

## Research: summary

# For whose benefit?

## A study monitoring the implementation of local housing allowance

Local housing allowance (LHA), a new system of housing benefit for the private rented sector, was rolled out nationally in April 2008 with the aim of empowering claimants and giving them greater choice when looking for a home. The new system comprises a flat-rate benefit according to household size and location and a presumption of direct payment of the benefit to the claimant. Shelter conducted a survey in 2009 investigating the experiences of more than 450 LHA claimants. The findings have informed proposals for essential reforms to the system to ensure that LHA works in practice for tenants, landlords and local authorities.

### Key findings

- Most LHA claimants with experience of payment of LHA to their landlord and to themselves would prefer to have it paid directly to the landlord. Being able to choose how their LHA is paid would help claimants stay in control of their finances. This supports findings from previous studies that the move to a presumption of direct payments to the claimant is causing problems for both claimants and landlords.
- There were two main barriers restricting claimants' access to accommodation: finding a home that is affordable and finding a landlord willing to rent to LHA claimants. More than three-quarters of respondents to Shelter's survey (81 per cent) had found it difficult to find a home that was within their LHA budget and more than half (60 per cent) had found it difficult to find a private landlord who was willing to let to LHA claimants.
- Shortfalls between the LHA entitlement and claimants' rent were a significant problem for 59 per cent of respondents; 14 per cent of respondents had to make up a shortfall of between £26 and £50 per week. Shortfalls were the main reason for people falling behind with their rent. Many respondents were making up the difference by cutting back on essentials such as food or heating.
- Ninety-five per cent of respondents were struggling to manage their finances to some degree.
- The timing of LHA payments had also caused problems with rent arrears for claimants. The fortnightly payments did not coincide with the monthly rent required by landlords or with monthly salaries for those claimants who were in work.
- LHA remains a barrier to entering employment for many claimants. Almost half of respondents thought that it was not worth their while financially to find employment or increase their hours because their LHA entitlement would reduce if they did so and their rent was so high.
- More than one-third of respondents (38 per cent) felt that LHA was both simpler and easier to understand than the housing benefit system that they had formerly claimed under; however, half responded that they did not know. In most cases, respondents were positive about the advice that they had received from the local authority in relation to LHA. For those who were more negative about LHA, administrative processes had proved to be the most problematic aspect of the system.

## Shelter's recommendations

Shelter is supportive of the principles that underpin LHA; however, as our report highlights, there are a number of problems with the system that need to be addressed to make it efficient, fair and fit for purpose. We recommend that the following measures be undertaken to ensure that LHA works in practice for claimants, landlords, and local authorities and effectively meets the Government's original policy objectives.

### Payment methods

- **The Government must allow claimants to decide how their LHA is paid, either directly to them or to their landlord.**

This would help to prevent rent arrears, unplanned moves, and ultimately homelessness, but would still allow people to keep control of their finances if they so prefer. It would also increase the supply of landlords willing to let to benefit claimants.

### Choice and affordability

- **Local authorities need to work with landlords to increase the supply of affordable private rented accommodation for LHA claimants.**

Options could include a helpline or more face-to-face contact with landlords where problems do occur, and training for landlords to develop a better understanding of LHA. Landlords should also be encouraged to contact local authorities before eight weeks of rent arrears have been accrued by a tenant, so that local authorities can make contact with the claimant to discuss their non-payment of rent.

- **The Government needs to undertake a comprehensive review of the regulations that govern BRMAs (both for local reference rents and LHA).**

The criteria used to determine the regulations have not been updated since 1995 and a review is well overdue. The regulations that came into force on 5 January 2009 were intended as a short-term solution.

- **Local authorities should ensure that the full discretionary housing payment (DHP) budget is used to help LHA claimants in short-term financial need ease the transition into employment.**

This should include training and raising awareness with staff in local authority housing benefit

departments of how DHP can be used, including for claimants requiring short-term assistance with their rent when they start employment. Housing benefit departments should also liaise with other local authority departments, such as housing, social services and Supporting People teams, to identify claimants who may require DHP and wider support services.

### Local authorities: administration and advice

- **Local authorities should deliver a more personalised service for LHA claimants.**

This is especially important for people who do not have access to the internet. As part of authorities' strategies to prevent homelessness, there should be increased funding for the provision of one-to-one services by housing benefit teams to discuss the claimant's individual needs and the options that LHA offers.

- **Shelter believes that restoring choice to all LHA claimants about payment methods is essential and the evidence for this is unequivocal. However, until this happens, local authorities' safeguarding practices for identifying vulnerable claimants who should not have their LHA paid directly to them must be made consistent.**

Local authorities should be pro-active in identifying vulnerable claimants and this should include improved joint-working across local authority departments. Assessments must be clear and transparent and local authorities should be willing to co-operate with welfare rights organisations and charities in identifying vulnerable claimants.

### Evaluation and review

- **The Government must undertake and publish its promised two-year review of LHA to assess the extent to which it has met the original policy objectives.**

There must be a full evaluation of the national roll out of LHA, including the impact of the five-bedroom cap, the widening of BRMAs, and any other changes that are introduced before the two-year anniversary of LHA's introduction in April 2010.

Until there's a home for everyone  
Shelter, the housing and homelessness charity  
88 Old Street  
London EC1V 9HU  
[shelter.org.uk](http://shelter.org.uk)

Registered charity number in England and Wales 263710 and in Scotland SC002327

# Shelter