

CARTREF YW POPETH HOME IS EVERYTHING



Shelter Cymru's response to the Senedd Cymru, Equality and Social Justice Committee Inquiry, Debt and the Pandemic.

About Shelter Cymru

We exist to defend the right to a safe home because **home is everything**. We help thousands of people across all of Wales every year who have been affected by the housing emergency by offering free, confidential, and independent advice. When necessary, we constructively challenge on behalf of people to ensure they are properly assisted and to improve practice and learning.

We work with people who use our services as equals. We provide information, advice, and support to help people identify the best options to prevent homelessness, to find and keep a home and to help them take back control of their own lives.

We fight the devastating impact the housing emergency has on our people and communities with campaigning, advice, and support – and we never give up.

Our Response

The effectiveness of the Welsh Government's overall approach to tackling debt-related issues during the pandemic, and to consider how its policy might need to develop over the coming months to address upcoming challenges.

- Whilst initially welcomed, the original scope of the Tenancy Saver Loan meant that many people weren't able to access this support;
- The change to the Tenancy Hardship Grant is a positive move, however it is probably too early to measure the scheme's success;
- Additional 'top-ups' to Discretionary Housing Payment¹ by the Welsh Government and local authorities has been shown to be necessary and we support these actions;
- We supported the decision to ban evictions during the pandemic as this undeniably prevented people being evicted into homelessness as a result of debt and/or other reasons;

¹ <https://gov.wales/written-statement-extension-tenancy-saver-loan-scheme-and-additional-funding-discretionary-housing>

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- We strongly agree with the decision to retain the six month notice period² for evictions in Wales and believe that in the interest of protecting tenants and to avoid confusion, this should remain in place until the Renting Homes (Wales) Act comes into force in 2022;
- The drive to house people who became homeless remains the right decision and we are pleased to see the Welsh Government commit to continuing this approach and abolishing policies such as priority need and intentional homelessness³;
- We believe the focus now needs to be on getting people from temporary accommodation into sustainable, long-term solutions – and supporting people to do this without prejudice toward their financial situation;
- The Welsh Government, local authorities and housing associations need to show flexibility in supporting tenants with former tenant arrears, given the extraordinary situation many people have found themselves in.
- It is important to note that former tenant arrears was an issue prior to the pandemic⁴ and will now have been exacerbated for many people, further widening societal inequalities and stopping people from having a safe place to call home;
- It is welcome that the Welsh Government intends to introduce affordability of social rents as an indicator in the revised Regulatory Framework. We are concerned however about a lack of clarity about how the Welsh Government defines affordability. The current rent settlement of CPI+1% is arguably not affordable for many tenants during the pandemic.

The impact of individual debt on public services during the pandemic and beyond, and to explore whether changes could be made to the approaches that public bodies are taking to debt recovery.

² <https://gov.wales/written-statement-use-powers-under-coronavirus-act-2020-residential-tenancies-extension-period-0>

³ <https://twitter.com/ShelterCymru/status/1441012867109736461>

⁴ <https://www.bbc.co.uk/news/uk-wales-49496377>

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- Welsh Government research⁵ shows that council tax arrears have increased significantly as a result of the pandemic. It is vital that local authorities communicate effectively so as not to push people into homelessness as a result of taking action to recover debt on areas such as council tax arrears;
- We have warned about the rise in the number of illegal evictions⁶ our advice services have seen throughout the pandemic. In all four police areas in Wales, we have encountered police assisting illegal evictions of tenants from their homes. Many households in Wales are behind on a bill or have borrowed money⁷ and research by the Bevan Foundation⁸ shows one in five people are worried about losing their home;
- It is vital that police services are not contributing to increased debt and/or homelessness in Wales by helping to facilitate illegal evictions of people from their homes. We believe that people deserve to be treated with compassion and flexibility, regardless of their financial situation and its impact on their lives and suggest that additional training may be a solution to this issue we are seeing.
- Rent Smart Wales have acknowledged an additional training need for landlords and have agreed to revise their mandatory training to help to resolve this issue too.
- Welsh Government figures show that while rent arrears among housing associations initially increased during lockdown, they soon levelled off and then began to decrease.⁹ Our engagement with social landlords indicates that a major factor behind this has been the necessity for landlords to abandon old ways of working, due to their lack of eviction powers, and increase support-based approaches. There has been much useful learning about how to work effectively with tenants in rent arrears and prevent evictions, which we are hoping will be taken forward into the future.

⁵ <https://stats.wales.gov.wales/Catalogue/Local-Government/Finance/Council-Tax/Collection/arrearsofcounciltax-by-billingauthority>

⁶ <https://whq.org.uk/the-magazine/issue/120/alarming-trends/>

⁷ <https://www.bevanfoundation.org/wp-content/uploads/2021/09/Debt-in-the-pandemic.pdf>

⁸ <https://www.bevanfoundation.org/wp-content/uploads/2021/06/Snapshot-of-poverty-in-spring-2021.pdf>

⁹ <https://gov.wales/sites/default/files/publications/2021-08/registered-social-landlords-business-continuity-survey-june-2021.pdf>

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How different groups have experienced debt issues throughout the pandemic, and whether Welsh Government policy interventions have met the needs of particular groups.

- A number of reports illustrate how issues with debt throughout the pandemic have disproportionately affected some groups of people and not others;
- Shelter Cymru's research¹⁰ showed that people hit hardest financially were people on lowest incomes and that a disproportionate amount of people with children were more impacted;
- These findings are reinforced by the Bevan Foundation¹¹ who illustrate that renters, disabled people, 25-49 year olds, lone parents and BAME households were all at a "heightened risk" of problem debt during the pandemic;
- Their earlier research¹² also showed that households on higher incomes saw their income increase, while the reverse was the case for households with a net income of less than £20,000;
- As such, we welcomed initiatives by the Welsh Government such as the tenancy hardship grant, increased eviction protection and top-ups to DHP and Discretionary Assistance Fund budgets. However, the situation is still extremely serious, our own advice services report that Section 21 eviction notices in July 2021 were close to double that of July 2019, pre-pandemic;
- Trends like this will only continue to exacerbate existing issues for people and are likely to contribute to pushing more people further into debt and/or homelessness.

The effectiveness of mechanisms such as the Discretionary Assistance Fund and affordable credit in providing assistance to those most in need during the pandemic, and what changes could improve future delivery.

¹⁰ https://sheltercymru.org.uk/wp-content/uploads/2020/11/Life-in-lockdown-in-Wales_Nov-2020.pdf

¹¹ <https://www.bevanfoundation.org/wp-content/uploads/2021/09/Debt-in-the-pandemic.pdf>

¹² <https://www.bevanfoundation.org/wp-content/uploads/2021/06/Snapshot-of-poverty-in-spring-2021.pdf>

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- In a similar situation to the issues with the Tenancy Saver Loan, we have seen significant numbers of applications to DAF rejected¹³, many due to a cap on the number of applications people can make;
- The discretionary approach to many support schemes can often act as a barrier to people accessing much needed support. This is something we have seen with homelessness policies, such as priority need and DHP;¹⁴
- We believe that the Welsh Government and local authorities across Wales are better placed moving away from a discretionary approach, where people are forced to re-live their trauma to prove eligibility, to a more person-centred and rights-based approach to support, which speeds up the support process for people and families who need it;

¹³ <https://www.bbc.co.uk/news/uk-wales-56258809>

¹⁴ <https://sheltercymru.org.uk/blog-what-is-priority-need/>