



Department
for Work &
Pensions

Ministerial
Correspondence **0207 340 4000**
Caxton House
Tothill Street **www.gov.uk**
LONDON
SW1H 9DA
ministers@dwp.gov.uk

Our ref: MC2023/12196

Rt Hon Sir George Howarth MP
george.howarth.mp@parliament.uk

2 March 2023

Dear Sir George,

Thank you for your email of 10 February to the Chancellor of the Exchequer on behalf of your constituents about the Local Housing Allowance (LHA). I am replying as the Minister with responsibility for this policy area.

Please pass on my thanks to your constituents for taking the time to write in raising this issue. I write to you with the latest update and I hope that they will find the following comments to be helpful.

The LHA determines the maximum housing support for tenants in the private rented sector. It ensures that claimants in similar circumstances living in the same area are entitled to the same maximum rent allowance regardless of the contractual rent paid. LHA rates are not intended to cover all rents in all areas.

In 2020 we spent almost £1 billion increasing LHA rates to the 30th percentile. The significant investment at that time has been maintained ensuring that everyone who benefitted continues to do so.

Discretionary Housing Payments are available for extra support and can be awarded to help people with a shortfall in rent and for costs associated with moving such as rent in advance, rent deposit or removal cost. These payments are entirely at the discretion of the Local Authority and since 2011 the Government has provided nearly £1.6 billion to local authorities for households who need additional support with their housing costs.

We recognise that rents are increasing. However, the challenging fiscal environment means that difficult decisions were necessary to ensure support is targeted effectively.

We are doing more to help households who may be struggling. As you know, the Government announced substantial cost of living support for 2023/24 in the Autumn Statement. This is intended to provide stability and certainty for

households and includes Cost of Living Payments for the most vulnerable, meaning around eight million households on eligible means-tested benefits will receive up to a further £900 in Payments in 2023/24.

We are also continuing to provide support to all households through the Energy Price Guarantee, which will be extended from April 2023 until end of March 2024, bringing a typical household bill to around £3,000 per year in Great Britain. The benefit cap will also be uprated by 10.1 per cent in 2023/24.

For 2022/23, we are investing £366 million into the Homelessness Prevention Grant (HPG) to support local authorities to prevent homelessness. Local authorities can use the HPG flexibly to meet their homelessness and rough sleeping strategies - for example, to offer financial support for people to find a new home, to work with landlords to prevent evictions or to provide temporary accommodation, among other preventative measures. We have announced over £650 million funding for the HPG from 2023-25. The HPG helps tackle homelessness before it occurs. It supports local authorities to deliver their statutory duties to prevent homelessness and provide temporary accommodation where required.

The Household Support Fund is a discretionary scheme run by Upper Tier Local Authorities in England to provide support to those most in need towards the cost of essentials. For those who require extra support, £421 million is being provided in England for the period from 1 October 2022 until 31 March 2023.

The Barnett formula applies in the usual way. This means that the devolved administrations will receive £79 million of the additional £500 million and they will have the discretion to decide how to spend their consequential funding (£41 million for the Scottish Government, £25 million for the Welsh Government and £14 million for Northern Ireland Executive).

The Government is also providing an additional £1 billion of funding, including Barnett impact, to enable a further extension to the Household Support Fund in England over the 2023/24 financial year.

In England, this scheme will be backed by £842 million, running from 1 April 2023 to 31 March 2024, which Local Authorities will use to help households with the cost of essentials. It will be for the devolved administrations to decide how to allocate their additional Barnett funding.

Local Authorities are expected to support households most in need, particularly those who may not be eligible for the other support Government has recently made available.

Mims

Mims Davies MP
Minister for Social Mobility, Youth and Progression