

**EXPLANATORY MEMORANDUM TO  
THE RENT OFFICERS (HOUSING BENEFIT AND UNIVERSAL CREDIT  
FUNCTIONS) (LOCAL HOUSING ALLOWANCE AMENDMENTS)  
ORDER 2014**

**2014 No. 3126**

1. This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.
2. **Purpose of the instrument**
  - 2.1 This instrument informs rent officers which Local Housing Allowance (“LHA”) rates should be increased by up to 4 per cent, rather than the lower of the previous rate increased by 1 per cent or the 30th percentile of market rents, based on the category of accommodation and the broad rental market area.
  - 2.2 It changes the date that the LHA rates are determined for the purposes of Housing Benefit and Universal Credit. It also makes changes to the date that the LHA rates take effect for Universal Credit only.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
  - 3.1 None.
4. **Legislative Context**
  - 4.1 In the Autumn Statement 2012, the Government announced changes to the annual uprating of LHA rates in 2014/15 and 2015/16 by restricting increases in most areas to a maximum of 1 per cent.  
  
<http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm121205/debtex/t/121205-0001.htm#12120570000005>
  - 4.2 The Government also announced that some of the savings from this measure would be used to increase some rates beyond the 1 per cent limit. These savings make up what is known as Targeted Affordability Funding, and there is £45 million available in 2014/15 and £95 million in 2015/16.
  - 4.3 A first set of amendments laid in June 2013 limited the LHA rate from 1 April 2014 to the lower of either; the 30th percentile of market rents or the previous rate increased by 1 per cent and changed the date of the determinations. The second set of amendments laid in December 2013, set out an alternative method for determining the LHA rates, depending on the category and location of the accommodation. For those areas and rates listed in the schedules in the Orders, then the LHA rate will be the lower of either; the previous LHA rate increased by 4 per cent or the maximum LHA for that category of dwelling.
  - 4.4 This instrument includes the new schedule of areas and rates which will be increased by 4 per cent (instead of 1 per cent) in 2015/16, subject to the maximum LHA limits.

## **5. Territorial Extent and Application**

5.1 This instrument applies to Great Britain.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *What is being done and why*

7.1 The LHA arrangements were introduced in 2008 and apply to the majority of Housing Benefit claimants in the private rented sector.

7.2 A number of reforms were introduced from April 2011 to restrict the amount of Housing Benefit which could be paid, including rates being set at the 30th percentile of local market rents in each broad rental market area, restricting the maximum level to a four bedroom property and capping the weekly rates by property size.

7.3 Since April 2013, further reforms have been introduced to uprate LHA rates annually instead of monthly and to limit increases by the Consumer Price Index in 2013/14 and by 1 per cent in 2014/15 and 2015/16. The purpose of these measures is to continue to exert a downward pressure on rents and Housing Benefit expenditure.

7.4 Alongside the uprating by 1 per cent policy in 2014/15 and 2015/16 is the commitment to use some of the savings from the measure to increase rates beyond this limit in areas where rising market rents are significantly reducing the availability of affordable accommodation. The Targeted Affordability Funding (as this is known) is used to increase rates in certain areas by 4 per cent, subject to the LHA maximum limits.

7.5 This instrument sets out which areas and rates will benefit from the 4 per cent increase subject to the LHA maximum limits in 2015/16.

- *Consolidation*

7.6 Informal consolidated text of instruments is available to the public free of charge via ‘The Law Relating to Social Security’ (Blue Volumes) on the Department for Work and Pensions website at <http://www.dwp.gov.uk/publications/specialist-guides/law-volumes/the-law-relating-to-social-security/> or the National Archive website [legislation.gov.uk](http://legislation.gov.uk). An explanation as to which instruments are maintained on each site is available [here](#).

## **8. Consultation outcome**

8.1 Amendments to the Rent Officers Orders are exempt from formal referral to the Social Security Advisory Committee although we did share our proposals with them for the wider LHA uprating policy and the Targeted Affordability Funding in 2013.

8.2 Informal consultation has been carried out with rent officers in England, Scotland and Wales to discuss these latest amendments. There are no impacts on local authority systems and we will notify local authorities when the new LHA rates are due to be published.

8.3 DWP held a call for evidence giving stakeholders an opportunity to provide views on the use of the Targeted Affordability Fund. A response was published in December 2013 and is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/262080/lha-call-for-evidence-response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/262080/lha-call-for-evidence-response.pdf).

## **9. Guidance**

9.1 Local authority administration will not be directly affected by the amendments to this order but the Department will keep them informed of the changes.

## **10. Impact**

10.1 This legislation has no direct impact on business, charities or voluntary bodies. In the interests of transparency, an Impact Assessment for the two year LHA 1 per cent uprating policy was published in January 2014 although there was no requirement to do so.

10.2 Equality analysis for the LHA 1 per cent uprating policy was published in December 2013 on [www.gov.uk](http://www.gov.uk) and covers the use of the Targeted Affordability Funding to mitigate some of the impacts.

## **11. Regulating small business**

11.1 The legislation does not apply to small businesses.

## **12. Monitoring & review**

12.1 We are committed to transparent monitoring of any divergences between the LHA rates and rents. The Rent Officers will publish a comparison of the 30th percentile of market rents and LHA rates at the end of January 2015.

## **13. Contact**

13.1 Please contact Marie Savage at the Department for Work and Pensions, (Telephone number: 01772 234056) or e-mail: [Marie.Savage@dwp.gsi.gov.uk](mailto:Marie.Savage@dwp.gsi.gov.uk) if you have any queries regarding this instrument.