



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Cyfrifon Cyhoeddus **The Public Accounts Committee**

Dydd Mawrth, 19 Mai 2015
Tuesday, 19 May 2015

Cynnwys
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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are recorded in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jocelyn Davies	Plaid Cymru The Party of Wales
William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Sandy Mewies	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Steve Clarke	Rheolwr Gyfarwyddwr, Tenantiaid Cymru Managing Director, Welsh Tenants
Mike Halloran	Rheolwr Tai, Tai Wales & West Housing Manager, Wales & West Housing
David Lloyd	Cyfarwyddwr, TPAS Cymru Director, TPAS Cymru
Claire Maimone	Cyfarwyddwr Tai ac Adfywio, Cartrefi NPT Director of Housing and Regeneration, NPT Homes
Jim McKirdle	Swyddog Polisi Tai, Cymdeithas Llywodraeth Leol Cymru Housing Policy Officer, Welsh Local Government Association
Steve Porter	Cyfarwyddwr Gweithrediadau, Tai Wales & West Operations Director, Wales & West Housing
Nick Selwyn	Swyddfa Archwilio Cymru Wales Audit Office
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales
Linda Whittaker	Prif Weithredwr, Cartrefi NPT Chief Executive, NPT Homes

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Claire Griffiths	Ail Glerc Second Clerk
Hannah Johnson	Y Gwasanaeth Ymchwil Research Service
Michael Kay	Clerc Clerk
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

Dechreuodd y cyfarfod am 09:03.
The meeting began at 09:03.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Darren Millar:** Good morning, everybody. Welcome to today's meeting of the Public Accounts Committee. Just a few housekeeping notices to start: just to remind you that in this meeting—and the National Assembly for Wales, of course, is a bilingual institution—people should feel free to contribute to today's proceedings through either English or Welsh, as they see fit. There are, of course, headsets available for amplification and for translation. If I can encourage everybody to switch off their mobile phones or put them on to 'silent' mode. I just remind our witnesses that, as this is a formal public meeting, they won't have to press any buttons to operate the microphones; they'll operate automatically. In the event of a fire alarm, we should follow the instructions of the ushers. We haven't received any apologies for today's meeting, so we'll go straight into our agenda.

09:04

Papurau i'w Nodi Papers to Note

[2] **Darren Millar:** We've got some papers to note—item 2. We've got minutes of our meeting held on 12 May. I'll take it that those are noted. We've got some additional information on our work on early departures. We've had a letter from Powys County Council that sets out the number of officers who have departed that organisation over the past couple of years and we've had some information from Rhondda Cynon Taf council as well, which relates to the same subject. We asked, if you remember, for some evidence from the local authorities about difficulties in recruiting. Aled.

[3] **Aled Roberts:** Yes. Can I just come in on that? They say that the HR department, or their systems, actually identify vacant posts, but they then go on to say, 'Oh, there isn't a budget against them any longer, so we're not going to divulge that information'. I'm just wondering whether we could ask them how many posts are identified as vacant in their HR systems, just to give us an idea.

[4] **Darren Millar:** Are Members content with that? I think it's also important that we get back to Powys, asking for this evidence; they said it was difficult to recruit to posts in Powys, but they haven't provided us with any evidence that it's more difficult to recruit in Powys than anywhere else in Wales at the moment. I mean, it was anecdotal, because of the size of the area, wasn't it, if you remember? Any other comments? Mike.

[5] **Mike Hedges:** As the Auditor General for Wales will tell you, recruitment is cyclical. I mean, there are times when local authorities have huge difficulty in recruiting solicitors, have huge difficulty in recruiting accountants, when the private sector is doing incredibly well, and when the private sector is doing incredibly badly, they find recruitment very easy.

[6] **Darren Millar:** Yes. Interesting also to note, with Powys, that they shed a huge number of jobs in their adult services in 2014. They had big problems with social service day care—the domiciliary care side of things—in that particular year, but that's just for noting. Okay, well, we'll write back to both local authorities and ask for some more information.

[7] We've also had a response from June Milligan in relation to the auditor general's report on financial resilience in local authorities. There are some interesting parts of the letter, I think, that we might want to take note of. One is that the Welsh Government says that it has been giving some additional support to local authorities to help manage their financial affairs,

but it doesn't actually set out what 'additional support' means. So, with your permission, I think we should write back and just ask for a bit of information. June is, of course, going to be coming before the committee and providing some additional evidence further to the letter that we've been working on.

[8] Secondly, I've just asked the auditor general for a comment on the final substantial paragraph of her letter. She talks about the Welsh Government not recognising some of the figures in the opening paragraphs of the report. So, auditor general, do you just want to clarify your response to that?

[9] **Mr Thomas:** I would just point out that she goes on to say that, nevertheless,

[10] 'they present a compelling case for change'.

[11] I should say that the figure was the subject of some debate with the Welsh Government during the clearance process. It actually comes from a WLGA publication; that's the basic source of that one. But from my point of view, what this shows is, really, the lack of shared understanding between the Welsh Government and local authority associations on the scale of reductions, and I think that'll be a topic to probe when June comes to give evidence.

[12] **Sandy Mewies:** Isn't there a way we can clarify that? Surely, if we're going to talk about figures and use them as a basis, we ought to be accurate in what we're doing. I understand what you're saying—it shows the lack of clarity and understanding—but I would like to have—. Is the information we've got correct or isn't it correct?

[13] **Mr Thomas:** Well, I've given the source of where that information comes from and I think that is the subject one explores with the Welsh Government.

[14] **Sandy Mewies:** Right, okay.

[15] **Darren Millar:** If the Welsh Government have alternative figures, we can challenge them about it when—

[16] **Sandy Mewies:** Could we not write to them in advance, though, and say what they are?

[17] **Darren Millar:** Well, we are. That's precisely what we're going to do. So, if Members are content, we'll ask the Welsh Government to give us that information in advance of them coming before us.

09:09

Diwygio Lles: Sesiwn Dystiolaeth 3 Welfare Reform: Evidence Session 3

[18] **Darren Millar:** Item 3 is our third evidence session on welfare reform and its impact on social housing tenants. I'm very pleased to be able to welcome today Steve Clarke, managing director of Welsh Tenants, and David Lloyd, director of TPAS Cymru—the Tenant Participation Advisory Service. Welcome to you, both; we're very grateful for your attendance today. You've obviously seen a copy of the auditor general's report and we've received some written evidence in relation to that from TPAS.

[19] I don't know whether you want to make any opening remarks before we go into questions from Members. Steve, did you want to start?

[20] **Mr Clarke:** I'm fine to start, thank you, Chair.

[21] **Mr Lloyd:** Happy to start.

[22] **Darren Millar:** Happy to start; okay. I'm going to go over to William Graham.

[23] **William Graham:** Thank you, Chair. Good morning. The auditor general's report points out that there's an increased demand for smaller social housing, but there's little increase in the supply and availability of smaller housing. This is not new; it's been going on for some years. What are your comments on that?

[24] **Mr Clarke:** Yes, I think one of the problems with the initial bedroom tax, as such, specifically was the ability of tenants to downsize to smaller properties without making a comprehensive assessment of the availability of those properties. So, in the past, we've concentrated on family accommodation, two and three-bedroomed family accommodation, and that's been the stall for many, many years, and as a consequence, there is a shortage of supply. What that means for people who are prepared to downsize to smaller accommodation is that those homes are not available. We welcome the Government's funding to try to address that issue—£20 million specifically to build one and two-bedroomed properties and to meet some short-supply issues—but that's a long-term objective and it's of concern because, obviously, people who want to downsize as a result of financial constraints are unable to do so. In respect of using the private rented sector, of course, the private rented sector currently has less security; it's more expensive; it's invariably of poorer standard; and people are sometimes reluctant to use that as an option. Therefore, they usually try to stay in their accommodation and suffer the consequences that that has on their family income, with a lot of struggle and a lot of pain along the way.

[25] **William Graham:** That is the present situation, but the point is that people have demanded smaller accommodation for many years, which local authorities have not met. In fact, in many cases, local authorities have demolished blocks of single items of accommodation.

[26] **Mr Clarke:** Yes, and that's regrettable because we now find ourselves in a situation whereby the demand is there, but the supply is not.

[27] **William Graham:** Do you think that will be rectified in time?

[28] **Mr Clarke:** Well, as I said, the levels of shortfall are very significant, and I think the approach to utilise the private rented sector is something that is being considered more, with significant changes to the private rented sector to address demand and supply issues. But, as I said, invariably, that is not the obvious choice for people to downsize to.

[29] **Mr Lloyd:** Obviously, in terms of the availability of alternative accommodation, there is an assumption there that there are a lot of tenants wishing or able to move to smaller accommodation. That may not be the case because of their own family or personal circumstances, and for some of the most vulnerable in society, there is the upheaval and stress of moving home, where they've created roots in the local community as well, and that also creates unstable communities as those people move on. For some tenants, it's been a tougher challenge than others, depending on their landlord stock. A lot of the more traditional local authorities, and those stock transfer landlords as well, have primarily a lot of family accommodation—two and three-bed accommodation, and perhaps less smaller accommodation. So, for those, it's been a bit harder to move down as well. You're quite right in saying that a lot of landlords in the past have changed what they used to have with one-bed properties and that's partly because of demand for those. Tenants' aspirations changed; they

wanted another bedroom to have children over, friends, visitors and things like that, and there was a change in lifestyles and expectations as well. So, that's why that demand changed and now we're in this difficult situation where there is that need back for those smaller one-bed accommodations to meet the impact of the spare room subsidy as well.

[30] **William Graham:** Did you notice in your association the same trend when the policy was introduced for private housing to begin with?

[31] **Mr Lloyd:** Sorry, say that again.

[32] **William Graham:** Did you notice the same trends when the policy was introduced for private housing previously?

[33] **Mr Lloyd:** I think there's a reluctance by tenants to move into the private rented sector as well because of the perceptions of it as probably more risky and less secure. People like the reassurance of being in social housing and some of the quality that that brings as well. But, you know, it's unfortunate that people may be trapped in those homes now wanting to stay in those communities, but there's less of those smaller properties available. Hopefully, with the development programme in smaller properties, that may help, but some of that will depend on where those properties are and the nature of those properties if people are looking to move to them.

[34] **Mr Clarke:** Can I just come back on—

[35] **Darren Millar:** Very briefly. I've got a few Members who want to come in on the same issue.

[36] **Mr Clarke:** One of the implications of this is to redesignate existing stock as well, so undertaking adaptations to properties to convert properties to multiple occupancy. And that's something that we are concerned with. Schedule 14 to the Housing Act 2004 states that social housing properties don't have to comply with HMO regulations, and one of the concerns I have is that we are actually creating a worse standard of protection for tenants if we go about large-scale conversion of existing properties.

09:15

[37] **Darren Millar:** Okay. I've got a few Members who want come in. Is it on the supply of one and two-bedroomed properties, Julie?

[38] **Julie Morgan:** It's about the impact on disabled people, so—

[39] **Darren Millar:** Okay. We'll pick up on that in a second.

[40] **Julie Morgan:** —we could come there later.

[41] **Darren Millar:** Is it on the supply?

[42] **Sandy Mewies:** Yes.

[43] **Darren Millar:** Yes. Okay, Sandy. And then I'll come to Jocelyn.

