

15 Months On: An interim evaluation of running the LHA in the nine Pathfinder areas

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Executive summary

This Evaluation report is the second in the series that specifically deals with the introduction, implementation and delivery of the LHA as experienced, and influenced, by those organisations most centrally involved. It is based on work undertaken in each Pathfinder fifteen months after the authorities began to implement the LHA. Other reports in the series will be further considering the impacts of the LHA on claimants and on landlords.

The aim of this report is to evaluate the impacts of the LHA on:

- i. The extent of direct payment of the benefit to claimants
- ii. The degree to which claimants appear to be using Housing Benefit (HB) under LHA to pay their rent rather than failing to pay and accruing arrears
- iii. Decision making in the case of those claimants for whom direct payment may not be appropriate ('vulnerable' claimants)
- iv. The operation of the HB service in the Pathfinders
- v. The operation of Jobcentre Plus
- vi. The work of Rent Officers
- vii. Services concerned with homelessness
- viii. Services concerned with financial advice.

It is possible to summarise the impact of the LHA in these respects as follows:

(i) The extent of direct payment

Fifteen months after the introduction of the LHA, when most eligible claimants at the start of the scheme have been transferred to the new regime, the requirement that payment should normally be made direct to claimant is clearly being met, and strikingly so. Between 76 per cent and 94 per cent of claimants across the nine authorities are receiving their payments direct. This represents a very significant increase in all Pathfinders compared to the pre-LHA position and may represent the longer run, 'steady state' position.

(ii) Arrears under the LHA

It was a concern that one of the impacts of the LHA would be that at least some tenants receiving their awards direct would choose not to pay their rent. The information in this area that can be drawn from data provided by the authorities' HB services is difficult to assess, given that the Pathfinders respond in different ways to arrears that arise before eight weeks worth of rent payments have been missed and have different ways of recording the decision as to why rent payments have been switched to the landlord.

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It does appear to be the case that in one Pathfinder arrears have risen and there is also evidence that some landlords are claiming arrears or missed or insufficient rent payments in circumstances where they might not have done so before. Even so, it is important to recall that a minority of payments are being made direct to landlords and it would appear that, as a maximum, in three Pathfinders around 50 per cent of these payments have been made on the grounds of arrears. For many of the other Pathfinders the percentage of payments made to landlords on these grounds is noticeably less than this.

What can be concluded in respect of arrears under the LHA is that, over the group of Pathfinders as a whole, arrears are not the main reason for making payments to landlords, and that non-payment of rent does not appear, after 15 months of the LHA, to be a problem affecting a large number of claimants and their landlords.

(iii) Decision making in respect of vulnerable claimants

The paragraph above suggests that the majority of payments to landlords in most Pathfinders are made on grounds other than arrears – that is, most are made on the grounds of vulnerability. Available evidence suggests that medical reasons appear to be the main reason for a claimant being judged vulnerable and for payment to be made to the landlord. It is clear, however, that while some Pathfinders have yet to fully determine and implement procedures for reviewing vulnerability and arrears cases, the decision to make payments to landlords is only very rarely seen as permanent. Cases are expected to be reviewed at pre-determined intervals and previous payment decisions amended as appropriate. This reflects the intention of the LHA that payment should normally be made direct.

The time-limited nature of vulnerable status is particularly true of claimants whose Housing Benefit under LHA is paid to their landlords because they do not have a bank account. There is still a minority of claimants who find great difficulty in opening an account in the first instance and these difficulties can cause them and their landlords significant problems. However, after 15 months of the new regime, such claimants do represent a small minority. The majority of claimants - a significant majority in some Pathfinders - are now known to have a bank account and to use it to access their Housing Benefit, as might be expected under a regime that has greatly extended direct payment.

(iv) The operation of the HB service

In examining the operation of the HB service in the Pathfinders under the LHA regime, the clear conclusion is that it is being delivered, and delivered successfully in the case of the great majority of claims. This has been achieved against a background of other changes in regulations, significant organisational change in some Pathfinders and a variety of IT and staffing problems ranging from the trivial to the acute. The improvement in processing times that might have been expected from the absence of referrals to the Rent Officer has perhaps not been as great as expected since in many Pathfinders Rent Officer determinations were produced in a very timely manner under the previous regime. The LHA has also added new elements to the process of claim assessment, most noticeably in respect of vulnerability and arrears decisions. Given these considerations, the improvement in processing times that have been observed across the Pathfinders as a group might well be regarded as quite significant.

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In respect of particular HB functions, most Pathfinders report some increase in the level and/or number of overpayments under the new regime and the rate at which these are being reclaimed appears to be falling in some areas as a result of the greater difficulties of reclaiming from tenants rather than landlords and the smaller amounts that can be reclaimed from tenants. The impact of the LHA on DHP claims varies across authorities. Some report increases in claims, particularly where LHA rates have fallen or rents have been rising. Others have noticed a change in the reasons for claiming DHP, particularly requests for assistance to pay for additional rooms required for medical reasons which are not reflected in the LHA criteria for the number of rooms required by the household.

One impact, or rather lack of impact, of the LHA, which is widely shared across the Pathfinders, is in relation to fraud, where the effects of the new regime have been minimal. Most Pathfinders report no impact on the work of their Fraud Teams and no significant change to date in the volume or type of HB fraud resulting from the new regime.

(v) The impacts on Jobcentre Plus

The Wave Two Evaluation suggests that the impact of the LHA on the work of Jobcentre Plus has been quite minor. With the exception of the extra administrative tasks that officers have to undertake as a result of the LHA, the new regime does not appear to have affected how they go about the task of advising claimants, nor can it be demonstrated that it has had any effect on the decisions of Jobcentre Plus clients themselves.

The information received through CMS and the use to which it can be put in some offices may be one reason why LHA is having so little impact. In particular, the information and technology to incorporate actual LHA awards into the better off calculation appears to be missing, and many officers have in any event had little or no formal training in the nature or implications of the regime. However, even if these concerns were rectified, it is not clear that the impact of the LHA in this area would be significant.

(vi) The impacts on Rent Officers

Rent Officers have felt a major impact, although much of this was experienced at the outset of the new scheme when the requirement for determinations was abandoned. The LHA has changed the nature of their work in the Pathfinder areas and has led to significant efforts being made to gather and validate market evidence. Such evidence is easier to amass for some property types than for others and while the rates set are sometimes controversial as a result, this appears to be the exception rather than the norm. As might be expected, controversy can also arise where rates are reduced. All the Rent Officers who participated in this Evaluation are satisfied that their decisions are correct and defensible, and arrived at in a timely and efficient manner.

(vii) Impacts on services concerned with homelessness

Homelessness services in the majority of the Pathfinders are dealing with larger numbers of households than before. However, the prior expectation among some people that the LHA would tend to increase homelessness is not being realised in practice. Almost no-one in the Pathfinders ascribes any increase in homelessness to the operation of the LHA.

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Rather, the LHA has offered many homelessness services in the Pathfinders the opportunity to help relieve homelessness problems by virtue of, in many areas, LHA rates for particular household sizes which are quite generous relative to previous HB determinations, coupled with a guarantee, or support for a guarantee, of payment of the award to the landlord rather than to the tenant in cases of homelessness. This is clearly of benefit to the households concerned, although it remains to be seen whether in particular markets such schemes may give homelessness households a comparative advantage over those claimants in receipt of direct payment.

(viii) Impacts on services concerned with financial advice

The evidence suggests that the money advice services (MAS) funded as part of the Pathfinder is working well, often after some initial problems and despite some temporary local staffing difficulties in a small number of authorities. This is the case whether the service is located within or outside of the authority. Some of these services report continued high levels of demand, while others have experienced a fall in the number of people seeking their help.

However, whether numbers are rising or falling, across the group there is evidence that the number of households presenting to MAS seeking basic advice about the LHA, or with financial difficulties solely related to the LHA, is falling. Increasingly households are presenting with problems of which the LHA is only one aspect, and may in some cases be of little significance within the context of their set of problems. This may be another indication that the LHA arrangements are settling down, and that knowledge about the scheme's operation has become more widely diffused.

Chapter 1: Introduction

About this report

This report evaluates the impacts of the LHA on those organisations and agencies involved in the delivery of the scheme. It is the 8th in a series of reports produced as part of the two year evaluation of LHA regime. The first report, *Evaluating the Local Housing Allowance Pathfinders*, described the policy background to the LHA and the approach being taken to assess its impacts by the Evaluation Consortium. The second report, entitled *The Nine LHA Pathfinder Areas: A summary of the baseline position before the introduction of the LHA*, was published by DWP in September 2004 and brought together the information gathered from stakeholders in the nine Pathfinder areas before the LHA was introduced. It was followed in March 2005 by *Delivering the LHA: A summary of the early experiences of implementing the LHA in the nine Pathfinder areas* which examined the experiences of those involved in delivering the scheme six months after implementation. The work undertaken at the sixth month stage is known as 'Wave One' of the Evaluation. Two further reports entitled *Claiming Housing Benefit in the Private Rented Sector* (DWP, 2004) and *Landlords and Agents in the Private Rented Sector* (DWP, 2005) outlined the key findings of surveys of HB claimants and landlords in the Pathfinders prior to, and immediately after, those authorities went live with the LHA.

This Evaluation report is thus the second in the series that specifically deals with the introduction and experiences of delivering the LHA. It is based on work undertaken in each Pathfinder fifteen months after the authorities began to implement the LHA. This is referred to below as 'Wave Two' of the Evaluation. A third report at the end of the Evaluation will examine issues and experiences in the delivery of the Allowance over the two years since its introduction. Other reports in the series will further consider the impacts of the LHA on claimants and on landlords.

The aim of this report is to evaluate the impacts of the LHA on:

- i. The extent of direct payment of the benefit to claimants
- ii. The degree to which claimants appear to be using Housing Benefit under LHA to pay their rent rather than failing to pay and accruing arrears
- iii. Decision making in the case of those claimants for whom direct payment may not be appropriate ('vulnerable' claimants)
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To achieve this aim the report proceeds as follows: the remainder of this introduction very briefly identifies the Pathfinders and outlines how Wave Two of the Evaluation was carried out. Chapter Two then discusses how paying the Allowance directly to (most) claimants has been handled and how exceptions to direct payment have been decided upon and subsequently reviewed. Chapter Three examines and attempts to evaluate the impacts of the LHA on the organisation primarily responsible for its delivery – the Pathfinder authorities' HB services, while Chapter Four considers how the work of Jobcentre Plus and Rent Officers, have been affected by the scheme. Finally, Chapter Five considers how the LHA regime has impacted on the work of those involved with services for the homeless and those giving financial advice to claimants receiving the Allowance (the 'Money Advice Service').

Before proceeding, it is important to draw attention to a matter of terminology. LHA is another way of delivering HB which differs from the way in which HB is delivered to the private rented sector in areas outside of the Pathfinders and which differs from the way in which it is delivered in the social rented sectors in all areas. The main differences are that the benefit under LHA is expected to be paid direct to claimants, unless there are clear reasons why this should not be done, and that the eligible rents on which HB is calculated locally is fixed for different sizes of household. The LHA is nevertheless part of the HB system and claimants on the LHA are still regarded as receiving HB. Thus, when the LHA arrangements are contrasted with HB arrangements below, this is to be interpreted as 'HB arrangements under the LHA regulations' contrasted with 'HB arrangements under the non-LHA regulations'.

The Pathfinders

The nine LHA Pathfinder authorities are Blackpool, Brighton & Hove, Conwy, Coventry, Edinburgh, Leeds, Lewisham, North East Lincolnshire and Teignbridge. As explained in *Delivering the LHA: A summary of the early experiences of implementing the LHA in the nine Pathfinder areas* (Chapter One) each Pathfinder introduced the new scheme at different dates between November 2003 and February 2004. They were all also given the option of introducing the new regime by using either a 'Phased' or 'Big Bang' approach. Briefly, the Phased approach involved transferring all new claimants onto the LHA after the start date, and transferring existing claimants onto the scheme when their claim was renewed or reviewed as a result of a change in their circumstances, or, prior to a change of regulations in April 2004, when their claim would have been routinely reviewed.

The Big Bang approach involved transferring all claimants onto the LHA at the start date. Only three authorities – Brighton & Hove, Edinburgh and North East Lincolnshire – chose the Big Bang approach. Under the LHA regulations authorities using a Big Bang approach had up to six months to transfer those claimants who did not already receive direct payments – i.e., the benefit was received by their landlords – onto direct (to claimant) payments. By the time of this Wave Two Evaluation after 15 months all (eligible) tenants had been transferred to the LHA and, where appropriate, direct payment.

