

Progress Report on the Local Housing Allowance

Finance & Resources Committee

27 January 2009

Purpose of report

- 1 The purpose of the report is to give an update on the new Local Housing Allowance (LHA) Scheme. The new scheme came in to effect from 7 April 2008 for new claimants

Main report

- 2 The original LHA Scheme was piloted in Edinburgh from 9 February 2004.
 - Under this scheme Housing Benefit was assessed on a flat rate allowance based on the size of the tenant's household rather than the size of the property.
 - If the flat rate allowance was higher than their rent charge tenants were allowed to keep this excess amount in total. There was no upper limit on how much this excess amount could be.
 - The new scheme restricted the amount of excess LHA that a tenant could receive to a maximum of £15 per week.
 - Attached at Appendix 1 is a table showing the numbers of tenants who received an excess LHA payment as at 7 April 2008.
 - Those existing tenants with an excess LHA payment of more than £15 per week would have their entitlement protected until 6 April 2009 unless they moved house or had a break in their claim.
 - If they did move house or had a break in their claim they would be assessed under the new rules from the date of change.
 - At 7 April 2008, 3657 tenants qualified for the protected rate.
 - This has reduced to 2937 at the end of September 2008.
- 3 Over a period of months the Revenues & Benefits Division wrote to every tenant who was receiving a protected payment greater than £25 per week to advise them of the likely reduction in their entitlement from 6 April 2009.

Relatively few tenants contacted the Revenues & Benefits Division as a result of these letters. Therefore, a further letter will be issued in early 2009 advising again of these changes.

Also, every tenant will receive a revised award letter in early April 2009 detailing their new Housing Benefit entitlement.

The Revenues & Benefits Division will work with other Departments, Shelter, Money Advice Agencies, etc in an effort to further publicise these changes and the effect they may have on our customers.

- 4 The total LHA caseload has increased from 7077 claims at the end of April 2008 to 7571 claims at the end of November 2008.

Financial Implications

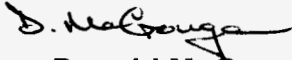
- 5 There are no direct financial implications arising from this report.

Environmental Impact

- 6 There are no adverse environmental impacts arising from this report.

Recommendations

- 7 It is recommended that the Finance & Resources Committee note the contents of this report.


Donald McGougan
Director of Finance
15th January 2009

Appendices Appendix 1: Numbers of claimants with an excess LHA payment @
7/4/08

Contact/tel/Email Alan Sinclair Tel: 469 5486
e-mail: alan.sinclair@edinburgh.gov.uk

Wards affected All

Single Outcome
Agreement

Background
Papers

Claimants with an excess LHA Payment @ 7/4/08

Status

Amounts LHA Exceeds Rent	Income Support	Non Income Support	Total
<£15	1372	410	1782
15 - 25	400	124	524
25+	115	48	163
30+	202	84	286
40+	160	59	219
50+	143	43	186
60+	77	49	126
70+	54	16	70
80+	53	25	78
90+	48	15	63
100+	25	10	35
110+	35	4	39
120+	28	5	33
130+	17	3	20
140+	15	2	17
150+	12	4	16
Total	2756	901	3657