

# The Social Sector Size Criteria: Researching the Potential Impacts for Tenants and Landlords

**The Social Sector Size Criteria (SSSC; sometimes referred to as the 'bedroom tax') came into effect in Northern Ireland in early 2017 and applies to Housing Executive and housing association tenants considered to be under-occupying their homes.**

Drawing on the work of the Welfare Reform Mitigations Working Group, which was established under *A Fresh Start: the Stormont Agreement and Implementation Plan*, the Northern Ireland Executive allocated a £501 million expenditure package over the four-year period up to 31 March 2020 to allow time for people to adjust to the welfare reforms. If mitigation ends as scheduled, around 32,000 households living in the social rented sector will face a shortfall between the Housing Benefit/Universal Credit they receive and the rent payable for their home.

This *Insight* event looked at wider data on the housing market across the UK in 2019 before focusing on two strands of research commissioned to help gain a better understanding of the potential impacts of the SSSC for tenants and landlords in Northern Ireland.

Those who attended heard presentations from Professor Mark Stephens of Heriot-Watt University, Edinburgh, on the *UK Housing Review*, and from Karly Greene (Housing Executive) and Ruth Flood (RF Associates) on newly-published research on the SSSC in Northern Ireland, and the event was chaired by the Chair of the Housing Executive, Professor Peter Roberts.

This *Insight Briefing* is based on the research reports as well as the information that was shared on the day and the discussions that took place, and provides signposts to related policy documents and other recent research.

# Professor Mark Stephens: Introducing the UK Housing Review, and Welfare Reform

**As Director of The Urban Institute and Professor of Public Policy at Heriot-Watt University, Professor Mark Stephens has more than 25 years' experience of research and policy analysis. Mark is lead editor of the UK Housing Review, a detailed compilation of data and commentary on housing policy and finance in the UK and its regions that is produced annually by the Chartered Institute of Housing and Heriot-Watt University, with support from a number of funders including the Northern Ireland Housing Executive.**

The Review was established in 1992 as the *UK Housing Finance Review* and provides authoritative analysis and commentary on housing issues at UK level as well as, where appropriate and applicable, for each of the UK constituent countries (Scotland, England, Wales and Northern Ireland). Contemporary topics explored in the 2019 edition included:

- Land value capture through planning and taxation
- Social rented housing: more of the same or a real shift in policy?
- The rapid rise of short-term lets and the implications for the housing market.

In addition, the Review includes commentary on: economic prospects and public expenditure; dwellings, stock conditions and households; private housing; housing expenditure plans; homelessness, housing needs and lettings; and help with housing costs. The commentaries are supported by around 120 tables, which, where appropriate, provide a run of data over more than two decades. The data and analysis in the full Review are supported by a shorter annual *Autumn Briefing*, which in 2019 provided coverage on topical issues ranging from fire safety two years after Grenfell Tower to the benefits and challenges of the 'Housing First' model.

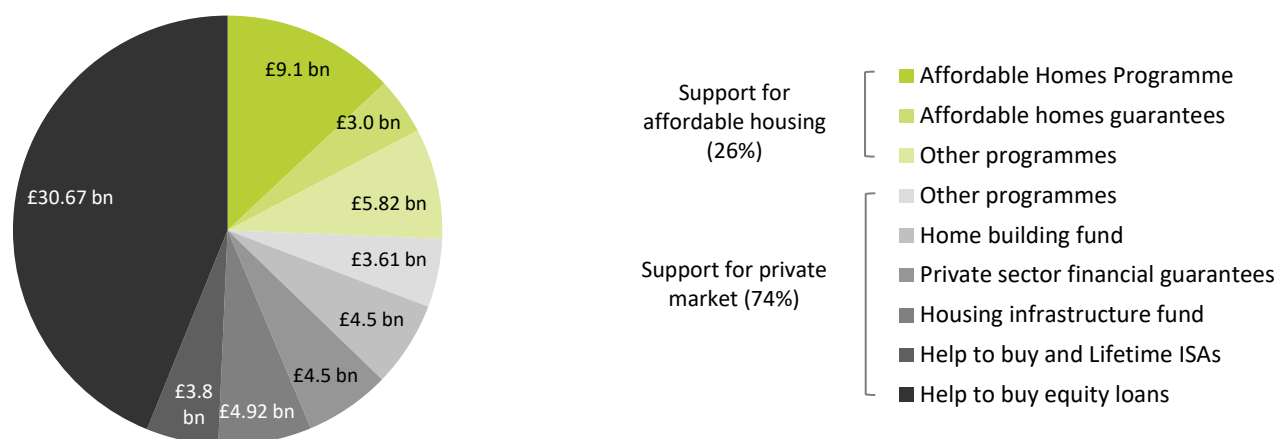
## **The 2019 Review: key highlights**

### **Government support for housing investment in England**

Commenting more specifically on some of the key insights arising from the Review, Professor Stephens highlighted the trends in public housing investment that are apparent in England. Each year, the research team aims to collate a full picture of government support for housing investment in England, including money made available for grants, loans and guarantees used to promote the private housing market.

In spring 2019, the figures indicated that over £70 billion was being allocated to support housing investment in some form over the period 2018/19-2022/23, of which the vast majority (79%) was directed towards the private market. The subsequent announcement of a revived Affordable Homes Guarantee Scheme in the 2019 Spring Statement modestly shifted the balance between support for the private market and affordable housing, with the proportion attributable to affordable housing growing to 26%. Noting that the Help to Buy equity loan scheme (which accounts for around 44% of the estimated £70 billion government support for housing capital investment (Figure 1)) has been extended until 2022/23, Professor Stephens commented that these loans have become both an important element of England's housing system as a whole and a key support to the construction industry. The level of funding support directed towards equity loans also means that the government now has a substantial investment in England's housing market. In turn, the need to protect this investment implies an interest in maintaining house prices at or above current levels, with resulting limitations on the scope for policy change or to implement broader housing market reform.

