



House of Commons  
Scottish Affairs Committee

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**The Impact of the  
Bedroom Tax in Scotland:  
Plan B—charges, arrears  
and refunds; incorporating  
the Government Response  
to the Committee’s Fourth  
Report of Session 2013-14**

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**Ninth Report of Session 2013–14**

*Report, together with formal minutes relating  
to the report*

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## The Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the offices of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)).

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Lindsay Roy MP (*Labour, Glenrothes*)  
Dr Eilidh Whiteford MP (*Scottish National Party, Banff and Buchan*)

The following members were also members of the committee during the Parliament:

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Mike Freer MP (*Conservative, Finchley and Golders Green*)  
Cathy Jamieson MP (*Labour/Co-op, Kilmarnock and Loudoun*)  
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### Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at [www.parliament.uk/scotaffcom](http://www.parliament.uk/scotaffcom). A list of Reports of the Committee in the present parliament is at the back of this volume. The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

### Committee staff

The current staff of the Committee are Rebecca Davies (Clerk), Rhiannon Hollis (Clerk), Phil Jones (Committee Specialist), Elizabeth McEnhill (Assistant Policy Analyst), Gabrielle Hill (Senior Committee Assistant) and Rosie Tate (Committee Assistant).

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## Summary

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The bedroom tax remains cruel and unfair and we remain in favour of its abolition. As long as it remains in place we continue to be strongly in favour of mitigating the effect of the tax by the changes we have already proposed.

We welcome the Scottish Government's belated decision to budget sufficiently to negate the entire effect of the tax in Scotland for 2014–15 but believe the route they have identified, of extending Discretionary Housing Payments, is flawed.

While we recognise its political desire to enter a conflict of powers, this is a battle which it is highly unlikely to win and where the casualties will be those in most need of financial support.

In addition, all the evidence we have received indicates the unsuitability of DHPs in reaching difficult-to-access groups.

Accordingly we call on the Scottish Government to develop a Plan B to negate the bedroom tax for the coming financial year. If the bedroom tax is worthy of cancelling next month then it is worthy of cancelling this month too, and therefore the negation of the tax for 2014–15 should be paralleled by negation for 2013–14.

Thus all bedroom tax arrears should be written off and, to avoid the moral hazard of allowing those who have struggled to pay to remain penalised, all payments made should be refunded.

The Scottish Government has the powers; it has the money; we hope it has the will.

If necessary we would be pleased to assist the Scottish Government in identifying all three, as will the Scottish Parliament, campaigning groups and the Scottish housing community.



# Conclusions and recommendations

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## Mitigating the effects

1. Given that the details of the policy have not changed since our first Interim Report was published, we wish to re-iterate that the view of the Scottish Affairs Committee remains that the bedroom tax should be abolished and its objectives pursued by other means. (Paragraph 5)
2. We also reiterate that, while the policy remains in place, its impact should be ameliorated by the proposals in our Reports. In particular, we recommend that tenants should only be subject to the bedroom tax if they are judged to be under-occupying social housing and refuse a reasonable offer of a suitable smaller property in the same community. (Paragraph 6)
3. We are surprised that the Scottish Government did not seek any clarification directly from either Mr Alexander or Mr Mundell following their respective statements that the Scottish Government had the power to mitigate the effects of the bedroom tax in its entirety. We recommend that the Scottish Government approach both Ministers and formally requests explanations of their comments, in order to seek clarity on the options these Ministers believe are available to the Scottish Government to negate the effects of the bedroom tax. (Paragraph 8)
4. Evidence received suggests that the Scottish Government would be unwise to rely on the lifting of the DHP cap as a means of mitigating the effects of the bedroom tax. Not only has the UK Government refused to accept our previous proposal on this but our evidence has shown that this method does not presently reach all victims and is unlikely to ever do so legally. In these circumstances, and given that the start of the new financial year is imminent, we urge the parties in the Scottish Parliament, and the Scottish Government, to develop a Plan B as soon as possible. (Paragraph 15)

## Looking back

5. We recommend that the Scottish Government should make funding available to write off all accumulated bedroom tax arrears. (Paragraph 17)
6. It is important that the efforts made by tenants to pay the bedroom tax are recognised. We wish to avoid the moral hazard of writing off debt while not recognising the efforts made by those already in financial difficulty to pay the bedroom tax. Different categories of tenant should be treated equally and therefore we recommend that the Scottish Government refund all bedroom tax payments made by tenants in Scotland. (Paragraph 19)
7. We would also welcome further information on what choices affected tenants have made in order to meet the shortfall in rent. In particular, we would welcome information from both Governments on what proportion of tenants have been able to meet the costs through increasing their working hours, or moving into employment. (Paragraph 20)

8. It is not clear what can be done to assist tenants who have already moved house as a result of the bedroom tax, who may have suffered considerable inconvenience and difficulty in doing so. We would welcome further evidence on how these people might be compensated and their situation resolved. (Paragraph 21)
9. We recognise that the Scottish Government's budget is under pressure, as are all public sector budgets in Scotland, but also recognise that politics often involves making hard choices about priorities and would be pleased to assist the Scottish Government as necessary in scrutinising their existing expenditure to ensure that appropriate funds can be identified to completely negate the impact of the bedroom tax. (Paragraph 22)

### **Government response**

10. We expect that the proposals for mitigation of the bedroom tax that we have made in our Reports be fully considered by the independent review that the Deputy Prime Minister has commissioned, and urge the review to give due consideration to the improvements that we have suggested. We would expect that any independent review would be able to justify its conclusions. (Paragraph 25)

# 1 Introduction

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1. The removal of the spare room subsidy, also known as the bedroom tax or under occupation penalty, came into force on 1 April 2013. The aim of the policy was twofold: to reduce housing benefit expenditure, and to use existing public sector housing stock more efficiently. The UK Government estimated that 80,000 claimants in Scotland would be affected by the bedroom tax, with an average weekly loss of £12. This represented approximately 33% of the working age housing benefit claimants in Scotland.<sup>1</sup> Those claimants have to make up the shortfall between housing benefit and rent each week, or move to a smaller property. The bedroom tax also has implications for social landlords. The same landlord has to consider how to provide housing to all their tenants, many of them vulnerable, when the income from rent is becoming less reliable.

2. We announced our inquiry into the impact of the bedroom tax on 8 May 2013, and set out to evaluate the impact of the policy on tenants and landlords across Scotland.<sup>2</sup> On 16 December 2013, we published our first Interim Report.<sup>3</sup> The purpose of that report was threefold. Firstly, we placed on record our belief that the bedroom tax should be abolished and its objectives pursued by other means. Secondly, we proposed a number of changes to the implementation of the policy. Thirdly, we identified a number of key issues where we wished to gather more evidence.

3. Since then, we have continued to explore these issues, considering what the UK Government, Scottish Government and local authorities have been doing to manage the implementation of the policy and to mitigate its worst effects on the most vulnerable. We have visited Glasgow, West Lothian and Dundee to hear the concerns of tenants, public landlords and others.<sup>4</sup> We have also heard evidence from the Rt. Hon. David Mundell MP, Parliamentary Under-Secretary of State for Scotland, and Margaret Burgess MSP, Minister for Housing and Welfare in the Scottish Government, and have explored with them the possibility of longer-term solutions to mitigate the effects of the policy in Scotland. Finally, we have received the Government Response to our Interim Report, which is included as an Appendix to this Report. We also consider some of the points raised in that response in this Report.

