



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

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

Dydd Mawrth, 2 Mehefin 2015
Tuesday, 2 June 2015

Cynnwys
Contents

[Cyflwyniadau, Ymddiheuriadau a Dirprwyon](#)
[Introductions, Apologies and Substitutions](#)

[Papurau i'w Nodi](#)
[Papers to Note](#)

[Diwygio Lles: Sesiwn Dystiolaeth 5](#)
[Welfare Reform: Evidence Session 5](#)

[Cynnig o Dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod ar Gyfer y Busnes Canlynol](#)
[Motion Under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting for the Following Business](#)

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

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

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

William Graham	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
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

Sara Ahmad	Economegydd, Llywodraeth Leol a Chymunedau, Llywodraeth Cymru Economist, Local Government and Communities, Welsh Government
John Howells	Cyfarwyddwr, Tai ac Adfywio, Llywodraeth Cymru Director, Housing and Regeneration, Welsh Government
Dr June Milligan	Cyfarwyddwr Cyffredinol, Llywodraeth Leol a Chymunedau, Llywodraeth Cymru Director General, Local Government and Communities, Welsh Government
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
Michael Kay	Clerc Clerk
Hannah Johnson	Y Gwasanaeth Ymchwil Research Service
Joanest Varney-Jackson	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser

Dechreuodd y cyfarfod am 09:05.
The meeting began at 09:05.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Darren Millar:** Well, good morning, everybody. Welcome to today's meeting of the

Public Accounts Committee. If I could just give you the usual housekeeping notices and remind Members and witnesses that the National Assembly for Wales is a bilingual institution, and we should all feel free to contribute to this meeting in either English or Welsh, as we see fit. There are, of course, headsets available for translation and sound amplification. If I can encourage everybody to switch off their mobile phones or put them on 'silent' mode, because, of course, they can interfere with the broadcasting equipment. If I could just remind everybody as well that no-one needs to press any buttons on the microphones; they are operated automatically. In the event of a fire alarm, we should follow the instructions of the ushers. We haven't received any apologies for this morning's meeting, so we'll go straight into our agenda.

09:06

Papurau i'w Nodi Papers to Note

[2] **Darren Millar:** We've got item 2, which is a few papers to note. We've got the minutes of our meeting held on 19 May. I'll take it that those are noted. We've got a letter from the Arts Council of Wales in relation to our scrutiny of commissioners' accounts, and, obviously, we'll consider that in depth later in the term, when we're looking towards the autumn scrutiny sessions. We've had some correspondence from the Betsi Cadwaladr University Local Health Board—from Peter Higson, the chair of the board—including a copy of the GP out-of-hours report and an action plan. I'll take it that that is noted. We'll have some opportunity for discussion later. We've had some additional information from the Board of Community Health Councils in Wales following the attendance at the committee on 28 April. This is some additional information from them in relation to the health finances work we've been doing. We've had some additional info as well from Wales and West Housing Association on the housing mix for new properties that they have sent on to us. And we've had some additional information from Steve Martin, Public Policy Institute for Wales, in relation to our inquiry into value for money on the motorway and trunk road network. He just clarifies some of the information that we'd already taken evidence on. Can I take it that all those papers are noted? Yes, Aled.

[3] **Aled Roberts:** There is an issue that I want to raise on the CHC letter, but I think that's probably best dealt with at the same time as the Betsi discussion.

[4] **Darren Millar:** Ocê, iawn.

Darren Millar: Okay, fine.

09:07

Diwygio Lles: Sesiwn Dystiolaeth 5 Welfare Reform: Evidence Session 5

[5] **Darren Millar:** Okay, we'll move on to item 3, on welfare reform, taking evidence today from June Milligan, director general of local government and communities within the Welsh Government. Welcome to you, Dr Milligan.

[6] **Dr Milligan:** Thank you, Chair.

[7] **Darren Millar:** John Howells, director, housing and regeneration at Welsh Government, and Sara Ahmad, economist, local government and communities, Welsh Government. Welcome to you all. Obviously, this is the fourth evidence session that we've had on welfare reform and its impact on social housing tenants. We've taken evidence so far

from a range of different witnesses, housing associations, local authorities and some of the chartered institutes as well. Today gives us an opportunity to take Welsh Government's view on these matters, and Members have many questions that they want to come to. So, in view of the time, we'll go straight into questions—and feel free to embellish any responses with any additional information that you might want to give. So, Julie Morgan, over to you.

[8] **Julie Morgan:** Thank you, Chair. Good morning. I wanted to ask you really about what options the Welsh Government considered that it could take in order to mitigate the disadvantages brought about by the bedroom tax. We are aware that the Scottish Government chose to cover the full cost of the spare room subsidy and deal with the cut in benefit, and we wondered if you'd ever considered that, or what other options you'd considered, and what opportunity you had to discuss those sorts of options.

