



## The impact of the under-occupation deduction from Housing Benefit (social rented housing)

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The Government used powers contained in the *Welfare Reform Act 2012* to provide that, since 1 April 2013, with some very limited exceptions, working-age social tenants in receipt of Housing Benefit will experience a reduction in their benefit entitlement if they live in housing that is deemed to be too large for their needs. The policy is highly controversial and has been labelled the “bedroom tax” – it is also referred to as the “spare room subsidy.”

The Department for Work and Pensions (DWP) initially estimated that the measure would save £490 million a year. This was subsequently revised down to £465 million a year in the 2013 Budget. The under-occupancy deduction actually reduced the Housing Benefit awards of affected tenants by around £350 million in 2013-14 (May 2013-Mar 2014) and by £380 million in the first twelve months of implementation (May 2013-Apr 2014).

In addition to reducing expenditure on Housing Benefit, the measure is aimed at securing behaviour changes amongst social housing tenants. Although a great deal of media coverage has focused on the under-occupation deduction and its impact, together with the household Benefit Cap, it will deliver less than five percent of the savings from welfare reform in 2015/16.

One year on from the implementation of the policy several bodies published research into its impact; however, some of the reports are still based on outcomes at the 6 month implementation point. This note summarises some key findings of the ongoing studies into the impact of the under-occupation deduction.

Detailed information on the application of the under-occupation deduction, e.g. what constitutes a bedroom and who is affected, can be found in Library note SN06272, [Under-occupation of social housing: Housing Benefit entitlement](#). A separate note, [Housing Benefit: Discretionary Housing Payments \(DHPs\)](#), provides information on the payments available to mitigate the impact of reduced Housing Benefit eligibility for some claimants.

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## 1 Introduction

The Government used powers contained in the *Welfare Reform Act 2012* to provide that, since 1 April 2013, working-age social tenants in receipt of Housing Benefit will experience a reduction in their benefit entitlement if they live in housing that is deemed to be too large for their needs.

Detailed information on the application of the under-occupation deduction, e.g. what constitutes a bedroom and who is affected, can be found in Library note SN06272, [Under-occupation of social housing: Housing Benefit entitlement](#).

One year on from the implementation date several bodies published research into its impact; some of the research reports referred to in this note are based on outcomes at the 6 month implementation point.

## 2 Evaluation & research

### 2.1 Number of affected claimants

The Department for Work and Pensions (DWP) published a general *Impact Assessment* on the under-occupation provisions (updated in June 2012) in which it estimated that 660,000 claimants would be affected by the under-occupation deduction. The *Equality Impact Assessment* on the under-occupation deduction sets out how the DWP is monitoring impacts on groups with protected characteristics.<sup>1</sup>

The most recent *HB caseload figures* were published in August 2014. At the end of May 2014, 481,603 Housing Benefit claimants in the social rented sector in Great Britain were affected by the under-occupation deduction – the average deduction was £14.90 per week.<sup>2</sup>

Table 1 in the statistical appendix shows the numbers affected in each month since May 2013, broken down by the number of bedrooms to which the deduction applies.

The Secretary of State welcomed the first publication of caseload statistics as an indication that the under-occupation deduction was working.<sup>3</sup> However, the data do not show the reasons for the reduction in households affected. The Work and Pensions Select Committee commented on this in the report of its inquiry *Support for housing costs in the reformed welfare system*:

Some of the reduction could be related to changes in household structure, moving house, entering work, or increasing hours. Other reductions could be as a result of claimants ceasing to claim because their entitlement was reduced to zero, or to such a low level that they decided to stop claiming, or because they were already in the process of moving.<sup>4</sup>

In *Housing Benefit size criteria: Impacts for social sector tenants and options for reform* (June 2014) Professor Steve Wilcox notes that tenant moves prior to the implementation of the measure will have contributed to the lower numbers affected along with landlords reclassifying bedroom numbers (although the extent of this is believed to be limited). A further factor is the *overall* fall in total Housing Benefit claimants in the social rented sector between May and November 2013 and a “continuing slow rise in the number of social rented sector Housing Benefit claimants over the year before the size criteria were introduced.” Professor Wilcox urges “caution” in interpreting the decline in social sector tenants in receipt of Housing Benefit between May and November 2013 “as there was also a fairly sharp reduction (5%) in the numbers of working-age job claimants (in all tenures) over the period from February to August 2013 as the UK economy began to recover.”<sup>5</sup>

### 2.2 Level of savings achieved

The DWP initially estimated that the measure would save £490 million a year. This was subsequently revised down to £465 million a year in the 2013 Budget:

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<sup>1</sup> See paras 59 & 60

<sup>2</sup> DWP, *Housing Benefit caseload statistics: May 2014*, table 3

<sup>3</sup> *Telegraph*, “Iain Duncan Smith hails housing benefit reform as more seek work,” 20 February 2014

<sup>4</sup> HC 720, Fourth Report of 2013-14, *Support for housing costs in the reformed welfare system*, 2 April 2014, para 83

<sup>5</sup> Professor Steve Wilcox for the JRF, *Housing Benefit size criteria: Impacts for social sector tenants and options for reform*, June 2014, p18

**HM Treasury, Budget 2012 and Budget 2013 table 2.2 Housing Benefit in the social sector: limit working-age entitlements to reflect size of family from 2013-14: forecast Exchequer savings**

	£ million				
	2013-14	2014-15	2015-16	2016-17	2017-18
Budgets 2010-2012	490	490	490	490	..
Budget 2013	465	465	465	470	470

Source: Budget red books, various years

The DWP's forecast methodology factored in the expected dynamic effects of the policy, based on assumptions about the extent of displacement of under-occupiers by over-occupiers within the social rented sector (which reduces savings) and of private tenants awaiting large social sector properties (which increases savings).<sup>6</sup>

The under-occupancy deduction actually reduced the Housing Benefit awards of affected tenants by around **£350 million in 2013-14** (May 2013-Mar 2014) and by **£380 million in the first twelve months of implementation** (May 2013-Apr 2014). These estimates are based on the monthly caseload outturn data on the under-occupancy deduction published by the DWP (see table 2 in the statistical appendix at the end of this note).

These figures are lower than the DWP's forecast annual savings from the policy, however it should be noted that the £350m/£380m figure only relates to the total reduction in HB awards for affected tenants in the social sector, and does not include any possible reduction in Housing benefit expenditure in the private sector due to families switching to newly available dwellings in the social sector (such flows between rental sectors and the impact on HB expenditure cannot be estimated from caseload data). Research carried out by Ipsos Mori on behalf of the National Housing Federation concluded that housing associations would spend, on average, an additional £109,000 in 2013/14 to address the implications of the under-occupation deduction:

Housing associations have invested millions of pounds to mitigate the impacts of the size criteria - improving rent collection as well as providing welfare advice, financial inclusion and employment and skills support to tenants. On average, housing associations with tenants affected by the size criteria spent an additional £73,250 each in the year prior to April 2013 and expect to spend on average an extra £109,000 per association in the current year to the end of March 2014.<sup>7</sup>

The Centre for Housing Policy at the University of York (CHP) tested the DWP's assessment of the impact on Housing Benefit costs using data received since implementation and concluded (October 2013) that the expected savings may have been overestimated:

...real data available from housing organisations since 1st April 2013 does not match key assumptions about claimant behaviour underlying the DWP's model. Three of the DWP's four key assumptions should be re-examined.

