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East Lothian Council

Additional information:

This letter is a a reponse to questions put to all Scottish Councils by the Convener of the Scottish Parliament Welfare Reform Committee.

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Michael McMahon MSP
Welfare Reform Committee Convener
TG.01
The Scottish Parliament
Edinburgh
EH99 1SP

John Muir House
Haddington
East Lothian
EH41 3HA
Tel 01620 827827

19 June 2015

Dear Michael

QUESTIONS RELATING TO DISCRETIONARY HOUSING PAYMENTS, (DHPS) AND MITIGATION OF HOUSING BENEFIT UNDER-OCCUPANCY REDUCTIONS

Thank you for your letter of 26th May 2015 in which you sought further information from local authorities regarding the use of Discretionary Housing Payments (DHPs) and the impact of Housing Benefit under-occupancy reductions. I list below the three questions you asked together with responses on behalf of East Lothian Council.

1. “How are DHPs being split in local authorities between under-occupancy awards and those awarded under the other criteria?”

Discretionary Housing Payments cover hardship which can be due to a range and sometimes a combination of causes.

In 2014-15, East Lothian Council made Discretionary Housing Payments totaling **£511,564**. The information we hold indicates that, within that total, DHPs worth **£313,332** were paid in respect of Registered Social Landlord (RSL) tenancies whose tenants had been affected by the under-occupancy reduction. However we cannot assume that the remaining DHP fund of £198,232 was awarded solely to claimants who were **not** affected by under-occupancy: in some cases DHP awards have been awarded where a combination of causes existed. In the case of tenants renting in the private sector this can include for example a temporary shortfall of rent. In some cases RSL tenants impacted by under-occupancy may also be affected by other causes of hardship including circumstances brought about by Welfare Reform (i.e. the Benefit Cap).

2. “What is the impact of the so called ‘bedroom tax’ on housing allocations?”

The Council currently holds a stock of around 8,600 homes.

The Council has not changed its Housing Allocations Policy in light of the UK Welfare Reforms. However, I can confirm that the under-occupancy changes to Housing Benefit have been one of a number of reasons for Council house transfer applications. Information

we hold indicates that to date the Council has re-housed 18 transfer applicants due to under-occupancy and as at 3rd June 2015 the Council still had 15 active transfer applications of which 12 had an existing under-occupancy Housing Benefit reduction of either 14% or 25%.

When the under-occupancy changes were introduced in April 2013 there was an increase in transfer applications and in mutual exchange activity. However the short supply of appropriately sized properties available for tenants to move to has meant that such moves may not be feasible for everyone.

Our figures also show that 29 transfer applications were cancelled for a variety of reasons. A number of these included tenants who were unable to downsize due to their circumstances (e.g. parents requiring access to children). However we should also acknowledge the significance of full mitigation of under-occupancy provided by DHP from April 2014 onwards: this could well be a factor in applicants deciding that they did not need to move to a smaller house after all.

The Council additionally offers incentives for council tenants to move to a smaller property if appropriate to their circumstances (which allows the Council to house a larger family in the vacated property) and I attach our Transfer Incentives Leaflet for the Committee's information. In 2014-15, a total of 64 council tenant households in East Lothian were given a grant to downsize.

3. "What would be the impact on local authority budgets to write off outstanding 'bedroom tax' debt and how many people would this affect?"

As at March 2015, the Council was owed a total of £1.4 million in rent arrears. A complex analysis would be needed to identify within this amount even an indicative sum to represent the impact of the under-occupancy reduction. We have not attempted to carry out such an exercise. Given the extent of the mitigation being afforded by Discretionary Housing Payment, it is likely that the level of under-occupancy related debt would have been moderate in 2013-14 and will have declined sharply as full mitigation became a reality in 2014-15.