[44] **Sandy Mewies:** Good morning. It's quite easy to say, isn't it, and I think it is recognised, that the supply of one bedroom and two bedrooms has not been great over the years? But, there seems to be a suggestion that—. Well, can you tell me, is it that people don't want to move because the supply isn't there or is it that they don't want to move because

perhaps they are planning to have a family or perhaps they have had a marital or other breakdown and they have children visiting them? I mean, is it as simple as it's being put that, 'Well, there are not enough houses being built'? Actually, most people who decide to live together in a relationship often want children and they, sort of, plan for the future. So, even if they moved down to a one-bedroomed flat, they may be looking to move the next year—who knows? So, is it as simple as saying that the supply isn't there? In the future, if the majority of the supply is one and two-bedroomed houses, do you think that will leave a need then for more houses to be built or designated as family homes? It sounds very simple when you say that there just aren't enough.

[45] **Mr Clarke:** Yes. There are multiple complex issues in relation to families and communities. I think it's actually been a policy that you underoccupy when you move in. It gives families time and space to settle and to contribute to communities. And, because we are a diverse country as well, that's to the benefit of those communities. There are caring responsibilities. A recent survey of the social housing sector indicated that the average age of the social housing tenant is 58, plus or minus five years. We call this the sandwich generation. They are looking to take care of their older parents who are living longer and probably locally, as well as looking after their siblings to try to improve their social mobility and also looking after grandchildren. So, therefore, they are central to that family stability. So, from my point of view, it's not just about supply. It's about how you maintain the dignity of the family unit and the support nature of the family unit, and the whole issue around bedroom tax, I think, has just been about numbers and it's forgotten that it's about people as well. So, I fully agree with you. It's not just about the supply issue. It's about how we maintain and support the family unit, and especially for those people who are more likely to be impacted by the bedroom tax—the 50-plus age group who also have those dual responsibilities within the community.

[46] **Sandy Mewies:** Thank you.

[47] **Darren Millar:** Jocelyn—. Sorry, you wanted to add something?

[48] **Mr Lloyd:** Yes, I just wanted to reiterate what Steve said. We've seen a mix of reasons. There are some tenants who would move if the right property became available and they could downsize. Some of that requires support to enable them to do that, and some landlords have put systems in place where they'll make arrangements and get a place carpeted and things like that to encourage and incentivise them to move. But, there are obviously those who, as Steve mentioned, have family roots and those connections, and we've seen people, like Steve mentioned, who've grown up there. The children have now left home, but those children still want to come home and visit with the grandchildren and things like that, and those people are feeling pressurised into moving to smaller accommodation, which fundamentally changes their lifestyle and changes the nature of that community as well.

[49] **Jocelyn Davies:** I wanted to go back to Steve on the point that William was making about upheaval, because this is a policy that was introduced in the private rented sector back in the 1980s, and you've got long experience with tenant participation and so on. Have you ever known a change to rent rules to be introduced retrospectively before?

[50] **Mr Clarke:** No.

[51] **Jocelyn Davies:** Because it's my understanding that we didn't have this upheaval before because it only applied to new people who were taking new properties and not retrospectively, and that's the big difference I suppose—there are a lot of people changing over. So, can you ever remember a policy being retrospective before?

[52] **Mr Clarke:** No. And that, I think, is the injustice of it. In the private rented sector, as

I said, it wasn't introduced retrospectively. It was just for new tenants. People have lived in social housing for two generations perhaps, in succeeded tenancies. During times when there wasn't the available finance to invest in those homes, people in the 1980s and 1990s invested in those homes, often with their redundancy pay, to make those homes suitable for themselves because the councils didn't have the money to finance them. So, they've invested not just social capital within their communities, but also hard cash in those homes as well. As I said, that's what's so unjust about it. The other thing as well I would reiterate is that we did a survey in 2004 that suggested that 25 per cent of tenants would be prepared to downsize to smaller properties.

[53] I was quite surprised by the empathy shown to new people coming into council housing. They were prepared to give up their family home for smaller accommodation to allow families to move into communities et cetera, and yet the policies and the restrictions were there. That's why we recommended, when we did the 2010 report on the bedroom tax prior to its implementation, that a national voluntary scheme for voluntary downsizing needed to be in place. At the time, when we surveyed local authorities, there wasn't a national approach to better utilisation of the existing stock. What we suggested was a national voluntary scheme for those who wanted to give up family accommodation for new families, for either conversion or to meet overcrowding and supply, that they be compensated to do that. There is an argument whether there is sufficient properties in the right places, but that would have resolved a lot of the issues.

[54] **Jocelyn Davies:** So, I want to ask you, if there demand was there, why the smaller properties, especially one bedroomed, were very hard to let, when you are saying people would need a little incentive or help to move, perhaps some sort of financial help in terms of settling in a new property, rather than just moving straight in, and that's why they were harder to let.

[55] **Mr Clarke:** Certainly, yes, and there is also the issue around, as I said, support and priority on the local lists, so that you could stay in your existing community and still provide the support you do to the community. So, yes, this approach is very hard hitting and about numbers. It's not about people.

[56] **Jocelyn Davies:** Thanks.

[57] **Darren Millar:** Jenny Rathbone.

[58] **Jenny Rathbone:** I've got lots of older constituents who would like to move to smaller properties, but they just aren't there. Is it not also a fact that you've failed to ensure that social housing included a range of types of housing within communities so that people could upsize or downsize in accordance with their needs?

[59] **Mr Lloyd:** I think the housing providers have also provided a range of accommodation. Traditionally, it's been the family homes, then they've moved to the one-bed. As the housing association movement set up, those were less popular and that's why some of those were changed or converted to other sized properties. Some of it does work as a challenge for those housing providers around demographics or people's expectations are of the home as well. Sometimes, the added complication is that the development process for housing associations and organisations can take a long time and those demographics can change by the time that land is acquired and those properties are built. And our communities change, and it only takes something to happen in the local community—a factory closing and things like that—for people to move on, and the dynamic of the population of that sector changes. So, it's a bit of a juggling act, a balancing act, to have those properties ready at the time when people need them. That's why it needs that flexibility. This is why, as Steve was mentioning, some landlords used to underoccupy to respond to needs, to let families grow

into those properties as well, but that option isn't quite the same now. There needs to be best use of the housing stock and those are the properties that aren't there.

[60] **Jenny Rathbone:** Okay, but time is not on our side now. Is your perception that housing associations and social landlords generally aren't getting on with it and actually building these smaller properties that are obviously desperately needed?

[61] **Mr Lloyd:** I think the budget is there, being provided by Welsh Government, to encourage smaller properties, but, like I said, that development process takes time for that to happen. So, it's about ensuring that that happens as quickly as possible, but also that the tenants are going to benefit from it as well. It may benefit new tenants coming to the market and may not suddenly benefit existing tenants who are already in a home and looking to downsize, as those properties may not be in the right location for those as well.

[62] **Jenny Rathbone:** So, existing tenants are stuffed, then.

[63] **Mr Lloyd:** They may be able to move and in a position to move if they want to move to those areas. But, that's why it needs some careful consideration in the development process to also meet the needs of existing tenants who wish but are unable to downsize as well.

[64] **Darren Millar:** Some of the other evidence we've received suggests that housing associations and other social housing providers have been very slow out of the starting blocks and, in fact, resistant to making concrete plans to move forward with new one and two-bedroomed properties because they, you know, felt that there may have been a policy change in the future. Have your tenants reported that to you?

[65] **Mr Clarke:** Yes.

[66] **Darren Millar:** Presumably, your tenants would be pretty angry if they'd been affected by a bedroom tax, yet, their social landlords have done nothing to actually make an effort to provide suitable accommodation to meet their needs.

[67] **Mr Clarke:** It's a complex issue in terms of supply. It's about having the availability of contractors building, even products, and there's huge demand for bricks at the moment, as was seen on the tv last night, and a lot of the big foundries have closed down. So, it's not as simple as, say, just switching a tap on and off. There are planning issues and these things need careful consideration. We have made mistakes in the past, with, certainly, knee-jerk reactions to building. But, yes, from a tenant's perspective, there is frustration, especially among the older population, that there are not the bungalows and the unrestricted mobility properties available for them to downsize to. There's huge demand for that property but, as I said, it takes a long time to turn the train around in order to meet that demand. There was an expectation, of course, that there may be changes in Government that may have changed policy as well and, obviously, that's not the case.

[68] **Darren Millar:** We can't always rely on that, can we?

[69] **Mike Hedges:** Unfortunately, no. I can talk mainly about council housing in Swansea, so I will show two scenarios to you and see if you recognise them. One is the more stable estates, the ones with the least problems and a bit more sought after. They tend to be those where you have extended families living on the estate and, often, grandparents are able to provide support. The second point is that we have huge demand in Swansea for sheltered accommodation. If they doubled the amount of sheltered accommodation they would fill it, and that's really to say 'lots of housing'. Do you see that demand for sheltered housing? Of course, the council stopped building in the late 1970s and early 1980s, and have only started building very small amounts since. Housing associations haven't met that sheltered housing

need to anywhere near the level that would have been met by councils. Do you recognise either of those scenarios?

[70] **Mr Clarke:** It's different for different parts of Wales, I think. In some areas that I have been to and, indeed, visited, sheltered accommodation is undersupplied. They've had to lower the age range in order to take up the voids in those sheltered schemes. They are moving to independent living schemes as opposed to the traditional sheltered schemes and a withdrawal of warden services et cetera. So, it is a mixed picture across Wales. In some parts, there is very high demand, while, in other parts, it is a lack of demand, which has forced changes within the schemes. So, I would say that it's a mixed picture and it's horses for courses. What we need are comprehensive assessments done by each local authority on the supply and demand issues for their particular local authority area and to plan accordingly to that evidence base.

[71] **Mike Hedges:** They're meant to do that though, aren't they?

[72] **Mr Clarke:** Yes, they are.

[73] **Mr Lloyd:** I think that there are issues around rurality as well that come into it. It's a challenge for some landlords who've got sheltered accommodation in rural areas, because it's low demand, partly because of the lack of services to those local communities as well. Elderly people don't want to feel isolated when there's a lack of bus services or local facilities, local doctors or healthcare in that town or village. So, they do struggle sometimes in terms of allocating those more isolated types of sheltered accommodation as well.

[74] **Darren Millar:** Just on the local housing market assessments, obviously, a number of those would have been done by local authorities some time ago. Is there a need for those to be refreshed? I don't know what engagement the tenants that are members of your organisations have with those processes? Presumably, you have a seat at the table and are consulted as part of the process.

[75] **Mr Clarke:** I would say that it's not universal. Again, it's patchy, and the levels of engagement, I think, are patchy across Wales. Some have very good systems in place and engage their tenants on wide-ranging, strategic and operational issues, and some don't. So, again, it's a mixed picture. But, I would suggest that, given the situation, it needs constant monitoring and review.

[76] **Darren Millar:** And you'd agree with that, David.

[77] **Mr Lloyd:** Yes, I would reiterate that.

[78] **Darren Millar:** Is your question on this, Jocelyn?

[79] **Jocelyn Davies:** No.

[80] **Mr Lloyd:** Demographics do change regularly in communities. People's expectations change as well. So, there is a constant need to have that dialogue with tenants and residents in those communities and to really try to work with them to forecast what demands or expectations will be like as well.

09:30

[81] **Darren Millar:** Okay, thank you. Julie Morgan, and then we're going to come to Aled.

[82] **Julie Morgan:** Yes. Thank you very much, Chair. Good morning. I wanted to ask you what feedback you'd had from tenants, particularly disabled tenants, about the impact of welfare reform on them, and, obviously, the impact of the bedroom tax.

