



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

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

Dydd Mawrth, 12 Mai 2015
Tuesday, 12 May 2015

Cynnwys
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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi 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

Sandra Alexander	Rheolwr Incwm Tai, Cyngor Bro Morgannwg Housing Income Manager, Vale of Glamorgan Council
Jennie Bibbings	Rheolwr Polisi ac Ymchwil, Shelter Cymru Policy and Research Manager, Shelter Cymru
Sioned Hughes	Cyfarwyddwr Polisi ac Adfywio, Cartrefi Cymunedol Cymru Director of Policy and Regeneration, Community Housing Cymru
Lindsey Kearton	Swyddog Polisi, Cyngor ar Bopeth Cymru Policy Officer, Citizens Advice Cymru
Paul Langley	Ymgynghorydd Uwch, Cartrefi Cymunedol Cymru Senior Adviser, Community Housing Cymru
Elle McNeil	Swyddog Polisi, Cyngor ar Bopeth Cymru Policy Officer, Citizens Advice Cymru
Helen Northmore	Cyfarwyddwr, Sefydliad Tai Siartredig Cymru (CIHC) Director, Chartered Institute of Housing Cymru (CIHC)
John Puzey	Cyfarwyddwr, Shelter Cymru Director, Shelter Cymru
Nick Selwyn	Swyddfa Archwilio Cymru Wales Audit Office
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales

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

Claire Griffiths	Dirprwy Glerc Deputy Clerk
Hannah Johnson	Y Gwasanaeth Ymchwil Research Service
Michael Kay	Clerc Clerk

*Dechreuodd y cyfarfod am 09:02.
The meeting began at 09:02.*

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 the usual housekeeping notices: if I could remind Members and witnesses who participate in this meeting that the National Assembly for Wales is a bilingual institution, and that Members and witnesses should feel free to contribute to today's proceedings in either English or Welsh as they see fit. There are, of course, headsets available both for translation and for sound amplification. If I could encourage everybody to switch off their mobile phones, or push them into 'silent' mode, and remind people that this is a public meeting and nobody needs to push the microphone buttons. In the event of a fire alarm, we should follow the directions of the ushers. We haven't received any apologies for this meeting, so we'll go straight into item 2 on our agenda.

09:03

Papurau i'w Nodi Papers to Note

[2] **Darren Millar:** We have a number of papers to note. We have the minutes of our meeting held on 5 May. We've got a letter from the Auditor General for Wales on covering teachers' absence; we considered that at our meeting last week. We have a letter from James Price, director general for business, enterprise, technology and science, with additional information in relation to our motorway and trunk road investment inquiry. Again, that was considered last week. We've also had a letter from William Graham, Chair of the Enterprise and Business Committee, in relation to the auditor general's report on young people not in education, employment or training. Members will recall that we passed that to the committee to consider as part of a piece of work that they were doing. I take it that that's noted.

[3] We've had a letter also from David Melding, Deputy Presiding Officer, on behalf of the Assembly Commission, further to the work that we did on their accounts. There is just one point, actually, on that letter. The letter refers to the target that the Commission has for an underspend of 1 per cent or less, and if you recall, when we had discussions on this as part of our accounts work last year, Members expressed concern that that might impede opportunities to achieve value for money, if savings could be realised. I'd like, if committee members are happy for me to do so, to write to the Presiding Officer just to ask for further clarification of that, because I don't think that the response from the Commission is particularly clear on why that is the policy still.

[4] **Mike Hedges:** Can you also say that, hopefully—[*Inaudible.*]*—*that the Public Accounts Committee would have no criticism of them if they underspent by more?

[5] **Darren Millar:** Yes. In terms of them achieving for value for money.

[6] **Mike Hedges:** Yes. We would not be criticising them for underspends.

[7] **Darren Millar:** Okay.

[8] **Sandy Mewies:** And you've recorded my declaration.

[9] **Darren Millar:** Yes, your declaration.

[10] **Mike Hedges:** Is it possible for the letter to say that? I think, sometimes, people are frightened to underspend because they think people are going to criticise them for it. I would never criticise anybody for an underspend.

[11] **Darren Millar:** We'll make sure that that's emphasised.

Diwygio Lles: Sesiwn Dystiolaeth 1 Welfare Reform: Evidence Session 1

[12] **Darren Millar:** Okay, if Members are happy, we'll move on then to item 3 on our agenda, commencing our inquiry into the impact of welfare reform on housing tenants. I'm very pleased to be able to welcome today Sandra Alexander, who is here on behalf of Hayley Selway, I understand. So, your role is with the Vale of Glamorgan Council, yes?

[13] **Ms Alexander:** Yes.

[14] **Darren Millar:** Okay. Thank you. So, we've also got Helen Northmore, who, of course, is the director of the Chartered Institute of Housing Cymru—welcome to you, Helen—Paul Langley, senior adviser, Community Housing Cymru, and Sioned Hughes, director of policy and regeneration, Community Housing Cymru. Welcome to you all. Obviously, the purpose of this evidence session is to look at the impact of the welfare reforms on social housing tenants in Wales. The Auditor General for Wales produced a report, which was published on 8 January, and we're going to be taking evidence from two sets of witnesses today, and we've got further evidence sessions that are planned. We have, obviously, a number of Members who want to ask questions. I just wondered if you wanted to say anything just to open the discussion, if that's okay. I don't know who wants to bat off first—

[15] **Ms Hughes:** I think I'll probably go—

[16] **Darren Millar:** Okay. Over to you, Sioned, and then we'll open to questions.

[17] **Ms Hughes:** Bore da. I think, really, we welcome this report because our members were very active in giving evidence to that report and it really focuses the mind on looking at not only how we can do things, possibly, better moving forward but at what we have got to deal with moving forward, which is going to be essential for us. I think the point made in the report that I would like to reiterate is that, when this policy of the spare room tax was introduced in April 2013, according to the Department for Work and Pensions' figures, there were 40,000 households that were affected by that, and the only way that that could be mitigated, essentially, was by moving them to a smaller property. At that time, for every one to two-bedroomed house that was available, there were 70 households that would have needed to move to that house. So, I think that demonstrates to you the situation that we were dealing with as a sector across the sector.

[18] I think we worked very hard to raise awareness before that policy came into place with 'Your Benefits are Changing'. I think the point we'd like to make is that there wasn't any specific awareness-raising from the DWP that would communicate with those who were going to be impacted. Therefore, I think the sector, across the piece, with 'Your Benefits are Changing' with over 80 organisations supporting that, created a forum, which was one clear message, sharing literature, trying to reduce those costs and getting a clear message over to tenants. Obviously, throughout that, I think the report then demonstrates the work that we have done in working individually with tenants in terms of raising the profile but also giving them support and trying to move them, where possible, but—and I'm sure we'll come on to that later in terms of the detail—that wasn't always possible, and therefore we were trying to

work with them very closely.

[19] I think the key message here as well is maybe something we won't be touching on so much, which is the broader work of the sector and local authorities—obviously I'm speaking on behalf of housing associations—and the broader community regeneration work. Over £56 million was spent by the sector last year on financial inclusion, food and energy information and also providing information and opportunities for upskilling and accessing work opportunities. I think a key part of today, hopefully, will be talking about how we can collaborate more strongly, particularly as we know that the current policy—. There is clarity now, since last Friday, that this policy will remain and I think it's very important that, as partners—Welsh Government, local authorities and housing associations and key stakeholders—we work together to mitigate the impact and to work positively on that.

[20] **Darren Millar:** Okay. Helen, did you want to say anything?

[21] **Ms Northmore:** I'd like to reiterate a lot of Sioned's comments. We welcome this report; we thought it was an important piece of work looking at the impact specifically in the Welsh context, and agreed with many of the recommendations. There is a huge amount of positive work going on between social landlords, local authorities and communities to try and address these issues. But looking for further ideas on where improvements can be made to support residents is always welcome.

[22] **Darren Millar:** Okay. Thank you for that. I'm going to come to Jocelyn.

[23] **Jocelyn Davies:** Thank you. Listening to you there, you accept the report, although it did conclude that you were having little success in efforts to help tenants mitigate the impact of the bedroom tax. I'm going to have to try and stay away from expressing my own views on this policy, because this committee isn't about that, but I think you know it anyway. The UK Government say that these reforms are part of their tackling poverty efforts, but the evidence that you sent us seems to indicate the opposite, really. You mentioned £56 million spent last year in engaging tenants, helping them to find work and so on. What have been the most successful methods that have been used by landlords to support and advise tenants?

[24] **Ms Hughes:** Well, I think Paul will go on to the detail, but there isn't, as you rightly refer, one method, because every tenant's situation is very different. I think it's in the preparation beforehand, engaging with tenants. There are positives here in that our members have re-engaged very strongly with the tenants and understand their situations much more clearly now. Many of our members spoke to individuals face to face, knocking on their doors, speaking to them and then really addressing the issues that they might have. I think there were a number of initiatives that we have taken on board, and I'm just wondering, Paul, whether you would like to come in as the senior adviser on that.

[25] **Mr Langley:** Yes. So, obviously, the Your Benefits are Changing campaign created a single message to try and raise awareness. It's always difficult to gauge how successful campaigns like that are in actually bringing the detail to people and what people do beyond that. But lots of our members decided that the best way was face to face, actually knocking doors, getting out, speaking to people. The options available were not great—the options of downsizing were limited due to what was said before around the number of properties available. People fed back to us that taking in lodgers was not something they could do, due to family reasons, due to being in a community, the safety of their own home—they didn't want to bring strangers in. And a lot of the advice that housing associations gave all ended up around discretionary housing payment as a solution. Tenants wanted to stay where they were; they couldn't afford the payment. Housing benefit is means tested. The Government has set housing benefit to test whether people can afford their rent due to their levels of income—that's what housing benefit is—and therefore, a discretionary housing payment was required

to do that. So, housing associations invested in tenancy support officers, financial inclusion officers and money advisers across the sector to actually help people and assist them in completing those forms and accessing those funds.

[26] **Jocelyn Davies:** So, did associations find that, even though you'd run 'Your Benefits are Changing' and there was a lot in the media about the bedroom tax, or whatever you want to call it, people didn't think it was going to apply to them? So, the knocking of the doors of individual people affected, and working through budgeting and so on, helping them, seemed the most effective thing. How does that compare, then, with what was happening in England? Are you able to give us any idea of anything different that happened there? We know that, in Scotland, it didn't apply, because the Scottish Government decided to—

09:15

[27] **Ms Hughes:** Exactly. It was a different situation. In England, it's comparable, isn't it? But, in terms of data, because obviously this was the question you were specifically asking, there is no detailed evidence that suggests that there was more success in what was happening in England, compared to what was happening in Wales.

[28] **Jocelyn Davies:** Did they do similar things?

