



**Westminster Hall Debate:
Effects of changes to Housing Benefit in Scotland**
February 8th, 2011

Summary

In 2009/10 Citizens Advice Bureaux across Scotland dealt with 188,969 new benefit issues, over 17,000 of which were in relation to Housing Benefit. Housing Benefit is currently the third largest area of benefits enquiry brought to the Scottish CAB. This proportion is likely to increase as a result of the proposed changes which will leave 55,000¹ households in Scotland worse off. CAS recommends that any Housing Benefit changes take into account the concerns raised by the Scottish Government's Housing Benefit Reform Stakeholder Advisory group², the different demographic of Scotland, and the devolved impact of housing benefit reform on key policy areas such as homelessness, debt and social services.

Housing Benefit Proposals and Impact

CAS welcomes and sits on the Scottish Government's Housing Benefit Reform Stakeholder Advisory Group which has released a paper on the impact of the proposed changes on Scotland. Issues highlighted by the group include:

Removal of £15 excess: Currently claimants can keep up to £15 left over from local housing allowance (LHA) after rent is paid. Changes to this provision would affect over 28,000 households³ in Scotland.

LHA at 30th percentile: Currently local housing allowance is based on the median rent (50th percentile) in a given area. Basing this on a lower rent threshold will affect around 45,000 households⁴ in Scotland, particularly as the 30th percentile is based on *all* rent in a given area rather than the rent paid by housing benefit claimants. This change would also reduce the number of affordable housing available to LHA claimants.

Uprating Non-Dependent Deductions (NDD): If a tenant has a non-dependant living with them who is 18 or over, an amount is deducted from the tenant's housing benefit as the expectation is that the non dependent will pay a portion of the rent depending on their earnings. The higher the income of the non-dependent, the larger the deduction in housing benefit imposed on the housing benefit claimant. Uprating the NDD made to housing benefit means a larger deduction in the housing benefit currently paid to clients living with relatives over the age of 18. The non dependent deduction which is not always paid by the non dependent can result in rent arrears and relationship breakdown. CAS is concerned that the upcoming changes will increase these issues for clients in Scotland.

Restrictions on JSA: Penalising claimants on Job Seekers Allowance who have not found work within 12 months of going onto the benefit will put financial pressure on 10,000 households who are expected to lose an average of £30 a month⁵.

Shared room rate for 35 and under: Currently LHA claimants who are aged 25 and under and single (without dependents) receive Housing Benefit to cover the rent of a room with shared facilities. From

¹ Housing benefit Changes: Scottish Impact Assessment, December 2010; p 36

² Ibid

³ Ibid; p4

⁴ Ibid; p4

⁵ Ibid; p 4

April 2012 this limit will be applied to those who are 35 and under who will then have to move into shared accommodation or make up for the shortfall between the rate of benefit paid and their actual rent. It is estimated that 7,500 claimants⁶ will be affected by this change – mostly those living in Edinburgh and Glasgow. Research conducted by the Joseph Rowntree Foundation⁷ shows that there is already a shortage in private rented accommodation which meets the shared room rate criteria. The change would mean that claimants between the ages of 26 and 35 will have less opportunity to live independently, it may increase homelessness for those who are unable to find shared accommodation, and lead to financial pressures for those who try to make up for the shortfall.

Conclusion

CAS is concerned about the impact of the proposed changes in housing benefit on people living in Scotland. Increases in benefit and financial issues faced by people due to these changes will increase the demand for advice and assistance from CAB – who are already dealing with greater demand due to changes in Incapacity Benefit, Employment and Support Allowance, Disability Living Allowance, Mortgage Interest Payments and other issues raised by the recent public sector cuts. The independent review recently announced by the UK Government on these housing benefit changes is welcome, though CAS would like the Government to consider the impact of these changes on Scotland, and consult further with third sector organisations and the Scottish Government prior to their implementation.

Further information on the potential impact of the changes is available at

<http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/chma/marketcontextmaterials/hbchangesscottishimpact/>

CAB Case Evidence:

A West of Scotland CAB reports of a client who has fallen into rent arrears due to a shortfall in rent. The client moved into a short assured tenancy and was advised by the landlord that benefit payments would cover all of the rent. However, the client's rent was £400 a month and he Local Housing Allowance was only £276. The client is managing to make up the shortfall with her sickness benefit payments, but has not been eating properly as a result.

A South of Scotland client who is retired and lives with his four dependent children has seen his Housing Benefit cut to £5.86 per week. The client has been advised by the Council that a non-dependant deduction of £51.73 is being taken off because of his son's JSA claim. This was a mistake made which the CAB helped the client rectify.

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⁶ Housing benefit Changes: Scottish Impact Assessment, December 2010; p4

⁷ Housing Choices and Issues for Young People in the UK, Sue Heath, JRF (November 2008)