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Conducting the evaluation

The key stakeholder groups in the Pathfinders that are involved in the delivery of the LHA, and are thus most likely to be affected by its implementation, were identified as HB administration, Rent Officers and Jobcentre Plus. In addition, a potentially important role is played by agencies internal and external to the Pathfinder authority that give advice and assistance to claimants, and others, on such matters as personal finance and budgeting, and homelessness. Hence, these agencies are also included as important stakeholders in this Evaluation. It should also be noted that a series of, often informal, meetings were held with landlords immediately prior to this wave of the Evaluation taking place. This was to ensure that those issues seen as important by this group could be fully addressed in the interviews with appropriate stakeholders involved in delivering the new Allowance. These discussions will be reflected in future reports concerned with the landlord surveys and are referred to only in passing in what follows.

Members of the Evaluation Consortium conducted a series of interviews with individuals from the stakeholder groups in each of the Pathfinders. These interviews followed a common set of interview guides designed for each type of stakeholder in order to elicit information and views on a core set of topics in all of the Pathfinders. Ample opportunity was also given during the interviews for stakeholders to raise issues about the delivery of the LHA which were particularly significant for them and for their Pathfinder area. In this respect, it must be remembered that the nine Pathfinders were deliberately chosen to reflect a diversity of geographical and social circumstances, a range of HB caseloads and a variety of housing markets. Consequently, some aspects of the delivery of the LHA acquire more prominence in some Pathfinders than in others and, of course, stakeholders often differ, between as well as within Pathfinder authorities, in their views as to the importance and the impacts of particular aspects of the delivery process. This means that summarising and generalising about the impacts of the LHA, as this report attempts, is quite possible but must be undertaken with caution.

Once the interviews were completed working papers were prepared to a common format for each Pathfinder area. The LHA Pathfinder Project Manager and the other stakeholders in each authority checked these for factual accuracy before they were submitted to DWP as working documents to be drawn upon in subsequent reporting. This Evaluation report is based upon these nine working documents, and on the subsequent discussions among members of the Evaluation Consortium, and between these members and both DWP and the Pathfinder stakeholders.

Chapter 2: Direct payment to claimants: Making decisions on arrears and vulnerability

This chapter is concerned with direct payment to claimants. As has been stressed in earlier reports, a key feature of the LHA regulations is that there is an explicit presumption that HB award will be paid direct to the claimant unless there are clear reasons, and evidence, to suggest that it should not be so paid. The extent of direct payment is considered first before the potential exceptions to such payment, the accruing of rent arrears and vulnerability of the claimant, both of which can lead to payments being made to the landlord, are discussed. Since in most circumstances a claimant will need a bank account in order to access their HB award, the extent to which in practice claimants are using bank accounts for receiving direct payments is examined, and the difficulties that they may face in opening or managing accounts, and local policy responses to these, are discussed.

The extent of direct payment

If the LHA is to be judged a success in increasing direct payment it would be expected that the great majority of claimants on the LHA in the Pathfinders would be receiving their award direct. Table 2.1 shows this to be the case. The table compares the percentage of HB payments paid direct to claimants at the pre-LHA Baseline stage, and with those paid direct as at August 2004 and May 2005. In all the Pathfinders the proportion of direct payments has increased between Baseline and August 2004 and although the proportions have fallen, often slightly, August 2004 – May 2005, they are still very high compared to Baseline. These changes in the proportion of claimants being paid direct have been very significant, often strikingly so as in the cases of North East Lincolnshire, at both of the later dates compared to Baseline, and Leeds, and there is clearly less variation in the proportion of payments made to claimants than there was at the Baseline stage.

There are a number of reasons why in some of the Pathfinders a lower percentage of claimants is being paid direct at May 2005 than at August 2004 – most noticeably in North East Lincolnshire. First, recall that those Pathfinders who were phasing the introduction of the LHA were doing so at different rates. This means that the August figures only reflect payments made to those claimants who had been transferred at that time, thus giving a partial picture. North East Lincolnshire, in contrast, is one of the two ‘Big Bang’ Pathfinders – the other is Edinburgh - where all claimants were transferred to direct payments in August 2004. In these two authorities any claimants receiving direct payment for the first time and not intending to use the LHA to pay their rent would not have had the time to build up sufficient arrears to trigger a switch of payment to their landlord at that date. Further, in both the ‘Big Bang’ and ‘Phased’ authorities it is likely that it was only after direct payment had been made that more cases would come to light where there were vulnerability grounds for paying the landlord rather than the tenant. This is particularly likely to be the case, given that the majority of Pathfinders were not proactive in seeking out cases where the payment should not be made to the claimant – indeed, they were not expected to be. Hence, it would be expected that the later, May 2005, figures for direct payment would, in general, be lower than those for August 2004. It might also be expected, in any event, that the percentage of claimants receiving direct payment would fluctuate somewhat between any two dates chosen. For all of these reasons, it is probably valid to regard the data for May 2005, compared to Baseline, as more accurately reflecting the likely longer run position.

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Table 2.1: Direct payments to claimants: Baseline, August 2004 and after fifteen months (May 2005)

Pathfinder Authority	Percentage of Payments Made to Claimants		
	Baseline Position (Nov 2003-Feb 2004)	August 2004	May 2005
Blackpool	50*	88	82
Brighton & Hove	59	90	88
Conwy	47	89	89★
Coventry	41	95	94
Edinburgh	50	93	90
Leeds	33	92	91★
Lewisham	45	92	88
NE Lincolnshire	20	88	76
Teignbridge	60	95	95★
All Pathfinders	n/a	91	87

*= Minimum estimate

NB:★ = We excluded split payment cases in this analysis

Sources: Baseline Data: *The Nine LHA Pathfinder Areas...* DWP, 2004: Table B (adapted) August 2004 Data: MIS Returns. Data for Leeds provided direct from the authority May 2005 Data: MIS Returns

It was noted in the Evaluation made after six months (Wave One) that, at that stage, the policy aim of paying the great majority of claimants directly was being achieved. Given the findings in Table 2.1, after around 15 months that conclusion can be confirmed.

The LHA regulations identify the circumstances under which the award should be not be paid to tenants but to landlords. The *Housing Benefit Local Housing Allowance Guidance Manual* (London, DWP, 2003 plus Amendments) indicates that these circumstances are where the claimant is deemed to be vulnerable (Section 5), where 'it is improbable that he will pay his rent' (para 5.10 *et seq.*) or, as under previous HB regime, where the claimant 'has built up rent arrears of eight weeks or more' (para 4.15). In all three circumstances, evidence is required. However, the important distinction is that paying the landlord where the tenant has accrued eight or more weeks arrears is mandatory while making such payments on the grounds of vulnerability or 'unlikely to pay' is discretionary. Thus, in what follows, decisions about arrears are dealt with separately from those concerned with various forms of vulnerability.

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Decisions in cases of arrears

One of the main concerns expressed about direct payment under the LHA, particularly by landlords, is that tenants will not pay their rent and will thus accrue arrears. It is essential in any evaluation of the impact of the new regime, therefore, to consider the evidence on this issue. The focus of this report is the delivery of the LHA, and thus the issue of arrears is examined primarily on the basis of information provided by the HB service in the Pathfinders. It is important to note that this therefore excludes consideration of cases of LHA recipients who accrue arrears but have landlords who do not inform the HB service of this. On-going work with landlords and claimants should throw further light on the experience of this group.

A key indicator of the significance of arrears is the proportion of LHA payments that are made to landlords by HB administration on the grounds of arrears. This was provided by respondents from the HB services at Wave Two and is shown in Table 2.2, along with figures on the proportions of payments made to landlords under the mandatory 'eight weeks in arrears' provisions from the DWP administrative data.

Table 2.2: Percentage of all payments to landlords made on the grounds of arrears after fifteen months of the LHA

Pathfinder Authority	(1) Arrears as a Percentage of All Payments Made to Landlords	(2) '8 weeks in arrears' as a Percentage of All Payments Made to Landlords
Blackpool	52*	0
Brighton & Hove	19	20
Conwy	17**	20★
Coventry	55***	47
Edinburgh	8	9
Leeds	37	40★
Lewisham	46	49
NE Lincolnshire	23	28
Teignbridge	22	28★
All Pathfinders	n/a	20

NB: ★ We excluded split payments cases in this analysis

Sources: Column (1) Data provided by individual Pathfinders as part of the fifteen Month Wave Two Evaluation interviews. Therefore dates vary Column (2) May 2005 data in all cases: MIS returns

* Percentage of all payments to landlords on grounds of arrears, Nov 2003 – Feb 2005

** Eight weeks or more arrears cases only

*** Eight weeks or more arrears cases plus 'unlikely to pay' cases

n/a Not available

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Both Columns (1) and (2) in Table 2.2 indicate very significant differences in payments made to landlords as a result of arrears as a percentage of all payments to landlords. Examining, first, how the Pathfinders themselves reported payments to landlords on the grounds of arrears at the Wave Two Evaluation visits (Column (1)), there are significant variations from a very low eight percent in Edinburgh to around 50 per cent in Lewisham, Blackpool and Coventry. The figures in Column (2) for payments made to landlords under the mandatory eight weeks in arrears provisions also vary greatly, from none at all in Blackpool to around 50 per cent again in Lewisham. The differences *within* each Column of Table 2.2 may indicate differences in the extent to which LHA claimants in the Pathfinders are failing to pay their rent, which may in turn reflect differences in the types of household, labour markets, and contractual rents in relation to LHA rates in the Pathfinders. However, there are a number of reasons why it is unwise to conclude on the basis of this data that, for example, LHA recipients in some areas are much less likely to pay their rents than in others.

First, some of the differences *within* and *between* the Columns in Table 2.2 reflect how arrears cases are handled in different Pathfinders, which means that not all arrears cases will be dealt with and recorded under the eight weeks in arrears provisions but may be treated under the discretionary vulnerability and 'unlikely to pay' provisions. The example of Blackpool is instructive here, where Table 2.2 shows that half of all payments are made to landlords on the grounds of arrears but, as noted, none (as at May 2005) on the mandatory grounds of eight weeks in arrears.

In Blackpool it is usual for direct payments to be suspended once two rent payments are known or are alleged to have been missed, and to continue to be suspended for the period after the arrears are alleged while evidence is collected and assessed. A decision is then made as to whether, and on what grounds, to switch payment to the landlord. Thus, at May 2005 none of the arrears cases in which payment was made to the landlord were either categorised as, or had reached the stage of being, cases of eight weeks rent arrears. Rather these cases were treated under the discretionary vulnerability or unlikely to pay provisions. Teignbridge also investigate missed rent payments as soon as the HB service is informed and will switch payments to landlords as soon as possible in those cases where it is clear that the claimant is unlikely to pay, recording the case as eight weeks in arrears if that level of arrears is reached. Similarly, North East Lincolnshire, Conwy and Brighton & Hove will suspend payment and begin to seek evidence after two payments are missed or as soon as the benefit service becomes aware of missed payments, while in Edinburgh direct payment is suspended after one month's rent has not been paid and will be switched to the landlord if the tenant does not respond with evidence disputing the arrears within two weeks.

In contrast, in Coventry arrears cases are not considered until eight weeks arrears have been accrued and payments will continue to be made direct to the tenant while evidence is awaited and assessed. Given the pressures on the service, this can mean that landlords may sometimes have to wait for several months before payment is switched to them. Lewisham also do not switch payment until eight weeks arrears have been accrued, although investigations into alleged arrears are begun once the case has been reported to them.

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These differences in the response to allegations of arrears clearly affect the figures in Table 2.2 and also give rise to a further reason why the significance of arrears is difficult to assess on the basis of this data. In some Pathfinders officers report that landlords see allegations of arrears as a fast track to receiving payment of the LHA. Such landlords are, arguably, more likely to make such allegations if HB are prepared to respond rapidly before eight weeks arrears are accrued. Evidence of arrears/non-payment is regarded as crucial by all of the Pathfinders and it appears to be the case that landlords increasingly realise this, in contrast to the earlier stage of this Evaluation. However, it does appear that in some areas landlords are claiming arrears in circumstances where they would not have done so before. In North East Lincolnshire, for example, landlords are said to be aggregating shortfalls between the LHA and the rent, and then claiming the existence of arrears which was not, in general, their practice previously. In another authority which considers cases after two missed payments, one HB administrator stated that their service was becoming '*clogged with arrear cases*' as a result of the number of landlords alleging arrears. Thus, the arrears cases recorded for some of the Pathfinders in Table 2.2 may reflect this phenomenon.

A further consideration is that where the payment is switched to the landlord, a decision is also made as to the period for which this should hold. In Blackpool, six months is the norm for making payment to the landlord in arrears cases but the team responsible has the discretion to set shorter or longer review periods, depending on the case. The period set depends partly on the amount of the arrears and whether the claimant has an LHA excess, which, as in Leeds and Teignbridge for example, will normally be paid to the landlord to reduce the arrears¹. In North East Lincolnshire, the normal review period is 12 months but in Edinburgh it has not proved possible to identify readily arrears cases for review and the cases have to be checked manually.

