

Lazarowicz welcomes Government U-Turn

Mark Lazarowicz MP for Edinburgh North and Leith has welcomed the u-turn by the UK Government on its proposal to cut housing benefit by 10% for people who have been unemployed for over 12 months.

Mark said:-“I am relieved that the UK Government has shelved this draconian policy. It would have punished people who wanted to work but couldn't find a job in the current difficult climate and their children as well.

“This shows the value of the concerted campaign which was led by highly respected organisations in the field such as Shelter, the Child Poverty Action Group and Gingerbread, the charity for single-parent families.

“What's really needed is a real plan to get the economy growing again and create new jobs rather than punitive policies of this kind.”

The policy was set out in the Chancellor's June Budget along with a number of other changes to housing benefit such as

- Changing the basis of setting Housing Benefit rates for private rented accommodation from the median of local market rents to the lowest third
- Capping Housing Benefit for the private rented sector at a reduced level
- Uprating Housing Benefit in future according to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) which is generally higher
- Restricting Housing Benefit for single people under 35 to the rate for a single room in shared accommodation

The danger is that people may be forced to move away from friends and family to cheaper accommodation with the disruption that causes to children forced to change schools or they may even be made homeless in extreme cases.

The Social Security Advisory Committee (SSAC) which is a statutory body that provides impartial advice to the UK Government said in its report on the changes to Housing Benefit:-

6.1 In our view these proposed measures are neither a coherent expression of the Government's objectives for improving incentives and making work pay, nor a certain formula for achieving savings to the public purse as a whole. At the same time, the rationale for the measures suggests that the underlying problem that needs to be addressed is one of under supply of affordable housing, particularly in economically vibrant parts of the country.

6.2 All the evidence we have seen from both the Department and from the many respondents to our consultation exercise suggests that these are high risk measures. If they go ahead, in around six months, and again at twelve months time, and at relatively short notice, the vast majority of HB recipients in the PRS will find themselves facing new – or increased – shortfalls between their HB and the rent they have contracted to pay. As one of our respondents noted: '... there are few or no comparable precedents of such large income shocks affecting such a large proportion of households within a housing sector simultaneously.'