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1 DWP, Impact Assessment page 10. The total UK estimate is for 660,000 claimants affected experiencing an average reduction of £14 per week in housing benefit

2 <http://www.parliament.uk/business/committees/committees-a-z/commons-select/scottish-affairs-committee/news/tor-bedroom-tax/>

3 <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmselect/288/288.pdf>

4 A full list of witnesses is annexed to this Report.

## 2 Mitigating the effects

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### Reasonable offer

4. Witnesses have continued to tell us that they want the bedroom tax to be abolished.<sup>5</sup> The arguments made for this have been similar to those outlined in our first Interim Report. Firstly, the policy affects people in a way that they could not have foreseen when they moved into their present homes: had they known at the time that this would render them less well off financially, then they may have objected to their allocated property.<sup>6</sup> Secondly, there is a mismatch between supply and demand for smaller properties.<sup>7</sup> Several witnesses felt that the bedroom tax should only apply to those tenants who refused a reasonable offer to downsize.<sup>8</sup>

**5. Given that the details of the policy have not changed since our first Interim Report was published, we wish to re-iterate that the view of the Scottish Affairs Committee remains that the bedroom tax should be abolished and its objectives pursued by other means.**

**6. We also reiterate that, while the policy remains in place, its impact should be ameliorated by the proposals in our Reports. In particular, we recommend that tenants should only be subject to the bedroom tax if they are judged to be under-occupying social housing and refuse a reasonable offer of a suitable smaller property in the same community.**

### Clarification of the Scottish Government's powers

7. In recent months, both the Rt. Hon. Danny Alexander, Chief Secretary to the Treasury, and the Rt. Hon. David Mundell, Parliamentary Under-Secretary of State for Scotland, have given their views that the Scottish Government has the power to mitigate the effects of the bedroom tax in its entirety, should it chose to use its funding in this way.<sup>9</sup> We took evidence from Mr Mundell, who clarified his remarks, confirming that Scottish Government money can be used for the purpose of mitigating the effects of the bedroom tax, “whether or not there is a change to the cap on funding for discretionary housing payments” (see below).<sup>10</sup> Ms Burgess confirmed that the Scottish Government did not seek clarification from either Mr Alexander or Mr Mundell.

**8. We are surprised that the Scottish Government did not seek any clarification directly from either Mr Alexander or Mr Mundell following their respective statements that the Scottish Government had the power to mitigate the effects of the bedroom tax in its**

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5 Q432, Q556

6 Paragraph 11

7 ibid.

8 Qq 42-49, Q389

9 <http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=8470&i=76765&c=1537205>;  
<http://www.scotsman.com/news/politics/top-stories/independence-snp-able-to-scrap-bedroom-tax-now-1-3265723>

10 Q221

entirety. We recommend that the Scottish Government approach both Ministers and formally requests explanations of their comments, in order to seek clarity on the options these Ministers believe are available to the Scottish Government to negate the effects of the bedroom tax.

### Lifting the cap on discretionary housing payments

9. If tenants are unable to make up the shortfall in rent through increased earnings or reduced spending, taking in a lodger, or otherwise changing their financial circumstances, and they are not able to downsize, then they can apply to the local authority for a discretionary housing payment (DHP). There is an upper cash limit to the total that a local authority can spend on DHPs. For every £1 of DWP money, the local authority can “top up” with £1.50 of its own money.<sup>11</sup> Our first Interim Report stated that we “see no logic in this £1.50 limit and recommend to the Government that it be abolished”.<sup>12</sup>

10. Ms Burgess told us that the total amount required to mitigate the effects of the bedroom tax completely over one year in Scotland would be approximately £50 million.<sup>13</sup> In October 2013, the Scottish Government allocated an extra £20 million to top up its £13.5 million allocation from the DWP, bringing the total funding to £33.5 million.<sup>14</sup> This is the maximum amount allowed under current regulations. The Scottish Government has committed the same amount of funding for 2014-15.<sup>15</sup> This initial allocation was followed in February 2014 by an announcement from the Scottish Government Finance Secretary, John Swinney MSP, that further funding would be allocated in order to mitigate the bedroom tax.<sup>16</sup> The Scottish Government has proposed allocating an additional £15 million to top up DHPs in 2014-15: however, the deployment of this sum is dependent on the DWP agreeing to lift the maximum cash limit.

11. The DWP has commented that “the Scottish Government’s call for the current 150% cap on discretionary housing payment top ups to be increased doesn’t fit with our experience of how DHPs are currently working in Scotland”.<sup>17</sup> Consequently, although the DWP will consider the request, a spokesman was quoted as saying that “we don’t see the need for that at the moment”.<sup>18</sup> Furthermore, the UK Government’s response to our Report makes it clear that it is unwilling to lift this cap, stating that the 150% limit on additional funding for DHPs “prevents the Government’s essential housing benefit reforms from being undermined by claimants being fully compensated for the resulting reductions in benefit awards”.<sup>19</sup>

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11 The legislation which specifies the overall limit on expenditure is Article 7 of The Discretionary Housing Payment (Grants) Order 2001.

12 Paragraph 46

13 Q573

14 <http://www.insidehousing.co.uk/regulation/%C2%A320m-to-help-bedroom-tax-victims-next-year/6529118.article>

15 Q573

16 <http://www.dailyrecord.co.uk/news/scottish-news/bedroom-tax-hated-tory-tax-3116020>

17 <http://www.bbc.co.uk/news/uk-scotland-scotland-politics-26010892>

18 <http://www.scotsman.com/news/politics/top-stories/snp-faces-showdown-over-bid-to-beat-bedroom-tax-1-3292222>

19 Government response, 11.2

## Concerns around DHPs

12. Witnesses have told us of a number of problems with addressing the policy through allocating DHPs. Many tenants who might be eligible for DHPs do not apply. Donald Forrest, Head of Finance and Estates, West Lothian Council, told us that, despite considerable efforts since April 2013 to contact and engage with 2,195 tenants who are impacted by the bedroom tax, 500-600 tenants still had not applied.<sup>20</sup> David Dorward, Chief Executive of Dundee City Council, similarly explained that, despite the Council's "very proactive" approach to identifying tenants affected and making contact with them, many still would not engage.<sup>21</sup> Bill Palombo, Grangemouth Citizens' Advice Bureau suggested that tenants with mental health or learning difficulties might find applying particularly difficult;<sup>22</sup> Councillor Craig Martin, Falkirk Council pointed out that 50% of tenants currently engaging with the Council have mental health or learning issues.<sup>23</sup> In addition, Mr Dorward told us that the DHP scheme costs the Council "an extremely large amount of money to administer".<sup>24</sup>

13. Representatives of campaign groups, including the Scottish Anti-Bedroom Tax Campaign and NO 2 Bedroom Tax also told us that they were concerned about the suitability of DHPs as a means of addressing the impact of the bedroom tax.<sup>25</sup> Gail Morrow of the Scottish Anti-Bedroom Tax Campaign summarised the position as follows:

You are dealing with people that have mental health issues, you are dealing with vulnerable people, people who just will not engage, do not want to engage. They are threatened by the council coming to them or the housing associations coming to them. It makes them nervous.<sup>26</sup>

Ms Burgess told us that the Scottish Parliament considered that improving ease of application for DHPs is the best way to help people impacted by the bedroom tax.<sup>27</sup> She explained that, if the limit was lifted, "everybody effectively would be eligible to make an application [for DHP] and the application would be accepted".<sup>28</sup> She felt that it would be difficult for the Scottish Government to mitigate the effects of the tax in any other way, stating there was a need to be careful that any scheme "does not fall foul of DWP regulations" since welfare policy was reserved.<sup>29</sup> Effectively loosening the criteria for eligibility for DHPs might be a way round this. Furthermore, Ms Burgess told us that the application process could be simplified to something "as straightforward as phone call..if

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20 Q259

21 Q436

22 Q385

23 Q387

24 Q445

25 Qq 539-541

26 Q540

27 Q573

28 Q575

29 *ibid.*

you are in difficulties, would you like to make an application?”<sup>30</sup> However, the evidence that we have heard, suggests that even this may be problematic.

