

**POLICY AND RESOURCES SCRUTINY COMMITTEE –  
24TH JULY 2013**

**SUBJECT: NOTICE OF MOTION – “BEDROOM TAX”**

**REPORT BY: ACTING DEPUTY CHIEF EXECUTIVE**

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**1. PURPOSE OF REPORT**

- 1.1 Committee is asked to consider the Notice of Motion as set out in Part 2 of the Report, and make appropriate recommendations to Council. The report also includes officer comments in relation to known facts that should help members in their deliberation.

**2. NOTICE OF MOTION**

- 2.1 A notice of motion has been received by the Council’s Interim Monitoring Office from Cllrs C. Mann, J.A. Pritchard, K. Lloyd, L. Ackerman, P.J. Bevan, C. Elsbury, J. Taylor and A. Angel. They ask the Council to consider the following notice of motion included within inverted commas below:

- 2.2 “That this Council wishes to express its serious concern regarding the impact of Welfare Reform measures on people of the Caerffili County Borough.

Specifically the Council is concerned that measures to reduce housing benefit for tenants of local authorities introduced last April have not taken into account the acute shortage of one-bedroom homes. The fact that down-sizing will not be a realistic option for most tenants will mean significant hardship for tenants and increase the risk of homelessness.

The council is further concerned that these measures may have an adverse impact on council and housing association landlords’ rental income and their ability to invest in improving their own stock and in building new, affordable homes.”

The Councillors ask in their notice of motion that the Council agrees:-

- 2.3 (a) “that where the appropriate officers are satisfied that tenants who are subject to the under-occupancy charge have done all they reasonably could to avoid falling into arrears, then all legitimate means to collect rent arrears should be utilised except eviction and the use of bailiffs”
- (b) “to establish a joint working group that will include elected members, officers from Housing and Revenues and Benefits, Registered Social Landlords and tenants representatives. The role of the working group shall be to monitor the implementation and impact of various benefits changes and to contribute to consideration of further measure to support tenants, including examples as mentioned below”
- (c) “to support calls by local campaign groups to scrap the bedroom tax”
- (d) “to support appeals – extend the deadline for appeals and give clear information on how

to appeal”

(e) “not to prevent tenants moving to smaller properties because of bedroom tax arrears”

(f) “not to force people to move from homes and out of communities where they have lived for many years”

(g) ” to increase provision of smaller units of housing, especially in areas most affected by the bedroom tax, by reclassifying properties or other means”

### **Supporting information –**

“Recent research by BBC Wales has shown that there are around 28,000 people across Wales affected by under-occupancy under the new rules and only 400 available one-bedroom properties. There is no option for our tenants to move elsewhere!

There are 2741 social landlord tenants in CCBC affected by Spare Room Subsidy / Bedroom Tax. Of this total 2181 are council tenants.

A total of 80 households are affected by the Benefits Cap – 36 tenants in private rental, 26 with the council and 18 with Housing Associations.

Out of nearly 11,000 council properties less than 2,000 are one-bedroom.

### **Examples of initiatives by other councils that should be considered –**

Leeds City Council has proposed to reduce by one bedroom more than 800 of its properties. Nottingham City Council has reclassified all its 1,019 two-bedroom flats to one-bedroom properties. Knowsley Housing Trust has also reclassified properties.

Brighton and Hove Council is planning to introduce proposals under which no resident would be evicted from their home as a result of bedroom tax arrears, provided officers were satisfied that the tenants ‘were doing all they reasonably can to pay’.

The City of Edinburgh Council has resolved not to evict council tenants for arrears caused by changes in the benefits system.”

Greenwich and Swales Councils are considering employing tenants, which could cost less than dealing with the consequences of homelessness”

## **3. OFFICER COMMENTS**

### **3.1 Where the appropriate officers are satisfied that tenants who are subject to the under-occupancy charge have done all they reasonably could to avoid falling into arrears, then all legitimate means to collect rent arrears should be utilised except eviction and the use of bailiffs;-**

3.1.1 CCBC rents staff do not use bailiffs for distraint orders to seize goods in relation to rent arrears debts

3.1.2 Eviction is the last resort; our primary aim is to collect the rent. Support and assistance is offered from an early stage of the recovery process. Eviction in a high percentage of cases results in the debt remaining outstanding and in the longer term being written off. Whilst a decision to issue eviction proceedings is a matter for the Council, the actual decision to evict is made by the courts, on the basis of the evidence provided by the Council.

- 3.1.2 A conditional “no eviction” policy for the spare room subsidy is likely to be problematic. With other welfare changes also being implemented it is difficult to distinguish a single reason for someone’s debt.
- 3.1.4 There is an issue over fairness in protecting only one group of tenants from eviction and this could carry a risk of legal challenge. Tenants who are not under-occupying but were in arrears before the spare room subsidy came in, those already on housing benefit and seeing their housing benefit reduced, the recently unemployed or those in really low paid jobs could also be at risk of eviction.
- 3.1.5 Households affected by the spare room subsidy will have less income but should not become immediately at risk of eviction. The Council is committed to offering practical help to assist low-income households affected by the spare room subsidy. Face to face support has now been provided to over 800 tenants and many are paying any shortfall in their rent. This may however not be sustainable in the long term.