**Figure 1: Distribution of government support for housing capital investment in England, 2018/19-2022/23**

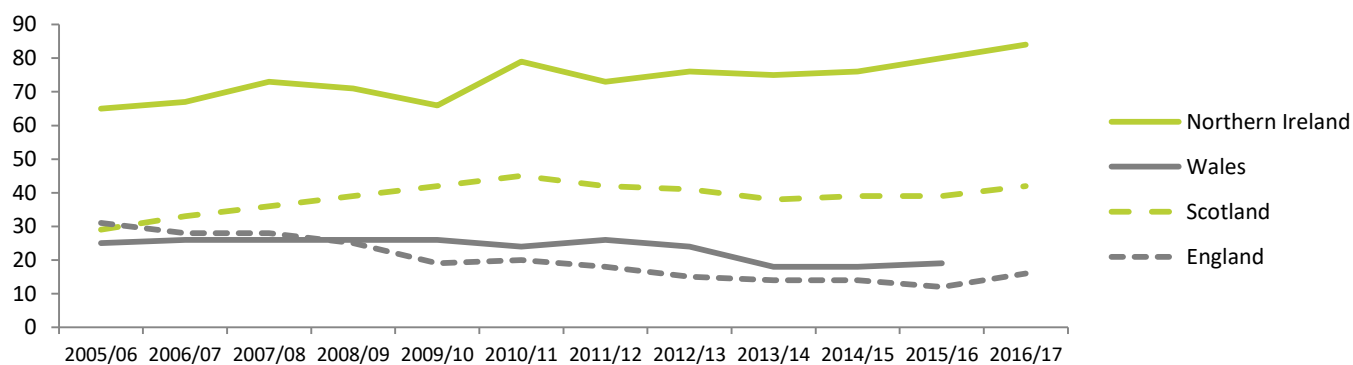


Source: UK Housing Review 2019 and official sources

### Lettings to homeless households

As well as providing specific insights at national level, the data collated for the Review enables comparisons between trends across the UK, which often reflect varying policy and operational approaches. Figure 2 illustrates the proportion of new social lets to homeless households in Northern Ireland, Wales, Scotland and England since 2005/06. Over the period, the general trend in England and Wales has been downward, reflecting the adoption of preventative policies in these jurisdictions. In Scotland, on the other hand, the main duty was extended to all unintentionally homeless households. Professor Stephens noted that the consistently higher proportion in Northern Ireland can largely be attributed to historical and operational factors.

**Figure 2: Percentage of new lettings to homeless households, 2005/06-2016/17**



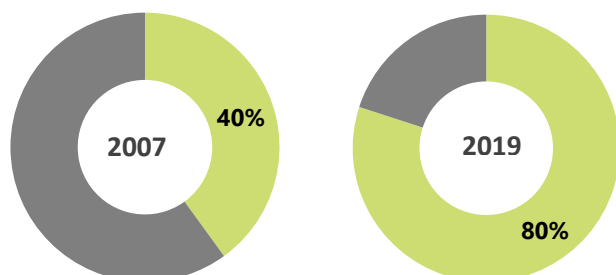
Source: UK Housing Review 2019, Figure 2.5.10 and compendium tables

### Economic prospects

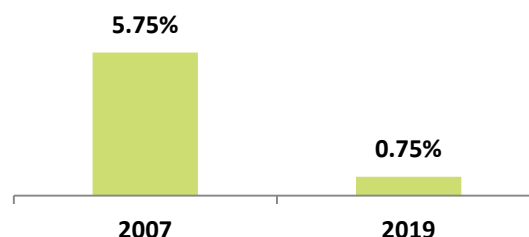
Looking more broadly at the wider factors influencing housing markets in the UK, Professor Stephens highlighted the deteriorating economic prospects at both EU and global levels, exemplified by indicators such as lower growth in China, a series of interest rate cuts by the US Federal Reserve and the ongoing recession in Germany's manufacturing sector. Against this backdrop, a significant challenge is that fewer tools are available to stimulate the economy or assist consumers than at the time of the 'credit crunch' prior to the Global Financial Crisis in 2007/8. Figures 3 and 4 illustrate that by 2019 UK debt accounted for 80% of national income, compared with 40% in 2007, while, on the other hand, the Bank of England base interest rate – the main monetary policy tool – remains substantially lower than in 2007. It would appear that

there is little scope for further cuts, although negative interest rates have already been introduced in some countries, and the UK's broader capacity to respond to recession or economic shocks is limited.

**Figure 3: Debt as a proportion of national income, UK, 2007 and 2019**



**Figure 4: Bank of England base rate, 2007 and 2019**



### Welfare reform in Great Britain

Having outlined the broad content of the review and some of the key issues for the housing market, Professor Stephens went on to discuss some of the evidence on welfare reform in Britain. With the welfare reform programme comprising a wide range of changes to benefits, it was noted that some have been more prominent, and gained much more political traction, than others. For example, the decision to increase the age ceiling for application of the Shared Accommodation Rate from 25 to 35 from 2012 onwards represented a severe cut for those impacted, but, arguably, received relatively little attention. However, the Benefit Cap and 'Bedroom Tax' have been more controversial, possibly because the groups affected by these changes are less able – and in many cases *unable* – to avoid the impacts by altering their behaviour.

The Benefit Cap, which was announced in 2010, applied from 2013 and lowered in 2016 (Table 1), is intended to act as a work incentive. It applies to the benefit income of working age claimants, their partner and any children within the claim, with some exemptions.

**Table 1: Original and Revised Benefit Caps**

		Single		Family	
		£ per annum	£ per week	£ per annum	£ per week
Cap from April 2013	UK-wide	18,200.00	350.00	26,000.00	500.00
Cap from November 2016	London	15,410.00	296.35	23,000.00	442.31
	Rest of UK	13,400.00	257.69	20,000.00	384.62

*Adapted from 2019 UK Housing Review*

The existence of a specific Benefit Cap for claimants in London implicitly recognises the higher housing costs in the city, and it was in London that the initial application of the Cap from 2013 had the greatest impact. In 2015, calculations produced for the Review (Table 2) indicated that around two fifths (44%) of all households impacted by the Cap in Great Britain were living in London. However, by 2018, with the introduction of reduced Caps, the impact had spread further across the rest of England, Wales and Scotland and, although the number of impacted households in London had increased, they accounted for a reduced proportion of the total across Britain (23%).

The Review has also shown that the impacts of the Benefit Cap have been particularly felt by lone parent households. In August 2015, lone parents represented more than half of capped households across each of the regions in Britain, and two-thirds (64%) overall. By 2018, under the revised cap, the representation of lone parents among capped households had risen to at least 60% in each region and almost three-quarters

*In Northern Ireland, an additional Supplementary Payment, available until 31 March 2020 to cover any loss of housing benefit, may be available for households with children identified as being affected by the Benefit Cap, which was introduced in the region on 31 May 2016.*

(73%) overall. Professor Stephens noted that in this respect the measure appears to be poorly targeted, as caring commitments mean that lone parents are the group least likely to be able to move into work or to work more hours.

