

10 Welfare Reform and the "Bedroom Tax"

With reference to paragraph 6(c) of the Minutes of Midlothian Council of 19 March 2013 in regard to a Notice of Motion which had been unanimously agreed by the Council concerning the Welfare Reform and the 'Bedroom Tax' there was submitted a letter, dated 29 May 2013, in response from Lord Freud, Minister for Welfare Reform, Department for Work and Pensions.

During debate Members expressed severe disappointment at Lord Freud's response which ignored the impact of Welfare Reform on the Council and which could in Midlothian amount to £25 million per year. His letter did not reflect housing in Scotland which was a devolved matter. In this regard the Provost agreed to write to Lord Freud.

Decision

To note with disappointment the response from Lord Freud, Minister for Welfare Reform, contained in his letter, dated 29 May 2013.

(Action: The Provost)

11 Assurance and Improvement Plan (AIP) 2013-16

There was submitted report, dated 13 June 2013, by the Chief Executive, presenting the updated Assurance Improvement Plan (AIP) that set out the planned scrutiny for the Council from 2013-2016.

The report advised that the "Midlothian Council's Assurance and Improvement Plan Update 2013-16" was the result of a shared risk assessment which had begun in October 2012. The update process drew on evidence from a number of sources, including:-

- The Annual Report to the Controller of Audit and Elected Members for 2010/11 from the Council's appointed External Auditors;
- The Council's own performance data and self evaluation evidence; and
- Evidence gathered from Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (including published inspection reports and other supporting evidence).

The report stated that overall Midlothian Council continued to perform well in most areas.

The AIP update focussed predominantly on those areas assessed as "scrutiny required" and "further information required". However, in the interest of providing a broader view of the Council's overall risk assessment, it was explained that it was important to highlight those areas that were previously assessed as requiring no scrutiny which continued to be so. The LAN identified that no scrutiny was required in the following areas:-

- Commercial Services (now part of Corporate Resources Directorate);
- Communities and Wellbeing;

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- Commercial Services (now part of Corporate Resources Directorate);
- Communities and Wellbeing;
- Community Care and Criminal Justice;
- Communities and Wellbeing – Regulated Care Services; and

Lord Freud, Minister for Welfare Reform

Department for Work and Pensions

Ministerial Correspondence

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18th July 2013

Sir

Your reply to the Motion passed by Midlothian Council on 19th March 2013 takes no account of different circumstances that exist in Scotland, where housing is a devolved matter governed by the Scottish Parliament. The Scottish Government embarked on a 'Homes for Life' strategy which promoted building houses with two or more bedrooms and moved away from providing 'starter homes' with one bedroom for young couples. Furthermore, when the UK Government under Margaret Thatcher introduced the Right to Buy policy, nothing was put in place to allow local councils to invest in new housing stock. These two strategies have left a legacy for Scottish local authorities, whose housing stock is in the main in hard-to-let areas and is poorly built, carrying high maintenance costs. Furthermore, the need to raise and finance capital for the building of new social housing – including one-bedroom properties – is leaving our local government budgets under increasing pressure.

That the introduction of the Bedroom Tax is a continuation of the same criteria for Housing Benefit claimants living in the social rented sector is no justification for asking the vulnerable in our communities to meet budget shortfalls beset on us from poor financial governance of unbridled capitalism.

Banking deregulation, started also by Thatcher but later supervised by Gordon Brown, allowed greedy bankers to gamble with **our** money for **their** benefit: behaviour which in other countries has since been ruled unlawful and where offenders have been jailed. In contrast the UK, now under a different government, continues to allow these bankers to get away with ill-gotten gains. In fact, the UK has 14 times as many highly paid bankers than Germany, the biggest economy in Europe - 2,500 compared with 170 respectively. I note your implication that the poorest in society are adapting to even more poverty but question why this should be while bankers, released from morality by banking deregulation, continue to work within a lucrative bonus culture.

Finally, your letter makes reference to the additional funding being made available through the Discretionary Housing Payment budget from 2013/14. I should like to raise my disappointment that whilst Scotland and London have the same number of households to be affected by the Bedroom Tax, the funding made available to London under this budget is over five times the funding for the whole of Scotland.

Because the UK government, as outlined in your letter, seeks to address the budget constraints by taxing those who can least afford it, the Administration in Midlothian is seeking to mitigate the implications of welfare reform. We again call on you to instead redress the financial imbalance by different means and ask you to note our dissatisfaction with the Welfare Reform measures you have instigated and the rationale for doing so.

Yours sincerely



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Our ref: POS(4)4062/954

September 2013

Dear Mr Wallace,

Thank you for your letter of 25 July regarding the Housing Benefit reforms.

{ The Government believes that those on Housing Benefit in the social rented sector should face the same choices about where to live as those living in the private rented sector. That is why we have removed the spare room subsidy in the social rented sector by restricting the amount of Housing Benefit paid to working age social sector tenants who live in a property that is too large for their needs. This is not a tax on bedrooms, but rather a reduction in the level of state support for housing costs for those who under occupy their homes.

It is only right that we bring fairness back to the system; when in Scotland, as in the rest of the UK, there are many thousands on housing waiting lists or living in overcrowded homes – with around 158,000 households on social housing waiting lists in Scotland alone and 25,000 overcrowded households in social housing in Scotland.

The Government does, however, recognise that there will be people in a wide variety of circumstances whose personal circumstances mean that moving is not an immediate option which is why the funding allocated to the Discretionary Housing Payment scheme has been significantly increased. It is important to remember however that these are not intended to cover every shortfall created by Housing Benefit reforms.

The Government has increased the budget for Discretionary Housing Payments to local authorities in Scotland from just over £4 million in 2012/13 to just over £10 million in 2013/14, £3 million of which is for mitigating the impact of the social sector size criteria.

On 30 July, the Government announced an additional £35 million in-year funding to help claimants affected by changes to Housing Benefit in the social sector who need support. This consists of £10 million in transitional payments distributed to all councils, £5 million funding for the 21 least densely populated areas in the country, and a new £20 million Discretionary Housing Payment reserve fund.

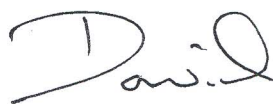
This additional funding comes on top of the £370 million already set aside for Discretionary Housing Payments over the Spending Review period for all the housing reforms. Local authorities are also permitted to top up the Discretionary Housing Payment fund by up to 150 per cent of the Government contribution.

However, we review the allocation of Discretionary Housing Payments each year and this will continue. We will also keep the wider position under review as the overall package of Housing Benefit reforms takes effect.

The Department for Work and Pensions provides guidance to local authorities on how Discretionary Housing Payments can be used, but local authorities have a large degree of discretion over the scheme and there are few regulatory restrictions. Although we have identified customers that local authorities should consider prioritising it is equally important that authorities are flexible, taking into account local demand and circumstances. The length of an award can be either long-term or indefinite; however this is a matter for the local authority to decide based on the facts of each case and in the context of local priorities.

The measures will however 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, independent 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.

Yours sincerely,



Lord Freud

Minister for Welfare Reform