

DRAFT

To be agreed by the Housing and Community Safety Scrutiny Sub-Committee on the 19th April 2012

Tessa Jowell MP
House Of Commons
London
SW1A 0AA

Dear Tessa,

On 14th March Southwark Council's Housing Scrutiny Sub-Committee received a presentation from council officers on the impact of The Welfare Reform Act 2012, concentrating in particular on Housing benefit changes. The committee was given a detailed presentation on the predicted impact of these changes on the borough. You can see the full report here:

<http://modern.gov.southwarksites.com/ieListDocuments.aspx?CId=305&MId=4094&Ver=4>

Following the presentation the committee unanimously agreed to write to you to see what actions you might be able to take to secure additional support and protection for people living in Southwark who will be affected by these reforms. The committee voiced its particular concern for the impact that these changes would have on children, the vulnerable and the disabled. Three issues in particular are of serious concern:

1. **The up-rating of Local Housing Allowance (LHA) rates.** LHA rates will, from April 2013, rise by CPI rate of inflation rather than in line with local rent rises. This will effectively break the link between LHA and actual rent levels. Rents have risen very fast in recent years and these measures could mean that renting in Southwark is increasingly unaffordable for many. This change alone will mean that in Southwark, 882 households will see a reduction in the Housing Benefit they receive. Of these affected households, 372 have children.
2. **Property size criteria for housing benefit claimants.** From 1 April 2013 size criteria will be introduced for new and existing working-age Housing Benefit (HB) claimants living in the social rented sector. The size criteria will replicate the size criteria that apply to HB claimants in the private rented sector. Those social housing tenants who are under-occupying by 1 bedroom will lose up to 14% of their HB. Those under-occupying by 2 bedrooms or more – up to 25%. The Government estimates that 19% of all social housing tenants in London will be in receipt of HB and of working age. Applied to Southwark this means 4,497 tenants may see a reduction in their Housing benefit. The Government estimates that the average reduction will be £21 per week. For some of the poorest people living in our borough this may mean that they are forced to uproot their families and children because they happen to have a spare bedroom.
3. **The Household Benefit Cap.** From April 2013, there will be caps on the maximum amount of benefits working age households can claim, targeted on non-working households but also affecting some part-time workers. It is predicted that, in Southwark, this will have the following impact:

Private rented sector couples with three children could face a shortfall of £170 p/w if they are living in a three bedroom property or £251 if they are living in a four bedroom property.

Families with four children could face a shortfall of £249 p/w if they are living in a three bedroom property or £330 if they are living in a four bedroom property.

Private rented sector lone parents with three children could face a shortfall of £130 p/w if they are living in a three bedroom property, or £211 if they are living in a four bedroom property. If they have four children they could face a shortfall of £208 p/w if they are living in a three bedroom property, or £289 if they are living in a four bedroom property.

The sub-committee did have a number of other areas of concern about these reforms, but we felt that it would be best to focus on the most punitive and unfair elements in order to focus attention on how this will impact on so many people in our borough. We would be grateful for your response to this analysis of the impact of these changes in Southwark.

The sub-committee would like to know what actions/representations you may still be able to take in order to mitigate the impact of these reforms, with particular regard to the issues raised above.

I look forward to your response.

Yours Sincerely,



Gavin Edwards
Chair of Southwark Housing and Community Safety Scrutiny Sub Committee

On behalf of Sub-committee Members:

Councillor Graham Neale
Councillor Michael Bukola
Councillor Rowenna Davis
Councillor Tim McNally
Councillor Michael Situ
Councillor Martin Seaton