14. Mr Mundell told us that there were other legal options open to the Scottish Government in deploying its extra funding.<sup>31</sup> These might not only work around the problem of the DWP potentially refusing to raise the limit on DHPs, but also mitigate against some of the issues with the DHP application process. Mr Mundell made it clear that it was the responsibility of the Scottish Government to approach the UK Government on alternative solutions, but stated that “if the Scottish Government come[s] forward with specific proposals within the bounds of the Scotland Act”, the UK Government will work with it in assisting it to deploy its additional resources.<sup>32</sup>

**15. Evidence received suggests that the Scottish Government would be unwise to rely on the lifting of the DHP cap as a means of mitigating the effects of the bedroom tax. Not only has the UK Government refused to accept our previous proposal on this but our evidence has shown that this method does not presently reach all victims and is unlikely to ever do so legally. In these circumstances, and given that the start of the new financial year is imminent, we urge the parties in the Scottish Parliament, and the Scottish Government, to develop a Plan B as soon as possible.**

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30 Q576

31 Q224

32 Q222

## 3 Looking back

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### Arrears

16. In our previous Report, we invited further evidence from social and local authority landlords on trends in arrears since the introduction of the bedroom tax, and sought their views on the extent to which these could be attributed to the policy.<sup>33</sup> Elaine McHugh, Head of Housing Services for North Lanarkshire Council, told us that the council's arrears have increased by approximately 68% since March 2013, and the increase from December 2012 to December 2013 was £1.3 million.<sup>34</sup> People who are liable to pay the bedroom tax account for £700,000 of this, although some of these may also have had historical arrears.<sup>35</sup> Alastair Shaw, Head of Housing, Construction and Building Services for West Lothian Council, also told us that arrears had risen "quite significantly" since the policy came in.<sup>36</sup> We also heard that a number of groups offering support services and advice had seen an increase in the number of people coming to them regarding arrears, which was attributed to the bedroom tax.<sup>37</sup>

17. Ms Burgess told us that the £50 million that the Scottish Government has allocated to mitigating the effects of the bedroom tax does not cover writing off debts that have already built up as a result of the bedroom tax.<sup>38</sup> We heard from Mr Mundell that it would be within the Scottish Government's powers to do this, depending on the approach that it chooses to take.<sup>39</sup> **We recommend that the Scottish Government should make funding available to write off all accumulated bedroom tax arrears.**

### Moral hazard and refunding

18. We continue to recognise the moral hazard of implying that paying rent is, in any way, a voluntary activity. We recognise that many of those affected by the bedroom tax have found ways of meeting the cost. Witnesses told us about people asking friends and family for money<sup>40</sup> or going to payday lenders.<sup>41</sup> Jack Ferguson of NO 2 Bedroom Tax stated that:

People [are] doing without food, reducing other aspects of their outgoings, really cutting themselves down to the bare bone to try to survive. There is a strong interaction between people suffering from the bedroom tax and fuel poverty, and

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33 *ibid.*

34 Q2

35 Qq 3-5

36 Q261

37 Q164

38 Q597

39 Q222

40 Q167

41 Q164

people not heating their homes properly and living in conditions that are threatening to health.<sup>42</sup>

However, Clair Malpas, Regeneration Manager for Cassiltoun Housing Association, stated that when discussing the issue of writing off arrears, the response from some of those who had paid was “well, how can somebody’s arrears just be written off? I am paying my bedroom tax. So how is that fair on me? I am scrimping. I am saving. I am making that payment”.<sup>43</sup>

**19. It is important that the efforts made by tenants to pay the bedroom tax are recognised. We wish to avoid the moral hazard of writing off debt while not recognising the efforts made by those already in financial difficulty to pay the bedroom tax. Different categories of tenant should be treated equally and therefore we recommend that the Scottish Government refund all bedroom tax payments made by tenants in Scotland.**

**20. We would also welcome further information on what choices affected tenants have made in order to meet the shortfall in rent. In particular, we would welcome information from both Governments on what proportion of tenants have been able to meet the costs through increasing their working hours, or moving into employment.**

### Tenants who have moved house

21. Similarly, some tenants who have been affected by the bedroom tax have already opted to downsize to a smaller property. Again, this has caused distress. Jack Ferguson explained that “some people I have met have moved house really against their will”, sometimes into poorer quality accommodation or areas which leave them separated from their communities.<sup>44</sup> **It is not clear what can be done to assist tenants who have already moved house as a result of the bedroom tax, who may have suffered considerable inconvenience and difficulty in doing so. We would welcome further evidence on how these people might be compensated and their situation resolved.**

### Covering the costs

22. Whatever decision the Scottish Government makes on how best to mitigate the effects of the bedroom tax, it will have to be paid for, and we recognise that all of the measures outlined above would have a cost attached on top of the £50 million that the Scottish Government has already accounted for. However, since the bedroom tax has been running only for a single year, this would be a one-off cost. Margaret Burgess MSP stressed in her evidence that any such payment would have to come from a budget which was already under considerable financial pressure.<sup>45</sup> **We recognise that the Scottish Government’s budget is under pressure, as are all public sector budgets in Scotland, but also recognise that politics often involves making hard choices about priorities and would be pleased**

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42 Q550

43 Q204

44 Q559

45 Qq 579-580

**to assist the Scottish Government as necessary in scrutinising their existing expenditure to ensure that appropriate funds can be identified to completely negate the impact of the bedroom tax.**

## 4 Government response

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23. The UK Government's response to our first Interim Report is attached to this report (see Appendix 1). We are disappointed that the Government has rejected almost all of the changes we recommended, including those related to reasonable offers;<sup>46</sup> non eviction of tenants who are making every effort to pay;<sup>47</sup> exemptions for disabled people;<sup>48</sup> greater consistency in criteria for determining eligibility for DHPs across the United Kingdom,<sup>49</sup> and reducing the level of charge that is applied where a 14% or 25% deduction from housing benefit recovers more than the differential in rent between properties of different size.<sup>50</sup>

24. In October 2013, the Deputy Prime Minister, the Rt. Hon. Nick Clegg, announced that an independent review was underway into the effects of the bedroom tax policy. Mr Clegg indicated that the review would consider whether it was possible for social housing tenants to take a smaller house or flat in order to avoid reductions in their benefits.<sup>51</sup> The Government's response indicated that it does not agree with our "reasonable offer" proposal on this issue, stating that the policy is "not about forcing people to downsize". Rather, "tenants are expected to make the same choices as those not claiming benefit, which is that they must fully consider their personal circumstances and decide how they will fund the rent for a property that is larger than they require".<sup>52</sup> The evidence that we have heard regarding housing supply and demand and the extent to which tenants were aware of the financial penalty that they would suffer suggests that in many cases, such "choices" are hypothetical. Many tenants would choose to downsize, but in practice they are unable to do so.

