

Policy Briefing

‘Banish the Bedroom Tax Monster’ Campaign- Action Plan for Scotland

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Shelter
Scotland

Background

- Shelter Scotland strongly opposes the under-occupation penalty or 'bedroom tax' and the blunt and unfair way it targets vulnerable tenants. Since April 2013, working age social rented tenants have had a proportion of their housing benefit cut if they are deemed to have 'spare' bedrooms beyond their household need. In Scotland 82,500 households are affected and COSLA estimates that 40% of those will fall into rent arrears because they simply don't have enough money to pay the difference between their rent and their housing benefit.
- There has been a great deal of media attention on the bedroom tax and across Scotland, tenants, politicians, social landlords and advice providers have spoken out against it. Despite the opposition, the policy has been in place for nearly 6 months and landlords and tenants in Scotland are having to adapt to it.
- Shelter Scotland has been approached by a large number of tenants who are facing a shortfall in their rent as a result of the bedroom tax, and we are offering what advice and assistance we can. More must be done at all levels to mitigate the impacts, plan for future developments and to help vulnerable families who are affected.
- Shelter Scotland is leading a campaign to tackle welfare cuts and specifically the bedroom tax, at all levels. Our six point action plan underlines the central message that more should be done **at every level** to challenge the impacts of the bedroom tax. The action plan is aimed at the UK, Scottish and Local Government.
- The action plan will help to mitigate the worst impacts of the bedroom tax and help prepare for future welfare reforms, particularly Universal Credit.

A Bedroom Tax action plan for Scotland

1. Homeless people with no option other than temporary accommodation should be exempt from the bedroom tax

Currently homeless people living in temporary accommodation owned by the local authority are caught by the bedroom tax, whereas those living in non-local authority owned accommodation are not. This hits Scotland disproportionately hard as around 50% of temporary accommodation here is local authority owned – a figure much higher than elsewhere in the UK.

The majority of council owned temporary accommodation is family-size housing, typically with two or three bedrooms, meaning the opportunity for homeless households to be offered smaller temporary accommodation is severely limited. Under the reforms, households under-occupying council owned temporary accommodation are facing a large reduction in their housing benefit payment, while those who under occupy non-council owned temporary housing will not. To be hit with a bedroom tax bill in temporary accommodation they have no choice over will land people with debts when they are already in a vulnerable position.

Case study: A veteran, who was forced to make a homeless application after leaving the armed forces having done two tours of Afghanistan, approached Shelter Scotland for help. The council had placed him in a 3-bed temporary flat a few months before the bedroom tax was introduced. From 1st April 2013, his eligibility for housing benefit was cut by 25% as he is deemed to have 2 bedrooms more than he needs in his temporary home. This means that he has to pay £31.26 per week in bedroom tax towards his rent out of a Jobseekers Allowance of £71 per week.

2. Discretionary Housing Payments (DHP) should be easier to access and should help more people

The UK Government Department of Work and Pensions (DWP) provides local authorities in the UK with a fixed annual budget from which they may make Discretionary Housing Payments (DHPs). DHPs are used by local authorities to provide relief for households affected by the UK Welfare Reform programme including the bedroom tax, the overall benefit cap, and the cuts to local housing allowance.

They do not provide a long term solution to the welfare cuts and the cash limited fund can never help all those affected. However, they are the only way that local authorities are allowed to provide assistance to tenants struggling to pay their rent.

In the short term, until the cuts can be reversed or specific exemptions given to provide certainty for vulnerable households, it is vital that the number of people who can access DHPs is maximised.

Under DWP rules, local authorities can top up their annual DHP budget by 150%, but most have been unable to do so. The DWP, in 2013/14, provides only enough money to help 1 in 18 (4,950) of the 82,500 households affected by the bedroom tax in Scotland.

But if all local authorities made use of their ability to top up their budget by 150%, as many as 1 in 7 households liable for the bedroom tax could be helped. Topping up DHP could help 7,000 more households affected by the bedroom tax alone, and also thousands more private and social tenants hit by the other cuts to housing benefit.

Three things are needed for councils to make maximum use of DHP in this financial year and beyond-

- i. The UK Government should ensure that the DHP budget for Scotland is proportionately funded.
- ii. The Scottish Government should make an additional fund of up to £20m available to support all councils to top up DHPs in 2013/14, and a fund equivalent to the 150% top up of the DHP budget fully for 2014/15.
- iii. Local Authorities should use the power to top up DHP to the full amount and publish a transparent policy on how the money will be spent to help as many affected tenants as possible before the end of the financial year.

We don't yet know how DWP will allocate the DHP budget for 2014/15, but it is likely to be a slightly lower total.

Case study: A married couple, both with severe mobility issues and one of whom has spina bifida, approached Shelter Scotland for help. The couple have lived in their fully adapted 3 bedroom home for the past 13 years and occasionally have carers staying overnight. Because of the bedroom tax they now have a shortfall between their housing benefit and their rent of £16.50 a week. They have applied for a DHP and been refused as the council have included their disability living allowance in their financial assessment.