[29] **Ms Hughes:** They do very similar things. I think, in terms of working together across the four nations, in fact, through the federations, we have been working with them quite closely and looking at what are the processes. In England, there were some pilots, weren't there, in the appeals system and going through the appeals system? That hasn't been adopted here in Wales, but I seem to think that our engagement, the scale of our sector, allows us to have had a stronger one-to-one basis. But I do know that they have had quite a strong project where they were looking specifically at following the evidence, and I think that's what's lacking here: following the impact of this policy across the board in the future to come with tenants. I think that's something that we really need to look at quite carefully across the piece. That was reflected in the report.

[30] **Jocelyn Davies:** So, in terms of the availability of support and—. Not all associations, from what you're telling me, did have face-to-face contact with their tenants.

[31] **Ms Hughes:** I think the majority of them did, but it's very resource intensive. I think we demonstrated that 74 per cent of housing associations increased their resources in terms of people on the ground knocking doors, so that's a huge increase, really, at a time when rent arrears then, peaked at £1.1 million in the first six months. So, there was a real drag on resources there. But I feel that the messages we were getting out, we were providing that literature, which gave a constant message and we were supporting and asking and suggesting to members that they did go out. Indeed, going around knocking doors, the availability of tenants, you did feel that some people didn't recognise the conversations that they were having. I think we all recognise that, in communication, you need to reiterate the same kinds of messages time and time again before people actually realise. We found, particularly through 'Your Benefits are Changing', that people really didn't understand that it was going to impact them until it actually hit them, really.

[32] **Jocelyn Davies:** Because they didn't feel that they had a spare room. It might just be that they—

[33] **Ms Hughes:** Absolutely, yes. If you have two children—

[34] **Jocelyn Davies:** It's a bit difficult to put a lodger in a room where you already have a child, or equipment, I have to say. Did you find the same?

[35] **Ms Northmore:** The evidence we had from our local authority members is that they have also invested significantly in financial support advice officers, so they have increased that, and they've done a lot of face-to-face engagement with the tenants. The feedback we've had is that that has actually been a positive out of this process, because a lot of social landlords don't engage with their tenants, unless there are rent issues, arrears, or other issues that come up, and so actually hadn't engaged with a lot of their tenants for a long time. So, that sort of face-to-face engagement has actually identified a lot more families that have needed support or are entitled to more support. So, that's been one positive out of this process, the much closer relationship between landlords and tenants. Although that has been resource intensive, that's seen as a positive outcome.

[36] **Jocelyn Davies:** And, do you know anything about the situation in England—about how it is managed there?

[37] **Ms Alexander:** No.

[38] **Jocelyn Davies:** You did mention a different approach to appeals; do you think you could send us that information from England about that, or anything that you have on—?

[39] **Ms Hughes:** Have you got anything to add on that, Paul?

[40] **Mr Langley:** One thing I think different from England was, obviously, we were grateful in Wales that the Welsh Government stepped in to fill the hole of the changes to council tax. In England, there was a very different situation, where not only did they have the removal of the spare-room subsidy, but they also had changes to council tax that impacted very much the same tenant base. So, they had slightly different problems to deal with in England and there was no overarching campaign to try and bring lots of organisations together, as there was in Wales.

[41] **Jocelyn Davies:** I see. Okay, thanks.

[42] **Darren Millar:** Can I just ask, on the council tax question, what was the impact of that on tenants in terms of any cash left in their pockets?

[43] **Mr Langley:** In England—

[44] **Darren Millar:** Here.

[45] **Mr Langley:** Here. Well, in Wales, obviously, it meant that people had slightly more money than those in England.

[46] **Darren Millar:** Yes, but council tax rises have been much bigger in Wales, haven't they, compared to most local authorities in England? Most—not all. Most have been freezing their council tax for five years. So, effectively, it just replaced—did it? For the large part?

[47] **Ms Hughes:** I think it was a change of policy, wasn't it?

[48] **Mr Langley:** Change of policy. The council tax reduction didn't happen in Wales, so people still had a full entitlement to their council tax—to the actual council tax benefit.

[49] **Darren Millar:** Okay. I'm going to bring Jenny Rathbone in and then Sandy. It was a supplementary, Jenny.

[50] **Jenny Rathbone:** Just to pick up on two points—. One was that only 4 per cent

considered taking in a tenant as a way of eliminating that so-called spare bedroom. I just wondered how much work you really did on making people feel comfortable with that. If you're a tenant, obviously, subletting is a completely new venture. Had you considered, for example, doing some sort of dating agency between single people who were desperately looking for somewhere to go, possibly because of the break-up of a marriage, or young people who needed to leave home, you know, getting people together, doing reference checks—those sorts of things that would assuage the anxieties that people might have felt about that?

[51] **Ms Hughes:** Certainly as an umbrella body, we didn't go into that level of detail with individual associations. There was so much other work, possibly, that would recompense—. If Paul was referring to the work on the discretionary housing payments, the response from individuals of having somebody come to share a house—. I think the point has been made. Despite the fact that, actually, they didn't think it was a spare bedroom—. I think the amount of investment, possibly, moving forwards, now that we know that the policy is here to stay—. I think that we will be investing in things that might need a lot more investment in terms of resources, organising—. There is also that risk, I suppose, as a landlord, in being very active in finding a lodger to come into that.

[52] **Jenny Rathbone:** There are always risks. There are risks to everything we do in life, but there are huge risks of doing nothing because you're going to lose your home. So, is it not about making people understand that subletting is not a—you know, it's something that other people do?

[53] **Mr Langley:** As a sector, we did distribute information on lodger packs, on how to set up agreements, how to do inventories and these things. We did support that. I don't think we did bring the people together, as you mentioned.

[54] **Jenny Rathbone:** I'm sure lodger packs are fine, but, most of the people in my constituency who are affected by the bedroom tax, they wouldn't read that sort of thing. They're struggling to read the letter you send them. So, I think, actually, it's about personal contact—seeing the sort of people who are needing to find a home and marrying them up, in a sense, a bit like HomeSwapper, which has been very successful in getting people to think, 'Oh I can—', you know, to agree that they want to change houses.

[55] **Mr Langley:** The sector actually replicated its own—. Cadwyn Housing Association, along with Welsh Government and 17 other housing associations, created House Swap Wales, which was social media-led, where people could actually speak to each other via Facebook and look to create mutual exchanges of properties. That's something the sector did invest in and work around to try and create that personal element of people having discussion. I think the problem with trying to—. Again, it's hugely intensive resource-wise to inform people around lodgings and bring people together. There's the understanding around the impact of non-dependent deductions as well. We've seen lots of cases where people have believed that they'll bring somebody into the household and the bedroom tax will be taken away, but then a non-dependent deduction at a similar level is applied and, actually, people are financially in the same position as they were before. So, it's a complicated process.

[56] **Jenny Rathbone:** Okay. Well, I agree that the benefits system is hugely complicated, but, obviously, is that not where there is a role for organisations like you and your members to give people accurate advice?

[57] **Mr Langley:** Yes, certainly.

[58] **Ms Hughes:** I think there's certainly accurate advice being given. I think it's that the final point that Paul has made shows that, actually, encouraging people to have people—strangers, effectively—coming in and living in their house, essentially it's repaying a cost of

the house, of the rent, rather than actually any direct financial improvement to themselves.

[59] **Ms Alexander:** I've got to say that that's a question that we've asked all our under-occupiers at face-to-face interviews, would they consider—. We haven't had one person take that up.

[60] **Darren Millar:** The auditor general's report suggests that around 12 per cent of tenants would consider the option. Do you have figures for those tenants of your member organisations that actually have taken in lodgers in order to try to mitigate the impact of the spare-room subsidy?

[61] **Ms Alexander:** With the Vale, I think we only tried it with homeless people initially, and I think there were only one or two families, and it wasn't successful.

[62] **Darren Millar:** And do you have figures, as member organisations? Have you collated figures across Wales?

[63] **Mr Langley:** Not on the number of lodgers.

[64] **Darren Millar:** Is that something you may be able to provide the committee after today?

[65] **Ms Hughes:** We can certainly ask our members whether they are able to gather that evidence.

[66] **Darren Millar:** That would be helpful.

[67] **Jocelyn Davies:** Just on this point—

[68] **Darren Millar:** I want to bring Mike in as well.

[69] **Jocelyn Davies:** From what you've said, it doesn't sound as if you're very hopeful that taking a lodger is a solution that many people would be attracted to, and, going forward, some people might consider it, but most people wouldn't be any better off anyway, because a different penalty would fall on them than the bedroom tax—that's what we're hearing, isn't it? So, it would seem to me, if I was the tenant, I would see it as completely pointless.

[70] **Darren Millar:** You wanted to come in, Mike.

[71] **Mike Hedges:** You talked about mutual exchanges, but housing associations in Swansea—I don't know about anywhere else—have turned down people for mutual exchange. A married couple wanted to move into a two-bedroomed property where a single person was living, who wanted to move into a one-bedroomed property, and it was rejected because the married couple would have too many bedrooms if they moved in there, even though they were both working and they weren't affected by the bedroom tax. But because they would be moving into a property that was nominally too big for them, it's been rejected. That removes another means of people getting into one-bedroomed properties. Is that common to housing associations, and is there any way that that policy can be changed?

[72] **Mr Langley:** It varies. Obviously, each housing association has its own business plan and decides its own policies, so there is variation. Some have changed their policy to replicate the spare-room subsidy, so their lettings policy replicates that—people need to maximise the property so that the penalty is not applied. But, in that situation, yes, people are working, and could move in, but their circumstances could change, and then they would be classed as under-occupying, and I think we would probably come under just as much criticism then for

housing people who are under-occupying their property.

[73] **Mike Hedges:** Yes, but anybody can lose their job. I look around the room here now and most of us could lose our job in the next 11 months.

[74] **Jocelyn Davies:** Some of us are giving it up. [*Laughter.*]

[75] **Mike Hedges:** But most of us could lose our jobs in the next 11 months. So, there is this problem there, and it is creating a problem, but not necessarily one that you recognise. Can I—

[76] **Ms Hughes:** I think we do recognise it, but I think, as landlords, we do have to be responsible, don't we? It's a huge issue that we have in terms of not having the right supply, not having the right type of homes to home people to mitigate the impact of benefits, and I think you're right that we can't tell whether people will be losing jobs or not; we can't, but I think we have to protect the supply, and we have to protect the amount of work that our members are able to do. It's not an ideal situation at all.

[77] **Mike Hedges:** We're not going to reach agreement on this—

[78] **Darren Millar:** I'll come back to you, Mike.

[79] **Mike Hedges:** Can I ask another question on housing people, in the same area?

[80] **Darren Millar:** If it links, okay.

