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Llywodraeth Cymru
Welsh Government

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Darren Millar AM
Chair – Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

3 November 2015

Dear Darren,

Public Accounts Committee Report: Responding to Welfare Reform in Wales

Thank you for your letter of the 7 October, addressed to Owen Evans, Deputy Permanent Secretary, Education and Public Services Group.

I welcome the Committee's continued interest in the action we are taking in partnership with other organisations to respond to the challenges which stem from the UK Government's Welfare Reform agenda. Please find attached Welsh Government response to Members' comments, which were set out in your letter.

Regards
Lesley

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Appendix 1

Response to the Letter from the Chair of Public Accounts Committee dated 7 October 2015

Recommendation 1 - Public Accounts Committee Comments

The Welsh Government partly accepts this recommendation, on the basis that it sees mitigating the impact of welfare reform as one element of its strategy on tackling poverty, and that it has been providing strategic oversight through the Ministerial Task and Finish Group on Welfare Reform. However, the Committee still wish to see published a stand-alone strategy document and would welcome a more specific commitment on the actions the Welsh Government will practically undertake to alleviate the impact of welfare reform by, for example, developing a specific welfare reform action plan to support the tackling poverty strategy.

The Welsh Government has been refreshing its approach by focusing on the root causes of tackling poverty. Within the context of reducing budgets, the Welsh Government is reprioritising areas where the evidence indicates we can have most impact. Through cross departmental working we are identifying ways in which we can do yet more to give children the best possible start in life, help people to secure a job and improve their health and wellbeing. The two strands of early years and employability will be underpinned by better use of our investment in infrastructure, better targeting of mainstream services and continued support for vulnerable people.

As stated within our original response, the Welsh Government will continue to provide leadership in this area with a view to identifying the need for action and delivering a planned and co-ordinated programme in conjunction with stakeholder organisations to help people cope with the impact of welfare reform. We do not see the need for a a separate, stand-alone, strategy document but we will be pleased to share with the Committee information on action taken and further action planned.

Recommendation 2 - Public Accounts Committee Comments

The Welsh Government has partially accepted this recommendation, on the basis that it considers it is impracticable to publish all information considered by the Ministerial Task and Finish Group. The Committee was particularly interested in reviewing the option in relation to the cost/benefit analysis of mitigating the full impact of the removal of the spare room subsidy through discretionary housing payments, as the Scottish Government chose to do. As such the Committee regards the response as lacking detail on whether this specific information will be added to the welfare reform pages on the Welsh Government's website. The response simply states that the Welsh Government will provide a summary of its response to welfare reform and as such the Committee seeks clarification on whether this specific information will be published.

The Ministerial Task and Finish Group for Welfare Reform commissioned a comprehensive programme of research to assess the impact of the UK Government's welfare reforms in Wales and all of these reports have been published on the Welsh Government's website. Amongst other welfare reforms, the research has considered the likely impact in Wales of the introduction of the Housing Benefit size criteria in the social rented sector. This evidence also provides an indication of the costs and benefits which may materialise if the Welsh Government mitigated the full impact of the policy via increased Discretionary Housing Payments. The Welsh Government published a summary of its response to welfare reform on 9 October which includes an annex summarising this cost-benefit analysis.

<http://gov.wales/topics/people-and-communities/welfare-reform-in-wales/what-are-changes-in-wales/?lang=en>

Recommendation 3 - Public Accounts Committee Comments

The Welsh Government has partially accepted this recommendation in pointing to a range of existing mechanisms through which data is collected and considered, while also highlighting some new actions. However, we believe the evidence presented to the Committee on performance and data issues was compelling and highlighted that at present the impact of welfare reform is not clearly understood and this may prevent the identification of better ways of doing things. The Committee wishes to seek further information on the opportunities for the Welsh Government to enhance the range and quality of current evidence by, for example, including a small number of key data requests as set out in the Committee's report (page 13 to 15) as part of the research proposed in relation to Recommendation 8.

The research proposed in relation to Recommendation 8 includes a survey of Local Authorities and Housing Associations, which will help the Welsh Government to identify the extent to which financial assessments are undertaken by social landlords across Wales. This work is aimed mainly at assessing the extent of collaboration between Housing Associations and Local Authorities in tackling homelessness, and does not address wider determinants which may impact on homelessness. We expect the report from this study to be available in December 2015.

As part of our forward research programme, which was updated following the Summer Budget, we are considering the possibility of surveying a sample of tenants in Wales who have been affected by the UK Government's welfare changes. This could include tenants affected by the Housing Benefit Size Criteria in the social rented sector. This research and other research elements will help improve the evidence base on the impact of welfare reform which will assist our policy response. In terms of referrals to food banks and advice services, the Welsh Government has already held discussions about providers of food aid services and established there is a wide range of different services across Wales in this respect only some of which are covered by data available from the Trussell Trust on food banks. The Welsh Government is in the process of setting up a statistics user panel under the *Third Sector Framework for Engagement and Programme for Action* to assess burdens placed on third sector organisations.