[9] **Dr Milligan:** Thank you, Chair. Yes, there are a couple of comments that I wish to make in introduction, but I will include them in this, and one of the things that I'd wish to make reference to is the ministerial task and finish group, which was established right at the very beginning of the welfare reform process and which has guided the response of Welsh Government. So, that's a group that involves Ministers from right across a number of portfolios, and it has overseen work in a number of areas. So, if I mention perhaps the most significant, and first of all is research. One of the most important things has been to understand, in a very, very complex system, what the impact of changes to processes and entitlements would be, and to begin to understand, although it's very early days, what the behavioural changes, the choices that people make, might mean as well.

[10] Sara has commissioned much of the research that Welsh Government has undertaken to supplement that of the Department for Work and Pensions. At an appropriate time, it would be useful, perhaps, for the committee to hear from Sara about the scope of that research and some of the findings. So, that work has been agreed and commissioned by that task and finish group, but also there's been official engagement with DWP. So, welfare reform is a reserved matter but one which impacts significantly, as you well know, on the social and economic wellbeing of Wales and on the delivery of devolved functions. So, we have engaged quite significantly, and at all levels—from policy through to practitioner groups that DWP also has in Wales—with their work.

[11] Then there have been Welsh Government's own interventions. So, within that task and finish group, Ministers have prioritised those actions, because there are, as you suggest, many, many actions that could potentially be taken. But it has prioritised those actions that have been considered to most help and assist those affected by welfare reform and those who are helping, mitigating its impacts: so, things like advice services, where there's been additional investment to ensure that those who are affected by welfare reform are enabled to find their way through the complexities of a changing system. Then, actions on things like smaller properties, you know, in relation to the social housing size criterion, as the Joseph Rowntree Foundation refers to it, which has impacted and rendered a very large number of people in accommodation that would be considered to be over-accommodated.

[12] Then, finally, I suppose, there's an important role for Welsh Government in most things, but in this area too in promoting joint working. We have a convening role in terms of bringing together, in this case, local authorities, housing associations, tenants' groups, so that they can work through, for the housing sector in particular now, because of your interest, some of the issues, right through from impacts—what's known of the research, what the understanding is on the ground—through to real-time interventions, so that things can be enacted quickly, rather than awaiting what we're more used to, which is a rather longer policy and delivery process.

[13] You mentioned the Scottish Government's approach. There are many approaches that

have been drawn to the attention of that group from England. Indeed, there have been some English examples actually brought in person to brief the group, and the Scottish Government's approach was one of a range of issues that were brought to the attention of that group. It wasn't one that was prioritised for Wales.

[14] **Julie Morgan:** When you say it wasn't prioritised for Wales, who didn't prioritise it for Wales?

[15] **Dr Milligan:** Well, it's more what was prioritised, I suppose. Decisions are usually taken to prioritise something and then other things—. And, in this case, this was one of many other practices that were brought, as part of research, part of literature review and practice review, to the group's attention. Then Ministers had the task of deciding where they would prioritise Welsh Government intervention.

[16] **Julie Morgan:** So, Ministers considered all those different options that you've mentioned, but felt that what they were doing in Scotland was not the best way ahead in Wales or was unaffordable or—

[17] **Dr Milligan:** They felt that other things were a more appropriate way to use the resources that were available to Welsh Government. That's probably the best way to put it. So, it's about prioritisation, I think, rather than turning down other things elsewhere. We do hope to learn, even from things that cannot be implemented in Wales. Hence, bringing in lots of practice, because, sometimes, things can be picked up at a local level too.

[18] **Julie Morgan:** So, in terms of the actions that the Ministers did decide on, which actions have been most effective, do you think?

[19] **Dr Milligan:** Do you want to—. John.

[20] **Mr Howells:** Well, the most dramatic was the decision by Ministers to invest £40 million in smaller properties. That was taken, if I remember, at the height of the concern we were feeling about the impact of these changes during 2013-14 on local authorities and registered social landlords. And whilst we were also engaging with colleagues in those sectors on the practical changes and the challenges they were facing on the ground, we were becoming increasingly aware of this issue about the shortage of smaller properties, and that was a very dramatic decision by Ministers to take a significant chunk of capital funding and put it into an area where they felt we could make a difference. You'll be aware of the programme of 700 properties that's now in the process of being rolled out as a result.

9:15

[21] **Darren Millar:** We'll come on to that particular issue in a second, because I know that Members have some supplementaries here. But can I just clarify this? So, the option to follow the policy decision in Scotland was put to the Minister, and it was rejected by the Minister in favour of other options.

