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Y Gweinidog Cymunedau a Threchu Tlodi
Minister for Communities and Tackling Poverty



Llywodraeth Cymru
Welsh Government

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Dear Darren

Auditor General for Wales Report – Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales

Thank you for your letter of 8 January 2015, addressed to the Permanent Secretary. In view of the questions relating to Government policy raised by the Auditor General's report, I have decided on this occasion I should respond on behalf of the Welsh Government.

All except one of the recommendations do not relate directly to the Welsh Government. Neither do we in Wales control the decisions which lie at the heart of the problems identified by the Auditor General. However, I do acknowledge the role Welsh Ministers have in providing leadership and support to Local Authorities and housing associations in mitigating the impacts of welfare reform to which I am deeply committed.

Recommendation 6 is addressed to the Welsh Government. We understand some of the thinking behind it, however, initial consideration has identified some difficulties in terms of its practical implementation. It would be contrary to our current approach to performance management and our regulation of Registered Social Landlords, to set national service standards of this type. Our approach has become increasingly outcome focused and it is right for us to focus on the real difference being made, allowing landlords and their tenants flexibility in developing the mechanisms by which they are achieved. The Welsh Government does, of course, have a role to give guidance to landlords in developing local service standards and to help spread best practices with the aim of ensuring consistently good service in all areas.

We are in discussion with the Welsh Local Government Association regarding what may be done to address the recommendation within this policy context. Protocols are being set up with Local Authorities which will achieve a consistent approach to discretionary housing payments and I have asked my officials for this recommendation to be examined as part of this work. Our up-dated Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness, also references under-occupancy and priority for those wishing to down-size. Some variation in social landlords' performance is to be expected as local conditions vary. There is a role for tenants in scrutinising the performance of their landlord and this issue will be raised with the two representative bodies, Welsh Tenants and the Tenant Participation Advisory Service

The remaining recommendations are for action by Local Authorities and the Social Rented Sector, including Community Housing Cymru. Since the commencement of the UK Government's welfare reforms, April 2011, the Welsh Government has been proactive in helping tenants cope with the impacts of the reforms and I am pleased the report report acknowledges this. Our action has included:-

- a) Between April 2011 and March 2015, Welsh Government made available, through its Homeless Prevention Fund, approximately £3 million to support the work of Local Authorities and their partners to mitigate the impact of the welfare reform changes. Typically this enabled Local Authorities to work with landlords and tenants to address benefit shortfalls and secure affordable accommodation. The Auditor General's report states there has been a significant reduction in the availability of independent housing advice. I would not support this statement. Whilst there have been cuts in funding to organisations such as Shelter Cymru, reconfiguration has in fact extended the coverage of the advice service to an all-Wales level.
- b) In response to the recent cuts in funding for advice services, including Legal Aid, I have announced a further £2 million in 2014-15 to support, in the main, specialist advice on welfare benefits, housing, debt and discrimination. Some of the purpose of this funding is to increase people's income and, therefore, housing affordability and, where possible, to prevent homelessness and secure temporary or permanent housing for people. The Welsh Government's Advice Services Review, subsequent Welsh Government engagement with the Independent Advice Providers Forum and relevant research reports have highlighted to us there is a growing need for advice services in these areas. However, as we have said all along, the Welsh Government will not be able to step in and fill all the gaps. With this in mind, I am establishing a National Advice Network which will provide strategic direction as we grapple with the difficult tension between rising demand and diminishing resources and will bring together key stakeholders to help inform the way forward. I am convinced part of the solution lies in greater collaboration and cross-referral between key organisations, for example between housing associations and independent advice providers. There is some excellent practice already out there and I see the Network having a role in disseminating such examples of effective practice more widely across Wales for the benefit of service users.
- c) In 2013/14, £20 million was invested through the Social Housing Grant Programme specifically for smaller one and two bedroom homes for individuals and families who may be adversely affected as a result of welfare reform. All Local Authorities benefitted from this funding which supported 32 schemes delivering approximately 375 units.

