



Department  
for Work &  
Pensions

Ministerial  
Correspondence  
Caxton House  
Tothill Street  
LONDON  
SW1H 9DA

0207 340 4000

[www.dwp.gov.uk](http://www.dwp.gov.uk)

[ministers@dwp.gsi.gov.uk](mailto:ministers@dwp.gsi.gov.uk)

Andrew Howlett  
T3.40  
Scottish Parliament  
Edinburgh  
EH99 1SP

Our ref: POS(4)4035/1138

20 May 2013

Dear Andrew,

Thank you for your e-mail of 19 April regarding the removal of the spare room subsidy.

The Committee has asked for responses to the following questions:

- What is the Department for Work and Pensions' stance on the issues raised in the petition and during the discussion on the petition at the meeting on 16 April 2013?
- What is the estimated number of evictions that may occur in Scotland, and elsewhere in the UK, as a result of changes to housing benefit from under occupation deductions?

Turning to the first question, a number of issues were raised in debate and I shall address these in turn.

With regard to the effect on those who fall into arrears as a result of reductions applied to Housing Benefit, it is too early to say what the real impact of these changes will be and what claimants are likely to do; or whether there will be a substantial increase in rent arrears. Individuals may choose to continue to live in their existing properties and fund any shortfall themselves, by finding or increasing their hours of work, or by taking in a lodger. Alternatively others may decide to move to the private rented sector or downsize to a more appropriately sized property within the social sector.

In relation to concerns that claimants who cannot meet the shortfall in rent, due to the removal of the spare room subsidy, face court cases, evictions and homelessness, again, it is too early to say what the real impact of these changes will be and what claimants are likely to do; or whether there will be a substantial increase in rent arrears.

With regard to a possible increase in arrears due to impact of direct payment, local authorities and Housing Associations will be able to nominate in advance those they believe will struggle to cope and alternative payment arrangements will be available for them. This will include paying rent directly to the landlord, a more frequent than monthly payment, or a split payment between partners. These arrangements could be considered at any point during the Universal Credit claim. They may be identified at the outset when the personal budgeting support is decided, or during the claim; for example, because the claimant is struggling with the standard monthly payment or moves house.

We are developing a rent arrears trigger that sets a level at which landlords can contact us to have rent paid direct to them. There will also be a deductions system, whereby a claimant's current Universal Credit payment will be reduced to re-pay any rents arrears accrued. Together these measures will provide clear safeguards for landlords and claimants; arrears cannot build beyond a certain level and any arrears accrued will be repaid.

Where a need for payment exceptions is identified, we will put the appropriate support in place to build claimants' financial capability and resolve any underlying problems, moving them over time to a point where they can manage the default Universal Credit payment arrangements.

Turning to the availability of alternative housing, the underlying principle behind this policy is not to force people into moving, but for people who are under occupying to make realistic choices about how they will meet the rent on a property that is larger than they need.

However, we recognise that in some areas there is a shortage of suitable sized accommodation, especially one and two bedroom properties. We have worked together with the Chartered Institute of Housing who have produced an online guide for social sector landlords *Making it Fit* – a guide to preparing for the social size criteria. This was launched in June last year and is designed to help landlords to develop a strategic and operational approach to the size criteria, tailored to their local area.

Turning to the impact of arrears on housing associations and local authorities and concerns that other welfare reforms may cause Housing Associations to become unviable, the measures will be monitored and evaluated over a two year period from April this year. Initial findings will be available in 2014 and the final report in late 2015.

The evaluation will include small scale primary research with a range of local authorities, social landlords and voluntary organisations. As part of the research, we will look at supply issues, rural factors and people unable to share rooms and where possible it will also consider people's financial circumstances, social networks and family life.

With regard to the amount of Discretionary Housing Payment (DHP) funding, the Government has increased funding towards DHPs to £150 million for 2013/14. This includes £25 million to support disabled people living in adapted accommodation who may be affected by removal of the spare room subsidy in the social rented sector.

DHPs are allocated to local authorities in England, Scotland and Wales. The distribution of funds is made, as far as possible, to target resources according to need and is agreed following discussions with local authority groups.

Although DWP provides guidance to local authorities on how DHPs can be used, local authorities have a large degree of discretion over the scheme and there are few regulatory restrictions. However, the increased funding has been made to support people affected by some of the key welfare reforms, including the benefit cap and removal of the spare room subsidy. Although we have identified customers that local authorities should consider prioritising it is equally important that local authorities are flexible, taking into account local demand and circumstances.

Finally, in your second question, you asked for the estimated number of evictions in Scotland, England and elsewhere. Unfortunately, this information is not available. As noted above, it is too early to say what the real impact of these changes will be.

It is however worth noting that when we introduced reforms to Housing Benefit payments in the private rented sector in 2011 and 2012 there were a great number of negative predictions. It was claimed that 42 per cent of landlords would scale back rentals to Housing Benefit claimants. It was claimed that 134,000 people would have to move home or become homeless. These fears have not come to pass. The Housing Benefit caseload has risen by over 5 per cent since the reforms were introduced in April 2011. The number of households in temporary accommodation has risen by just 900 in London, and across the country the number of families accepted as homeless is still less than half the level reached in the mid 2000s. Therefore, our experience suggests that landlords and benefit claimants are able to adapt to Housing Benefit reforms.

Yours sincerely,

**Lord Freud**

**Minister for Welfare Reform**