The Welsh Government already has annual counts of information on vacant social housing properties. There has been public consultation on whether Local Authorities should be allowed to charge more than 100% council tax on empty and second properties. As a result, counts of such properties will need to be collected centrally to support the local government finance settlement calculations and as this data will be needed annually, it would allow measurement of change in the levels of void properties. We should wait on the outcome of this consultation before considering any other form of data collection around voids.

Recommendation 4 - Public Accounts Committee Comments

The Committee heard evidence that currently development programmes are overtly focussed on three bedroom accommodation and not smaller units, suggesting that there is a disconnect between what landlords want to build -family housing -and the size of property those in housing need require as determined by the social rented size criteria. This in turn makes modelling of future demand difficult. The evidence heard by the Committee on this specific concern highlighted that Welsh Government needs to fully consider these matters when approving new build schemes. As such the Committee welcomes further detail on whether these matters are being considered by the Welsh Government and if so whether any action has been taken as a result of these considerations.

The Welsh Government provides grant funding for affordable housing through the Social Housing Grant (SHG) Programme. New build schemes are only approved if they are Local Authority strategic priorities i.e. are contained within Local Authority Programme Development Plans (PDPs) and meet Welsh Government value for money and design criteria. Schemes prioritised for funding within Local Authority PDPs reflect a range of factors including strategic importance, housing need, deliverability, viability and value for money. The data included within Local Housing Market Assessments (LHMAs) provides Local Authorities with key information on housing need across all types of accommodation and client groups. Since 2012/13, Registered Social Landlord stock data indicates there has been a 3 per cent increase (1,537 dwellings) in the number of 1&2 bed general needs properties across Wales but a slight decrease of 0.2 per cent (98 dwellings) in the number of 3 or more bed general needs properties. The stock data takes account of new housing, sales and demolitions. Welsh Government will be working with Local Authorities to ensure the relationship between LHMAs and the Social Housing Grant (SHG) Programme is clear.

Recommendation 5 - Public Accounts Committee Comments

The Welsh Government has only partially accepted this recommendation and we do not feel the response is adequate. We acknowledge that the guidance from the Department of Works and Pensions on Discretionary Housing Payments may not require local authorities to record information on the specific circumstances of tenants in adapted homes with disabilities. However, we expected a more thorough response from the Welsh Government that considered this specific matter in relation to local authorities' duties under the Equality Act 2010 and the wider leadership role highlighted by the Committee under Recommendation 1 of our report. The Committee seeks further assurance that these important equality duties are being fully addressed. For example, is Welsh Government reviewing local authority equality impact assessments for administering Discretionary Housing Payments?

The onus is on Local Authorities to consider the requirements of the Equality Act 2010 and supporting Regulations. The Equality Act 2010 (Statutory Duties) Wales Regulations 2011 require Local Authorities to carry out Equality Impact assessments on proposed policies and practices and it would not be for the Welsh Government to review or monitor the Equality Impact assessments undertaken by Local Authorities

Local Authority impact assessments are a matter for each individual Authority. They have the statutory duty to conduct the assessments and they have a range of tools and levers available to them. They are democratically accountable to their local electorates for their decisions. The annual settlement letter from Welsh Government reminds all authorities of their statutory duties in conducting impact assessments.

Recommendation 11 – Public Accounts Committee Comments

The Welsh Government has partially accepted this recommendation and has provided detail on the process for updating the Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness. The Committee's concerns around this issue were primarily about the financial circumstances of individuals as much as the priority need categories set out in the Code. The evidence received by the Committee suggested that some people may not receive assistance because of their financial situation especially where they have outstanding arrears or mortgage debt. The effect of which has resulted in a situation where some families seeking assistance from local authorities and registered social landlords are being excluded from housing registers and are thus considered as being "too poor for social housing."

While it is positive to note that the Welsh Government intends to survey local authorities and registered social landlords under Recommendation 8, which will examine the assessment of people's financial circumstances, we believe it would be advantageous to extend this to cover the work of advice agencies who are often better placed to provide an independent insight on these matters. As it stands the response to Recommendation 11 is asking those who have made the decision not to assist a family or individual local authorities and registered social landlords to review their own practices which, for transparency and balance purposes, raises some concerns. The Committee suggests that this exercise should be widened to include advice organisations to provide a degree of independence within this process.

An updated version of the Code of Guidance is planned to be published in the New Year. It will take into account the results of the research into any barriers to housing assistance.