[81] **Mike Hedges:** You're talking about over-occupation. Three-bedroomed parlour-type houses, which are treated as four-bedroomed houses, or can be treated as four-bedroomed houses—any views on turning them back into being treated as three-bedroomed houses, or using the parlour as potential for a lodger?

[82] **Ms Hughes:** Paul, over to you.

[83] **Mr Langley:** Well, some organisations have looked at their stock—lots of early work between the local authorities and housing associations have been able to change and make sure that the number of bedrooms stated is consistent across. Are you asking to actually have a three-bedroomed house and bring in a lodger into another room?

09:30

[84] **Mike Hedges:** Do you know what a three-bedroomed parlour-type house is?

[85] **Mr Langley:** To be honest, no.

[86] **Mike Hedges:** Well, I don't think I'll take this any further, then.

[87] **Darren Millar:** Do you want to describe what you mean, Mike?

[88] **Mike Hedges:** It's a fairly standard housing definition. It's 1950s housing, in the main. They have three bedrooms but downstairs they have two rooms. The second room is called the parlour and if you had a shortage of bedrooms—and there used to be a shortage of four-bedroomed houses—then that was treated as the fourth bedroom. It's whether that could actually be removed from being treated as a bedroom, or whether that would be more suitable for taking in a lodger, which would mean taking them in as a downstairs lodger, rather than an upstairs lodger.

[89] **Darren Millar:** Is there a consistent approach from social landlords regarding those sorts of situations, where there are two living-room-type rooms, if you like, downstairs, or two reception rooms?

[90] **Ms Hughes:** I'm not aware that there is and, I suppose, if a property is deemed as a three-bedroomed property, then I think extending that to a four-bedroomed property—. Again, what we're finding at the moment is that numbers of—. We are finding more voids. We are finding it difficult to find tenants to move into those larger properties because of the penalties that exist. So, actually, what we've seen, as an introduction of this policy, is people moving out of those larger properties. But, certainly, we can look to see what the approach has been. I'm not sure, in terms of the profile of the supply, how many of our members have that type of property.

[91] **Darren Millar:** Okay. Sandy.

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

[93] **Darren Millar:** Sorry, you wanted to come in, Helen.

[94] **Ms Northmore:** I was just going to reiterate that we're seeing that the void issue is starting at three bedrooms, so whether it's three bedrooms or four bedrooms, it's at that level of three bedrooms that we're starting to see difficulty in letting properties. So, whether it's three or four, it would still be the same issue.

[95] **Darren Millar:** Okay. Thanks. Sandy.

[96] **Sandy Mewies:** Thank you. Voids was one of the things I wanted to talk to. This report is about managing the impact of welfare reform changes and the people who are having to manage this are local authorities and housing associations, with support from the Welsh Government and advice from people like Citizens Advice. But there have been, I think, some unintended consequences of this. I'm quite interested in how—. I think when this policy—and, like Jocelyn, I have to be careful not to let my own feelings creep through this, but, if you accept that it was a policy that was meant to save money on the welfare bill—. I've heard of 700 voids in some housing associations. I've heard of some housing associations, in fact, that are very near to, or have gone to, the wall because, of course, they depend on income coming in.

[97] So, my first question is on the effect of voids, because—. Well, there are two things. Are there lots of two and one-bedroomed houses, then, available now? Are there more than there were or fewer than there were? Can I get my questions out first? So, it's about the stock, the impact and the impact of the voids on the providers. The discretionary payments that you talked about, I think the auditor general pointed out there is inconsistency in the way they're paid throughout Wales. Can you give any reason for that and can you say how that can be improved? And one of the things that—. Certainly, I know of a couple of cases where people with disabilities, who have lived in adapted houses, have had to move out of those adapted houses because they're too big, but this causes an extra cost because the smaller property that they move into has to be adapted again and that has to be paid for. I wondered if you have any evidence of that yourselves and whether you think that might be another unintended consequence and whether that's going to continue. And can you also—. One of the things that—. I know, in my local authority, they did exactly what you said. They went around and they spoke to people one-to-one and I think the response initially was there were people who could pay, there were people who probably thought they could pay but couldn't, and they're the people who are still coming now into the evictions. So, when we talk about convictions, they dramatically increased in Wales in 2014, with 1,000 social-level households losing their

homes, which is a 12 per cent increase on the previous year. Nobody seems to know where those people have gone. Do you know? Who is finding homes now for those people? So, it's about those—well, there seem to have been unexpected consequences; could you talk about those, please?

[98] **Darren Millar:** You've got lots of questions there. Who wants to start? Helen.

[99] **Ms Northmore:** I haven't actually got the figures on one and two-bedroomed property homes in Wales, but I think we would all agree that there isn't enough stock. As Sioned pointed out, 70 people for every appropriate property in Wales indicates that there isn't the right amount of housing stock for this policy. And that's because councils and ourselves have traditionally built family homes, and this has been a significant policy change, and development schedules are multi-years, and so it will take some time for there to be an increase in the available housing stock of the right size.

[100] In regard to the DHP payments, there has been an announcement that the majority of local authorities in Wales are now going to have the same criteria for discretionary housing payment, and that should avoid the inconsistencies we've seen. I think it's a standard approach for local authorities, but also some flexibility within those, to address local need. Sioned?

[101] **Ms Hughes:** Do you want to come in?

[102] **Mr Langley:** Yes. I think, with the number of small properties, there were around 400 available during the first year of the bedroom tax, for the 35,000 who were affected—

[103] **Sandy Mewies:** Four hundred, did you say?

[104] **Mr Langley:** Four hundred smaller properties.

[105] **Darren Millar:** That was social landlord properties, yes?

[106] **Mr Langley:** Social landlords, which were available for people to downsize to. The Welsh Government has made available the smaller properties programme—£20 million in the first year, followed by another £20 million in the following years—and that should allow social landlords to build almost another 400 properties in the two instalments of that. But, when we look at that to the number of people who need to downsize, we're still looking at a 20-year period, at the current rates that the numbers are reducing by. So, there needs to be further investment if this policy is going to be long term, and we require many more smaller properties; there needs to be an investment in creating those.

[107] Sioned, do you want to come in?

[108] **Ms Hughes:** I think on the point of voids, as you say, it's the impact assessments that DWP issued, and the savings that it was going to make. One of the unintended consequences, if you like, is that many people have then moved to the private rented sector; I think the private rented sector has played a key part here in allowing people to move into smaller property homes.

[109] **Sandy Mewies:** Cost more.

[110] **Ms Hughes:** Pardon?

[111] **Sandy Mewies:** They cost more.

[112] **Ms Hughes:** That's my point—yes. So, whilst it's alleviating, it's meeting the requirements of the policy on paper, but actually it does cost more, and, on average, we do have figures that demonstrate that, relatively, the private rented sector does cost more. So, that's another unintended consequence.

[113] I think, in terms of the evictions that you have referred to, we do have those figures; that figure did show an increase. There's nothing to show—there isn't evidence there to show that those increases are directly linked to those individuals who are affected by the change in policy. We have worked, and many of our members have worked, very closely with those individuals who are affected, and are facing difficulty in meeting the difference in payment. So, in terms of that, the changes have been quite substantial, but, actually, the eviction rates really, for us, are not directly related to this policy. In terms of your question of where they go, it's then the local authority's responsibility, in terms of housing those individuals, and I'm not aware that members keep track of where those individuals move, once they are moved from those properties.

[114] **Sandy Mewies:** Disability—people with disabilities—and cost.

[115] **Mr Langley:** Wales and West Housing Association, who I think the committee are hearing from next week, did a piece of research into their own adaptations and believe that there was a cost of £40 million to the public purse. You're correct in the assessment: people will wish to downsize, and new properties and smaller properties will need to be adapted, but also their larger properties: if the next people for it through the waiting list are—those properties may need to be re-adapted back to general needs for the next person who needs to fill that property. So, we could be in a situation where, for one family, three properties are being adapted back and fore to make use of the stock to fit the policy. With the number of voids, I think the void properties that we have seen are larger properties rather than the small properties. So, the voids that have increased, and they have during the length of the Welfare Reform Act, are the larger properties.

[116] **Sandy Mewies:** Is this impacting on housing associations' viability?

[117] **Ms Hughes:** Well, certainly, we've seen arrears increase since the introduction of the policy, and obviously that's increased as well by the amount of extra resources that have had to be put in by members to work with tenants. In terms of the viability, I think the global accounts show that there has been a reduction in the overall reserves of the sector. Of course, that does affect the ability of the sector to do the added value—the broader regeneration work that it does, and actually that support work for tenants, engaging with them, helping them with digital exclusion issues, which is a huge issue here in terms of this particular policy.

[118] **Sandy Mewies:** That's quite a significant drop in the global accounts as well.

[119] **Ms Hughes:** It's about—. What was the figure?

[120] **Mr Langley:** It's a 12 per cent drop. It's £11 million.

[121] **Darren Millar:** Helen, you wanted to come in.

[122] **Ms Northmore:** It's worth recognising that that's not just with housing associations. Local authorities that retain housing stock have had to increase provision for rent arrears and bad debt, and it's going to have an impact on their ability to generate income and their development plans.

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

[124] **Darren Millar:** Okay. I'm going to come to Aled, and then Julie.

[125] **Aled Roberts:** Rwyf am ofyn yn y Gymraeg. Rwyf i jest eisiau deall yn union y sefyllfa ynglŷn ag adeiladu'r tai llai yma, oherwydd roedd cyfeiriad funud yn ôl at £20 miliwn y flwyddyn, ac eto mae'ch tystiolaeth chi yn dweud mai £20 miliwn dros ddwy flynedd sydd yno—£5 miliwn ar gyfer 2014-15 a £15 miliwn ar gyfer 2015-16. Mae'ch tystiolaeth chi hefyd yn dweud bod y cymdeithasau tai wedi penderfynu na fyddant yn adeiladu tai llai, wrth ymateb i'r polisi newydd hwn, gan obeithio, rwy'n meddwl, y byddai newid polisi yn dilyn yr etholiad. Os ydych yn sôn am dreblu nifer y tai llai yma ar draws Cymru, a ydych yn dibynnu'n hollol ar arian Llywodraeth Cymru? A oes unrhyw arian o'ch cronfeydd eich hunain yn mynd i mewn ar gyfer adeiladu'r tai yna?

Aled Roberts: I want ask in Welsh. I just want to understand exactly the situation about the construction of these smaller houses, because there was a reference a minute ago to £20 million a year, yet your evidence says that it will be £20 million over two years—£5 million for 2014-15 and £15 million for 2015-16. Your evidence also states that the housing associations have decided that they are not going to construct smaller homes, in responding to this new policy, in the hope, I think, that there will be a change of policy following the election. If you're talking about trebling the number of these smaller homes across Wales, are you entirely dependent on Welsh Government funding? Is there any other funding from your own reserves going into the construction of those homes?

