

BW 18

Ymchwiliad i Fudd-daliadau yng Nghymru: opsiynau i'w cyflawni'n well

Inquiry into Benefits in Wales: options for better delivery

Ymateb gan: Cymdeithas Landlordiaid Preswyl

Response from: Residential Landlords Association

10<sup>th</sup> of April 2019

Equality, Local Government  
and Communities Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

Dear Sir/Madam,

### **Benefits in Wales: options for better delivery**

Thank you for the opportunity to respond to the above consultation. The Residential Landlords Association (RLA) are very grateful for the opportunity to highlight their views as an organisation in relation to the National Assembly for Wales' Equality, Local Government and Communities Committee's inquiry into empty homes.

### **About the RLA**

The Residential Landlords Association (RLA) represents the interests of landlords in the private rented sector (PRS) across England and Wales. With over 30,000 subscribing members and an additional 20,000 registered guests who engage regularly with the Association, the RLA is the leading voice of private landlords. Combined, the RLA members manage over a quarter of a million properties.

The RLA provides support and advice to members and seeks to raise standards in the PRS through its code of conduct, training and accreditation. Many of the RLA's resources are available free to non-member landlords and tenants.

The Association campaigns to improve the PRS for both landlords and tenants, engaging with policymakers at all levels of Government to support its mission of making renting better.

The RLA welcomes the opportunity to respond to your inquiry on improving the delivery of benefits to Wales in support of the work of the Equality, Local Government & Community committee.

Our response is based on research from our research laboratory, PEARL, which enables us to survey our members who operate as landlords within the Private Rented Sector. Based on responses from more than 2,200 landlords, we found:

- 38% of landlords reported that they have experienced universal credit tenants going into rent arrears in the past 12 months
- This is especially concerning with the finding that on average, landlords were owed £1600.88 in rent arrears
- 53% of landlords successfully request an Alternative Payment Arrangement

- 45% of landlords reported that the DWP were unhelpful when contacted
- The issue of rent arrears for universal credit tenants, is also one of the leading reasons for a landlord attempting to regain possession of the property (64% of landlords)

### **Arguments for and against devolution of benefits**

The RLA acknowledges the significant importance of the welfare benefits system within housing. Especially as the PRS is increasingly having to house some of the most disadvantaged tenants in society as well as people living with disabilities and seeking work. We also recognise that devolving welfare would add traction and synergy to housing services which are already devolved. While we are very much concerned over the freeze of Local Housing Allowances, we believe that devolving welfare and benefits could formulate a Welsh solution to LHA freezes, which has impacted some areas of Wales hard with exceptionally low LHA values. Accordingly, the RLA are calling for LHA and housing benefits freeze to increase to pre-austerity levels and going forward to be matched with inflation to keep pace with current market rents. Although on average rents have not increased with inflation, rents have increased ever so slightly by 0.9% last year, so with a freeze those on UC are slowly being priced out of the PRS market. Therefore, this would have a significant impact on the shortage of housing especially for vulnerable people.

Considering the evidence from our survey, which we have addressed, clearly welfare reform is of great importance to the sector and our members. Accordingly, we would be supportive of the devolution of benefits to Wales providing it would provide a more streamlined service ensuring landlords can claim alternative payment arrangements and ensure that tenants rent arrears are kept to a minimum.

Some of our calls regarding reform to Universal Credit include:

- Introduce Tenant choice – the right for a tenant to elect to have UC paid direct to their landlord.
- Restore the housing cost element of UC to at least the 30<sup>th</sup> percentile of market rents when the current benefit freeze ends in the Spring of 2020, bringing payments back into line with market rents.
- Aim to increase the level of direct payments to the landlord under UC to pre-existing levels under housing benefit (HB).
- Permit arrears to follow a tenant so that if a tenant receiving UC leaves a property owing rent arrears then these can be recouped from subsequent benefit payments.
- Ensure, in any event, that the first payment of housing costs under UC (including advance payments) is paid direct to the landlord, in line with what happens under Local Housing Allowance (LHA). This will mitigate the risk of rent arrears rising when the claimant receives their first payment, particularly if they have had to incur a long delay in payment.
- Effective use of advance payments to bridge the five week gap when a claim is first made to stop tenants going into rent arrears at the outset.
- Improve data sharing between DWP (DWP) and private landlords where the tenant consents or without the need for consent where it is in the claimant's interests. This includes information about the progress of applications for direct payment to the landlord. Standing consents should be permitted for the duration of a claim for housing costs for a particular property; not just for a "particular piece of business".

- DWP should send landlords proper written notifications of their decisions which affect the landlord.
- Improve the arrangements when a claimant's housing benefits is switched to UC, including letting the landlord know when this transition has taken place. This will then prepare the landlord for any missed rent payment due to the claimant waiting for their first payment. At the moment the landlord is totally reliant upon the tenant letting them know.
- Continue direct payments under UC where HB has been paid direct to the landlord.
- Provide a standardised script for Job Centre interviews around rental payment issues, and improve work coaches' knowledge of housing costs issues.
- Improve the availability of advance payments of UC.
- Where sanctions are in place UC housing costs should be automatically paid to the landlord.
- Change the rules so that a history of rent arrears becomes a Tier 1 reason for direct payment of housing costs to landlords.
- Digitalise the direct payment (APA) system and improve the arrangements for dealing with landlords' applications for alternative payment arrangements, i.e. for housing costs to be paid direct to the landlord where there are arrears. This includes improving and streamlining procedures for landlords when they submit applications. Currently applications are going unprocessed and the process can be prone to administrative errors causing longer delays.
- Suspend paying UC housing costs pending investigations of claims by landlords for direct payment to them when there are arrears. This should be done automatically as soon as the application form itself is received, even though DWP may be waiting for further information.
- Make sure that landlords are always told if direct payment to the landlord is to cease for any reason.
- Introduce a trusted person scheme for private landlords.
- Improve ways in which landlords can communicate direct with DWP, including looking at the possibility of extending a Landlord Portal to private landlords similar to one that Social Housing providers have access to.
- Improve the UC complaints process with a specific complaints procedure for private landlords. Compensate landlords where DWP errors have caused financial loss.
- Vitrally, there is a need to ensure that DWP's staff follow the correct procedures and that sufficient resources are in place to process APA claims in particular. They need to keep up to date with changes.
- There is a need for DWP to carry out research into the impact of rent arrears resulting from UC in the private rented sector.