**Table 2: Households affected by Benefit Cap by region and country, 2015 and 2018**

	August 2015			August 2018		
	Total number of households capped	...of which single with dependent children	...% single with dependent children	Total number of households capped	...of which single with dependent children	...% single with dependent children
London	10,377	7,002	67	13,757	8,613	63
South East	2,419	1,726	71	7,252	5,858	81
West Midlands	1,947	1,031	53	6,675	4,835	72
North West	1,684	1,023	61	5,648	4,263	75
East of England	1,539	1,034	67	5,032	4,019	80
South West	1,012	680	67	3,197	2,533	79
East Midlands	898	546	61	3,125	2,419	77
North East	647	367	57	2,419	1,787	74
Scotland	840	440	52	3,137	2,069	66
Wales	699	412	59	2,873	2,198	77
<b>Total</b>	<b>23,379</b>	<b>15,054</b>	<b>64</b>	<b>57,755</b>	<b>42,052</b>	<b>73</b>

Source: UK Housing Review calculations created from DWP StatXplore data

Further analysis undertaken for the Review indicates that under both the 2013 and 2016 Benefit Cap levels, the greatest numbers of capped households (around 8,000 in 2015 and almost 20,000 in 2018 across Britain) were losing up to £25 per month. However, in 2018 it was estimated that more than 7,000 households were losing £75-£100 per month because of the Cap, and more than 5,000 had been capped by £100-£150 per month. Given that around three quarters of households affected are lone parents, the figures suggest they are likely to have difficulty making up losses on this scale.

### ‘Mitigating’ welfare reform in Great Britain

Professor Stephens noted that although initial impact assessments had indicated large numbers of claimants would be impacted by welfare reform, it was assumed that households would respond through behavioural change. In practice, for various reasons including those outlined above and limited ability to downsize within the social sector, it has proved difficult for many households to reduce or avoid the impact of welfare reforms, or increase their incomes in response. In England and Wales (and in Scotland until March 2017), Discretionary Housing Payments (DHPs) have been the main means of welfare reform ‘mitigation’; from 2013/14 on, the government increased its contribution towards DHPs to help local authorities support claimants affected by the introduction of the Benefit Cap, the ‘removal of the spare room subsidy’ (bedroom tax), and Local Housing Allowance reforms (Table 3).

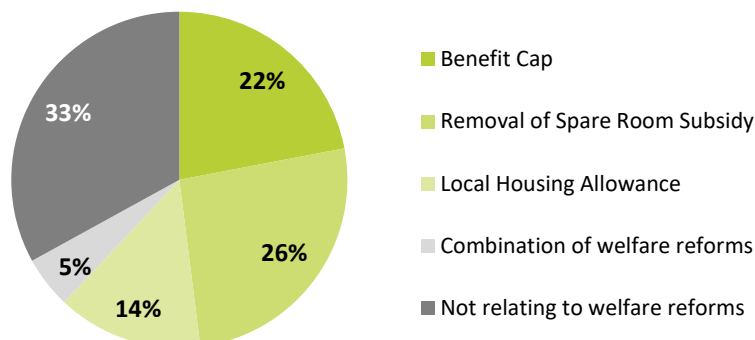
**Table 3: Central Government Funding for DHPs (£ million), 2011/2012-2018/19**

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
DHP type	Great Britain	Great Britain	Great Britain	Great Britain	Great Britain	Great Britain	England & Wales	England & Wales
Core	20	20	20	20	15	20	18	18
Local Housing Allowance	10	40	40	40	25	30	27	27
Removal of Spare Room Subsidy	--	--	55	60	60	60	54	54
Benefit Cap	--	--	65	45	25	40	67.5	54
<b>Total</b>	<b>30</b>	<b>60</b>	<b>180</b>	<b>165</b>	<b>125</b>	<b>150</b>	<b>166.5</b>	<b>153</b>

Source: DWP (2019) Use of Discretionary Housing Payments – Analysis of end of year returns from Local Authorities (available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/824980/use-of-discretionary-housing-payments-2018-to-2019.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/824980/use-of-discretionary-housing-payments-2018-to-2019.pdf))

Figures published by the Department for Work and Pensions (DWP) indicate that in 2018/19, of the amount spent on DHPs by local authorities in England and Wales (almost £135 million in total), just over one fifth (22%; around £30 million) related to the Benefit Cap and a further quarter (26%; £35 million) to Bedroom Tax (Figure 5).

**Figure 5: Proportion of DHP expenditure on each reform, England and Wales, 2018/19**



Source: DWP (2019)

Ultimately, the Scottish Government intends to use its powers under the Scotland Act 2016 to abolish the bedroom tax for those on Universal Credit, and discussions with the DWP on how to progress this policy aim are ongoing. In the meantime, the Scottish Government has been mitigating the bedroom tax by funding Discretionary Housing Payments for those affected since 2013. Figures published by the Scottish Fiscal Commission<sup>1</sup> indicate that the level of funding earmarked by the Scottish Government to mitigate the bedroom tax in the form of DHPs stood at £51 million in 2018/19, with the amount expected to rise gradually in subsequent years.

Professor Stephens concluded by noting that this commitment to full bedroom tax mitigation in Scotland is a relatively expensive one, at least by comparison with England and Wales, where annual overall bedroom tax-related DHP expenditure is lower despite the greater population. Mitigation helps many vulnerable people who would otherwise have limited ability to make the expected *behavioural* response to the bedroom tax. However, in the light of finite overall funding availability, a wider question arises about the opportunity cost: which policy areas are losing out – throughout the UK – because of the resources that are being diverted to mitigate the bedroom tax?

## Questions and Discussion

A number of points were raised following Professor Stephens's presentation.

Delegates asked if any practical steps had been taken in other jurisdictions to encourage **downsizing** for those affected by the bedroom tax. Professor Stephens commented that, overall, there was still relatively little research evidence on the broader outcomes of the policy, and no evidence of systematic attempts to facilitate downsizing. In Britain, very few tenants appeared to have moved as a result of welfare reform, but of those who had, most *had* downsized.

It was noted that the bedroom tax is a consideration for new, as well as existing, social sector tenants. The restrictions imposed by the **composition of the social housing stock** in terms of dwelling size and type and the need to be mindful of matching applicants to appropriately-sized dwellings to avoid bedroom tax implications raises questions about ongoing ability to effectively meet the greatest **housing need**, and whether there will be an accumulation of, perhaps initially imperceptible, impacts over time.

