

How the Bedroom Tax is hitting people in Camberwell and Peckham



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Introduction

The Bedroom Tax is hitting 1,981 people in Camberwell and Peckham who live in Council or Housing Association homes. What this means is that if they have one 'spare' room they have to pay £847 more a year. If they have two or more 'spare rooms', they have to pay £1,557 more. This is a considerable sum for people who are already on low incomes and is having a big impact on their standard of living. Those hit by the Bedroom Tax include those who already face difficulties.

A quarter of households hit by the Bedroom Tax in Camberwell and Peckham include people who are disabled, and over three quarters are either single parents or unemployed. People only get housing benefit if they are on a low income and without the ability to move, they will have no choice but to pay or fall into arrears. Many constituents have come to see me, desperately worried about the Bedroom Tax.

The Government's justification for the Bedroom Tax – that it will mean larger homes are freed up as tenants move to smaller homes – cannot work unless there are smaller homes for them to move to. But for 96% of tenants there isn't a smaller home for them to go to.

When I challenged Nick Clegg at Deputy Prime Minister's Questions on the 15th October 2013, he said the Government is conducting a review on the impact of the Bedroom Tax. But this review will take two years to complete, will not hear the views of the public, and will not be published until late 2015 by which time thousands of people will already have been paying the Bedroom Tax. The research should have been done before the Bedroom Tax was imposed and not after two years of unfairness and hardship.

The Bedroom Tax will not reduce under-occupation in the social rented sector and is likely to end up costing public money – possibly as much as it saves. It's already costing Southwark Council over £500,000 pounds a year to administer.

Taking money out of the pockets of some of the most vulnerable is deeply unfair, unworkable and is making people on low incomes – and Southwark Council - even worse off. That's why the next Labour government will scrap the Bedroom Tax.

Background

What is the Bedroom Tax

The Government introduced the Bedroom Tax or 'spare room subsidy' on the 1st April 2013. For tenants living in social rented housing their Housing Benefit will be reduced by 14% if they are deemed to have one extra bedroom, and reduced by 25% if they have two or more 'spare' bedrooms. The Government estimates those affected will have to pay an average of £720 more a year¹.

The Government's justification for the Bedroom Tax

The Government justifies the Bedroom Tax on two grounds: to save public money by reducing the Housing Benefit bill, and to free up properties in the social rented sector for tenants to move to smaller homes. Labour voted against it because it unfairly penalises families in social housing, breaks up families and undermines communities, and could end up costing the public purse more than it saves in administration costs, by increasing the Housing Benefit bill and homelessness.

Those who are hit by the Bedroom Tax

The Bedroom Tax applies across the country to social tenants of working age². The Department for Work and Pensions (DWP) estimates the total number of people affected is 660,000 and includes³.

- Disabled people, including those living in adapted or specially designed properties who also need to use a spare bedroom to store medical equipment
- Families with disabled children
- Separated parents who share the care of their children and who may have been allocated an extra bedroom because of this
- Couples where one uses the 'spare' bedroom when recovering from an illness or operation
- Parents whose children visit but are not permanently part of their household

¹ Official estimate from Department for Work & Pensions (DWP) <http://www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf>, 28 June 2012

² Working age is defined as those below the qualifying age for Pension Credit, currently around age 61; p.8 House of Commons Library Note: SN/SP/6272

³ Official estimate from DWP <http://www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf>, 28 June 2012

