



The Scottish Parliament
Pàrlamaid na h-Alba

WELFARE REFORM COMMITTEE

AGENDA

2nd Meeting, 2014 (Session 4)

Tuesday 28 January 2014

The Committee will meet at 10.00 am in Committee Room 2.

1. **Decision on taking business in private:** The Committee will decide whether to take items 3 and 5 in private.
2. **Public petitions: PE01496** The Committee will consider the following petition-PE01496 by Alan Wyllie, on Bedroom Tax Mitigation

Alan Wyllie, No2BedroomTax Campaign, and Jack Ferguson, Unite Scotland Community Coordinator, No2BedroomTax Campaign;

and then from—

David Bookbinder, Head of Policy and Public Affairs, Chartered Institute of Housing;

David Ogilvie, Policy Manager, Scottish Federation of Housing Associations;

Jim Hayton, Policy Manager, Association of Local Authority Chief Housing Officers.

3. **Proposal for commissioned research:** The Committee will consider a note by the Clerk.
4. **'Bedroom Tax' (in private):** The Committee will consider a draft interim report.
5. **Work programme:** The Committee will consider its work programme.

WR/S4/14/2/A

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Clerk to the Welfare Reform Committee
Room T1.01
The Scottish Parliament
Edinburgh
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The papers for this meeting are as follows—

Agenda item 2

Note by the Clerk

WR/S4/14/2/1

Agenda item 3

PRIVATE PAPER

WR/S4/14/2/2 (P)

Agenda item 4

PRIVATE PAPER

WR/S4/14/2/3 (P)

Agenda item 5

PRIVATE PAPER

WR/S4/14/2/4 (P)

Welfare Reform Committee

2nd Meeting, 2014 (Session 4), Tuesday, 28 January 2014

Petition PE1496: Bedroom Tax Mitigation

Introduction

1. This paper provides background information to inform the Committee's evidence session on petition PE1496 on Bedroom Tax Mitigation, which was lodged on 3 October 2013.
2. The petition is "calling on the Scottish Parliament to urge the Scottish Government to make approximately £50 million available to mitigate all effects of the bedroom tax in Scotland."
3. The Committee was referred the petition from the Public Petition Committee at its meeting on 26 November 2013. At its meeting on 3 December 2013, the Welfare Reform Committee considered its approach to PE1496 and agreed to write to a number of organisations to seek their views on the Petition.
4. Responses were received from the Scottish Federation of Housing Associations, the Chartered Institute of Housing Associations, ALACHO, Cosla and the Scottish Government and are included as annexes to this paper.

Consideration by Public Petitions Committee

5. At its meeting on 26 November 2013¹, the Public Petitions Committee took evidence from Petitioner Alan Wyllie and agreed to refer the petition, under Rule 15.6.2, to the Welfare Reform Committee to enable that Committee to consider it alongside the other evidence that has been gathered in relation to its report on "Bedroom Tax".

Consideration by Welfare Reform Committee

6. COSLA is unable to provide oral evidence at today's meeting. Attached at Annexe I is a letter from COSLA detailing their position.

Annexes

7. The following items on the petition are included as annexes to this paper.

Annexe A - Public Petition No. PE1496
Annexe B - SPICe briefing for the Public Petitions Committee;
Annexe C - ALACHO response;
Annexe D - CIH response;
Annexe E - COSLA response;
Annexe F - Scottish Government response;

¹ [Scottish Parliament Public Petitions Committee, Official Report, 26 November 2013, Col 1858-1867](#)

Annexe G - SFHA response;

Annexe H - Example of submission received supporting the petition to date. 349 submissions in this format have been received by the Welfare Reform Committee.

