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*Dea Darren*

#### **WELSH GOVERNMENT RESPONSE – RESPONDING TO WELFARE REFORM IN WALES**

The Deputy Clerk's letter of 7 September requested my advice on the Welsh Government's response to the Committee's report on *Responding to Welfare Reform in Wales* that was published in July 2015.

The Welsh Government has indicated that it fully accepts just six of the Committee's 17 recommendations, accepts one of the recommendations in principle and accepts the remaining 10 recommendations in part. Overall, I consider that the Welsh Government has not responded fully enough to the Committee's recommendations and I have highlighted below some areas where you might wish to seek further information or clarification.

**Recommendation 1:** 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. Nevertheless, I took it that the Committee still wished to see published a stand-alone strategy document and, in that regard, the Welsh Government has essentially rejected the recommendation. The Committee might wish to consider whether it would, at least, 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.

**Recommendation 2:** This recommendation is partly accepted, on the basis that the Welsh Government 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. The response does not provide sufficient detail on whether this specific information will be added to the welfare reform pages on the Welsh Government's website. The Welsh Government has simply stated that it will provide a summary of its response to welfare reform.

**Recommendation 3:** This recommendation is again partly accepted, with the Welsh Government pointing to a range of existing mechanisms through which data is collected and considered, while also highlighting some new actions. My recollection is that the evidence presented to the Committee on performance and data issues was quite compelling and highlighted that at present the impact of welfare reform is not clearly understood and this stymies prospects to identify better ways of doing things. The Committee may wish to explore 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**.

**Recommendation 4:** The Committee took 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. My recollection on this specific concern highlighted in some of the evidence sessions was that Welsh Government needs to fully consider these matters when approving new build schemes.

**Recommendation 5:** This recommendation is only partially accepted, and I do not feel the response is adequate. I 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. I would however have 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**. The Committee may wish to seek further assurance that these important equality duties are being fully addressed. For example, by requesting that Welsh Government reviews local authority equality impact assessments for administering Discretionary Housing Payments.

**Recommendation 11:** 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. My understanding was that the issue highlighted by the Committee was 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 this had 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."

Whilst 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, 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. The response to **Recommendation 11** as it stands 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 may wish to suggest that this exercise is widened out to include advice organisations to provide a modicum of independence on this process.

**Recommendation 13:** The Welsh Government partly accepts this recommendation. However, 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. My recollection is that the Committee through its recommendation was seeking to ensure advice to consider the broader needs of tenants not simply the priorities of their landlord. Given the response does not adequately address this point, the Committee may wish for 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.

**Recommendation 14:** The Welsh Government accepts this recommendation. Whilst the response highlights some of the positive work of Cardiff Council, it is not clear if the new protocols for Discretionary Housing Payments covers all 22 local authorities. On this basis, the Committee might request Welsh Government to 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.

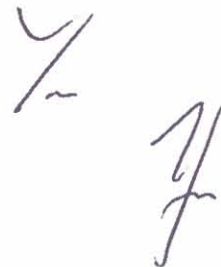
In addition, whilst the response also notes that the current framework of advice protocols and guidance provides "*a consistent approach by the Local Authorities to disability benefits*", I do not think this is entirely accurate when you consider the response to **Recommendation 5** noted above. The 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 I believe 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.

**Recommendation 17:** 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 consult early and widely on its proposed response. However, the response may not be sufficiently detailed to provide the reassurance the Committee is seeking.

In the Committee's Report *Responding to Welfare Reform in Wales*, members stated in Paragraph 121 that "*the Welsh Government can do more to demonstrate leadership and coordinate the response to welfare reform in Wales*". Whilst the response from Welsh Government 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, I 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. As is stands, the Welsh Government appears to be undertaking further work to research the potential impact but does not want to formalise its response to these challenges into a strategy or action plan which would allow for clearer accountability and more effective scrutiny of performance.

I trust that this advice is helpful to the Committee.



**HUW VAUGHAN THOMAS**  
**AUDITOR GENERAL FOR WALES**