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Darren Johnson AM
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28 August 2014

Dear Darren Johnson,

Thank you for your letter of 12 August which gave detail on the London Assembly Housing Committee's recent report on homelessness and rough sleeping.

At the Autumn Statement 2012, the Government announced that increases to the Local Housing Allowance (LHA) would be limited to 1 per cent in April 2014 and April 2015 in line with some other benefits. Alongside this, the Government also announced that it would be using some of the savings from this measure to increase some LHA rates beyond the 1 per cent limit. These savings are known as the Targeted Affordability Funding and there is £45 million available in 2014/15 and £95 million in 2015/16.

We are using this Targeted Affordability Funding to increase some LHA rates by up to 4 per cent in 2014/15 in areas where rising market rents are significantly reducing the availability of affordable accommodation. Using the latest rental data we have identified those rates with the greatest divergence between the baseline LHA rates and the 30th percentile of local rents. From April 2014, a total of 126 LHA rates (out of 960 overall) have been increased by up to 4 per cent, rather than 1 per cent.

Of the 70 London Broad Rental Market Area rates, 35 have been increased by the Targeted Affordability Funding by up to 4 per cent. All other London rates which do not benefit from the Funding have been increased by either the 30th percentile of local rents or 1 per cent, whichever is the lower of the two.

We estimate that around three quarters of Targeted Affordability Funding for 2014/15 is directed to London Broad Rental Market Areas.

Limiting increases to 4 per cent balances the objective of supporting the areas where rents are rising fastest with the funding available. Setting a higher limit would see relatively few rates benefit, whereas setting a lower limit would spread the funding too thinly and not provide enough support where it is needed.

Maximum limits to LHA rates will continue to apply however, so no rates can be increased beyond these levels. From April 2014, the LHA caps have been increased by 1 per cent and are:

- Shared Accommodation Rate/one bedroom – £258.06;
- two bedrooms – £299.34;
- three bedrooms – £350.95; and
- four bedrooms – £412.89.

The LHA rates for 2014/15, (effective from April 2014), were published by Rent Officers in January 2014 together with the 30th percentiles of local rents.

The Government is committed to making savings from this measure over the two years. We will continue to monitor the divergences between the LHA rates and rents, including those in the areas where LHA rates were capped in 2011.

Further Targeted Affordability Funding will be available for 2015/16 and we will consider the local rental market data before deciding how it should be allocated. However, we remain committed to our original policy intention to limit the amount of LHA which can be paid in the most expensive areas, as taxpayers cannot be expected to support private sector rents regardless of their level or how fast they are increasing.

In areas where rents rise rapidly there should be no presumption that Housing Benefit will always pick up the bill. In the current difficult economic situation we are still increasing rates each year.

As you may be aware, in July, we introduced a new easement which gives work coaches the scope to treat some recently homeless claimants as available for and actively seeking work. As the change builds on the existing domestic emergency provision, the easement was introduced in recognition of the particular issues faced by those claimants who are suffering a domestic emergency as a result of recently becoming homeless.

Although the easement is likely to be most suitable for rough sleepers and those staying in direct access hostels, it may also be applied to other homeless claimants. For example, those leaving care or in a hostel akin to a direct access hostel, if their individual circumstances can be considered a domestic emergency, are recently homeless, and whose homelessness is the main barrier to finding and retaining a job.

The decision to target this measure at the recently homeless rather than longer-term homeless is because those who have only recently become homeless are more likely to benefit from a temporary easement in conditionality requirements to allow time for them to resolve their accommodation issues sufficiently to subsequently enable them to focus on job search activities.

The intention is to prevent individuals becoming entrenched in a homelessness lifestyle and aligns with interventions such as 'No Second Night Out' which targets new rough sleepers and seeks to help them off the streets as quickly as possible.

If a claimant fails to attend an interview, then that non-participation in an interview would normally lead to disentitlement to benefit. However, if a claimant makes contact within five days, explaining the reasons for their failure to attend the interview, then the claim will continue and no sanction will apply as long as the decision maker is satisfied that the claimant had good reason. Of course, a person's domestic situation or homelessness will be considered and the impact this has had on their participation.

Assuming that the claimant has declared their homelessness, suitable arrangements should already be in place to make sure they can access and respond to any correspondence. If a claimant cites their reason for failing to attend an interview as having not received a letter, then further information would need to be obtained, such as: the address to which the letter was addressed; the security of that address; whether or not it was the address agreed with the claimant as their normal contact address; and whether there were problems receiving mail at that address before or reported difficulties receiving mail.

The decision maker would then need to consider if, taking all the individual circumstances of the case into account, that on the balance of probabilities the claimant did not receive the notification. If the claimant is able to show that the notification has not been received the notification cannot be treated as correctly served under the legislation.

It is for all these reasons that it is vital that claimants make work coaches aware of their homelessness, so that they can discuss the flexibilities available when work-related requirements are set, and so that they can have access to the right help at the right time. That includes discussing how their homelessness, and the need to find accommodation, impacts on their ability to take the reasonable steps for them to find work, as well as arrangements to keep in touch, respond to correspondence and adhere to their Claimant Commitment.

Yours sincerely,



Lord Freud

Minister for Welfare Reform