[22] **Dr Milligan:** It was one potential action amongst many that was considered by the ministerial task and finish group in the course of looking at a range of possible responses that could help mitigate the impacts of welfare reform.

[23] **Darren Millar:** Okay, so it was considered by the task and finish group—not an option presented to the Minister as such. Because, of course, the report contends that, had the Welsh Government met the costs that might arise as a result of this and effectively completely mitigated it in terms of its potential impact on tenants, then that might have been less than the total investments that the Welsh Government has put into all sorts of other areas to mitigate

the response. So, effectively, it was a potentially lower cost solution is almost how the paper presents it. Do you accept that that might have been the case?

[24] **Dr Milligan:** My recollection, I think, in the calculation was that it would cost some £22 million per annum to do that, which is equivalent to the cost of ensuring that that was with full council tax entitlement, to retain that. So, it's just there were difficult choices in terms of limited resources and how you best target them, and, as John says, one of the decisions that was taken was to invest in housing supply of a particular shape, which is sustained and enduring. You know, once you've invested once, those one or two-bedroomed properties are there for a longer period. And also the immediacy, and I remember well the strength of the evidence coming from the advice sector that there was such complexity out there that an upscaling of the professional skills of advisers was needed, and further investment in that sector was an immediate priority.

[25] **Darren Millar:** But, in terms of comparing costs and benefits of each of the different options, those were all considered by the task and finish group that Sara provided information for. Is that right in terms of the research capacity, Sara?

[26] **Ms Ahmad:** The research was more in terms of what the total loss would be in Wales as a result of the welfare reforms. I haven't really looked at the cost of Welsh Government's policy responses.

[27] **Darren Millar:** Okay. We'll come on to Mike Hedges now, and then I'm going to come on to Sandy.

[28] **Mike Hedges:** Two questions. Following on from the last answer, you talked about building houses, and we were talking about support. But, surely, building houses is a capital expenditure, and support is revenue? So, isn't there a danger of you confusing the two in the answers we're getting? The capital expenditure has no effect on the revenue, does it?

[29] **Dr Milligan:** Sorry, I was just talking about the scale of intervention, which has been both through revenue expenditure and through capital expenditure.

[30] **Mike Hedges:** The question I've got is: if we're going to fund like Scotland, don't we need to be funded like Scotland?

[31] **Dr Milligan:** I couldn't possibly comment. [*Laughter.*]

[32] **Darren Millar:** Okay. I'm going to come to Sandy, and then Jenny.

[33] **Sandy Mewies:** Thank you, Chair. I think you know the area. I think this is a suitable place to introduce the questions that I wanted anyway. We've been taking evidence from a lot of people, basically about the effect, the impact, which is, of course, what the report's about, while ignoring the cause, because the cause actually is that this was introduced, whatever your view on the policy itself. So, what sort of lead-in time did Welsh Government have to do the research—and local authorities, if you're aware of them; you may not be—and what talks went on between Welsh Government and the UK Government as to what they considered the effect would be? Because there has been some evidence that the costs were considerably underestimated—the cost savings were considerably underestimated.

[34] You talked about building smaller properties: of course, you don't just put the money in; there's planning permission, there's land to be found—you cannot do it straight away. So, I think the question that I'm asking you is: a) was the information you were given clear enough for you to forecast? For example, looking here, the number of tenants evicted from homes is at a six-year high in 2015, both in England and in Wales, and we've heard from

housing associations about the impact on their revenue and we've heard from local authorities about the cost of putting in advice and so on. So, what I'm saying is, when you were given the information, because someone must have come along and said, 'We're going to do this and you're going to have to mitigate it', was it clear how much work would be involved, or indeed, what the impacts would be or the costs of that?

[35] **Dr Milligan:** I'm going to ask Sara, if I may, to answer some of that in relation to the research and the relationship with the Department for Work and Pensions' own research. Just to say upfront that we began very early—so, the first substantive research was under way in late 2012, early 2013, and, as Sara says, was very overreaching. What's happened since then is some of the evidence that you have heard from these people are people whom we have been working very closely with. So, we have responded to the concerns that have been emerging.

[36] There have, of course, been many changes. So, there've been changes in the phasing of some of the welfare reform introduction and there have been changes in the generosity of some of the arrangements, you know; they've not all been introduced as originally foreseen. There have been court judgments that have impacted, so it isn't the case that you can do the analytical research work once and fully understand it—

[37] **Sandy Mewies:** It's been changing—

[38] **Dr Milligan:** This is very complex and it has been made more complex by the fact that it's very dynamic. But perhaps, Sara, if you could just explain the scope of the research and some of the findings.