- d) We are investing a further £20 million over the next 2 financial years (£5 million 2014/15 and £15 million 2015/16) for smaller properties. Local Authorities have identified schemes with a grant requirement in excess of the combined £20 million allocation for 2014/15 and 2015/16. Full spend will be achieved and a reserve list is in place in case of slippage.
- e) The Welsh Government established a Task and Finish Group in July 2013 to consider the *Impacts of Welfare Reforms on the Social Rented Sector*. Membership comprised of a broad group of stakeholders from across Wales who could consider the impacts of welfare reforms, particularly the bedroom tax on social rented sector landlords and tenants. The purpose of the Group was to gather the evidence, consider and disseminate good practice. The report was published on the Welsh Government website¹. There were a total 12 recommendations and those specific to the Welsh Government have been accomplished.
- f) The Ministerial Task and Finish Group on Welfare Reform established a further working group in July 2014 to consider *Direct payment of Housing Benefit in the Social Rented Sector and Sustainable Tenancies*. I will be aiming to publish this report before the end of February 2015.
- g) Welsh Government supported Local Authorities by making £1.3 million available to supplement the money given to Local Authorities for discretionary housing payments by the UK Government. The main aims of the funding were:
 - i. to help more tenants through the discretionary housing payments scheme; and
 - ii. for Local Authorities to consider a more holistic approach to how they administer the payments.
- h) The report, *Evaluation of Additional Discretionary Housing Payments Funding provided by the Welsh Government to Local Authorities in Wales for 2013/14*² is available on the Welsh Government website.
- i) The Housing (Wales) Act 2014 will normalise more positive attitudes to the private renting by meeting the housing needs of homeless people through the sector. Social housing tenants affected by welfare reform will have the additional protection of higher standards assured by the safeguards in Part 1 of the Act. The Act also reinforces the duty of local authorities to prevent homelessness.

¹ <http://wales.gov.uk/topics/housing-and-regeneration/welfare-reform/impacts-of-welfare-reforms-on-the-social-rented-sector/?lang=en>

² <http://wales.gov.uk/topics/housing-and-regeneration/welfare-reform/evaluation-of-housing-payments-funding/?lang=en>

- j) Through our revised Digital Inclusion Delivery Plan (published in June 2014), and our Digital Inclusion Programme, Communities 2.0, we are making good progress in getting more people to improve their lives through the use of digital technologies. However, we know certain groups like social housing tenants are still much more likely to be digitally excluded than the average population, due to lower incomes, qualifications and skills. Communities 2.0 helps individuals to overcome barriers, build confidence and create opportunities to use new skills. The programme has helped to support over 55,000 individuals to get online and have engaged numerous key stakeholder organisations to support the agenda. However, much more still needs to be done, and only a concerted effort across the private, third and public sectors can really achieve digital inclusion. We have worked closely with Housing Associations to support tenants to acquire basic internet skills and a number of Housing Associations have been lead partners in local Communities 2.0 funded 'Get...County...Online' initiatives. We are also working with Community Housing Cymru to help support the social housing sector to adopt sustainable affordable broadband solutions. There is scope, through our investment in our Superfast Cymru programme, to provide the baseline connectivity which can help enable affordable broadband projects to take place. Our Digital Inclusion Delivery Plan Update contains targets and actions to reduce digital exclusion amongst residents of Social Housing to 22% by 2017.
- k) Our Tackling Poverty Action Plan targets our resources to help people in our most deprived communities. The Lift Programme reflects the commitment in the Welsh Government's Tackling Poverty Action Plan to provide 5,000 training and employment opportunities to people from workless households by the end of 2017. Among the commitments made to support the Programme, the Registered Social Landlords in Wales have undertaken to provide at least 1,000 opportunities for Lift participants over the lifetime of the Programme. As at 31st December 2014 the programme has provided 1028 opportunities to people from workless households, including 178 people supported into employment.

The report notes the inconsistent delivery by Councils and Associations, of lodging schemes or support for tenants to take in lodgers. Matters relating to sub-letting are set out in tenancy agreements for social housing. The report recognises the need for caution for tenants before taking in a lodger. I have asked my officials to work with the tenant representative organisations we support to consider what more could be done to ensure tenants are fully informed on the matter. We have reflected the subject of lodgers and the need to take advice, in the latest version of the Code of Guidance on Allocations and Homelessness which is about to be published for consultation.

I am pleased to highlight the breadth of action Welsh Government is taking in response to mitigating the impact of welfare reform in Wales.

Regards



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