By the nature of the regulations covering the existence of eight or more weeks arrears, HB administrators are required to make a decision as to whether the payment should continue to be made to the landlord once the arrears have fallen below an amount equivalent to eight weeks. Where payments are switched before eight weeks arrears have been accrued such a decision also has to be made. In practice, these decisions appear to be made on a case-by-case basis, and are influenced by such considerations as to whether the examination of the individual case has revealed grounds for treating the claimant as vulnerable or as an erratic payer with a history of arrears. It depends also on whether HB administrators have systems that can identify when the arrears have been paid, which does not appear to be the case in a number of the Pathfinders.

All of the above means that data for arrears from the Pathfinders varies according to whether it contains cases where these were greater and/or less than eight weeks at the outset, cases where arrears were a trigger for vulnerability decisions, cases where the arrears have now been substantially reduced or even eliminated but the case has not yet been reviewed, and instances where the arrears have been cleared but a decision to continue payment to the landlord has been made. Thus, it is difficult to assess the significance of arrears as a reason for direct payment, and hence as an indicator of whether non-payment by claimants represents a problem with the operation of the LHA.

¹ It is interesting to note that some Pathfinders explicitly seek the agreement of claimants with an LHA excess who have accrued arrears to have the excess paid to their landlord. Others pay the excess to landlords in these circumstances as a matter of course.

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What can be concluded is that, over the group of Pathfinders as a whole, arrears are not the main reason for making payments to landlords, and that non-payment of rent does not appear, after 15 months of the LHA, to be a problem affecting a large number of tenants and their landlords. Recall that only a small minority of LHA recipients in all Pathfinders do not receive their award direct. A consideration of the data in Tables 2.1 and 2.2 suggests that even in Coventry and Blackpool, where arrears are the main reason for payments being made to landlords and where the authorities have different approaches to making arrears decisions, only three percent and eight percent, respectively, of all LHA recipients have arrears significant enough for payments to be made in this way.

Decisions in cases of vulnerability

Six months after the introduction of the LHA responsibility for decisions as to vulnerability, as well as decisions as to whether to switch to paying the award to landlords on other grounds, was lodged with the Pathfinder Teams in four of the nine Pathfinders. In the remaining Pathfinders these responsibilities fell to officers or teams elsewhere in HB administration. It was observed at that Evaluation stage (*Delivering the LHA...*, p.17) that since the Pathfinder Teams were by their nature temporary, the four authorities might need to consider where in HB administration these responsibilities were to be placed in the future. Fifteen months after going live with the new regime the Pathfinder Teams retain primary responsibility for these decisions in three of these four authorities – Leeds, Teignbridge and North East Lincolnshire, although in the last of these authorities it is planned that, at the end of the Pathfinder period, assessment staff will deal with vulnerability as part of their work.

In the fourth Pathfinder – Blackpool – officers in the Payments Team now deal with arrears decisions and an officer in Support and Training is responsible for vulnerability decisions. Significantly, both of the officers primarily responsible for arrears and vulnerability decisions were previously members of the Pathfinder Team and their organisational relocation is part of a conscious attempt to devolve former Pathfinder responsibilities to the rest of the administration and to enhance organisational learning about the new regime.

A similar process in Lewisham has seen the decisions about arrears and vulnerability moved from one supervisor to the whole 14 person Benefit Service team responsible for the PRS. In contrast, in Coventry, where Assessment Officers within the seven Assessment Teams made decisions at Wave One, responsibility has now been reassigned to the service's Money Management Advisor, newly appointed since that time, to ensure consistency in decision making.

Irrespective of who within the administration makes the final decision(s), all Pathfinders regard the provision of evidence, and the quality of that evidence, as crucial in coming to a view on the vulnerability of the claimant. Some Pathfinders are more explicit than others about their requirements in this respect. Conwy and Coventry, for example, publish guidelines for landlords and claimants as to what constitutes vulnerability and what information is needed to support a case, while, as at Wave One, North East Lincolnshire produces a vulnerability matrix for those seeking vulnerable status, linking a range of examples of what might make a claimant vulnerable to the types of evidence which would be acceptable in each case.

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The gathering of evidence is in some cases made somewhat easier for the HB service by agreements with other agencies and local authority departments that their clients will be treated as vulnerable either if those agencies and departments say they should be so treated, or with a minimum of supporting evidence in such cases. The role of these other professionals is discussed further below. However, to give some examples here of their influence in this regard, in Blackpool claimants are granted vulnerability status if they are accepted as homeless by the authority, if they are part of the Rent Bond Scheme or if they are referred by the Citizens Advice Bureau (CAB) or drug and alcohol support groups as being unlikely or unable to pay their rent. Coventry and Leeds, similarly, will treat most claimants as vulnerable for LHA purposes if they are accepted as homeless or, in the case of Coventry, if they are referred by the local Law Centre. In Conwy, direct payment is now suspended while a vulnerability claim is investigated, a change brought about following an appeal by a landlord concerning the authority's decision to continue paying direct to a claimant even though a social worker had recommended (admittedly without supporting evidence) that the claimant should not receive the award.

While the sort of arrangements outlined in paragraph above are administratively, and arguably socially, efficient, it still means that some decisions have to be made by officers in the Pathfinders on the basis of applications for vulnerable status received directly from individual tenants (and, on some occasions, from their landlords on their behalf). The process of collecting written evidence is broadly similar in all of the Pathfinders and involves, for example, requesting tenants to provide letters from their GPs or care workers or seeking claimants' permission for HB administration to contact these. One exception to this is Leeds where vulnerability is primarily based on visits undertaken by the Joint (HB and Pension Service) Visiting Team, rather than on documentation, an arrangement that is argued to offset the need for written evidence from the claimants themselves. Such visits are employed as and when deemed necessary, though not as a matter of course, in most Pathfinders. In Conwy visits are increasingly being undertaken by the Money Advice Service (MAS), but they have been abandoned in North East Lincolnshire because of staff shortages.

However the evidence for vulnerability is collected in the Pathfinders there are always cases where it is either not forthcoming or is ambiguous in terms of the support that it gives to a particular individual's claim. In some cases the inability to provide evidence might in itself be an indicator of the claimant's vulnerability. This issue of 'sufficient proof', noted at Wave One, is still problematic at Wave Two in individual cases and for the individual officers concerned, particularly where the claimant is not known to or registered with a support agency. One officer summarised a widely held view among the Pathfinders:

"We've found occasions where people have declared a condition that can't be proven. There's no point in writing out 'I want confirmation' because it doesn't exist... What evidence would you require?"

The response of the Pathfinders in these cases does appear to vary. In some, for example Lewisham, the broad stance is that where a claimant asks not to be paid direct because they feel that they would be unable to manage, such a request should be taken at face value where evidence is not available. This is on the grounds that it is better for the claimant if the landlord is paid directly as it reduces the likelihood of arrears accumulating and the possibility of eviction. In Teignbridge payments can be switched to the landlord were evidence is still awaited while in North East Lincolnshire, in contrast, payments continue to be made to the claimant until a completed application with sufficient evidence to support the case has been received.

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The exact reasons for accepting a claimant as vulnerable do not appear to be recorded in a readily retrievable manner in most of the Pathfinders. There are two exceptions. First, Brighton & Hove sampled the reasons for granting applications for vulnerable status as at August 2004 and found that medical grounds were cited as a main or secondary reason in 47 per cent of cases with financial problems and those related to addiction (16 per cent each) providing the next most common reasons. The Blackpool Pathfinder has also provided a summary of vulnerability decisions and this is presented in Table 2.3. It is informative about, though not necessarily representative of, the sorts of cases with which HB administrators are dealing. Note that the data in the Table exclude cases that are categorised by Blackpool as due to arrears, which were discussed above.

Table 2.3: Grounds for granting vulnerability status (excluding arrears), baseline (November 2003) to Wave Two (February 2005): Blackpool Pathfinder

Grounds for Decision in Successful Cases	Number	Percentage
Homeless	213	28%
Medical (Temporary)	179	23%
Addiction	121	16%
Medical (Permanent)	110	14%
Financial	94	12%
Violence	16	2%
Learning Difficulties	17	2%
Prison	9	1%
Non-English/Literacy Problems	8	1%
Total	767	100%

Source: Blackpool Pathfinder

As in Brighton & Hove, medical grounds (temporary and permanent) provide the largest single reason for granting vulnerable status, followed by homelessness. The number of cases of vulnerability that were referred to the HB service in Blackpool, rather than having to be fully investigated by the service itself on the basis of a claimant or landlord request, cannot be estimated from the Table itself. However, it is likely that, as a minimum, all of those accepted on homelessness grounds, and many of those given vulnerable status on the grounds of addiction and financial problems were cases referred with a recommendation. This might suggest that just over 40% of the successful cases might result from a direct referral. This is an indicator of the importance of the inter-agency and intra-authority links in this Pathfinder.

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As in the case of arrears, claimants deemed vulnerable are required to have their status reviewed and, again as in the case of arrears, how and when this happens varies between the Pathfinders. In Edinburgh, one of the last Pathfinders to transfer all claimants on the LHA to direct payment, no review periods had been set, or review arrangements drawn up, at the time of the Evaluation visit. In Brighton & Hove, review dates of six to twelve months have been set for cases where vulnerability was granted on a 'one-off' basis, and in about half of the cases where financial or debt problems were involved. However, in about 80 per cent of all cases where landlords are receiving payment no review date has been determined. At the other end of the spectrum, Conwy has now diarised review dates of between six and twelve months for every claimant granted vulnerability and has allocated responsibility for these reviews to the MAS. Coventry similarly has set review periods, but the IT system does not always flag up when these should occur which can cause administrative difficulties and 'over-runs' of cases.

By being the earliest Pathfinder, Blackpool has perhaps inevitably embarked on more reviews of vulnerable cases than the most of the other authorities. Review periods vary from six months to as long as three years where serious mental health or addiction problems are involved. Some claimants are granted permanent vulnerability where there are major medical problems or age-related issues, but this is relatively rare. In all other cases due for review claimants are contacted by letter to request evidence to support the case for continued payment to their landlord. Non-response to this request and to its follow up can lead to the suspension of benefit or a switch (back) to direct payment, but given the nature of the claimants granted such status, this is undertaken with great caution. A visit would normally be arranged before this stage is reached.

Three findings of particular relevance to delivering the LHA in the future emerge from Blackpool's experience in respect of reviews. First, there is often considerable resentment from claimants and landlords when vulnerability (and arrears) cases are reviewed, despite these parties being informed at the outset that vulnerable status is, normally, time limited. Second, of the reviews undertaken so far in Blackpool, it transpires that in 35 per cent of cases the tenant have either moved out of the area, have come off benefit or have come out of the LHA - i.e., are now living in a non-LHA property such as a hostel or in Bed and Breakfast. Third, cases are coming up for review at a rate of about 100-150 per month and since they are the responsibility of the officer in charge of making initial vulnerability decision, this represents a significant aspect of her caseload. About one quarter of all reviews due in June – December 2004 were still outstanding at the Wave Two visit in March 2005, indicating the potentially significant resource implications of the review process.

Bank accounts – An issue of vulnerability?

The drive for LHA recipients – and other benefit claimants – to have a bank account into which their entitlements can be paid has arisen for three reasons. First, as a matter of policy, the current Government wishes claimants to be included within the financial system by having an account, which in turn, it can be argued, will facilitate handling finances and responding to financial incentives and constraints in a way that is seen as normal among the non-claiming population. Second, if, as under the LHA and other benefits such as JSA and IS, claimants are to receive their entitlements direct, they must have some way of accessing and

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using those entitlements, given that these are not paid in cash. Finally, paying claimants through Automated Credit Transfer (ACT) into bank accounts is an efficient way of making payments for HB administration, given that the alternative is issuing cheques and ensuring that they are delivered, and potentially less costly for recipients with accounts than alternative cheque cashing services.

It was noted at Wave One (*Delivering the LHA...*, p. 22) that at the transfer to the LHA a sizeable minority, and in some cases a majority, of HB claimants were already receiving their entitlements direct, and so they must have had some way of accessing these funds. Table 2.1 above has shown that 76-94 per cent now receive their LHA direct (as at May 2005), suggesting, similarly, that they must have a way of accessing it. The three main questions are therefore whether recipients of direct payment have indeed opened accounts, the nature of any obstacles preventing them from doing so and how those who have not overcome these obstacles are accommodated under the LHA.

Table 2.4 shows the percentage of those claimants on LHA in receipt of direct payment who receive their entitlements by ACT both as at August 2004 and May 2005. The remainder of recipients receive their benefit in the form of a crossed cheque.