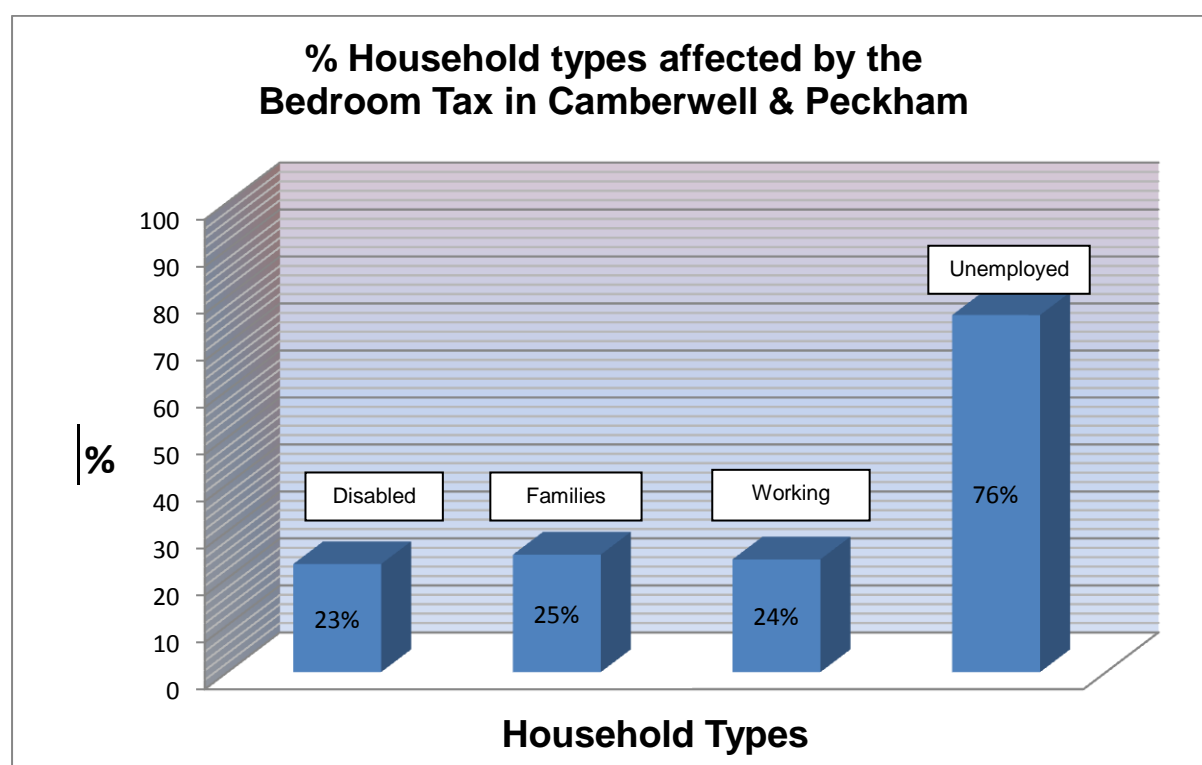
Social Impact: Hitting the most vulnerable

The Bedroom Tax hits 4,046 households in Southwark, 1,981 of which are in Camberwell and Peckham⁴.

However not all 'spare' bedrooms are considered by the tenants to be 'spare' and in many cases are necessary for different types of temporary or more permanent family arrangements.

In Camberwell and Peckham, the Bedroom Tax has had a disproportionate impact on particular types of households. Out of the 1,981 households affected:⁵

- 461 of these households have a disabled person (23%)
- 490 are families with children (25%)
- 478 are working households (24%)
- 1,503 are unemployed households (76%)



⁴ Data from Southwark Council in email to Harriet Harman, 02/08/13

⁵ Ibid. NB: Some households include more than one category.

Financial cost per household

Most of the people who come to see me about the Bedroom Tax are either unemployed, single parents or receiving benefits so their income is fixed and they are already finding it difficult to cover their everyday living costs.

For families in Camberwell and Peckham who have one spare bedroom, the average loss in Housing benefit is:

- Weekly - £16
- Monthly - £71
- Annually - £847

For families in Camberwell and Peckham who have two or more spare bedrooms, the average loss in Housing Benefit is:

- Weekly - £30
- Monthly - £130
- Annually - £1,557

These are considerable sums of money for people who are already on low incomes and it's having a big impact on their standard of living. In most cases, they will not be able to pay the extra rent and will either fall in to arrears or get into debt by borrowing to pay the rent.

Households with a disabled person

In Camberwell and Peckham a quarter of households hit by the Bedroom Tax include one or more person with a disability. Many are unable to work for health reasons and have had their homes specially adapted to suit their particular needs, or cannot share a bed with their partner due to a medical condition. Aside from the stress and worry moving home would cause, the Council would have to pay for adapting another property.

