

ANGUS COUNCIL

COMMUNITIES COMMITTEE

12 APRIL 2016

INTRODUCTION OF LOCAL HOUSING ALLOWANCE
CAPS IN THE SOCIAL RENTED SECTOR

ABSTRACT

This report provides information to members with regard to services in the Communities Directorate. A decision is not required under the current Scheme of Delegation to Officers and the Order of Reference of Committees.

1. BACKGROUND

The council received a letter on 1 March 2016 from Lord Freud, Minister of State for Welfare Reform, advising of the introduction of local housing allowance caps in the social rented sector.

2. SIGNIFICANT INFORMATION

The letter says that following announcements in the Autumn Statement and Spending Review 2015, the Government will cap the amount of rent that Housing Benefit will cover in the social rented sector to the relevant Local Housing Allowance (LHA), for new tenancies signed on or after 1 April 2016, (for supported accommodation, this will be April 2017) with Housing Benefit entitlement changing from 1 April 2018 onwards. The letter confirms that the shared accommodation rate for single people under 35 years will be used and not the 1 bedroom rate.

Lord Freud notes his understanding of the importance and need to protect those in supported accommodation and that's why they won't be directly affected just yet. Further research will be carried out in relation to supported accommodation and the implementation of the cap in this type of accommodation.

There will be a continuation of the "Removal of Spare Room Subsidy" (RSRS) for working age tenants, however, only the highest deduction from either the relevant LHA cap, or the RSRS will apply. In addition, the exemptions similar to those that currently apply to the Shared Accommodation Rate in the private sector will be replicated for those in the social rented sector.

There is a duty being placed on the council to inform all tenants who sign a new tenancy agreement from 1 April 2016 for mainstream housing (1 April 2017 for supported accommodation) of the above change and the implications that will arise on 1 April 2018. This will include existing tenants who renew their tenancies from this date, as well as those who move home or who are new tenants.

The potential implications for tenants are shown below.

Size/Type	Angus Council Rents (£Min/Max/Average)	Local Housing Allowance Rate	Maximum Difference
2 apt flat	£44.23/£56.33/£52.51	57.69 (shared accommodation rate)	Not effected at this time.
2 apt cottage	£55.87/£72.01/£63.17	As above	£14.32

As the council has 973 one bedroom properties which are above the LHA shared accommodation rate, there are implications for rent arrears accruing in the future for any single persons under 35 where housing benefit is payable.

We will be providing housing options advice at the earliest stage to advise applicants of the implications. A model letter is attached for information at Appendix 2.

3. REPORT AUTHOR

Contact for further information:

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List of Appendices:

Appendix 1 – Letter from Lord Freud, Minister for Welfare Reform

Appendix 2 – Model Letter to be provided to tenants.