25. We recognise that the Government's response is reflective of substantial disagreement over policy goals and implementation, between the Scottish Affairs Committee and the Government. While we welcome the announcement by the Deputy Prime Minister that an independent review of the bedroom tax is underway, we are concerned that the response to the recommendations contained in our first Interim Report suggests that viable options for improvement that have been widely supported by our witnesses have already been ruled out. **We expect that the proposals for mitigation of the bedroom tax that we have made in our Reports be fully considered by the independent review that the Deputy Prime Minister has commissioned, and urge the review to give due consideration to the improvements that we have suggested. We would expect that any independent review would be able to justify its conclusions.**

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46 Government Response, paragraph 1.6

47 *ibid.*, paragraph 4.3

48 *ibid.*, paragraph 13.1 – 13.3

49 *ibid.*, paragraph 11.4

50 *ibid.*, paragraph 12.1 – 12.4

51 <http://www.insidehousing.co.uk/care/clegg-admits-bedroom-tax-creates-real-dilemmas/6529057.article>

52 Government response, paragraph 1.6

## Appendix: Government Response to the Committee's Fourth Report of Session 2013-14

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The Scottish Affairs Committee reported to the House on *The impact of the Bedroom Tax in Scotland: Interim Report in its Fourth Report of Session 2013-14*, published on 16 December 2013. The Government response to the Report was received on 26 February 2014.

### Government response

#### SAC CONCLUSION AND RECOMMENDATION - REASONABLE OFFER

**For the avoidance of doubt we wish to place on the record that the view of the Scottish Affairs Committee is that the bedroom tax should be abolished and its objectives pursued by other means.**

**We believe that the impact of the bedroom tax should be ameliorated by the proposal in our Report. In particular, we believe that a tenant should only be subject to the bedroom tax if they are judged to be under occupying social housing and decline to move to a smaller property in the same community when provided with a reasonable offer. We would welcome further evidence on what factors should be taken into account when considering what would be a reasonable offer.**

1.1 The Government has noted with some dismay the title of the Scottish Affairs Committee's current inquiry into Housing Benefit reform in Scotland, specifically the Removal of the Spare Room Subsidy (RSRS). While it is clear select committees play a crucial role in scrutinising policy and holding the executive to account, it is equally important that in doing this they accurately present the Government position.

1.2 The policy to remove the spare room subsidy from Housing Benefit (HB) paid to working age tenants renting in the social sector is not a tax. Referring to it as the "bedroom tax" is misleading.

1.3 In real terms, HB expenditure has increased by 50% over the last decade, rising from £11bn in 2000/01 to £23bn in 2011/12. It forms a significant and growing part of Government expenditure and is not sustainable.

1.4 Changes to Housing Benefit make an important contribution to the Government's deficit reduction strategy. The independent Office of Budget Responsibility (OBR) forecasts that the Housing Benefit reforms now introduced will deliver annual savings of around £2 billion by 2014/15 in total. (On average £500million per annum for this particular measure). This increases fairness in the system by ensuring people claiming benefits face the same choices about the size and

location of their accommodation as people not claiming benefits – many of themselves making difficult decisions about where they can afford to live.

1.5 There is also a significant overcrowding issue within the social sector across Great Britain (*25,000 in Scotland, 249,000 in England and 13,000 in Wales*) and many more people on the waiting lists (*155,000 in Scotland, 1.7 million in England*). With demographics continuing to change, it is important that we take steps to encourage the sector to be more responsive to the market. For these reasons changes had to be made.

1.6 The Government disagrees with the Committee's recommendation that RSRS should be abolished and its objectives pursued by other means. Applying size criteria rules to social sector Housing Benefit tenants brings fairness back into the system for those living in the private rented sector and to hard working families. Neither do we agree that the RSRS should be ameliorated by the Committee's proposal that affected tenants should only be subject to a deduction if they decline a reasonable offer to move. This measure is not about forcing people to downsize. We know that many HB tenants prefer to remain in their current properties and there is no intention that they should be asked to move. In such cases however, tenants are expected to make the same choices as those not claiming benefit, which is they must fully consider their personal circumstances and decide how they will fund the rent for a property that is larger than they require.

#### **SAC CONCLUSION AND RECOMMENDATION – ASSESSING IMPACT**

**It is difficult to determine the full impact of the bedroom tax because the policy only came into force on 1 April 2013. However, it is clear that households are being placed in difficult circumstances and there are upward pressures being placed upon arrears. We welcome the work being carried out to monitor the policy by both the Scottish Housing Regulator and COSLA. We recognise they are well placed to measure the impact and we hope that they will continue their survey work. We will continue to seek evidence on the impact of the bedroom tax in Scotland**

2.1 The Government agrees with the Committee that firm conclusions cannot be drawn about rent arrears until the policy has had time to bed in, and people have had time to adjust to the change.

2.2 The policy was first announced at the Emergency Budget in June 2010 so local authorities and the Scottish Government have had time to design, develop, and deliver strategies to mitigate the effects of the RSRS and rebalance their housing stock. In that time the surplus Housing Benefit for spare rooms could have been earmarked for housing support initiatives, such as house building or conversion projects, assisting tenants with the transition to RSRS and encouraging participation in schemes such as Home Swap Direct.

2.3 Tenants were profiled prior to implementation to ascertain those most at risk and to tackle obstacles collaboratively. For example, where people have made the choice to stay and pay the rent short-fall themselves, we have encouraged them to discuss ways of maximising income and payment plans with landlords.

2.4 We are aware that early data that has been gathered by COSLA from a relatively small minority of landlords shows an increase in rent arrears (which was anticipated at this stage) but this is not likely to be indicative of long-term trends; nor does it provide a clear picture of the full impact of the reform. People tend to ignore change until it actually impacts them and this may have created rent arrears initially. We fully expect people's behaviour towards rent arrears to change as the policy beds in, but it is too early to comment on how people are transitioning to the change.

2.5 For the reasons above we have commissioned an independent two year programme of monitoring and evaluation of the effects of the RSRS measure across the UK, led by Ipsos-MORI and including the Cambridge Centre for Housing and Planning Research and Institute of Fiscal Studies. Initial findings will be reported in Spring 2014, prior to the final report which is due in late 2015. The evaluation includes small scale primary research with a range of social landlords across England, Scotland and Wales and includes the impact on supply issues (including rural impacts), the impact on vulnerable individuals, financial status, health and wellbeing and family life; in particular where the family has multiple problems. However, whilst the Department is prepared to act rapidly should problems emerge, it does not agree that it is appropriate to pre-determine what action should be taken. Future Housing Benefit policy will need to reflect both the details of the evidence and the wider fiscal context.

## **SAC CONCLUSION AND RECOMMENDATION – CONSEQUENCES FOR LANDLORDS**

**We believe that ways should be sought to overcome any adverse effect upon the ability of social landlords to borrow which has arisen as a result of the bedroom tax. We seek further evidence as to how this can best be achieved.**

**If rent arrears continue to increase, then social landlords will move further into debt. As their debts increase, it will become more expensive for social landlords to borrow money to invest in new housing. This will make it more difficult to address long-term housing need in Scotland. We heard that it would be possible for the Scottish Government to write off debt accrued by registered social landlords and local authority landlords as a result of the bedroom tax. We believe that, where debts arising from the bedroom tax are irrecoverable, this money should be written off by the housing provided and appropriate recompense made by the Scottish Government. We would welcome view as to how best this could be achieved.**

3.1 Around 80% of all working-age Housing Benefit (HB) claimants living in the social rented sector are not impacted by the RSRS. In addition around 30% of working-age HB claimants living in the social rented sector already have to make up a shortfall

between their rent and what HB covers, as they only receive partial HB. We therefore expect social landlords to collect rent direct from tenants affected by the RSRS as they currently do for tenants not in receipt of HB; or whose benefit only partially covers their rent. In June 2013 the Government gave social landlords long-term certainty over rent increases with a commitment that rents will rise by CPI+1% a year until 2024/25. This will give investors and landlords the certainty they need to continue to invest in new housing supply.

