

Welfare Benefit Reform: Housing Benefit changes

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Changes so far in 2013/14

- Spare room subsidy restriction (bedroom tax)
- Benefit Cap
- LHA rates continue to be restricted

Emerging issues

- predicted increases in rent arrears becoming a reality.
- political debate on bedroom tax has heightened
- DWP has announced extra DHP funding for this financial year
- Scottish Government has also announced *DHP* funding for this financial year
- First tier tribunal decisions now beginning to highlight inadequacies in both policy and guidance, supporting the early legal opinion obtained by GAA that size of room and its use is a factor.

Options for claimants

- Make up shortfall from current income?
- Take up paid employment?
- Increase earnings to meet shortfall?
- Downsize to smaller accommodation?
- Apply for DHP?
- Take in a Lodger?
- Challenge decision to class a room as a bedroom?

National DHP allocation and LA budget

- 2010/11 £20m
 - 2011/12 £20m + £10m*
 - 2012/13 £20m + £40m*
 - 2013/14 £20m + £40m* + £30m** + £65m***
 - 2014/15 £20m + £40m* + £30m** + £50m***
 - Local authority can add a further 1.5 times the total DWP allocation to arrive at its own DHP budget for the year (eg if the annual DWP allocation is £100,000 then the overall budget can be £250,000 if the council so chooses but the extra money will come from the council's own funds).
 - Any unspent DWP funding at the end of the financial year must be returned to DWP and cannot roll over to the following year.
- * for LHA reductions
- ** for under-occupation in social sector reductions
- *** for benefit cap reductions

Mid-year changes to DHP

- Corrections to initial allocations for Scottish LAs because of errors in distribution data.
- Extra £5 million for UK councils with large rural areas (£3.45 million of which for 12 Scottish councils)
- Extra £20 million but distributed via a bidding process
- £10 million of new burdens funding: can be used as DHP if a council so chooses but cannot be matched to increase DHP limit.

DHP Reserve Fund- bidding criteria

- A clear and robust DHP policy in place, including details of changes for 2013/14
- Helping people to move, money advice, integration of DHP management with housing options advice
- An established need for extra funding because of demand where 'potential remedies are less readily available'
- Housing stock regeneration (e.g. property conversion, housing swap initiatives, promotion of house building projects)
- That your council has considered ways in which to top up the existing DWP allocation
- **It is not intended to buy out the RSRS (Removal of Spare Room Subsidy)**

Does room size matter?

- At recent First tier tribunal hearings in Fife, the QC has concluded that for HB purposes the size of the bedroom and usage are factors that must be considered, with a cross reference to the size standards for overcrowding in Housing (Scotland) Act 1987, Section 137
- At a FtT hearing in Glasgow, the judge concluded that a spare bedroom should be available where members of an adult couple cannot share because of disability of one or both
- Revised DWP guidance (U6) which is still vague and ambiguous
- Implications?

The Political debate

- **SNP has pledged to abolish the bedroom tax in Scotland in the event of independence.**
- **Labour party has also given a commitment to scrap the bedroom tax.**
- **Lib/Dem party conference overwhelmingly passed a motion condemning the bedroom tax and pushing for a review . No commitment or support from Nick Clegg for any u-turn.**
- **Conservative party committed to further reductions in welfare spending from 2015**
- **Labour Scotland are petitioning Scottish Parliament for an amendment to Section 16 of the Housing (Scotland) Act 2001 which would prevent 'bedroom tax rent arrears' being used to establish or justify a crave for eviction. Instead, such unpaid amounts would be pursued as an ordinary debt**

Other developments

- Universal Credit national roll out, originally scheduled to begin from October 2013, pushed back by at least a year.
- UC pathfinders too basic to inform readiness for national roll out (ie single claimants with a bank account/credit union account)
- A root and branch review of the whole Universal Credit development by new Director General, Howard Shiplee against the background of a scathing report by National Audit Office.
- Uncertainty if (and when) HB for pensioners will be replaced by a modified Pension Credit which will include housing costs

Temporary Accommodation

- Will remain outside of Universal Credit with Housing Benefit continuing to provide assistance with rental charges for existing TA residents and any new residents not yet receiving Universal Credit.
- Ministers have rejected Scottish representations to exempt council owned TA from the bedroom tax.
- As Universal Credit rolls out, any new TA resident will have their housing element restricted to LHA level, including Shared Accommodation Rate, but paid directly to their landlord for the first 4 months after which consideration will be given to an ongoing managed payment arrangement.
- A separate management element of £45.00 per week will be paid directly to the housing provider (thereby keeping it out of the Benefit Cap) while the TA resident is also receiving UC.

Supported Accommodation

- Housing Benefit will continue for all Supported Exempt Accommodation (SEA) for the foreseeable future, even if the claimant does receive Universal Credit.
- Again, ministers have rejected representations to exempt council owned Supported Accommodation, which by legal definition cannot be classed as SEA, from the bedroom tax.

Non-dependant deductions

- Under HB arrangements, unemployed young people aged 21 years or over but under the age of 25 years are not subject to any non-dependant deduction.
- Under Universal Credit, such young people will have to pay £15 per week towards the rent and the claimant's UC housing element will be reduced accordingly.
- Scottish Government/DWP statistics suggest that as many as 5,000 such young people reside in the homes of HB recipients

Longer term changes?

- No Housing Benefit/UC equivalent for under 25 year olds?
- An overall cap on the Welfare Benefit budget (including HB) with an initial restriction/reduction followed by annual increases for working age claimants of no more than 1%.