[39] **Ms Ahmad:** Okay. So, the research actually started in—. Our first report was published in 2012. For that report, we just tried to gather as much existing evidence as quickly as we could on the impact of the tax and benefit reforms in Wales. We mainly drew on evidence from the Institute for Fiscal Studies. We produced a report looking at the impacts in Wales compared with other countries and regions across Great Britain. Then, we decided that we needed to produce some more detailed research of our own, drawing together a lot of the Department for Work and Pensions' impact assessments and some of their own statistics, so that we could produce our own estimates of the impact of the reforms in Wales, because, at that time, we didn't have a complete picture of what the aggregate impact would be in Wales. So, that's why we designed our research programme to fill that gap and to align with Ministers' needs to respond to policies.

[40] So, our next research report was published in February 2013 and that was a more detailed assessment of what the total impact would be in Wales and then a breakdown by different reforms. It also looked at impacts on devolved public services in Wales, although that is a very difficult area to assess, so we were only able to undertake qualitative assessment. We did discuss with the Institute for Fiscal Studies about whether they could undertake something more quantitative, but they said that would be very difficult to do. Then, we also looked at the impacts on labour supply. Obviously, one of the main aims of welfare reform is to get people into work and that was one of the gaps in the research at that time; there was no evidence looking at what the total impacts of the reforms would be on labour supply. So, we commissioned the Institute for Fiscal Studies to look into that.

[41] We have also undertaken research on the impacts on those with protected characteristics, impacts across local authorities in Wales, and also the impacts of benefit sanctions, because we realised from all the statistics coming out and anecdotal evidence that there was a substantial increase in the number of sanctions being used and the detrimental impacts of those on some claimants. We looked into that in more detail. Also, as June alluded to, there were a number of changes made. More welfare reforms are being announced and different timescales are being announced, so we also asked the IFS to update some of their

earlier analysis so that we have an up-to-date picture of the impacts in Wales.

[42] **Sandy Mewies:** So, are you saying that the DWP impact assessment, while it might have been done at the initial stages, changed, and is continuing to change?

[43] **Ms Ahmad:** Yes. Some of the impact assessments, particularly around the size criteria—that was updated from the 2011 version. An updated version was published in June 2012. I think a number of other impact assessments were updated, but some of the alternatives weren't updated to reflect further policy announcements. There was no aggregate impact assessment produced by the Department for Work and Pensions to look at the total impact of the welfare reforms in Wales, or further afield.

[44] **Sandy Mewies:** What about housing supply? The Welsh Government have announced money to build houses, but have you been slow in reacting to that? I mean, how quickly could that be done?

[45] **Mr Howells:** You mentioned that even once you've taken the decision to invest in additional houses, those houses don't appear for some time. I said, and I think I stick with my earlier statement, that the decision to invest in smaller properties was a very significant decision by Ministers, but it's a very tricky area to operate in. We were aware of the increased demand for smaller properties, but if you asked me, 'Can I model the demand for different sized properties over the coming period?', well, I'm still struggling with that one. We are aware of that increased demand. We're also aware that we need to do even more research, not just on the benefit changes that have been delivered to date, but the ones that are still to come, which will also involve behaviour changes on the part of benefit claimants that are likely to result in changes in the sort of demands being placed on social landlords. That's a real challenge for local authorities and the social landlords and us, and we are revisiting all of our calculations with a view to working out what the best way of responding to that changing circumstance is going to be. That includes reviewing our investment of social housing grant.

[46] **Sandy Mewies:** We've had some evidence to say that there is a bit of a worry that family homes will still be needed in the future, so you can't concentrate all your efforts on the one—

[47] **Mr Howells:** It would be a mistake, I think, to believe that the only thing we need to do from now on is build smaller properties. We need to look very carefully at the pattern of demand. I suspect the pattern of demand will be different in different parts of Wales, and our policies need to be sufficiently flexible to respond to that.

[48] **Jenny Rathbone:** You say that this was a very significant investment, and I agree it was. But, unfortunately, it's a drop in the ocean compared with what's needed, because 700 homes, when there are 33,000 households affected—you'd need something like £2 billion to create those smaller homes. That's in the context of the worst housing crisis since the 1960s, overall.

[49] **Mr Howells:** It's only significant with regard to how much we're able to invest at the moment. We invest some £58 million per annum in the social housing grant programme. We are devising new ways of being able to support the development of affordable housing. We do not have unlimited funds.

[50] **Jenny Rathbone:** True. So, 'new ways'—what sort of new ways? New ways of building that are going to produce more units, more—

[51] **Mr Howells:** New ways of building. New ways of financing the building. We've had some success with the housing finance grant that's been delivering homes in Wales, or that is

delivering homes in Wales at the moment. Ministers are committed to a second housing finance grant programme where we're making a revenue commitment over 30 years to generate capital investment today in affordable housing. There probably isn't enough work on innovative ways of developing housing, but that's one of the areas where we're working with social landlords to strengthen all the time. We've got to make the best of the resources available to us.

