

Response

Q1: Views are invited on:

how income thresholds should operate beyond the minimum threshold set at Budget, for example with a simple taper / multiple thresholds that increase the amount of rent as income increases.

A taper that operates in the same way as that used in Housing Benefit would be preferable. Work disincentive is a real consideration. The following example may illustrate the point.

We have a member of staff who lives in social housing and earns approximately £25k pa. His wife manages a school kitchen working less than 20 hrs/week during term-time only. Their combined income will take them just over the £30k limit and they have already had the conversation that if the second income means paying substantially more rent then wife will stop working.

whether the starting threshold should be set in relation to eligibility for Housing Benefit.

No. This further complicates the procedure. How would this work with Universal Credit?

Q2: Based on the current systems and powers that Local Authorities have, what is your estimate of the administrative costs and what are the factors that drive these costs?

The threshold of £30,000 in this locality where the cost of living is equal to much of London is too low. A couple who each work 35 hours on £8.25 per hour will be just over the £30,000 threshold ($35 \text{ hours} \times 2 \text{ people} \times 52 \text{ weeks} \times £8.25 = £30,030$) and a large percentage of our tenants do work, albeit in low paid employment. A significantly higher percentage of tenancies are likely to be affected by this scheme because incomes are a little higher on average when compared to other parts of the country. This will feed into higher costs to administer.

This Council understands there is a possibility that suggests market rent will be the default charge unless the tenant proves their qualifying income is below the minimum threshold. We have over 2000 tenants not receiving Housing Benefit and whose income is unknown to us. It will take a considerable amount of work to obtain and collate responses to requests for income data from 2000 tenants. This coupled with materially fluctuating household incomes will require either rent changes or a considerable additional time spent on debt recovery. Both will result in additional costs to the HRA when it is facing a number of significant financial pressures.

If HMRC provide the relevant household income figures this will to a small degree, mitigate the staff time that will be required to administer the scheme.

It is unclear how the new rents will be calculated – if we have to assess market rents for our properties this will be an additional cost. Recently a terrace of 3 newly built properties had to be assessed by a local agent who charged £300 .

We assess that it could take between two and four full-time posts at (including on-costs) at an estimated cost of between £50,000 and £100,000) to administer this scheme initially. In addition to this, there is the issue of increased bad debts and higher collection costs. Whilst the Housing Association sector has the ability to offset against the additional rental stream, we apparently will not. An allowance therefore needs to be made for this additional cost to the local authority sector.

All the evidence supports the view that the threshold for our Borough should be £40,000, reflecting the very small difference between the cost of living in our Borough to that of London.