Case study

David Marshall, a constituent living in Nunhead, suffers from epilepsy. He lives alone in a 2 bedroom flat but his condition means he often needs his sister to stay the night to help him recover after a seizure, which can take up to 72 hours. The Bedroom Tax and other benefit changes mean that he now has to find an additional £136.70 a month. But he is unable to work due to his health and is claiming Disability Living Allowance. I contacted the Council and they agreed that he needs a second bedroom and he will not have to pay the Bedroom Tax.

Families with children

A quarter of the households hit by the Bedroom Tax in Camberwell and Peckham are families with children, and the overwhelming majority (83%) are single parent households.

If you are not the main carer or parent entitled to claim Child Benefit, the bedroom that you keep for your child is considered to be a 'spare' room on which you now have to pay the Bedroom Tax.

Working households

A quarter of families in Camberwell and Peckham hit by the Bedroom Tax are in full or part-time paid employment but may not be able to increase their hours, take in a lodger or find additional work, as the Government advises.

Case study

A couple in their 50's live in a 3 bedroom property in Peckham. The husband was made redundant last year and is still unemployed. His wife works part time as a receptionist. Their rent is £620 a month which, combined with bills and council tax, leaves them with £32 left over each week. They have had to borrow money to pay an extra £34 a week for the Bedroom Tax which has put them into debt.

Unemployed households

Over three quarters of households hit by the Bedroom Tax in Camberwell and Peckham are unemployed⁶. These are people who have no immediate way of increasing their income but still have to find the extra money to pay the Bedroom Tax. This places an additional financial burden on vulnerable people who are already finding it difficult to make ends meet.

Case study

A single woman with restricted mobility living on the Glebe Estate in Peckham now has to pay an extra £33 per week towards her rent because she has 2 'spare' bedrooms. Even before the Bedroom Tax was introduced she had rent arrears of £6,000 which she was struggling to pay off. Under the Council's 'Smart Move' scheme she should be able to transfer to a smaller property but was told that she cannot move until she has paid off her existing arrears - which will now increase because she can't pay the Bedroom Tax, making it impossible for her to move.

Breaking up families and undermining communities

Due to the lack of smaller homes available in Southwark, the only option available to tenants who can't afford to pay the Bedroom Tax is to relocate to another part of Southwark or out of London altogether. People will have to move away from family and friends, and communities will be undermined.

⁶ Defined as a household where either the claimant or partner is in receipt of benefits or does not work for paid employment.

Case study

A single father of two children from Peckham, who shares custody with his ex-partner is being hit by the Bedroom Tax. His ex partner is the main carer and she claims Child Benefit so the bedroom he keeps for his children is considered to be 'spare'. He lost his job in May and has fallen into rent arrears due to loss of income and will find it difficult to find the extra money each month for the Bedroom Tax. If he moves to a smaller flat his children will not be able to stay with him.

Case study

A single mother and her 20 year old daughter have been living in their home in the Denmark Hill area for 20 years. The house has 3 bedrooms so she will have to pay the Bedroom Tax or move away from her local community. She was offered a 1 bedroom flat but this would have left her daughter homeless. So the Council decided to re-house them in two separate 1 bedroom flats which mean it has broken up their family household and they will have to move away from their community.

Financial Impact: Costing public money

The Government's stated aim of the Bedroom Tax is to reduce the Housing Benefit bill but the long term costs of the Bedroom Tax may be higher, not only for tenants but also for the public purse.

As 59% of Southwark's council tenants are currently in receipt of Housing Benefit, the Bedroom Tax has had a major financial impact not just on families but also on the Council's finances.

Lack of available properties

The London Borough of Southwark has one of the largest numbers of socially rented properties in the country and a higher proportion of social housing stock (44%) than any other local authority in England⁷. Southwark also has one of the highest levels of unmet need for housing with over 21,000 families currently on the housing waiting list⁸.