[126] **Ms Hughes:** Rwy'n credu, gyda'r ffigwr, rydym yn deall bod £40 miliwn i gyd wedi cael ei fuddsoddi.

Ms Hughes: I think, with that figure, we understand that £40 million has been invested.

[127] **Aled Roberts:** Dros y tair blynedd?

Aled Roberts: Over the three years?

[128] **Ms Hughes:** Ie. Sori; mae hynny'n gamarweiniol yn ein hadroddiad, ond rydym yn cydnabod bod yr arian yna wedi cael ei roi i Lywodraeth Cymru. O ran yr arian hwnnw, beth rydym wedi'i weld ydy bod hynny wedi dod, ond nid yw wedi adeiladu 375 o dai ychwanegol hyd yn hyn, gyda'r gobaith y bydd yr £20 miliwn ychwanegol yn dod â 400 ychwanegol. Rydych yn gywir i ddweud—ac rwyf yn credu mai nid ni yn unig a oedd yn dweud hyn yn ein tystiolaeth—nad ydym, yn y gorffennol, wedi bod yn adeiladu tai un a dwy ystafell achos nad oeddent yn gynaliadwy o ran creu cymunedau cynaliadwy a gadael i deuluoedd i symud i mewn a sefydlu yno. Rydym nawr yn gwybod beth ydy'r sefyllfa: bod y polisi yma yn parhau. Rwy'n credu ei bod yn bwysig iawn inni eistedd i lawr gyda'n gilydd ac ailedrych ar y rhaglen adeiladu, y rhaglen gyfalaf, sydd gennym gyda Llywodraeth Cymru, a gweld sut y byddem yn medru cynyddu'r nifer hwnnw o dai un a dwy ystafell.

Ms Hughes: Yes. Sorry; that's misleading in our report, but we do recognise that that money has been put into the Welsh Government. In terms of that money, what we have seen is that that has come, and it hasn't yet built 375 additional homes, in the hope that the additional £20 million will bring an additional 400. You're right to say—and I don't think that we were the only ones to say this in our evidence—that we, in the past, haven't been building one and two-bedroomed homes because they were not sustainable in terms of creating sustainable communities and allowing families to move in and become established there. We now know the situation: that this policy is going to continue. I believe that it is very important for us to sit down together and to look again at the house-building programme, the capital programme, that we have with the Welsh Government, to see how we will be able to increase that number of one and two-bedroomed homes.

09:45

[129] O ran y cwestiwn a fyddem yn In terms of the question of whether we would

buddsoddi ein harian ein hunain, wrth gwrs, mae'r grant yr ydym yn ei gael gan Lywodraeth Cymru i fyny at 58 y cant, ac felly, wrth gwrs, mae buddsoddiad uniongyrchol yn dod i mewn gennym ni fel aelodau. Wrth gwrs, o ran ein gallu ni i ddod ag arian i mewn o'r sector breifat yn ein rôl o ddarparu ar gyfer yr angen ehangach am dai cymdeithasol, yn sicr bydd rhoi adeiladau un a dwy ystafell nawr yn rhan o'r raglen ehangach yna, gan ein bod ni'n gweld ein bod ni angen cwrdd â'r angen sy'n dod drwy'r polisi yma.

invest our own money, of course, the grant that we receive from the Welsh Government is up to 58 per cent, and, of course, direct investment comes in from us as members. Of course, regarding our ability to bring money in from the private sector in terms of our role in providing for that broader need for social housing, certainly building one or two-bedroomed homes would now be a part of that broader programme, because we see that we need to meet the need that comes through from this policy.

[130] **Darren Millar:** Okay. Julie.

[131] **Julie Morgan:** Thank you very much. I wanted to go back to the issue of people with disabilities that Sandy raised. Have you got any actual figures within your organisation, or within the local authority, of the numbers of disabled people who have actually moved as a result of this policy?

[132] **Mr Langley:** No, we don't have figures on the number of disabled people who've actually moved. We know, through the National Housing Federation, and the DWP impact report, that around two thirds of people affected by the policy are disabled, but I think we can research and have a look for those numbers if you require those numbers.

[133] **Julie Morgan:** I think it would be useful to know that because, certainly, the disabled people in my constituency have tended to stay where they are with less money. So, I just think it would be useful to know how that worked out. I don't know if the Vale of Glamorgan, whether you've got—

[134] **Ms Alexander:** Yes. We've experienced the same as you.

[135] **Julie Morgan:** That people have stayed where they are.

[136] **Ms Alexander:** I'm not aware of anyone moving from an adapted property.

[137] **Julie Morgan:** So they are then living on money less than they're supposed to be living on.

[138] **Ms Alexander:** Age can come into it as well. If they're nearing retirement or whatever, perhaps we'd be successful in obtaining the DHP for that year or two until they're exempt or whatever. There are various ways around it, yes, but the majority would take the financial hit and stay in their home, basically.

[139] **Julie Morgan:** Yes, I think that is my experience. I don't know whether you've got anything to say on that, Helen.

[140] **Ms Northmore:** No.

[141] **Julie Morgan:** And the other issue was this: this policy did extend to disabled children as well, originally, if you remember, and then I think, as a result of a court case, some disabled children were then exempt—you had to be at a certain level of benefit eligibility. So, I don't know whether you've got any experience of what that policy has meant in practice, whether it's had any implications, or any examples. Have you got any knowledge

about that policy?

[142] **Ms Alexander:** All I know is that we have several disabled children in properties and the properties have been exempt via housing benefit.

[143] **Julie Morgan:** By the eligibility rules.

[144] **Ms Alexander:** Yes.

[145] **Mr Langley:** There were large numbers of exemptions through. It took a little while for the policy to find its feet almost in the first year as different exemptions came through following the Burnip case, and there were a couple of others. There was good data sharing between the local authority and housing associations, and we found that 10 to 20 per cent of those affected were almost exempt immediately, just by sharing those data and making sure everybody in the process was aware of the data. A huge concern for housing associations, moving forward, is, under universal credit, that relationship and ability to data share and work on behalf of the tenant will not exist because you will be working directly with the Department for Work and Pensions.

[146] **Julie Morgan:** So, basically, you would have said that disabled children were not being affected, as a result of the court case.

[147] **Mr Langley:** Yes.

[148] **Julie Morgan:** Thank you.

[149] **Darren Millar:** I just remind Members that the clock is starting to, well, it's already beaten us, but I will extend the session slightly. So, Jenny very briefly, and then Aled.

[150] **Jenny Rathbone:** I just want to go back to your comment about your desire to create sustainable communities as a reason why you were reluctant to build one and two-bedroomed homes. I want to challenge that because people need all shapes and sizes of homes because their needs change. As their children grow up, people wish to move in to smaller properties, but there aren't any available. I represent the largest housing estate in Wales in Pentwyn; there are only two places for single people, older people—you know, single older people—to go to, and that's just not enough. Why is it that housing associations have been reluctant to build one and two bedrooms, knowing that we have the bedroom tax? Even if the incoming Government had abolished it, there was always going to be a need for different sizes of properties.

[151] **Ms Hughes:** I completely take your point. I didn't say that we were averse, and sorry if that came across. It's that we didn't want to build them at the scale that is now required, and I think that's different. In terms of the one and two bedrooms, I fully recognise, and I think the sector recognises, there has been an increase, through their own Help to Buy properties, in the building of one and two-bedroomed properties. So, I completely recognise what you say, but, actually, it wasn't at the scale that was required in the past. In terms of those one and two-bedroomed properties, we have wanted to build strong communities where people can move through those stages and can grow into their homes, really. So, that was the point that I was making. It's not that we don't want to build any one or two—

[152] **Jenny Rathbone:** Okay. So, are we now going to see a step change in the figure—?

[153] **Ms Hughes:** Well, I think the point that I've made—. You know, if there had been a change and there had been a change in policy, then those homes that we have currently had direct funding from Welsh Government for haven't yet been completed. So, my point is that

we do now need to sit down and work with the key partners to look at how we are advancing in addressing the supply need. I think, not just with the one and two bedrooms, there is the issue of single people and under 21-year-olds. There are a whole host of areas that we really need to be considering quite carefully now about how we can meet the needs of all moving forward.

[154] **Jenny Rathbone:** I don't want you to be sitting down. I want you to be getting up and getting on with building. Thirty-three thousand people are affected by the bedroom tax and we absolutely have to get on with building more than just 700 properties. It's just—

[155] **Ms Hughes:** Absolutely. I'm really pleased that you're saying that, because that really is the gambit of CHC. It's about increasing the supply and doing all we can, and I think that's why we're working in partnership. We are increasing the supply of homes and we are borrowing against our own assets, and that's why it's important to protect our assets, so that we can borrow against them to continue to build homes across the piece to meet the ageing population, those who are affected by this policy and all future generations, really. So, we're very much aware of the need. We recognise that there is a huge need to continue to build and that's why, obviously, we're working with planning, trying to increase the amount of land that's available, because that has a huge impact on making social housing affordable. I think the absolutely key point here is that we need those different types of housing so that people can move.

[156] **Darren Millar:** Can I just ask one very brief question, because it relates to this? What about the disposal of some of your voids, if you've got high numbers of voids, or properties that are not suitable or there's no demand for, in order to support investment in some of the smaller properties that you might need to construct? I mean, the auditor general says that 72 per cent of social landlords haven't even considered the disposal of voids and yet it is a potential solution to releasing cash for capital investment in other schemes, isn't it?

[157] **Ms Hughes:** I think that is something that our members are looking at now—

[158] **Darren Millar:** Why has it taken so long?

[159] **Ms Hughes:** Because I think the market changes very, very quickly, with people's demands and expectations. The voids that we might have seen, particularly in some of the Valleys areas where the private rented sector, where the rent might be lower—. You know, like-for-like—it's not the same product. But, certainly, we are looking at the sector now, and we are looking at the voids, and I would say that, maybe, the report reflects that 72 per cent haven't considered that, but I'm fully aware that members are looking where their voids are not going to be where tenants don't choose to live. I think that we do need to make those changes, but, obviously, we need to make those changes very carefully, because, as assets, they are very valuable. We will be looking to utilise as many assets as we can to build as many homes as we can in the right places.