Annexe I – COSLA letter regarding invitation to give oral evidence

Background

8. Further background information regarding this petition can be found on the Scottish Parliament website:

<http://external.scottish.parliament.uk/gettinginvolved/petitions/No2BedroomTax>

ANNEXE A

Petition PE1468

1. Name of petitioner
Alan Wyllie on behalf of No2BedroomTax Campaign
2. Petition title
Bedroom Tax Mitigation
3. Petition summary
<p>Calling on the Scottish Parliament to urge the Scottish Government to make approximately £50 million available to mitigate all effects of the bedroom tax in Scotland.</p>
4. Action taken to resolve issues of concern before submitting the petition
<p>The No2BedroomTax Campaign supports all efforts to mitigate the effects of the bedroom tax. We support Mr Dailly's petition. We have spoken to many community groups who share the same fears as we do regarding the ramifications of the bedroom tax. We have lobbied councils and housing associations for 'no eviction' policies, reclassification and more funds to help and advice those affected by the Welfare Reform Act 2012.</p> <p>Renfrewshire and South Ayrshire Council accepted motions of "No Evictions" for Bedroom Tax arrears (with caveats) after lobbying from the No2BedroomTax Campaign</p> <p>The No2BedroomTax Campaign worked with Glasgow and West of Scotland Forum of Housing Associations (GWSF) and the Scottish Tenants Organisation to publish a signed letter by all concerned decrying the Bedroom Tax and calling for it to be repealed.</p> <p>We have lobbied Councillors, MSPs, MEPs and MPs to support all actions that mitigate the effects of the bedroom tax and, ultimately, scrapping the bedroom tax.</p> <p>From this lobbying we have recieved support from Labour Party, SNP and the Green Party of Scotland as well as support from a cross party of individual councillors. All parties agreed(except LibDems and Conservatives representatives) that the bedroom tax should be scrapped but the LibDems did agree that more should be done to mitigate the effects of the bedroom tax.</p>
5. Petition background information

The No2BedroomTax campaign is a tenant led, grassroots campaign against the 'bedroom tax' and other welfare reforms.

Alan Wyllie is one of the founding members of the No2BedroomTax Campaign and is now Spokeperson for the campaign.(4)

Shelter Scotland has previously called for the Scottish Government to make up to £50million (5) available this year to protect social landlords from bankruptcy. This petition reiterates Shelter Scotland demands.

By providing this finance the Scottish Government will be protecting social landlords from the threat of bankruptcy while ensuring that those who are eligible to pay the Under-Occupancy penalty will not have to face the prospect of insurmountable debt and evictions.

The bedroom tax will affect over 105,000 households in Scotland(1), of which 79% will have a disabled person in their household.(2)

The bedroom tax can not be successful as there are not enough one bedroom accomodation in the social sector. This has resulted in people who want to move but can't move.(3)

The financial burden on the bedroom tax will be bared by the most vulnerable in our society, those who are on low incomes, Local Authorities and Housing Associations.

The SNP, Scottish Labour and the Scottish Greens have all publicly stated that they are against the bedroom tax and accept that the ramifications of the bedroom tax will have a devastating effect on vulnerable and low paid Scots.

We hope that the Scottish Parliament will realise the tangible fears that vulnerable people feel regarding the 'bedroom tax' and make funding available to eradicate all the effects of the 'bedroom tax' in Scotland.

(1)<http://www.parliament.uk/business/committees/committees-a-z/commonselect/scottish-affairs-committee/news/tor-bedroom-tax/>

(2)

<http://www.publications.parliament.uk/pa/cm201314/cmselect/cmsscotaf/writev/bedroom/bt08.htm>

(3) UK Government Impact Statement. Behavioural Change, point 37.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/138017/social

-sector-housing-under-occupation-wr2011-ia.pdf.pdf

(4) www.no2bedroomtax.com

(5)

http://scotland.shelter.org.uk/media/press_releases/press_release_folder/2013/housing_minister_urged

Unique web address
http://www.scottish.parliament.uk/No2BedroomTax
Related information for petition
<p>Shelter Scotland calling for the Scottish Governmetn to make available £50m http://scotland.shelter.org.uk/media/press_releases/press_release_folder/2013/housingministerurged</p> <p>Glasgow and West of Scotland Forum of Housing Associations (GWSF) http://www.gwsf.org.uk/</p> <p>Scottish Tenants Organisation: http://www.scottishtenants.org.uk/</p> <p>The impact of the Bedroom Tax & other changes to housing benefit in Scotland http://www.publications.parliament.uk/pa/cm201314/cmselect/cmsscota/writev/bedroom/bt08.htm</p> <p>http://www.parliament.uk/business/committees/committees-a-z/commonsselect/scottish-affairs-committee/news/tor-bedroom-tax/ Westminster Government Under-Occupancy Impact Statement:</p> <p>https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/138017/social-sector-housing-under-occupation-wr2011-ia.pdf.pdf</p>
Do you wish your petition to be hosted on the Parliament's website to collect signatures online?
NO
How many signatures have you collected so far?
0
Closing date for collecting signatures online
N/A
Comments to stimulate online discussion

ANNEXE B

**Briefing for the Public Petitions Committee****Petition Number:** PE 1496**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.² Local authorities can top up their allocation by 150% - legislation³ 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.