A "write-off" scheme for tenants affected by the under-occupancy reduction would be difficult to apply in a fair and equitable manner. It might well disadvantage those who were already managing to maintain their rent payments and it would only apply to Housing Benefit recipients who happened to be Council Tenants.

Additionally, officers would be inclined to advise against any initiative that might give the impression that the Council was becoming less rigorous in pursuing money owing to it, as this could foreseeably result in other individuals deciding to withhold money from the Council if they found themselves in difficult financial circumstances. Rent collection has been an area of particular focus for the council in a time of economic downturn and welfare reform, and the Council has put resource into encouraging all of its tenants to continue to pay their rent (for example through rent and benefit surgeries, and through publicity campaigns).

I trust that this letter has given you some of the information you require. If you require any further clarification or need to discuss any part of this response please contact John Cunningham, Service Manager – Benefits and Financial Assessments on 01620 827706 or by email: jcunningham@eastlothian.gov.uk

Thank you for the opportunity to contribute to the Committee's thinking on this important issue.

Yours sincerely

A handwritten signature in black ink that reads "Angela Leitch". The signature is written in a cursive style.

Angela Leitch
Chief Executive

Direct Dial: 01620 827413

Email: aleitch@eastlothian.gov.uk

Information for Council Tenants

Transfers

Your current council property may no longer meet you or your family's housing needs. For example you may wish to move to a smaller or larger property or one that is more suited to your health needs.

All East Lothian Council tenants that have a secure tenancy can apply to transfer to another council house.

In order to be considered for a move, all you need to do is complete an 'Application for Housing' form and return it to your local area housing office. Your housing circumstances will be assessed and an award of points made - we will confirm this to you in writing.

How long you have to wait for re-housing will depend on the level of points your application is awarded, your areas of choice and the property types you have selected.

If you have any questions your Community Housing Officer will be able to help you.

Incentives to Transfer

East Lothian Council offers existing tenants incentives to move if they meet the following conditions: -

1. They wish to move to a smaller property.
2. They wish to exchange their tenancy with another secure tenant (mutual exchange).
3. They would like to be considered for a new build property.

Important information

This leaflet also contains information on important points to note when you are considering moving home.

1. Moving to a Smaller Property - Downsizing

East Lothian Council offers grants to council tenants who wish to move to a smaller property either owned by the Council or another Housing Association in East Lothian.

This payment aims to encourage tenants who are living in properties that are too large for their needs to downsize, freeing up family sized accommodation for those who need it.

In addition, for single applicants who wish to downsize from a larger family property i.e. a 3 bedroomed property, it is also possible to qualify for a two bedroom home. The Council recognises that single applicants may need an additional bedroom for family visits and care.

Eligibility Criteria

1. The grant can only be paid to an outgoing tenant of East Lothian Council.
2. The outgoing tenant must move to a smaller house (including sheltered or amenity housing) located in East Lothian and owned by: -
 - East Lothian Council.
 - A Housing Association/Registered Social Landlord.
 - A house that is in shared ownership, where one of the sharing owners is a Housing Association/Registered Social Landlord.
3. The transfer must not lead to overcrowding and must be consistent with the Council's Allocations Policy occupation levels (except in the case of a single applicant).

Payment Amounts

- £2,000 general payment per eligible move.
- An additional £1,000 for each bedroom downsized.

Example A	Example B
A couple in a 3 bedroom home wish to downsize to a 2 bedroom home.	A single person in a 3 bedroom home wishing to downsize to a 1 bedroom.
£2,000 general payment	£2,000 general payment
£1,000 1 bedroom downsized	£2,000 2 bedrooms downsized
=£3,000 grant payment payable	=£4,000 grant payment payable

Assisted Removal Arrangements

In addition, if required the tenant is entitled to up to two weeks overlap of tenancies (where they would have access to both properties). The rent for the larger property would not be charged.

2. Mutual Exchange Grant

This is where two (sometimes three) tenants, with the approval of the Community Housing Manager, agree to exchange their homes.