Although we are potentially supportive of the devolution of the welfare system, these issues within UC would have to be addressed otherwise given the high levels of deprivation in Wales, we fear our concerns could be exasperated.

We also have reservations over the ability of Welsh local authorities to support the devolution of benefits to Wales with many local authority services being hit hard from austerity and the additional pressures of education services that are not met by English local authorities. Any consideration of the devolution of welfare, would also have to consider additional support to local authorities in Wales to support vulnerable people and in the managed migration of benefits.

We are also concerned about the level of deprivation in Wales, low economic activity rates and lower wage levels, which could position the burden of supporting the most vulnerable and needy to great a depth for the Welsh Government to support should welfare be

devolved. Indeed, we have reservations given the context of support required that our current concerns in relation to UC would be addressed. It should also be noted that Wales has a higher disabled and more aged population than that of England, and we would require reassurance that would be reflected in any settlement to Wales.

## **Lessons learned from the devolution of some social security powers to Scotland**

Despite some concerns, we believe that the Scottish Government has highlighted advantages with the devolution of welfare that could equate advantages within the housing sector.

Following on from the Scottish Act 2016, in total 11 benefits were devolved to Scotland, allowing the country to take a different path from that used in England and Wales. One area that we have particularly taken note of is the Scottish Choices system which includes the ability to vary the time period of UC from monthly to fortnightly, which is particularly appealing to landlords within the PRS to ensure tenants have the ability to pay their rents. More importantly, the Scottish welfare system also advocated the ability of tenants to pay the Housing Benefit element of their UC directly to their landlords.

Of course, Scottish Choices sits within the Alternative Payment Arrangements, which is used as a discretionary model to support vulnerable tenants with alternative modes of payment including paying directly to landlords. However, we remain concerned over the time delays in setting up APA and the fact that tenants have to go into arrears in the first place to activate APA.

We will continue to monitor the devolution of benefits to Scotland. However, at this stage it appears to early to draw conclusions.

## **Options for different forms of devolution and practical considerations of devolution**

We believe that if a sufficient evidence base concluded that the devolution of benefits would be advantageous to Wales, then devolution should be staggered to allow for new systems to bed in. We believe that this is important as the managed migration of UC has been less than satisfactory. Furthermore, given the additional demographic and derivational challenges in Wales, a staggered approach would be appropriate. In this context, we also believe that additional funding and programmes should be administered to alleviate poverty and deprivation, and this should take a holistic approach that addresses poverty in all housing tenures, including the PRS to ultimately reduce the high take up of benefits currently experienced within Wales.

Given our concerns over UC, we would be supportive of the devolution of UC to Wales, providing our concerns are addresses and that it is acknowledged that closer cooperation with landlords operating within the PRS is essential.

The RLA also acknowledges recent research undertaken from the Wales Governance Centre, which outlines that Wales could financially benefit from the devolution of benefits based on similar findings from Scotland. While we agree that this is possible, the infrastructure would also have to be put in place to administer this system and we call for clarity on how this would be funded.

## **The principles that could underpin the delivery of benefits in Wales**

**RESIDENTIAL LANDLORDS ASSOC.**

With regards to the Housing element of Universal Credit, if such a system were to be devolved, then it would have to be a system that was accessible for all tenants regardless of their tenure. Equally support must be on hand for PRS landlords with parity to that enjoyed within the social sector. In this context, we would hope that PRS landlords could have the same level of access on their tenants application process for UC to understand if they have been successful or not.

While we understand that the current system is based on improving independence, there should be a greater understanding on the client base especially the most vulnerable people and their ability to pay rents in a timely fashion. Where this is not possible, tenants should be given the choice of whether they want to pay their housing benefit element directly to their landlord.

The potential devolution of welfare could pave the way for a greater understanding in the impact of LHA freezes that have impacted communities in Wales hard. Accordingly, a Welsh system could address this with levels that are in line with market rates with some Welsh areas having exceptionally low LHA rates significantly below market rates.

## **Conclusion**

The RLA supports the investigation into the devolution of welfare and benefits to Wales. However, within this investigation, all of the benefits must be set against potential drawbacks already highlighted in this document such as high deprivation levels, Wales aged population and disability levels. In relation to welfare and benefits, our biggest concern is Universal Credit especially the housing element. Any meaningful conclusions drawn from the experience in Scotland would have to be considered with additional evidence given the short history of Scottish benefit devolution.

Thank you for taking our views into consideration. We look forward to reading your final recommendations.

Kind Regards,



Douglas Haig  
Vice Chairman and Director of RLA Wales