<sup>6</sup> HM Treasury, [Budget 2010](#) policy costings p40 and DWP [Housing Benefit: Under occupation of social housing impact assessment](#).

<sup>7</sup> Ipsos MORI for the NHF, [Impact of welfare reforms on housing associations: early effects and responses by landlords and tenants](#), February 2014

If we use real data, and take into account regional variations in impact, the total savings the DWP's model predicts reduces by £160m (33%). Real data also suggests more variation in potential outcomes, and reductions in savings of up to £186m (39%) appear possible.

In addition, the DWP model does not contain all of the main factors likely to influence the level of Housing Benefit savings from the policy.<sup>8</sup>

The author recommended that the increased costs faced by local authorities and third sector organisations post implementation should be taken into account in an overall assessment.<sup>9</sup>

The CHP intended to re-run the model after April 2014 using up-to-date data obtained from local authorities.

The Work and Pensions Select Committee published the results of its inquiry into [Support for housing costs in the reformed welfare system](#) in April 2014.<sup>10</sup> As part of the inquiry the Committee took evidence from organisations alleging that the savings accruing to central Government do not take account of the costs passed on to local authorities, housing associations and voluntary organisations:

Riverside Housing Group set out some of the extra costs to local authorities and other agencies:

- increases in DHP funding;
- the costs of fitting aids and adaptations for disabled tenants who move;
- the cost to housing associations of rent arrears, re-let times, rent collection, tenant support and loss of development capacity; and,
- costs to public services of helping tenants cope with debt, homelessness and health needs.<sup>11</sup>

The Committee recommended that the Government produce, by March 2015 “a full cost-effectiveness analysis of the Social Sector Size Criteria (SSSC) policy, taking into account the funding for Discretionary Housing Payments and the additional costs incurred by local authorities and social housing providers as a result of the SSSC, to assess the overall impact of the policy on the public purse.”<sup>12</sup>

The Joseph Rowntree Foundation (JRF) published [Housing Benefit size criteria: Impacts for social sector tenants and options for reform](#) in June 2014 - the report includes comment on the expected and actual savings arising from the under-occupation deduction:

DWP's principal impact assessment of June 2012 estimated that some 660,000 households would be subject to the size criteria, and on this basis forecast projected savings of £480 million in 2013/14, rising to £500 million in 2014/15. The forecast

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<sup>8</sup> Centre for Housing Policy at the University of York, [Testing DWP's assessment of the impact of the social rented sector size criterion on Housing Benefit costs and other factors](#), October 2013

<sup>9</sup> Centre for Housing Policy at the University of York, [Testing DWP's assessment of the impact of the social rented sector size criterion on Housing Benefit costs and other factors](#), October 2013

<sup>10</sup> HC 720, Fourth Report of 2013-14, [Support for housing costs in the reformed welfare system](#), 2 April 2014

<sup>11</sup> HC 720, Fourth Report of 2013-14, [Support for housing costs in the reformed welfare system](#), 2 April 2014, para 86

<sup>12</sup> HC 720, Fourth Report of 2013-14, [Support for housing costs in the reformed welfare system](#), 2 April 2014, para 88

savings represent just over 2% of the government's overall welfare budget cuts of £19 billion.

Against these projected savings must be set the direct costs to DWP of Discretionary Housing Payments (DHPs) awarded by local authorities to help claimants adjust to the new arrangements. Initial DHP provision was £35 million; to this was later added a £20 million bid fund. Taking this into account, DWP's initial estimated net savings of £445 million was reduced to £425 million.

In practice, the numbers of affected households have been lower than predicted. By May 2013, close to 560,000 social housing households were subject to the Housing Benefit size criteria, falling to just under 500,000 by November, an 11% decline. This brings forecast net savings down to £330 million in the policy's first year, £95 million below the DWP's revised forecast that took into account the increased DHP budget.

There are several reasons for the lower outturn numbers, but primarily it is simply that the outturn numbers are lower than the survey based estimates. A further factor is that DWP had calculated that 40,000 households would be 'floated off' benefits as a result of the imposition of size criteria, although in contradiction to this estimate, there was a marginal increase in social sector Housing Benefit claimants between March and May 2013. A 5% reduction in the numbers of working-age job claimants (in all tenures) between February and August 2013 will also have contributed to the fall in numbers of affected households, as will landlords' action to reclassify dwellings on the basis of the size criteria, and actions by tenants to remove themselves from the scope of the legislation.<sup>13</sup>

### 2.3 Mobility in the social housing sector

The possibility of improving mobility levels in the social housing sector was, along with the need to reduce HB expenditure, a key driver behind the policy's introduction:

We in the House have had many discussions about the behavioural response of claimants to the measure. Clearly it is too soon to know what they will do. Some may decide to downsize. Others will decide to continue to live where they are and to cover the shortfall through other means. One thing that is interesting and different about the social housing sector is how little mobility there is. The figure runs at around 5 per cent per annum. The size criterion is potentially the kind of thing that will start to make people think about what accommodation they need to live in, and how much they can afford. If it does, it will start to free up properties for the 250,000 or so families who are living in overcrowded accommodation, as well as for those living in expensive temporary accommodation. One could see it as a nudge to help drive some of the outcomes intended to be realised through the Localism Act, which will allow landlords to use their existing housing stock more efficiently.<sup>14</sup>

Social landlords raised significant concerns over their ability to offer alternative accommodation of a suitable size to the affected tenants. For example, Coast and Country Housing Association was reported in *Inside Housing* (June 2012) as having 2,500 tenants affected by the under-occupation measure but only 16 one-bed properties in which to place them.<sup>15</sup> The DWP's *Impact Assessment* (June 2012) acknowledged this issue:

According to estimates from DCLG there is a surplus of 3 bedroom properties, based on the profile of existing working-age tenants in receipt of Housing Benefit, and a lack

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<sup>13</sup> Professor Steve Wilcox for the JRF, *Housing Benefit size criteria: Impacts for social sector tenants and options for reform*, June 2014

<sup>14</sup> HL Deb 14 February 2012 c706

<sup>15</sup> *Inside Housing*, "Landlord can't rehouse 'bedroom tax' families", 18 June 2012



of 1 bedroom accommodation in the social sector. In many areas this mismatch could mean that there are insufficient properties to enable tenants to move to accommodation of an appropriate size even if tenants wished to move and landlords were able to facilitate this movement. In these circumstances individuals may have to look further afield for appropriately sized accommodation or move to the private sector, otherwise they shall need to meet the shortfall through other means such as employment, using savings or by taking in a lodger or sub-tenant.<sup>16</sup>