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%.

² 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

³ Article 7 of The Discretionary Housing Payment (Grants) Order 2001

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 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 [9th 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.

Key Organisations

Shelter (Scotland) , COSLA, CIH (Scotland) , SFHA, ALACHO , Scottish Government, the Church of Scotland, the Scottish Trades Union Congress, the Poverty Alliance,

Kate Berry

Senior Research Specialist

20 November 2013

SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However if you have any comments on any petition briefing you can email us at spice@scottish.parliament.uk

Every effort is made to ensure that the information contained in petition briefings is correct at the time of publication. Readers should be aware however that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

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.

ANNEXE C

Petition PE1496: Bedroom Tax Mitigation - ALACHO

1. As the representative body for Scotland's senior local authority housing professionals ALACHO welcomes the opportunity to comment on Petition PE 1496. We note that the petition -

“calls on the Scottish Parliament to urge the Scottish Government to make approximately £50 million available to mitigate all effects of the bedroom tax in Scotland.”

2. ALACHO has consistently opposed the bedroom tax, from inception to implementation. Scotland's chief housing officers are only too well aware of the damaging effects resulting from this iniquitous tax, the consequences of which are felt both by tenants and their families in terms of reduced incomes and increased poverty levels, and by local authorities in terms of reduced revenues and a reduced capacity to provide much needed services.

3. ALACHO is aware that several authorities have utilised their own resources and set up hardship funds or similar mechanisms to try and mitigate the impacts on tenants. However praiseworthy this may be, it can only be at the expense of councils potentially being unable to provide other much needed services in the community, such as support for homeless families or maintaining standards for households in temporary accommodation. Consequently, the transfer of additional resources from national to local government to assist with the costs of welfare reform mitigation is likely to be welcomed by local government.

4. In broad terms therefore ALACHO is supportive of maximising resources to local authorities (and RSLs) to mitigate so far as possible the impact of the bedroom tax on those affected. Needless to say we think it essential that any extra funding for mitigation is *genuinely additional*, and transparently shown to be so. We would also like to see councils given *flexibility* over the optimum ways to utilise any increased resources for mitigation, to ensure *maximum impact* in local communities.

5. Notwithstanding our views as set out above, ALACHO remains of firmly of the opinion that the most effective means of dealing with the consequences of the bedroom tax is to repeal the legislation.

Jim Hayton
ALACHO Policy Manager
January 2014

ANNEXE D

Petition PE1496: Bedroom Tax Mitigation – Chartered Institute of Housing

This petition ‘calls on the Scottish Parliament to urge the Scottish Government to make approximately £50 million available to mitigate all effects of the bedroom tax in Scotland’.

CIH Scotland would first reiterate its opposition to the bedroom tax, which is a grossly unfair measure imposed retrospectively on tenants who could never have expected to be penalised in this way when they originally took up their tenancy.

In the sense that it seeks to protect both tenants and social landlords from the impact of the bedroom tax, the petition is well intended. At this stage, however, CIH Scotland is not in a position to come to a clear view on the petition. Taken alongside the Public Petitions Committee session featuring the petitioner Alan Wyllie on 26 November, there does seem to be much uncertainty about exactly what is being called for here. It would be helpful to get a clearer picture on this before housing bodies and indeed the Scottish Parliament and Scottish Government can come to an informed view.

There are a number of areas of uncertainty around how much further funding is being called for:

- The petition calls for around £50m to be made available, but this presumably means £50m on an annual basis, starting this year 2013/14 and then for as long as the bedroom tax exists
- In responding to questions from the Petitions Committee, the petitioner seemed to accept that the actual sum being called for was rather less than £50m because of the support already being made available from both the DWP and Scottish Government
- At one point it was suggested by a Committee member that with around £13.5m in Discretionary Housing Payments from the UK Government, and £20m from the Scottish Government, the amount actually being sought was around £16m-£17m. Mr Wyllie appeared to concur, so this perhaps clarifies that the petitioner is seeking £50m minus whatever has been spent on bedroom tax mitigation through DHPs
- However, it is wrong to assume that this is £50m minus the £33.5m, as this assumes that the £33.5m DHP funding in question has been ring fenced for the bedroom tax. The DWP funding is not ring fenced for any specific welfare change. The Scottish Government’s £20m came with a steer that it was predominantly for the bedroom tax but it was not ring fenced as such. The picture is even more complex bearing in mind that some councils had already topped up their DHP allocation to the maximum and so were not obliged to use the money for DHPs at all, let alone for bedroom tax mitigation
- If the petitioner is indeed calling for the Scottish Government to make up the difference between £50m and the total amount spent on DHPs for bedroom tax, the implication is that those tenants who have paid their bedroom tax *without DHP assistance* would be reimbursed. Clearly this raises a number of practical considerations.