[83] **Mr Clarke:** One word, 'incredulity', I think, comes to mind. There's a sense of social injustice, I think, especially for people who are at home, underoccupied, receiving palliative care, and who are severely disabled. I've seen a lot of hardship across Wales in respect of that, a lot of frustration around challenge to the legal process, applications for DHP, the discretionary housing assistance fund. You know, there is just incredulity as to the injustice of some of the issues. The application process for the discretionary housing assistance fund is inconsistent, I think: some take, for instance, DLA into account, some don't. There's not consistency in the approach across Wales, and the review process seems to be—the default position is that you are providing misinformation, as opposed to it really listening to the issues and concern. I'm very concerned for people who are caring for elderly people at home who are seriously ill, as well as those who have mobility restrictions. They've had to resort to—. There's been inconsistency in the advice offered to tenants around what they can and cannot do, and it's been very, very patchy.

[84] **Mr Lloyd:** We'd say the same, I think. From a lot of the disabled tenants we talk to, it's been a bit of fear and anxiety, a lot of it, as well, because of the confusion around—you know, they get mixed messages from the media, from the landlord, from other agencies as well. You know, just even the terminology—'bedroom tax', 'spare room subsidy'—it has created a lot of stress and anxiety for those, particularly those who may not have official carers and things like that, but people who do come in and help them, who may not be recognised officially as carers, and that type of support as well. And just the stress of going through it—whether they're expected to move or downsize, or even find the money to actually pay the actual spare room subsidy themselves, out of their own limited income. So, it has been quite a confusing, stressful time for those tenants in particular, as well.

[85] **Julie Morgan:** In terms of actually moving, my experience is that disabled tenants have accepted the cut in their benefit rather than moving, particularly those in adapted accommodation. Would you say that was the situation over Wales?

[86] **Mr Clarke:** Yes, very much so. That is my experience—that they've taken the hit, if you like, and, you know, don't want this change at their time of life, and therefore are willing to sacrifice other things for that, including additional care. I've even known people to sell family heirlooms to get by, and to struggle through in the hope that change will come. I think it's very depressing that people are having to resort to that to get by.

[87] **Mr Lloyd:** I think the worry is how long they can sustain paying that shortfall, really. You know, we've had a lot of tenants, some of those disabled tenants as well, saying, 'Yes, I'm paying it. I'm paying it.' The worry is where that money is coming from, and, if they're borrowing that money as well, and what happens if they have a difficult month financially. All it takes is, I don't know, a washing machine to break down that month, and where are they then in terms of paying that? So, it's that sustainability, and that goes across the tenant sector really, for those people who are paying it: how long can they do that for, and the worry is where they're getting that money from as well.

[88] **Mr Clarke:** Certainly what I'd like to see in relation to this as well is that much emphasis has been put on a pre-court protocol, in terms of financial assistance, but also we need now, I think, a post-court action protocol, because, previously, what the landlord would do is identify there's a risk, provide some support—financial inclusion support, check that you're receiving the right benefits, et cetera, et cetera—and then arrears accumulate, the landlord decides to take you to court for possession, possession is suspended in court, pending a sum of money being paid off the arrears that is reasonable in terms of affordability, but then,

suddenly, their DLA is stopped, and therefore all the arrangements you've made with the court are now in question.

[89] What I would like to see is a period of intense support post-court, because I think those people are the ones most at risk. Landlords tend to be very good at the pre-court action protocols and adhere to those and provide support, but, once they've got to court and agreed a settlement, if that settlement is being breached by the tenant, then they initiate an eviction notice and, at that time, that could be beyond the control of the tenant. As I said, I've dealt with cases where suddenly there's been a sanction for missing an appointment, or there's been a stop of disability living allowance for no apparent reason, and that's a concern for me.

[90] **Julie Morgan:** You said earlier on, when you responded to my questions, that taking into account DLA was patchy all over Wales. So, what percentage of local authorities are taking it into account as income, and what percentage are not? Have you got any figures?

[91] **Mr Clarke:** I don't have the exact figures, but very early on ourselves, Shelter Cymru and Citizens Advice wrote a letter to the Minister in respect of this, raising our concern, because we were getting information that the mobility component of DLA, or the care component of DLA, was being taken into consideration and then preventing people from applying for the discretionary housing fund. We felt that that was unjust. The mobility element was tied up, perhaps, in contracts with vehicles in order to get mobility, and this was not disposable income. Recently, there's been the Sandwell case in the High Court, whereby that's been proven to be unlawful and in breach of the regulations. So, it's very patchy across Wales—not all, but certainly there were about five or 10 in 2013-14 that we identified as not taking that into consideration.

[92] **Darren Millar:** Should there have been a bit more leadership from the Welsh Government, then, in terms of the discretionary housing benefit payments and the eligibility criteria for those, rather than leaving it to individual local authorities, do you think?

[93] **Mr Clarke:** Well, yes. We wanted one consistent approach to the application, with clear guidance for tenants and clear guidance for local authorities about how they make those decisions. But it's a discretionary fund available to each local authority. They could develop their own policy in respect of how they administer that, depending on the needs and priorities of their local communities. For us, I think, that was a problem, where it introduced that patchiness across Wales.

[94] **Darren Millar:** Of course, it would be up to the—. I mean, they'd have to pay regard to any guidance issued from the Welsh Government, though, wouldn't they, David?

[95] **Mr Lloyd:** I think it's added to the confusion for tenants as well, particularly where you've got a landlord operating across multiple local authority areas, in terms of what advice and information they can give. We have networks with tenants together from across different local authorities, and they get confused when they're chatting to each other around, 'How's yours being awarded?', and 'How's yours being awarded?' So, it adds to the confusion for tenants at a very uncertain and worrying time, and adds to the complexity for those giving advice within the housing organisations as well.

[96] **Darren Millar:** Jenny, you had a supplementary on this.

[97] **Jenny Rathbone:** I just wanted to go back to the point you were saying about how people are paying the bedroom tax regardless of the impact it may be having on their food, or perhaps are even borrowing money. So, I just wondered what work, if any, has been done by your organisations to promote the idea of taking a tenant, a lodger, to help them pay that shortfall.

[98] **Mr Lloyd:** We've not done any work in that area. It's something we are looking at. Just from initial talks to some tenants we've been in contact with, it is that initial reluctance to take in a lodger for fear of their own personal safety, or who is moving in, and the implications for their other benefits as well. So, I don't think that's the answer many tenants are actually looking for, really, but there may be some who do. Again, it's going to be different for different areas of Wales. In rural areas, there are not a lot of lodgers waiting to move into properties. It might be different in Cardiff and some of the cities, where there's more of an influx of people who are looking for temporary accommodation in someone else's home. It's not the answer, probably, across Wales, but it may be the answer for some people who are happy to do it with the reassurances as well, there, and some practical advice, and that's something—

[99] **Jenny Rathbone:** So, is there a role for your organisations in providing a framework so that people can feel comfortable? Obviously, you need to take references before you allow somebody into your house. Those are the sort of basics you'd assume, but perhaps people who have not done that before need some guidance or need a framework for how you go about these things.

[100] **Mr Clarke:** We did some work in 2010 with Simon Inkson on the bedroom tax and the implications, and the suggestion that tenants could take in lodgers to mitigate that. The demand was absolutely zero. At conferences we've had, with 200 delegates, one person in the audience has said that they were taking in a lodger—they live in Aberystwyth and provide support for the university students. I suppose that the key issue is around the risk, and also the financial benefit, because that has to be taken into consideration as income, and then will have an impact on the actual housing benefit claimed itself. The actual amount of risk involved, compared to the advantage to the tenant, is very small. So, the risk is very high and the advantage is very small. So, tenants are very reluctant to take it on board. We've looked at this issue consistently, and there is very, very little support for that process.

[101] **Jenny Rathbone:** But, at the moment, they're risking losing their home altogether.

[102] **Mr Clarke:** Yes, yes.

[103] **Jenny Rathbone:** So, you've got to balance those risks. Surely, is it not up to your organisations to make it a more achievable option by giving a framework, by perhaps providing dating sessions so that people can get a look at each other before they make a commitment?

[104] **Mr Clarke:** The problem is that the accommodation isn't built for purpose as well. The spare bedroom may be a cot bedroom or a box bedroom. It's hardly conducive to renting it out to a lodger. There are fire and electrical safety risks without the standards in force to cover that; there are multiple issues. As I said, we actually wrote—or Simon wrote—a lodging agreement for tenants to take up, which was advertised as well. As I said, the demand was very, very low. I think people looked for other alternatives to taking a stranger into their home.

[105] **Jenny Rathbone:** Okay, but is it something that you might come back to?

[106] **Mr Clarke:** I would suggest that there is very, very little demand for that in Wales, and only in some short exceptional cases would people consider that. So, if resources were to be applied to that as a principle, I would think that the return would be very low.

[107] **Jenny Rathbone:** Okay, but historically this is not an unusual idea. People used to take in lodgers.

[108] **Mr Clarke:** No, it's not. But I think the accommodation that's been built in the 1970s, 1980s and 1990s is very different to the pre-1919 properties where it was an idea. In the private rented sector it was common to let. My parents used to take in lodgers when I was a child, but it wasn't a council property, it was a terraced pre-1919 property, with larger rooms, et cetera. To expect tenants to take in lodgers with the room sizes available in modern council housing, I think, is just not feasible.

[109] **Jenny Rathbone:** Okay. Thank you.

[110] **Darren Millar:** A brief supplementary to Mike before we go on.

[111] **Mike Hedges:** Historically, in my parents' generation, people took in lodgers, but often they were relatives. That itself can have an effect on benefits, can't it? If you take in a working relative, they can then be deemed to be the major income and you lose all housing benefit, not just the bedroom tax.

[112] **Mr Clarke:** Yes, certainly.

[113] **Darren Millar:** Thank you for that. Aled.

[114] **Aled Roberts:** I just wanted to go after the issue of the expectations of tenants, really, and the responsiveness of social landlords—not only the one and two-bedroomed accommodation, but quite a lot of the sheltered accommodation was built in the 1970s and 1980s. To my mind a lot of it is not acceptable as far as current expectations are concerned—it's very small bedsit-type accommodation, and that's why there was a high level of vacancies. Just to ask why, really, social landlords—. Was it purely due to resources that we're not in a position to remodel? I can remember instances in north-east Wales where there were attempts to do so, but nearly all of the sheltered stock is from the 1970s and 1980s or is extra care, which has been funded by the Welsh Government, which is very different in nature. So, you know, whether there have been successive policies or whatever that have not enabled social landlords to respond to the change in tenant expectations, really—.

[115] **Mr Lloyd:** I think, like I say, it comes back to, sometimes, the expectations of tenants. People are younger as they're older, so to speak, and they don't want to live in those smaller accommodations. They've got different types of lifestyles, they don't want to live in that communal-type environment, or they may not need the support of a warden, which it often came with, really—a 24-hour warden as well. So, those properties did become less popular. I think that you're now seeing a shift with people staying in their own homes longer, but then, the provision of extra care provides that as and when the care needs increase, whether it's through age or ability as well. So, I think you're seeing that shift from that unpopular accommodation, and that's why landlords are now reconfiguring, and looking at the more extra care type of approach as well.

09:45

[116] **Aled Roberts:** How would they finance any reconfiguration of existing stock, then? Extra care very much is through specific grants to housing associations. So, there is a willingness, as far as housing associations are concerned, to develop new extra care schemes, but of course, in the meantime, we have these large numbers of blocks. In the village in which I live, there are three sheltered schemes that they struggle to actually fill.