[52] **Jenny Rathbone:** Given that the banks are awash with money, why is it not possible—not necessarily for the Government, but for housing associations and councils—to borrow the money needed to build the homes, given that they've got guaranteed revenue from the rents?

09:30

[53] **Mr Howells:** That's a big and very complicated question. The registered social landlords in Wales are coming close to their borrowing limit. They have borrowing ceilings imposed by the lenders, and there is therefore a finite amount of capacity in the system to build more homes, unless there is Government grant made available in a manner that enables them to borrow alongside that grant. So, there's a complicated equation as far as the housing associations are concerned. These are big issues, to do with the UK's finances, only some of which are within the powers of the Welsh Government to influence.

[54] **Jenny Rathbone:** Local authorities are huge landowners. Why is it not possible to build homes on local government land?

[55] **Mr Howells:** It is, and local authorities are using their land in imaginative ways. They are keen to use the possibility provided by the exit from the housing revenue account system to be more active in that area, to use the land they've got, and the resource they've got, to encourage the development of housing. That isn't always popular within localities, but it is something to which the 11 stock-retaining authorities are committed to doing more of. We're working with them to identify where that land is. I suspect we've got to do even more in that area, but there are some smart, innovative solutions beginning to appear.

[56] **Jenny Rathbone:** Okay, but in terms of the desperation that people feel—those who are having to pay the bedroom tax, in an unsustainable way—. I mean, we don't even know whether they're borrowing from money lenders in order to pay the rent, or whether they're simply going into arrears. The problem is becoming quite acute. We've already seen an increase in the evictions, and once people move into the private sector, they're permanently on the move—they're never able to—[*Inaudible.*]

[57] **Mr Howells:** As I mentioned earlier, I think we've got to be careful in examining the patterns that are beginning to appear in relation to the demand for social housing. I think it's too soon for us to be able to say, we can now model what the demand will be in three years' time, or four years' time. I think we need to look very closely at what impact will welfare reform have on the behaviours of claimants. This committee has heard from a number of witnesses that we're not entirely sure what's happening to some people who have had their benefits changed, and we're about to see new benefit reforms, which will impact on younger persons, and we need to see, we need to research, what's actually happening to those groups, and respond to the findings of that research.

[58] **Jenny Rathbone:** Okay, but what we know overall, from our surgeries, is that there is an absolute housing crisis: people are living in grossly overcrowded conditions on the one hand, and, on the other, are unable to move to smaller properties because there aren't any. I appreciate there are some being developed, but there aren't nearly enough. So, there is no elasticity in the system, and it feels very difficult for me to be able to advise people on how to

end their pain.

[59] **Mr Howells:** This is a very complicated area, but I do think that our work with social landlords, local authorities, aimed at improving practice in Wales, is an important part of mitigating the impact of those changes. I think the UK faces housing issues—it was facing housing issues even before it faced welfare reform issues.

[60] **Jenny Rathbone:** I agree.

[61] **Darren Millar:** Can I just clarify something with you? So, in terms of local authorities gifting land to registered social landlords, or using their own land stock to develop new social housing, if they are council housing providers, to what extent has that been used in order to increase the capacity to develop new housing over the past five years? I've heard lots of, 'We're working towards', 'We're trying to identify those pieces of land' and 'There's sometimes local resistance', but to what actual extent is that happening in Wales?

[62] **Mr Howells:** It's happening.

[63] **Darren Millar:** Where is it happening?

[64] **Mr Howells:** Ely mill in Cardiff, Whitehead in Newport, and there are a variety of sites around Wrexham, in north-east Wales. We've had 12 sites—public land sites—that the housing department has been disposing of over the last five years. I can give you a list if that would be helpful.

[65] **Darren Millar:** That, I think, would be helpful.

[66] **Mr Howells:** My point is we need to be doing even more in that area, because the challenges are becoming even greater.

[67] **Darren Millar:** Okay. Is there resistance from some local authorities to doing that, to supporting registered social landlords, for example, where it may not be in their pecuniary interest, perhaps?

[68] **Mr Howells:** No, our evidence is of smart joint working across Wales to bring forward sites for development.

[69] **Darren Millar:** So, all local authorities are engaged actively in trying to seek, from their own bank of land, sites that might be useful for affordable housing to be developed on.

[70] **Mr Howells:** It's happening around Wales. Is enough of it happening? No.

[71] **Darren Millar:** Okay; thank you for that. I'm going to bring in Aled Roberts now.