3.2 Social sector landlords may also need to consider whether it is viable to retain some of the larger homes or whether there are alternative options that could be explored, such as selling some of their stock or redeveloping some properties to provide more of the smaller properties that are in short supply.

3.3 It is however too early to say what the impact of the RSRS measure has had upon rent arrears and there is no firm evidence that arrears are increasing solely as a consequence of the RSRS. Although social landlords should already have a robust process in place to engage with tenants in arrears both to make appropriate arrangements for collection of the rent that is due and to collect any arrears.

#### **SAC CONCLUSION AND RECOMMENDATION - EVICTIONS**

**We would welcome further evidence from Registered Social Landlords and Local Authority landlords as to the trends in the scale of arrears since 1 April 2013, and to what extent the arrears can be attributed to the bedroom tax.**

**We are opposed, in principle, to eviction as a result of the imposition of the bedroom tax, but recognise the moral hazard of suggesting that the payment of rent is, in any way, a voluntary activity. In the short term we believe that DHP money should be utilised to make up any shortfall, failing which the Scottish Government should financially support housing providers. For the longer term we would welcome evidence as to how these issues are best tackled.**

4.1 As mentioned above it is too early to say what the long-term trends are likely to be in relation to arrears and how people will transition. People need time to adjust and tend to ignore change until it impacts them. This may have created rent arrears initially, but we fully expect people's behaviour towards rent arrears to change as the policy beds in and claimants begin to make the positive behavioural changes required.

4.2 The Government disagrees with the Committee's opposition, in principle, to eviction.

4.3 "No eviction" policies do not differentiate between those who cannot pay and those who will not pay. It is unfair on those who continue to pay their rent, where others choose not to. If there is no threat of eviction some tenants may have no incentive to address rent arrears, or seek help with debt prevention or downsizing to a smaller home. "No eviction" policies affect the funding streams of both local authority and housing

associations alike; this leads to a lack of available finance to maintain current properties and to support the construction of future dwellings.

### **SAC CONCLUSION AND RECOMMENDATION - HOMELESSNESS**

**We would welcome examples of where this situation has occurred, and evidence as to how it should be tackled.**

5.1 There is no evidence that homelessness is increasing as a direct result of the RSRS policy.

5.2 The department is committed to closely monitoring the impact of changes to Housing Benefit. It was not possible to assess the full social impacts of the reforms in advance as they depend on the behavioural responses of claimants and landlords, and the success of mitigation measures taken, such as the increases in Discretionary Housing Payments. The department is closely monitoring the implementation of this measure with the local authorities responsible for its administration.

5.3 However, whilst the Department is prepared to act rapidly should problems emerge, it does not agree that it is appropriate to pre-determine what action should be taken. Future Housing Benefit policy will need to reflect both the details of the evidence (recognising that there is separate homelessness legislation in Scotland) and the wider fiscal context.

### **SAC CONCLUSION AND RECOMMENDATION - HOUSE BUILDING**

**We recognise that social landlords are best placed to assess and determine the housing need in their area, and that any increase in the number of smaller properties is done as part of the social landlords' strategy to manage housing need in their area, in accordance with their long term objectives. The lack of commitment to build sufficient housing for Scotland's people has been one of the failures of devolution and we would hope that this matter is addressed more seriously in the future.**

6.1 This is for the Scottish Government to address.

6.2 The Department for Work and Pensions (DWP) is working closely with the Department for Communities and Local Government (DCLG) and seeks to work with the Welsh and Scottish Governments to ensure that the overall impacts on housing supply and benefit spending are considered in policy development and evaluation.

6.3 Increasing housing supply is crucial to provide greater choice and ease pressures on rents. Therefore the Department is fully supportive of measures taken by the DCLG to increase the supply of affordable housing in England. This includes the £19.5 billion of public and private money being invested in new affordable homes in the period to 2015, to help deliver up to 170,000 affordable homes for rent and home ownership. Affordable rent allows more homes to be built for every pound of funding received in grant, and therefore more people will benefit from subsidised housing with lower rents and more security of tenure. Whilst affordable rents generally cost more in Housing Benefit than social rents, this cost is offset by the savings from housing more people

currently living against their choice in temporary accommodation and the private rented sector.

### **SAC CONCLUSION AND RECOMMENDATION - CONSEQUENCES FOR TENANTS**

**We believe that if a tenant has built up arrears due to the bedroom tax and wishes to downsize they should be allowed to move even if arrears have not been cleared.**

**We would welcome further evidence as to the impact upon tenants and what those tenants affected are doing to make up the shortfall in rent.**

7.1 The Government agrees with the Committee's conclusion that tenants in arrears should be allowed to downsize where a landlord is able to accommodate this. Early indications are that some local authorities and registered social landlords are already taking this approach.

7.2 As mentioned above a two year monitoring and evaluation exercise has been commissioned. This commenced in April 2013 and initial findings will be reported in Spring 2014, prior to the final report which is due in late 2015. The evaluation includes small scale primary research with a range of social landlords across England, Scotland and Wales and includes the impact on supply issues (including rural impacts), the impact on vulnerable individuals, financial status, health and wellbeing and family life; in particular where the family has multiple problems. However, whilst the Department is prepared to act rapidly should problems emerge, it does not agree that it is appropriate to pre-determine what action should be taken. Future Housing Benefit policy will need to reflect both the details of the evidence and the wider fiscal context.

### **SAC CONCLUSION AND RECOMMENDATION - PRIVATE SECTOR**

**It is perverse to provide a financial incentive for a tenant to move from the public sector to the private sector when this actually costs more. We believe that, where this is the only option, the tenant should be assisted to remain in their existing accommodation until suitably priced housing becomes available. We would welcome more evidence on what work is being done to monitor any movement of tenants from the public to the private sector. We would also welcome evidence on changes to the Local Housing Allowance in Scotland since 1 April 2013.**

**We would welcome more evidence on the decisions tenants affected by the bedroom tax are taking to make up the shortfall or move into a smaller property**

8.1 The Government disagrees with the Committee's conclusion. The size and availability of social housing stock varies across the country, as does demand for different sized property.

8.2 This measure is not about forcing people to move from the public to the private rented sector. We expect that many households will prefer to remain where they are and

will find a way of making up the rent shortfall, in the same way that those living in the private rented sector already do.

8.3 Most authorities have a mixture of different sized properties within their stock but inevitably they also have overcrowded households (*25,000 in Scotland, 249,000 in England and 13,000 in Wales*) living in one and two bedroom properties, people in temporary accommodation or families on the housing waiting list living in the private rented sector (*155,000 in Scotland 1.7 million in England*). All of which create pressures on the local authority that could be alleviated through more under-occupied households moving. Something had to be done, especially when there are approximately 1.5 million spare rooms, including in some cases a single person living in a family home, across the working age social sector in Great Britain. Of these 820,000 were being paid for by Housing Benefit prior to the reform.

