

NORTH LINCOLNSHIRE COUNCIL

HOUSING AND STRATEGIC PLANNING CABINET MEMBER

Change to Housing Benefit Payment Schedules

1. OBJECT AND KEY POINTS IN THIS REPORT

1.1 To obtain cabinet member agreement to changing the frequency of housing benefit payments to Local Housing Allowance claimants

1.2 The key points of this report are as follows:

- Identifying the advantages and disadvantages of paying housing benefit local housing allowance claimants on a 2-weekly cycle rather than 4-weekly.

2. BACKGROUND INFORMATION

2.1 The Assessment section has a live housing benefit (HB) caseload of 11529 cases. Of these 2378 are paid under the Local Housing Allowance (LHA) scheme.

2.2 Since 1996 apart from a handful of claims, HB has been paid at 4-weekly intervals. The section makes new HB payments every day of the working week, two of these pay by cheque, the remaining payments by BACS. These pay on average 10 payments on the cheque runs and 40 on the BACS runs. Every 4th week we then pay all active housing benefit claims. These are an average of 480 cheques and 2900 BACS payments.

2.3 In April 2008, the Local Housing Allowance scheme was introduced and benefit regulations were amended so that tenants' benefit should be paid directly to them and removed the option to pay it directly to their landlord. This was part of the previous government's Welfare Reform agenda to promote financial inclusion and greater responsibility. Tenants in public sector housing or renting from social landlords or being paid under the old scheme can still opt to have their benefit paid directly to their landlord.

2.4 Representatives from the landlord forum have questioned why we do not pay on a 2-weekly cycle like some of our neighbouring authorities. These landlords argue that they are losing monies as the tenants, on receipt of their 4-weekly payments, are not using it to pay their rents and that by the time we

can amend the claims to pay the landlord direct, there are substantial arrears which the landlord is unlikely to recover.

2.5 If a tenant is more than 8 weeks in arrears we must pay their benefit to the landlord. The landlord is required to provide proof of this before we change the payments. The authority has a Safeguard policy whereby if the tenant is considered vulnerable we can pay their benefit direct to the landlord. It is generally not difficult to identify where a claimant is unable to deal with their financial affairs and we can make a decision under the Safeguard Policy at the start of their claim to pay the landlord. However, it may not be until payments have already been made that we are aware that a tenant will not use the benefit to pay their rent, at which point the landlords have to bear the loss. This could lead to a decrease in the amount of property available to those claiming benefits.

2.6 The Benefit regulations stipulate that benefit paid directly to landlords must be paid 4-weekly, in arrears. However, in cases where we are paying the claimant direct, if the claimant's rent payment frequency is weekly, the claimant may request that benefit is paid 2-weekly and we should do this.

3. OPTIONS FOR CONSIDERATION

3.1 Option 1 – Continue to pay all private tenant claims whether to tenants or landlords on a 4 weekly payment cycle.

3.2 Option 2 – Introduce a 2-weekly payment cycle for private tenants whose rent is charged weekly.

4. ANALYSIS OF OPTIONS

4.1 Paying a tenant 2-weekly would help prevent rent arrears as tenants would be able to pay their rent more frequently.

4.2 Landlords would have more confidence in renting their properties to benefit claimants as they would be able to identify potential arrears cases earlier in the payment cycle.

4.3 We would be able to identify tenants under the 'wont pay' element of the Safeguard policy sooner and investigate ways of helping the tenant to remain in the property.

4.4 Increasing the number of payment runs to include further 2-weekly payments will have an impact on the IT section, the LT & B Control Section and the LT&B Support Services section which deals with the production, reconciliation and sending out of these payments.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Of our existing housing benefit caseload of 11529, only 2487 are being paid to the claimant. If we were to implement 2-weekly payments for all of these claimants across the board, it would cost an additional £15,262 per annum.

5.2 We are currently paying 2378 LHA claims. Of these, 960 are on weekly tenancies and would be eligible for 2-weekly payments if they requested them.

5.3 Paying HB to the claimant group under 5.2 would cost an additional 40p per transaction if paid by BACS and 49p if paid by cheque. Therefore if all 960 claimants under 5.2 were to request 2-weekly payments the annual additional cost would be between £4992 and £6115, depending on the numbers paid by Bacs.

5.4 There would be also be one off costs involved in setting up new payment runs on the system and including these in the current payment cycles.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

6.1 None.

7. OUTCOMES OF CONSULTATION

7.1 Discussions with the IT, LT&B Control and LT&B Support Services sections have taken place and they have raised concerns about the increased workload if all claimants were paid 2-weekly.

8. RECOMMENDATIONS

8.1 To introduce a 2-weekly payment cycle for Local Housing Allowance tenants who have a weekly rent liability.

8.2 To provide an update report to the Housing and Strategic Planning Cabinet Member six months after implementation of 2-weekly payments.

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