There has also been confusion over whether the Scottish Government has the powers to make further funding available. CIH Scotland's reading of the position is that the Scottish Government can go no further specifically in relation to topping up Discretionary Housing Payment funding to local authorities. However, there is a separate question over whether the Scottish Government could legislate to give itself powers to – for example – provide grant to social landlords for the purposes of welfare reform mitigation. Whilst it is not clear whether these powers currently exist, the creation of such powers would presumably be within the gift of the Scottish Government, which already has powers to give grant to social landlords for a range of specified purposes.

We hope we have demonstrated that there is considerable uncertainty around what the petition is calling for. Once the position is made clearer, CIH Scotland will be happy to consider whether providing additional funding in respect of the bedroom tax is a proportionate and practical step to take.

**CIH Scotland
December 2013**

ANNEXE E

**LETTER FROM COSLA REGARDING PETITION PE1496: BEDROOM TAX
MITIGATION – 17 DECEMBER 2013**

I refer to your letter of 4 December regarding COSLA's position on the proposal contained in Petition PE1496 by Alan Wylie on behalf of the N0.2 Bedroom Tax Campaign. I can advise that at the COSLA Council Leaders' meeting on 27 September 2013, Leaders supported the call for £50m to be made available by the Scottish Government to mitigate the impact of the bedroom tax in Scotland.

Our Leaders are of the view that any saving to the UK Government arising from the Bedroom Tax is, as COSLA predicted, being passed on in increased rent arrears and administrative burdens to councils and Registered Social Landlords and increased distress to tenants. This is occurring across all council areas. COSLA Leaders feel very strongly on this.

While COSLA recognises and appreciates the funding made available to date by Scottish Government, Leaders are of the view that this is an area where more could be done to mitigate the impact of the Bedroom Tax which COSLA considers unfair and unworkable.

I trust that this clarifies COSLA's position.

Michael McClements

Policy Manager

ANNEXE F

LETTER FROM SCOTTISH GOVERNMENT REGARDING PETITION PE1496: BEDROOM TAX MITIGATION – 8 JANUARY 2014

Dear Mr Watkins

Thank you for your letter of 4 December 2013 seeking further information on the Scottish Government's stance on the issues raised in respect of Petition PE1496, lodged by Alan Wylie on behalf of No2BedroomTax Campaign.

I welcome the opportunity to set out the Scottish Government's position and respond to the points made in the petition.

This petition calls on the - "Scottish Parliament to urge the Scottish Government to make approximately £50 million available to mitigate all effects of the bedroom tax in Scotland".

The Bedroom Tax

Under-occupancy deductions, more commonly referred to as the bedroom tax, are a measure that has been introduced by the UK Government as part of a package of welfare reforms. The measure took effect from 1 April 2013 and reduces the housing benefit of social sector tenants who are deemed to be under-occupying their homes. The Scottish Government has estimated that the average monthly loss will be around £50 per affected household.

The Scottish Government has consistently opposed the introduction of the bedroom tax in Scotland. We are of the view that:

- the rationale for the measure is not of Scotland's making;
- what the measure saves in housing benefit expenditure will be greatly outweighed by the negative economic and social impacts and there is no legitimate economic and social case for its imposition;
- the measure runs roughshod over devolved policy making, taking no account of Scotland's housing and homelessness policies; and
- the Scottish allocation of the DWP Discretionary Housing Payment (DHP) fund is entirely insufficient.

Despite having 12% of those people affected by the bedroom tax, Scottish local authorities were only allocated 8.9% of the funding available from the Department for Work and Pensions for DHPs in April 2013/14.

Scottish Ministers have continually urged the UK Government to abolish the bedroom tax and will continue to do so. At the same time, we have made it clear that Scotland's share of available DHP budgets should be increased to ensure those affected by this policy are not further disadvantaged.