Table 2.4: Direct payments made by ACT as a percentage of all direct payments to claimants: August 2004 and May 2005

Pathfinder Authority	August 2004	May 2005
Blackpool	67	74
Brighton & Hove	84	92
Conwy	48	60
Coventry	58	66
Edinburgh	48	61
Leeds	60	73
Lewisham	40	52
NE Lincolnshire	66	89
Teignbridge	0	27
All Pathfinders	61	71

Sources: MIS Returns for August 2004 and May 2005.

First note that in Teignbridge it was not the policy of the authority to pay entitlements by ACT under the previous HB regulations. While the move to do so was started before the introduction of the LHA, it has received added momentum as a result of the new regime and staff are currently attempting to transfer new cases and those that come up for review to ACT. Transferring existing cases to ACT that would otherwise not come up for review is seen as an intensive manual task for which no timetable has been set due to

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resource constraints. Nevertheless it was estimated by HB staff in the Pathfinder that at the time of the Wave Two visit around half of all claimants on the LHA were now paid by ACT, which will eventually feed through into DWP's administrative data shown in Table 2.4.

In the other authorities a clear majority of all LHA recipients have their awards paid directly into their accounts and the proportion doing so has grown in the relatively short period between August 2004 and May 2005, significantly so in North East Lincolnshire. There is little doubt that this is due to the significant efforts undertaken by HB administration and the MAS in the Pathfinders to actively encourage claimants to open accounts. These efforts and initiatives were noted at Wave One and were continuing at Wave Two. Two examples, reflecting the sorts of initiatives undertaken across the Pathfinders, can be found in Leeds and Conwy:

- In Leeds difficulties with accessing bank accounts remained problematic for a 'hard core' of claimants in the initial period after the introduction of the LHA. Two initiatives were put in place to support this group. First, money advisors from CAB staffed up a display following the monthly issuing of cheques, and targeted their advice at the clients who approached the cash desk. Second, Pelcombe, a private sector training support agency was commissioned as part of an initiative by DWP (separately from the LHA Pathfinder) to encourage benefit recipients in Leeds to open accounts. Pelcombe advisors accompanied claimants to a local bank – as decided by the claimant – and supported them in their opening of an account.
- In Conwy at the Wave One stage of the Evaluation, encouraging both claimants to open accounts and banks to enable them to do so was identified as one of the least successful elements of the LHA implementation process. At Wave Two there has clearly been progress in encouraging claimants to open accounts – for example, Shelter Cymru reported seeing clients with problems around bank accounts in the first nine months of implementation, but not since. Conwy officers have continued to talk to banks and have produced a landlord information pack which includes a summary of details about local banks' services, direct debits and standing orders. The logic of including this in landlord information is that landlords can advise their tenants, in addition to the encouragement given by HB staff and advice agencies. Participants in the Evaluation thought that officers in contact with claimants now give a clearer and more consistent message. Further, the CAB can offer advice and support to clients on opening bank accounts and can refer people to Scout Enterprises (Western) Ltd who have DWP funding to help people set up bank accounts. Similar to the situation in Leeds, Scout will provide workers to accompany clients visiting banks.

The finding that among the Pathfinders a minority of claimants receive their HB by cheque rather than by ACT does not necessarily mean that this minority do not have a bank account. Some claimants may fail to give HB their account details for a variety of reasons or may simply prefer receiving their award in the form of a cheque. No systematic evidence on this across the Pathfinders is available but Blackpool have undertaken a survey of those claimants who received their HB by cheque to see what methods they are using to cash these. Almost 50 per cent responded and their responses suggest that the great majority (69 per cent) of those receiving crossed cheques pay these into a bank account, 18 per cent give the cheque to the landlord and 11 per cent use a cheque shop. These findings suggest that around 92 per cent of LHA recipients in the Borough have access to a bank account.

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In terms of the Pathfinders as a group, Table 2.4, the Blackpool survey and the observations from those in the field that opening bank accounts is less of a problem for many LHA recipients than it was in the early days of the regime would all suggest that the number of claimants without an account is probably small. However, the costs for these claimants without bank accounts of accessing their entitlement can be high where their landlords/agents do not have third party cheque cashing arrangements with their banks, which is almost certainly the great majority. The only local authority with an arrangement for the regular cashing of LHA cheques for claimants is Conwy, and here the practice is being reviewed, although Brighton & Hove and Coventry will cash a maximum of three cheques where it is known that the individual does not have an account but is taking advice on opening one. Most of the other Pathfinders, including Blackpool, Leeds and Lewisham will no longer cash HB cheques. Claimants using the only alternative in these circumstances, commercial cheque cashing facilities, lose part of their benefit in commission - four to five per cent, for example, in Blackpool, up to nine per cent in Lewisham, and, apparently, £11 in a pub in Conwy. In North East Lincolnshire a retired person had returned six month's worth of LHA excess because each cheque of £2 would have cost £1.50 to cash.

If the financial and other costs of not having an account are high the question is why such claimants do not open one. Part of the reason may be cultural, as observed by participants in Edinburgh, in that some claimants are used to managing their finances using cash, giro and Post Office Card Accounts (which cannot be used for HB payments) coupled with a more general distrust of banks. It is also possible that the potential costs of using bank accounts may dissuade some claimants from opening one. For example, where the claimant has set up standing order or direct debit arrangements to pay their rent, a suspension of benefit, late benefit payment or problems of phasing benefit receipt with rent outgoings can lead to overdraft charges of £30-£60, depending on the bank and the area. This is very problematic for low income people who do not have any financial cushion to deal with these circumstances - LHA cheques issued subsequently may be swallowed up by overdraft and other bank charges. Many participants at Wave Two referred to this problem of managing an account when payments into it are variable and beyond the claimant's control. It has led in Conwy, for example, to claimants being advised to approach specific banks which do not make such charges under normal circumstances.

In some instances the absence of a bank account reflects requirements that the banks themselves place on opening accounts. The most frequent problems here appear to concern ID which often include a passport or driving licence with a photograph, which many claimants do not have, and the acceptability or otherwise of, for example, benefit and council tax letters or utility bills. In addition, as might be expected, banks are often reluctant to accept as customers those with a history of debt or financial management problems.

The experience of the Lewisham Pathfinder provides a, perhaps extreme, example of these difficulties. Access to banking facilities for claimants on LHA has been an issue since the inception of the new regime and remains so currently, particularly for non-British claimants. As an indication, of the 67 LHA-related cases referred to the MAS 51 concerned clients who were experiencing difficulties in opening a bank account. More than half (35) of these people were non-British and 37 had English as a second language. Although a list of the documentation required by the various financial institutions was given to the advice workers by bank staff, claimants continued to experience problems. All of the banks' refusals to open accounts were related to an inability to satisfy the verification requirements rather than on the basis of poor credit rating, with the major problem being claimants' inability to produce acceptable photographic primary ID.

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The MAS argued that some banks' attitudes could be viewed as discriminatory. For example, although banks would accept passports from EU countries as evidence of identity, some would not accept passports from certain other countries. Equally, travel documents and visas were often deemed to be unacceptable even though many clients had been in possession of a travel document bearing a recent photograph and endorsed by the Home Office. Echoing similar experiences in Conwy and Leeds, the MAS in Lewisham found that a local credit union accepts more types of documentation than banks and building societies, including, for example, a birth certificate and a private tenancy agreement.

The response of the Pathfinders in cases where claimants are regarded as being genuinely unable to open an account, or unable to do so within a reasonable time period, has, as a generalisation, been to accept them as vulnerable in the short term and to make HB payments to the landlord for a maximum period (six months in Blackpool, for example). The information to hand gives little indication of how many claimants have their payments switched to their landlords on these grounds but it would appear that it is a relatively infrequent occurrence. Certainly, in most Pathfinders it is assumed that given time and appropriate advice most claimants who do not currently have an account will be able to open one, unless they are vulnerable on other grounds, and that payments will be made direct once this period has elapsed.

However, it is worth noting, first, that there is often a major discussion about individual cases in this respect, particularly as to whether the case is an instance of 'can't open' or 'won't open' an account, and this adds another dimension to the work involved in determining vulnerability more generally. Second, it is necessary to recall that the Pathfinders are in all cases dealing with a minority, and perhaps a small minority, of claimants who have difficulty accessing their entitlements. The majority of claimants on LHA now have bank accounts, their number has grown and, as significant, few Pathfinders report widespread on-going problems in this respect.

Conclusions

One of the main requirements of the LHA is that in most circumstances the award should be paid to the claimant. The experiences of the Pathfinders 15 months after the introduction of the LHA, when all existing eligible claimants have been transferred to the new regime, shows that this requirement is being met, and strikingly so. Between 76 per cent and 94 per cent of claimants across the nine authorities are receiving their payments direct. This represents a very significant increase in all Pathfinders compared to the pre-LHA position and may represent the longer run, 'steady state' position.

One of the concerns expressed about the LHA was that of the significant number of tenants receiving their awards direct for the first time a sizeable proportion may choose not to pay their rent. It appears to be the case that in one Pathfinder arrears have risen somewhat and there is evidence that some landlords elsewhere are claiming arrears or missed or insufficient rent payments in circumstances where they might not have done so before. The information on this issue is difficult to assess from the data provided by the Pathfinders, given that they respond in different ways to arrears that arise before eight weeks worth of rent payments have been missed and have different ways of recording the decision as to why rent payments have been switched to the landlord. It would appear, however, that at most around 50 per cent of payments to landlords have been made on the grounds of arrears in a minority of authorities (three), and that in the majority of Pathfinders (six) the proportion is significantly less than this.

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Thus, in most Pathfinders the vulnerability of claimants on grounds other than arrears makes up the majority of cases where the claimant does not receive direct payment. Medical reasons appear to be the main reason for a claimant being judged vulnerable. It is clear, however, that while some Pathfinders have yet to fully determine and implement procedures for reviewing vulnerability and arrears cases, the decision to make payments to landlords is only very rarely seen as permanent. Cases are expected to be reviewed at pre-determined intervals and previous payment decisions amended as appropriate.

This is particularly true of claimants whose HB is paid to their landlords because they do not have a bank account. There is still a minority of claimants who find great difficulty in opening an account in the first instance and these difficulties are very real for them. However, after 15 months of the new regime, such claimants do represent a small minority. The majority of claimants - a significant majority in some Pathfinders - are now known to have a bank account and to use it to access their HB, as might be expected under a regime that has greatly extended direct payment.

If the evidence to date suggests that the LHA has been successful in encouraging direct payment, safeguarding many vulnerable claimants and encouraging a greater inclusion of claimants' within the financial system, then it needs to be recognised that this would not have been possible without the efforts of those organisations responsible for delivering the new scheme. The impact of the LHA on the work of these organisations is the subject of the following chapters.

Chapter 3: Delivering the LHA: Administrative issues and impacts

The concern of this chapter is the impact of the LHA on HB administration and, specifically, the effects that the new regime has had on the ease of, and the time taken over, the processing of claims. In order to do so it first discusses some of the other, contextual factors that might be affecting processing as an activity, particularly the possible impacts of other changes in HB regulations, of organisational change in (some) HB administrations and the often thorny issue of the adequacy of the IT environment. After examining and interpreting the evidence on processing times under the LHA, the chapter considers the impacts of the regime on three specific functions that might be expected to be affected by the new arrangements. These functions are Overpayments, Fraud and the award of Discretionary Housing Payments.

The context – (1) Changes in HB Regulations

In evaluating any continuing impacts of the LHA on the HB administrations responsible for delivering the benefit, it needs to be recalled that the service is also responsible for HB delivery under the previous regulations in the social rented sector and for those households in the PRS not covered by the new scheme, and these two together represent the majority of the HB caseload in the pathfinders. The remit of the administration also covers Council Tax Benefit assessments for all households. Consequently, where changes to the HB or other relevant regulations require additional time, additional resources, a reallocation of existing resources or modifications to working procedures, this might be expected to have an impact on the delivery of the LHA *per se*.

Further, while particular officers may have roles within the HB administration which mean that their work is almost exclusively concerned with the LHA – those assessing vulnerability, for example, or members of any continuing Pathfinder Teams – the great majority of HB administrators have a wider role than simply dealing with the LHA. With one exception – Leeds, which has a processing team solely devoted to claims under LHA - this wider role is usual even where staff resources have been re-allocated because of the demands of the new regime. Thus, for example, the creation of a PRS team in Lewisham as noted at Wave One and the expansion of the Payments Team in Blackpool because of the importance of the decisions to be made about who is to be paid, how much and for how long under the LHA were primarily a result of the LHA. However, these teams do not solely deal with claims under the LHA.