Recommendation 13 – Public Accounts Committee Comments

The Welsh Government has partially accepted this recommendation. However, we wish to highlight that evidence provided to the Committee suggested that advice provided by landlords focuses on dealing with "landlord" issues first and foremost which may not necessarily be the right course of action or the best option for the tenant. Conversely, independent advice looks at what is right for the individual and the landlord issues are one of a number of different strands that will be considered in prioritising and agreeing a way forward. The Committee's recommendation sought to ensure that independent advice should consider the broader needs of tenants not simply the priorities of their landlord. Given the Welsh Government's response does not adequately address this point, the Committee seeks more detail on how the Welsh Government will ensure the needs of the individual rather than the landlord are equally prioritised when conducting its planned review.

The National Advice Network launched a survey of information and advice provision on 12th October (http://www.moneymadeclearwales.org/home.php?page_id=8474) the survey includes a question on the independent nature of the advice given:-

An independent advice provider delivers independent advice where it is able to act fully independently in the client's sole interest. For example, some local authority services may be unable to offer help with an appeal against an adverse decision on housing benefit entitlement or a social landlord who offers debt advice may be bound by their own policies to prioritise rent arrears over the clients other debts regardless of competing priorities.

The information provided by advice providers will be subject to a sense check and potential challenge depending on the range of services provided by each provider. The final data will be considered along with other evidence on advice-seeking behaviours and potential support from a range of providers including evidence which will be published from the Ministry of Justice in early 2016. This forms part of a future advice needs analysis undertaken by the National Advice Network to inform the development of an Information and Advice Strategy for Wales which will be brought forward in 2016. The strategy will seek to ensure equitable access to quality assured advice services for everyone in Wales. To ensure that there is a consistent measurement of quality, the Welsh Government has committed to developing an Information and Advice Quality Framework for Wales (IAQF Wales) in 2015/16 which will address organisational quality and the service user experience which will consider advice needs holistically and address the quality, breadth and depth of the service provided.

Recommendation 14 – Public Accounts Committee Comments

The Welsh Government accepts this recommendation. While the response highlights some of the positive work of Cardiff Council, it is not clear if the new protocols for Discretionary Housing Payments cover all 22 local authorities. On this basis, the Committee requests that Welsh Government clarify that the two councils who at the time of the inquiry were not party to the agreement -Cardiff and Neath Port Talbot -are now participating in the new arrangements to ensure the consistent approach desired is being achieved.

In addition, while the Welsh Government's response also notes that the current framework of advice protocols and guidance provides "a consistent approach by the Local Authorities to disability benefits", we are concerned about the accuracy of this when considered alongside the response to Recommendation 5 as noted above. Furthermore, the detail provided in response to Recommendation 14 does not adequately address the issues faced by people with disabilities that was highlighted in evidence provided to the Committee and in the Committee's report, and the Committee believes it is reasonable to expect a more thorough and joined up response by Welsh Government on this point and those made under Recommendation 5. Namely, that the pan Wales scheme for Discretionary Housing Payments is adopted by all councils and issues around people with disabilities are more clearly addressed.

Cardiff and Neath Port Talbot are not involved in the new framework. The framework was set up to improve consistency and to ensure that disabled groups (amongst others) were given greater priority in the assessment of Discretionary Housing Payments. The framework also allows for all participating Local Authorities to react quickly and consistently to significant changes in law. This was highlighted recently in the *Sandwell* case (<http://www.bailii.org/ew/cases/EWHC/Admin/2015/890.html>) when all 20 Local Authorities were advised in a single email and the framework amended accordingly. As stated previously, Discretionary Housing Payments are non-devolved and as such Welsh Government is unable to mandate Local Authorities in this policy area. We will, however, continue to encourage sharing of good practice as we did with the approach developed by Cardiff, which informed the approach to Discretionary Housing Payments by other Local Authorities.

Recommendation 17 – Public Accounts Committee Comments

The Welsh Government fully accepts this recommendation to take an early view of the impact of further changes in the welfare system, especially for 18-21 year olds, and will consult early and widely on its proposed response. However, we welcome more detail on the Welsh Government's response to this recommendation to provide us with the assurance we require.

Namely, paragraph 121 of our final report states that "the Welsh Government can do more to demonstrate leadership and coordinate the response to welfare reform in Wales". While the Welsh Government's response rightly focuses on understanding the potential impact of further welfare reforms and notes that work is in hand with local authorities, Registered Social Landlords and advice agencies, we believe the Welsh Government should provide clearer leadership by developing a specific welfare reform action plan which has been rejected in respect of Recommendation 1. This would provide a clear focus on the actions it intends to prioritise to address the needs of 18-21 year olds. From the response it seems that Welsh Government is undertaking further work to research the potential impact but not formalising its response to these challenges into a strategy or action plan which would allow for clearer accountability and more effective scrutiny of performance. The Committee seeks further information on whether the Welsh Government intends to develop an action plan or strategy to implement this recommendation.

The Welsh Government will continue to provide leadership in this area with a view to identifying the need for action and delivering a planned and co-ordinated programme in conjunction with stakeholder organisations to help people cope with the impact of welfare reform. Please see also our response to Recommendation 1.