The Government commissioned a two-year independent evaluation of the under-occupation deduction. The work, which began in April 2013, is being led by Ipsos MORI and includes the Cambridge Centre for Housing and Planning Research. Initial findings were published in July 2014: *Removal of the Spare Room Subsidy: interim evaluation report* - the final report is expected in late 2015. The interim report states that a total of 4.5% of affected claimants were reported by landlords to have downsized within the social sector within the first six months of implementation. An increased number of affected tenants are applying to move to smaller accommodation - landlords reported that around 19% of affected tenants had registered to downsize compared to previous rates of under 0.5% - but social landlords "had not yet been able to accommodate most of those who wanted to move to a smaller home."<sup>17</sup> A further 1.4% of affected claimants have moved into the private rented sector. This response is more common in the north of England and less common in London.<sup>18</sup> The researchers identified a reluctance amongst affected tenants to move:

Most claimants we spoke to in the qualitative research were reluctant to move, for a wide variety of reasons including proximity to services, work, and support networks; the claimant's perceived need for the additional bedroom and the knowing that they would soon cease to be affected by the RSRS – for instance because a child would turn ten or 16 and require their own room.<sup>19</sup>

In *Housing Benefit size criteria: Impacts for social sector tenants and options for reform*, (June 2014) the authors also refer to downsizing constraints:

In broad terms, the evidence suggests that at the end of September 2013, over 100,000 affected tenants were still seeking a move to a smaller dwelling, including some 87,000 people in England alone. This contrasts with just 27,000 lettings of one-bedroom dwellings to transferring tenants in 2012/13, and just some 7,700 allocations to households downsizing from accommodation they considered too large. These figures are indicative of substantial constraints in meeting downsizing transfer requests. The current mismatch between demand and supply for transfers to smaller dwellings is acute in some areas, and it will be years rather than months before all the tenants affected by the size-criteria deductions who are seeking to downsize can be suitably rehoused. Moreover, the extent of the mismatch varies across regions.

[...]

In London, bedsit and one-bedroom dwellings comprise a third of the total general needs social sector stock. Everywhere else, the proportion is less than 30%, and the proportion is particularly low in Wales (17.6%), the North East (21.8%), the South West (23.3%) and the North West (23.6%).<sup>20</sup>

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<sup>16</sup> DWP, *Housing Benefit – under-occupation of social housing*, updated 28 June 2012, para 38

<sup>17</sup> DWP *Removal of the Spare Room Subsidy: interim evaluation report*, July 2014, p16

<sup>18</sup> *Ibid*, p16

<sup>19</sup> *Ibid*, p16

<sup>20</sup> JRF, *Housing Benefit size criteria: Impacts for social sector tenants and options for reform*, June 2014

Social landlords have reported some difficulties in letting larger properties:

Difficulties in letting larger properties were reported by 41 per cent of landlords who participated in this research – primarily of three bedroom homes. However, it should be noted that national voids figures show no statistically significant increase.<sup>21</sup>

Andrew George's *Affordable Homes Bill*, which received its Second Reading on 5 September 2014, is seeking to exempt claimants from the application of the under-occupation deduction where their landlord or the local authority has not made a "reasonable offer of alternative accommodation." For more information see Library note: SN6968, *The Affordable Homes Bill 2014-15*.

## 2.4 Rent arrears

The DWP's *Removal of the Spare Room Subsidy: interim evaluation report* found that five months into implementation landlords were reporting that 41% of affected tenants had paid the shortfall, 39% had paid in part and 20% had paid nothing. There are concerns amongst landlords that tenants are cutting back on household essentials or are borrowing money in order to pay the rent.<sup>22</sup> In turn, total rent arrears amongst social landlords increased by 16% between April and October 2013 although this cannot be directly attributed to the under-occupation deduction.<sup>23</sup>

The Homes and Communities Agency's statistical data return for 2013-14 shows an increase in evictions by private registered providers of social housing (PRPs):

Evictions increased by 18.6% between 2012/13 and 2013/14 (see Table 15). Changes in some PRPs' rent and arrears collection processes (as described in the Sector Risk Profile as an approach to preparing for welfare reforms) could be an explanatory factor. However, because providing evictions data is optional, changes in how PRPs respond to this question cannot be ruled out as an influence on year-on-year changes.<sup>24</sup>

The National Housing Federation (NHF) has commissioned Ipsos MORI to carry out research into the impact of welfare reform on housing associations. *One year on: the impact of welfare reforms on housing association tenants* was published in May 2014. The key findings on rent arrears are reproduced below (based on a survey of associations up to September 2013):

- Two thirds of affected tenants (67%) are currently finding it difficult to afford to pay their rent, compared to less than a third of non-affected tenants (31%).
- Affected tenants are nearly four times as likely to say that they have needed to borrow money to help pay the rent since 1 April 2013 (46%) as before 1 April 2013 (12%). Non-affected tenants are not significantly more likely to say that they have needed to borrow money to help pay their rent since 1 April 2013.
- Two fifths (42%) of affected tenants say they are currently in arrears. This compares with just one in four (25%) of those tenants who have not been affected by the size criteria. In total, one in three affected tenants (31%) say that they have

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<sup>21</sup> DWP *Removal of the Spare Room Subsidy: interim evaluation report*, July 2014, p17

<sup>22</sup> *Ibid*, p17

<sup>23</sup> *Ibid*, p17

<sup>24</sup> HCA, *Private Registered Provider Social Housing Stock in England – statistical data return 2013/14*, September 2014, p3



been in rent arrears most or all of the time since 1 April 2013, while 38% say they have never been in arrears since that time.

- Seven in ten affected tenants (69%) say that, prior to 1 April 2013, they had never been in rent arrears. Of these tenants, half (which is equivalent to 35% of all affected tenants) say that they have been in rent arrears, at least occasionally, since 1 April 2013.
- Around a third (35%) of affected tenants say they have never been in arrears either before or after 1 April 2013.<sup>25</sup>

The JRF study (June 2014) considered its own findings on rent arrears and concluded that they (and the Ipsos Mori findings) “broadly correspond with a number of surveys by other organisations.”