[117] **Mr Clarke:** As I said, what the sector has done is change the designation of the sheltered scheme by making it independent living, so lowering the age group gradually down to 50s and even to 45s, in some areas, to make it more of an independent living scheme. Just

on the point about redesignation, I think that there are councils and local authorities across Wales looking at blocks of flats, and looking at how they can redesignate properties to make them more accessible. Funds are being made available to change from two-bed to one-bedroom, where perhaps the cot bedroom is too small. So, they are making efforts to change those designations, and I think, again, it's about trying to adapt existing stock, as well as making provisions for future stock.

[118] **Aled Roberts:** Can I also ask about evidence we heard last week with regard to a patchy picture as far as allocations policies are concerned, and where arrears have accrued almost entirely due to changes in the bedroom tax? You have some local authorities and some social landlords who are then not willing to allow the tenant to downsize where there are arrears. How big a problem is that?

[119] **Mr Clarke:** Well, we raised it in 2004 because, in our work in 2004, one of the reasons for restricting people from downsizing was the fact that policies prevented them from doing so. We were going to challenge the sector on the same basis as that tolerated trespassers were illegal, so we were going to challenge local authorities on that basis as well. When we did the report in 2010, we raised the same issue—that some policies by housing associations were preventing downsizing because of existing arrears. Some are now moving to setting aside those arrears as a separate payment system, and then just freeing up to downsize. Recently, I looked at the initial work that we did in 2010, when we looked at the number of exchanges and transfers in Wales, and it's only shifted about 1 per cent since the introduction of the bedroom tax. That would suggest that—I mean, these are for 2013, so there may be a bit of a lag in figures—it demonstrates that there is not a significant shift in downsizing. I've heard a figure of about 14 per cent that have downsized, but that doesn't reflect the figures produced by Wales statistics unless, as I said, there's that lag. So, a couple of things about restructuring and downsizing were making sure that policies that prevented downsizing were there, and that there was support to do that. I think that, again, it is patchy across Wales. Allocations programmes are changing, as well. There are more financial assessments about affordability, which could restrict some people from even accessing social housing, which is a concern.

[120] **Aled Roberts:** That was the other point I was going to ask you. I think some of us last week were quite surprised when we heard, I think from Shelter, that financial assessments were increasingly being used now, where social landlords were in fact saying, 'No, we don't think you can afford it, so we're not going to respond to your social need.' How widespread is that?

[121] **Mr Clarke:** Well, as I said, one of the problems as well is collection of data—live data, as well—and the co-ordination of statistics. I noticed in the report, I think, there needs to be a strategic approach to how this is impacting on the sector, and what data we need to gather to find out what those changes are. We can see anecdotal cases here and there, but we need a whole-Wales picture approach about the impacts, as well, and the consequences of that. Yes, we—

[122] **Aled Roberts:** Would Welsh Government have that picture?

[123] **Mr Clarke:** Well, I would presume so, yes, and I would suspect that there are data being gathered on specific issues, but also then thematic reviews done from time to time as well. Certainly, the regulator for the housing association sector, for which I sit on the regulatory board, if there was a concern raised by tenants, would look at the feasibility of undertaking some thematic reviews of specific issues that are a cause for concern.

[124] **Mr Lloyd:** Just to say, in terms of downsizing, even with rent arrears, I think we have seen landlords relax those type of criteria, as Steve was saying, because it is in their interest to

do so, really. I think they're probably a bit more prepared to do so now they've upscaled quite a lot some of their benefits—

[125] **Aled Roberts:** They weren't prepared to in the meetings I had yesterday.

[126] **Mr Lloyd:** Oh, right. I hope there's that exception. I think now they've got a lot more financial advisers, money advisers, within their own organisation, I think that's given them some of the confidence to do that, so they can support tenants to manage those rent arrears and see a payment cycle coming in.

[127] **Darren Millar:** The clock has almost beaten us. Jocelyn wants a brief supplementary and then we'll go to Sandy for the final question.

[128] **Jocelyn Davies:** It was just really to say that that's because, if you move to a new property and start a new tenancy, they can't evict you, but you'd still have the debt, wouldn't you, even if they said that they can't evict you? You'd still have the debt, but it wouldn't be getting bigger and bigger. On the downsizing, we talk about downsizing as if people are going to move to a smaller property. It's not a smaller property; it's that it has fewer bedrooms. You were mentioning the reconfiguration and re-designation. What about if you took a wall down in a three-bedroomed property and converted it to a two? What are the implications of that for a landlord? Are there any?

[129] **Mr Clarke:** Well, less rent. There is some flexibility in terms of their rent-setting policy on properties but, yes, the implication could be less rent. The problem, I think, going forward with the benefit cap and other measures coming in place, is it would be difficult to sustain three-bedroomed properties on housing benefit levels. That's the wider concern for the sector as well.

[130] **Jocelyn Davies:** Okay.

[131] **Darren Millar:** Sandy.

[132] **Sandy Mewies:** Thank you. On that, actually—and I only want short answers, really—the universal credit is fast approaching. When the bedroom tax came in, it was described as a tsunami that would overtake us. What impact do you think the introduction of universal credit is going to have here on Wales? You've already talked about the cost to housing associations and others of taking on extra staff to deal with the problems we have already, and you've talked about the problems that tenants have, when their benefits have been cut, to pay. We were talking about what Welsh Government is doing and the efforts they can make to mitigate this and improve supply. So, universal credit is coming in. How do you think this is going to impact on Wales in human terms, which we can't forget, as you said, and in financial terms and in housing terms?

[133] **Mr Clarke:** Very briefly, then, on universal credit, there are some elements of it that we are very, very concerned about. Direct payments is one. There is concern about direct payments. We're also concerned about some supplementary measures that are coming in alongside that. For example, moving to four-week payments will create a gap in funding for that family when they do make that transition. The Department for Work and Pensions have agreed with the housing association sector that between 10 per cent and 20 per cent are stopped at source to pay back rent arrears. Where currently, if you went to court, a reasonable sum would be paid—that's usually around £16.50 a month, or £3.80 a week—the new arrangements will be that between 10 per cent and 20 per cent of the total universal credit could be stopped. Now, that means an increase of up to about £80 a week, potentially. What we're concerned about is the viability of tenants' incomes and the pressures that will put on people once that's in force.

[134] In terms of impacts, we are told that the universal credit will make people better off, but I suspect that, for those unable to work and therefore those who are in difficulty, it will be a harsher regime, which could eventually lead to those landlords taking punitive action against them for the debt that they may have. So, I do have some large concerns. I would like to see the Welsh Government consider earnestly the housing benefit administration being devolved to Wales, especially as, then, you could make a decision on whether or not—not housing benefit itself, but the administration of it, so the rules and regulations that guide the support and the administration of housing benefit can be properly monitored for Wales.

[135] **Sandy Mewies:** Thank you.

[136] **Mr Lloyd:** Just briefly on probably the human impact of that, speaking to tenants and organisations operating in the pilot areas in north Wales, I think they've seen that, for those who're receiving universal credit now, it is a bit of a shock to them to suddenly be in a position to manage their direct payments as well, for those who are new to that. As Steve mentioned, that gap in funding in terms of when they actually receive their benefit—

[137] **Sandy Mewies:** Is it in Flintshire?

[138] **Mr Lloyd:** Yes, in Flintshire. Yes.

[139] **Sandy Mewies:** Can you outline some of the problems that people are facing already?

[140] **Mr Lloyd:** Yes, so that's already being seen in terms of that sudden adjustment to be able to manage their money, and that gap in when they receive their benefit as well, but we're also seeing a change in the role of the housing officer type as well. They're now focused on managing the impact of universal credit and supporting those tenants through it as well. So, it has an added impact on the landlord and the landlord's staff as well, and, hopefully, it may be an initial adjustment, but if that pans out longer term, it is quite a fundamental shift in their role as well and what else they can do.

[141] **Darren Millar:** Just one final question, then, if I may, before we close, and that is: the UK Government has obviously indicated that it wants to remove housing benefit for those under the age of 21; what impact do you think that that may or may not have on the availability of smaller housing stock?

[142] **Mr Clarke:** Again, for those people involved, I think it would be devastating. As I said, for that sandwiched generation, the family unit, the impacts on that family I think would be quite severe, so adding to the existing pressures as well for them. Inevitably, I think it would have a potential to increase homelessness in Wales and, with the prevention agenda with local authorities, put more pressure on local authorities to respond to that need. So, yes, the 12—

[143] **Darren Millar:** So, you don't think it's going to free up, potentially, one and two-bedroomed properties for others to be able to utilise?

[144] **Mr Clarke:** No, I don't, and I think that, as I said, what it will do is to create a huge hole of support, which will be required for those families impacted.

[145] **Darren Millar:** So, how many under-21s currently are in one and two-bedroomed properties that RSLs have across Wales?

[146] **Mr Clarke:** I don't have those figures with me, but—

[147] **Darren Millar:** If you were able to provide some more information, it's one of those things that obviously may have an impact and we want to try to consider. Okay, did you want to ask something, Jocelyn?

[148] **Jocelyn Davies:** Where do you think they're going to go? If they're going to free these properties up, where do you think those people will be? Many of them will be care leavers, do you think?

[149] **Mr Clarke:** Exactly.

[150] **Jocelyn Davies:** So, they won't have families to go back to, will they?

[151] **Mr Clarke:** Certainly.

[152] **Darren Millar:** The problem is we don't have the data. You mentioned this earlier on. We don't have the data to—

[153] **Mr Clarke:** The profile of the sector is available; I just didn't have the figures with me. A recent survey undertaken by the social housing sector is quite a comprehensive survey that explains a whole range of issues for the sector.

[154] **Darren Millar:** Well, any information you can glean for us would be helpful.

[155] Okay, that brings us to the end of this evidence session. David Lloyd, Steve Clarke, thank you very much for your oral evidence. You'll receive a copy of the transcript of today's proceedings, and if there are any inaccuracies in there that need to be corrected, please let the clerks know. Thank you very much indeed.

[156] We'll just wait for the witnesses to be shown in for our next session.

10:00

Diwygio Lles: Sesiwn Dystiolaeth 4 Welfare Reform: Evidence Session 4

[157] **Darren Millar:** Good morning. We'll move on to item 4, then. Welcome to our witnesses. We're continuing with our evidence sessions on welfare reform and its impact on those in social housing in Wales. I'm very pleased to be able to welcome to the table this morning Mike Halloran, housing manager at Wales & West Housing; Steve Porter, operations director at Wales & West Housing; Claire Maimone, director of housing and regeneration at NPT Homes; Linda Whittaker, chief executive of NPT Homes; and Jim McKirdle, housing policy officer at the Welsh Local Government Association. Welcome to you all. We've obviously received copies of your written evidence. There are lots of people on the panel today, so we'll go straight into some questions, if we may, from Members. I'm going to start off with William Graham.

[158] **William Graham:** Thank you, Chairman. Could we ask you about preparing for change? How well do you think councils and housing associations prepared for the change, which is now so very obvious? And, with hindsight, which is always easy, what could have been done differently?

[159] **Darren Millar:** I think we'll start with Linda.

[160] **Ms Whittaker:** Thank you. Well, I think that there has been a lot of preparation. I think that the local government and the housing associations' umbrella bodies have done a lot of work with both local authorities and housing associations, probably for the best part of the last three to three and a half years. Individual organisations, then, also put in a lot of additional resources to prepare staff, but mainly to prepare their tenants, for what was coming down the road at them. Obviously, there was a lot done for the bedroom tax and now we're still undergoing a lot of preparation work with universal credit, although universal credit has hit Neath Port Talbot now, but there's still a lot more work that we're doing. It's benefited us as well, because we know our tenants a lot better than we would have otherwise.