<sup>1</sup> [www.fiscalcommission.scot/what-we-forecast/discretionary-housing-payments-dhps/](http://www.fiscalcommission.scot/what-we-forecast/discretionary-housing-payments-dhps/) [accessed 20 November 2019]

Delegates felt that there would be substantial interest in **local/sub-regional** information on the likely impacts of the bedroom tax in Northern Ireland. It was also noted that measures to mitigate the impacts of bedroom tax are likely to have had positive impacts in terms of **tenancy sustainment** and **preventing homelessness**, but it is difficult to assess the impact of hypothetical alternative outcomes.

Responding to a question on whether the number of **evictions** had risen in England and Wales due to the bedroom tax, Professor Stephens commented that there did not appear to be any evidence that this was the case. This was due to a combination of factors, including landlords' reluctance to evict, the effects of mitigation and households' attempts to manage their expenditure within a reduced level of disposable income. In this respect, the lack of evidence on the impact of the bedroom tax is probably partly due to the difficulty in unravelling the different factors and behaviours that interact in individual cases.

Delegates also questioned the impact of bedroom tax on personal debt, indebtedness and the use of foodbanks. Professor Stephens noted that one of the puzzles since the Global Financial Crisis is the fact that the level of measured poverty has not risen. However, there has been a rise in **after housing costs poverty**, driven partly by tenure change and the growth in private renting. It is probable that the impact of the bedroom tax may not manifest itself in elevated poverty levels, given that many of the households impacted are *already in poverty*. Instead, increases in the *intensity* of poverty, as measured by indicators such as destitution and material deprivation, may eventually demonstrate more serious underlying outcomes.

## Karly Greene: The Potential Impacts of Bedroom Tax in Northern Ireland if Mitigations End

Karly Greene, Head of Research at the Northern Ireland Housing Executive, went on to give an overview of the findings of a survey undertaken among just over 1,300 working age Housing Executive tenants who were known to be under-occupying their homes and were therefore considered likely to be impacted if mitigation payments end as scheduled in March 2020. The main objectives of the research were:

- To assess the impact of Welfare Supplementary Payments ending on 31 March 2020;
- To gain an understanding of what plans tenants have to meet any shortfall arising from application of the bedroom tax if/when mitigation ends;
- To assess if tenants are likely to pay the shortfall; and
- To gain a better understanding of tenants' longer term plans, post-mitigation.

### Background

Working with statutory and voluntary sector partners, the Housing Executive has prioritised research on welfare reform-related issues to help gain an understanding of the possible impacts of welfare changes across Northern Ireland. The Research Unit commissioned Perceptive Insight Market Research to carry out the survey of tenants primarily to assist planning and decision-making by the organisation's Welfare Reform Project Team and Housing Services division. While individual research projects tend to focus on specific elements of the welfare reform programme, it is recognised that, in reality, a number of different strands of reform are likely to interact at individual and household level, which complicates the ability to isolate the impacts of specific reforms.

## The Social Sector Size Criteria (SSSC) or bedroom tax

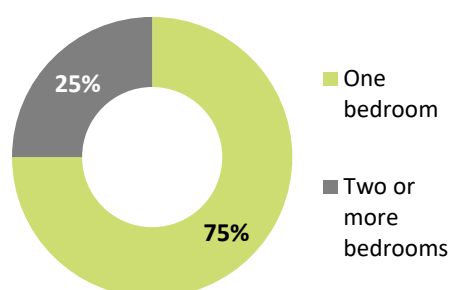
The [full report](#) on the research findings sets out more information on the SSSC. In summary, this strand of welfare reform means that payments of Housing Benefit or the housing costs element of Universal Credit are calculated based on a 'size' criterion which determines the number of bedrooms deemed necessary for each household and adjusts payments accordingly. The number of bedrooms deemed necessary depends on the claimant's age, the age and sex of any children in the household, whether any other adults live with them and whether they qualify for an extra room due to special circumstances. Consideration is not given to the physical size or layout of the room, nor is a 'bedroom' defined in the legislation; the landlord's categorisation is accepted.

Administrative data indicate that around 32,000 social sector tenants in Northern Ireland are impacted by the bedroom tax. Of these, just over three quarters (77%) are Housing Executive tenants, with the remainder living in housing association-owned properties. Of the Housing Executive tenants impacted, around three quarters are under-occupying by one bedroom, and one quarter by two or more bedrooms. Almost three in five (57%) are female and the largest proportion (39%) are aged 55 and over (Figures 6-8).

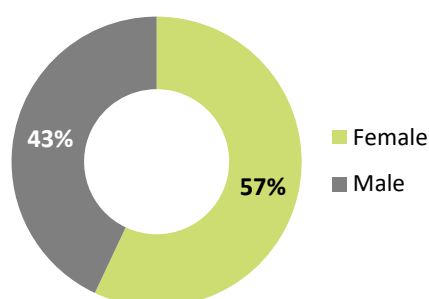
Where a working-age household is deemed to be under-occupying, housing costs payments are reduced by:

- **14%** if the dwelling is under-occupied by **one bedroom**; or
- **25%** if under-occupied by **two or more bedrooms**.

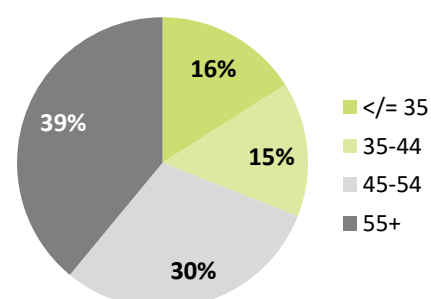
**Figure 6: Proportion of SSSC-impacted Housing Executive tenants under-occupying by...**



**Figure 7: Proportion of SSSC-impacted Housing Executive tenants who are...**



**Figure 8: Proportion of SSSC-impacted Housing Executive tenants by age**



Source: Housing Executive administrative data

## Survey Findings

In considering the research findings, it is important to bear in mind that those surveyed were in receipt of Welfare Supplementary Payment (WSP). In what was designed to be a seamless process that minimised disruption, WSP is paid directly to the social landlord by the Department for Communities (DfC), without having to be claimed by the tenant. In practice, this may mean that some tenants have a relatively low level of awareness of their status in relation to the bedroom tax and the possible implications if mitigation ends as planned.