The council have no other smaller homes to move them to and they cannot afford to pay this shortfall.

3. Tenants with rent arrears should not be blocked from downsizing into more affordable properties

Social landlords should have allocations policies in place that facilitate downsizing transfers to any tenant affected by the bedroom tax, regardless of circumstances including rent arrears. Currently some social landlords have allocations policies which can prevent people with arrears from transferring or being allocated a property. This means that people affected by the bedroom tax are unable to move to a smaller property and will, in all likelihood, simply get more and more into debt with their rent.

All social landlords should review their allocations policies to ensure that anyone who wants or needs to downsize is able to do so. This would help to facilitate better use of stock and ensure those who are struggling to pay the shortfall are not pushed into further difficulty because they already have some rent arrears.

Case study: Landlords need to consider their allocation and evictions policies to facilitate the best possible use of stock and to work with vulnerable clients who are affected by the bedroom tax.

One English housing association has pledged to rehouse anyone who goes into arrears and is evicted due to the bedroom tax¹. The landlord, which has 18,000 homes is one of the first social landlords in the country to make the commitment to its tenants. The landlord will guarantee a move to another home if a tenant falls into arrears solely due to the bedroom tax and if they have 'engaged' with the organisation. This is the kind of good practice that should be considered by all social landlords.

4. Build more social housing to cut the benefit bill for the long term.

The Scottish Government could bring down the benefit bill by building the affordable homes Scotland needs. Shelter recently published a report, *'Bricks or benefits: rebalancing housing investment'*² which questions whether a cash benefit paid to individuals is the best way to support low and middle income households to house themselves.

Successive governments have moved to curb the rising cost of housing benefit by adjusting benefit entitlement and imposing additional restrictions on the regime, but

¹ <http://www.insidehousing.co.uk/regulation/housing-association-pledges-to-rehome-bedroom-tax-victims/6528220.article?MsgId=80053>

these efforts have focused on treating the symptoms rather than the cause of the high benefits bill.

Instead, the report sets out the argument for a preventative approach; investing in supply to bring down the housing benefit bill by reducing the cost of housing and lifting households out of the benefit trap.

The Scottish Government has committed to a target of 6,000 affordable homes per year which includes a commitment to build at least 4,000 socially-rented houses per year. Shelter Scotland, along with others in the sector believes that at least 10,000 new social rented homes should be built each year to meet housing need.

5. Everyone affected by benefit changes like the bedroom tax and the upcoming Universal Credit can access free, independent advice and advocacy.

At least 82,500 people in Scotland are affected by the bedroom tax, and the introduction of Universal Credit will impact on 370,000 people. These are big changes and will impact on how people pay for their housing, bills and food. It is critical that good quality, independent advice and advocacy is available to all those who need it, to help people navigate the changes and to respond to them effectively.

Research shows the importance of good quality, independent advice and advocacy in helping people to adapt to the changes as the foundation of preventative spend. The Scottish Council for Voluntary Organisations has recently published its *Welfare Reform Mapping Report*³, which incorporates evidence from around 400 people across the third sector on how welfare changes are affecting their organisations. It shows:

- Gaps in provision already exist and organisations do not have the resources to fill them.
- Over 40% of respondents cite a lack of long-term funding and inability to plan ahead as a critical issue for them. Gaps exist in areas such as advice, advocacy, community support, IT, transport and access to financial services

²http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/bricks_or_benefits_rebalancing_housing_investment

³<http://www.scvo.org.uk/scvo-news/welfare-reform-mapping-report-published/>

- According to 72% of survey respondents, demand for support and services provided by third sector organisations has increased due to the impact of Welfare Reform. Some organisations are already being diverted from their main purpose to support people through the reforms.
- Demand is expected by 88% of organisations to increase in the coming months, with 60% saying they expect to see demand increase significantly.

6. Where possible, tenants should always pay their rent including any shortfall incurred through a bedroom tax deduction.

Every tenant who can afford to must pay their rent, but many will require the support of advice and advocacy groups in their community to navigate the complex welfare changes.

Social landlords have expressed concerns that mixed messages to tenants about the bedroom tax means tenants who can pay feel they don't have to. This may lead to a culture of non-payment of rent generally, penalising social landlords who aren't responsible for the policy and need rental income to improve their current stock and provide quality housing for others.

Shelter Scotland believes that anyone who can pay their rent, including any shortfall as a result of benefit changes, must meet that commitment. Social housing providers need their rental income to maintain standards in housing and build vital new houses. It is also vital that the limited resources available for DHP should be targeted at those most in need.

The need for tenants to continue to pay rent was highlighted in a recent report by the Scottish Federation of Housing Associations (SFHA) which showed that the average annual rental income loss for housing associations was projected to be £117,000 for 2013/14 (ranging from £8,300 to £608,000)⁴.

⁴ <http://www.sfha.co.uk/sfha/publications/qbedroom-taxq-early-impacts-report/menu-id-91.html>