**3.2 “To establish a joint working group that will include elected members, officers from Housing and Revenues and Benefits, Registered Social Landlords and tenants representatives. The role of the working group shall be to monitor the implementation and impact of various benefits changes and to contribute to consideration of further measure to support tenants, including examples as mentioned below”**

3.2.1 The following working groups and committees are already in existence:-

- Caerphilly Homes Task Group – (7 members and 7 tenants)
- Corporate Welfare Reform Team – representatives from key frontline Council Services
- Local Partners Welfare Reform Information Exchange– includes representatives from Housing Associations, Supporting providers and third sector organisations.
- Gwent Welfare Reform partnership comprising key housing staff from Local Authority and Housing Association housing providers in Gwent. The various changes in the benefit system will not just impact on tenants, although it is accepted that a significant number of tenants will be affected.

**3.3 Support calls by local campaign groups to scrap the bedroom tax”**

3.3.1 Please see response above in terms of the Council’s participation from outside groups:

**3.4 “To support appeals – extend the deadline for appeals and give clear information on how to appeal”**

- 3.4.1 All housing benefit decision notices give reference to how an affected person can appeal. The Caerphilly County Borough Council website explains how to appeal against a decision and an appeal form is available to download.
- 3.4.2 Consideration to extend the deadline for appeals will always be given where the Authority is satisfied that there are special circumstances to do so.

**3.5 “Not to prevent tenants moving to smaller properties because of bedroom tax arrears”**

- 3.5.1 There are currently 2181 council tenants who are affected by the spare room subsidy and of those 282 are registered on the council housing transfer waiting list.
- 3.5.2 The procedure for housing allocations has been amended to allow transfers and exchanges for downsizing where tenants have arrears and the exchange/transfer will be of benefit to either party. Additional points are now given for all tenants under occupying their homes.
- 3.5.3 CCBC tenants have secure tenancies and cannot be forced to move. An integral part of the Tenancy Support Officer visit is to offer tenants who wish to move support and assistance.

### **3.6 Not to force people to move from homes and out of communities where they have lived for many years**

3.6.1 CCBC tenants have secure tenancies and cannot be forced to move. An integral part of the Tenancy support visit is to offer tenants who wish to move support and assistance.

### **3.7 “To increase provision of smaller units of housing, especially in areas most affected by the bedroom tax by reclassifying properties or by other means”**

3.7.1 We are seeking to increase provision of smaller units of accommodation through social housing grant for new developments through Housing Association partners.

3.7.2 The following advice has been received from the Welsh Government in relation to possible reclassification of properties.

- Legal constraints (including the requirements of the Welfare Reform Act and existing tenancy agreements) - *properties cannot simply be reclassified for tenants to avoid the “bedroom tax”. The tenancy agreement would have to be varied as the existing terms include the current bedroom number.*
- Reduced rents - *rent would have to be reduced and the question then arises of backdating. If a tenant has lived in the property for 10 years and the landlord decides it has fewer bedrooms than originally stated, there is an argument that the reduction should be backdated.*
- Reduced capital value of properties - *meaning current debt takes longer to repay and less useable income from right to buy receipts.*
- Implications for loan agreement - *borrowing will have to increase to ensure the WHQS is achieved. Any current or new borrowing plans with lenders could be hindered if income streams are not realised.*
- Right to buy – *this could result in less income from sales of properties due to a lower valuation.*
- Services provided by the landlord - *there could be an impact on services delivered by landlords due to reduced income.*
- Welsh Housing Quality Standard - *reduced rents would also lead to reduced income which would impact on the viability of the business plan and the Councils objective to achieve the WHQS by 2019/20.*
- Equality issues – *all properties of the same type would have to be reclassified including properties with tenants not affected by the “bedroom tax”.*
- Requirement to be consistent - *all similar properties, regardless of location/occupancy, should be designated in the same way.*
- Requirement for changes to have relevant Council approval.

3.7.3 We have recently received correspondence from Lord Freud Minister for Welfare reform advising on the redesignation of properties and removal of the “spare room subsidy” (bedroom tax). He states:-

“In principle my Department has no objections to re-designating properties where there is good cause to do so, for example where a property is significantly adapted to cater for a disabled persons needs. However, we would expect the designation of a property to be consistent for both Housing Benefit and rent purposes. Blanket redesignations without a clear and justifiable reason and without reductions in rent, are inappropriate and do not fall within

the spirit of the policy.”

Between 2000 and 2010 expenditure had doubled in cash terms, reaching £21 billion. Unreformed, by 2014-15 Housing Benefit would cost over £25 billion. By removing the Spare Room Subsidy £500 million a year can be saved through greater efficiency and better use of social housing stock. It is therefore vital that local authorities adhere to their statutory responsibility to implement this policy on behalf of the Department.

I would like to stress that if it is shown properties are being re-designated inappropriately this will be viewed very seriously. If the Department has cause to believe this is the case we will commission an independent audit to ascertain whether correct and appropriate procedures have been followed. I wish to state clearly that these audits would be separate from the subsidy audits already undertaken, which carry out sample checks on the assessment of Housing Benefit.

Where it is found that a local authority has re-designated properties without reasonable grounds and without reducing rents, my Department would consider either restricting or not paying their Housing Benefit subsidy”.

#### **4. CONSULTATION**

4.1 Comments from consultees have been incorporated within the report.

#### **5 EQUALITIES IMPLICATIONS**

5.1 None arising from the contents of the Report.

#### **6. RECOMMENDATIONS**

6.1 Committee is asked to consider the Notice of Motion outlined in paragraph 3 above and make appropriate recommendations to Council.

Author: Shaun Couzens, Chief Housing Officer  
Consultees: Nigel Barnett, Acting Chief Executive  
Nicole Scammell, Acting Director Corporate Finance  
Dan Perkins, Head of Legal Services  
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Cllr Gerald Jones, Deputy Leader & Cabinet Member for Housing  
Dai Regan, Lead Finance Officer (WRA)  
Cllr Hefin David, Chair Policy and Resources Committee  
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