

Voices from the frontline...

The Bedroom Tax

Introduction

The Scottish CAB Service forms the country's largest independent advice network. Citizen advice bureaux (CAB) are the key frontline service that hundreds of thousands of people turn to and in doing so they deal with over half a million new issues every year. As welfare changes begin to affect clients, CAS is producing briefings in our series *Voices from the Frontline*. These provide personal experiences of welfare reforms as they take effect in households across Scotland. Through these briefings, citizens advice bureaux show the stark reality of welfare changes for real people.

Summary

105,000 households in Scotland will lose £53 million in housing support due to changes coming into force in April 2013. This is the result of new size criteria for social housing – dubbed the 'bedroom tax' – which will see working age tenants penalised an average of £11 per week for under occupying their homes. An estimated 83,000 households affected by the change contain at least one disabled adult.

Hundreds of affected tenants have sought advice from citizens advice bureaux in the weeks leading up to the change, with many worried about homelessness and the impact on their finances. This includes people who require an extra room for a disabled child, those with specially adapted homes for their health conditions, those who have been told that there are no alternative homes available, and those living in rural communities who face moving away from families and friends. In terms of the number of people affected, and the potential impact on their lives, the 'bedroom tax' is one of the most significant welfare reforms this Government is pursuing.

Under occupancy

On the 1st of April 2013, the Government will introduce size criteria for new and existing working age Housing Benefit claimants living in the social rented sector. This allows one bedroom for each person or couple living as part of the households, with the following exceptions:

- A child aged 15 or under would be expected to share with one other child of the same gender; and
- A child aged 9 or under would be expected to share with one other child aged 9 or under, regardless of gender.

Using these criteria, households deemed to be under occupying their tenancy will have their Housing Benefit reduced by a percentage of their rent. Those who are assessed to be under occupying by 1 bedroom will have their benefit reduced by 14% of their eligible rent, while those under occupying by 2 bedrooms will face a reduction of 25%. The average penalty (at 2013/14 prices) for those affected in Scotland is estimated to be £11 per week (over £500 per year).

The Scottish Government's latest estimate, compiled in February 2013, is that 105,000 households in local authority and housing association housing in Scotland will be affected. Of these, around 83,000 under occupy by 1 bedroom and 22,000 under occupy by 2 or more bedrooms. The Scottish Government estimates that the change will reduce Housing Benefit payments to these households by around £53 million.

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Evidence from citizens advice bureaux

Hundreds of clients have approached a citizens advice bureau for advice in the weeks leading up to the change. Most have received a letter from the local authority or housing association informing them that they are under occupying their home and that their Housing Benefit will be reduced accordingly. These clients come from a range of backgrounds and circumstances and will be affected by the change in different ways. This briefing provides a snapshot of these clients and their situations under the following headings:

- Clients who are unable to find alternative accommodation
- Clients who live in rural communities
- Households with disabilities
- Foster carers
- Separated parents with childcare responsibilities
- Clients who are affected by a multiplicity of benefit changes

Clients who are unable to find alternative accommodation

The DWP expect affected householders to either:

- Continue to live in the tenancy and make up any shortfall from other income/savings, from moving into work/increasing work hours, or letting out a spare room; or
- Move to a smaller tenancy which they are not deemed to be under occupying.

Many of those affected by this change will be unable to make up the shortfall in their rent. The Scottish Government estimates that over a fifth (22%) of tenants affected by the under occupation penalty (over 23,000 households) will need to use over 10% of their residual income after housing benefit to meet the shortfall. It is likely that these households will soon fall into arrears if they do not find a smaller tenancy.

- ▶ An East of Scotland CAB reports of a client who has 'tried every which way' to increase her earnings to enable her to pay the £18 per week shortfall that she will face. The client is deemed to be under occupying her home as she has two extra bedrooms. She has lived in the village for decades and works at the local school on a part-time basis as a cleaner. The client has tried to get another job and regularly visits the Jobcentre. The client is very concerned and stressed that she is going to find herself in debt in the very near future and fears being made homeless.

However, there is often very limited scope for an under occupying tenant subject to the under occupancy penalty to move to more suitably sized accommodation in the social rented sector. Scottish Government analysis shows that while 60% of tenants need a one bedroom property to avoid under occupying their home, only 26% of occupied social rented properties have one bedroom. There is therefore a mis-match between need and supply of one bedroom properties, with the result being that many of those affected will not be able to find alternative accommodation.

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- ▶ A Central Scotland CAB reports of a client whose sister has received a letter from the local authority stating that she is under occupying her tenancy and will have to pay £75 per month for rent. The sister claims DLA and is in receipt of full Housing Benefit. The client's sister inherited the tenancy from their parents and has lived in the house all of her life. The client says that there are no suitable one bedroom properties in the area and that her sister is stressed by the situation and has already had a mental breakdown. The client had visited her MP and was told that her sister could be made to leave the property or forced to rent out rooms.

Rural communities

Due to the limited supply of local housing in many small rural communities, there are likely to be tenants affected by the under occupancy changes who cannot move to a smaller property in their community. In these cases, the only option available to tenants would be to seek a transfer to another community, which may be many miles away with limited public transport links. This could remove tenants from friends and family. In Scotland's remote towns and rural areas, there are an estimated 12,000 households of working age in social housing receiving housing benefit and under occupying their properties.

- ▶ A Central Scotland CAB reports of a 59 year old client affected by the under occupancy changes who has lived in the same house in a village for 51 years. The client has received a letter from the local authority stating that she will have to pay 25% of her Housing Benefit, amounting to £16 per week. The client has lived in the village all her life and considers her neighbours to be her family. There are no one bedroomed houses in the village so she will have to leave, which she is finding very upsetting. The bureau calculated that the change would leave the client £25 a week for food and travel after essential costs.