### Profile of respondents

Telephone surveys were carried out with around 100 tenants in each of the 13 Housing Executive administrative areas in autumn 2018. The profile within the sample was slightly different from that of all bedroom tax-impacted Housing Executive tenants:

- 56% of respondents were under-occupying by one bedroom;
- 44% of respondents were under-occupying by two or more bedrooms;
- 69% of Household Reference Persons (HRPs)<sup>2</sup> were female;
- 63% of HRPs were aged 55-65;
- *Lone adult* was the predominant household type (59%); and
- 73% of respondents reported that they or a household member had a health problem or disability.

<sup>2</sup> The Household Reference Person (HRP) is the member of the household who (in this case) pays the rent on the property. Where two people have equal claim, the HRP is the person with the highest annual income. This definition is for analysis purposes and does not imply any authoritative relationship within the household.



## Awareness

Respondents were asked about their awareness of bedroom tax and the mitigation arrangements in place. Figures 9-14 show that while the vast majority had heard of the bedroom tax and almost three quarters (71%) were aware that it applied to their household, there were lower levels of awareness in relation to mitigation payments and the possibility that they might end.

Figure 9: Before today, had you heard of bedroom tax?

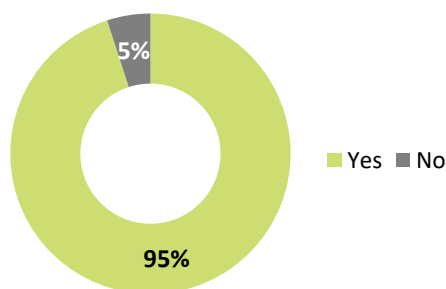


Figure 10: Are you aware that bedroom tax is already in place across Northern Ireland?

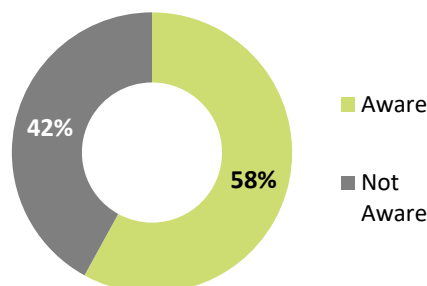


Figure 11: Are you aware that bedroom tax currently applies to your household?

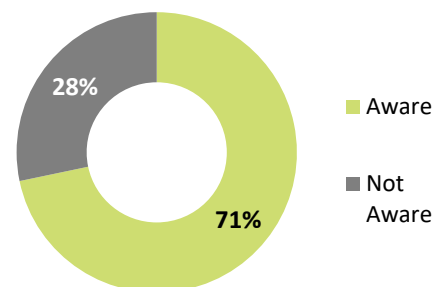


Figure 12: Are you aware that those affected by bedroom tax have been receiving a mitigation payment (WSP)?

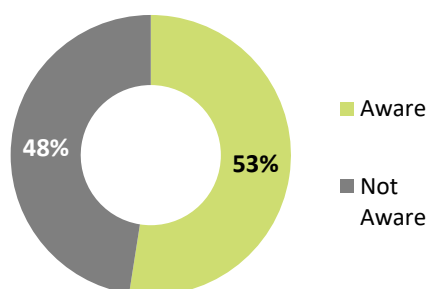


Figure 13: Are you aware that your household receives WSP to cover the shortfall of bedroom tax?

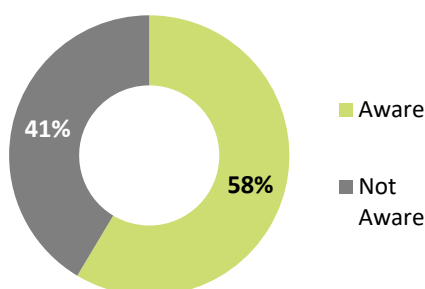
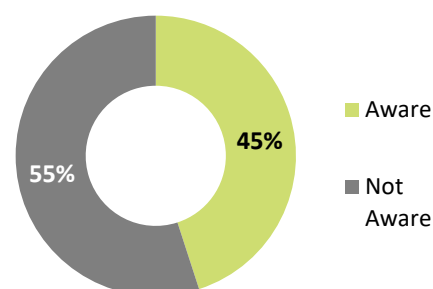


Figure 14: Are you aware that WSP is scheduled to end in March 2020?



## Plans to deal with bedroom tax

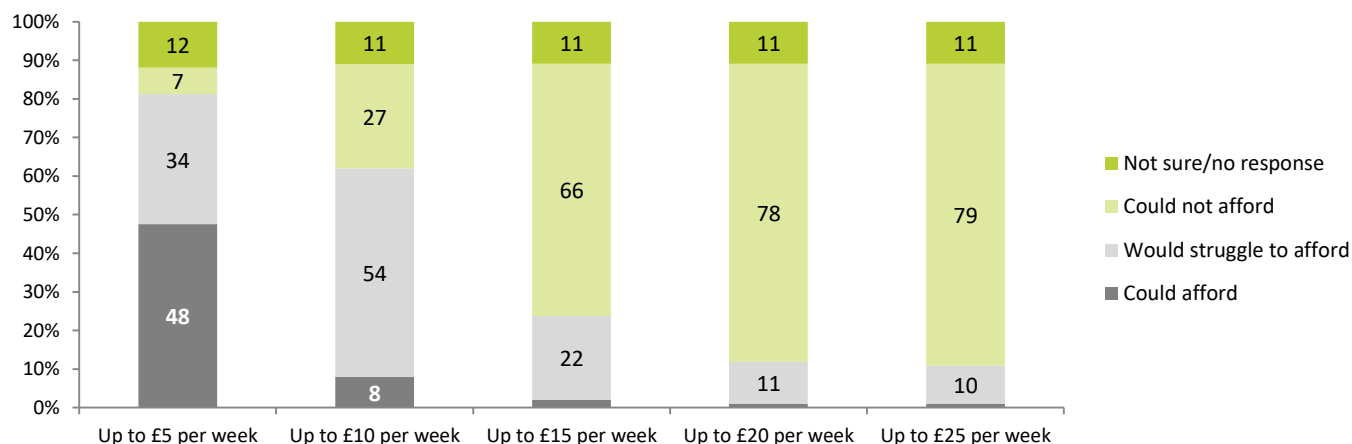
The majority of respondents (75%) were living in a property with three or more bedrooms. When asked what steps they were likely to take if WSP ended in March 2020, around one fifth (21%) said they would stay in their current home and *be able* to pay the portion of rent no longer covered by Housing Benefit/Universal Credit. A similar proportion (18%) indicated that they would stay in their current home, but be *unable* to pay the shortfall. Small proportions stated that they would transfer or exchange to a property with fewer bedrooms (7%) or that they did not expect to be affected by the tax in March 2020 (8%), but the most common response, from almost half of respondents (46%), was that they simply *had not thought about* what steps they would take if mitigation ended.