Two specific regulation changes that might have an impact on HB/LHA delivery are, first, the ending of automatic review periods and, second, as explained below, the expansion of what is to be regarded as a claimant's change of circumstances for benefit assessment purposes. The ending of review periods might have been expected to release some resources to facilitate benefit processing, and this is reported to be the case in, for example, Teignbridge. However, this change has been accompanied by an increase in 'interventions' – that is, the need to increase the number of targeted visits or contacts with higher risk claimants. The higher the risk the caseload in general represents, the more such visits need to be made. This has led to the restructuring of some HB services, as in Brighton & Hove.

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The second change in regulations is that which makes entering work and changing address 'changes of circumstances'. This is certainly to be welcome from the claimant's point of view since previously such changes needed to be treated as a new claim, requiring, potentially, the lengthiest type of HB processing. The expected processing time for a change of circumstances is much lower and consequently they have to be dealt with more quickly under the performance measurement regime. From an administrative perspective, this shorter target time for processing brings with it additional demands on the service's resources.

The context – (2) Organisational change

A further consideration is that, as with all organisations, the HB service is subject to change. While all planned organisational changes can often be disruptive to the organisation and its staff in the short term, they should in principle result in greater efficiency in the longer term. Two examples where such changes have taken place, not as a result of the LHA but potentially impacting on its delivery, are North East Lincolnshire and Conwy:

- North East Lincolnshire is an authority facing severe financial constraints. It has carried out an authority wide restructuring exercise and job evaluation process since the Wave One Evaluation which included the benefit service. A large number of local authority staff have been downgraded as a result and while the benefits service was not severely affected, there are concerns about the ability to retain benefit staff, particularly in the light of uncertainties over future funding at the end of the Pathfinder. However, extra clerical staff have been added to the team dealing with vulnerable claimants which has noticeably speeded up this aspect of processing and HB/LHA processing times overall do not appear to have deteriorated to date.
- In Conwy the Benefits Section was re-organised in April 2005, again quite independently of the LHA, following the loss of the Benefits Manager. Previously, claims processing and customer service staff were organised in two teams working on a geographical basis under Team Leaders reporting to the Benefits Manager. Separate Processing and Customer Services teams have now been created, each operating across the council area with Team Leaders reporting to the new Benefits Manager. Staff are of the view that the new structure is working well since, by being in a separate office from Customer Service officers, processors are able to concentrate more on their core tasks rather than covering for customer calls. It is hoped that processing times will improve as a result. At the same time, customer service staff are now less involved with processing and have a new and improved telephone system with more sophisticated facilities for queue management and monitoring. A centralised customer contact centre as created by the re-structuring makes better use of this. Customer Service staff found the system an improvement in their work.

IT and the delivery of the LHA

The complex and detailed nature of HB processing means that the HB service is usually heavily reliant on effective IT systems to deliver entitlements efficiently. There are two aspects of the performance of current IT systems which impact on LHA delivery. First, there is the general capability of the system to process and

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deliver LHA and other non-LHA HB claims and, second, there is the ability of the system to deal with the specific requirements of the LHA.

In respect of the first, one Pathfinder in particular, Leeds, has experienced significant IT problems. A new IT system was introduced at the same time as, although not because of, the LHA and its operation has been fraught with difficulties. The system is subject to 'crashes' which hamper processing to such a degree that participants from the Leeds Benefit Service argue that these obscure any advantages that the LHA and other regulation changes might otherwise have brought. On-going liaison with the IT software suppliers have resulted in a series of fixes and work-arounds but there is little doubt that the potential for rapid turn around of claims that the system should provide is not currently being realised in practice.

Many of the Pathfinders have found that there are problems with their IT specifically in respect of LHA delivery. These problems vary from the acute to the minor. In Brighton & Hove, where the basic processing of the LHA has been successfully mainstreamed, serious problems were experienced with the first annual up-rating of claims under LHA in February 2005. Brighton & Hove was the first Big Bang authority to do this and its impact was under-estimated. It was, as one interviewee put it, *'almost like starting again'*. Two different problems seem to have been involved: an under-estimate of the complexity of changes of circumstance affecting the LHA and its up-rating and incorrect interpretation of the 'anniversary' definition in the specification of the software. The complexity of up-rating stems from the various events in the life of a claim which may or may not trigger an up-rating (for example, critical birthdays of household members, change of address or rent increases built into the tenant's original contract), and which may have different implications for the precise date on which up-rating takes place. The detail is very hard for staff to understand and to explain. Awareness has grown that from now on all critical changes will have to be tracked and there will be 'anniversaries' almost every day of the year. This was an unexpected complication in an apparently simple scheme.

The experience of Brighton & Hove can be contrasted with that of Conwy which phased the introduction of the LHA. Here the annual up-rating of the LHA has proceeded smoothly. The IT system produces a report each week identifying cases coming up for review and the cases are then processed manually. This is manageable – there were 48 cases in the week of the Wave Two interviews and 20 in the previous week, although automating the process is seen as a priority for system development. Interviewees in Conwy thought that the annual up-rating is less problematic for phased than for big bang Pathfinders, partly because the software can cope well with identifying cases for up-rating and because staff are already used to continual adjustments.

Coventry is another Pathfinder where a number of problems with IT system have been reported. For example, the IT system was unable to process split payments, a not uncommon problem among the Pathfinders, which appears to stem from the 'unwillingness' of the software to make a payments on the same claim to two different parties. Since the system would transfer any excess to the landlord, the HB service has to raise cheques manually for the excess for which the authority's Exchequer Services charge £13 per cheque. This cost is not covered by DWP funding.

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The IT system also appears to switch the payment method at random - for example, where the payment is set up to go to the tenant it may pay the landlord and vice versa, and switch payments from ACT to cheque. Further, the system does not include validation checks within the claim processing software which can result in Assessment Officers not recording certain pieces of data about the claim because they are not mandatory fields to complete. For example, gender is not a mandatory field, so if the Assessment Officer does not add this data for all members of the household, the system will assume that any children are of the same sex. This can mean that the claimant is paid the wrong LHA room rate, and can be underpaid if children in the household are of different sexes. Missing data also cause difficulties in producing Management Information System statistics for DWP, required as part of the evaluation of LHA. For example, there is no validation check on the system to ensure that Assessment Officers record the actual number of rooms that the household is living in. Officers in Teignbridge, while not encountering IT problems in making split payments, continue to experience difficulty in generating the appropriate statistical reports for monitoring purposes.

These sorts of problems can make life very difficult for HB administrators and, as a result, for claimants and their landlords. They have led some Pathfinders to suggest the level of resources needed to support LHA implementation had been seriously underestimated and that in future government departments should be responsible for writing the IT specifications where such policy initiatives require new software.

Nevertheless, it would be misleading to suggest that the implementation of the LHA is in some sense foundering on IT problems. In many Pathfinders the difficulties are described as making life more difficult rather than as disastrous – in Blackpool, for example, the IT system has 47 bugs but these have not caused major problems in LHA delivery, while in Lewisham the software problems encountered in annual up-rating and incorporating the new LHA rates were described as minor irritations rather than annoying or insurmountable. Even in North East Lincolnshire, a Big Bang authority, where at the time of the Evaluation visit the annual up-rating was being undertaken manually, officers thought that overall the IT system worked better than expected.

The, perhaps unfortunate, reality is that HB administrators in many authorities became used to living with IT inadequacies even prior to the LHA, and few would have reported 'no problems' in this respect under the previous regime. However, the specific IT issues concerned with LHA processing and delivery as highlighted by the Pathfinder experience are important in providing a guide to the sorts of technical difficulties that should be anticipated, and hopefully resolved, as the new scheme is rolled out to other authorities.

Processing claims – Has the LHA improved processing times?

One of the benefits of the LHA is that for claimants and landlords the regime is easier to understand and can benefit choice and decision making by ensuring greater certainty in respect of individual entitlements. It is important to recognise from the outset, however, that from an administrative point of view many aspects of claims processing have not changed as a result of the new scheme. The means test requirements of the previous regime still apply in full, so that information and evidence on many aspects of a claimant's personal and financial circumstances still have to be collected and verified. There is nothing in the LHA scheme that would be expected to make these aspects of processing easier.

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There are some minor changes that the LHA entails which, perhaps cumulatively with others, might increase the speed of processing. One example is that any delays associated by waiting for proof of rent might be avoided because a claimant's (eligible) rent no longer determines their entitlement so that they now simply have to provide proof of a liability to pay a rent. This in association with treating a change of address as a change of circumstances, as noted above, might make the assessment of the claim quicker. However, the main change to the process of claim assessment that the LHA has brought about is the abandonment of the requirement that Rent Officers should determine the appropriate rent for each claim. There is no need to wait for or chase up referrals and cases can be closed 'in one go'. This is expected to speed up the determination of a claim as there is no need to wait for Rent Officers to determine that rent.

In practice, few Pathfinders at the Wave Two Evaluation explicitly mentioned the absence of the need to refer claims to Rent Officers as a factor that had improved processing times. This may be because in some authorities the absence of referrals for LHA cases is now the norm and is no longer considered worthy of comment. However, it is interesting to note that in three Pathfinders – Teignbridge, Brighton & Hove and Blackpool – participants pointed out that Rent Officer referrals had in any case previously been dealt with at the same time as other aspects of the claim assessment process and that by the time the claim was ready to be finally calculated the determination from the Rent Officer was usually available. Indeed, in Blackpool, the main effect of the absence of referrals to the Rent Officer on processing speed arose from the fact that it was no longer necessary to process the referral once received, which had been time-consuming previously in terms of inputting.

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The latest data on processing times is shown below.

Table 3.1: Changes in processing times

Pathfinder	Baseline 2003/04	April - June 04	April - June 05
Blackpool	32	29	17
Brighton & Hove	36	24	32
Conwy	44	31	34
Coventry	63	55*	46
Edinburgh	101	67	33
Leeds	34	51	57
Lewisham	51	31	28
NE Lincoln	53	33	38
Teignbridge	42	31	27
All Pathfinders	51	39	35
All LAs	58	60	44

Note: * Coventry has not reported data for April – June 04 quarter. Data reported here is of July – September 04 quarter data.

- The reported averages are weighted averages (by new claim workload).
- The 2003/04 average figures for Pathfinders and all LAs are derived from all four quarters data for private sector claims.

The data shows some significant improvements in processing times since the pre-LHA position, becoming somewhat more modest over the last year for which data is available. Pathfinders have also achieved improvements in processing times greater than the improvements seen across all local authorities, on average by two days across all nine Pathfinders, although, as can be seen from Table 3.1, there is some variation between individual Pathfinders. The table also shows that processing times, in general, have been improving dramatically across all local authorities between 2004 and 2005 which might be ascribed to changes in both HB regulations and in policies and practices more widely in relation to the delivery of the service.

The absence of an even larger reduction in processing times across the Pathfinders might also be ascribed to some changes in the organisational context they are operating in or the IT issues as discussed above. There are also some 'local' issues in addition to these that may have adversely affected the speed of processing for some Pathfinders. In North East Lincolnshire and Brighton & Hove, for example, there are continuing serious staff shortages which have hampered improvements in processing time. Conwy's administrative performance more generally is believed to have been affected by the unique arrangement

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of making weekly payments under the LHA and the practice, also believed to be unique, of sending weekly ACT remittance notices to all claimants receiving payment by this method. This latter arrangement is to be abandoned.

In interpreting the data above, it also needs to be recalled that while the task of HB processing has been somewhat simplified under the LHA, new tasks have been added as a result of the regime. In all Pathfinders, dealing with bank account issues, providing landlords with general and claim specific information, and, particularly, the work involving vulnerability and arrears are said to be time consuming and costly in terms of staff – it is estimated in Leeds, for example, that two FTE staff are required to handle vulnerability and arrears issues. One participant observed that the new tasks involved in administering the LHA required greater judgement than the clerical tasks that have been replaced. Consequently, any balance between time savings as a result of the LHA and the time and resources added as a result of the new administrative requirements is likely to be a fine one and needs to be borne in mind when, particularly, the pre and post LHA change in Pathfinder processing performance is being compared to that of all local authorities.

Three specific areas where it was anticipated that the LHA would have some effect, given the nature of the regime, were on the work of HB administrators and their colleagues in the areas of overpayments, fraud and Discretionary Housing Payments (DHPs). These are considered in turn below.

The impact of the LHA on overpayments

Prior to the introduction of the LHA, and after six months (Wave One) of going live with the new regime, it was predicted by many participants in the Pathfinders that the number and value of overpayments of the award were more likely to increase over time than to decrease, and that the rate of recovery of those overpayments would likely fall. The reasons for these predictions were that:

- the LHA was more generous for many claimants than the previous scheme so that any given overpayment was likely to be of a higher value
- since tenants in the main receive HB direct under LHA, overpayments would need to be reclaimed from tenants, rather than their landlords, and this was likely to prove more difficult since tenants tend to be more mobile, and in any event are in receipt of a lower income, than their landlords.
- identifying changes of circumstance brought about by moving or a reduction in household size would be more difficult, in the former case because more claimants would have their award paid into an account rather than to an address, and in the latter case, because such a change would go underreported, due to a misunderstanding on the claimant's part or, conversely, because claimants would realise that their entitlement would be reduced.

