

Council spell out the risks of the no eviction policy

✖ Next week's Corporate Policy and Strategy Committee has a serious problem to discuss.

The Capital Coalition [has already declared that it will not evict any council tenants](#) whose benefit is cut due to the reform in benefits legislation, (and as long as the tenant works along with the council to try and repay the rent which is due). The Green Group had called for this agreement at the last meeting of the committee, so although the proposal is unlikely to receive all-party support, it will almost certainly be approved. But the council now has to work out how to deal with the consequences of the policy, and the recent changes in benefit payments. And consequences there undoubtedly are.

The council anticipate that 3,800 households in Edinburgh will be affected by the change to benefits which means for example that anyone who lives alone in a two bedroom house, and whose rent is paid by housing benefit, could face a 14% cut in their benefit payments. 3,353 tenants are only eligible for housing benefit payments for a one bedroom property and around 500 could face a 25% cut in benefits as they are under-occupying by 2 bedrooms or more. The council have identified the individual households and contacted the individual tenants, but the worry is that some tenants may still run up arrears in rent, despite the council's best efforts.

If that is the case, then a tenant already knows that they will not lose the roof over their head, although they will continue to have a debt to repay. If housing benefit is cut, then tenants will have to make up the difference between that and their rent from their other income, whether that is other benefits or earned income.

One difficulty is that there are just not enough one bedroom properties for any or all of these tenants to move into. The council has a list of around 15,500 households who need a one bedroom home and only 500 become available for let in each year. One option open to the council is to reclassify two bedrooms as one bedroom houses, but this would have to be applied equitably and would have implications in the rent received by the council.

Tenants can take action themselves and look for a house swap, but this can prove difficult. On 31 March 2013 there were 2,369 tenants registered with the mutual exchange service Edinburgh House Exchange. During 2012/13 there were 117 Council tenants who moved through a mutual exchange, which was a slight increase on 95 exchanges for the previous year. Of those registered at 31 March, 659 are noted as 'under occupied'. The Housing Convenor, Councillor Ricky Henderson admits that changes to this system to make it less bureaucratic might help.

The council believes that the potential loss of rental income, if the housing benefit is cut in 'under-occupancy' cases, could mean a reduction of almost £43m over the next five years, and that figure assumes that all tenants continue to pay their rent in full.



Convener of
Health, Wellbeing
& Housing – Ricky
Henderson

Councillor Ricky Henderson also explained to The Edinburgh Reporter that the worry is that a culture change might ensue if the way in which rent arrears is dealt with changes as planned. If unpaid rent which is due to the under-occupancy rules is not pursued, then some council tenants might regard

this as permission not to pay some or all of their rent. This would increase the chance that the council's rental income could fall.

[The Scottish Poverty Forum](#) calculate that the benefit changes will mean that benefits of all kinds, including housing benefit, will be cut in Edinburgh by around £482m by 2015-16. The anticipated reduction in the council's rental income, coupled with the savings which they already need to make to balance their budget, would appear to spell out a very gloomy picture for the council's finances, and for the local economy. Councillor Henderson said that the local shops in poorer areas stand to lose most, as those on lower incomes tend to spend their income locally.

In February, the council decided to set aside £350,000 for extra funding for bodies such as Citizens Advice Bureaux, as it seems inevitable their services will be increasingly needed by those who suffer hardship as a result of the UK Government benefit cuts. They have also awarded additional grants of just under £70,000 to three projects who advise on Welfare Rights, including the CHAI Advice Service in Wester Hailes and the Granton Information Project in North Edinburgh.

The council has some funds in the form of Discretionary Housing Payments (DHP) which it can make available for short term emergencies, and its Welfare Reform Strategic Planning Group is meeting monthly to monitor the situation with the £1.3m funding made available by the Department of Work and Pensions (DWP). The council say that there have already been awards made to some people since 1 April 2013.

The council reckon that there is a real risk that their income will fall either due to rising rent arrears or because the DHP funds and Scottish Welfare Funds are simply not enough to deal with the financial demands upon them. They say that at least £2.7m of rent is at risk, and possibly as much as £3.9m. The Scottish Welfare Fund is a new body being set up by the

Scottish Government but run by the council. Monies have been made available from Holyrood to cover the initial set up costs and running costs for two years.

The council claims that it is pioneering the way in which it uses preventative methods to recover arrears from tenants, and also the way in which it supports tenants to stay in their own homes. This has meant a substantial reduction in the number of cases where tenants have actually been evicted from 1274 such cases in 2008/9 to only 86 in the last year to date.

The UK legislation came into effect on 1 April 2013, but as council rents are paid fortnightly Councillor Henderson feels that it will be clear by the end of this month alone if there has been any increase in rent arrears. The council also recognise that the way housing benefit is paid in future might affect its own administration costs. The benefit might in future be paid to the tenant direct who would then be responsible for payment of their own rent, meaning the council have to pursue individual tenants for any rent which is unpaid and adding to the cost of the process. A pilot project with Dunedin Canmore Housing Association has been run as one of six pilot projects in Scotland. At present however, it is reported that around 92% of the rent due is paid by Dunedin Canmore tenants on the due date. Another fear is that the council's programme of house building could be affected, and the same could be true for other social landlords. The money for any new council houses can only come out of the 'ring-fenced' monies in the council's Housing Revenue Account.

As at last year there were 123,000 people in Edinburgh who receive benefits according to the Department for Work and Pensions.

The council is trying to monitor its own financial position but also help those affected by several means:- publishing advice on the benefit changes on its website, sending a leaflet with information on the changes to all tenants in

November and January, and it also plans a further series of advice sessions. Councillor Henderson confirmed that all those known to be affected have been contacted by the council either by letter or by contacting them personally to try to avoid any problems developing. Open Days have also been held at all Neighbourhood Offices which council officers report were well attended. In addition future events [will be detailed here.](#)

The Corporate Policy and Strategy Committee meet next Tuesday 16 April 2013 and anyone can attend. [The papers are here](#) and so far there is to be one deputation from the [Edinburgh Tenants Federation.](#)