## Affordability of the shortfall

Respondents were asked to select their total household income (before tax and other deductions) from a number of income brackets provided. The total included income from all employment, benefits (including Housing Benefit), and other sources for both the HRP and their partners (if applicable); however, around half of respondents (51%) did not know their total household income. The majority (81% in total) said that it would be difficult (43%) or very difficult (38%) to pay the difference between the actual rent charged and the Housing Benefit/Universal Credit they would receive when bedroom tax was applied.

While almost half of respondents (48%) said they could afford to make up a shortfall of up to £5.00 per week, the proportion who said they could afford a shortfall of up to £10 was much lower (8%). The majority (66%) said they *could not* afford to meet a shortfall of up to £15 per week, rising to almost four-fifths for a shortfall of £20 or more (Figure 15).

**Figure 15: Proportion of Housing Executive tenants who indicated that they could/could not afford to meet various levels of shortfall between the total rent charged and the Housing Benefit/Universal Credit they would receive**



As administrative data indicate that the respondents who completed the survey would have an average shortfall of £13.45 (i.e. up to £15), the figures suggest that more than four-fifths (88%) would struggle to afford, or could not afford, this amount.

### Actions to increase household income

Respondents were asked about the likelihood that they or a household member might take one or more of twelve potential actions to increase household income in response to a shortfall between rent charged and the income to cover rent.

Around two fifths of respondents indicated that they were very unlikely to take any employment-related action such as trying to increase their working hours, looking for additional work or an extra job, looking for a better paid job or seeking employment. In all of these scenarios, around half stated that the option was not applicable for them, and more than four fifths of all respondents (83%) indicated that there was something preventing them from seeking to earn more money; in most cases this was a health problem (88%), but some respondents also referred to caring responsibilities (11%).

Where the other actions were concerned, the vast majority (84%) reported that they would be unlikely to add another member to their household to help pay their rent. A minority of respondents (22% in both cases) indicated that they would be likely to seek a money advice service provided by either the Housing Executive or an independent agency. However, most (70%) stated that they would be likely to stay in their current home and manage from a reduced budget.

### Conclusions

Karly concluded by noting that the findings of the survey point to three main issues:

- Despite the mismatch between the type/size of housing that tenants required in order to avoid being subject to SSSC and the type/size of their home at the time of the survey, only a small proportion of respondents (7%) reported that they planned to transfer or exchange to a property with fewer bedrooms;
- There is evidence of likely affordability challenges, with the majority of tenants reporting that they will be unable to afford the amount of rent that they will be liable to pay; and

- In combination, a general lack of awareness that mitigation payments are scheduled to end in March 2020 and lack of planning for and awareness of the associated impacts pose the threat of significant arrears issues for the Housing Executive.

## Ruth Flood (RF Associates): Exploring the impacts of the Social Sector Size Criteria on social housing tenants in Northern Ireland

Most households that are impacted by the bedroom tax, and whose circumstances have not changed, have been receiving Welfare Supplementary Payment. However, where an under-occupying household chooses to transfer or exchange (without Management Transfer status) to another property in the social rented sector where they continue to under-occupy to the same level or perhaps greater, they will no longer receive WSP.

In December 2018, the Housing Executive commissioned RF Associates to conduct research assessing the impact on tenants who had been affected by Social Sector Size Criteria and had lost WSP. At the date at which this project commenced, it was estimated that around 100 Housing Executive tenant households had lost bedroom tax mitigation through changes in circumstances. Ruth outlined the process and key findings of this qualitative research, which focused on the experiences of these households and how they had dealt with the impact of losing WSP for under-occupation.

### Objectives and methodology

The key objectives of the research were:

- To assess the impact on tenants of losing WSP;
- To assess if tenants are able to pay the shortfall in rent;
- To gain an understanding of how tenants are meeting/not meeting any shortfall in eligible rent;
- To gain a better understanding of what longer term plans tenants have to meet the shortfall in their rent;
- To assess the quality of information provided by the Housing Executive prior to loss of WSP and reasons for moving; and
- To identify any support needs after losing WSP.

The research comprised a literature review, qualitative research with stakeholders, including Northern Ireland Housing Executive staff, and qualitative research with a sample of tenants affected by the bedroom tax. In February/March 2019 a total of 15 depth interviews were carried out with tenants who had lost WSP, and four telephone depth interviews with Housing Executive frontline staff who had dealt with tenants who had lost WSP. Several of the tenants interviewed had initiated a direct exchange with another tenant.

### Key Findings

#### Reasons for moving

The research participants cited a range of reasons for wanting to move to a different property, from seeking a home that was more affordable to run to wanting to live closer to family members. A number also wanted to move away from issues with neighbours/people in the locality. All had moved to a different dwelling with the same number of bedrooms.

"Basically, I done a swap into this house to be next door to my mummy. I'm my mum's carer, so it was easier for me to fit her into my routine, being beside her."

"I have bad legs, bad back, I'm registered disabled and it's just easier to get about. Because when I was in the house I was either stuck down the stairs or stuck up the stairs...so this is why I swapped to the flat."

### Tenants' awareness of bedroom tax

Around two thirds of the tenants interviewed claimed they did not know the bedroom tax would apply to them if they moved, and also seemed unaware that they had previously been receiving WSP. They had found out about the loss of mitigation a while into their new tenancy, usually after receiving correspondence from the Housing Executive about arrears. However, six of the ten tenants who said they only became aware that they would have to pay bedroom tax after they had moved said or strongly inferred that *they would have moved anyway*; most had strong reasons for moving in the first place.

"Yeah, I would probably like to know why – because both properties were basically the same, with three bedrooms – why can't I get the supplementary payment? I'm not a hundred per cent why that happened. [NIHE officer] sort of says to me: 'It's because you've not downsized and you've stayed the same', but I'm sort of thinking, if I've stayed the same, well then why is it not the same, you know?"

All the tenants who participated in the research were generally confused about the bedroom tax and individual circumstances were difficult to unpick due to a lack of understanding of what had happened. Tenants did not understand the logic for a change in Housing Benefit payments when neither the size of the property they were living in nor their personal circumstances had changed.