8.4 It has always been recognised that in areas where there is a limited supply of social housing, or a lack of different property sizes, some tenants could decide to downsize by moving into the private rented sector and they could end up receiving more Housing Benefit (HB) not less (although this is not always the case). However, this should be seen in the context of the bigger picture. The movement of a claimant into the private rented sector frees up social sector accommodation, enabling it to be let to others who may otherwise have been renting privately whilst on social housing waiting lists. Or it could be offered to people who are currently placed in temporary accommodation which is normally more expensive. What appears initially to result in an increase in HB expenditure, could actually achieve the opposite as the effects ripple outwards.

8.5 As mentioned above people downsizing was anticipated prior to the implementation of this policy and does not have an impact upon the projected HB savings, which on average are expected to remain around £500m per annum.

8.6 Lack of alternative accommodation is part of this problem and this measure is a step in the right direction to redressing this balance and encouraging better use of social housing stock and the building of appropriately sized housing.

8.7 We are already seeing that this policy has prompted councils and housing associations to understand their tenants' needs and make better decisions about managing their resources, instead of building the wrong houses to meet demand.

#### **SAC CONCLUSION AND RECOMMENDATION - RURAL SCOTLAND**

**There is a tension between a landlord's allocation policy of trying to maintain sustainable communities with settled families, particularly in very rural areas, and the UK Government's policy on housing benefit reform which would incentivise people to move out of such communities. We would welcome more evidence on the distances that tenants, who are affected by the bedroom tax, have had to travel to move into a smaller property.**

9.1 Housing is a devolved matter and as such it is for the Scottish Government to set a housing policy for Scotland. This includes whether to reflect the established demographic trend to increased numbers of single person and childless couple households by focusing on building smaller dwellings, including in rural and remote areas.

9.2 The Government agrees with the Committee's conclusion that maintaining sustainable communities, particularly in very rural areas is difficult. For this reason extra DHP funding of £5 million was provided for the 21 least densely populated areas across Great Britain, 12 of which are in Scotland.

9.3 We decided upon population density as the most effective measure of determining isolated and remote areas most in need of additional funding. These range from 9 people per sq km in the Western Isles, to 51 people per sq km in Angus. Angus was included, as there was little difference between it and West Somerset; the 20<sup>th</sup> least densely populated local authority, with Angus providing a natural dividing line.

9.4 There is no evidence on the distances that tenants impacted by the RSRS have had to travel to move into a smaller property. To reiterate, this measure is not about forcing people to move. Any plan to increase the supply of homes would be entirely consistent with the Scottish Government's own 10-year housing strategy which identifies a need for 20,000 additional homes every year to 2020.

#### **SAC CONCLUSION AND RECOMMENDATION – ALLOCATION POLICIES**

**We would welcome more evidence as to the incentives offered by local authorities and RSLs to help those who wish to move to a more suitable property and how these are funded.**

**One of the consequences of the bedroom tax is that it could lead to landlords altering their allocation policies. There is a danger that landlords will move away from allocating homes according to a broad range of factors, such as allowing room for a family to grow. This would be in contrast to the aim of some landlords, which we believe should be encouraged to try to create sustainable communities, particularly in remote parts of Scotland.**

**We understand that one of the Government's aims for the bedroom tax is to improve work incentive for working age claimants. We would welcome evidence from the Government on the extent to which the bedroom tax has encouraged unemployed tenants to find employment.**

10.1 How individual incentive schemes are funded is for local authorities to address.

10.2 The Government has however provided additional funding to remote rural areas in recognition of their special needs. We are aware that in the past some social landlords have had deliberate letting policies, such as avoiding putting families in top floor flats, which may now mean that tenants are affected by the RSRS. The Government expects that all allocation policies should be reconsidered to determine whether or not they

remain sustainable, or whether some flexibility is now required e.g. re-designation with a corresponding rent reduction.

10.3 Early evidence suggests that allocation policies are being revised, e.g. allowing people to transfer even in arrears or by giving people impacted by the RSRS and who wish to downsize a higher priority.

10.4 The initial Impact assessment identified that 660,000 people may be affected by this policy. Subsequent figures show that in May last year this number had reduced to 547,000. In August this figure fell further to 523,000 and it then fell again in November to 497,000. Whilst it is not possible to link this specifically to any particular outcome e.g. a move into employment, this is clearly an encouraging and welcome trend.

10.5 It is however too early to say at this stage what the impact of this measure has had on claimant behaviour. As already mentioned a two year programme of monitoring and evaluation is currently on-going

#### **SAC CONCLUSION AND RECOMMENDATION - DISCRETIONARY HOUSING PAYMENTS**

**We see no logic in this £1.50 limit and recommend to the Government that it be abolished. We would then expect the Scottish Government to reimburse local authorities for any DHP expenditure incurred by a local authority if it chose to “top up” beyond £1.50 of its own money.**

**We would welcome further evidence as to how the Scottish Government could help to make up the shortfall between the loss in housing benefit in Scotland and the limit to what is available through DHP to Scottish local authorities.**

**While we understand and accept the need for there to be an element of discretion in how a local authority manages housing issues in the local area, it is unacceptable that someone could be placed in housing need by virtue of being on one side of the road and another person in exactly the same circumstances be provided with a safety net because their claim was handled by a different local authority apply different criteria.**

**We therefore believe that there has to be a balance between decentralisation and equity of outcome. Therefore we reject the concept that DHP payments should be entirely discretionary and believe that criteria for eligibility should be established throughout the United Kingdom. Local discretion would remain by allowing account to be taken of local circumstances by payments above the safety net.**

**It is very important that local authorities know how much they will be allocated by the DWP for DHP next year so they can plan the level of financial support they can provide. This is within the context of increasing numbers of applications for DHP. We believe the Government must announce the size of the DHP budget for at least**

**the next two financial years as soon as possible. The Scottish Government should likewise make clear the commitment it is making to supplement the DHP budget over the same time period.**

**It is important that the DHP process is easily understood and well administered. The Department of Work and Pension will once its review concludes have data relating to the administration of the DHP system across Scotland. It could be helpful, in the interest of spreading best practice and applying DHP in a consistent manner, for the DWP to make that data widely available.**

**We welcome the extra resources made available for DHP in rural areas and we note that a high proportion of the local authorities that benefited from this increase in resources are in Scotland. We would welcome more evidence on the number of application for DHP submitted by tenants in those local authorities the number successful and the number rejected, and the reasons why.**

11.1 The distribution of funds between local authorities was agreed following consultation with the Local Authority Associations (COSLA). Allocations do, as far as possible, target resources according to need within each local authority.

11.2 The Government disagrees that local authorities should be reimbursed for DHP expenditure in excess of the 150% supplement. This limit prevents the Government's essential housing benefit reforms from being undermined by claimants being fully compensated for the resulting reductions in benefit awards. A substantial package of financial and practical assistance has been put in place through DHPs over the spending review period to ease the transition for particular groups of people affected by all the welfare reforms and represents the highest ever Government contribution to this fund and is more than has been allocated in the last five years combined.

11.3 The £55m which has been specifically allocated for the RSRS measure in 2013/14, including the £20m reserve bidding fund for local authorities experiencing additional financial pressure offers a more flexible and cost effective approach to providing blanket exemptions. In total the Government has made £180m available for 13/14 and £165m in 14/15.

11.4 The Government does not agree that eligibility for a DHP should be prescribed centrally. The regulations give local authorities a very broad discretion. This is necessary to take account of individual circumstances as local decision makers are far better placed to make informed judgments about relative priorities and needs and to target limited resources more effectively. Decisions must however be made in accordance with ordinary principles of good decision making i.e. administrative law. In particular, local authorities have a duty to act fairly, reasonably and consistently. Each case must be decided on its own merits, and decision making should be consistent throughout the year.

