



Briefing for the Public Petitions Committee

Petition Number: [PE 1638](#)

Main Petitioner: Sean Clerkin

Subject: Local Housing Allowance (Bedroom tax 2)

Calls on the Parliament to urge the Scottish Government to bring forward a debate on the issue of the bedroom tax, in particular the planned Local Housing Allowance cap (“bedroom tax 2”).

Background

The “Bedroom tax” refers to the reduction in housing benefit (HB)/ housing costs element of Universal Credit (UC) for working age social sector tenants who are under-occupying their home. Social sector tenants are those living in housing association or council accommodation. This is UK Government policy that has been in place since April 2013.

“Bedroom Tax 2” refers to the UK Government plans to restrict the amount of HB/UC that tenants in the social sector can receive to the relevant “Local Housing Allowance” (LHA) rate. The LHA rules are used to calculate the maximum amount of HB/UC that tenants in private rented accommodation can receive. This policy will be implemented from April 2019.

Bedroom Tax 2 – Further detail

The calculation of HB/UC is complicated but, in very general terms, at the moment the maximum¹ HB/UC a social sector tenant can receive is their actual rent minus the bedroom tax (if this applies).

The calculation of HB for private sector tenants is different. LHA rates are set for each size of property, and the [LHA rates](#) vary according to which area the property is in. These areas are known as Broad Market Rental Areas (BMRAs) and there are 18 of them in Scotland. Size criteria are used to determine the number of bedrooms a household requires, e.g. a couple with no children would be limited to the LHA rate based on a one-bedroom property. Importantly, under the LHA rules, single tenants aged 35 and under are only be eligible for the

¹ HB is means tested so the final HB award would also depend on an applicant’s income and savings and if any “non-dependents” lived in the same property

“shared room rate” i.e. there is an expectation that such people will live in shared accommodation.

The LHA rate is the maximum HB/UC that can be paid. If a tenant lives in a property where the rent is above the applicable LHA rate, they will need to pay the difference between the LHA and the rent themselves. Many private tenants already do this. The UK Government has frozen most LHA rates for the four year period April 2016 to April 2020 (in Scotland the LHA rate for 1 bed flats in Lothian has not been frozen)².

The situation is complicated further for tenants living in certain types of supported³ accommodation. Supported accommodation that is considered to be “specified accommodation” is not considered within the UC rules but is considered under HB rules.

UK Government Plans

The Chancellor first announced plans to restrict the amount of housing HB/UC for social sector tenants to LHA rates during the [Autumn Statement and Spending Review 2015](#). Following concerns from stakeholders about the impact of the proposal on supported accommodation, where rents can be much higher than LHA rates, the initial timetable has altered and different funding arrangements for supported accommodation will apply. From 2019-20, core rent and service charges for supported accommodation will continue to be funded through HB and UC up to the level of the applicable LHA rate. For costs above the level of the LHA rate, the Government will devolve an amount of funding to the Scottish Government which will decide on distribution criteria.

The Table below outlines the current implementation plans for this proposal.⁴ UK legislation has still to be made to introduce these changes.

Social Rented Sector Tenants	When will the LHA cap apply?
General Needs Accommodation	
Tenants on HB (who signed their tenancy agreement from 1 April 2016)	From April 2019
Tenants on HB (who signed a tenancy agreement prior to 1 April 2016)	When tenants are moved onto UC by the DWP as part of the managed migration from legacy benefits to UC. These tenants will receive transitional protection if their overall benefit entitlement is lower. On reaching state

² [SI 2016/1179](#)

³ Supported housing is any scheme where housing, support and sometimes care services are provided to help people to live as independently as possible in the community

⁴ Information as set out by Damian Green (Secretary of State for Work and Pensions) *Housing Benefit and Universal Credit: [Written statement - HCWS273](#)*

	pension age, UC claimants flowing back on to HB with tenancies signed before April 2016 will also be protected.
Tenants on UC (all new and existing claims)	From April 2019
Supported Accommodation	From April 2019
All new and existing tenants	

Impact in of 'Bedroom Tax 2' in Scotland

Social sector tenants receiving HB/UC will only be affected by this measure **if their rent is above the relevant LHA rate**. Many social sector tenants live in properties with rents below the relevant LHA rates so, at current rent levels and LHA rates, they would be unaffected.

Stakeholders have argued that the main impact will be on tenants aged under-35, who will be restricted to the shared accommodation rate. Social sector landlords do not tend to offer shared tenancies, so most young single people will live in 1 bedroom or larger properties. In response to a [PQ \(S50-00628\)](#) Angela Constance MSP said, "... more than 25,000 social sector households come into this category and could face a cut in benefits if their rents are above the shared accommodation rate for their area." The Scottish Federation of Housing Associations has also published research on the possible impacts of the proposals⁵.

Stakeholders also initially voiced concerns about the impact on supported accommodation. However, with the revised plans for the funding of supported accommodation it is currently less clear what the impact will be, as the arrangements are still to be finalised.

Scottish Government Action

"Bedroom Tax" – the Scottish Government has been mitigating the impact of the bedroom tax in Scotland through providing local authorities with funding for Discretionary Housing Payments (DHPs). Anyone affected by the bedroom tax who gets HB/UC should be able to apply for a DHP from their local authority to cover their reduction in benefit as a result of the bedroom tax. As a result of provisions in the Scotland Act 2016, the Scottish Government has legislative competence for DHPs and can make regulations on certain aspects of the housing costs element of UC. It has committed to using these powers to effectively abolish the bedroom tax in Scotland⁶.

⁵ SFHA (2016) [A Second SFHA Report on the Capping of Social Rents to the Rate of Local Housing Allowance](#).

⁶ Scottish Government (2016) [A New Future for Social Security: Consultation on Social Security in Scotland](#).

“Bedroom Tax 2”

The Scottish Government has expressed its concerns about the UK Government’s plans, for example in [PQ S5O-00628](#). In response to a PQ about the impact of the plans on supported accommodation, Kevin Stewart MSP responded,

“The Scottish Government intends to protect the wide variety of tenants in supported accommodation and to use devolved funding to ensure that the supported accommodation sector is put onto a secure and sustainable footing. We will work with a broad range of stakeholders to achieve this” ([S5W-04361](#))

The Scottish Government has not indicated if it will seek to use its new social security powers devolved through the Scotland Act 2016 to change the UK Government’s plans in Scotland.

Scottish Parliament Action

The issue of “bedroom tax 2” has been raised by stakeholders in evidence to committees. For example, the issue was raised in evidence to the Local Government and Communities Committee’s [pre-budget scrutiny](#).

There have been no parliamentary debates specifically on this issue of “bedroom tax 2”.

Key Organisations

Scottish Federation of Housing Associations

Association of Local Authority Chief Housing Officers (ALACHO)

Supported Housing Providers

Voluntary sector organisations working with people in housing need

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06 March 2017

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Published by the Scottish Parliament Information Centre (SPICe), an office of the Scottish Parliamentary Corporate Body, The Scottish Parliament, Edinburgh, EH99 1SP