

Mansfield District Council

Local Housing Allowance – Direct Payment Strategy

1. Introduction

Local Housing Allowance (LHA) was introduced nationally from 7th April 2008.

LHA is the way of working out Housing Benefit for tenants who rent from a private sector landlord. It does not apply to Registered Social Landlord or Council tenancies. It is based on the number of bedrooms tenants are allowed based on the number of people who live with the tenant, not how much rent is charged.

The scheme was introduced by the previous government to address the criticism that Housing Benefit is complex and does little to promote personal responsibility and can act as a barrier to work. LHA was a central element of the Housing Benefit reform programme, of the previous government. Existing Housing Benefit claimants are unaffected by LHA unless they change address or have a break in entitlement.

One of the significant changes introduced through LHA is that the allowance is normally paid direct to the tenant as opposed to the landlord. There is the expectation that most LHA recipients will have the money paid into a bank account or in a minority of cases, by cheque.

Direct payments to landlords apply where it is considered that the tenant is vulnerable. From 1st April 2011 direct payment to a landlord can also be made if the local authority considers that this will assist the customer to secure a new tenancy or retain an existing tenancy.

This strategy sets out the guidance which Mansfield District Council will use to make appropriate decisions concerning direct payments of LHA to a landlord and the vulnerability criteria.

Vulnerable has a number of definitions, in the LHA scenario it can best be defined that the tenant may be unable to conduct their affairs adequately and may put themselves at the risk of becoming homeless due to non payment of rent.

2. Direct Payment Strategy

The circumstances where the authority will consider paying the claimant's LHA directly to the Landlord is as follows:

- a) If the tenant is unlikely to pay their rent because they: -
 - have rent arrears and have consistently failed to pay their rent;
 - have previously absconded from a property leaving rent arrears;
 - have multiple debts or a history of failing to manage their affairs.
- b) The tenant is unable to pay their rent because they are classed as a 'vulnerable' tenant (see Appendix 1).

- c) Direct payment secures a new tenancy or retains an existing tenancy. It is implicit that under this provision the rent should have been made affordable to the tenant and should remain so. MDC would make the final decision as to this matter but envisages rent levels would be in line with the appropriate Local Housing Allowance rate or below.

3. Aims and Objectives of the Direct Payment Strategy

- To provide a safeguard for the most vulnerable tenants and reassure them that their benefit will be paid direct to their landlord.
- To help prevent rent arrears and tenants being put at risk of eviction.
- To help sustain tenancies for vulnerable tenants.
- To reassure landlords that their rent will be paid if they have vulnerable tenants or are approached by vulnerable tenants.
- To ensure Officers make reasonable, fair and consistent decisions.
- To promote a transparent and simple process that is widely understood.
- To treat each case individually and to avoid making assumptions about people's situations.
- To help to put tenants in touch with other agencies where necessary and allow people the opportunity and support to manage their own financial affairs
- New and existing tenancies are secured through negotiations of affordable rent levels acceptable to Mansfield District Council.

The strategy is not designed to: -

- Supersede support that is being received by tenants to help them be responsible for their own income and expenditure.
- Be a blanket policy for agencies providing support to private tenants.
- Be used by landlords to circumvent the aims of LHA.

4. Alerting the Council of Potential Vulnerability

The tenant or their representative needs to make the authority aware that they would prefer their LHA to be paid to the landlord. The landlord may also adopt this role. The information may be via the following methods:

- Letter.
- Email.
- Telephone call.

- Completing one of the authority's application forms for direct payment of LHA to the landlord.
- Completing an 8 weeks in arrears proforma.

At this point the authority may decide to suspend LHA payment whilst it makes an assessment of whom to pay or may, in the interim, pay the landlord or tenant.