The value of the Mutual Exchange Grant is £200. In order to qualify for the Grant, the following criteria must be met: -

- All parties must have a secure tenancy.
- The grant can only be paid to an outgoing East Lothian Council tenant.
- The outgoing tenant must move to a house (which includes sheltered or amenity) located in East Lothian and owned by East Lothian Council or a Housing Association/Registered Social Landlord.
- When the mutual exchange results in a move to a smaller property only the Under-occupancy Grant will be paid.
- Tenants who have already been the subject of a mutual exchange within the last two years prior to entry are ineligible for a grant.

3. Transferring to a New Build Property

East Lothian Council has a programme of new build properties across the County. It is proposed to allocate the majority of these new properties to existing council tenants using a local lettings plan.

In doing this, the Council hopes to create 'vacancy chains' which meet the needs of not only the transferring tenant but allows the Council to meet the needs of another household on the housing list by offering them the outgoing tenant's vacant property.

All of the new build homes combine new fixtures and fittings with energy saving measures, such as insulation and in some cases solar panels, to support the central heating systems.

The rental costs for these new homes will be approximately 25% higher than for older council homes in East Lothian.

Transfer applicants who have selected an area in which new properties are being built on their application for housing will be considered for these new homes.

If you would like to be considered for a new build property please complete an 'application for housing' which is available from your local council office.

Points to note when considering a Transfer or Mutual Exchange

Right to Buy Entitlement - Housing (Scotland) Act 2010

The Housing (Scotland) Act received Royal Assent in December 2010. It contains significant reforms in relation to the Right to Buy (RTB), which will be effective from the 1st March 2011, including:

- Ending the Right to Buy for **new supply social housing**
- Ending the Right to Buy for **new tenants**;
- and for **tenants** returning to the social sector after a break

This does not mean the end of the Right to Buy. Tenants with existing Right to Buy entitlements are not, for the most part, affected by these changes.

New Build and New Supply Housing

The Right to Buy entitlement is removed from new build and new supply housing. The definition of new supply housing is:

- Property that has been built since 25th June 2008
- Property that the Council has bought since 25th June 2008 (i.e. Mortgage to Rent)

However for tenants who moved to a new supply house after the 25th June 2008 but before the 1st March 2011 will still have the modernised right to buy.

New Tenants after the 1st March 2011

The Right to Buy will be removed from tenants who take up a tenancy for the first time and, with some exceptions, from tenants who return to the social rented sector after a break, from the 1st March 2011.

Pressured Area Status

The Housing (Scotland) Act 2001 allows Scottish Ministers to designate any part of a local authority area as a 'pressured area' for up to five years at a time, where the demand for social housing outstrips supply and it can be shown that this situation will be adversely affected by tenants exercising their right to buy.

The purpose of pressured area status is to protect the amount of affordable rented housing in a Council area and to make sure that there are enough houses for people who need them.

East Lothian Council applied to the Scottish Government for pressured area status and this was granted for the whole of East Lothian (with the exceptions of Tranent Town & Haddington Town) in April 2011.

This means that essentially all tenants who have the **modernised right to buy** will have their right to buy entitlement suspended, if they live in an area with pressured area status for 5 years.

Any tenant who has started a new tenancy in the area will be covered by pressured area status designation. This includes tenants who, after the 30th September 2002:

- Transfer from another house owned by the Council or another social landlord;
- Mutually exchange their home;
- Succeed to their tenancy (if they are a level two or three successor, i.e. they are a member of the deceased tenant's family who is aged 16 years or a carer)

New Build Properties

The rental cost in a new build property will be approximately 25% higher than in an older property provided by East Lothian Council.

Arrears

- Where rent arrears or other Council debt is known, the Council may offset the grant payment against such debt.

Further information

Should you require further information, please telephone our Contact Centre on **01620 827827** and ask to speak to a Community Housing Officer at your local area housing office.