After 15 months of the LHA these expectations in some areas appear to be confirmed, at least in part. Thus, in Conwy the introduction of the LHA scheme and direct payments is now showing in a rise in overpayments, although the available data also includes any overpayments to RSL tenants. The overpayment debt increased, especially that outstanding at the end of the year, and has more than doubled between the two years 2003/04 and 2004/5 while the number and value of invoices raised has increased less sharply. The average size of overpayment raised increased from £276 in 2003/04 to £313 in 2004/05. The lower

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recovery rate for overpayments is attributed to the growth in claimant rather than landlord debt. In Lewisham at Wave One staff feared that with the increase in amounts some people might not inform them of changes in circumstances and that recovery rates would be lowered. These fears appear to have been well founded, with the overpayments staff reporting more claimant debt with a reduction in recovery rates. Just over £438,700 of Private Sector overpayments has been written off for 2004/05 and even where claimants can be traced, there are limits on the weekly amount that can be recovered. Thus debt recovery can be very slow.

North East Lincolnshire report recovery rates as falling to 11 percent since the introduction of the LHA while Teignbridge have experienced a drop of 12 percentage points in their recovery rate. In Brighton & Hove the effects of the LHA and direct payment of HB to claimants are now beginning to work through into overpayment recovery, as staff there had anticipated. This is manifest in a greater proportion of claimant than landlord debt in the portfolio and an increase in the size of each debt, attributable to the relatively more generous payments under the LHA. However, there has not been a similar increase in the number of cases – indeed the number of unpaid invoiced debts fell between September 2003 and April 2005 while the number of claimant debt cases also fell over the period. This decrease in the number of cases is ascribed by officers to the practice of suspending claims under the LHA as information comes to light, rather than cancelling them after annual review as would have happened under the previous HB regulations.

There are some exceptions to these trends among the Pathfinders. Thus in Blackpool and Coventry the LHA is reported to have had no impact on the value or number of overpayments, nor on the types of overpayments generated and, in an interesting contrast to the Pathfinders above, recovering overpayments from claimants was reported to be easier in Coventry under the LHA than recovering from landlords. This is because, it was argued, if landlords do not re-let the property and are not receiving any HB payments, overpayments could not be clawed back out of ongoing HB payments. Instead invoices and final notices had to be sent. With claimants, where an overpayment occurs as a result of a change of address, it can be recovered by making a deduction from their next LHA payment, paid at their new address. In these cases overpayments are treated as if there has been a change in the claimant's circumstances, rather than as if they have made a new claim. Contact with claimants further suggested that where they were continuing to receive payments for an old address, they were using this money to pay the rent at their new address.

Overpayment recovery teams that are faced with the increasing claimant debt and/or falling recovery rates have introduced new procedures, or made greater use of existing opportunities, in order to mitigate the problem. Thus, for example, Conwy are trying to minimise overpayments as far as possible by early suspension of claims where there are any doubts and have tightened up on recovery practice, now moving faster by giving shorter notice periods. Communications with DWP debt management have been improved, as they have in the case of Brighton & Hove. All Pathfinder authorities had access on a pilot basis to the DWP MIDAS system covering all benefits and pensions and Brighton & Hove were very happy with results from a list of cases sent for tracing. In Teignbridge overpayments officers have reviewed their procedures for dealing with cases, and are making increased use of direct payments from other DWP benefits, as well as working co-operatively with other local authorities in pursuing recovery.

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The LHA and the issue of fraud

Efforts to combat benefit fraud have intensified nationally in recent years. From the perspective of this Evaluation the key issue is whether the change in the form of HB delivery that the LHA represents is likely to have increased the opportunities for fraud and whether those opportunities appear to have been seized upon in practice. The areas where the new scheme might be said to have increased the possibilities of fraudulent behaviour are in respect of cheques, where these are received by the claimant, in relation to household size which directly affects the individual's benefit entitlement and whether the claimant is actually occupying self-contained accommodation where this affects eligibility for shared or two room rate LHA.

In respect of cheque fraud, Blackpool, for example, report a few instances of fraud involving claimants cashing cheques and then claiming that they were stolen. HB Control compares the signature on the cashed cheque and that of the claimant and where these are similar or identical draw this to the claimant's attention. Claimants often 'withdraw' their allegation of theft as a result. However, the Fraud Manager does not believe that the number or value of missing-but-cashed cheques has increased, nor that there has been any increase in other cheque related fraud.

Leeds do report an increased incidence of fraudulent cheque encashment which was rare before the introduction of the LHA, but now comprises two or three cases a month. In the majority of cases, the tenant fraudulently cashes the cheque and then reports it stolen, although there have been some cases where the tenant has been able to cash a cheque made out to the landlord and sent to the tenant's address. The fraud team have developed good relations with local cheque encashment services, which now take photographs and require ID from people wishing to cash HB cheques. The fraud team are thus often able to trace the cashed cheque back to the cashing agency and examine the photo. The Fraud Team first call in the landlord, to see if they recognised the person who has cashed the cheque and if an identification is made, the fraud team call that person in for a formal interview. It is interesting to note that although some officers in Leeds believed that the LHA had encouraged cheque encashment fraud, it was argued to be relatively straightforward to investigate and to require relatively little officer time.

In Brighton & Hove there have been four investigations into possible fraud related to the LHA to date concerning possible false declaration of numbers in the household and two concerning non-dependants. Of these, none produced a 'result'. One anticipated area of fraud – claiming a bedsit as self-contained accommodation – has not been identified at all, although the resources to investigate this, which requires a visit, are limited. The interviewee commented that some of the local concerns about the LHA (for example the excesses which can accrue for sharers and non-dependants) are quirks of the system which people quite legally take advantage of, rather than fraud.

One possible counter to the risk of fraud related to household size lies in the increased number of interventions that have replaced regular review periods. If a significant number of claimants under LHA are in higher risk categories, they are more likely to receive a visit. Thus, in relation to claiming falsely for household members, in Blackpool only 36 per cent of claimants on LHA have dependents or non-dependents but 52 per cent of the LHA intervention visits have been made to households who have such members.

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Looking at the experience of the Pathfinders as group, it is quite clear that at Wave Two the incidence of fraud as a result of the LHA has been minimal. Most Pathfinders report no impact on the work of their Fraud Teams (or equivalent) and no significant change to date in the volume or type of HB fraud resulting from the new regime.

The LHA and the demand for Discretionary Housing Payments

To the extent that the rates set for the LHA benefit some HB tenants, and no tenants should lose out in any event, it would be expected that this would have the effect of reducing the demands for DHPs, at least from the group of LHA tenants potentially eligible for the award.

Experience across the Pathfinders at Wave Two suggests that in some authorities this is the case. In Brighton & Hove and Edinburgh, for example, the demand for DHPs as a compensation for shortfalls between benefit entitlement and rent has fallen as the higher LHA rates have tended to mitigate this problem. There are authorities, however, whose experience is somewhat different. In Lewisham it was the case initially that the demand for DHPs fell but the Borough are expecting an increase in demand now that some LHA rates have been reduced and rents have tended to rise to the previous rates. The significance of the LHA rate for DHP demand is shown also in North East Lincolnshire where shortfalls are still common - it is estimated that 70 per cent of claimants on LHA there experience shortfalls - and hence the number of requests for the award for this purpose has been broadly maintained. This experience is shared by Conwy, where some LHA rates have fallen. In Teignbridge there has been no decline; rather, officers are described as struggling to hold in check a rising demand for the awards.

In some Pathfinders – Coventry and Blackpool, for example – there has been no noticeable change in the number of DHP requests but officers have noticed a change in the reasons for which claimants are seeking the payment. Tenants with disabilities or requiring room for a carer are only entitled to an LHA rate based on their household size, not on these additional needs. Consequently there are more requests from such households to bridge the gap between their strict entitlement and the LHA for a property that more reflects their needs.

Where the LHA has reduced the demand for DHPs for shortfalls, officers have been able to target and boost the number of such awards to particular types of household. This is the case with older households in one Pathfinder and as part of a broader anti-poverty and homelessness prevention strategy in Brighton & Hove, for example. Overall the main impact of the LHA on DHPs has been not necessarily to reduce their number but to alter the use to which they are mainly put.

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Conclusions

In reflecting on the experiences of the Pathfinders in delivering the LHA, the clear conclusion is that it is being delivered, and delivered successfully in the case of the great majority of claims. This has been achieved against a background of other changes in regulations, significant organisational change in some Pathfinders and a variety of IT and staffing problems ranging from the trivial to the acute. The improvement in processing times that might have been expected from the absence of referrals to the Rent Officer has perhaps not been as great as expected since in many Pathfinders Rent Officer determinations were produced in a very timely manner under the previous regime. The LHA has also added new elements to the process of claim assessment, most noticeably in respect of vulnerability and arrears decisions, and this has been costly in terms of time and resources. Consequently, given the above, the improvement in processing times might be better regarded as quite significant.

In respect of particular HB functions, most Pathfinders report some increase in the level and/or number of overpayments under the new regime and the rate at which these are being reclaimed appears to be falling in some areas. This is ascribed to the greater difficulties of reclaiming from tenants rather than landlords and the smaller amounts that can be reclaimed from tenants. The impact of the LHA on DHP claims varies across authorities. Some report increases in claims, particularly where LHA rates have fallen or rents have been rising. Others have noticed a change in the reasons for claiming, particularly for additional rooms required for medical reasons. One impact, or rather lack of impact of the LHA, which is widely shared across the Pathfinders, is in relation to fraud, where the effects of the new regime have been minimal. Most Pathfinders report no impact on the work of their Fraud Teams (or equivalent) and no significant change to date in the volume or type of HB fraud resulting from the new regime.

Chapter 4: The LHA and partner agencies: Jobcentre Plus and Rent Officers

This Chapter is concerned with the impact of the LHA on the work of partner agencies most likely to be directly affected by the new scheme – Jobcentre Plus and Rent Officers. It begins by briefly describing the Customer Management System which has implications for how the LHA is handled administratively by Jobcentre Plus, and then discusses the effects of the LHA on the work of the agency and on the decision making of their clients. The work of Rent Officers in collecting evidence for and determining LHA rates is then considered.

Jobcentre Plus and the LHA – The significance of the Customer Management System

The Customer Management System (CMS) is intended to be a 'gateway' to Jobcentre Plus services and to provide a single point of contact for claimants of working age. While previously claimants might have had to access employment and benefit services separately, and to contact the local authority for HB enquiries and applications, the aim of the CMS is to assist Jobcentre Plus officers in bringing together all those services so that claimants can be advised about their benefit entitlements, their employment and training opportunities, and the financial implications of taking up employment, given their total benefit entitlements.

In brief, the CMS works as follows:

- The claimant presents to Jobcentre Plus to claim (usually, Income Support or Job Seekers Allowance). The claimant's postcode is checked. If they are resident in a non-CMS Jobcentre Plus area they are directed to their local office where they will fill in the relevant forms. If the claimant is resident in a CMS area they are asked to call the Contact Centre where basic details are taken. The Contact Centre then calls the claimant back, ideally within 48 hours but certainly within 3-4 days, to take full personal details. The Contact Centre then puts these details onto the CMS and books an interview for the claimant at their local Jobcentre Plus.
- At the interview, the Financial Advisor pulls the claimant's information from CMS and checks the information and evidence (e.g., wage slips) that the claimant should have brought with them. During the subsequent 20 minute (standard) interview the Financial Advisor puts together the information necessary to calculate the claimant's entitlement to benefit.
- The claimant then has a 40 minute (standard) work-focused interview with the Personal Advisor. The Personal Advisor assesses the claimant's skills and their training and other opportunities in the light of their history, and their income/benefit entitlements.
- A 'better off' calculation is also carried out to demonstrate the financial position to the claimant and the financial implications of taking up employment.

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There are two implications for the work of Jobcentre Plus offices operating under CMS which arise from the introduction of the LHA. First, as part of the aim of providing a single point of contact and in order to assess fully the claimant's position in respect of benefits, Jobcentre Plus officers will need to become more involved in the initial assessment of claims under LHA. Second, under CMS officers will need to take into account the impacts of the LHA (as well as HB assessed under the previous regulations for social sector claimants and PRS claimants outside Pathfinder areas) on the claimant's benefit position, their better off calculation and hence their work incentives. These are considered in turn.