An early survey of local authorities by False Economy found that after just four months of the policy’s operation, an average of 31% of affected tenants had fallen into arrears. A similarly early survey of local authorities (including those with arms’ length management organisations, or ALMOs) found that by the end of June, 62% of all affected tenants were in arrears, compared with 35% at the end of March before the size criteria policy was introduced. This implies a minimum of 38% of affected tenants paying their rents in full. The total percentage figure paying their rents in full from April would, however, be higher as this does not include the proportion of those previously in arrears but whose arrears did not increase following the introduction of the limits. While this particular point was not covered by this early local authority survey, its findings otherwise closely correspond with the results of the Ipsos MORI survey.<sup>26</sup>

However, there appear to be significant differences between associations in terms of rent arrears related to the under-occupation deduction. One association in a Cambridge Centre for Housing and Planning Research (CCHPR) study reported that 49% of affected tenants were paying their full rent while 43% were making up some of the shortfall and 8% were making no contribution. 299 tenants had been served with a notice of intention to seek possession.<sup>27</sup> Another association in a high demand area reported that over two thirds of affected tenants were paying in full with only 6% making no contribution. One association reported that arrears were declining for affected tenants. A large association noted that 48% of its under-occupying tenants in receipt of Housing Benefit were in arrears at the end of December 2013 compared to 23% of unaffected tenants. Prior to 1 April 2013 the comparable figures were 26% and 21% respectively – suggesting that “a large part of the increase in arrears was as a direct consequence of the Housing Benefit reduction.”<sup>28</sup>

## **2.5 Disabled occupiers & Discretionary Housing Payments**

There is no general exemption for disabled tenants/occupants living in adapted accommodation. Instead, the Government has preferred to make additional funding available in the form of Discretionary Housing Payments (DHPs) for disabled people living in significantly adapted accommodation. Detailed information on DHPs can be found in Library note SN06899, [Housing Benefit: Discretionary Housing Payments \(DHPs\)](#).

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<sup>25</sup> Ipsos MORI, *One year on: the impact of welfare reforms on housing association tenants*, May 2014, para 2.2.1

<sup>26</sup> JRF, *Housing Benefit size criteria: Impacts for social sector tenants and options for reform*, June 2014

<sup>27</sup> CCHPR, *Housing associations and welfare reform: facing up to the realities*, May 2014

<sup>28</sup> *Ibid* pp8-9

A further area of concern for disabled tenants is the fact that the under-occupation deduction is applied irrespective of any assessment of whether an adult couple are able to share a bedroom.

It was clear from the DWP's *Equality Impact Assessment* (updated June 2012) on the under-occupation measure that a higher proportion of households containing a disabled person were likely to be affected.<sup>29</sup> At that point it was estimated that 420,000 households with a disabled claimant or partner would be affected (representing 63% of all (estimated) affected households). Measures in the *Welfare Reform Bill* were considered by the Joint Committee on Human Rights; the Committee's conclusions can be found in its *21<sup>st</sup> Report*. The Committee identified some potential for discriminatory outcomes in relation to disabled occupants in social housing:

1.64 The proportion of disabled claimants affected by the measure is higher than for non-disabled claimants.[42] The National Housing Federation estimates that about 108,000 tenants in social rented properties adapted specifically for their needs are likely to be affected by the introduction of the size criteria to restrict housing benefit.[43] If such tenants were forced to move into properties unsuited to their needs this might risk breaching their Article 8 rights to respect for private or family life[44] as well as being potentially discriminatory.

1.65 The Government has indicated that it is prepared to look at exemptions for individuals who are disabled, where their homes have been subject to extensive adaptations.[45] However, this would not address the disruption to patterns of caring and support networks which can be vital.

**1.66 We recommend allowing some additional discretion to exempt disabled people facing exceptional hardship from the under-occupation provisions.<sup>30</sup>**

Several reports have identified issues with the ability of disabled people living in adapted properties to access DHPs. The DWP's independent research (July 2014) acknowledged these issues:

A key concern raised by landlords and local agencies is that disabled people in adapted homes have not always been awarded DHP because disability benefits, which are intended to help with some of the extra costs of having a long-term disability or health condition, can cause them to fail means tests based on their income. Local agencies are also concerned about some groups who fail to apply for DHP, or fail to adequately evidence their application, especially those with mental health difficulties. More than half (56 per cent) of RSRs-claimants surveyed who have not applied for DHP said they were not aware of it. The claimants who were unaware of DHP were similarly likely to other claimants to report having difficulties paying rent and similarly likely to be in arrears.<sup>31</sup>

Authorities were asked about their approach to means-testing DHPs and whether they took account of DLA:

...the large majority of local authorities reported that they always carried out a means test, and most of these included DLA where they deemed it appropriate to do so. DLA is a benefit to help people meet some of the extra costs of living with a long-term health condition or disability. Some voluntary sector agencies and landlords

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<sup>29</sup> See paras 42-47 of the *Equality Impact Assessment*.

<sup>30</sup> *HL Paper 233/HC 1704*, 12 December 2011

<sup>31</sup> DWP *Removal of the Spare Room Subsidy: interim evaluation report*, July 2014, p15

interviewed expressed concerns that disabled people were not always adequately demonstrating the ways in which they needed their DLA to cope with their disability on their DHP application forms.<sup>32</sup>

As part of its inquiry into support for housing costs in the reformed welfare system, the Work and Pensions Select Committee recommended that the Government “issues revised guidance to local authorities which advises them to disregard disability benefits in means tests to assess eligibility for DHP awards.”<sup>33</sup> The Committee found evidence of authorities using DHPs as a longer term solution to households who cannot move, such as those in adapted accommodation, but the need for these claimants to make repeat applications was identified as a source of anxiety.<sup>34</sup> When announcing DHP funding for 2015-16 the Government made reference to giving authorities confidence to make long-term awards where appropriate.<sup>35</sup> The Select Committee declared this guidance to be “not strong or explicit enough” and recommended that new guidance be issued making clear the Government’s support for long-term awards and the need to avoid re-applications for certain specified categories of claimant. The Committee also called for the impact of these long-term awards to be taken into account when deciding on DHP funding beyond 2014-2015 – the Committee favoured a three-year funding period to aid effective planning.<sup>36</sup> The Government’s response to the Committee’s findings is still awaited.

Andrew George’s *Affordable Homes Bill*, which received its Second Reading on 5 September 2014, is seeking to exempt certain disabled occupiers from the application of the under-occupation deduction. For more information see Library note: SN6968, *The Affordable Homes Bill 2014-15*.

## 2.6 Discretionary Housing Payments (DHPs)

One option for Housing Benefit (HB) claimants who experience a shortfall between the rent due and their Housing Benefit entitlement is to apply to their local authority for a Discretionary Housing Payment (DHP). To qualify for a DHP the only requirement is that there must be a shortfall between HB entitlement and the rent, but the council will usually take into account special circumstances contributing to financial difficulties.

Local authorities are not under any duty to make a DHP and they are generally not paid in perpetuity. *The Discretionary Housing Payments Guidance Manual and good practice guide for local authorities* was updated and reissued in April 2014.

The specific problems experienced by certain disabled claimants in accessing DHPs are discussed in section 2.5 (above); however, emerging evidence on the use of DHPs for other claimants has raised questions around the adoption of different practices by local authorities – leading to allegations of a ‘postcode lottery.’ The adequacy of the overall level of DHP funding has also been questioned. These issues are considered in detail in Library note SN06899, *Housing Benefit: Discretionary Housing Payments (DHPs)*.