[161] **Darren Millar:** Wales & West Housing.

[162] **Mr Porter:** I think we would agree with those comments. We would echo some of those things. I think it's been really helpful that a number of the changes that have happened have happened step-by-step, so it's helped us with what's been a change in approach in how we deal with our residents, moving away from a more formal kind of enforcement-based approach to a much more supportive one, engaging with them and understanding their point of view and supporting them—that kind of view. So, the fact that the bedroom tax came in first, the social criteria changes. In meeting all those individual people affected and talking with them about their circumstances, you start to understand a much wider range of needs that those different households have and start to then ask the question of where it is appropriate for us to meet those needs and how we do that, and it's resulted in us altering the way that we manage accounts and altering the type of staff who we carry and the support that we give. I think that's been a theme across the sector, really.

[163] **Darren Millar:** WLGA.

[164] **Mr McKirdle:** I think preparation for welfare reform has been a very serious issue and recognised as a serious issue by landlords and local authorities alike. It's been something that's seen a significant amount of preparation and a significant degree of learning, I think, as Linda's indicated. I think that organisations have learnt from each other. They've come together in partnership across local authority areas and across regions, and over the last two to three years, there's been a significant development, I think, in people's understanding about the implications and the breadth of implications of welfare reform and the degree to which joint working needs to be undertaken to try and mitigate some of those.

[165] **Darren Millar:** William, have you finished, or do you want to come back?

[166] **William Graham:** Yes, please. How effective do you think the Welsh Government has been in supporting the particular problems that you have to deal with?

[167] **Darren Millar:** Wales & West, we'll start with you.

[168] **Mr Porter:** There are some specific instances that are really helpful, in terms of protecting changes around council tax, which would have been another thing happening at the same time that would have been very difficult for households. The guidance that's been looked at for how the discretionary housing payment is used and the lobbying effect that Welsh Government has had, I think, has been useful and has helped associations and local authorities to understand their own mind and to have those debates internally.

[169] **Darren Millar:** Does anybody else want to respond there, just on the leadership role of the Welsh Government? Linda or Claire?

[170] **Mr McKirdle:** I think there's been a positive leadership role from Welsh Government, echoing the seriousness of the issue and the breadth of the implications. I think

there are some specific initiatives: the targeting of additional social housing grants being one, in relation to the development of smaller properties. So, I think that's a welcome approach from Welsh Government.

[171] **Ms Whittaker:** And the protection of Supporting People as well.

[172] **Mr McKirdle:** Absolutely.

[173] **Darren Millar:** Okay. Jocelyn.

[174] **Jocelyn Davies:** William asked what you'd do differently, you know, in hindsight, and I don't think it was answered. Of course, there was the Your Benefits Are Changing campaign, but we know, from this report, that the reach of that wasn't, perhaps, as successful as you would have hoped. Certainly, with yourselves, you had to visit every single household that was affected before people—. I can't remember any benefit change that has had so much debate, publicity and news reports, yet still the penetration of the message wasn't there. So, what would you have done differently and how do you account for that penetration not being as great as you would've hoped?

[175] **Ms Whittaker:** I think one of the main issues that we found was that, for us, it was nearly 2,000 tenants who were impacted in the first round of bedroom tax. What we found was that an awful lot of the people whose doors we were knocking on were saying, 'It doesn't affect me; I don't pay rent'. So, the Your Benefits Are Changing campaign didn't impact on them at all, because they didn't see themselves as people who were paying—

[176] **Jocelyn Davies:** And they didn't think they had a spare room, anyway, so they probably didn't—

[177] **Ms Whittaker:** No, absolutely.

[178] **Mr McKirdle:** We had exactly the same experience with the local authorities and I think the value of door knocking, face-to-face discussions and sitting down with people and going through what this really means and what it means for you, individually, in your own circumstances, is absolutely invaluable.

[179] **Jocelyn Davies:** So, sometimes, when we are talking, we think we're saying the right words, but people are receiving it in a different way. So, they're sort of, 'I haven't got a spare room; I don't pay rent; this isn't about me'. Did you find the same with your tenants, because I think you—

[180] **Mr Porter:** We did. If we went back in time and did the same thing and started it again, I think we would do the same things quicker and earlier—

[181] **Jocelyn Davies:** Would you be out knocking the doors of people affected earlier, rather than imagining that they are picking up on the fact that it's on the news every night and it's in the paper and so on? If people don't think it's about them, then—

[182] **Mr Halloran:** When we first started, we promoted through traditional channels—through our newsletters and through our website—and we tried to make the message very clear, but it became apparent, through front-line officer experience, that people just weren't understanding it. So, that's why we took the decision to go and knock the doors, sit people down and explain how that individually affected them and their household.

[183] **Jocelyn Davies:** Yes, okay.

[184] **Ms Maimone:** I would reiterate that. That was exactly our finding. It really is the face-to-face contact that actually worked. Also, what it gave us the opportunity to do was to actually help them with budgeting skills and to really get to know our tenants, because you can't underestimate that. For many of our tenants, we hadn't actually had a lot of dealings, or face-to-face contact with them. They may have reported repairs, but housing benefit was paid directly to us and there were no anti-social behaviour issues. So, actually, we hadn't had a lot of contact with many of these tenants. So, if there is a positive thing, what we have found is, actually, we are getting to know our tenants a lot better and we're able to help them with budgeting skills, but also direct them to other sorts of agencies that are able to help them with different support that they may need.

[185] **Jocelyn Davies:** Thank you.

[186] **Darren Millar:** Are you the people best placed to support your tenants with changes to their housing benefit? I mean, shouldn't you be encouraging others to partner with you in order to deliver the message, if you like, to tenants, that their benefits were changing?

[187] **Ms Maimone:** It is about partnership, but I think we already have a very good relationship with our tenants. You know, for many of our tenants, we've been their landlords for many, many years. So, there is a trust there; they do know us.

[188] **Darren Millar:** But would they trust you enough to say, 'I'm going to have difficulty paying that, that might cause me to get into arrears, and therefore I'm afraid of telling you that there might be a problem'?

[189] **Ms Maimone:** Well—

[190] **Darren Millar:** I mean, some of the evidence we've received has suggested that that might be the case and, therefore, people independent of the housing association or the landlord might be better placed to give advice.

[191] **Ms Maimone:** The way that we did it was that we appointed new financial inclusion officers. So, it wasn't their housing officer who, maybe, had been going in the past to deal with anti-social behaviour, or tenancy management issues; this was a different individual who was able to help them to really explore their budgeting and look at making sure that they were maximising their income. So, there was a different relationship. But I think, in the beginning, it's really fair to say that a lot of our tenants didn't think it was going to affect them; they were very much, 'I'll manage; I'll find the money', or 'It's not even going to affect us'. So, there was, in the early days, almost this denial that it was actually going to impact on them.

[192] **Mr Halloran:** I think it's also worth highlighting that we obviously have very close working relationships with housing benefit departments, because we receive a lot of the housing benefit direct to us, as the landlord. So, we do understand, obviously, how the housing benefit system works; we have staff with particular skills, with that knowledge base. Also, residents are very used to us informing them of changes to their housing benefit that will affect them and the amount of rent they have to pay.

[193] **Darren Millar:** Okay. Jenny, was it on this?

[194] **Jenny Rathbone:** Yes. Now you know your tenants better. Nevertheless, from the evidence you've submitted, only about half are managing to actually pay the bedroom tax and the other half, in the main, are sliding into debt. So, what's going to happen now? You know your tenants, but there is this concrete problem, which is that—

[195] **Mr Porter:** There certainly is and we want to address it in a way that's most

supportive and gets the best outcomes. So, in our focus in the way that we help people and support people and manage rent accounts, we've moved from focusing as much on rent arrears, and instead focused on something we call 'in sync'. So, we want people to be in an arrangement to pay, that's sustainable to them and keep into that arrangement. So, we work really hard with people so that if you're in arrears, that's not so much the issue. The issue is, 'Have we talked with you and arranged what you can afford to pay with that, and are you keeping in sync with that; are you keeping in step with it?' That would be 80 per cent of people who are in that position and we're always trying to focus our time on the people who are not in sync; the people who are not on an even keel and there's some reason why they're not paying that agreement back. So, we are constantly going and working with that proportion of people.

[196] One thing is that we don't have that independence aspect. We echo the point that we employ separate officers so we have tenancy support officers specifically skilled in that, so it's not the same as the housing officer. But we're often the very first to know, so as soon as a payment doesn't come in, we know immediately, and if we know that somebody is under occupying, we can contact them immediately, the day after that payment hasn't come in, saying, 'We haven't received a payment; what's happened? Can we talk about that? Can we support that?' So, we're often in a very good place to assist really quickly, even if then we do work in partnership with other people and say, 'Well, let's get these people in; let's get those people in' where we've reached the limit of what we can help with.

[197] **Jenny Rathbone:** Well, that's all very laudable, but the situation is unsustainable. I think there are about 700 smaller properties that have been built with the Welsh Government housing grant, but there's 20,000 households that are now absolutely struggling, can't move, and it only takes the breakdown of the washing machine for this to become a spiralling problem. So, what is going to happen now? Are you actively going to the market to get money to build these smaller properties?

[198] **Mr Porter:** Yes, we are. We're building as actively as we can, and with the way household changes have happened, for a few years, there's been a bigger demand for smaller properties because of an ageing population and more single person households. So, as we build, we are building a much bigger number of smaller properties. When we first dealt with bedroom tax, when it first came in, 50 per cent of people who were under occupying were in sync and we're now at a position where it's 80 per cent. So, we're pleased that we've held level or gained a bit in that instance. There are clearly more issues coming and more challenges as universal credit becomes a reality for people.

[199] **Jenny Rathbone:** So, how many new properties are becoming available in this next 12 months?

[200] **Mr Porter:** So, for us, in the last year, we've built in excess of 200 or had 200 completions. We're aiming over the next five years to build about 1,000 properties.

[201] **Jenny Rathbone:** Okay. So, you're confident that your 800 or so tenants affected would then be able to be accommodated in that new build, are you?

[202] **Mr Porter:** They may in some instances, but in most instances, probably not.

[203] **Jenny Rathbone:** Probably not because they're in the wrong place or probably not because they refuse to move?

[204] **Mr Porter:** Probably not because of geography and them not being in that same place. The majority of people we find who under occupy, they want to stay in the same home; they want to stay and afford it, and where they need to move, we work as closely as we can

with them to help them to achieve that.

[205] **Jenny Rathbone:** So, why can't you build more properties in the area where they are?

[206] **Mr Porter:** We work across 12 different local authority areas and work with those different local authorities to bring forward areas where we can build. So, it means that the areas where we're able to build and get land, and get agreement with the local authority to get a grant, would have to coincide with where we're experiencing the difficulty with properties under occupying, as well as that coinciding with people being willing to move, so there's quite a lot of variables.

[207] **Jenny Rathbone:** Okay, so in Cardiff, where, obviously, there is a huge problem, are you saying that you're not able to afford the land that would enable you to build more properties and, therefore, those people are stuck?

[208] **Mr Porter:** There is less availability of land. We're converting and building some in Cardiff, but the majority for us will be in Flintshire and Wrexham, because that's where opportunities have come and we've worked with local authorities and they need that. So, we will be left with those in Cardiff, we will be working as hard as we can to help them to afford or to move and go to other social landlords or to the private rented sector.

10:15

[209] **Jenny Rathbone:** Okay, thank you.

[210] **Darren Millar:** Jocelyn, you had a brief supplementary. I will come to Aled in a second.