Jobcentre Plus and the administration of the LHA

The main issue that arises in terms of the initial consideration of a claimant's LHA entitlement is that the information collected through CMS for PRS claimants reflects the previous HB regulations in the PRS, which of course apply in the social rented sectors and everywhere but in the PRS in the Pathfinders, not those of the new regime. Indeed, it appears that this information is not adequate to broadly calculate entitlements under the (previous) HB regulations either. Consequently, additional information has to be gathered from the claimant to supplement this.

This is not regarded as a problem by Jobcentre Plus in some Pathfinders, simply as a minor irritation in some others, and as *'a pain'* in at least one. In the extreme, this involves officers in also completing a 'Notification to the Local Authority', containing self-employment, disability and non-dependents' information, and an 'Enabled Benefit Calculation' sheet where, for example, the claimant has received holiday pay or pay in lieu of notice. In Blackpool, for example, the claimant is also asked to sign a form allowing the authority to inform the landlord of details of the claim's progress and payment schedules. This information has to be dispatched to the local authority's HB service for the full, formal calculation to be undertaken since, of course, the assessment, processing and delivery of the LHA remains the responsibility of the authority.

Different Jobcentre Plus offices seem to take different approaches to the better off calculation. In Brighton & Hove, for example, the LHA entitlement is not included in the calculation until the second interview with the claimant and the information is provided by the claimant themselves. Respondents in Lewisham and North-East Lincolnshire pointed out that the LHA entitlement itself cannot be included in the actual calculation for technical reasons so the claimant's rent is used, effectively an assumption that the LHA will equal the rent, thus ignoring any excesses or shortfalls. In Teignbridge a work around provided by DWP is used to mitigate this. One Jobcentre Plus office does not appear to include the LHA at all – again, an assumption that effectively the LHA will equal the rent so that the better off calculation is unaffected. There, dealing with the LHA and HB is firmly regarded as the local authority's task and once the necessary details for a claim have been collected *'we never touch HB again'*.

One aspect of the LHA that is broadly welcomed by Jobcentre Plus officers is the simplicity of the scheme from the point of view of advising claimants. It is held to be easier for them to understand. However, some officers admitted that they did not 'volunteer' information about the LHA or specifically ask claimants if they had any queries. The main reason given for this was that the Advisors only have 20 minutes for the interview and there are potentially 40 benefits to deal with. A further reason given by some officers, of which they were very critical, is that they have had no formal training about the LHA.

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Further, the general impression given by participants is that it is comparatively rare for claimants themselves to raise questions, or ask for advice, about the LHA regime at Jobcentre Plus offices. As an indication of this, in Leeds a Jobcentre Plus officer was given the task of overseeing the implementation of the LHA but it transpired that there was so little need for this that her job has now been expanded into other areas unrelated to the LHA. In Conwy an HB officer has been withdrawn from the local Jobcentre Plus office partly because of the opening, across the road, of an Area Housing Office where HB staff are located and partly because of lack of demand for that officer's services in the Jobcentre Plus office.

The LHA and work incentives – A perspective from Jobcentre Plus

Some respondents in the Evaluation were very enthusiastic about the potentially positive impacts of the LHA on work incentives, arguing that by knowing their entitlement the claimant would be encouraged to look for work, and that in receiving the award direct they would avoid the shock of having to take responsibility for making their own payments once they began to work. It was argued that some claimants who had previously not received direct payment did not know what their rent was and thus could not make efficient decisions about entering employment.

These views reflect the aim of the LHA as it relates to work incentives. However, over the Pathfinders as a whole they are not universally shared and there is no evidence of what effect, if any, the LHA is having on employment decisions. One officer believed that the effects of the LHA in their location were so small – affecting the better off calculation by only £5-£10 – that it was of little significance in the claiming/working decision. Others simply do not know if it is affecting such decisions.

This conclusion is perhaps unsurprising. As Jobcentre Plus officers in Edinburgh and Leeds pointed out, their work is concerned with the entire package of benefits and opportunities facing the claimant, not solely with the LHA. It would not be possible for them to unravel this package to see if the LHA is the factor that is having the decisive effect on the decision as to whether or not to seek work.

The impact of the LHA on Rent Officers – The collection of market evidence

The major role of Rent Officers under the LHA is to set the LHA rates. In order to set these accurately, Rent Officers need data on rents for the Broad Rental Market Area(s) – BRMAs – covering the Pathfinder. To ensure that the rates set reflect broadly the midpoint of the range of *market* rents, such data needs to exclude the rents of properties that are occupied by claimants on LHA (and on pre-LHA HB), since the rents set for those properties are likely to reflect the LHA rates (or Local Reference Rents/Single Room Rates) which the Rent Officers themselves have determined. Under the previous HB regulations in the Pathfinders, this was less of a problem since Officers had to determine the appropriate rent for HB purposes for every claim and could thus exclude these cases from their database. Further, the need to visit some of the properties and inspect them internally, and the high levels of contact with landlords, agents and tenants that this gave Officers, meant that they could also collect additional market evidence in the process. Under the LHA neither the information on individual properties occupied by claimants nor the previous levels of contact are needed. Hence, Rent Officers have had to use other methods to maintain and 'cleanse' their data.

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The methods used to collect market evidence are very similar across the Pathfinders. They all involve contacting letting agents and landlords and asking for information on property types and rent levels which are either not occupied by claimants on LHA or pre-LHA HB, or where occupation by such claimants is clearly indicated. Advertisements in newspapers and shop window are also used. In addition, Officers in Edinburgh, for example, use an electronic source – ‘Lettingweb’ – which gives details of local letting and rents as well as conducting an annual survey of agents. Building up relationships with agents and landlords is important since, as Rent Officers in Lewisham pointed out, there is no real incentive for them to co-operate. Officers responsible for setting the rates in Blackpool have attempted to incentivize landlords to respond to their mail shot requesting market evidence by offering advice and information on HB reform in return.

All Rent Officers in the Pathfinders find some difficulty with amassing market evidence on particular types of property in their area, which in turn means that setting the appropriate LHA rate is more difficult for these property types. In some cases this is because the properties are predominantly occupied by claimants on LHA, in others because there are simply few such properties. Across the Pathfinders, single rooms with shared facilities are a not uncommon example of these ‘problematic’ properties.

In Conwy information on single room properties is gained from local hospitals and universities, which Officers in Blackpool have also tried to access but with little co-operation from these institutions in their area. In Brighton & Hove, this LHA rate is calculated from market evidence for rooms with a shared living room and one or both of a shared kitchen and bathroom, the evidence coming mainly from specialist agents who let shared houses to students, and from rooms being let in houses. However, most bedsits locally do not have shared living rooms and are therefore excluded from the evidence. Landlords argue that this results in the rate for bedsits being set below market level and that many claimants on LHA now cannot afford bedsits.

In three Pathfinders, Conwy, Brighton & Hove and Leeds, Rent Officers have been able to further cleanse their data by receiving from their local HB administration a list of addresses of properties occupied by claimants on LHA. In Conwy this is done on a continuing basis following a local agreement to provide the required information. A ‘one-off’ exercise in Brighton & Hove revealed that only six per cent of the properties on the Rent Officers’ database were so occupied which confirmed their confidence in the data. Rent Officers are also required, as part of the Evaluation, to make shadow determinations on the basis of data on claims provided by DWP so that it will be possible to compare LHA rates with the determinations that would have been made for individual properties over the period of the Pathfinder. However, many Officers are critical of the quality of this data and suggest that the main benefit from this exercise from their perspective is that these properties can be removed from their databases.

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Setting LHA rates

As required by the LHA regulations, Rent Officers review LHA rates every month in the light of the market evidence and in some areas, as in Lewisham, in the light of known socio-economic changes and developments locally. Month-on-month changes to the rates appear to be rare, however. This is because Officers wish to ensure that any observed changes represent genuine, not random, shifts in the market. Where changes are made they take place mostly at quarterly intervals. Some Rent Officers, as in Conwy for example, will change the rates however small the required changes are, although they are changed to the nearest pound. In other areas, Officers will only change the rates if the market changes exceed, say, five per cent or £1 or £2.

Often the rates set are uncontroversial, although there are always some exceptions as in the case of bedsits in Brighton & Hove, noted above, or, as might be expected, where some rates are reduced, as has happened in Conwy and Edinburgh. Rent Officers are keen to point out that the rates reflect the appropriate rate for the BRMA, not a particular locality within the BRMA, so that if the rates appear to be too high or too low to some observers in one area this does not invalidate the rate as set. It might be taken as an implicit criticism of the BRMA definition, however.

The BRMAs are reviewed regularly to ensure that they do indeed represent an analytically valid and defensible definition of the market. Coventry Rent Officers, for example, are undertaking a GIS mapping exercise to confirm that this is the case. Edinburgh appears to be the only Pathfinder where it is felt that, with hindsight, the BRMAs might have been defined differently – in all other Pathfinders Rent Officers are satisfied that current market definitions are correct. In Edinburgh's case some Officers believe that two rather than four BRMAs should have been defined. However, the City had four Local Reference Rent areas before the introduction of the LHA and it had been made clear to Rent Officers that the LHA areas should be the same. There are plans to review the BRMAs in Edinburgh because of the roll out of the new regime and because of the wider processes of changes in the market, although this review is not imminent.

Conclusions

The above discussion shows that the impact of the LHA on the work of Jobcentre Plus has been quite minor. With the exception of the extra administrative tasks that officers have to undertake as a result of the LHA – which appears to cause more difficulty in some cases than in others – the new regime does not appear to have affected how they go about the task of advising claimants, nor can it be demonstrated that it has had any effect on the decisions of Jobcentre Plus clients themselves. It is worth noting that the information received through CMS and the use to which it can be put in some offices may be one reason why LHA is having so little impact. In particular, the information and technology to incorporate actual LHA awards into the better off calculation appears to be missing, and many officers have in any event had little or no formal training in the nature or implications of the regime. However, even if these concerns were rectified, it is not clear that the impact of the LHA in this area would be significant.

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Rent Officers have felt a major impact, although much of this was experienced at the outset of the new scheme when the requirement for determinations was abandoned. This has changed the nature of the work of Rent Officers in the Pathfinder areas in that it has required significant additional efforts on their part to gather and validate market evidence. Such evidence is easier to amass for some property types than for others and while the rates set are sometimes controversial as a result, this appears to be the exception rather than the norm. All the Rent Officers who participated in this Evaluation are satisfied that their decisions are correct and defensible, and arrived at in a timely and efficient manner.

Chapter 5: The impacts of the LHA on advice and homelessness services

This chapter is concerned with the impact of the LHA on two specific services. The first is money advice services (MAS) for which DWP have provided funding. The services were set up in the Pathfinders in anticipation of the possibility that, with more claimants receiving their entitlements direct, some would encounter difficulties with managing rent payments and the associated financial arrangements, particularly if they were already encountering problems with debt. The second is the service provided by local authorities for the homeless, where the key questions are whether the LHA has had any impact on the numbers of homeless households and whether it has helped or hindered the service in fulfilling its responsibilities.

The impact on the Money Advice Service²

As discussed at Wave One, the local authorities responded in different ways to the need for MAS. In five authorities – Conwy, Blackpool, Leeds, Lewisham and Brighton & Hove - arrangements were made with the local CAB to provide this service, while in the remaining authorities the service was provided through an additional post or posts located within the authority. A single exception among this latter group at Wave Two is to be found in North East Lincolnshire where the council's Pathfinder Debt Adviser, who was a member of the Pathfinder Team, left in December 2004. Since the council's Integrated Advice Service, which provided a money advice service, had closed eight months earlier, at present there is only one Debt Advisor for the whole of the local authority.

The role of MAS whether located within or outside of the authority is in principle the same – it is to assist and advise claimants entitled to the LHA who are experiencing financial problems. In some Pathfinders their role also encompasses the ability to make recommendations to the HB service as to whether the claimant should continue to receive their entitlement direct. Further, the general practice continues to be, as at Wave One, that where the MAS makes recommendations in this respect, they are almost invariably accepted, although in at least one Pathfinder the MAS is concerned that it appears much easier to get payments suspended or switched to landlords than it is to have them switched back to claimants.

The difference between the in-house and CAB provided MAS lies mainly in the degree to which they can be proactive in advising and assisting claimants. All of those authorities that use the CAB located service strongly recommend claimants to access this in their literature, often on the HB Notification Letter, as in Conwy for example, and in face-to-face contact with claimants. Some MAS officers also have office space or interviewing facilities provided by the local authority, as in Blackpool, or may offer home visits as a matter of course. In Lewisham local Benefit Service staff have direct access to the MAS advisor's electronic diary and are able to make appointments for clients, bypassing the need for time consuming telephone calls. CAB offices locally can also offer access to further expert advice where it transpires that their client has multiple or complex debts rather than solely an LHA related problem.

² Note that the DWP funded service having the money advice function is referred to here as MAS, even though the title of the service differs in practice between the Pathfinders.