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<sup>32</sup> *Ibid*, p42

<sup>33</sup> HC 720, Work and Pensions Select Committee, Fourth Report of 2013-14, *Support for housing costs in the reformed welfare system*, 2 April 2014, para 141

<sup>34</sup> HC 720, Work and Pensions Select Committee, Fourth Report of 2013-14, *Support for housing costs in the reformed welfare system*, 2 April 2014, para 142

<sup>35</sup> HB Circular S1/2014

<sup>36</sup> HC 720, Work and Pensions Select Committee, Fourth Report of 2013-14, *Support for housing costs in the reformed welfare system*, 2 April 2014, para 145

## 2.7 Moving into work/increasing hours

Associations surveyed for Ipsos MORI's February 2014 report, *Impact of welfare reforms on housing associations: early effects and responses by landlords and tenants*, had focused on helping tenants access employment opportunities. Success rates had varied depending on the local labour market. Where associations had had success in this area the tenants concerned had tended to obtain zero-hour contracts or moved into self-employment – in turn this had caused some other benefits issues and arrears.<sup>37</sup>

The DWP's independent research found evidence of claimants seeking work:

18 per cent of affected claimants say they have looked to earn more through employment-related income as a result of the RSRs, rising to 50 per cent of those who said they were unemployed and seeking work.

Both local authorities and landlords had encouraged tenants to find work, although they were concerned about the long-term barriers faced by tenants. Claimants also reported difficulties finding work because of disability, having been out of the workplace for a long period and having young children (and being their sole carer). Some had asked employers for additional hours in their current jobs, although employers were sometimes unable to accommodate this.<sup>38</sup>

In *Housing Benefit size criteria: Impacts for social sector tenants and options for reform* (June 2014) the author, Professor Steve Wilcox, also reported a move into work for some claimants but expressed caution around attributing this to the under-occupation deduction:

Some 15% of those that stayed put but ceased to be affected by the size criteria had increased their income through employment. However, these households represented just 1% of all the tenants initially affected by the limits, and this occurred over a period when overall employment in the UK also rose by 1%, and claimant unemployment fell by 12%. Perhaps more importantly, a pattern of cycling in and out of periods of typically insecure and low-paid work is an established dynamic among a proportion of social sector tenants. Particular caution is therefore required before attributing the increased work activity of these households to the influence of the size criteria policy.<sup>39</sup>

## 2.8 Reclassification of homes

This refers to landlords' discretion to reclassify properties based on bedroom size. For example, where a two bed property contains a very small box room it is open to the landlord to reconsider whether to count that room when deciding on the number of rooms that should be written into the tenancy – this would also impact on the rent charged for the property concerned.

The DWP's *Removal of the Spare Room Subsidy: interim evaluation report* states that reclassification of homes (in terms of number of bedrooms) "has been very small scale, under 0.1 per cent of stock, with fewer still physically altered."<sup>40</sup>

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<sup>37</sup> Ipsos MORI for the NHF, *Impact of welfare reforms on housing associations: early effects and responses by landlords and tenants*, February 2014, pp10-11

<sup>38</sup> DWP *Removal of the Spare Room Subsidy: interim evaluation report*, July 2014, p16

<sup>39</sup> JRF, *Housing Benefit size criteria: Impacts for social sector tenants and options for reform*, June 2014, pp23-24

<sup>40</sup> DWP *Removal of the Spare Room Subsidy: interim evaluation report*, July 2014, p15

A number of First-Tier Tribunal (FTT) appeals against Housing Benefit size criteria decisions have determined that some rooms are too small to be considered bedrooms<sup>41</sup> - this may have led some landlords to reclassify a proportion of their stock.

## 2.9 Taking in a lodger/non-dependants

The independent research commissioned by the DWP found that “very few affected claimants have taken a lodger.” A frequently given reason was concerns around sharing their home with someone they did not know. This was a particular concern if claimants had children or if they felt themselves to be vulnerable. Some had made enquiries about taking in a family member.<sup>42</sup>

The JRF study (June 2014) refers to an increase in non-dependants living in claimants’ homes and considers whether this might be linked to the under-occupation deduction:

There is, however, a suggestion that the size criteria may have led to an increase in the numbers of non-dependants living in the homes of those households it affected. While this should be seen in the wider context of a rising proportion of single adults continuing to live with their parents (or returning to live with their parents) there has nevertheless been a marked increase in the numbers of households in the social rented sector in receipt of Housing Benefit with non-dependant household members.

Between March and November 2013, the numbers of households with non-dependants in receipt of Housing Benefit in the social rented sector rose by just over 13,000 (3%), while numbers in the private rented sector rose at the slower rate of 1.8%.

While other factors may of course be involved, the higher rate of increase in the numbers of households in the social rented sector with non-dependant members could be linked to the impact of the size criteria. Even allowing that a proportion of the households with non-dependants will involve pension-age households exempt from the size criteria, this rise is likely to have been a more significant factor than lodgers in removing households from the scope of the size criteria.<sup>43</sup>

## 2.10 New supply

The Ipsos MORI survey of associations (published in February 2014) identified some concerns over the impact of the under-occupation deduction on the future development of affordable housing by social landlords:

Overall only 14% of housing associations developing new homes under the Affordable Homes Programme say that the introduction of the size criteria is making it harder for them to deliver their commitments. However, this rises to 23% of the largest housing associations – who are delivering approximately two-thirds of the programme.

Three in ten associations say that the size criteria will make it harder to deliver new homes after 2015. A third of associations with planned development programmes have either changed or plan to change their programme to give greater prominence to smaller one and two bedroom properties. However, 60% have made no change to their development programme since April 2013. This is not surprising given that any

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<sup>41</sup> FTT decisions do not form a precedent.

<sup>42</sup> *Ibid*, p16

<sup>43</sup> JRF, *Housing Benefit size criteria: Impacts for social sector tenants and options for reform*, June 2014, p24

development by a housing association needs to meet long-term local needs, generally assessed over a period of 10 – 15 years.<sup>44</sup>

The DWP's *Removal of the Spare Room Subsidy: interim evaluation report* states that eighty percent of landlords surveyed reported that they were involved in developing new housing. Of these, around a third reported that they had already amended the profile of dwellings that they will build in response to the under-occupation deduction or the household Benefit Cap: "The main impact has been a reduction in the number of larger homes and an increase in one bedroom flats being built."<sup>45</sup> However, this is tempered by an acknowledgement of social landlords' "nervousness" around building one bedroom properties which have long been regarded as low demand stock and the desire to continue to provide a mix of property types and sizes in order to meet a range of housing needs.<sup>46</sup>

The Homes and Communities Agency's *Prospectus* for the 2015-18 Affordable Homes Programme (January 2014) makes specific reference to the need to develop smaller homes to enable moves for under-occupying tenants:

This should include consideration of the appropriate size mix of affordable housing needed in local areas, taking account of demographic changes and any mismatch between the existing stock and the needs of households. In areas where there is a particular shortage of smaller homes for under-occupying tenants to move to, we would expect local assessments of needs and bids to reflect this, by including a high proportion of one and two bedroom properties.<sup>47</sup>