Powers to make payments

Social security assistance is a reserved matter under the Scotland Act 1998, which specifically reserves providing assistance in relation to individuals' housing costs. Therefore, under current constitutional constraints, the Scottish Government is limited in the action it is able to take. DHPs are the only mechanism that the Scottish Government can support where tenants affected by the bedroom tax can access financial assistance to help towards their housing costs.

Scottish Government Action

As the bedroom tax is a penalty pertaining to housing benefit, the policy is currently reserved to the Westminster Parliament. Notwithstanding this, the Scottish Government is committed to taking all reasonable action to mitigate its impact.

Whilst the Scottish Government is not in a position to meet the cost of every single welfare reform introduced by the UK Government, we are doing all that we can to mitigate the worst impacts by investing more to support people and organisations across Scotland.

We have provided Scottish councils with an extra £20 million for DHPs to mitigate the impacts of the bedroom tax in 2013/14, and up to £20 million again in 14/15, which is the maximum permitted under the legal limit set by the UK Government and the only power we have to provide cash to the tenants affected by this unfair policy. Councils now have more than £35 million to spend on DHPs this year.

The Scottish Government is committed to invest at least £244 million over the period 2013/14 to 2015/16 to limit the damaging effects of the UK Government welfare reforms. This includes our additional investment in the Council Tax Reduction Scheme, the Scottish Welfare Fund, those affected by the bedroom tax and additional funding for advice services to help those affected by the changes.

The Scottish Government remains firmly opposed to the bedroom tax and is seeking ways to make sure those affected by it get the money they need. We must however work within the limited powers which are available to us under the current constitutional settlement.

Kind regards

MARGARET BURGESS

ANNEXE G**Petition PE1496: Bedroom Tax Mitigation - SFHA****Public Petition PE1496 – Bedroom Tax Mitigation**

I am responding on behalf of the Scottish Federation of Housing Associations (SFHA) to your letter of 4th December 2013. We welcome the opportunity to convey our views on Petition PE1496 to the Welfare Reform Committee.

Introduction

The SFHA is the representative body for housing associations and co-operatives in Scotland. Housing associations and co-operatives in Scotland own, manage and maintain 46% of the country's affordable rented housing stock and 11% of the total stock. This represents 274,996 homes across Scotland.

The SFHA is strongly opposed to the under occupation restrictions (also known as the "bedroom tax"). We have lobbied consistently against the policy since it was first proposed. We are continuing to make representations to the UK Government at every opportunity, seeking to have this unfair and incompetent policy repealed. In the absence of repeal, although we are not opposed to temporary funding, we must emphasise that we need a sustainable, long term solution to the rental shortfall, in order to protect the interests of current and future tenants. It is not simply about the lost revenue arising from rent arrears, but also all of the associated on-costs being incurred by social landlords whilst seeking to support their tenants as far as they can.

Background

At its meeting on 3 December 2013, the Welfare Reform Committee considered Petition PE1496, lodged by Alan Wyllie on behalf of No2BedroomTax Campaign. The Committee agreed to write to a number of organisations (including SFHA) to seek views on the Petition.

The Petition calls on the Scottish Parliament *"to urge the Scottish Government to make approximately £50 million available to mitigate all effects of the bedroom tax in Scotland."* Mr Wyllie and the No2BedroomTax Federation approached SFHA prior to submitting this petition, as they were interested in seeking our endorsement of this campaign. For reasons which we will explain in this letter, we were unable to endorse this petition. We are very appreciative that they fully understand our position on this issue.

Required Scale of Mitigation

The issue of 'bedroom tax' mitigation is one which SFHA has been addressing for some time. As you will know, we recently gave written and oral evidence to the Welfare Reform Committee in respect of the Govan Law Centre Trust's Public Petition. During the oral evidence session on 12th November 2013, the witnesses

were all asked by Jackie Baillie MSP : “...would the witnesses—individually and collectively—support the provision of £50 million in the budget, which would deal with a lot of the issues about which we are concerned?”⁴

Our response made it clear that SFHA was cautious on this issue, because we are not convinced the £50 million figure quoted would cover the full range of costs incurred by Scotland’s housing associations in the wake of welfare reforms, specifically in terms of associated implementation on-costs and administration costs. We emphasised that we would need a far more robust evidential base before we could make a statement about our position on required levels of mitigation funding. However, we stated that we would welcome any further mitigation that could be made available, making clear that, “anything that helps tenants is most welcome”.⁵