5 Information and Evidence Gathering

To enable an objective decision to be made Officers will consider the information that has been received and whether there is enough evidence to make an appropriate final decision. Evidence can be from:-

- Social Worker, Probation Officer, Support Worker.
- GP/Hospital.
- The Tenant.
- Homelessness or Housing Officers.
- Support or advisory services, e.g. Citizens Advice Bureau and Shelter.
- The tenant's family or friends
- Letter from a bank/building society confirming that a bank account cannot be opened.
- Copy of a Court Order or County Court Judgement.
- Rent records and letters proving attempts to collect monies or evidence from a previous landlord.
- Letter from debt recovery agencies/bailiff.

This list is not exhaustive. Additional or alternative information may be accepted.

Where the evidence is supplied by the landlord the authority may require supporting evidence from the tenant or relevant third party to collaborate the vulnerable status.

Housing Benefit claim history will also be used for any further indication of vulnerability.

6 Making a Payment Decision

One of the following decisions will be made:

- a) The tenant is vulnerable and payment of LHA will be made to the landlord

In some cases the authority may decide to review the decision at an appropriate date in the future.

If the landlord has provided evidence of rent arrears, the Council may pay the excess LHA directly to the landlord until the arrears have been cleared.

b) The tenant is not vulnerable and payment of LHA will be made to the tenant

7. Notifying the Affected Parties

The tenant and/or their representative will receive a letter which will advise the following: -

- The decision.
- The reason for the decision.
- If and when the decision will be reviewed.
- If applicable, the decision to pay the excess LHA to the landlord.
- Appeal rights.
- Contact details for advice if they don't have a bank account and will be receiving excess LHA themselves.

The landlord will also receive a letter advising:-

- If their tenant has been found vulnerable, that the Council will pay LHA up to the contractual rent.
- If and when the decision will be reviewed.
- Request bank details, if not previously received.
- If their tenant has been found not to be vulnerable. The landlords appeal rights against this decision will only be issued if the landlord is involved in the vulnerability application.

8. Appeals

The person who has made the claim or is affected by the payment decision can appeal against any decision made in relation to direct payment of Housing Benefit/Local Housing Allowance.

The appeal is initially made to the authority. If the decision cannot be changed the authority will prepare a submission to The Tribunal Service for independent adjudication.

9. Additional Provisions

Variations to this strategy may be authorised by the Head of Finance, Property and Revenue Services under delegated powers, following recommendations from the Revenues and Benefits Manager.

Reviewed – 27 May 2011.

Grounds	Example Evidence
Long-Term	
The tenant has a learning disability that prevents them from managing on a daily basis.	Care/Support workers GP Adult Social Care DWP (evidence of benefits)
The tenant suffers from a medical condition that makes it hard for them to cope with routine tasks e.g. schizophrenia, dementia, terminal illness	Care/Support Workers GP Adult Social Care Hospital
The tenant has a physical disability that means that they are often housebound making it difficult for them to manage their affairs	Care/Support Workers GP Adult Social Care Hospital
Temporary/Short-Term	
The tenant has experienced recent changes that has meant they need additional support in managing their affairs e.g. bereavement, violent relationship breakdown, period in hospital, leaving prison, leaving care, police protection	Care/Support workers GP Adult Social Care Hospital Probation officers Family/Friends Police
The tenant speaks English only as a second language, presenting obstacles to them in opening and running bank accounts, reading and dealing with invoices and bills.	Written Evidence from Support Organisations that arrears/debts have occurred as a result of not understanding correspondence
The tenant is dealing with, or has a history of, addiction to drugs, alcohol, gambling and a substantial monetary payment to them would present a risk of relapse	Support Organisations GP Adult Social Care Hospital Care/Support Worker Supporting People
The tenant has as history of homelessness and/or rough sleeping and is receiving help to sustain a tenancy in the private sector	Housing Advice Advice/Welfare Agencies Homelessness Teams
Financial	
The tenant has severe debt problems e.g. County Court Judgement's (CCJ's), bad credit rating that prevents opening bank accounts, un-discharged bankruptcy	Creditors Court Orders Solicitors Money Advisor DWP deduction in benefit to pay utility company

The above list is not exhaustive and there may be other causes of vulnerability that may prevent the tenant from managing their affairs and coping with direct payments of Local Housing Allowance.