[72] **Aled Roberts:** Rwy'n derbyn bod hwn yn fater cymhleth, ac rwyf hefyd yn derbyn bod yn rhaid inni gael ymchwil, ond, wrth gwrs, tra bod yr ymchwil yn mynd rhagddo, mae nifer o bobl yn cael eu taflu allan o'u tai. Mae gennyf ddau achos o gymhorthfa ddoe, lle'r oedd y rhan fwyaf o'r achos o ran taflu'r person allan o'r tŷ ar sail dyledion ar ôl i'r dreth ddiflannu. Felly, faint o achosion sydd wedi bod ar draws Cymru, yn ystod y tair blynedd ers i'r newidiadau

Aled Roberts: I accept that this is a complex issue, and I also accept that we have to have research, but, of course, while that research is going on, a number of people are being evicted from their houses. I had two cases in my surgery yesterday, where the majority of the case in terms of throwing the person out of the house was on the basis of debts that accrued after the tax had disappeared. So, how many cases have there been across Wales, in the three years since these changes

yma ddod i rym, lle mae pobl wedi cael eu taflu allan o'u tai? Mae tystiolaeth o Loegr bod y nifer yn cynyddu, ac rydym ni wedi cael tystiolaeth, ond a oes gennych unrhyw ffigurau penodol ynglŷn â faint o bobl sydd wedi cael eu taflu o'u tai?

[73] **Mr Howells:** Oes. Rŷm ni'n cyhoeddi ffigurau ar *evictions*; nid yw'r ffigurau yna'n dangos bod codiad sylweddol wedi digwydd eto. Rŷm ni'n edrych yn ofalus ar yr ystadegau, ac rydym yn cyhoeddi ystadegau, ond mae'n ddiddorol nad ydym eto wedi gweld y codiad roeddwn efallai yn disgwyl ei weld.

[74] **Aled Roberts:** Ocê. Rydych wedi sôn bod angen mwy o ymchwil i weld beth sydd yn mynd i ddigwydd efo'r newidiadau pellach sy'n dod i rym. Rwy'n meddwl mai un o'r pethau sy'n ein poeni ni fel pwyllgor yw'r awgrym yma bod pobl ifanc rhwng 18 ac 21 yn mynd i golli eu budd-dal tai. Roeddwn braidd yn siomedig yr wythnos diwethaf, neu dros y pythefnos diwethaf, nad oedd ffigurau ar gael gan y cynghorau lleol na'r cymdeithasau tai i ddweud faint o denantiaid ar hyn o bryd sy'n syrthio i mewn i'r grŵp yna. A oes gennych chi unrhyw fath o wybodaeth er mwyn inni wybod yn union beth yw maint y broblem sy'n ein hwynebu ni?

[75] **Mr Howells:** Nid oes—. June.

[76] **Ms Milligan:** If I may, there's a recent report published by the Institute for Fiscal Studies, called 'Benefit cuts: where might they come from?', and it looks at the proposal from the newly elected Conservative Government at a UK level to reduce the generosity of welfare benefit by a further £12 billion. It's got a lot of interesting analysis in it, and I would commend it to the committee, Chair. On the specific point that you have raised, it says that the existing commitment to removing housing benefit entirely from 18 to 21-year-olds on jobseeker's allowance reduces spending by £0.1 billion; abolishing housing benefit for all aged under 25 would reduce spending by a further £1.5 billion. This would be a big cut for the 300,000 affected claimants, averaging about £5,000 per year. They go on to speculate that, if those with dependent children were exempted, that would roughly halve the saving that has been projected.

[77] **Aled Roberts:** A beth fyddai canlyniad y ffigurau yna ar lefel Cymreig—o'r 300,000 ar lefel Prydeinig? Mae'n rhaid ichi gynnal yr ymchwiliad yna, oes?

[78] **Mr Williams:** Wel, fel arfer, mae'n rhyw 5 y cant, sef 15,000, ond rwy'n meddwl mai'r wers rwy'n ei thynnu o'r profiadau

came into force, where people have been thrown out of their homes? There is evidence in England that the number is increasing, and we've had evidence, but do you have any specific figures in terms of how many people have been thrown out of their homes?

Mr Howells: Yes, we do. We publish figures on evictions; those figures don't show that there has been a significant increase as yet. We are looking carefully at the statistics, and we do publish statistics, but it is interesting that we haven't yet seen the increase that we would perhaps have expected to see.

Aled Roberts: Okay. You have mentioned that more research is needed to see what is going to happen with the further changes that are coming into force. I think that one of the things that concerns us as a committee is the suggestion that young people between 18 and 21 will lose their housing benefit. I was a bit disappointed last week, or over the past fortnight, that figures were not available from the local authorities or the housing associations to show how many tenants at the moment are falling into that group. Do you have any sort of information in order for us to know exactly the size of the problem that faces us?

Mr Howells: There is no—. June.

Aled Roberts: And what would those figures be on a Welsh level—from the 300,000 at a British level? You have to do that research, do you?