We understand that the £50million figure cited in Petition PE1496 is based upon the 2nd Report of Welfare Reform Committee in March 2013, which showed that whilst the UK Government would save around £45m from April 2013, there would be an annual loss⁶ to the Scottish economy of an estimated £50m as a result of the ‘bedroom tax’ with a one-off negative impact⁷ of around £29m.⁸

As was noted in the evidence session on 12th November, this £50m figure was only ever intended to provide an indicative *projection* of the impact. Subsequent to that, in June 2013, the Scottish Government also produced its own estimate of the total reduction of Housing Benefit payments to Scotland arising from under-occupation restrictions in social rented sector at being £50m, a figure which was based on the preceding Welfare Reform Committee report.⁹ However, now that under occupation restrictions have been in place for nine months, the actual cost impacts of implementing welfare reforms such as the so-called ‘bedroom tax’ are becoming clearer. Cumulatively, they are looking likely to be much greater than projected.

COSLA’s own recent cost impacts research work suggests that the implementation of ‘bedroom tax’ in Scotland is likely to cost more than it was ever designed to save. Their calculations suggest that the estimated total cost of implementing the policy will be somewhere more in the region of £58m to £60m.¹⁰

⁴ Scottish Parliament Session 4, Welfare Reform Committee, 12 November 2013 Cols.1099-1100

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8620&mode=pdf> (Accessed 18th December 2013)

⁵ Scottish Parliament Session 4, Welfare Reform Committee, 12 November 2013 Cols.1099-1100

<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8620&mode=pdf> (Accessed 18th December 2013)

⁶ The annual loss figure is based on an estimate of the actual Housing Benefit lost and the knock-on economic impact.

⁷ The one-off figure is based on likely administration, re-let and void costs associated with moving tenants plus the costs of tenancy failure including temporary accommodation where moves are not possible. It does not include the moving or other costs of households themselves nor does it consider any wider social costs

⁸ Scottish Parliament (2013) *Welfare Reform Committee 2nd Report, 2013 (Session 4), The Impact of Welfare Reform on Scotland* Available at

<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/62069.aspx> (Accessed 18th December 2013)

⁹ Scottish Government (2013) *Updated evidence on the number of households affected by the housing benefit under occupation penalty*, available at <http://www.scotland.gov.uk/resource/0042/00426393.docx> (Accessed 18th December 2013)

¹⁰ COSLA (2013) *Briefing on the Impact of Bedroom Tax in Scotland* available at the Housing & Welfare Reform Knowledge Hub:

http://www.welfarereformscotland.co.uk/downloads/COSLA-Briefing_-_Impact_of_the_Bedroom_Tax.pdf (Accessed 18th December 2013)

Similarly, our sister organisation, the Northern Ireland Federation of Housing Associations (NIFHA), carried out some financial modelling work earlier this year which showed that implementing the 'bedroom tax' policy would cost at least £21m across social landlords in Northern Ireland, simply to achieve a £17m cut in the benefits bill. What this work also showed is that the range of on-costs for social landlords associated with implementation of the 'bedroom tax' policy is far greater than any study has thus far been able to quantify.

SFHA is currently working to replicate this financial modelling for the Scottish context. Unfortunately, our conclusions will not be available in time for the Welfare Reform Committee meeting being held on 14th January 2014. However, we hope to have this modelling work completed by the end of January 2014 and we will share our results with the Committee as soon as they are available. What we can say at this point, without prejudicing the finalised financial modelling figures, is that initial calculations suggest that we are looking at a sector-wide cost impact likely to be in the region of £80m over the three years 2013-2016. We therefore do not believe that the mitigation sum suggested by this petition would be sufficient.

Of course, we would welcome whatever additional financial assistance the Scottish Government may be able to provide in terms of transitional assistance for affected tenants. However, we would suggest that anything short of full mitigation of the impacts would only serve to complicate matters still further. What we need is a sustainable, long term solution to the rental shortfall and associated additional costs in order to protect the interests of current and future tenants, and help to support tenants to pay their rent and safeguard social landlords' revenue income.

Conclusion

We have sought to explain our various concerns about the adequacy of the £50m relief which this Petition seeks to have the Scottish Government provide to offset the impact of the 'bedroom tax'. We have reiterated that the SFHA remains strongly opposed to the so-called 'bedroom tax' and we will continue to lobby and make representations at every opportunity for its repeal.