In Southwark, over 4,000 households are hit by the Bedroom Tax but there are only 160 smaller properties available for them to move in to. This means only 4% of households hit by the Bedroom Tax have the option to move to a smaller social housing property. Tenants may instead have to move to the more expensive private rented sector where their Housing Benefit claim will be higher, or be faced with homelessness, with higher cost implications.

The Council estimates that finding appropriate housing for every tenant hit by the Bedroom Tax would take 10 years given current housing pressures.

Case study

A single mother, with 3 adult children who no longer live at home, has lived in her 3 bedroom flat in Walworth for 17 years. She works part time as a cashier at a local supermarket but is currently off work on statutory sick pay due to chronic lung disease. She applied to transfer to a smaller property but was told she can't move because she already has rent arrears. I contacted the Council and they agreed to let her register to move but there aren't any smaller homes available so she hasn't moved yet. In the meantime, she continues to receive emergency housing payments to cover the cost of the Bedroom Tax.

⁷ House of Commons Library enquiry: Social housing in Southwark (ref. 13/06/363-SGS), 28/06/13

⁸ Data from Southwark Council in email to Harriet Harman, 02/08/13

Increased administration costs

Southwark Council estimates it will have to spend approximately £500,000⁹ annually on administering the Bedroom Tax, including the re-allocation of £400,000 to increase the number of staff to cope with the increased workload.¹⁰ The work involves notifying thousands of tenants of the increases, answering their correspondence, re-assessing their bedrooms, inviting people to attend information sessions and 'drop-in' surgeries to explain the changes, revising policies, hearing tenants appeals, and dealing with rent arrears which build up.

The Council expects that additional funds will also be needed to administer the management of rent arrears which includes spending on debt recovery and debt prevention services, repairs to empty properties for tenants having to downsize, and temporary accommodation due to homelessness.

It estimates that failure to assist those tenants most at risk of falling into arrears will reduce its revenue by over £60,000 a week which equates to over £3million annually¹¹.

Case study

Victoria O'Reilly is a 58 year old single mother who lives with her 42 year old son in the flat they've shared for 20 years. Her son has Cerebral Palsy and their home has 2 bedrooms and one box room which was not classified as a bedroom when she moved in as it was considered too small. Under the new Bedroom Tax rules, the box room has been classified as a 'spare' bedroom for which she now has to pay £14 a week. She is not working due to long term illness and her son is looking for work. Money is already tight and she sometimes has to turn the heating off because she can't afford to pay the bill. Over a period of 3 months, the Council visited her home several times and held a number of meetings to decide if the box room should be considered a bedroom. However despite acknowledging the impact on my constituent, they decided not to re-classify the property.

Increased emergency housing payments

Discretionary Housing Payments (DHP) are made available by the Council to help people with their housing costs. But tenants can only receive this support for a limited number of weeks and constituents tell me that they will have to reapply for this payment to help cover the shortfall in rent as a result of the Bedroom Tax.

There has been an increase in the number of applications to Southwark Council for DHP which has resulted in pressure being placed on its Housing Revenue Account – the general budget for housing which can be used for investment in new builds and repairs on existing housing stock.

⁹ Email from Eleanor Kelly (CEO, Southwark Council) to Harriet Harman, 13 June 2013

¹⁰ Ibid

¹¹ Southwark Council Cabinet papers, 17 September 2013, p.181

DHP applications for the first three months of this financial year (April to June 2013) compared to the same period last year increased by 288%. While the DHP fund has helped 400 tenants this year, Southwark Council believes that current funds are inadequate to help all the families who can't move and are falling into arrears.

The Council has recently had to ask the Government if it can use an extra £1million from its Housing Revenue Account for 2013/14 and 2014/15 to supplement the payment of DHP to council tenants. These extra funds will, for example, enable the Council to help people with disabilities stay in the homes they have had specially adapted because of their disability.¹² But this will mean fewer resources available for general repairs and improvements on tenants homes, and investment in new builds.