### Housing Executive staff experiences and perspectives

Staff who took part in the research explained that they always informed tenants about the bedroom tax and potential loss of WSP. However, in situations where tenants make their own exchange arrangements, Housing Executive staff may only become involved when tenants have already made key decisions about their plans. In addition, staff perceived that tenants do not always fully understand the implications of moving and losing WSP, because:

- they are focused on specific issues at a moment in time and not planning ahead; and/or
- they are used to having their housing costs paid, and not used to having to take responsibility for them; and/or
- they expect *someone else* – for example, the Housing Executive – to resolve any issues with housing payments on their behalf.

The frontline staff interviewed felt that it was important that tenants were better informed about how the bedroom tax would impact them. Four key concerns about the type and timing of information provided in relation to the loss of WSP were raised:

- information is often provided **too late in the process** (i.e. at allocation/sign-up stage when the person is already very keen to move);
- information is **generic, rather than specific**;
- tenants **have to rush to make a decision** and don't have enough time to consider their options; and
- people are **directed to another agency** for more specific advice if the Housing Executive advice is unclear.

### How tenants had responded

Of the 15 tenants interviewed, only two were working; the majority therefore only had income from benefits. Most had no access to savings, and there was a general impression of low levels of financial literacy.

Tenants were already struggling to manage on a tight budget, and had faced reductions in Housing Benefit of £10-£20 per week. In some cases, the money owed for bedroom tax was being taken directly from their benefits; others paid the shortfall using a PayPoint card.

All were seeking to manage their budget as best they could, through steps such as: going to cheaper supermarkets; buying less fruit and vegetables; changing phone and/or TV contracts; limiting family and/or personal activities; and borrowing money from family, friends and/or Credit Unions. A number mentioned struggling, or being unable, to provide money for their children to go out, go on school trips or have new clothes.

"I would normally just take [my kids] out, where I would be able to...treat them to random stuff. I can't do that. My shopping, now, my oil: I'm constantly worrying if that's going to run out because I don't have the money now to go and get more oil, kind of thing. My electric and stuff like that...if I go and get my shopping – my essentials – if I go and get them, that's fine but say, then, if my washing machine was to break: how am I going to replace that? I have to wait until another fortnight's time to get money to replace the washing machine and then struggle with the essentials."

### Impact on rent accounts and arrears

Ten of the 15 tenants who took part in the depth interviews said that they had not been in rent arrears previously. However, 11 were in arrears at the time of the research, as a result of having to make up the shortfall in their housing costs after losing mitigation. Most appeared to have had a substantial level of contact with the Housing Executive about the loss of WSP, but they were generally apathetic about seeking assistance from other organisations, as they felt that there was no one else who might be able to help them. Furthermore, they had limited plans for managing things differently in the future, and could not see an end to their current circumstances. Only two of the participants mentioned looking for work; due to their health, age or caring responsibilities the others did not consider seeking work to be a viable option.

Analysis of the full sample of 100 cases where tenants had lost mitigation for the bedroom tax at the time of the research showed significant increases in arrears over the period from the point at which WSP ended (Table 4).

**Table 4: Arrears position of full sample population (100 tenants) before and after loss of WSP for bedroom tax**

	Arrears level of full sample population (100 tenants)	
	...at point of loss of mitigation	...at quarter 3, 2018
Number of households with arrears	28	67
Total arrears	£2,312.83	£16,268.49
Average arrears (per tenant in arrears)	£82.60	£242.81
Nominal average arrears per tenant	£23.12	£162.68

Source: Housing Executive administrative data

### Improvements suggested by tenants

Tenants made a number of comments and suggestions about how to improve the process for those who would be impacted by loss of mitigation. The key suggestions were for:

- Clear communication of policy changes in advance of them occurring;
- Clear communication of what these changes mean for them specifically, i.e. how much money they will need to find per week, and how that adds up on a monthly basis;
- Clear direction and support on what they need to do as a result and practical advice on how they make any payment;
- Access to a helpline/face-to-face service that can provide clear answers on specific circumstances; and
- Clarification of any confusion in relation to transactions on the rent account.

## Views of Housing Executive staff and housing sector participants

Although the Housing Executive staff who took part in the research had come across relatively few cases of tenants having lost WSP, they commented that households in this position had struggled to meet the shortfall in their housing costs and were accruing arrears. Staff expected that increased arrears would be the main impact on both tenants and the Housing Executive if the wider mitigation programme ends as scheduled. In the context of an increasingly complex workload, staff were also concerned about the impact on their roles and their capacity to manage any dramatic increase in arrears among tenants affected by the bedroom tax. At the time of the research, the situation was further complicated by changing processes and methods of communication associated with the introduction of Universal Credit, and related impacts on the clarity and accuracy of the information appearing on rent accounts.

Housing association stakeholders also expected to face very significant levels of arrears if WSP ends, and highlighted a range of activities that were being developed or undertaken with the aim of improving landlords' knowledge of their tenants and providing tenants with access to information, advice and support. Finally, concerns were expressed by Housing Executive staff and stakeholders about two wider, 'structural' issues:

- the mismatch between the size and type of dwellings available within the social sector and those needed; and
- the mismatch between the Housing Selection Scheme allocation policy and SSSC policy, which means that tenants are eligible for, and may be allocated, properties that they will be deemed to under-occupy.<sup>3</sup>

Single people and single people with access to children were expected to be the groups most likely to be impacted by the interaction of these mismatches and it was emphasised that they would have little choice other than to pay the bedroom tax.

## Conclusions

Ruth concluded her overview of the findings by emphasising some key issues raised by the research.

- There is little understanding amongst tenants that mitigation is in place and is preventing tenants in Northern Ireland from being affected by the bedroom tax; in addition, tenants are not aware that in certain circumstances they can lose access to their mitigation payments.
- If mitigation is removed in March 2020, it may well come as a surprise to tenants and is likely to set in motion a series of events whereby a significant number will go into arrears.
- The Housing Executive and housing associations are aware of, and concerned about, issues associated with the bedroom tax and are beginning to make provision through extra support for tenants, planning for arrears management, etc. As March 2020 approaches, if WSP ends as scheduled, these preparations need to be considerable. Suggestions include that:
  - The Housing Executive should significantly enhance its communications activities: tenants need to know that they will have to pay more for their housing;
  - Any communications campaign should find simpler ways to talk about the bedroom tax, helping to evolve a clearer, common language and moving away from ambivalent language such as 'you *may be* affected';
  - The Housing Executive should consider additional staffing to provide advice and support to tenants to help them to plan for and manage their future; and
  - Tenants should be supported to manage financially and develop basic financial literacy skills.