[160] **Aled Roberts:** Rwyf eisiau deall tipyn bach mwy am bolisiau'r cymdeithasau tai, ond rwyf hefyd eisiau herio rhai o bolisiau'r cynghorau lleol, achos rwy'n ymwybodol—. Roedd gen i ddau achos ddoe lle roedd yna ddyledion rhent gan ddau berson, un dros £1,000 ac un arall dros £1,900. Roedden nhw wedi gwrthod ymwneud â swyddogion ynglŷn â symud i dai llai. Roeddwn i ar y ffôn am ryw hanner awr efo'r cyngor lleol, a'r cyngor lleol yn

Aled Roberts: I want to understand a little bit more about the policies of the housing associations, but I also want to challenge some of the policies of the local councils, because I'm aware—. I had two cases yesterday where there were rent arrears by two people, one of over £1,000 and another of over £1,900. They'd rejected any involvement with officers in terms of moving to smaller homes. I was on the phone for about thirty minutes with the local council,

dweud mai eu polisi nhw oedd, lle roedd yna ddyledion rhent, nad oedden nhw'n barod i drosglwyddo o gwbl, a bydden nhw'n mynd am orchymyn llys i gael y person yna allan o'r tŷ. Felly, rwy'n gofyn pam nad yw cynghorau lleol wedi newid eu polisïau er mwyn adlewyrchu'r polisi ar lefel Brydeinig, felly, ac yn gofyn a oes gan gymdeithasau tai yr un math o bolisi lle, hwyrach, fod eu polisïau nhw yn gaeth a ddim yn galluogi pobl i symud i lawr, ar ôl iddyn nhw gymryd penderfyniad eithaf anodd i fod yn awyddus i symud.

and the council said that their policy was that, where there were rent arrears, that they weren't ready to transfer at all, and that they would go for a court order to remove that person from the house. So, I want to ask why councils aren't changing their policies to reflect the UK-level policy, and I want to ask whether housing associations have the same kind of policy where, maybe, their policies are restricted and don't allow people to move down, after they take quite

[161] **Ms Hughes:** Efallai y gwnaiff Paul gymryd y cwestiwn yma.

Ms Hughes: Paul might answer that question.

[162] **Mr Langley:** Yes. The majority of housing associations have adapted their policies to allow people to move due to arrears with the bedroom tax. I think—and this stems from some of the questions—that policies have to be fair and equal for all housing stock, and, although we need to take consideration of this policy, the policy applies to everyone. So, if people have arrears due to other reasons, they're unable to move from one property to another until those arrears are maintained, and there has been, in the majority of cases, an exemption for this policy, if arrears have grown solely because of spare-room subsidy, and so the majority have changed.

[163] **Aled Roberts:** You say the majority, so would you be able to provide us with evidence as to those who haven't?

[164] **Mr Langley:** Yes.

[165] **Aled Roberts:** Okay, thanks.

[166] **Darren Millar:** Thank you. Jocelyn.

[167] **Jocelyn Davies:** Thank you. That's because, I guess, that if you move from one property to another, the new tenancy starts and then you can't evict them from the new property because of their rent arrears. So, there's been a wish to maintain the ability to evict people, even if they move to a smaller property, and so I guess that that's something we need to look at.

[168] I wanted to go back to the one and two-bedroomed properties, because I wondered if you would need a greater subsidy from the Government to make the one and two-bedroomed properties viable for you in terms of the finance of it. And I wonder whether you have any information at all about whether the private sector has got off their backside, as mentioned by Jenny, and have built a lot of one and two-bedroomed properties in order for people to be able to move into those, because there's such a huge market of people desperate to move. Just for clarification for the record, if you were a pensioner, this wouldn't apply, would it? So, these one and two-bedroomed properties becoming available are highly unlikely to be offered to an older person—they're going to be offered to families, and to single people who are under pensionable age, yes?

[169] **Ms Hughes:** Certainly, if they were being built with the aim of alleviating, yes—people from the bedroom tax—.

[170] **Jocelyn Davies:** So, does the finance work out, if you build smaller properties under subsidy, does that work—?

[171] **Ms Hughes:** Yes, I think in terms of the finances that we have looked at,, the level of rate at 58 per cent would be able to make it work, so we wouldn't be looking to increase the percentage.

[172] **Jocelyn Davies:** Okay. And has the private sector stepped up to the plate for this massive market of people that are desperate to move into one and two-bedroomed properties? Have they built one and two-bedroomed properties?

[173] **Ms Northmore:** I think that we need to recognise that we're still not building enough new homes in Wales, whether it's private sector or social housing, and the private sector will build—developers will build—according to what the demand is in that area for the private-rent sector or for owner-occupiers. So, they're not building with the social housing sector in mind, or for those who are looking for—.

[174] **Jocelyn Davies:** But, what I'm saying is that we're being told that there's—. I know that Jenny said 33,000 people, but it's not—it's 33,000 households, isn't it? So, it's more than 33,000 people, who are looking for smaller properties, so, why isn't the private sector stepping up to the plate, building and offering these to rent?

[175] **Mr Langley:** I think, from the research that we initially did, that the policy is driving people to this, and not so much a need. When people are asked, they do not want to downsize and move. Young families—who may have been housed from the waiting list—want to expand their families, they want to grow, so they don't necessarily, if they're in a three-bedroomed house, want to move to a one-bedroomed flat in the private sector, out of the support of social housing only, in nine months' time, to possibly have to move again. I think, with the private sector, they're obviously driven by demand—there's a difference between the demands of the policy and the demands of the actual market.

10:00

[176] **Jocelyn Davies:** So, there's not a market for one and two-bedroomed properties in order to account for this quite substantial number of people who can't afford to live in the property they're in at the moment?

[177] **Ms Hughes:** Well, I think we've seen over the years—. We're sitting in Cardiff bay and we've seen a proliferation of one and two-bedroomed apartments. But, in terms of one and two-bedroomed homes—. Certainly, in the economic downturn, the private sector more or less moved away from building across large expanses of Wales, and, actually, the social housing sector was one of the key ones that were the economic drivers at that time. So, as Paul rightly says, it's the market demand. We're seeing development taking place and we're pleased that that is happening, because, as Helen says, there is that demand and that need there for more homes. We wait to see whether the market will demand those one or two-bedroomed homes, and whether the private sector will then build those accordingly.

[178] **Darren Millar:** There've been plenty built in my own constituency, I have to say, to be fair—

[179] **Ms Hughes:** Yes, yes, that's my point—they have been.

[180] **Darren Millar:** Helen.

[181] **Ms Northmore:** I think we need to also recognise that the private rented sector is

much bigger than 33,000 households, and so that there will be people seeking one and two-bedroomed homes in Cardiff competing with people looking to pay market rates. So, I think that although the private rented sector does provide a large number of one and two-bedroomed homes, it is to a much wider audience than the people that are impacted by the bedroom tax. That's a challenge on all sides.

[182] **Mr Langley:** I think we give an example in our paper, within Merthyr, that the local housing allowance for smaller property only actually meets 12 per cent of the private rented sector. There's the affordability issue of people moving into the private rented sector, as well, because rents are increased.

[183] **Jocelyn Davies:** Because of the local housing allowance.

[184] **Mr Langley:** Yes.

[185] **Darren Millar:** Can I just ask as well, in terms of those voids which are in there—which are private voids, if you like—which are out there, bringing older properties back into use, do you think there's been sufficient emphasis from the Welsh Government on encouraging that or do you think that there needs to be more work from the Welsh Government on—I'm particularly asking you, Helen and Sandra—do you think that there's sufficient work going on with Welsh Government, local authorities, supporting private landlords to bring properties back into use so that they can be rented to help to plug the gap, if you like?

[186] **Ms Alexander:** Speaking from my experience, within the Vale, yes.

[187] **Darren Millar:** So, how many have been brought back into use over the past few years?

[188] **Ms Alexander:** I can't give you figures because this is within another department, but I know they've employed a certain individual to go out there to the private landlords and the markets to see what we can bring in. It's specifically one and two beds—for the singles—but, yes, I know there is work going on but I haven't got any details.

[189] **Darren Millar:** Helen.

[190] **Ms Northmore:** There has been emphasis from the Welsh Government on the need to bring empty properties back into either the owner-occupied or private rented sector, and there's always an opportunity to do more. I think it's welcome that the Welsh Government has focused on this and provided financial support and seen it as a priority, and we welcome that.

[191] **Ms Hughes:** I think, certainly, from our sector's point of view, we've worked very hard on that, with United Welsh as an example, and many others on the empty homes, in partnership. I have one final point, I suppose. This has been talking about how we have been responding, and I think, certainly—34 per cent of social tenants have felt the impact of this policy; I can't underestimate, or overemphasise, the impact with universal credit and the sustainability of tenants. Over 70 per cent will be affected by the changes with universal credit, as that is rolling out. That is an impact on tenants and also, you know, the important role that we have in continuing to supply homes—the impact that that might have on businesses and housing associations and local authorities. So, the story doesn't end here.

[192] **Darren Millar:** The fact that the benefits system is still changing, the welfare system, is still changing, does not escape the committee's minds, and, particularly of course, the withdrawal of housing benefit for under-25s, which may encourage more to stay at home and

therefore reduce demand for some of those smaller properties we've been talking about. I'm afraid the clock has beaten us. We've got to move into our next evidence session. We're very grateful to Sandra Alexander, Helen Northmore, Paul Langley and Sioned Hughes for your attendance. You'll be sent a copy of the transcript of today's meeting. If there are any factual inaccuracies in that, please get in touch with the clerks, and we'll look forward to the further information that you've also agreed to provide. Thank you very much indeed.

10:05

Diwygio Lles: Sesiwn Dystiolaeth 2 **Welfare Reform: Evidence Session 2**

[193] **Darren Millar:** I just remind Members we need to conclude this evidence session at 10.50 a.m. at the latest, so we can turn our attention to the final item on our agenda.

[194] Welcome. Just to let you know, the microphones will operate automatically. Okay, we'll move on, then, to item 4 on our agenda, continuing with our inquiry into welfare reform and its impact on social housing tenants. This is our second evidence session of the day. I'm very pleased to be able to welcome to the table Elle McNeil, policy officer at Citizens Advice Cymru, Lindsey Kearton, who is a policy officer, also at Citizens Advice Cymru, John Puzey, director of Shelter Cymru, and Jennie Bibbings, policy and research manager at Shelter Cymru. Welcome to you all. We've only got 45 minutes for this session. We have received your papers, so, if it's okay with you, we'll go straight into questions, but feel free to expand and roam around in your responses in order to cover everything you want us to hear. I'm going to start with Julie Morgan.

[195] **Julie Morgan:** Thank you, Chair. Just to say, my daughter works for Shelter Cymru too; I make that public. I wondered if you could tell us what information we've got about the actual impact of the welfare reforms and whether there is a lack of data about the actual impact of the reforms.

[196] **Ms Kearton:** I think, from Citizens Advice evidence, it's affecting people hugely. In terms of the proportion of people who are now seeking help from citizens advice bureaux regarding a benefits issue, that's increased dramatically over the last few years, and it's now the biggest issue for which people seek help. Around 40 per cent of all clients or problems that are presented to citizens advice bureaux across Wales relate to benefits and tax credit issues.

