

PE1638/E

Department for Work and Pensions submission of 4 August 2017

With reference to your correspondence of the 6 July requesting further information about the planned changes in entitlement to Housing Benefit and Universal Credit for social rented sector tenants.

Please find below some background information. The policy is still in development however once we are in a position to share further information regarding how the policy will work in practice we would be happy to forward this to Committee.

Background

- The Local Housing Allowance (LHA) scheme for private rented sector tenants was introduced nationally from April 2008; and is a way of working out how much Housing Benefit or Universal Credit a claimant may be entitled to for housing costs, based upon the size and make-up of their household and the area in which they live.
- The Government announced at Autumn Statement 2015 (page 36, 1.125) https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf that from 1 April 2018, it would be capping the entitlement of Housing Benefit and Universal Credit for social rented sector tenants to the applicable LHA rate which would apply in the private rented sector, but only if their rent exceeded this amount. Further, LHA rates would not apply to those with tenancy start dates prior to the 1 April 2016. Additional Discretionary Housing Payments would also be made available to protect the most vulnerable (page 36, 1.126).

Supported Accommodation Review

- A research project was jointly commissioned by the Department for Communities and Local Government and the Department for Work and Pensions to provide evidence on the scope, scale and cost of the supported housing sector across Great Britain. The review was carried out by IPSOS MORI, Imogen Blood Associates and the Housing and Support Partnership.
- Whilst awaiting the outcome of this review, the policy to introduce LHA rates in the social rented sector was initially deferred for one year for those in living in supported accommodation (Written Statement: HCWS563 1 March 2016) <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-01/HCWS563/>

- The implementation of the policy for claimants living in supported accommodation was subsequently deferred until 2019/20 to sit alongside a new funding model for supported accommodation. An exemption from the shared accommodation LHA rate was however introduced for those living in supported accommodation (Written Statement: HCWS154 15 September 2016) <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-09-15/HCWS154/>
- The supported accommodation review was published on 21 November 2016 <https://www.gov.uk/government/publications/supported-accommodation-review> and following the publication, it was announced that the implementation of the policy for claimants living in general needs housing would be deferred until 2019, to align with changes made to supported housing; and LHA rates for social rented sector Universal Credit claimants would apply irrespective of the tenancy start date (Written Statement: HCWS273 21 November 2016) <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-11-21/HCWS273/>

The Scotland Act 2016

- Local Housing Allowance rates are determined by Rent Officers in accordance with an order made by the Secretary of State for Work and Pensions under s.122 of the Housing Act 1996. While Scottish Ministers will not have the power under Section 29 of the Scotland Act 2016 to make an equivalent order, they will have the power to make regulations as to how the housing costs element of Universal Credit is calculated. So they can, if they choose, consider setting up an alternative method of determining maximum rental for people in Scotland.