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<sup>3</sup> As part of the consultation on the [Fundamental Review of Social Housing Allocations](#) (DfC, 2017), it has been proposed that the Housing Selection Scheme rules should always align the number of bedrooms a household is assessed to need with the size criteria for eligible Housing Benefit customers.

# Panel Response and Discussion

Karly and Ruth were joined by David Polley (Acting Director, Housing Supply Policy with the Department for Communities), Patrick Thompson (Deputy Chief Executive, NIFHA) and Colm McQuillan (Director of Housing Services, Housing Executive), who updated delegates with their organisations' perspectives on, and activities in relation to, the social sector size criteria.

## Department for Communities

Opening the discussion, David noted that, as part of the Fresh Start Agreement, the Executive committed to a review of the welfare mitigation funding package in 2018/19. In March 2019, the Department for Communities (DfC) published its [Review of Welfare Mitigation Schemes](#), which:

- examined progress against the recommendations made by the Welfare Reform Mitigations Working Group;
- provided details of the latest expenditure against the funding allocation for each recommendation, and
- highlighted evidence that the planned end of the welfare mitigation funding on 31 March 2020 is likely to present significant difficulties for people who have benefitted from this financial support.

The Department has also highlighted the likely impact of the termination of SSSC mitigation in its evidence to the UK Parliament Inquiry into welfare policy in Northern Ireland, and has been clear that there is a very strong rationale for considering continued mitigation for claimants affected by the SSSC policy.

The DfC has been working with stakeholders and, given that Northern Ireland has been without an Assembly and Executive for more than 1,000 days, is continuing to keep all options open. In particular, officials continue to make plans for an extension of the existing mitigation schemes ('Bedroom Tax' and Benefit Cap) should the legislation be passed by either the Assembly or Westminster. In parallel, officials are also working with the Housing Executive to plan for broadening eligibility for the Discretionary Housing Payment Scheme, should that become necessary. However, David also noted that, with the deadline approaching, if political decisions are not made and the necessary legislation cannot be brought into force, mitigations will end on 31 March 2020.

## Northern Ireland Federation of Housing Associations (NIFHA)

Patrick went on to comment that welfare reform – including the uncertainty associated with the possible end of mitigation payments – was one of the single biggest issues for housing associations. The provision of WSP has helped sustain tenancies since the introduction of the bedroom tax, and the withdrawal of mitigation would cause problems. Mindful of this possibility, associations' Welfare Advisers and Tenancy Support Officers have been working closely with tenants, and housing associations have taken steps to improve communication and raise awareness, such as by clearly showing mitigation payments on rent statements.

Noting that the lack of suitably-sized alternative social sector accommodation and the unique community barriers that still exist in many areas curtail both tenants' and landlords' ability to respond to the bedroom tax, Patrick commented that timelines were tight for engagement with tenants if it became clear that mitigations would end, and the housing associations hoped for traction on this issue as soon as possible.

## Northern Ireland Housing Executive

Colm welcomed the research findings, which had highlighted a number of actions that need to be taken if WSP – which has been very successful for tenants and landlords – ends. He commented on the broad profile of tenants impacted; analysis by sex and age indicates that many are women who remain living alone in family homes after grown-up

children have moved on. Such tenants are often actively involved in their local communities and full, unmitigated, implementation of bedroom tax could have the potential not only to disrupt the lives of the individuals impacted, but to break up the cohesiveness of the communities in which they live.

The Housing Executive has been working closely with the Department for Communities at every stage of the welfare reform implementation process, and has also been trying to make the process as clear and straightforward as possible for tenants. As a landlord, the Housing Executive has been receiving around £16 million each year in mitigation payments; substantial resources would be required if the organisation had to collect this value of payments from individual tenants, many of whom who have never previously been in arrears, but who would struggle to meet shortfalls from already low incomes. With 24,000 tenants potentially affected, Colm stressed the need for plans and systems to be put in place before any major change in how bedroom tax is dealt with in Northern Ireland.

### **Concluding comments**

In further discussions, delegates also welcomed the research, and expressed the view that the legislation to enable continued mitigation payments must be extended. It was noted that evidence from England pointed towards a number of business impacts for housing associations arising from bedroom tax, including loss of capacity as increasing arrears inhibit ability to borrow, and management and staff resources being drawn away from other activities in order to deal with issues arising from welfare reform.

More broadly, welfare reform has highlighted the need for landlords to have good relationships with, and data on, their tenants in order to design and implement effective communication approaches. Drawing the event to a close, Professor Roberts emphasised the strength in partnership and the value of coming together to share and reflect on insights that help provide a greater understanding of the workings and implications of housing, and housing-related, policies.

## **Housing Executive Research**

The full reports, summary reports and tables relating to the two social sector size criteria research projects are available in the *Welfare Reform* section of the Research area on the Housing Executive website ([www.nihe.gov.uk/Working-With-Us/Research/Welfare-reform](http://www.nihe.gov.uk/Working-With-Us/Research/Welfare-reform)). Other recently-published research includes:



### **The Roma Community and Housing in Northern Ireland: A Scoping Review**

In light of the evidence about the growth of the Roma community in Northern Ireland in recent years, the Housing Executive carried out an initial scoping study to: draw together existing research findings; set out the context of the Roma Community's housing eligibility, choice and opportunity in Northern Ireland; collate any available information on the location and estimated numbers of Roma households living in the region; and examine any issues particular to Northern Ireland.

### **Housing and Older People: Housing Issues, Aspirations and Needs**

Between 2008 and 2013, the Northern Ireland Housing Executive examined the topic of housing and older people and published a number of reports on the subject. More than a decade since the previous suite of dedicated research commenced, and in light of demographic changes and the evolving policy context, it was considered timely to revisit the subject. Understanding the needs and aspirations of older people is important to a range of policy makers and stakeholders both within and beyond the housing sector and this research, which was undertaken for the Housing Executive by Fiona Boyle Associates with support from the Housing Executive Research Unit, seeks to contribute to the knowledge available on older people's housing circumstances, needs and aspirations.

If you would like to attend future Insight events, or have any comments or questions about the Housing Executive's research programme, contact us on **028 9598 2562** or **[research.bulletin@nihe.gov.uk](mailto:research.bulletin@nihe.gov.uk)**