[197] I think, in terms of those impacts, the evidence from bureaux show that the impacts are having a particularly big impact on people with disabilities and long-term health conditions. Over half of the benefit clients who come to Citizens Advice have a disability or long-term health condition, and many of those people are having multiple impacts, so it's not just one benefit that's affected. Issues around personal independence payments and employment and support allowance are the biggest issues on which people seek help, but many of those people also have problems regarding a housing benefit issue, not necessarily always under-occupancy, but that is an issue that we do see quite regularly.

[198] We also did some qualitative research, which Shelter actually undertook for us, last year, which was to try and get a bit more of a detailed picture of people's lived experiences, because I think we'd agreed that, perhaps, we could do with more data on the impact and in terms of monitoring. Those qualitative data did paint, again, quite a depressing picture, dare I say, in terms of the impacts it was having on people's daily lives. It was impacting on every aspect of their daily lives, in terms of their mental health, physical health, their personal relationships, their living arrangements, and their ability just to afford every day essentials. So, the evidence that we're seeing is that it is impacting on people quite strongly, and not in a

good way.

[199] **Julie Morgan:** Have you got quantitative evidence about the numbers and—

[200] **Ms Kearton:** In terms of the quantitative evidence that's coming through from bureaux, we've seen, during 2014-15, almost 46,000 clients in bureaux across Wales, which is a huge number, as you can imagine. We recognise that, if people are seeking help through bureaux, it probably is because there is a problem in terms of the number of benefit claimants across all of Wales. But, you know, that is a huge proportion of people that are seeking help. As I say, over half of those are people with a disability or long-term health condition.

[201] **Julie Morgan:** Thank you.

[202] **Ms Bibbings:** Can I add something about where we feel some of the gaps still lie? We did some work looking at social housing repossession figures over the last year, which turned up that social housing repossessions are actually at a seven-year high in Wales now, with over 1,000 households made homeless in 2014. We don't actually know very much about what's happened to those people, what happens to people when they go to the private rented sector, what type of benefits they can get there—we all know that local housing allowance is a lot more than social housing benefit, so, it's very likely that there'll be a higher impact on the housing benefit bill as a result of that. But we don't have a full understanding yet of how many people have gone to the private rented sector. There are also issues around people who, these days, are finding it more difficult to get into social housing as a result of some of the more commercially driven practices that we've seen among RSLs over the last 12 months, particularly the financial capability assessments that are now in place. They're quite rigorous. I don't think there's anything wrong about assessing people's finances at the start of a tenancy—it's a positive thing to do—but, sometimes, RSLs are now refusing to give lettings to people on the basis that they can't afford those lettings. So, we have people in Wales now who are deemed to be too poor to be able to afford affordable housing. So, our concern is what happens to those people, because, if they can't get into social housing, then the PRS is certainly going to be unaffordable for them as well.

[203] **Julie Morgan:** And what is your ability, as advice services, to deal with the demand?

[204] **Mr Puzey:** Certainly, I know Citizens Advice in their evidence have made the point about the reductions in legal aid funding for advice services in Wales; that was a tremendous reduction at a time, unfortunately and tragically, of growing demand for services such as ours. So, the timing couldn't have been worse, in that sense. I think we do recognise, though, that the Welsh Government have provided additional funds—the front-line advice service funds—and that's extremely welcome. That has helped to rebuild, to some extent, services in Wales. But, even as they were, we were under tremendous demand and all the indications are that that demand is continuing to increase. I think what the concern is is that people can't wait, in that sense—people are coming with quite urgent requirements, particularly in our area. They might be facing evictions, loss of their home quite soon, and the concern is that they need quite immediate support and action, and it's been difficult to find capacity to do that. The aim, of course, is to try and prevent homelessness—to try and get further upstream as it were, and try and intervene as soon as possible with people—but often you find you're fighting that kind of emergency work, and it's quite difficult to get the resources to actually address the issue as early as possible. So, we continue to struggle. More importantly, the citizens of Wales continue to struggle, in terms of getting the advice they really deserve.

[205] **Julie Morgan:** I think the money from the Welsh Government was very welcome—

[206] **Mr Puzey:** Absolutely.

[207] **Julie Morgan:** But, obviously, there were some organisations that didn't get it. Certainly in Cardiff, a number of notable organisations didn't get any funding from the Welsh Government, and that has left a gap—certainly in Cardiff. But do you feel that there are any particular groups that you aren't able to easily help or reach?

[208] **Ms Kearton:** I mean, I think, from a Citizens Advice perspective, we do try and—the majority of Citizens Advice's advice is provided at outreach locations, quite often. They provide advice at over 375 locations across Wales, so what we aim to do is to try and go where people are. We do work in partnership with a number of organisations through those Welsh Government-funded projects, and that helps us to make those connections with, perhaps, people who are most in need.

10:15

[209] I think one of the things that I would add is that the Welsh Government funding really has been very welcome, but I think it's also important to note that all citizens advice bureaux, in particular, rely on core funding from local authorities. So far, we haven't been hit too badly by that in terms of reductions in funding, although some areas have seen that funding go down. That sort of core funding is essential to help attract the additional more specialist advice provision, which is funded through the Welsh Government programmes. So, without that core funding, it leaves bureaux in a very vulnerable position in terms of being able to provide those services, and we have a big concern in terms of what is going to happen in the future with regard to local government finances in that that funding is going to come under increasing pressure when, as John rightly said, the demand for services is just going to increase, particularly with the continued roll-out of universal credit, which we're going to start seeing sort of accelerate over the next few months across Wales. Also, people who are currently on disability living allowance being invited to apply for personal independence payments—that has only just started, really, and we have a higher proportion of people in Wales who are dependent on those particular benefits. So, we think that demand is likely to just increase for advice over the coming months.

[210] **Mr Puzey:** Could I just say one more thing about advice—

[211] **Darren Millar:** Very briefly.

[212] **Mr Puzey:** I think it's really important to encourage social landlords in particular to work closer with independent advice services. I think what we're finding now is that, often, social landlords will try and give the advice themselves, and we all know that, actually, as a tenant, you're much less likely to go to your landlord if you've got a problem than you are to an independent and respected service, such as Citizens Advice or Shelter Cymru. So, I think that, if we can develop better referral relationships, better partnerships with social landlords, so we're actually there providing advice to their tenants that the tenants can trust, I think that will be a big step forward. Indeed, if those landlords stop doing it themselves and actually provide resources for independent services to do it, it could be another source of revenue to maintain and grow advice services in Wales.

[213] **Julie Morgan:** Thank you.

[214] **Darren Millar:** Thank you. I've got a few people who want to come in here. So, Sandy first and then Jocelyn.

[215] **Sandy Mewies:** Thank you. Thank you very much. I do recognise the good work that your organisations are doing. Certainly, in my own constituency, Citizens Advice Flintshire, as they now call themselves, have improved their premises but repeat what you say about the number of people who are coming and the sort of problems that they're coming with. I'm

concerned, though—and I've raised this before—about people with disabilities in particular, who are often faced with a multiplicity of problems and who are sometimes faced with the situation of moving out of their adapted property into another property, which has to be adapted. We heard previous evidence that said that that sometimes involves, for one family, three houses being affected and having to be changed. Have you come across that sort of thing?

[216] Jennie, you were talking about the figures in this about social housing repossessions being at a peak, with, I think, 1,000 evictions in 2014, and nobody knows where those people are. So, does that mean that the tracking data have to be improved, or have you any ideas? I've been interested in the so-called unintended consequences of this, where, you know, costs are higher. John's talked about the court costs, and it is a facet of the bills people pay, isn't it—the court costs? If they're not dealt with quickly, the court costs go up and up and up, sometimes on a very regular basis. Is there anything that can be done about that?

[217] Finally, Jennie, you talked about, again, that this was meant to save money, but you're talking about the health problems that people have come across. You've given cases here. Is that a big problem, and is all this likely to get worse, do you think, with universal credit looming on the horizon?

[218] **Ms Bibbings:** I think that adaptations are a good example of one of these instances where the money-saving aspects of welfare reform could potentially spiral quite out of control because adaptations are very expensive to do. If people are moving between social housing, having to get them all done again, having to get them ripped out—. I mean, with social landlords, at the moment, there isn't a requirement on them to report on the number of adaptations that get taken out of properties, so I'm conscious that, sometimes, it's because that money isn't necessarily coming from the RSL but might be coming from the local authority adaptation service. So, I think that some accountability around the efficient use of adaptations is long overdue.

[219] I also think that welfare reform has tended to reveal these differences in approaches among landlords in terms of their arrears—their approaches in addressing arrears. Some landlords, I think, in response to welfare reform, have taken a more innovative approach and have decided to look anew at how they address arrears, and have been trying to make that a personal approach with tenants, and to make personal and sustained contact with them. So, we've seen some very good practice there, but we have also seen, and we continue to see in our service, people who are in arrears that are related to the spare-room subsidy, and the first contact that they've had from their landlord is the notice seeking possession. That's the first contact they've ever had with them. A notice seeking possession is—. There's kind of a culture, I think, among social landlords, where the court action tends to be taken sooner rather than later, and it's seen as the most effective tool that they have to get tenants to engage. The trouble is that it doesn't actually help the tenants to get out of debt, because, as you rightly say, as soon as you get a notice seeking possession, that's £250 of court costs that is added to your debt. We do sometimes get clients where that actually has more than doubled the original debt, so it's not helpful for a tenant to manage their arrears to jump straight to court proceedings. So, there are some differences in practices there. I don't think that jumping straight to court is the most cost-effective approach for RSLs, either. I think the time is right to have a debate and look afresh at how we manage arrears in Wales. So, yes, I do think that there are some issues there, and it will be very welcome to see some greater consistency across Wales, and to get those landlords who are doing more innovative practices to get that attitude more widely spread.

[220] **Sandy Mewies:** How about health? The health issues.

[221] **Ms Kearton:** Yes, every day we see more and more people coming to us who have

got health conditions and disabilities that are being hit by this, and I think we would ask—. As Jennie says, there are social landlords doing some really good work in terms of connecting with their tenants and trying to understand their situation, but that isn't necessarily across the board. It's not consistent across the board, and I think we would request that there is more. In terms of classifying whether somebody should be classed under the under-occupancy penalty, there does need to be more empathy, perhaps, with somebody's situation. For example, some of the cases that we've seen are where people are living with a partner who has a particular medical condition, so it does require that they sleep in separate bedrooms, for example, or they have children in the household where they may be of the same gender, so they are required, under the rules, to share a room, but that is difficult if one of those children has particular disabilities or medical conditions, which makes that very difficult indeed. There are cases where those tenants are being asked to make up that shortfall in their rent because they have been deemed to be under-occupying that property. So, I think, when making those judgments, it's critical that landlords do take full account of people's living situations—the reality of those situations.