Chapter 8 of the DWP's independent research considers the impact of the under-occupation deduction and other welfare reforms on the willingness of lenders to fund the development of social housing. Concerns were found to exist around the cumulative impact on rent arrears, liquidity and profitability. Although the researchers found "no evidence of any impact of the RSRS on loan pricing and availability at this stage" it is acknowledged that the awareness and appetite of investors might change:

Bond funding volumes and costs can move quickly with the costs of funding having tightened reflecting the cost of gilts to which they are linked. In terms of appetite for debt finance this had come down anyway, loan terms had shortened and there was an issue in terms of capital weightings for these assets. Clearly lenders have benefited from the Bank of England's Funding for Lending Scheme which has since ended, leaving questions in terms of the re-supply of debt finance. As impacts become clearer and funding context tightens changes may take place.<sup>48</sup>

On 9 September 2014 the rating agency, Moody's, issued a report in which it concludes that welfare reform still represents a significant risk for housing associations:

English housing associations could come under pressure from welfare reform measures that threaten to erode their revenues and destabilise cash flows, says Moody's Investors Service in a report published today. Though no ratings changes are

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<sup>44</sup> Ipsos MORI for the NHF, *Impact of welfare reforms on housing associations: early effects and responses by landlords and tenants*, February 2014

<sup>45</sup> DWP *Removal of the Spare Room Subsidy: interim evaluation report*, July 2014, p90

<sup>46</sup> *Ibid*, p91

<sup>47</sup> HCA, *Affordable Homes Programme 2015-18 Prospectus*, January 2014, para 90

<sup>48</sup> DWP *Removal of the Spare Room Subsidy: interim evaluation report*, July 2014, p103



foreseen in the next 2-3 years as a result of reform, we continue to regard the shake-up of the welfare system as credit negative for the sector overall.<sup>49</sup>

### 3 Scotland, Wales and Northern Ireland

#### 6.1 Scotland

The Scottish Government opposes the under-occupation deduction and asked Lord Freud to review its impact on Scottish households.<sup>50</sup>

The SNP made the under-occupation deduction the subject of an Opposition Day debate on 27 February 2013. A motion calling on the Government to abandon the policy was rejected by 265 votes to 224.<sup>51</sup>

In June 2013, the Welfare Reform Committee of the Scottish Parliament commissioned research on the impact of the under-occupation deduction in Scotland from Kenneth Gibb, Professor in Housing Economics and Director of the Centre for Public Policy at the University of Glasgow. Professor Gibb's findings were reported to the Committee and can be found in Annex A to the Committee's 5<sup>th</sup> Report of 2013, *The "Bedroom Tax" in Scotland*.<sup>52</sup> The Committee published its *Interim Report on the Bedroom Tax* at the end of January 2014.<sup>53</sup>

The Scottish Affairs Committee conducted an inquiry into how Housing Benefit changes, particularly the "bedroom tax" are affecting claimants in Scotland. *The impact of the bedroom tax in Scotland: interim report* was published on 16 December 2013 in which the Committee called for the under-occupation deduction to be repealed.<sup>54</sup> The final report was published in March 2014: *The Impact of the Bedroom Tax in Scotland: Plan B – charges, arrears and refunds; incorporating the Government Response to the Committee's Fourth Report of Session 2013-14*.<sup>55</sup> The Committee described the measure as "cruel and unfair" and reiterated its support for abolition.

The Scottish Housing Regulator is conducting research into the impact of welfare reform on social landlords. The first report was published in October 2013: *Early Impacts of Welfare Reform on Rent Arrears - Research Report* with the second following in February 2014: *Early impacts of Welfare Reform on rent arrears*. The third phase of the research, covering the period to December 2013 (nine months into the implementation of the under-occupation deduction) was published on 11 April 2014; an increase in rent arrears was identified:

The Regulator's research found that total rent arrears for all responding social landlords was £79 million at the end of December 2013, which is 4.2% of the total rental income due for 2013-14. This is an increase from 3.6% in December 2011 and 3.7% in December 2012. The Regulator's research was based on responses from 85% of social landlords in Scotland.<sup>56</sup>

On 2 May 2014 David Mundell, Parliamentary Under-Secretary of State for Scotland, confirmed that Scottish Ministers would be given power to set the statutory cap on

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<sup>49</sup> Moody's Investors Service, *Welfare reform risk still hanging over English Housing Associations Sector*, 9 September 2014

<sup>50</sup> Scottish Government, *Impact of bedroom tax must be assessed*, 18 June 2013

<sup>51</sup> HC Deb 27 February 2013 c320-425

<sup>52</sup> Welfare Reform Committee 5<sup>th</sup> Report, 2013 (Session 4), (SP Paper 409), 19 October 2013

<sup>53</sup> Welfare Reform Committee, 1<sup>st</sup> Report 2014 (Session 4), (SP Paper 459), 31 January 2014

<sup>54</sup> HC 228, Fourth Report of 2013-14, 16 December 2013, p3

<sup>55</sup> HC 937, Ninth Report of 2013-14, 21 March 2014

<sup>56</sup> Scottish Housing Regulator, *Impact of Welfare Reform on rent arrears: Research Report 3*, April 2013

Discretionary Housing Payments (DHPs) in Scotland.<sup>57</sup> The Scottish Government has made a commitment to make additional funding available to mitigate the impact of the under-occupation deduction. For more information see Library note SN6899, [Housing Benefit: Discretionary Housing Payments \(DHPs\)](#).

Section 4 of this note contains references to two research reports on the cumulative impact of welfare reform commissioned by the Scottish Government.

## 6.2 Wales

The Welsh Assembly Government has also been critical of the policy's impact in Wales.<sup>58</sup> In August 2013 the Government announced that £20m would be invested in a Smaller Properties Programme aimed at mitigating the impact of welfare reform.<sup>59</sup>

The Welsh Affairs Committee held an inquiry into [The impact of Housing Benefit changes in Wales](#) the report of which was published in October 2013.<sup>60</sup> The Committee's conclusions in respect of the under-occupation deduction are reproduced below:

There is a great deal of political disagreement over the Government's policy to base the amount of housing benefit on the number of 'spare' rooms in a property. We are unable to find consensus on the merits of the policy. (Paragraph 14)

3. However, the policy is now in place and is a reality for social housing tenants in Wales. Our inquiry has examined the implications of the policy in order to make practical suggestions about its delivery. (Paragraph 15)

4. We agree with the general principle of consistency between the private rented sector and the social rented sector for tenants receiving housing benefit. We note that previous reform of housing benefit paid to tenants in the private rented sector was phased in for new tenants, not imposed upon existing tenants. However, the phased approach was able to achieve its objective fairly quickly in the private rented sector due to the higher turnover of tenants in that sector. (Paragraph 16)

5. The under-occupancy policy affects proportionally more housing benefit claimants in Wales than elsewhere in Great Britain. Given this fact, we are concerned at the evidence we have received that there would be a lack of sufficient one and two bedroom homes available in Wales to ensure that everyone who wished to move as a result of the policy could be rehoused. This mismatch between supply and demand is likely to be more pronounced in rural parts of Wales. (Paragraph 32)