Case study

A 55 year old disabled woman has lived in the same home in Peckham for 16 years which includes a specially adapted bathroom and kitchen. Her 27 year old daughter is her main carer and stays over at least 4 or 5 nights a week with her own 2 children. The 2 'spare' rooms are in almost constant use. Because of her disability, my constituent can't work full time and lives on just over £400 per month. She has received an emergency housing payment from the Council but only for 6 months. After that, she will have to re-apply. As this payment is intended for short term use only, she will eventually have to move.

Increased rent arrears

The Bedroom Tax is having a detrimental effect on people's income and their ability to pay their rent and charges to the Council. According to Southwark Council, 60% of tenants affected by the Bedroom Tax are now in rent arrears and of this same group, only 25% were in arrears prior to the introduction of the Bedroom Tax.¹³

Case study

A single mother living on the Aylesbury Estate in a 4 bedroom flat with her 2 sons now pays just over £140 per week in rent. Housing Benefit pays £73 and she has to pay the remaining amount. She is currently out of work due to ill health and receives £71 Employment Support Allowance (ESA) every fortnight. This is her only income so she cannot afford to pay the Bedroom Tax (for having one 'extra' room) and still have enough for rent, bills and other essentials. She is already in rent arrears of over £1,000 and the Bedroom Tax may put her further into debt.

¹² Southwark Council Cabinet papers, 17 September 2013, p.177

¹³ Ibid, p.179

Appendices

25 OCT 2013

Department for Work and Pensions

PQ/13/172171

Question type

For Answer on:

Date of dispatch:

Named Day

Thursday, 24 October 2013

Thursday, 24 October 2013

Harriet Harman (Camberwell and Peckham): To ask the Secretary of State for Work and Pensions, pursuant to his contribution of 15 October 2013, Official Report, column 586, whether the under-occupancy penalty will be included in the research he has commissioned into the effect of the housing benefit changes; what the terms of reference for this research will be; whether a public consultation will be held as part of this research; and when this research is expected to be published. (172171)

Ms Esther McVey:

A consortium has been commissioned to carry out a two year monitoring of the effects of the removal of the spare room subsidy measure. The research will include effects of the measures on supply issues, impacts in rural areas as well as effects on financial circumstances and vulnerable individuals. The evaluation includes research with claimants, social landlords, Local Authority staff and voluntary organisations. A public consultation is not being undertaken as part of this research. The evaluation is taking place over a two year period, starting from April 2013, with initial findings available in 2014 and a final report published in late 2015.

06 JUN 2013

Department for Work and Pensions

PQ/13/158053

PQ/13/157948

Question type

For Answer on:

Date of dispatch:

Named Day

Wednesday, 05 June 2013

Wednesday, 05 June 2013

Ms Harriet Harman (Camberwell and Peckham): To ask the Secretary of State for Work and Pensions, what the minimum floor space is that can constitute a bedroom for the purposes of the under occupancy charge. [158053]

Ms Harriet Harman (Camberwell and Peckham): To ask the Secretary of State for Communities and Local Government, whether a minimum floor space applies to a bedroom for the purposes of the under occupancy penalty [157948]

Steve Webb:

The removal of the spare room subsidy does not apply a minimum floor space for bedrooms. It takes account of the number of bedrooms, as designated by the landlord, and compares this with the composition of the household to establish whether or not a reduction due to under-occupation applies.

13 MAR 2013

Department for Work and Pensions

Question type

Named Day

For Answer on:

Tuesday, 12 March 2013

PQ/13/147533

Date of dispatch:

Tuesday, 12 March 2013

Harriet Harman (Camberwell and Peckham): To ask the Secretary of State for Work and Pensions, how many (a) disabled, (b) single parent and (c) foster carer households will be affected by the under-occupancy penalty or bedroom tax in Camberwell and Peckham constituency. 147533

Steve Webb:

There is no such policy as the bedroom tax.

Impacts of the removal of the spare room subsidy are not available at a local authority level.

Estimated numbers of affected claimants in Great Britain (a) where either the claimant or their partner will be disabled and (b) who will be single parents are given in the equality impact assessment at:

<http://www.dwp.gov.uk/docs/eia-social-sector-housing-under-occupation-wr2011.pdf>

The Department estimates that fewer than 5000 affected claimants in Great Britain will be foster carers.

