

EMBARGOED UNTIL 0001 HOURS ON MONDAY 8 JULY, 2013

Briefing - Housing impacts of welfare reform – Survey of councils

COSLA carried out a survey of all councils at the end of May along with Scottish Government and ALACHO. The intention of the survey was to gain an early understanding of the impact of under occupancy measures on local authorities and the stresses on the delivery of housing services which are beginning to emerge. The survey asked 31 questions which covered rent arrears, Housing Benefit appeals, Discretionary Housing Payments (DHP's), and under occupancy (colloquially referred to as the 'bedroom tax'). All 32 local authorities were invited to complete the survey. Thirty local authorities responded which is a 94% response rate.

Key Findings

Under Occupancy

- On the basis of responses so far, it is estimated that 82,500 households in Scotland are affected by under occupancy penalties. Of these 17% (14,000) are under-occupying by 2 or more bedrooms and 83% (68,500) are under occupying by 1 bedroom. An estimated 47,500 of these households are in local authority housing and 35,000 are in housing association housing. The 47,500 local authority tenants comprise 15% of local authority tenants in Scotland.
- The Housing Benefit recipients in the responding councils comprise 98% of all working age Housing Benefit recipients in Scotland. This enables COSLA to make confident statements about the initial impact in Scotland. Thirty three per cent of working age local authority tenants on housing benefits are affected by the penalty for under occupying their property.

Rent Arrears

- With the exception of one, all local authorities with housing stock reported an increase in arrears due to under occupancy. Three quarters of councils are reporting that non-payment of rent due following under occupancy changes is directly responsible for the increase in their rent arrears.
- Of that rent now due to be collected from tenants affected by under occupancy measures, 60% of councils are reported receiving 40% or less and 80% reported receiving 50% or less as at the end of May (based on responses from 20 of 26 councils).

Temporary Accommodation

- Initial analysis suggests that overall, councils estimate that they will lose over £0.75 million from their temporary accommodation income due to the implementation of the under occupancy penalty (We want to check this further as councils reported figures differently and this figure may be an under estimate).

- Returns received from 24 councils responding to the survey who provide their own temporary accommodation revealed that for four councils the under occupancy penalties had no impact on their temporary accommodation. Most (12 councils) had between 0% and 25% affected and 8 councils had more than 25% of their temporary accommodation affected.

Discretionary Housing Payments

- In total, councils have received over 22,000 applications for DHPs since advising tenants of revised Housing Benefit awards. For 19 local authorities this is 4 times higher than the same period last year.
- DHPs are being awarded to 44% of applications, which totals a commitment of £2.2million so far. That equates to 22% of the fund being used in the first 2 months, when the 2 months DWP allocation is only 17%. Therefore, awards are a third higher than the DWP allocation. As time progresses this rate of attrition may increase.
- Fourteen of the thirty councils who responded have either topped up their DHP funds or have made provision to do so if required. This additional provision amounts to £2.9m which is 29% of the DWP DHP allocation. Six councils have topped up their DHP allowance by the 1.5 times limit or very close to this and 10 councils have topped up by more than half their DHP allocation.

Next Steps

Initial findings have already been highlighted in the ministerial discussion with Lord Freud and we will continue to use this feedback in our lobbying efforts. The initial results have highlighted areas of the survey which we would like to revisit in order to strengthen the usefulness of the results we are receiving. This will involve rewording some of the questions in order to capture more specific data.

There is an agreement between Scottish Government and COSLA to repeat this survey at quarterly intervals over the next 9-12 months to monitor any emerging trends and build a more informed view of the cost to local authorities of welfare reform.

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