



## Briefing for the Public Petitions Committee

**Petition Number:** [PE1496](#)

**Main Petitioner:** Alan Wyllie on behalf of No2BedroomTax Campaign

**Subject:** Bedroom Tax

Calls on the Parliament to urge the Scottish Government to make approximately £50m available to mitigate the effects of the bedroom tax in Scotland.

### Background

The “bedroom tax”, in place since April 2013, means that working age tenants in the social rented sector have their Housing Benefit (HB) reduced by 14% where their household is under-occupying their property (according to set criteria) by 1 bedroom, or by 25% where they are under-occupying by 2 bedrooms or more.

Earlier this year, COSLA and the Scottish Government undertook a survey of local authorities seeking information on the number of households in their areas affected by the under-occupation provisions. Using this survey, the Scottish Government updated their [analysis](#) about the impact of the measures and estimated, as at May 2013 :

- there were around 82,500 households in Scotland incurring a reduction in their HB because they were assessed as under occupying their property.
- the average reduction in HB is around £11 per week per household. If households were to take no mitigating action, this would result in an estimated total reduction in HB payments to Scotland of around £50 million per annum.

The estimate of those affected, and therefore the amount needed to mitigate the effects of the measures, is a snapshot in time and the numbers will be constantly changing as households move or their circumstances change, for example, if a tenant living in an under-occupying household reaches pensionable age then the household will no longer be affected by the under-occupation measures.

Local authorities can use their Discretionary Housing Payment (DHP) budget to help tenants, in both the social and private rented sectors, who are having difficulties paying their rent.

The Department of Work and Pensions allocates money to local authorities for DHPs and the budget has been significantly increased to help mitigate the effect of recent welfare reform changes, including the under-occupation provisions. For 2013-14, the Scottish DHP allocation is £13.47m.<sup>1</sup> Local authorities can top up their allocation by 150% - legislation<sup>2</sup> limits the total amount that can be spent on DHPs in any one year to 2.5 times the DWP allocation. Therefore, in 2013-14 the maximum that could be spent in Scotland on DHPs would be £33.7m.

## **Scottish Government Action**

The Scottish Government has made funding available to help mitigate the effects of the welfare reform agenda in Scotland. This includes:

- Providing funding of [£20m](#) to allow local authorities to top up their 2013-14 DHP budgets to the maximum allowed by legislation.
- A commitment to fund up to £20m in 2014-15 to allow local authorities to top up their 2014-15 DHP allocations.
- In partnership with the Scottish Legal Aid Board (SLAB) and the Money Advice Service establishing a new £7.45 million Making Advice Work grant funding programme.
- Investment of an extra £590,000 to mitigate the effects of the changes to housing benefit through training, guidance and communications.

Further details of Scottish Government mitigation activities are contained in this [paper](#).

## **Scottish Parliament Action**

The Welfare Reform Committee has been considering the issue of the bedroom tax and has/will be taking evidence from a number of stakeholders including individuals affected by the bedroom tax, housing associations involved in the direct payment projects and Petition PE01468: Evictions due to under occupation deductions.

On 19 November 2013 the Welfare Reform Committee took evidence from four local authorities on DHPs. The local authorities indicated that their applications for DHPs had increased dramatically, and most of the increase in applications was from those affected by the bedroom tax. South Lanarkshire Council's [evidence](#), for example, indicated that DHP applications had risen by 425%.

The Committee also commissioned Professor Ken Gibb of Glasgow University to undertake [research](#) into the bedroom tax. The research highlighted the importance of DHPs; "DHP and linked support from councils and the Scottish Government has been critically important in many places and its uncertain future

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<sup>1</sup> In 2013-14, a DWP error means that some local authorities were allocated more than they should have been. This error is being honoured so there is an additional £793,835 to spend in 6 Scottish local authority areas. The DWP also has made another £20m fund available that local authorities may bid for

<sup>2</sup> Article 7 of The Discretionary Housing Payment (Grants) Order 2001

underscores its importance to managing the under-occupation charge in future years. ... Securing the continuity of DHP at something approaching present levels of funding, especially for the next year, is critical.”

On [9<sup>th</sup> October](#) 2013 the Infrastructure and Capital Investment Committee took evidence from housing stakeholders on the Scottish Government’s *2014-15 Draft Budget*. There was some discussion about the funding for welfare reform mitigation and specifically the £20m allocation for DHPs. The Chartered Institute of Housing was of the view that, “..the £20 million was a proportionate response and that to go beyond it would start to become disproportionate in relation to others, such as people in the private rented sector, who are badly affected by the cuts...” (col 2003). The Association of Chief Local Authority Housing Officers (ALACHO) said, “..We are grateful for the increase, but we make a plea to Government to be responsive and to continue to work with us, because in some ways the worst is yet to happen. We have not yet seen the impact of universal credit..” (col 2004). Similarly, the Scottish Federation of Housing Associations said, “..The situation is fluid, and we want to work continually with Government to mitigate the effects” (Col 2004).

## **PQs**

PQ S4F-01596, lodged by Jackie Ballie MSP, was taken in the Chamber during First Minister’s Questions on 3 October 2013. The text of the exchange is provided in the Appendix to this briefing.

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20 November 2013

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## Appendix: Extract from the Official Report, [3 October 2013](#)

Jackie Baillie (Dumbarton) (Lab):

5. To ask the First Minister what the Scottish Government's position is on the decision that was taken at the Convention of Scottish Local Authorities leaders meeting to back the petition from the no2bedroomtax campaign calling for £50 million to mitigate the impact of the so-called bedroom tax. (S4F-01596)

The First Minister (Alex Salmond): As Jackie Baillie and COSLA well know, the legal maximum—which is set by statutory instrument under section 70 of the Child Support, Pensions and Social Security Act 2000—that can be added to discretionary housing payments is £20.2 million. That is exactly the funding that has been supplied by the Scottish Government to assist in mitigation of the bedroom tax across Scotland, and it has been widely welcomed by people across the country. Unlike Jackie Baillie and her colleagues, the Scottish Government's position on the bedroom tax has been clear from the start: it is wrong and it should be scrapped.

Jackie Baillie: As ever, I thank the First Minister for his response, but he can do something more. He already has the power to pay local government and housing associations. It is really very simple, and if there is any confusion on his part, he should move over and we will show him exactly how to do it.

The First Minister will be aware that only the Scottish National Party and the Tories have voted against the budget call for £50 million to mitigate the effect of the bedroom tax. Is he aware that COSLA leaders have also agreed to back my proposed member's bill to protect all social tenants from eviction? Will he join COSLA, the Church of Scotland, the Scottish Trades Union Congress, the Poverty Alliance, the no2bedroomtax campaign and many more besides, in backing the bill, or are they all wrong?

The First Minister: What a contrast there is between Jackie Baillie's attitude to the £20 million—the legal maximum that we can provide under current powers—and the response of people across Scotland. Page 2 of today's Daily Record lists where the £20 million to help to mitigate the bedroom tax's impact goes across Scotland. I refer Jackie Baillie to the quotation from Shelter Scotland's director, Graeme Brown, who said:

"We welcome the speed at which the Scottish Government moved to make available the £20 million.

It means local authorities can now offer a lifeline to thousands more households across Scotland struggling to pay their rent as a direct result of the iniquitous bedroom tax."

Unlike Jackie Baillie, we have from the start been clear about the need to repeal the bedroom tax. Unlike her, we took effective action when Shelter presented us with a legal way to help to mitigate the bedroom tax's impact. Unlike her, the SNP and the Government believe in taking powers over social security, so that impositions such as the bedroom tax will never be enforced on the Scottish people again.