11.5 The DHP guidance provides a steer on the priority of certain cases as well as examples of good practice – i.e. DHPs may be used to help cover a temporary shortfall in rent, while the claimant seeks employment or alternative accommodation, or adjusts their financial circumstances. Alternatively DHPs can be used for longer term commitments e.g. to support a disabled claimant in a significantly adapted property who is affected by the extension of size criteria to those living in the social rented sector. DHPs can also be awarded to help cover the cost of a rent deposit or rent in advance. This local flexibility is a key factor to the success of the scheme.

11.6 We disagree with the recommendation that LAs should be made aware of their DHP allocations 2 years in advance. The DWP recognises the need for LAs to plan ahead and, therefore, seeks to provide adequate notice of DHP allocations. However, this must be balanced against the need to take account of changing demographics in order to ensure that the available funding is distributed in a manner that best meets need.

11.7 In addition, from April 2013, a number of measures (including the twice yearly returns and regular “Insight” surveys with local authorities) are being used to monitor how DHPs are being used to support claimants through the transitional period of welfare reform. Information relating to rejected claims is not available, because this would be overly burdensome for local authorities but as mentioned above information relating to DHP expenditure is gathered from local authorities (including the rural areas) twice yearly. The first 6 monthly returns have now been gathered and a summary report can be accessed via the gov.uk website using the following hyperlinks:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/268411/use-of-discretionary-housing-payments-dec13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268411/use-of-discretionary-housing-payments-dec13.pdf)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/268411/use-of-discretionary-housing-payments-dec13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268411/use-of-discretionary-housing-payments-dec13.pdf)

11.8 It is of course the case that under the devolution settlement the Scottish Government has a range of powers and functions at its disposal which it could use to deliver support and services in this area if it so chooses.

**SAC CONCLUSION AND RECOMMENDATION – LEVEL OF CHARGE We believe that where a 14% or 25% deduction recovers more than the differential in rent between properties of different size then the tax should be reduced to remove any element of penalty.**

12.1 The Government disagrees with the Committee’s recommendation.

12.2 A national percentage reduction rate was decided upon whether the claimant is over-housed by one or two or more bedrooms, because this ensures that the impact is in proportion to the rent (or service charges) that the tenant is charged, reflects regional

rent variations and does not have to be reviewed annually. This makes it clear for claimants, as well as making it easier to administer.

12.3 In making this decision a full range of data sources were used to look at rents of different sized lettings in the social rented sector across Great Britain and which allowed variations in the extra rent charged for additional bedrooms in different areas to be taken into account.

12.4 The different rent levels charged by councils and registered social landlords have historically reflected when and where social housing was built, and changing levels of demand. The Government firmly believes that it is right that registered social landlords should set their own rents but equally linking the deduction in the RSRS to local rent differentials could undermine the inherent fairness of the scheme which applies in exactly the same way regardless of where someone lives. We appreciate that in some areas registered social landlords may wish to make some of their larger properties more attractive to prospective tenants by only having a small differential in rent levels, but we firmly believe that this should not be at the expense of ensuring a fair deal for taxpayers.

#### **SAC CONCLUSION AND RECOMMENDATION - EXEMPTIONS**

**We believe that where a disability requires the use of a room for the storage or usage of equipment or where a disabled person's difficulties requires a partner to sleep in a separate room then an additional room should be allocated without penalty.**

**We believe the Government should exempt disabled children from the obligation to share, whatever their age.**

**Where property has been adapted to meet the particular needs of the tenants, then the costs of these adaptations should be weighed against the amount of housing benefit recovered by obliging a move. A move should not be pursued if accounts do not balance over a two year period.**

**The Government decided not to exempt disabled tenants as a category from the bedroom tax. Instead they made extra resources available for DHP specifically to manage the needs of disabled tenants. We would welcome more evidence about the number of tenants who describe themselves as disabled, the number of applications from disabled tenants for DHPS that have been successful and the number that have been refused, and the reasons for refusal.**

**The bedroom tax should not apply to tenants who for a period of less than twelve months, temporarily have a smaller housing need due to a change in their circumstances, but whose need will predictably return to a higher level.**

**We applaud the policy of Fife Council and would call on all Scottish local authorities to similarly backdate to 1 April where appropriate.**

**The position regarding tier one tribunal cases leaves the situation of some tenants unclear. We welcome the Government's decision in the Fife case, in the interests of establishing some certainty. In similar circumstances where clarity is desirable we would urge local authorities, should the Government not do so, to appeal tier one tribunal decisions which have gone against them to tier two level in order to establish precedents, even in cases where the local authority may feel the decision at tier one was the right one.**

**We support the Welsh Government's policy that all children of secondary school age should be able to have their own bedroom to enable quiet study and urge the Scottish and UK Governments to do likewise.**

13.1 The Government disagrees with the Committee's conclusions and recommendations. It is impossible to define in legislation a category of disabled people who are unable to share because of their disabilities without excluding some or including those that could share.

13.2 In bringing in this measure, fairness is being brought back into the system for those renting in the private sector and to hard working families, the Government recognised the challenges faced by a number of groups, including disabled people and their carers and the invaluable contribution that many make to family life and to wider society.

13.3 We were aware that some disabled people would require additional support in order to maintain independent living and remain close to their community and support networks. That is why we not only made provision for Housing Benefit to pay for an extra bedroom for a disabled child who is unable to share because of their disabilities and non-resident overnight carers, where such care is necessary for the claimant or their partner, but also made available an additional £55 million in Discretionary Housing Payments (DHP). Of this £25 million was allocated specifically for disabled people living in significantly adapted accommodation in recognition that, in certain circumstances, it makes no sense for someone to move from their adapted property, into a different one where money is required for more adaptations.

13.4 DHP funding offers a more flexible and cost effective approach. This £55 million is only part of the total £180 million that the Government has made available in DHPs for the year 2013-14, and represents the highest ever Government contribution to this fund. The amount is more than has been allocated in the last five years combined and we firmly believe that this provides adequate protection for disabled people, although we accept that some disabled people may have to meet a rent shortfall depending upon their individual circumstances.

13.5 It should be noted that whilst our equality impact assessment estimated that approaching two thirds 420,000 (63%) of those potentially affected by this measure could be considered disabled, this used the definition of disability as outlined in the Disability Discrimination Act, where claimants are asked whether they believe

themselves to be disabled. Using Disability Living Allowance (DLA) as the measure significantly reduces the impact to 180,000 (27%); and of these only 110,000 (17%) receive the higher rate (including mobility).

13.6 We cannot therefore accept that there is a disproportionate impact upon claimants who are disabled. Indeed in a recent Court judgment in relation to disabled claimants, the High Court was clear that provision of extra DHP funding is a proportionate approach to offer assistance to people affected by the policy and certain criticisms of this approach were misplaced. In addition, they said that our public sector equality duties had been fulfilled and the effects of the policy had been properly considered.

13.7 The recommendation that RSRS should not apply to tenants who for a period of less than twelve months, temporarily have a smaller housing need would potentially create cliff edges and administrative problems. The DHP scheme is available to cover short periods of need and reserve funding has been made available to local authorities who require additional funds (although the vast majority of local authorities have chosen not to make use of this).

13.8 It should also be noted that First-tier Tribunals do not leave the situation unclear for some tenants. Decisions made at First-tier Tribunal can only be applied to the individual concerned and decisions here are not binding more widely than that. The suggestion that local authorities should apply to an Upper-tier Tribunal in order to establish precedents, even in cases where the local authority may feel the decision by the First-tier Tribunal is the correct one, is a misuse of the process, costly to the public purse and overly burdensome upon the Courts.