6. We heard evidence that moving tenants to smaller properties in the private rental sector, where rents are often higher, will not lead to long-term savings in public expenditure. There are concerns that the Government's assumptions are based on the housing market in areas such as London, where the market is more dynamic, and less so on the particular housing profile in Wales. (Paragraph 34)

7. The UK Government policy on under-occupancy makes it increasingly urgent for the Welsh Government to continue with its house-building programme, with a particular focus on the building of smaller sized properties. We recognise that this is a long-term solution which would require additional resources. (Paragraph 36)

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<sup>57</sup> [Letter from Rt Hon David Mundell MP, Parliamentary Under-Secretary of State for Scotland, 2 May 2014](#)

<sup>58</sup> [Minister warns of fallout from bedroom tax, 2 April 2013](#)

<sup>59</sup> [357 new homes to help those affected by the bedroom tax, 2 August 2013](#)

<sup>60</sup> [HC 159, Second Report of Session 2013-14, October 2013](#)

8. If no social housing is available, tenants may need to move to the private rented sector, which witnesses have argued may be more expensive in many areas. The Government's assertion that the under-occupancy policy will reduce rent prices in the private housing sector has yet to be proven. (Paragraph 37)

9. We are concerned that the criteria for under-occupancy require children to share rooms that are not of appropriate size. (Paragraph 42)

10. We have concerns over the Government's decision not to exempt disabled tenants with adapted properties from the under-occupation policy. In particular, we note the costs to local authorities of moving a disabled household from a larger adapted property, that needs its adaptations removed, to a smaller property that needs adaptations installed. There has been a lack of clarity as to who will or will not be exempt from this policy (for instance, military personnel). (Paragraph 48).<sup>61</sup>

The Research Service of the National Assembly for Wales analysed the data published by the DWP on 13 November 2013 and determined that claimants in Wales are disproportionately affected by the under-occupation deduction.<sup>62</sup>

The Government's [response](#) to the Welsh Affairs Committee was published on 23 January 2014.<sup>63</sup> The response acknowledged that a higher proportion of working age recipients of Housing Benefit in the social rented sector is under-occupying in Wales (46% compared with 31% for the UK as a whole). The Government pointed out that it had provided an additional £2.6m in DHPs to Welsh authorities to mitigate the impact. The Government agreed to:

- monitor the ability of tenants affected to downsize;
- monitor whether movement of tenants into the private rented sector results in long-term savings in HB expenditure;
- work with DCLG and local authorities to collect information on, and monitor rental costs in, the private rental market in Wales following the introduction of the policy.<sup>64</sup>

Wales & West Housing (an association which manages more than 9,500 affordable homes across 12 local authority areas in Wales) published [Who Pays? -The Impact of the Removal of the Spare Room Subsidy on Disabled Residents living in Adapted Properties in Wales](#) in February 2014. The report concludes that applying the under-occupation deduction to people living in adapted properties in Wales could cost £40m.

### 6.3 Northern Ireland

The Northern Ireland Assembly has full legislative powers in relation to Housing Benefit and other social security matters. However, the parity principle set out in sections 87 and 88 of *The Northern Ireland Act 1998* means that such policies remain closely aligned with those operating in Britain. The parity principle dictates that individuals in Northern Ireland should receive the same benefits, under the same conditions, as other UK individuals. Any substantial variance from this principle could have adverse financial consequences because it would have to be met from the Northern Ireland Block Grant (and so could be at the expense of existing devolved spending elsewhere in Northern Ireland).

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<sup>61</sup> *ibid*

<sup>62</sup> National Assembly for Wales, *In Brief, Figures on the impact of Housing Benefit social housing size criteria available for the first time*, 4 December 2013

<sup>63</sup> [HC 1012, Fourth Special Report of 2013-14](#), 23 January 2014

<sup>64</sup> *ibid*

The under-occupation deduction from Housing Benefit for tenants in social rented housing has not yet been introduced in Northern Ireland. The [Welfare Reform \(Northern Ireland\) Bill 2012](#) has not completed its progress through the Assembly – the detailed provisions in relation to Housing Benefit restrictions for under-occupation would be introduced by Regulations after the Bill has completed its stages.

The Northern Ireland Federation of Housing Associations, together with the Chartered Institute of Housing, has estimated that the restriction on Housing Benefit for under-occupation would save £17.3m in Northern Ireland (£13.7m in respect of Northern Ireland Housing Executive (NIHE) tenants and £3.6m in respect of housing association tenants). However, the assessment goes on to estimate that implementation in NI would cost £21m – exceeding estimated savings by £3.7m.<sup>65</sup>

The NIHE and Department for Social Development published research carried out on their behalf into the impact of welfare reform on social tenants in May 2013: [The Impact of Housing Benefit Reforms on the Social Rented Sector](#).

There has been speculation around negotiations with the Treasury having resulted in changes to the implementation of the under-occupation deduction in NI; for example, around whether existing tenants could be exempted from the deduction.<sup>66</sup>

*Inside Housing* has reported that delayed implementation of welfare reform (i.e. not just the under-occupation deduction) in Northern Ireland could cost £15m in terms of the difference between welfare expenditure and the block grant, which has already been reduced.<sup>67</sup>

The Northern Ireland Housing Executive has information on Housing Benefit reform on its [website](#). On 3 September 2014 the Chartered Institute of Housing in Northern Ireland called for the under-occupation deduction not to be introduced.<sup>68</sup>

#### **4 Cumulative impact of welfare reform**

The under-occupation deduction from Housing Benefit is only one of the welfare reform measures affecting tenants in social housing. The household Benefit Cap was rolled out over 2013 (fully implemented by mid-September 2013). Housing Benefit claimants may also have been affected by the abolition of Council Tax Benefit (on 1 April 2013) and its replacement with local Council Tax Reduction Schemes (central Government expenditure on these schemes has been reduced by 10%).

Several studies have considered the cumulative impact of the various welfare reforms. The SSAC published [The Cumulative Impact of Welfare Reform: A commentary](#) in April 2014. The SSAC itself has not carried out research into the cumulative impact but this paper:

- identifies the most relevant pieces of existing research (and commentary);
- draws attention to any gaps in the evidence-base; and
- discusses how these gaps might best be addressed.<sup>69</sup>

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<sup>65</sup> Community NI, [Bedroom tax will cost more than it saves say housing experts](#), April 2013

<sup>66</sup> *Inside Housing*, [“Bedroom tax deal to be announced ‘within weeks,’”](#) 11 October 2013

<sup>67</sup> *Inside Housing*, [“Late implementation of welfare reform costs Northern Ireland £15m,”](#) 21 January 2014

<sup>68</sup> CIH NI, [“Bedroom tax proposals should be scrapped in Northern Ireland, says CIH NI”](#), 3 September 2014

<sup>69</sup> SSAC, Occasional Paper No.12, [The Cumulative Impact of Welfare Reform: A commentary](#), April 2014

The SSAC has said “more can and should be done to identify and evaluate the interaction between elements in the welfare reform agenda, particularly as they affect vulnerable groups. The inability to produce the perfect study should not prevent the highest priority being given to producing the best possible combined analysis as these reforms are progressively implemented.”<sup>70</sup> Annex A to the report provides a useful reading list of research into the cumulative impact of welfare reform.