[211] **Jocelyn Davies:** It was just really on the issue of helping tenants. Do you help tenants with appeals against the decision of the local authority—the bedroom-tax decision? Do your tenancy support officers do that?

[212] **Mr Halloran:** We have been involved in a pilot in Bridgend where we were part of a group of social landlords and the council who came together to assist residents and promoted the availability of appealing the decision if you felt that it was unfair. There was some kind of criteria, based on previous cases that had been heard. Overall, we're more than willing to help people. It's not something, because of the decisions that have been made in the first tier tribunals and then in the High Court, that now looks like an avenue for residents to take, because those avenues seem to be shut, due to the decisions that are being made. So, although we would help people if they wanted to appeal, the grounds they can appeal with are becoming less and less able to be done.

[213] **Jocelyn Davies:** Certainly there's evidence from England where a housing association is assisting its tenants and the local authority doesn't appeal against the win that the association gets. They present the case for the tenant.

[214] **Mr Halloran:** But, the DWP then will appeal the decision in the High Court, which has overturned a lot of these decisions that have been made in the first tier tribunal.

[215] **Jocelyn Davies:** What about in your office—are you aware?

[216] **Ms Whittaker:** I'm not aware that we've had any appeals. We work very closely with the local authority. We're in a very different position from Wales and West, although we've got the same size stock, it's only in one local authority area. So, we're the key partner

with the local authority and we've worked very closely with them over the introduction of the bedroom tax so that the discretionary housing payments have been very much a partnership working where they made a very early decision that anybody in receipt of DLA and had the bedroom tax impacting on them would receive DHP. Then, there are also hardship cases. We've worked so closely that, basically, if our financial inclusion officers say an individual meets their criteria, they don't even check it. But, that is because we've got a very good close working relationship. It would be much more difficult if it was over 12 local authority areas. So, we just haven't really had that issue raised.

[217] **Darren Millar:** Okay. Aled Roberts.

[218] **Aled Roberts:** Rwyf am ofyn yn Gymraeg. Jest er mwyn imi ddeall y darlun rydych chi wedi'i greu, rydych chi wedi sôn eich bod yn adeiladu 200 o dai un neu ddwy lofft eleni. Beth yw'r canran yna, felly, yn erbyn nifer y tai rydych yn eu hadeiladu yn yr un cyfnod?

Aled Roberts: I will ask in Welsh. Just for me to understand the picture that you've created, you've mentioned that you're building 200 one or two-bedroomed homes this year. What is that percentage, therefore, against the number of homes that you build in the same period?

[219] **Mr Porter:** I don't have the actual figures on what that split would be between one-and-two-bed homes and three-bed homes. But, I can provide that. It's something where we would work with each local authority, because they know what—. We work with them on the housing demand in the area to agree the mix.

[220] **Mr Halloran:** What we're trying to do in development is to try and be more flexible and innovative. So, there are some developments at the moment where we're building one-bed flats, but in future they could be converted into three-bed properties, which is because of their layout and the ground plan of them.

[221] **Aled Roberts:** Jest i gyfeirio atoch chi hefyd, rydych chi wedi dweud eich bod yn gweithredu ar draws 12 o awdurdodau lleol. Roedd TPAS yn dweud bod problemau o achos bod yna wahanol ganllawiau o ran DHP yn yr awdurdodau ar draws Cymru. A yw hynny wedi creu anhawster ichi—bod y ffordd mae gwahanol gynghorau'n dehongli'r DHP wedi creu problemau?

Aled Roberts: Also to you, you've said that you're operating across 12 local authorities. TPAS said that there were problems as a result of different guidelines for DHP in authorities across Wales. Has that caused you any problems—the way in which local authorities interpret the DHP?

[222] **Mr Halloran:** I assume that's related to discretionary housing payments. I assume the question is that. It can be inconsistent across local authorities, but as I highlighted earlier, we do have close working relationships with housing benefit departments. So, even if there are differences in the way that they might administer that fund, we are able to work within it. I think it also depends on the size of the pot and the size of the problem that they have within their local authority as to how flexible and reactive they can be to some of the challenges that the residents face across local authorities.

[223] **Aled Roberts:** A chwestiwn ar gyfer pawb—jest er mwyn i ni ddeall yr holl waith paratoi yma rydych chi wedi ei wneud. Rydym wedi clywed tystiolaeth bod yna broblemau o ran y ffordd y mae tai yn cael eu dynodi, neu eu dewis, ar gyfer tenantiaid, a bod yna rai sefydliadau yn gwahardd ystyried unrhyw fath o drosglwyddo lle mae'r

Aled Roberts: And this is a question for everyone—just for us to understand all this preparatory work that you're doing. We've heard evidence that there are problems in terms of how homes are chosen for tenants, and that there are some organisations that don't consider a transfer where tenants have rent arrears. Have you changed your policies

tenantiaid efo dyledion rhent. A ydych chi wedi newid eich polisïau er mwyn mynd i'r afael â hynny? in order to tackle that issue?

[224] A hefyd, rydym wedi derbyn tystiolaeth bod yna rai cymdeithasau tai yn cynnal asesiadau ariannol ar gyfer pob tenant newydd, a'i bod hi'n bosib dweud wrth y tenant nad yw'r gymdeithas dai o'r farn eu bod yn gallu fforddio bod yn denant. O gofio mai'ch prif ddyletswydd chi ydy rhoi tai i bobl hwyrach sydd ddim yn gallu fforddio yn y sector preifat, beth ydy'r sefyllfa o ran eich polisïau chi ynglŷn ag asesiadau ariannol cyn i unrhyw denantiaeth gael ei chynnig? Also, we've had evidence that some housing associations are undertaking financial assessments for all new tenants, and that they can tell tenants that the housing association doesn't believe that they can afford to be a tenant. Given that your main duty is to give homes to people who can't afford homes in the private sector, what is the situation in terms of your policies on financial assessments before any tenancies can be offered?

[225] **Ms Whittaker:** There are quite a few questions in there. Certainly, in terms of the policies around arrears, then, yes, they have been relaxed, to the extent that, if somebody is in bedroom tax arrears, that would not stop them being able to transfer to a smaller property. What we would also expect to see is that, if people had arrears prior to that, we would have an agreement with them as to how they are looking to reduce that arrear. So, yes, it is enabling people who are caught by the bedroom tax to be able to move on.

[226] In terms of the—. I've forgotten what the second issue was.

[227] **Aled Roberts:** Financial assessment.

[228] **Ms Whittaker:** Yes, that's right. We do, and it's something that we've started doing more recently, and it's really to stop us setting people up to fail. One of the issues that had been raised really within the sector over the last couple of years is: do housing associations basically set people up to fail? Do we put them in to properties without them understanding what the costs are of running a home? And so, now, when people are applying for a property, our financial inclusion officers—and also the generic housing officers as well—will go through with them what sort of expenditure they can expect when they move into a property, including things like council tax and the other utilities, as well as then being able to afford food. And what we find is that there are more and more people who really can't afford to move in to a property. They're normally people who might still be living with parents, or with extended family, and we would advise them that, in that circumstance, they would find it very, very difficult to be able to afford to live in a property, and our rents are very low in the area where we are too.

[229] And it would also be looking at advising them on how they may be able to increase their income, and how they might be able to get help with other things, like basic furniture. We've been doing furniture packs, which, as a housing association, we hadn't, and many others hadn't, done, so that people aren't finding themselves moving into a property with absolutely nothing, you know, where they can have basic furniture, which will be paid through housing benefit as well. But we're finding that, actually, tenants—or applicants—are really grateful that we're pointing out to them what pitfalls they might find themselves in if they went ahead and looked to be allocated a property there and then.

[230] **Mr Porter:** We would echo those points. So, we've altered our policies, and rent arrears wouldn't stop a transfer. In terms of the work with new residents, we very much try to change the focus of our management, from having a short void time, if you like, of getting the property let quickly. Instead, we've something that we've called 'starting clean'—the idea that the person starts really well, and they're able to sustain that tenancy. So including similar

work to what Linda's talked about, about going through budgeting with people, and helping them to understand what costs there are, and checking things like white goods, you know—'Have you got a fridge, are there carpets in there, what are you doing about that?', and helping, using the financial inclusion aspect, with any debt management that we can help with, so that people, once they've set up, they're able to sustain a tenancy.

[231] **Ms Maimone:** I'd just add, in relation to rent arrears, yes, we have enabled people to transfer to smaller properties, take them out of the impact of the spare room subsidy, and we've also worked with the local authority over that, in terms of utilising DHP to do that, in terms of their arrears—so that they're starting clean, as it were. The important thing about that is that it's a better use of the DHP pot, because, obviously, they're not having to have that for the rest of the year, as it were. So, we found that that has worked well.

[232] **Mr McKirdle:** There are clearly issues for local authorities in their role as landlords as well, obviously, and there's ample evidence that local authorities have been revising their own policies in relation to both allocations and the management of arrears. So, that in situations, there's greater flexibility when rent arrears debt can be seen to be relating specifically to the introduction of the spare room subsidy; there's flexibility in those circumstances. Also, in a more strategic role, local authorities are often operating in areas where there are common housing registers with a number of RSLs and they're keen to ensure that that flexibility is a feature with those RSL partners across those local authority areas where common housing registers are operating.

[233] **Darren Millar:** Okay, thank you. Sandy Mewies—

[234] **Jocelyn Davies:** Just for clarity then, are all the local authorities with stock changing their policies? Would you let us have a note on that?

[235] **Mr McKirdle:** I would, yes.

[236] **Sandy Mewies:** We started off this section talking about how well you felt you were placed to deal with the challenges that the bedroom tax had. It seems to me that, in the responses you made, and it certainly is my experience, those people who've known tenants—whether it be housing association or council—their face work with tenants has really proved to be successful and has come up with various alternatives that suit the person rather than a blanket approach. So, my first question is, really, would you agree with that? Do you think that it should be the people who are closest to tenants who help them? Then I'd like to go on about Flintshire. My constituency is Delyn and I know the work that Wales and West do there, which I think is excellent, but also I know that you've met challenges head on there and are working closely with the local authority. So, can you tell me what the positives that have come out of that are, because we've heard that there are inconsistencies? You work across 12 local authorities; you must find some inconsistencies. What are the positives that you found coming out of that, because you've been questioned on why aren't you building in this area and that area but you do have to have, I presume, specific conditions which allow you to build? It's not just money. My last question is on universal credit and, again, we've been a pilot area for universal credit, and I do recall the bedroom tax being described as a 'tsunami' that would overtake tenants in Wales. I wondered if you feel universal credit is going to improve the situation or is it going to make it worse.

[237] **Darren Millar:** Steve or Mike, which one of you will answer?

[238] **Mr Porter:** In terms of the face-to-face aspect, I think we'd absolutely agree and say that that is the most beneficial way to deal with people and the ones we're having the most success with.

[239] **Sandy Mewies:** And before you get new tenants do you actually go through with them—. I mean, a lot of work was going on, I know, before tenants even came in before this happened if they weren't used to managing finances. You would take them through and do work with them on what you need to do when you've got a house.

[240] **Mr Porter:** Yes, we would and that would be face to face. We would meet them. In meeting people, you get to know them, whether that's something that's quite a quick conversation because lots of people are very adept at budgeting and managing—they've managed households with limited money really well—and some other people need more support. So you can tailor that in that face-to-face discussion. In terms of the positives of working across a number of local authority areas, I think we focus on different things in different areas.