Households with disabilities

Of the 105,000 households affected by the under occupation penalty, 83,000 report an adult in the household with a Disability Discrimination Act recognised disability. The proposed changes will therefore have a disproportionate impact on people with disabilities in Scotland. There are limited exemptions for those with disabilities – including those who require an overnight carer – but the majority will still be affected. Despite being exempted from the benefit cap in recognition of the extra costs that claimants face, those claiming Disability Living Allowance are not exempt from under occupancy penalties.

Many tenants who live in adapted housing will be affected. Scottish Government estimates show that 16,000 affected households have some form of aid or adaptation, including 9,000 with a handrail, 2,000 with a wheelchair, and 1,000 with a stair lift. Aside from the worry and stress caused to the tenant, the local authority is likely to be faced with a bill for adapting another home if they tenant is forced to move.

- ▶ An Island CAB reports of a client living in an adapted home who is affected by the under occupancy changes. The client recently received a letter from the local authority advising him that as he has disabilities he may be able to get help with the benefit reduction. The client was recently found fit for work in his reassessment for sickness benefits, so has already experienced a drop in income.

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- ▶ An East of Scotland CAB reports of client and her husband who are both registered disabled and live in a two bedroom home that has been adapted for them. They have been advised by the local authority that will have to pay £56 per month in rent as they are under occupying their home. The client is registered blind and expects to be given a guide dog in the next few months. The client had a letter from her GP confirming her requirement for “a second bedroom for her own personal medical reasons”. The bureau helped the client to apply for a Discretionary Housing Payment.

A number of clients who cannot share a bed with their partner due to a medical condition have sought advice after being told that they are under occupying their home.

- ▶ An East of Scotland CAB reports of a client who had received a letter from his housing association regarding changes to Housing Benefit. The client lives in a two bedroom house with his wife, but will receive less benefit as he is considered to be under occupying his tenancy. The client sleeps separately from his wife because of a medical condition which resulted from a stroke some years previously.

The UK Government has increased the fund for Discretionary Housing Payments (DHPs) with the extra money specifically aimed at ensuring that the most vulnerable people are protected from the under occupancy penalty. However, the funding for DHPs is far below the level of payments that will be lost by claimants, meaning that the majority of those affected are unlikely to be supported by DHPs. Research by the National Housing Federation found that if the additional funding was distributed equally among every claimant of DLA affected, they would each receive just £2.51 per week – compared to the average £11 a week loss in housing benefit in Scotland

Separated parents with childcare responsibilities

A number of clients seeking advice on the changes have an extra room so that their children can stay with them on a part-time basis after a separation. The current policy of many local authorities is to allocate an additional room to a parent with overnight access. Under the new provision, separated parents could be forced into smaller properties or shared accommodation where they may be a risk to the child or access removed.

- ▶ An East of Scotland reports of a client who has received a letter from the local authority regarding his tenancy being under occupied. The client has a two bedroom flat which he says is necessary as his young son stays with him every weekend. The local authority states that this does not justify a second room as his son is permanently housed elsewhere. The client will complete an application for a discretionary housing payment.
- ▶ A West of Scotland CAB reports of a client who lives in a two bedrooed tenancy as his son stays with him two nights per week. He has been advised that he is under occupying his tenancy and that this will leave him needing to pay £8 per week, which he cannot afford. The client's son is 11 and has become much closer to the client since he has been coming to stay with him. The client is worried that he will be forced to move to a one bedroom flat and his son will no longer be able to spend nights with him.

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Clients who are affected by a multiplicity of benefit changes

It must be noted that the 'bedroom tax' represents just one change of many that have or will affect thousands of potentially vulnerable people in Scotland. It therefore shouldn't be looked at in isolation. A number of clients have approached bureaux for advice in recent weeks after losing entitlement to sickness benefits at the same time as being informed that they are under occupying their home. Thousands who have been told that they are under occupying their home are likely to be affected by the current sickness benefit reassessment and the upcoming changes to disability benefits.

- ▶ A South of Scotland CAB reports of a client who has been affected by changes in entitlement in both her sickness benefit and Housing Benefit claims. The client was recently reassessed for sickness benefits and was found fit for work and has now received a letter stating she will need to pay 16% of her rent from April. As a result, the client is over £40 worse off per week. The client has lived in the property for more than 40 years.
- ▶ A South of Scotland CAB reports of a 56 year old client who has been found fit for work in his reassessment for sickness benefits and has been told that he is under occupying his tenancy. The client received income replacement benefits for 40 years before his recent reassessment. The client lives in the flat which was the family home that he shared with his parents for 40 years before they passed away.

Conclusion

This briefing looks at the situations that many clients described to bureaux in the weeks running up to the start of the 'bedroom tax'. These situations cover a wide range of people and needs, including parents worrying about the care of their disabled children; adults with disabilities facing the loss of their adapted home; foster carers losing support for caring for vulnerable children; tenants who face moving out of rural communities away from family, friends and support structures; and separated parents who face losing access to their children.

Those affected have options to avoid these worst case scenarios. They can try to increase their income, look for a smaller tenancy, or try to move to the private rented sector. However, with a severe mis-match between need and supply for one-bedroom homes, many will find that they have little choice but to try to cope with reduced support on a low income. In this situation, it is inevitable that some will fall into arrears and face potential homelessness.

To stop the impact of the under occupancy penalties on vulnerable households, we call on the DWP and the UK Government to make the following changes immediately:

- Exempt tenants of significantly adapted properties where these properties meet their long term needs
- Delay reductions in support where tenants have shown a clear intention to downsize but where there is insufficient supply of smaller houses within the social rented sector