

## GENERAL SYNOD

## DIOCESAN SYNOD MOTION: SPARE ROOM SUBSIDY

## A background note from the Mission and Public Affairs Council

1. “Spare Room Subsidy Removal”, also known as the “Under-Occupancy Charge”, “Housing Benefit Size Criteria” or “Bedroom Tax”, is one element in the major reforms of the welfare and benefit systems being undertaken by the Department for Work and Pensions (DWP) under the leadership of Mr Iain Duncan Smith, the Secretary of State, and Lord Freud, the Minister for Welfare Reforms.
2. The “Spare Room Subsidy Removal” (SRSR) was introduced in April 2013. It rules that anyone of working age in social housing, deemed under the new rules to have one spare bedroom, loses 14% of their Housing Benefit. Anyone with two or more spare rooms loses 25%.
3. The DWP estimates that this affects some 660,000 Housing Benefit claimants in the social rented sector in the UK in 2013-14. It was forecast to save approximately £490m. p.a. with the average of £14 per week lost by each affected claimant.
4. To mitigate the SRSR, claimants are encouraged to: move to smaller premises, take a lodger or seek (further) employment. They can apply for the Local Council’s Discretionary Housing Payments (DHPs) to assist in adjusting to the new charges.
5. Just under two thirds of affected families nationwide include a disabled adult.

**Synod and Welfare Reform**

6. Synod debated the overall theme of Welfare Reform in July 2013 (see GS 1897, *Welfare Reform and the Church*), noting that reform of the welfare system was an important priority but also that the best-conceived reforms could be negated by inadequate planning or inflexible mechanisms for delivery.
7. GS 1897 made specific mention of the “bedroom tax” (para. 29). It noted that this measure appeared to be predicated on the ability of people to move to smaller accommodation, despite the fact that the housing market is very inflexible and such accommodation may not be available. It also noted that the policy appeared to treat people’s informal local networks of support as being of little account. This seems contrary to the principle that welfare structures quickly become over burdened without strong informal support systems for people in the community.

**Research Findings**

8. There is a growing amount of research on the impact of the SRSR. This paper draws on research by the National Housing Federation and Joseph Rowntree Foundation.<sup>1</sup>

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<sup>1</sup> The JRF research is at: <http://www.jrf.org.uk/publications/housing-benefit-size-criteria-impacts-social-sector-tenants?gclid=CNWTveLj374CFZQZtAodUyEAzA>

The NHF research is at: <http://www.housing.org.uk/publications/browse/one-year-on-the-impact-of-welfare-reforms-on-housing-association-tenants-1>

9. The JRF research shows that by May 2013, 559,000 households were subject to the SRSR, falling to 498,000 in November. This is fewer than estimated, meaning that savings to the welfare budget are some £115m short of the target figure.
10. In the first 6 months, 6% of affected households moved, although after another 6 months 22% remain registered for a transfer or exchange. Of those who had not moved, around half were in rent arrears as a result of the SRSR.
11. Landlords had incurred extra costs for rent arrears, rent collection, arrears management etc.
12. There are concerns that the SRSR fails to specify a minimum size for a bedroom, unlike the 1935 Statutory Overcrowding Regulations.
13. Although Councils appear to be using DHPs constructively, there are variations in practice between different areas and the criteria for helping disabled claimants are not consistent with those for claiming Disability Allowances.

### **How affected people have responded**

14. The NHF research which was conducted one year on from the introduction of the SRSR, suggests that, of claimants who have had their Housing Benefit cut as a result of the SRSR, 32% report spending less money on food and 26% spending less on heating and energy. 10% of affected tenants applied for a Discretionary Housing Payment from their Local Authority – of these, 65% received some help, 22% received nothing and 12% said that they were still waiting to hear the result.
15. 20% of affected claimants said that they were seeking to move house. 18% are currently in employment, compared to 16% of non-affected tenants.
16. The SRSR is only just over a year old. Researchers suspect that problems such as rent arrears will increase with time as people's financial resilience is eroded. Further research is clearly needed here.
17. One of the objectives of the SRSR was to improve the occupational efficiency of the social rented housing stock by encouraging people to move to more space-efficient accommodation. The evidence to date suggests that this has not taken place to the extent predicted, nor have the expected savings to the welfare budget been realised. The housing market in Britain is complex and problematic on many fronts – a situation that has intensified over many years under successive governments. It is, perhaps, predictable that seeking to influence the market on one front creates or exacerbates a number of other problems. But resolving Britain's housing problem remains a daunting challenge to any government.

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