12 MAR 2013

Department for Work and Pensions
Question type For Answer on:
Named Day Monday, 11 March 2013

PQ/13/147286
Date of dispatch:
Monday, 11 March 2013

Ms Harriet Harman (Camberwell and Peckham): To ask the Secretary of State for Work and Pensions, what estimate he has made of how many (a) disabled, (b) single-parent and (c) foster carer households will be affected by the under-occupation penalty in the London Borough of Southwark. 147286

Steve Webb:

The information requested is not available at a local authority level.

Estimated numbers of affected claimants in Great Britain where either the claimant or their partner will be disabled and who will be single parents are given in the equality impact assessment at:

<http://www.dwp.gov.uk/docs/eia-social-sector-housing-under-occupation-wr2011.pdf>

The Department estimates that fewer than 5000 affected claimants in Great Britain will be foster carers.

House of Commons

Tuesday 12 February 2013

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Hansard: 12 Feb 2013: Column 698

Ms Harriet Harman (Camberwell and Peckham) (Lab): The bedroom tax is going to hit people all around the country. It is bad enough in my borough of Southwark, but even worse in the Deputy Prime Minister's city of Sheffield, where 5,027 people will be hit. This is not a policy to tackle under-occupation because these people cannot move, and they have no choice but to pay. That is why it is called the bedroom tax. People only get housing benefit if they are on a low income. Will he admit to the House that this is deeply unfair and will make people on low incomes worse off?

The Deputy Prime Minister: The problem that the right hon. and learned Lady cannot duck is that 1.8 million households are waiting to get on to social housing provision and 1 million bedrooms are standing empty. It does not make sense to have a benefits system that continues to support this mismatch between people needing places to live and empty bedrooms, and that is what we are trying to address. As with so many things in the reform of welfare, why were there no reforms of any meaningful description under Labour yet now Labour Members baulk at every single tough decision that we must take?

Ms Harman: This policy will not address the problem of under-occupation unless there are places for people to move to. It is the saving of public money by making people on low incomes worse off. Is not what the Deputy Prime Minister just said exactly the same as what the Tory Prime Minister said from that Dispatch Box last week? They might be two separate parties, but for the families they are penalising with the bedroom tax, they are exactly the same.

House of Commons

Tuesday 15 October 2013

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Hansard: 15 Oct 2013: Column 584

Ms Harriet Harman (Camberwell and Peckham) (Lab): Will the Deputy Prime Minister acknowledge that his Government's justification for the bedroom tax—that it will mean tenants moving to smaller homes—cannot work unless there are smaller homes for them to move to? What is his estimate of the percentage of tenants for whom there is no smaller home to go to?

The Deputy Prime Minister: I totally accept the premise, which is that a change from one system to another involves hard cases that need to be—*[Interruption.]* That is why we are providing hard cash for hard cases. We have trebled the discretionary housing payments that are available to local councils. I am not in any way seeking to ignore the fact that some individual cases really do need the flexibility and the money from local authorities to enable their circumstances to be dealt with.

Let me say this to the right hon. and learned Lady. If there is a principled objection to this change, I do not understand why, in all the years during which Labour was in government, exactly the same provisions existed for millions of people in the private rented sector.

Ms Harman: This is the central issue in the Government's justification for a policy that the Deputy Prime Minister has brought forward and voted for. He obviously does not want to admit that for 96% of tenants, there is no smaller home to go to. No wonder councils are saying that the discretionary housing fund is completely inadequate to help all the families who cannot move and are falling into arrears. Does he recognise that this is a cruel and unfair policy that he should not have voted for? He should repeal it now.

The Deputy Prime Minister: Of course I accept that for some households the change from one system to another creates real dilemmas that need to be addressed through the money that we are making available to local authorities. The right hon. and learned Lady cites a figure.

To be honest, lots of wildly different figures have been cited about the policy's impact. That is why we are commissioning independent research to understand its impact. I suspect that it varies enormously between one part of the country and another, and one local authority and another. That is why we are trebling the resources that we making available to local authorities.