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Chief Executives and
Directors of Finance of Local Authorities

In 2014 Scotland Welcomes the World



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Dear Chief Executive / Director of Finance

I am writing to make you aware of the measures that the Scottish Government is taking to mitigate the bedroom tax in 2014/15.

As you may be aware, the Scottish Government has committed £35 million to mitigate the bedroom tax in 2014/15. This is in addition to the £15.2 million allocated by the Department for Work and Pensions (DWP) for Discretionary Housing Payments (DHPs) and brings the total available to the estimated £50 million required to fully mitigate the effects of the bedroom tax in Scotland. This money will be made available to social landlords through DHPs (which are capped) and, if necessary, through a new scheme.

The Scottish Government is continuing to make the case to the UK Government to lift the cap on DHPs and allow funding in Scotland to be directed to the areas that need it most as a result of the bedroom tax. We are hopeful they will agree to this request as DHPs are the best and most straightforward method of providing that funding. However, if the UK Government refuses this request, the Scottish Government will make the remaining funding available to social landlords through an alternative scheme and this will be done in partnership with COSLA and social landlord representatives. Regardless of the delivery mechanism, the £35 million funding from the Scottish Government will be targeted at the areas of highest need and will be enough to mitigate all bedroom tax losses in Scotland in 2014/15. Therefore, I would like to stress that councils should factor this information into account when planning DHP expenditure.

Due to the limited powers the Scottish Government holds in relation to social security payments, it is likely that any scheme will utilise elements of council powers in relation to welfare services and funding for landlords to write-off the debts that will be accrued through bedroom tax arrears.

I would like to reassure you that the Scottish Government remains committed to enabling social landlords to fully mitigate the bedroom tax in 2014/15.

Kind regards

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