



From the Minister of State
for Work and Pensions

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Rt Hon Tessa Jowell MP

26th November 2009

Dear Tessa

Thank you for your letter of 11 November to Yvette Cooper on behalf of some of your constituents concerning Early Day Motion 2069 and the Local Housing Allowance.

Your constituents are concerned about the proposed removal of the excess of up to £15 currently paid to customers in receipt of Housing Benefit under the Local Housing Allowance scheme. The Government announced in the 2009 Budget that the excess would be removed from April 2010.

The Local Housing Allowance was rolled out nationally from 7 April 2008 for customers in the deregulated private rented sector to tenants who make a new claim for Housing Benefit or existing customers who move address. It is a way of calculating the rent element of Housing Benefit based on the area in which a customer lives and their household size. If the Local Housing Allowance rate is higher than the contractual rent, customers are currently able to keep the excess benefit up to a maximum of £15 per week. If the rent is higher than their Local Housing Allowance entitlement, they must make up the difference from other sources of income.

As your constituents have mentioned, the proposal to remove the £15 excess from April 2010 would mean that some people would receive less benefit but, importantly, these are customers who are receiving benefit which exceeds their rental liability. The Government's priority now is to target benefits where they are needed most.

Although the evidence available is limited as, so far, we can only draw on the evaluation of the Local Housing Allowance Pathfinder areas over a period of two years; it does not appear that landlords routinely use the Local Housing Allowance rates as a guide when setting rents. The factors contributing to the setting of rents remain numerous and complex and there is little to indicate that the Local Housing Allowance has or will become the dominant factor.

We have consulted with the Social Security Advisory Committee, the Local Authority Associations and other stakeholders on the proposed changes to the Local Housing Allowance excess provision. We are currently considering the responses to the consultation and the recommendations made by the Social Security Advisory Committee and will publish our response in due course.

Yours


Rt Hon Jim Knight MP