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