[241] **Sandy Mewies:** I am particularly interested in Flintshire, because you've been there while pilots have been going on and seen the challenges that the local authority have taken up there.

[242] **Mr Halloran:** With regard to universal credit, if we take that part of your question, the local authority has played a key part in bringing together the stakeholders involved—so that's the registered social landlords, the job centre and advice agencies. The local authority have led on that and they've also led on information-sharing sessions and training sessions, and have been a real beacon amongst it all, because it is a challenging time.

10:30

[243] With regard to universal credit itself, as you may be aware, it's been a very slow roll-out at this point in time. So, we're not necessarily experiencing the problems that we envisage we may experience further down the line. The big point that would worry us would be when they start transferring people from what they say are 'legacy benefits', that is, people who are already claiming benefits, across to the new system, and the problems that you may face then.

[244] **Sandy Mewies:** The hiatus, perhaps.

[245] **Mr Halloran:** Yes, and the challenges then of people—this will be where there are the challenges of online access, managing money at a different frequency, and obviously managing rent payments that they would not necessarily have had to manage before. So, those are the challenges we face there. At the moment, it is just for people who are new job seekers, if you like, and, as I say, the numbers are very small, and the problems we're experiencing at the moment are with the system itself, rather than individuals necessarily proving to be the issue. So, it's actually trying to navigate the UC system.

[246] **Mr Porter:** I think a slow roll-out will be really helpful. So, if we're able to learn step by step, because, in principle, the idea of simplifying the number of benefits down into one is a great principle. Some of the things we've learnt in dealing with people face to face is what really matters to them, which is that we can see them at short notice, we can see them in their home, you can spend a suitable amount of time with them, it's good, understandable advice, and it's consistent, so they're seeing the same person and it goes step by step. I think that same thing will be true of universal credit. So, the people who need the support will need face-to-face, ongoing—

[247] **Sandy Mewies:** Is it going to cost you more?

[248] **Mr Porter:** —step-by-step support. Sorry?

[249] **Sandy Mewies:** Is it going to cost you more? You've taken on more officers to do

different jobs; is it going to cost you more, or can you use the staff you've got?

[250] **Mr Porter:** We will try to do things in a different way with the staff we've got so we can provide that. It's hard to say right now whether it will cost us more, or how much more it will cost us. In terms of our business viability, we've made assumptions in our current business planning—.

[251] **Sandy Mewies:** You've changed, haven't you? You've changed your business plans. Some housing associations have had to change to meet these challenges, and that's what you've done, is it?

[252] **Mr Porter:** In terms of the staff, sorry, or in terms of—.

[253] **Sandy Mewies:** Have you changed your business—the way you operate? Have you had to change the way you operate, with staffing?

[254] **Mr Porter:** Yes, in employing specific tenancy support officers to support people, and altering the way that our housing officers work. So, we're focusing much more on support, and then we'll see what the future holds, but we've put provisionally in our business plan that this may well cost us more over the medium term.

[255] **Darren Millar:** I've got a couple of Members who want to come in with supplementaries. Mike first, then Jenny.

[256] **Mike Hedges:** We've had the bedroom tax, we've got universal credit coming in, we're moving towards direct payments, we know already, following the bedroom tax, that the housing association sector has increased debt from tenants, we also know that housing associations' reserves have reduced over the last 12 months—or we were told that last week by the housing association sector. Do you see any risk of increased interest rates of your debt, because your income is losing stability?

[257] **Darren Millar:** Linda.

[258] **Ms Whittaker:** I think it depends. Not everyone has found that their arrears have gone up; our arrears are lower now than they've been for three years. It has come at a cost, because we have employed a lot more people to work directly with tenants to try to ensure that arrears are managed. It doesn't do any tenant any good to find themselves three or four months in arrears. If it's dealt with at a very early stage, then they are in a much better position to have a sustainable tenancy. So, we have done a lot of work. Please don't think everyone's arrears are higher.

[259] In terms of our business plan, yes, we are saying that, when universal credit comes in, we do anticipate that arrears will go up quite considerably. We have quite a high number of people within our tenant population who will be subject to universal credit. We have done a pilot with our local service board colleagues to look at those that they feel will not cope with having the money paid directly to them. So, we've worked with the police, the health service and our social services colleagues to see, on a random group of tenants, how many out of that group they feel will not cope with dealing with universal credit. Shockingly, it was 72 per cent. Now, the Department for Work and Pensions think that there'll be about 5 per cent of people who will require alternative payments—so, having their housing benefit paid directly to their landlord. If what we're finding—and this is not us saying it, this is the police, in terms of the increase in domestic violence, this is social services and the people who they're dealing with, and also health in terms of people with mental health issues—. They're saying that, out of the random 50 tenancies that we showed them, 72 per cent will not cope—

[260] **Sandy Mewies:** Not 5 per cent?

[261] **Ms Whittaker:** As opposed to the 5 per cent that DWP are anticipating. So, we do think that there will be a significant increase in arrears and a significant increase in our staffing to deal with that.

[262] **Darren Millar:** Can I just ask then, Steve, in terms of your experience of where universal credit has been rolled out in the parts of Wales where you are operating, have you seen a similar proportion of those people who are now in receipt of universal credit versus the previous benefit regime falling into problems?

[263] **Mr Halloran:** I think our experience is slightly different, because the people who are on universal credit now were working and have then lost their jobs recently, in recent times. We've only had eight cases within Flintshire, so it's very low. Of those, six are still live, as we call it. With regard to the people who are still claiming universal credit, we've moved, I think, four of those six over to alternative payment arrangements, i.e. they have struggled with making the payments themselves. It's just difficult at this point to necessarily know, because the system is quite confusing for them. Things don't necessarily work as the DWP state. It's quite difficult to see whether that's actually down to them mismanaging money or down to just the confusion around when payments are coming in, how much payments are going to be, et cetera.

[264] **Darren Millar:** Yes. Jim, any feedback from local authorities?

[265] **Mr McKirdle:** I think there's an expectation that there's an underestimate in DWP's figures for the proportion of those households who will be found to be vulnerable and that it would be desirable to see direct payments on. Just going back to the earlier question about shared learning, I should have mentioned earlier on, of course, that, quite recently, 20 out of the 22 local authorities reached an agreement about common criteria and allocation around discretionary housing payments. So, hopefully, that will go some way to reducing some of those disparities that have been experienced across local authority areas and bring a greater consistency to that approach.

[266] **Darren Millar:** So, which are the two outliers?

[267] **Mr McKirdle:** I haven't got that information. I was desperately trying to find that out before we came down.

[268] **Darren Millar:** Come on, name and shame them. We want them named and shamed.

[269] **Mr McKirdle:** If I could, I'd share that—

[270] **Darren Millar:** You could drop us a note.

[271] **Mr McKirdle:** Yes.

[272] **Darren Millar:** Okay. Jenny Rathbone.

[273] **Jenny Rathbone:** I just wanted to ask Jim McKirdle about the sort of overarching position. We know that, of the 30,000 people affected by the bedroom tax, at least 20,000 are going into arrears, struggling and do not have any realistic options. I just wondered what the overarching position was of the WLGA, particularly in relation to areas like Cardiff, which is the biggest growing city in the UK. Wales & West is not building houses here. What is going to happen to these people? Are we just talking about the wholesale export of the poor to other parts of the country or are they going to be in a sort of *Cathy Come Home* situation,

constantly having to move within the private sector? Given that we're talking about people with children in a lot of cases here, what is going to happen to these people?

[274] **Mr McKirdle:** I think there's no underestimating the challenge that exists around the supply of affordable housing generally in Wales. Within that context, I think you need to see the particular challenges for the development of smaller properties. We haven't been keeping up, not just in recent years, but historically, with the increasing levels of housing need, the need for affordable housing in Wales. I think that the particular focus brought to the needs of households for smaller properties simply magnifies that need. So, you're right to identify the critical nature, I think, of relying simply on supply issues to overcome those problems. It's hoped, I think, that the implementation of some of the changes through the Housing (Wales) Act 2014 will go some way to normalising the use of the private rented sector. I think we've seen quite a lot of resistance amongst households for a variety of reasons to seeing the private rented sector as an option. But, looking at the whole thrust of homelessness prevention and housing options that underpin some of the changes that are under way as a result of the Housing (Wales) Act, increasingly, the growing private rented sector in Wales is seen as part of the solution to that overall supply shortfall.

[275] **Jenny Rathbone:** It's not an attractive solution, though. I can recall one family who've moved seven times within the private sector. They're model tenants, but the landlord has no obligation to maintain the tenancy beyond a year or two years, depending on their whim. There's no security of tenure whatsoever in the private rented sector.

[276] **Mr McKirdle:** It's true to say that for some people that will present a less attractive option. The security of a local authority or a housing association tenancy is something that people value tremendously.

[277] **Jenny Rathbone:** Private sector tenancies are fine if you're a student, or some other person without the need to put down roots. What is the WLGA proposing for the demand for secure tenancies and affordable housing?

[278] **Mr McKirdle:** Well, the WLGA have been supportive of the changes around the Renting Homes (Wales) Bill currently being discussed around the provision of clearer responsibilities around tenancy contracts, including those changes in the private rented sector. The WLGA will continue to lobby for increased resources from Welsh Government and elsewhere to bring to bear to allow for the development to try and further bridge that shortfall in the development of affordable accommodation, and house building in general in Wales, which is at a low, certainly in the recent historical context.

[279] **Jenny Rathbone:** Having extracted themselves from the housing revenue account relationship with the Treasury, what are councils now doing to build more homes that they can then offer to their local population?

[280] **Mr McKirdle:** The extraction is very recent; it was at the beginning of April this year. But there are plans in almost all of the 11 local authorities to move fairly swiftly to developing programmes of building themselves, so, to be building council housing for the first time—other than in Carmarthenshire—in quite a few years. Those plans are at an early stage. They're at different stages in different authorities, because of the focus that they're having to bring to the first priority, which is reaching the Welsh housing quality standard with their existing housing stock, but there is an ambition and an appetite within those 11 authorities to move as quickly as they can to developing homes themselves.

[281] **Jenny Rathbone:** So, could you provide us with a note of exactly where each of these 11 are in terms of the numbers of houses that they're proposing to—

[282] **Mr McKirdle:** In terms of their plans.

[283] **Jenny Rathbone:** Yes.

[284] **Mr McKirdle:** Yes, we can do that.

[285] **Darren Millar:** It's not an either/or, though, is it, in terms of we either reach the Welsh housing quality standard or we develop new homes that meet the needs of our population, Jim? You're suggesting that you can't do both together.

[286] **Mr McKirdle:** You can, depending on the resource base that you have, and some authorities find themselves in a position where, because of historical debt issues, they need to be moving towards—. And the distance they've got to go to achieve WHQS, because different authorities started at different times; that has to be the focus, initially. Once that's achieved, once the borrowing has been undertaken to allow that to happen, then they will be in a position to further develop services, including the building of new homes. But other authorities are at that position now.

[287] **Darren Millar:** We know, from previous work as a committee, the lethargy that's come from some local authorities in making progress towards the Welsh housing quality standard. I'm going to come to Julie, then Aled.

[288] **Julie Morgan:** Yes. I wanted to ask about the impact of the changes on disabled tenants. So, I wondered whether the WLGA had some overview on what the impact of welfare reform and the bedroom tax has had on disabled tenants, and then whether the housing associations had a view.