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However, it is always the choice of the claimant whether to follow up these strong recommendations. If they choose not to do so, the CAB cannot chase up their (potential) client. As a result some claimants may not take up or delay taking up advice with serious results. Thus, in Teignbridge the local authority HB section has itself taken on the primary MAS role in respect of assisting tenant claimants with LHA applications, setting up bank accounts and providing basic money advice, as well as dealing with vulnerability claims. While the LHA officers were trained to provide basic money advice, they do not undertake more detailed debt counselling. Arrangements have therefore been made with the local CAB to provide that service in appropriate cases. However, to the end of February 2005 only 28 claimants had been offered a referral to the CAB, and of these only five had actually taken up that offer.

Where the MAS is provided in-house, the cases of clients experiencing financial problems, which may in turn indicate other reasons for granting vulnerable status, can be passed direct to the officer who may then make appropriate recommendations to HB colleagues. This is likely to be the case in Coventry in future, where there have been concerns that vulnerable cases have been slipping through the net. Such an arrangement could be argued to be an advantage in terms of identifying and dealing with 'problem cases' earlier without having to rely on the claimant self-referring to an external agency.

Against this, it can be argued that in many authorities the CAB contains expertise and access to additional expertise that cannot be replicated, or it would be wasteful to replicate, in-house. Further, it is not at all clear that claimants seeking advice would willingly refer themselves, or want to be referred, for advice to the same organisation that is determining their original claim. Perhaps most importantly, the experience of those Pathfinders that have located the MAS in their local CAB is that, after a difficult start in some cases, they have received a very good service which they do not wish to see replaced by in-house arrangements. Since it is also the case that those authorities who have located their MAS in-house appear, where it is fully functioning, to be highly satisfied with its operation, the Pathfinder experience to date offers no convincing case for the superiority of one arrangement over the other, or any case for altering current arrangements.

The experience of the MAS over the course of the Pathfinder to date is as varied as the clients with whom they deal and the areas in which they are located. However, whether the numbers of claimants presenting to the MAS with LHA related problems have slowed down, as in Lewisham, or have remained at a significantly high level, as in Blackpool, the overall impression is that the number of LHA specific enquiries appears to have reduced in the period running up to the 15 month Evaluation. Fewer households now seem to be presenting with problems that are solely concerned with the LHA. MAS advisors in Leeds believed that this was because the LHA regulations have now 'bedded in', and, for the advisors themselves, it was difficult to maintain a boundary between work specific to LHA and that relating to other benefit and debt queries. Thus, for example, a client presenting with rent arrears or a banking problem might on investigation require more detailed debt counselling that would take the case out of the direct purview of the LHA. Similarly, other CAB advisors were thought to be dealing with LHA as part of their usual welfare advice, and cases were not being forwarded through to the specialist team.

Brighton & Hove have monitored the number of cases and the composition of issues raised with the MAS quarterly since the beginning of 2004. The results of this monitoring are shown in Table 5.1. The Table shows that the total number of cases and the number of cases specifically related to the LHA – including

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accessing bank accounts and vulnerability - peaked in second quarter 2004 and have since declined. To some extent the issues shown in the table mirror the development of the LHA scheme. Early MAS work focused on general advice about the LHA and accessing bank accounts. This work continued throughout 2004 while work related to vulnerability payments to landlords increased over the summer when direct payment to tenants was introduced in the authority. There has been a steady increase in rent arrears cases, although small in absolute terms. There also appears to have been a rise in threatened evictions in 2005. General housing and tenancy advice and debt issues have continued over the full period. Casework has been concerned mainly with multiple debt and clients with high support needs. The interviewee reported that, since the peak, there have been relatively fewer new issues raised, but more clients coming back to the MAS.

Table 5.1: Issues raised with CAB Money Advice Service in Brighton & Hove

Issues raised:	2004				2005
	Q1	Q2	Q3	Q4	Q1
LHA	80	179	101	62	77
Accessing bank accounts	61	94	72	51	27
Vulnerability payments to landlords	16	69	27	7	11
General housing/tenancy	36	16	40	25	28
Priority debts	9	2	14	18	18
Non-priority debts	11	9	15	32	26
Rent arrears	6	11	12	15	23
Rent increase	5	9	5	5	1
Threatened eviction	2	4	1	0	8
Actual eviction	0	2	1	1	0
Landlord enquiries	1	12	2	0	1
Total cases	166	267	204	121	111

Source: Brighton & Hove CAB monitoring

The impact of the LHA on homelessness and services for the homeless

One of the concerns expressed during the implementation of the LHA, and discussed in the report of Wave One (*Delivering the LHA...* p. 41 *et seq.*) was that in potentially making claimants less attractive to landlords as a result of direct payment and making the risks of non-payment by LHA recipients greater, the new regime would both increase the likelihood of homelessness and thus make the work of those dealing with homeless families more difficult.

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That homelessness, and particularly the number of households accepted as homeless under the legislation, has increased in many Pathfinders recently is beyond dispute. For example, homelessness is increasing across Wales and although the rate of increase is generally slowing in North Wales a similar slowing is not apparent in Conwy which is emerging as a homelessness 'hot spot'. Loss of rented accommodation is the major single reason for homelessness in the area. In Blackpool the number of household days spent in B&B rose from 500 in 2002/03 to 5,000 in 2003/04, and the number of homeless presentations increased from 1,519 in 2001/02 to 2,976 in 2003/04. In Lewisham the Homeless Persons' Unit has identified an increase in homelessness within the BME population, which accounts for around 27 per cent of the local population, but almost three quarters of recorded homelessness.

An additional, equally clear finding, is that in the view of the great majority of participants at Wave Two, echoing the findings after six months at Wave One, these increases are not due to the LHA regime. Thus, in the case of three Pathfinders highlighted above, in Conwy officers report no evidence of clear trends in rent arrears because of LHA coming through into homelessness and there has been no noticeable impact on harassment or illegal evictions. Indeed, there has been no perceptible effect on landlord behaviour generally. In Blackpool, the homelessness service has found that there are some households presenting now because they have received their HB but have not paid their rent – for example, one family with six children had not paid their rent for the past six months. However, LHA issues and arrears are often mixed up with factors such as the failure to fill in or submit an HB or other claim (which quickly leads to arrears), problems resulting from 'informal' agreements with landlords regarding payment which are later reneged upon, or following bad advice to deliberately withhold the rent. Overall, here too officers do not ascribe the significant increase in homelessness presentations to the LHA or to landlords' refusal to accommodate tenants receiving the benefit direct. Officers in Lewisham have come to a similar conclusion - social exclusion, unemployment, poverty and many other factors, including legislative change, may lie behind some of the increase in homelessness but there is no evidence that the increase is due to the LHA.

In terms of the impact of the LHA on advice and homelessness services, there is some evidence that it is actually helping them meet the needs of homeless households. In some areas, where the LHA is perceived as relatively generous, this is seen as enabling advice services to assist clients in gaining access to the private rented sector. These services may also help clients with making vulnerability applications where payment to the landlord is thought to be most appropriate for them. For example:

- In Brighton & Hove, the Brighton Housing Trust, which seeks to develop accommodation options in the PRS, is now making more placements in the PRS than previously. The LHA has helped retain landlords previously involved with their work and has attracted some new ones partly because the rates in the area enable landlords to make more from letting studio flats. The Trust can also help clients apply for payments to be made to the landlord, although they cannot guarantee success and will help landlords resolve any benefit or other problems which might threaten the tenancy.

Similarly, because direct payment is unpopular with many landlords, schemes to help the homeless which may also be able to deliver payments to landlords are likely to be attractive to them as a way of securing rent payments as under the previous regime when many (in some Pathfinders, most) households did not receive their entitlements direct. This, coupled with the added certainty over benefit levels through the LHA rate

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with properties no longer being subject to 'property specific' rent restrictions, means that schemes set up by local authorities to assist the homeless potentially become doubly attractive to landlords. Those officers and agencies dealing with statutory homelessness are clearly aware of this and have negotiated with HB services over possible schemes which support the authority's wider strategy for helping the homeless. To give but one example of how the Pathfinders have responded to these challenges:

- In Coventry, where uniquely among the Pathfinders there is some evidence that homelessness might actually be falling, the discretion available to Pathfinders within the vulnerability arrangements under LHA have acted as a 'carrot' in bringing private landlords into discussions with the Homelessness Unit. The unit are near to completing a scheme where landlords who agree to house homeless people will receive the benefit themselves for a limited period of 12 months. All statutory homeless people will receive an offer of private rented housing. In Coventry this is equivalent to between 500 and 700 households per year. Landlords will need to be registered with Coventry's Landlord Accreditation Scheme and will need to set rents which do not exceed the appropriate LHA rate. The scheme also involves the in-house MAS whose role will be to support tenants to make the transition to direct payments at the end of the 12 month period. More generally, there was an impression that PRS accommodation in the City had become a more viable option for homeless people and that this option was being suggested by advice agencies to their clients. Due to the LHA rates being more in line with actual rents than previous rent determinations, homeless clients had more choice in where they could live and knew how much LHA they would be entitled to before looking for a property. There have been examples of homeless clients declining offers of social housing in hard-to-let areas and choosing to look for private accommodation in a better area instead.

The ability of homelessness services to negotiate with HB services to provide a guarantee to landlords that they will receive HB - at least for a limited period, usually that of the initial tenancy agreement - is an important part of all of these schemes. It is interesting in this respect to note that in Coventry there was resistance within the Benefits Service initially to provide such guarantees for particular schemes, since the staff were reported to feel under pressure, through the overall aims of the LHA scheme as set out by DWP, not to have a large number of claims being paid to landlords. The scheme was only agreed when it was realised that homelessness services in other Pathfinders were negotiating similar schemes.

It is perhaps more difficult for voluntary agencies dealing with schemes for non-statutory homeless households to negotiate for payments to be made to landlords rather than direct, as in the case of Brighton Housing Trust noted above. Similarly, the Cyrenians in Edinburgh, for example, have a significant role in delivering the City's well-established deposit guarantee scheme. As there is no guarantee that payment can be made to landlords for their schemes, the Cyrenians have set up a tenancy support service which includes monthly rent checks with landlords to make sure that rent payments are being made by those tenants who receive direct payment.

One aspect of the LHA which all officers dealing with the homeless or with more general housing advice in the Pathfinders find beneficial is the greater clarity of entitlement that the scheme offers. A respondent in Edinburgh typified this view in stating that the LHA has made it easier to assist people because they could immediately inform clients of the LHA rate at the initial interview. This meant assistance could be provided

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much more quickly than under the previous system where a Pre-Tenancy Determination (PTD) was required. It was noted that with the old system a PTD could take two weeks which was quite a long time to ask a landlord to hold a vacancy, and even then, a claimant would not know how much HB they would actually receive.

It is perhaps worth concluding on a cautionary note. There is one implication of the above schemes intended to assist (statutory) homeless households which it is appropriate to raise here, but the importance of which cannot be assessed with the information to hand. In tight rental markets, the greater the level of homelessness and the more popular with landlords such schemes are, particularly those which offer HB payments to landlords and/or tenancy support, the less attractive non-homeless or more generally non-vulnerable households in receipt of direct payment may become. This would mean that those households who receive HB direct and who are willing to pay their rent – the group for whom the LHA is primarily intended - may be faced with less choice of property.

Conclusions

The experience of the Pathfinders after 15 months of the LHA is that the MAS is working well, often after some initial problems and despite some temporary local staffing difficulties in a small number of authorities. This is the case whether the service is located within or outside of the authority. Some of these services report continued high levels of demand, while others have experienced a fall in the number of people seeking their help. However, whether numbers are rising or falling, across the group there is evidence that the number of households presenting to the MAS seeking basic advice about the LHA, or with financial difficulties solely related to the LHA, is falling. Increasingly households are presenting with problems of which the LHA is only one aspect, and may in some cases be of little significance within the context of their set of problems. This may be another indication that the LHA arrangements are settling down, and that knowledge about the scheme's operation has become more widely diffused.

The homelessness services in the majority of the Pathfinders are dealing with larger numbers of households than before. However, the prior expectation among some in the field that the LHA would tend to increase homelessness is not being realised in practice. Almost no-one in the Pathfinders ascribes any increase to the operation of the LHA. Rather, the LHA has offered many homeless services in the Pathfinders the opportunity to help relieve homelessness problems by virtue of the, in many areas, quite generous LHA rates, coupled with a possible guarantee of, or an attempt to secure, payment of the benefit to the landlord rather than to the tenant. This is clearly of benefit to the households concerned, although it remains to be seen whether in particular markets such schemes may give homeless households a comparative advantage over those claimants in receipt of direct payment who are not supported by any agency. If this were to occur then it would run counter to one of the major objectives of the scheme.



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