

MAYOR OF LONDON

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Dear Darren

Thank you for your letter of 18 July regarding the Housing Committee's report on the impacts of welfare reform and for your hard work on this report. As requested, I have responded to each of your five recommendations in turn below and I apologise for the delay in responding to you.

Recommendation 1

The Mayor should publish regular monitoring data on the impact of welfare reforms against his housing priorities, including the risk for investment partners and potential opportunities. The Mayor should publish regular monitoring data on the impact of welfare reforms on London's households, including a disaggregation by tenure and equality group.

Response

Others, including the Department for Work and Pensions (DWP), London Councils, the Local Government Association and the National Housing Federation, publish detailed analyses of the impact of welfare reform regularly. Some of these, including London Councils', are London-specific, while other national studies cover regional variations in impacts. These analyses also include the impacts of welfare reform on particular tenures and/or equality groups where this data is available.

I do not consider that it would represent a good use of GLA resources for me to embark on an independent London-specific monitoring project, given the quantity and quality of existing work. I am also unconvinced that the GLA is as well-placed to conduct such monitoring as some of the bodies who are already embarked on programmes of assessment – for example, in terms of having access to DWP data. But I do, of course, keep a close eye on these analyses and especially their insights into the particular impacts of welfare reform in London.

Recommendation 2

The Government should ensure LHA rates are regularly reviewed and properly take account of the higher costs in London. The Mayor should ask the Government to regularly review the Local Housing Allowance Targeted Affordability Fund to ensure that sufficient numbers of areas of London are receiving assistance.

The Mayor should lobby the Government to ensure that the category of 'vulnerable' claimants, whereby rents will continue to be paid directly to landlords, is defined broadly and includes tenants with complex credit and debt problems.

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Response

LHA rates already take some account of London's high rents, as the baseline from which LHA rates increase each year was originally determined with reference to local market rents, as well as by caps on awards where the 30th centile of market rents exceeds what it is reasonable for the public purse to pay for someone's accommodation. However, the Government, in line with cross party support for limiting overall benefit expenditure, has set the annual increase in LHA rates for a three year period in the 2012 Autumn Statement at 1 per cent. This will keep expenditure on Housing Benefit for private sector tenants in check.

As you note, the Government introduced Targeted Affordability Funding, using the savings resulting from changes to LHA, to support increases of more than 1 per cent in LHA rates in some areas where private sector rents have risen more rapidly. However, the Office of National Statistics' rental index indicates that, across the capital, private sector rents have consistently shown below inflation rent increases over the last ten years. Given this, I would be wary of measures that may counter one of the original stated aims of reducing LHA rates that is to exert downward pressure on rent levels, in contrast to the inflationary effect we witnessed when Local Housing Allowance was first introduced in 2008 and landlords increased rents to match LHA levels.

On the issue of vulnerable claimants and direct payment of LHA, direct payment became the norm when the previous Government introduced LHA back in 2008. I think it is right that claimants are generally expected to manage their own finances and I applaud the Government for encouraging greater personal responsibility through its welfare reform programme. But I do recognise the need for exceptions in some cases, as does the Government, which requires local authorities to make payments directly to the landlord where the claimant is more than eight weeks in arrears with their rent. The Government has also given local authorities discretion to make direct payments in a wide number of cases, such as where a claimant may have difficulty in managing their affairs, where direct payment will assist the claimant to secure or retain a tenancy, and where a claimant has previously had their LHA paid directly to the landlord due to rent arrears. This seems to me to give local authorities ample scope to arrange direct payments for claimants who need such arrangements.

Recommendation 3

The Mayor and London Councils should produce an assessment of the impact on movement of claimant households within, and out of, London, and publish regular monitoring data.

Response

London Councils has published data on changes in the numbers of Housing Benefit claimants in different London boroughs over time. Indeed, you used a map capturing such data produced by London Councils to introduce your report. However, we must recognise that households receiving Housing Benefit move for all sorts of reasons other than the impact of welfare reform.

London Councils' Inter-Borough Accommodation Agreement (IBAA) facilitates the collection of data on instances where boroughs place homeless households in accommodation in another borough, as do the PIE reports on provision for homeless households that local authorities routinely return to the Department for Communities and Local Government. This is a matter for the boroughs. My Housing Strategy makes clear that I expect local authorities to use mechanisms such as London Councils' NOTIFY system.

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Recommendation 4

The Mayor should continue to make the case for significant discretionary housing payments funding for London boroughs. There is a particular opportunity to influence this when the government decides on both the overall budget and individual allocations for discretionary housing payments for 2016/17.

London Councils should work with boroughs to ensure that there is sufficient monitoring and transparency over how boroughs are allocating their discretionary housing payments, that boroughs are allocating these payments in the most effective and sustainable way and that best practice is shared.

Response

The GLA undertook a substantive amount of work with Government to secure a healthy share of the budget for Discretionary Housing Payments (DHPs) for London. I will continue to make the case for London as the Government determines future budgets.

I note that London authorities spent almost all of the DHP budget allocated to them for 2013/14. As to increasing monitoring of how boroughs spend their resources, the Government has already enhanced its monitoring of local authorities' use of DHPs. But it is ultimately up to individual authorities to determine how their budgets can be most effectively used, and it is for London Councils to determine whether it feels there is value in introducing further monitoring of its own.

Recommendation 5

The Mayor should seek additional mitigation for households placed in temporary accommodation that are subject to the overall benefit cap. The Mayor should also seek an exemption from direct payments for those in temporary accommodation, to minimise the risks to social and private landlords.

Response

The range of options available to local authorities to help them mitigate the impact of the total benefit cap on households are generally as suitable for use with households in temporary accommodation as with other households affected by the cap, so I am unconvinced that additional measures are required.

Thank you again for sending me the report.

Yours ever,



Boris Johnson
Mayor of London