[289] **Mr McKirdle:** What we don't have is an overview of particular numbers. I mean, what we have reported from all of our members, as I think was mentioned earlier on by one of my colleagues, is the added level of anxiety and concern that is especially evident in relation to disabled households that are affected initially by the spare room subsidy, and the visiting of tenants has certainly brought that to the fore. So, it's certainly a key concern and an area of particular focus in terms of trying to secure exemptions around the provision of additional rooms to accommodate carers and equipment, et cetera. So, it's clearly a key focus for all authorities and all partners.

[290] **Julie Morgan:** But you don't have any actual figures in terms of how many disabled people have been affected.

[291] **Mr McKirdle:** I don't have any with me now, but I can certainly look for that and provide a note.

[292] **Julie Morgan:** Would it be possible to send that to us?

[293] **Mr McKirdle:** Yes.

[294] **Julie Morgan:** Our general impression and the evidence that's been given to us so far has implied that disabled people are taking a cut to their income rather than moving from, often, their specially adapted properties. Do you have any information on that?

10:45

[295] **Mr McKirdle:** Again, that's been a general impression that, along with the wider tenant population, that has been the first option for most households: to seek to absorb the reduction in their income and so pay over that shortfall rather than move away from support

networks, schools, employment, and those other contexts that they find locally.

[296] **Julie Morgan:** And then one more question for you. We had evidence earlier on that it's a mixed picture about local authorities taking into account the disability living allowance when they're deciding on discretionary housing allowances. Do you have any evidence on that?

[297] **Mr McKirdle:** I think that, historically, has been the case. I hope that the agreement I referred to earlier will help to resolve that, because the advice does seem fairly clear—that DLA should not be taken into account.

[298] **Julie Morgan:** Do you have any knowledge about the number of local authorities that did take DLA into account?

[299] **Mr McKirdle:** I don't, but I can try to find out.

[300] **Julie Morgan:** Thank you very much. So, we'll have those from you. I don't know if the housing associations have got any comments to make on those questions.

[301] **Ms Whittaker:** Only to say that, within Neath Port Talbot, there weren't any disabled people who had to look to move because they weren't impacted upon by the bedroom tax negatively, because the local authority chose to use their discretionary housing payment to pay it in all cases.

[302] **Julie Morgan:** So, all disabled people in Neath Port Talbot stayed in their accommodation with no loss of income.

[303] **Ms Whittaker:** Yes.

[304] **Ms Maimone:** The local authority has put aside this year a set amount of money for our tenants who fall into that category for DHP payments.

[305] **Julie Morgan:** Is that ongoing?

[306] **Ms Maimone:** Yes.

[307] **Julie Morgan:** Well, that's very encouraging.

[308] **Darren Millar:** Could I ask you, Jim? With the discretionary housing—

[309] **Mr McKirdle:** Payment.

[310] **Darren Millar:** —payment system being synchronised, if you like, between 20 local authorities, is Neath Port Talbot one of those local authorities?

[311] **Mr McKirdle:** As I say, I don't know which two are not involved. Therefore, I assume that they are, and I'll find out, but I couldn't answer definitively.

[312] **Darren Millar:** Because if it's happening there, then presumably it's happening everywhere. Steve.

[313] **Mr Porter:** It's an area that we felt really strongly about. We produced a lobbying paper at the start of 2014 on homes with adaptations, so our experience is that about 10 per cent, about 1 in 10, of people who are underoccupying have got a substantially adapted home. We're in a similar position where those people haven't moved—they're still there—but the

cost to the public purse in adapting those homes, we found, was around £7,000 a home. If people move from there, then that money is lost. Then you would have to adapt a new home for them to move to, which would cost an amount of money again that a physical adaptation grant would pay for out of the public purse, and often you can't re-use the adaptations because they're so specific to individuals. It's very hard to re-let them to somebody else, so you end up with a big cost in order to save that amount from removing the spare room subsidy. It will never pay for it. There aren't those smaller homes to move to. We've a number of places where the actual homes people are in, where they're underoccupying, we built it for them. You know, it's specifically for their needs, and their support is set up, and they're living sustainable, good lives. It feels so unfair. They, in their family situations, feel that is very unfair. So, it's something we've lobbied hard for, and worked very hard with those people so that they can afford to stay in the properties that suit them.

[314] **Julie Morgan:** We heard about the position of people in Neath Port Talbot. Do you have any view of what's happened in other authorities?

[315] **Mr Halloran:** It's mixed across local authorities. So, in some of them, people who are in adapted properties and are disabled are having discretionary housing payment paid to them; in others they're not, because of the level of their income, because of the amount of disability living allowance or personal independence payment that they're now receiving.

[316] **Mr Porter:** It's also worth mentioning the delay in decisions about personal independence payments impacting people's day-to-day lives. Some of those delays are very long.

[317] **Julie Morgan:** Well, I think in our surgeries we've seen the anxiety that's been caused, so you would say that that was reflected throughout the country, yes? Thank you.

[318] **Darren Millar:** Okay. Jocelyn, you want to come in.

[319] **Jocelyn Davies:** When we were talking to the tenants earlier—I don't know whether you were able to watch that session—we were talking about the fact that this isn't about the size of the properties, but the number of bedrooms. In fact, it's nothing to do with the size of the house; it's the number of bedrooms. Have you thought about, in those cases where people haven't been able to get their rent fully paid, converting some of those properties so that they don't have so many bedrooms? What are the implications for the sector in doing that? So, you've got a disabled person living in a three-bedroomed property. Can you as the landlord then convert it to two bedrooms so that they wouldn't be in such dire straits? Have you considered it?

[320] **Mr Halloran:** I think we did look at it with housing benefit departments originally. I think there were mixed feelings amongst housing benefit departments as to how that might be treated. Obviously, if we were converting them and then lowering the rent, because of the way our rents are set, which are in line with the number of bedrooms in the property, we potentially could do that. Of course, that doesn't take away from the point that we might say we're redesignating, but the property still has three bedrooms in it. So, there's an element of really how correct it is if we're then saying 'Well, this is a two-bedroomed property, but it actually has three bedrooms in it', because our properties are of the size that we state they are.

[321] **Jocelyn Davies:** When we were talking earlier, the thought was to take a wall down. It's possibly too big. I know lots of people who used to have three bedrooms and now only have two.

[322] **Mr Halloran:** In specifics to the adapted properties and in a handful of cases—

[323] **Jocelyn Davies:** Well, rather than keep them languishing year after year, accruing arrears and the public purse having to—. And you've got a property then that somebody doesn't want to move into. We were just hearing the financial case for this, and I'm just wondering have you yourselves considered, in those cases where the local authority hasn't been as good as in Neath Port Talbot, taking a wall down and making it a two-bedroomed property, or taking a wall down and making it a one-bedroomed property rather than a two? I guess you'd have a lower—. I wonder what the implications for you are.

[324] **Mr Halloran:** If you did it across the board, so if you did it in large numbers, there is an implication to the amount of rent that you're charging, and therefore receiving, so there are financial implications within that. Obviously, there are new rent-setting criteria that are going to be brought in, I think next year or the year after, which again, would affect that with regard to the rent basket. If you're taking specific adapted properties, it's not so much that the people aren't using the spare rooms in them. Actually, they are using them; they just don't necessarily fall under the criteria that mean that they are allowed that extra bedroom in housing benefit purposes. So, it's not always the case either that just adapting that property, so redesignating it or knocking down walls, is necessarily what individuals want within them. They need the space; they're just not given that allowance within the criteria of the housing benefit rules.

[325] **Jocelyn Davies:** But in some cases, it could be that there's a possibility, but you would lose rent. Is that what—

[326] **Mr Halloran:** We have redesignated in a handful of cases, where—

[327] **Jocelyn Davies:** Right, you have done it.

[328] **Mr Halloran:** —where we've had acquisitions, if you like, and we've looked at the size of that property and reviewed it. If you're talking about where we have quite large estates, we can't just redesignate one, as then you're talking about redesignating the whole estate. There's an element that that isn't actually the case then: we're stating it's a one-bedroomed property, but actually it's a two.

[329] **Jocelyn Davies:** But you've been able to do it in a small number of cases.

[330] **Mr Halloran:** A handful of cases, but, as I say, they're more acquisition one-off properties.

[331] **Mr Porter:** We're certainly not averse to looking at individual cases and considering what's best for them. I'm not aware of anywhere where that would've solved the problem, but I'd probably need to go and talk to some staff and check to see whether that's the case.

[332] **Jocelyn Davies:** Okay. In your case, it wouldn't be relevant because the local authority takes a different view.

[333] **Ms Whittaker:** Only in terms of people with a disability. We do still have a number of people who do have to pay their bedroom tax, and there are areas where we have low demand—hard-to-let properties up in the tops of the Valleys, where transport links are very poor and there's no work—where we have regularly let two-bedroomed houses to single people, because it's better to have them let than to have them empty. Those people then, unfortunately, are hit by the bedroom tax. We did consider seriously, prior to the bedroom tax actually coming in, whether we would look at redesignating all of those, but we actually haven't found it a problem, in that people are paying it. They would still rather live in a two-bedroomed house and pay the bedroom tax than move. So, it just didn't really arise after that.

[334] **Jocelyn Davies:** But it's something that you'd considered.

[335] **Ms Whittaker:** Absolutely.

[336] **Ms Maimone:** There's also the potential discrepancy in terms of the semi-detached property where you would redesignate one, with exactly the same floor print, to a two-bed and one to a three-bed. How would that actually work out, as it were? But, yes, we did consider it, but as Linda has said, we found that it wasn't something that we needed to influence.

[337] **Jocelyn Davies:** But it's an option that associations have got.

[338] **Ms Whittaker:** It's an option, but I think it's something that people have got to be wary of, because if they have taken housing benefit on a property at a three-bedroomed rent for, say, the last 20 years, and they then redesignate it to a two-bedroomed, there is always the risk that DWP will come back and say, 'Then we want the difference in the rent', because if it was always a two-bedroomed property and you haven't made any significant changes to it, then you have been overcharging housing benefit for that time.

[339] **Jocelyn Davies:** So, you would actually have to take a wall down, or make it into a two-bedroomed property?

[340] **Ms Whittaker:** Potentially. Actually, the Housing Act just says that a property has as many bedrooms as the landlord says it has, so it could be that you just say you have the dining room upstairs. I think it might be difficult to wear that one, but—

[341] **Jocelyn Davies:** Okay.

[342] **Darren Millar:** Okay, the next question, very briefly, Mike, and then we need to wrap it up because of the time.

[343] **Mike Hedges:** One example is the three-bedroomed parlour type, isn't it, which can be treated as four-bedroomed houses? You've got to redesignate the parlour as a parlour and take it out as a bedroom. So, by stroke of a pen, you can make it a three-bedroomed property rather than a four.

[344] **Ms Maimone:** Absolutely, yes.

[345] **Darren Millar:** Okay. I'm afraid the clock's beaten us. If I could thank you, Mike, Steve, Claire, Linda and Jim for attending today. You'll be sent a copy of the transcript of today's proceedings. If there are any inaccuracies in there, then please get in touch with the clerks to correct them, and, of course, we'll look forward to receiving any additional information that's been promised. Thank you very much indeed.

10:56

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

Cynnig:

Motion:

bod y pwyllgor yn penderfynu gwahardd y that the committee resolves to exclude the

cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi). *public from the remainder of the meeting in accordance with Standing Order 17.42(vi).*

Cynigiwyd y cynnig.
Motion moved.

[346] **Darren Millar:** We'll take item 5 now on our agenda; a motion under Standing Order 17.42 to resolve the exclude the public for the remainder of our meeting and for item 1 at our next meeting. Does any Member object? There are no objections, so we'll go into private session.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10:56.
The public part of the meeting ended at 10:56.