[222] **Darren Millar:** Okay. I've got a few Members who want to come in here. I know Jocelyn's got a supplementary and then I'll come to Mike.

[223] **Jocelyn Davies:** It was on what you mentioned earlier, Jennie, about the arrears rising to a seven-year high, I think you said. We heard earlier from Community Housing Cymru that that wasn't due to the bedroom tax. I mean, they didn't present any evidence as to that, but it seems a bit strange that this seven-year high comes so soon after the introduction of the bedroom tax. Would you challenge that or would you think that maybe there's something else going on that we're not aware of?

[224] **Ms Bibblings:** I would challenge that, because in terms of the dates and the timeline, there seems to have been a very clear link there. Also, at the same time that we've seen possessions rising, we've seen a drop in lettings to social housing via the homelessness route, and that's happened over the same timescale. Whereas historically it was always around 20 per cent of lettings that came through homelessness, last year it was 12 per cent. Of course, that's to do with the changes in transfer policies, and the higher priority given to transfers as opposed to homelessness. It's bound to be.

[225] **Jocelyn Davies:** Bound to be, yes. Thank you. You also mentioned earlier about having to pay up front four weeks in advance and with some tenants, the assessment on affordability that some people are too poor to—. I suppose this is a kind of philosophical question, but should we be subsidising housing associations if they don't let to the poorest people? Is there a better way of doing it?

[226] **Ms Bibblings:** On one level, I can understand why more landlords are asking for four weeks' rent in advance, because they want to build resilience among their tenants to cope with universal credit. And I can see why they're doing financial capability assessments—to ensure that people are setting off on the right footing. It's when those things are used as a barrier to accessing social housing that that becomes a problem, and we've had clients who have come to us and they've had an offer of social housing, but they can't do it because they can't raise the four weeks rent in advance and the landlord's not helping them to do it and they're just basically telling them 'no'. And I think that we need to understand how many people are in that situation now where they're deemed too poor for social housing.

[227] **Jocelyn Davies:** And is there nowhere else that a tenant can turn in order to access a pot of money that would help them with the four weeks in advance?

[228] **Mr Puzey:** Yes, there are obviously—

[229] **Ms Bibbings:** There are things like the Vicar's Relief Fund. We've been trawling around for—

[230] **Jocelyn Davies:** It would be charity, would it? You would have to apply—. Well, you're not going to have a decision in time, probably—

[231] **Mr Puzey:** Yes, it's a kind of bond. The pull on those is very much in the private rented sector, and I think the concern is, as increasingly perhaps, the social sector starts asking very similar kind of requirements of the private rented sector, then the resource will simply get exhausted very quickly. I guess this comes down to that fundamental question about what social housing is for. I think we perhaps need a fundamental debate about that in Wales—what we want our social housing to be there for; what do we want it to do; who do we want it to serve? And indeed, if people, as Jennie said, simply can't afford to go into social housing, where do they go? Do they go to the private rented sector? Well, that's even more expensive. That's going to cost the public purse an even greater amount, it's more insecure, it's not the place to be for families with children, yet increasingly, it is the place where families with children end up. So, there's a real question here about what we want from the social housing sector.

[232] **Jocelyn Davies:** Private sector landlords normally ask for a deposit rather than rent in advance, because that has to be held in a special scheme that the landlord doesn't have access to.

[233] **Mr Puzey:** They ask for both.

[234] **Jocelyn Davies:** They ask for both. So, why doesn't the—. Could it be that we could change things with housing associations, so that instead of rent in advance there's some sort of deposit that maybe they could have help to access, that they get back at the end? I mean, why four weeks in advance? Because then it's ongoing that you're always four weeks in advance.

[235] **Ms Bibbings:** Yes. They say that with an assured tenancy or an assured short-hold tenancy, it's already a term of the contract that they can have rent in advance and it's only because they're being generous that they accept it in arrears. I think if we want to take that approach, then I guess we would also be looking at the capacity of bond boards or the like to provide that kind of assistance to people who can't raise the money themselves.

[236] **Jocelyn Davies:** Okay then. And also landlords in the social sector then are not telling people about the availability—you've heard this in court—of discretionary housing payments.

[237] **Ms Bibbings:** Well, we have heard that. I wouldn't like to say that's terribly widespread, but it has happened. There was one landlord in particular who was repeatedly not putting their tenant in touch with DHP, and then when we challenged them in court, they said 'Well, there's no point because it's only temporary anyway.' But I do think that that probably is an exception, because we have also had lots of landlords who've been very proactive in helping people to make DHP applications. Some landlords were also topping up their own—. Well, for people who were getting refused DHP, they were making their own funds available. If people had a significant birthday coming up, or something that would affect their entitlement, they were making extra money available. So, there has been some—. Most landlords have recognised that DHP is going to help their business plans as well.

[238] **Jocelyn Davies:** So, if somebody was coming up to retirement age and there was just a couple of months or something, rather than go through—. So, there is a cost of eviction to the landlord, I guess.

[239] **Ms Bibbings:** Yes, absolutely.

[240] **Jocelyn Davies:** Have you any idea what it is?

[241] **Ms Bibbings:** Shelter did some work a couple of years ago that said £7,000. I think it's probably gone up since then, but I guess if you think about that times 1,000 over 2014, that's £7 million, and that's probably quite a conservative estimate.

[242] **Jocelyn Davies:** Okay. Thank you.

[243] **Darren Millar:** Mike Hedges.

[244] **Mike Hedges:** Two quick questions. One is on housing associations. Do you think it would help if the rule of eight was removed, which I hope it very soon will be? And, on local authorities—now my experience with local authorities is well out of date, so correct me if I'm wrong—the old thing was with local authorities that after four months' rent arrears, you'd serve a notice to quit, but that didn't mean that it would be entered into court; it took a long time further along for it to be entered into court. I know housing associations are quicker, because they've got the rule of eight to enter people into court. Are local authorities still serving notices too quickly but then following that up by trying to get a plan for paying back arrears?

10:30

[245] **Ms Bibbings:** Cardiff council is. We know that there is—. I was talking to a legal team about this earlier this week. We're only aware that Cardiff council has got a rent review board at the moment, but that is doing exactly what you say, which is to engage with tenants prior to going to court and to try to work out a plan. RSLs tend to do it when they've got tenants who are on short-hold tenancies, but they don't do it with tenants who are on assured tenancies. That pre-action work can be really, really productive, but at the moment, we're only aware that Cardiff council is actually doing that.

[246] **Mike Hedges:** I think Swansea are as well.

[247] **Ms Bibbings:** And Swansea are too.

[248] **Mike Hedges:** And the rule of eight question.

[249] **Ms Bibbings:** Ground eight, is it?

[250] **Mr Puzey:** The view about removing it. In our evidence on the renting homes Bill, we were absolutely supporting the removal of ground eight.

[251] **Mike Hedges:** I know, but not everybody here is on that committee.

[252] **Mr Puzey:** Well, ground eight, as it's called, allows housing associations to remove people without any discretion of the court because they fall into an amount of arrears that I can't actually remember now, but it's several—

[253] **Ms Bibbings:** Eight weeks.

[254] **Mr Puzey:** Eight weeks; thank you. So, there's absolutely no discretion when a tenant is in that situation and a housing association takes them to court. We, of course, have argued—Citizens Advice as well—that that is completely the wrong way of doing it. The

court needs to know what the circumstances are, why people are falling into arrears and whether there's any mitigation or any actions that can be taken to assist them rather than evict them. So, we are hopeful that the renting homes Bill, when it becomes an Act, will actually abolish that particular ground.

[255] **Mike Hedges:** So are some of us.

[256] **Darren Millar:** Okay, thanks for that. Aled Roberts.

[257] **Aled Roberts:** It was just to check on the position regarding consistency of provision, really. You've called for consistency as far as, sort of, Welsh Government strategies are concerned and application by housing associations and local government. It's my experience that even in the legal aid days, there wasn't consistency of provision under legal aid franchising, as far as housing was concerned. There were areas—rural, in particular—where, basically, you'd have to travel 40 or 50 miles to your nearest—. It's just to question, really, whether you're satisfied as to the consistency of advice services currently in Wales and if you're becoming increasingly reliant on local authorities as far as core funding to trigger more specialist services is concerned. I know, in my area, the Citizens Advice, for example, a lot of their outreach clinics are dependent, even, on community council funding by now, rather than unitary authority funding. Is there going to be a greater problem with regard to consistency of provision as time moves on and you get to a situation where, outside the large conurbations, in effect, there's little help available?

[258] **Ms Kearton:** I mean, I think it is a real concern. I think, in terms of consistency of provision at the moment, obviously, as I was saying before, that does vary from area to area, depending on various, sort of, funding streams that a particular bureau is able to access. That core provision is essential in terms of attracting additional funding through specialist advice provision through various, sort of, projects and things. I think, you know, where we have got local authorities, in particular, that are, as I said before, the core funders of bureaux, and they are and they are going to be, increasingly, finding their finances stretched even more and, obviously, we will fight—. I mean, at the moment, I think many of them recognise the importance of independent advice, and they are continuing to support that provision, but there will probably be some tough decisions that are having to be made further down the line. I think what we would say is that, in terms of the value that that advice can provide, and in terms of how much it costs to fund advice provision and how much, actually, comes back into society through decreased, sort of, costs in other areas, particularly NHS costs or building the local economy, all of those signs are—. I think the figure from Citizens Advice is that, in terms of the proportion of help we provide to the economy, it's three times as much as what we actually cost as a service, in terms of providing those advice services. So, there's great value—the value of advice goes far beyond helping those individuals, although, obviously, that's key and important. But, I think, you know, perhaps, in some more rural locations, where services are particularly stretched, we would worry about what the future holds with funding being increasingly stretched.

[259] **Mr Puzey:** I think one thing that we do have to do, and we are doing—I know our colleagues in Citizens Advice are doing as well—is being more innovative in the way we provide advice and information. I think that's one of the key elements here. So, we're certainly looking at developing, you know, various ways in which people can get the advice, without, necessarily, the person being in the room that they're in. A horrible term, it's called 'channel switching', you know, where you—. So, not all of our advice is necessarily eye-to-eye advice, even though, I think, we would all say that's usually the most effective, but we have to look at advice online as well, we have to look at e-mail advice, telephone advice, Skype advice—using virtual ways of getting that across as well. And I think that's key, particularly in delivering advice to rural locations. But that doesn't come free either. If we are going to switch to those kinds of approaches, then that needs resources as well, so it's a

matter of how we continue to provide the advice we're doing, whilst at the same time switching where we can into these different forms of advice, so that more people can get assistance.