The New Policy Institute was commissioned by Oxfam to look at the cumulative impact of welfare reform. The resulting report, *Multiple Cuts for the Poorest Families*, was published in April 2014 – when taking changes to Housing Benefit and Council Tax Benefit together the NPI estimates that “1.75 million of the poorest families now have to spend some of their basic cash benefit on rent or council tax.”<sup>71</sup>

The JRF published *The impact of welfare reform on social landlords and tenants* in June 2014 – this report considers the under-occupation deduction alongside other aspects of welfare reform.

Two research reports commissioned by the Scottish Government into the impact of welfare reform were published in May 2014: *Financial Impacts of Welfare Reform — Illustrative Working Age Case Studies*<sup>72</sup> and *The Impact of Welfare Reform in Scotland – Tracking Study*.<sup>73</sup>

## 5 Additional reading and research

- CCHPR, *Housing associations and welfare reform: facing up to the realities*, May 2014, documents some associations’ strategic responses, from amending policies and practices, reviewing development plans to mobilising staff from across different departments to face the new challenges.
- There have been several select committee inquiries into different aspects of the Government’s welfare reform measures. Most recently, the Work and Pensions Select Committee published *Support for housing costs in the reformed welfare system* (HC 720, April 2014). The Government response to this report is awaited.
- Grant Thornton, *Reaping the Benefits? First impressions of the impact of welfare reform*, February 2014. This report reflects on the experiences of Grant Thornton’s social housing landlord clients over 2013 – the impact of the under-occupation deduction is considered on page 14 of the report.
- Grand Union Housing Group, *Here and There: One year on — the bedroom tax hits home* details the experience of six housing associations in central/southern England and is based on data from a full year of the policy’s implementation. This report follows on from earlier reports published by Aragon Housing Association *Should I Stay or Should I Go? 100 Days of the Bedroom Tax* and Grand Union Housing Group *Can’t Stay, Can’t Go*.

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<sup>70</sup> *ibid*

<sup>71</sup> Oxfam Research Reports, *Multiple Cuts for the Poorest Families*, April 2014

<sup>72</sup> Scottish Government Social Research, *Financial Impacts of Welfare Reform — Illustrative Working Age Case Studies*, 2014

<sup>73</sup> Scottish Government Social Research, *The impact of welfare reform in Scotland – Tracking Study*, 2014

- The chief executives of eleven leading housing associations in the south west have formed the South West Housing Association Influence and Leadership Organisation (HAILO). Together the associations manage 201,000 homes. HAILO has commissioned an 18 month longitudinal study by the LSE Housing and Communities Unit into how the Government's welfare reforms are influencing tenants' work opportunities in the south west region: "This will enable HAILO to demonstrate to Government the adjustments needed in order to ensure that reforms truly lead to fulfilling employment for those who can work, while providing a fairer system for those who can't."

A baseline report [Work and Welfare Reform – impacts in the South West – Baseline report](#), was published in March 2014 to provide a snapshot of 200 tenants' circumstances at the beginning of welfare reform. At that point the tenants interviewed thought that the under-occupation deduction was having 'a widespread impact.' Coping strategies included cutting back on food, utilities and other household goods, using savings, selling belongings and borrowing money. 62% of the tenants reported 'falling or stagnating incomes at the same time as increased cost of living' – 190 of 200 tenants said they 'were struggling or just managing financially.'

- The NHF has commissioned Ipsos MORI to carry out research into the impact of welfare reform on housing associations. A [baseline report](#) was published in January 2013 – the potential impact of the size criteria was covered in section 6. As part of this work Ipsos MORI also published [Regional welfare reform research summaries](#). The two other reports published by Ipsos MORI, [Impact of welfare reforms on housing associations: early effects and responses by landlords and tenants](#) (February 2014) and [One year on: the impact of welfare reforms on housing association tenants](#), (May 2014) are referred to in the body of this note.
- Riverside Housing, a large registered provider of social housing, is conducting an ongoing research project entitled [Challenging Times, Changing Lives](#). This project is following 20 families, single people and couples over three years to assess the impact of welfare reform on residents. Three reports have been issued, the [most recent](#) in summer 2013.



## 6 Statistical Appendix

**Table 1: Housing Benefit claimants in the social rented sector subject to the underoccupation deduction**

Great Britain

	Total		of whom - deemed to be underoccupying by:						Affected claimants as a percentage of:	
			One bedroom		Two or more bedrooms		Bedroom info unavailable			
	Number of claimants	Average weekly reduction (£)	Number of claimants	Average weekly reduction (£)	Number of claimants	Average weekly reduction (£)	Number of claimants	Average weekly reduction (£)	all social tenants on HB, aged 16-64	all HB claimants (soc+priv) aged 16-64
May 2013	<b>547,341</b>	14.65	436,663	12.65	99,737	23.63	10,942	12.70	24%	14%
Jun 2013	<b>542,223</b>	14.56	441,931	12.57	98,145	23.48	2,144	14.88	24%	14%
Jul 2013	<b>530,378</b>	14.52	434,340	12.58	94,533	23.46	1,502	14.92	23%	14%
Aug 2013	<b>522,905</b>	14.48	429,094	12.56	92,112	23.43	1,705	14.51	23%	14%
Sep 2013	<b>513,237</b>	14.42	422,246	12.53	89,439	23.36	1,555	14.56	22%	14%
Oct 2013	<b>508,073</b>	14.41	418,374	12.53	88,001	23.35	1,692	14.62	22%	14%
Nov 2013	<b>498,174</b>	14.40	411,377	12.53	85,654	23.36	1,138	14.81	22%	13%
Dec 2013	<b>491,741</b>	14.39	406,306	12.53	84,080	23.34	1,354	15.26	22%	13%
Jan 2014	<b>488,328</b>	14.35	403,673	12.52	82,346	23.32	2,307	14.76	22%	13%
Feb 2014	<b>477,601</b>	14.32	397,323	12.52	78,651	23.36	1,623	14.71	21%	13%
Mar 2014	<b>486,881</b>	14.42	402,884	12.57	82,503	23.43	1,493	14.82	21%	13%
Apr 2014	<b>484,247</b>	14.90	400,142	12.98	82,223	24.24	1,883	14.83	21%	13%
May 2014	<b>481,603</b>	14.90	397,964	12.99	81,323	24.25	2,312	14.88	21%	13%
Change, May 2013 to May 2014	-65,738		-38,699		-18,414					
	-12%		-9%		-18%					

Source: [DWP Stat-xplore](#) and Library calculations

Note: Components may not sum to totals as a result of random adjustment of values to avoid the release of confidential data.