Mr Williams: Well, usually, it's around 5 per cent, which would be about 15,000, but I think the lesson that I draw from the

rydym wedi eu cael yn y maes yma yn barod yw—fel y mae cwestiynau'r pwyllgor wedi awgrymu—bod eisiau inni edrych yn fanwl ar y wybodaeth leol. Mae'n un peth i ddweud taw dyna gyfanswm Cymru gyfan, ac felly y bydd eisiau rhyw fath o gefnogaeth ychwanegol, ond yn ymarferol, yr her yw ble mae'r bobl ifanc yma a ble yn union mae'r galw yn codi a pha asiantaethau fydd yn gorfod ymateb i'r galw. Felly, rwy'n meddwl, wrth symud ymlaen, mae'n bwysig bod gwybodaeth well gyda ni ynglŷn â ble yn union mae problemau'n mynd i godi.

experiences that we've had in this field already is that—as the committee's questions have suggested—we need to look in detail at the local information. It's one thing to say that that is the total for Wales, and therefore some sort of additional support will be needed, but in practical terms, the challenge is where these young people are and where exactly the demand is rising and which agencies will have to respond to that rising demand. So, in moving forward, I think it's important that we have better information about where exactly these problems are going to arise.

[79] **Aled Roberts:** Rwyf eisiau symud ymlaen rŵan at y trefniadau rydych chi wedi'u rhoi mewn llaw a sôn yn benodol am y taliadau tai yn ôl disgresiwn. Fe gymerwyd penderfyniad bod hwnnw'n cael ei weithredu ar lefel cynghorau lleol, a bod y polisiau'n ymwneud â phenderfyniadau lleol, felly, ond mae'r adroddiad yma yn dweud bod yna anghysondebau a gwendidau amlwg yn y ffordd y gwnaeth hwnnw gael ei weithredu, ei ddyrannu, ei ddsbarthu, a'i ddefnyddio i ryw raddau. Mae yna lythyr gan yr archwilydd cyffredinol yn dangos yn union yr anghysondeb ar draws Cymru yn y ffordd y gwnaeth cynghorau ymateb. A ydych chi'n meddwl rŵan, wrth edrych yn ôl, fod hynny yn gamgymeriad ar ran y Llywodraeth, i beidio â chael polisi cyffredinol ar draws Cymru yn seiliedig ar yr un canllawiau?

Aled Roberts: I want to move on now to the arrangements that you have put in place and I want to talk specifically about the discretionary housing payments. A decision was taken that that was to be operated on a local authority level, and the policies therefore relate to local decisions, but this report states that there are obvious inconsistencies and weaknesses in the way that that was managed, was allocated, was distributed, and was used to some extent. There is a letter from the auditor general, which highlights the precise inconsistencies throughout Wales in the way that councils responded. Do you think, now, in looking back, that that was a mistake on the part of the Government, not to have a general policy throughout Wales based on the same guidance?

[80] **Dr Milligan:** Discretionary housing payments, DHP, are provided by the Department for Work and Pensions, with the exception of a top-up, which has been provided specifically by Welsh Government more recently, but that is significantly less than the overall discretionary housing payment amounts that have been given. They are a good example of what we were talking about earlier, which is that there has been quite a lot of change—turbulence, even—in the flow of that resource into Wales. So, I believe in one year, 2013-14, there was money allocated, then there was money allocated to local authorities from the Department for Work and Pensions in relation to an additional criterion, and then there was a further bidding round where local authorities were able to make a case for further moneys. So, we have seen on your website the auditor general's analysis of that, and I think that says quite graphically what we were hearing from the practitioners on the ground, which was that there needed to be some consistency brought within Wales, at their own initiative, to the management of that resource, which is provided for the most part by Department for Work and Pensions. It was that that spurred them, working together, to put in place an agreement to provide that consistency.

[81] **Aled Roberts:** Onid oedd yna rôl i Lywodraeth Cymru yn y lle cyntaf i gael cysondeb ar draws Cymru, felly, ac i gael rhyw fath o gytundeb rhwng y cynghorau eu

Aled Roberts: Was there no role for the Welsh Government in the first instance to ensure consistency across Wales, and to have some sort of agreement between the councils

bod nhw'n gweithredu y taliad yma yn gyson?