# Formal Minutes

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**Wednesday 19 March 2013**

Members present:

Mr Ian Davidson, in the Chair

Jim McGovern  
Graeme Morrice  
Pamela Nash

Sir Jim Paice  
Mr Alan Reid  
Lindsay Roy

Draft Report (*The Impact of the Bedroom Tax in Scotland: Plan B—charges, arrears and refunds; incorporating the Government Response to the Committee's Fourth Report of Session 2013-14*), proposed by the Chair, brought up and read.

Motion made, and Question proposed, That the draft Report be read a second time, paragraph by paragraph. — (*The Chair.*)

Amendment proposed, to leave out from “That” to the end of the Question and add “this Committee declines to give the draft Report a second reading because it has not heard a full and balanced range of evidence, including from the Government”. — (*Mr Alan Reid.*)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 2

Noes, 4

Sir James Paice

Jim McGovern

Mr Alan Reid

Graeme Morrice

Pamela Nash

Lindsay Roy

Question accordingly negatived.

Main question put.

The Committee divided.

Ayes, 4

Noes, 2

Jim McGovern

Sir James Paice

Graeme Morrice

Mr Alan Reid

Pamela Nash

Lindsay Roy

Question accordingly agreed to.

*Ordered*, That the Chair's draft Report be read a second time, paragraph by paragraph.

Amendment proposed, to leave out from "That" to the end of the Question and add "this Committee declines to give the draft Report

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 25 read and agreed to.

Summary agreed to.

Appendix to the Report agreed to.

*Resolved*, That the Report be the Ninth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 1 April at 2.00 pm

## Witnesses

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The following witnesses gave evidence. The transcript can be viewed on the Committee's inquiry page at [www.parliament.uk/scotaffcom](http://www.parliament.uk/scotaffcom).

### Monday 16 December 2013

*Question number*

**Councillor Peter Sullivan**, Vice Convenor, Housing and Social Work Services, **Elaine McHugh**, Head, Housing Services, **Brian Cook**, Head, Revenue Services, **Julie Hunter**, Housing Strategy Manager, and **Amanda Gallacher**, Senior Officer, Welfare Rights Team, North Lanarkshire Council; **Jonny Miller**, Managing Director, **Richard Young**, and **Stewart MacDonald**, Airdrie Citizens Advice Bureau, and **Keith Dryburgh**, Policy Manager, Citizens Advice Scotland

[Q1 - 161](#)

### Monday 16 December 2013

**Clair Malpas**, Regeneration Manager, Cassiltoun Housing Association, **Jean Devlin**, Castlemilk anti bedroom tax campaign, **Billy McFadyen**, Castlemilk Credit Union, and **Angus McIntosh**, and **Maureen Smith**, Solicitors, Castlemilk Law Centre.

[Q162 - 220](#)

### Tuesday 4 February 2014

**Rt Hon David Mundell MP**, Parliamentary Under-Secretary of State for Scotland

[Q221 - 249](#)

### Monday 10 February 2014

**Donald Forrest**, Head, Finance and Estates, **Ian Alcorn**, Welfare Reform and Legislation Advisor, and **Alistair Shaw**, Head, Housing, Construction and Building Services, West Lothian Council; **Mike Bruce**, Chief Executive, Weslo Housing Management, **Sandy Young**, Housing Manager, Almond Housing Association, **Alison Kerr**, Chair, West Lothian Tenants Panel, and **Andy Ashcroft**, North East Area Director, Glasgow Housing Association

[Q250 - 378](#)

### Monday 10 February 2014

**Councillor Craig Martin**, Falkirk Council, **Councillor Linda Gow**, Falkirk Council, **Councillor Gerry Goldie**, Falkirk Council, **Mary Pitcaithly**, Chief Executive, Falkirk Council, **Rhona Penman**, Advice Services Co-ordinator, Link Housing Association, **Bill Palombo**, Grangemouth Citizen's Advice Bureau

[Q379 - 430](#)

**Monday 10 March 2014**

**Councillor Lesley Brennan**, Labour Group, **Councillor John Alexander**, Housing Convener, **David Dorward**, Chief Executive, and **Marjory Stewart**, Director of Corporate Services, Dundee Council, **Ian Thomson**, Chief Executive, Abertay Housing Association and **Steve Kell**, Housing Strategy and Performance Manager, Hillcrest Housing Association; **Gail Morrow**, Secretary, and **Jean Devlin**, Scottish Anti-Bedroom Tax Federation, **June Paterson**, Dundee Bin the Bedroom Tax, and **Jack Ferguson**, on behalf of NO 2 bedroom tax Campaign; **Margaret Burgess MSP**, Minister for Housing and Welfare, Scottish Government and **Jamie MacDougall**, Head of Housing Support and Homelessness Unit, Scottish Government.

[Q431 - 618](#)

## List of published written evidence

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The following written evidence was received and can be viewed on the Committee's inquiry web page at [www.parliament.uk/scotaffcom](http://www.parliament.uk/scotaffcom).

- |   |                               |                           |
|---|-------------------------------|---------------------------|
| 1 | Falkirk Council               | <a href="#">(IBT0004)</a> |
| 2 | Supplementary Falkirk Council | <a href="#">(IBT0006)</a> |

## List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2010–12

First Report	Postal Services in Scotland	HC 669 (HC 884)
Second Report	Video Games Industry in Scotland	HC 500 (Cm 8067)
Third Report	UK Border Agency and Glasgow City Council	HC 733
Fourth Report	The Scotland Bill	HC 775
Fifth Report	Student Immigration System in Scotland	HC 912 (Cm 8192)
Sixth Report	The Referendum on Separation for Scotland: Unanswered Questions	HC 1806
Seventh Report	The Crown Estate in Scotland	HC 1117
Eighth Report	The Referendum on Separation for Scotland: Do you agree this is a biased question?	HC 1942

### Session 2012–13

First Report	A Robust Grid for 21 <sup>st</sup> Century Scotland	HC 499
Second Report	The Referendum on Separation for Scotland: making the process legal	HC 542
Third Report	The Referendum on Separation for Scotland: a multi-option question?	HC 543
Fourth Report	The Referendum on Separation for Scotland: Terminating Trident—Days or Decades?	HC 676 (HC 861)
Fifth Report	The Future of HM Coastguard in Scotland	HC 583
Sixth Report	The Referendum on Separation for Scotland: The proposed section 30 Order—Can a player also be the referee?	HC 863
Seventh Report	The Referendum on Separation for Scotland: Separation shuts shipyards	HC 892
Eighth Report	The Referendum on Separation for Scotland: How would Separation affect jobs in the Scottish Defence Industry?	HC 957 (HC 257)

**Session 2013–14**

First Report	Remploy Marine Fife	HC 454
Second Report	The Referendum on Separation for Scotland: The Need for Truth	HC 828
Third Report	The Referendum on Separation for Scotland: A Defence Force for Scotland—A Conspiracy of Optimism?	HC 842
Fourth Report	The impact of the Bedroom Tax in Scotland: Interim Report	HC 288
Fifth Report	The Crown Estate in Scotland: follow up	HC 889
Sixth Report	Blacklisting in Employment: addressing the crimes of the past; moving towards best practice	HC 543
Seventh Report	Referendum on Separation for Scotland: the impact on higher education, research and tuition fees	HC 1144
Eighth Report	Land Reform in Scotland: Interim Report	HC 877