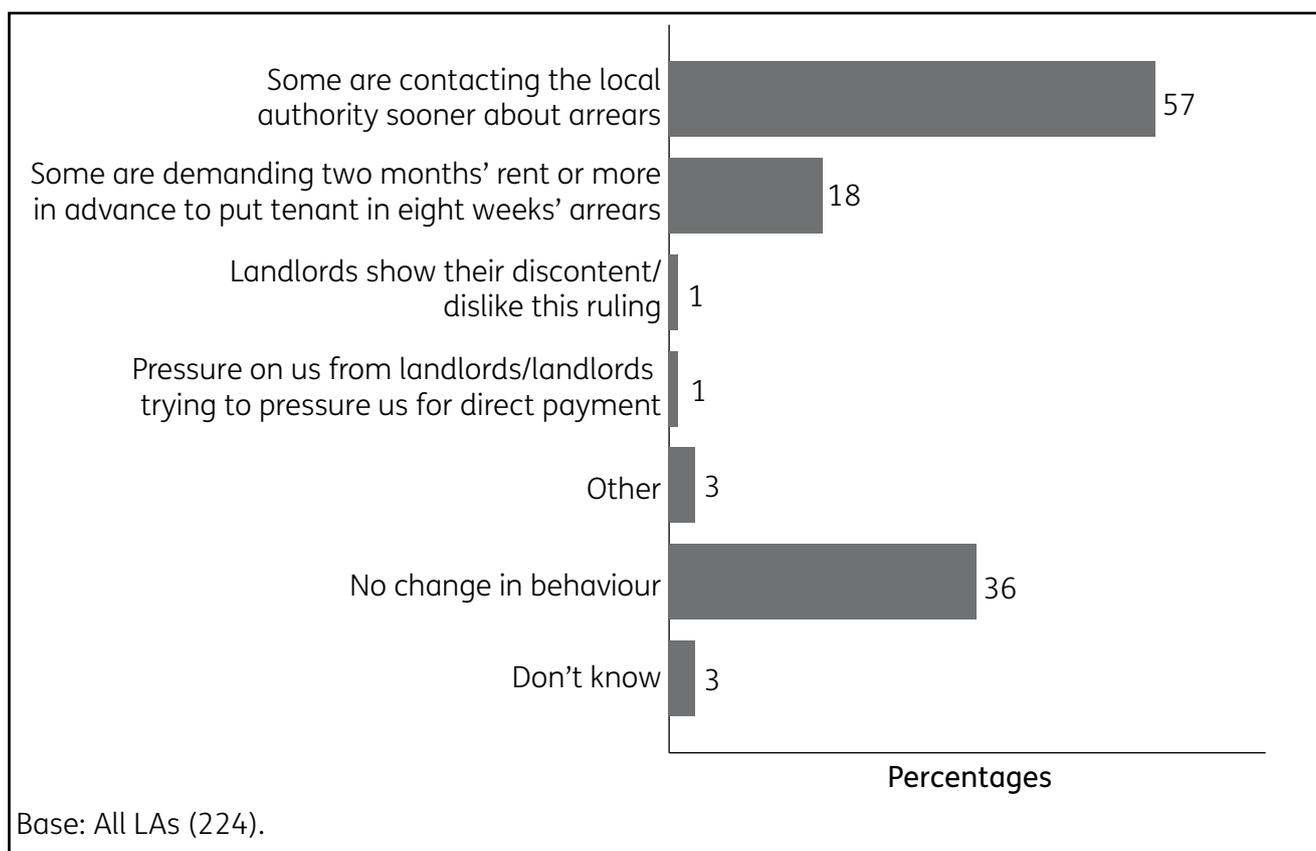
**Figure 2.9 Since the Department issued its Revised LHA Guidance at the end of 2009 and LHA Good Practice Guidance in May 2010, in relation to direct payments and the LHA safeguards, is your LA making more, less or about the same number of payments under the eight weeks arrears rule?**



All LAs were asked more specifically about the number of payments under the eight week rule since the guidance had been issued. Thirty three per cent said there had been more, none said there had been less and 63 per cent said they had remained at about the same level.

High and medium caseload LAs were significantly more likely than low caseload LAs to have said that there has been more payments under the 8 week rule since the guidance had been issues (44 per cent, 38 per cent and 22 per cent respectively).

**Figure 2.10 Since the Department issued its revised LHA Guidance at the end of 2009 and LHA Good Practice Guidance in May 2010, in relation to direct payments and the LHA safeguards, has your LA noticed any changes in the behaviour of landlords regarding direct payments?**



In terms of changes in landlord’s behaviour regarding direct payments since the guidance had been issued, the main feature of change appears to be that some had been contacting the LA sooner about arrears, mentioned by 57 per cent. Eighteen per cent said some had been demanding two months rent or more in advance to put the tenant in eight weeks arrears and just one per cent of LAs said that landlords had shown their discontent/dislike of this ruling and that there has been pressure on LAs from landlords/landlords were trying to pressure on them for direct payment.

On the other hand, 36 per cent of LAs said they had observed no change in behaviour. This rises to 43 per cent of low caseload authorities, compared with 31 per cent of medium and 29 per cent of high caseload LAs.