[260] **Aled Roberts:** I think the challenge there is that, with the more chaotic families and individuals, the challenge switch becomes even more of a problem, because they're the very people who perhaps benefit greatly from the face-to-face and eye-to-eye advice.

[261] **Ms Kearton:** And building trust is critical, in terms of allowing people to open up. Quite often, people will come in to a bureau and present with one problem, and it turns out that there's many other problems associated with that, which I'm sure everybody's very familiar with. I think, in terms of some of the good practice that we've been seeing from local authorities, it's around building that trust, with that one contact, whether it's a tenancy support officer, or whatever, and then that person then opens up, and is more likely to sort of take on what they're saying and are more likely to be aware of what other support there is available out there—providing that holistic support for people. So, in terms of boosting their household income in other ways, whether it's through help that they may be able to get with their energy bills or their water bills, that all helps in terms of a household's overall income and is critical, really, in terms of supporting people who are affected by a lot of the changes, which means that their income has been reduced.

[262] **Aled Roberts:** As far as you're concerned, with regard to the income that you'll receive as advice agencies, going forward, the other side of the coin, obviously, is the demand on your services. Do you have any understanding, for example, of the number of under-25-year-olds in Wales who are currently in receipt of housing benefits and who may be affected by proposed changes?

[263] **Mr Puzey:** Do you?

[264] **Ms Kearton:** I don't have a figure, no, I'm afraid not, no.

[265] **Mr Puzey:** No, we need to do work on that, clearly, and very urgently, given the Westminster situation. But, they will be a real concern. As we said earlier, we mainly, I think, see increased demand for independent advice, and there is a concern. We said earlier how helpful and important the recent Welsh Government funding is, but this is going to go beyond that funding period, and I think there's some real concerns about how we can maintain any kind of decent independent advice. And, as Lindsey said, the benefits of advice are huge—they're not simply limited to the one case. I mean, certainly in housing advice, lots of evidence that early and effective and expert housing advice can prevent homelessness, in a huge amount of cases. Our own work suggests that we can prevent homelessness in about 85 per cent of all relevant cases. Well, if you start taking services away like that, a lot more people will end up homeless, will come to local authorities as emergency cases, which a local authority will have to deal with, and that just increases demand, and, clearly, is not good news for the households experiencing that kind of trauma. So, there are all kinds of reasons why maintaining a good level of, as you say, consistent, independent advice is really vital to the future of Wales.

[266] **Darren Millar:** Okay. Thank you for that. Jenny Rathbone.

[267] **Jenny Rathbone:** Although we heard earlier about the disgraceful behaviour of some social landlords, having their first contact with the tenants with a notice to quit, most social landlords did actually engage in the Your Benefits are Changing initiative, to help tenants understand the implications for them. Nevertheless, the CHC evidence said that only 11 per cent of tenants accessed advice about some form of exemption, particularly discretionary housing payments. I wondered whether you could just explain why that is, because they are

likely to be the most able, and better able, to navigate complex information, and what efforts you made to ensure that everybody knew about their entitlements.

[268] **Ms Kearton:** In terms of what efforts we make in terms of people being aware of their entitlements, we do have a project called Better Advice, Better Lives, which is funded by the Welsh Government. The key foundation of that is to make sure people are claiming all the benefits they're entitled to. Again, in terms of people seeking advice, I think it just comes down to that point of trust, and I think people can—we would encourage people to seek advice at the earliest opportunity, but, in reality, that doesn't necessarily always happen, and people do, perhaps, tend to come to us at that crisis point in their lives.

[269] So, as John was saying, in terms trying to encourage people to seek advice early is critical, so that we can build in those preventative measures, provide people with that support, whether that's financial capability help, help going online—obviously, this does need to be resourced—but, ensuring that people are equipped, so to speak, in terms of dealing with some of the things that are coming in the future, particularly with universal credit, where they will be having to change their behaviours, in terms of them being responsible for paying rent directly through their benefit. They will have to manage on a different budget—they will be having a monthly payment, and all that kind of thing. So, I think the critical thing, in terms of trying to encourage people to seek advice at the earliest opportunity, is trying to build that trust and build those relationships, and just making people aware of what help is available. The research that we did showed that, whereas we recognise that social housing providers did do a lot of work with regard to the Your Benefits are Changing campaign, many of the people we spoke to, again, weren't really aware what was coming until it was actually happening to them, until things were actually being implemented. I think that's also down to people's readiness to take on that information. Sometimes, if people—we did ask people about how prepared they felt about universal credit, but many people just aren't really aware of what's happening around that. I think it's around timing sometimes; you need to time that intervention at a point when people will be receptive, to receive that information.

[270] **Jenny Rathbone:** So, there's a perfect storm on its way. I just wanted to ask you about the impact on children of all this, because one of the case studies that you gave us was something that resonates with, certainly, my experience, which is around parents who split up and who want, obviously, to have their children to stay on a regular basis—they want to share the parenting. In the case study, you mention somebody who was placed in a two-bedroomed property precisely so that they could have their child to stay and is now going to be evicted. Could you just say how common that is?

[271] **Ms Kearton:** It is common. From the evidence that we've seen coming through from clients of bureaux, it is fairly common practice across Wales—it is happening where people have particular arrangements in place for access for their children, and that is being threatened by what is happening with regard to their housing situation. So, it is a common problem. A lot of the research that we've done shows how, in terms of the impact on children, people are sacrificing themselves, in terms of feeding their children—the children obviously do take priority in a lot of households—and so the impact that that is having on people. I think, like you've said, the impact this can have on family relationships is potentially quite severe, and it can be quite hard, then, for people to come back from that. So, I think it is something that does need to be taken into account when decisions are being made around whether somebody is underoccupying their home; they do need to take account of real life, really, and people's everyday family situations. It's not always black and white.

[272] **Jenny Rathbone:** Have the family courts been silent on this matter so far, or have they expressed any concerns on this?

[273] **Ms Kearton:** I'm afraid I haven't got that information from the family courts. I can

come back to you on that, if that would be helpful.

[274] **Jenny Rathbone:** Okay. Yes, that would be useful.

[275] **Darren Millar:** Okay. Thank you for that. William Graham.

[276] **William Graham:** With the difficulties and problems you've well outlined today—and there's unlikely to be a change in Government policy—do you think there should be an alteration in the business model for social housing?

[277] **Mr Puzey:** I would go back to an earlier point I made, which is that we need to decide what social housing is for. If we're talking about changes in the business model, which actually means that it's harder for people to access social housing, then that wouldn't be the right way to go. What I think you might be suggesting is, 'Do they need to become more commercially minded?', 'Do they need—

[278] **William Graham:** No.

[279] **Mr Puzey:** No? I'm putting thoughts and words in your mouth. But, if it means that, and if it means finding greater resources in the private sector, which then might drive different allocations policies, might drive different ways in which arrears management occurs, then that will, I think, create greater difficulties. So, we do need to think about the right mix of private funding and social funding—or public funding—so that public funding, we can ensure, actually means that we can regulate appropriately the social sector so that it is providing homes for those people who most need them in Wales. So, whatever the business model, it has to deliver in that way.

[280] **William Graham:** I do agree with you. I don't know whether you'd agree with me, but it seems to be that housing associations are specifically funded to deal with homelessness, and now they've morphed into huge multimillion-pound housing corporations almost, paying enormous market salaries, and they seem to have lost the initial ethos, which was to help people who had the difficulties that we've experienced today.

10:45

[281] **Mr Puzey:** Yes, and I think the size point is quite an important one, because, as you say, housing associations are very much community-based organisations, originally small ones, and often quite specifically for certain groups of people. I'm certainly not speaking for housing associations, but I guess that there's something in between keeping that local connection with people and responding to local needs, but at the same time connecting and using economies of scale, working with other housing associations in partnership, so that they can get the best of both worlds. If it means looking at that, then that might be an interesting way forward. I think that there's also a case for development of more co-operative types of housing again, where people have a strong interest themselves in that kind of accommodation and feel very much that it's their accommodation, but it's shared and the risk is shared et cetera. So, there are different models that I think that we should be exploring with some urgency.

[282] **William Graham:** Thank you.

[283] **Darren Millar:** Just one final question from me. It's been suggested, when we were questioning earlier on, that there may have been a bit of complacency, really, from some of the RSLs to respond to the policy change, in terms of their eagerness, if you like, to get into the pipeline some smaller properties. Do you think that there was a bit of complacency about that, and a bit too much relaxation, because they thought that the policy might change?

[284] **Mr Puzey:** Oh, I see.

[285] **Ms Bibbings:** I think that there was a certain reluctance initially to start investing in smaller properties, yes, for those reasons, because they saw it as being quite limited—a one and two-bedroomed property isn't a lifetime home, is it? So, I guess that there was a certain reluctance there, but the Welsh Government contributed a great deal by putting the capital funding in place for more one and two-bedroomed properties.

[286] We are hearing about some examples of landlords who are now converting some of their larger accommodation into shared units, and I think that it would be interesting to see how that work is done, because this is very much a departure for social landlords. They're not used to providing shared accommodation, and they're not bound by HMO regulations, so I think that there is potentially an issue there around the quality of the conversions, and also around the allocations and who you're putting into shared accommodation, because, as we all know, shared accommodation is not right for certain people. If you're older, if you've got mental health problems, or if you've any kind of vulnerability, shared accommodation can be less sustainable an option, so I think that it's important to look at what social landlords are doing in that sense. Are they, perhaps, having a voluntary regard for HMO regulations, for example? That might be one approach. How are their allocations policies changing—who are they going to be offering shared accommodation to? I think that that's very important.

[287] **Ms McNeil:** Also, just to come in on that point about the impact on the local community within that RSL, obviously, they're not bound by the consultation or anything, in terms of the other residents, so how is that impacting on that local community as well, with the promotion of shared accommodation? So, there are some quite interesting issues.

[288] **Darren Millar:** Okay, in terms of having a high concentration of HMOs, perhaps, in an individual locality. Okay, thank you for that.

[289] Thank you very much indeed for your evidence today. You'll get a copy of the transcript of today's proceedings. Please check that for factual accuracy. For any amendments that need to be made, get in touch with the clerks, and, if you can relay on any additional information that you think that might be useful to the inquiry after today's meeting, then we'd appreciate that, too. So, thank you, Elle McNeil, Lindsey Kearton, John Puzey and Jennie Bibbings for your attendance today.

10:49

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill
y Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Remainder of the Meeting**

Cynnig:

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(ix).

Motion:

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(ix).

*Cynigiwyd y cynnig.
Motion moved.*

[290] **Darren Millar:** I now move a motion under Standing Order 17.42 to resolve to

exclude the public from the remainder of our meeting. Does any Member object? I can see that there aren't any objections, so we'll go into private session. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:49.
The public part of the meeting ended at 10:49.*