



Department for
Communities and
Local Government

Pay to Stay: Fairer Rents in Social Housing

Consultation response



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Section 1: Introduction

Background to proposal

The Government's view is that housing in the social housing sector offered at subsidised rents should go to those people who genuinely need it.

On that basis, the Government has decided that social housing tenants with household incomes of £40,000 and above in London, and £30,000 and above in the rest of England, will be required to pay an increased level of rent for their accommodation if their rent is currently being subsidised below market rent levels.

This will build on the current 'pay to stay' policy which is available to local authority and housing associations to operate voluntarily.

The Government consulted on how income thresholds should work beyond the levels set out at Budget 2015, the interaction with Housing Benefit and sought evidence of likely administrative costs in operating the scheme. This document summarises the consultation responses and sets out the Government's way forward as it seeks to implement the policy from April 2017.

Section 2: About the consultation

The purpose of the consultation was to help inform the design of certain aspects of the policy.

The consultation ran for 6 weeks from 9 October to 20 November 2015 and sought views from local authorities, housing associations and other interested parties. The Government believes that six weeks provided sufficient time for considered responses.

The following methodology was adopted for the collation and analysis of consultation responses and submissions.

We:

read the written responses to develop summaries and statistical breakdowns;

classified written responses and linked them to consultation questions;

recorded general trends and themes arising from the submissions.

Responses by types of organisation

Type of respondent	Number of Responses	% of total responses
Housing associations and local authorities	232	46%
Individual	228	45%
Other	28	5%
Professional and representative bodies	11	2%
VCS	6	1%
Tenant groups and panels	4	1%
Total	509	

Section 3: Consultation questions

This section of the document summarises the responses that were submitted on the two questions posed in the consultation exercise and outlines the Government's position.

Supporting work incentives

QUESTION 1A – How income thresholds should operate beyond the minimum threshold set at Budget, for example through the use of a simple taper/multiple thresholds that increase the amount of rent as income increases.

Respondents were asked their views on the use of a taper system within Pay to Stay. Of those who responded to the question, 89% were in support of a taper system, which would mean that any rent increases were applied gradually so as not to prove a disincentive to work.

Government response

The Government wants to ensure that the policy supports work incentives, and can confirm that a taper will be applied above the minimum income thresholds. Further detail on the operation of the taper will be set out in due course but we would design this so that households at the lower end of income above the proposed threshold will see their rent rise by only a few pounds each week. The Government will also consider how the taper system will work alongside Universal Credit and will bring forward further detail as this is rolled out.

QUESTION 1B - Whether the starting threshold should be set in relation to eligibility for Housing Benefit?

A number of respondents commented that households in receipt of housing benefit should be exempt from the policy, and that this should also apply to those on Universal Credit, to avoid unintended consequences for both work incentives and the benefit bill.

Government response

The Government agrees that it should not be the case that those who are in receipt of housing benefit should be subject to increased rents, as the rent rises would simply need to be covered by the taxpayer. Households in receipt of housing

benefit will therefore be exempt from the policy. As covered above, the Government will consider the links to Universal Credit as it is rolled out.

Question on administrative costs

QUESTION 2 – 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?

Local authorities and housing associations provided detailed assumptions about administration costs. They said that there would be costs relating to updating IT systems, staffing, collecting income data and creating new rental agreements. In most cases existing systems were not designed to handle information on household income or HMRC data.

Government response

The Government will allow local authorities to retain a reasonable amount of administrative costs. The amount that can be retained will be subject to further discussions with the sector about what a reasonable level would constitute.