However, while we are not opposed to temporary funding, what housing associations and their tenants in Scotland need is a sustainable, long term solution to the rental shortfall arising from welfare reforms such as the 'bedroom tax'. Obviously, any temporary revenue support that could be made available to social landlords would be welcome, and would go a long way to helping provide temporary relief of the impacts.

We need solutions which can protect the interests of all current and future tenants and the longer term financial viability of housing associations across Scotland.

Petition PE1496 is well-intentioned, but we have serious concerns that the relief required is significantly more than has been calculated to date.

We will be in a position to share with you our own projections about the additional costs incurred by our sector by the end of January. In the interim, please do not hesitate to contact us if you require any clarification of any of the points outlined in the above.

Yours sincerely

David Ogilvie
Policy Manager
SFHA

ANNEXE H

Example email supporting petition PE1496: Bedroom Tax Mitigation

Dear Sir/Madam,

I contact you to express my support of petition PE01496: Bedroom Tax Mitigation. This petition calls for the Scottish Government to fund the Bedroom Tax in Scotland which is estimated at £53 million.

At present, there is approximately £35 million to mitigate the bedroom tax in Scotland via the Bedroom Tax. £20 million of this money is not ring-fenced for the bedroom tax. This means that there are some tenants who are still unprotected from the Bedroom Tax.

Providing this funding would result in every tenant in Scotland being protected from the bedroom tax while ensuring that safeguarding income streams for SLRs in Scotland.

ANNEXE I

LETTER RECEIVED FROM COSLA REGARDING INVITATION TO PROVIDE EVIDENCE FOR PETITION PE1496 – 23 JANUARY

Dear Michael

Welfare Reform Committee Evidence Session- Petition PE 1496

Thank you for inviting COSLA to provide evidence to the committee session to consider Petition PE1496 on Bedroom Tax mitigation.

While Cllr. McGuigan, our Spokesperson on Community Well Being, is keen to come to the committee session, he is unfortunately unable to attend due to a pre-arranged meeting with the Minister for Housing and Welfare Reform. I understand that Harry is more than willing to appear before the committee at another time to discuss this matter or other matters relating to welfare reform, but I hope that this letter will go some way to providing evidence that your committee will be seeking. If you require further information I'd be happy for my officers to provide this.

As a brief recap I would like to emphasise that COSLA is not opposed to welfare reform in principle, but there are certain aspects of it that are currently causing real hardship and distress, and future planned changes that are also likely to cause significant difficulties for some of the more vulnerable members of our society. Also while there is an understandable position from the UK Government to achieve savings in its expenditure, this area is one where I believe this won't be achieved, and instead all that is happening is at best cost shunting. It is for this reason that Council Leaders' who met in COSLA on 27 September 2013, supported the call for £50m to be made available by the Scottish Government to mitigate the impact of the bedroom tax in Scotland.

COSLA recognises and appreciates the funding made available to date by both the Scottish Government and the UK Government. However, leaders are of the view that this is an area where more could be done to mitigate the impact of the Bedroom Tax which COSLA considers both unfair and unworkable. Analysis of housing stock availability in Scotland and COSLA's sampling shows that many tenants have no option to move. There are simply not enough 1 bedroom properties available as the research commissioned from Professor Gibb by your

committee also confirmed. As you will be aware, councils across Scotland are making every effort to assist tenants through discretionary housing payments and broader advice on their options.

Current feedback from our member councils indicates that there is a continuing significant rise in gross rent arrears and a very significant rise in the number of tenants affected by this measure going into rent arrears for the first time. This itself

is creating an additional burden on Local Government, both in terms of the need to provide additional advice and support as well as having to make provision for managing the debt that will build up.

Obviously, we recognise that an element of the £50m gap has been filled and that the regulatory restrictions in relation to the DHP scheme that would cause difficulties for the Scottish Government to act further. Nonetheless Scottish local government's ability to act further in this area without additional financial support and an easement of the regulatory regime prevents us from doing more. Without this issue being addressed further, tenants in the social rented sector will continue to be driven into rent arrears.

I apologise again for COSLA being unable to attend on this occasion and would reiterate the willingness of Cllr. McGuigan to attend the committee in the future.

Yours sincerely

Cllr. David O'Neill

President of COSLA