[82] **Mr Howells:** Nôl yn 2013-14, mi wnaeth Gweinidogion benderfynu ychwanegu'r £1.3 miliwn i bot DHP er mwyn dod ag elfen o gysondeb i mewn i'r system. Ni wnaethom ni ruthro i mewn i'r abwyd hwnnw achos mi oedd yna ofid nad ein cyfrifoldeb ni oedd e, taw adran arall oedd yn gyfrifol am y gwariant hwnnw. Ond mi oedd yna dystiolaeth yn dechrau ymddangos nad oedd yna gysondeb ar draws Cymru. Felly, yr amod y gwnaethom ni ei roi ar y buddsoddiad ychwanegol oedd ei fod e i fod i arwain at well cysondeb. So, mi oedd hynny'n ddechrau ar y broses. Mae yna fwy o waith i'w wneud, ond mi oedd hynny yn ymateb i'r *issue* rwy'n meddwl rŷch chi wedi'i adnabod yn y cwestiwn.

[83] **Aled Roberts:** Ocê. Nid wy'n gwybod a ydy o'n bosib ichi ein diweddarau ni hefyd—cawsom ni dystiolaeth bythefnos yn ôl fod 20 allan o'r 22 cyngor erbyn hyn wedi cytuno i weithredu polisiau cyson. A oes dau o'r cynghorau felly wedi gwrthod, neu ai mater nad ydyn nhw eto wedi cytuno ydy o?

[84] **Mr Howells:** Mi oedd y cysondeb roeddwn i'n awyddus i'w weld nôl yn 2013-14 wedi'i seilio ar arfer da yng Nghaerdydd. So, nid oeddwn i ddim yn synnu bod Caerdydd wedi penderfynu i beidio â dod yn rhan o'r trefniant ychwanegol. Mi wnaeth un cyngor ychwanegol benderfynu peidio â dod yn rhan o'r trefniant a oedd wedi cael ei gytuno gan 20 o'r awdurdodau—hyd yn hyn.

09:45

[85] **Aled Roberts:** Ocê. Un mater arall y cawsom ni dystiolaeth arno oedd bod polisiau dynodi tai—yr *allocations policies*—wedi cael eu newid mewn nifer o gynghorau fel bod yna ddim gwaharddiad ar drosglwyddo tenantiaid os oes yna ddyledion rhent sydd yn seiliedig ar ddyledion budd-dal tai, drwy'r *bedroom tax*, felly. A allwch chi ddweud wrthym ni a ydy pob cyngor erbyn hyn wedi newid eu polisiau dynodi tai, yn ôl y canllawiau cenedlaethol?

[86] **Mr Howells:** Na, allaf i ddim dweud bod pob cyngor wedi. Y wybodaeth sydd

that they would administer this payment on a consistent basis?

Mr Howells: Back in 2013-14, Ministers decided to put that additional £1.3 million into the DHP pot in order to bring an element of consistency into the system. We did not rush into taking that bait, because there was a concern that it wasn't our responsibility and that it was another department that was responsible for that expenditure. But there was evidence starting to emerge that there wasn't any consistency across Wales. So, the condition that we placed on that additional investment was that it was meant to result in better consistency. So, that was the start of the process. There is more work to be done, but that was a response to the issue that I think you have identified in your question.

Aled Roberts: Okay. I'm not sure whether it's possible for you to also give us an update—we had evidence a fortnight ago that 20 out of the 22 councils have now agreed to implement consistent policies. Have two of the councils therefore refused, or is it just the case that they have not agreed yet?

Mr Howells: The consistency that I was keen to see back in 2013-14 was based on good practice in Cardiff. So, I wasn't surprised that Cardiff decided not to become a part of this supplementary arrangement. One other council further decided not to become part of the arrangement that was agreed by the 20 authorities—so far.

Aled Roberts: Okay. One other matter that we had evidence on was the fact that the allocations policies had been changed in a number of councils so that there was no prohibition on the transfer of tenants if there were rent arrears as a result of housing benefit debts, that is, through the bedroom tax. Can you tell us whether every council by now has changed its housing allocations policy in accordance with the national guidelines?

Mr Howells: No, I can't say that every council has done so. The information that we

gyda ni yw mai dyna'r cyfeiriad y mae pob cymdeithas dai yn symud iddo. Nid oes gwybodaeth gyda fi bod pob cymdeithas wedi mabwysiadu y patrwm yna hyd yn hyn.

have is that that's the direction in which every housing association is moving. I don't have any information that every association has adopted that pattern until now.

[87] **Aled Roberts:** Na phob cyngor.

Aled Roberts: Nor every council.

[88] **Mr Howells:** Na phob cyngor.

Mr Howells: Nor every council.

[89] **Aled Roberts:** A fuasai'n bosib i chi roi nodyn i ni ynglŷn â'r rhai hynny nad ydych chi'n ymwybodol eu bod nhw wedi newid eu polisiau?

Aled Roberts: Would it be possible for you to provide us with a note on those ones that you're not aware of their having changed their policies?

[90] **Mr Howells:** Fe wnawn ni roi nodyn ar y darlun fel ag y mae.

Mr Howells: I can give you a note on the picture as it is.

[91] **Aled Roberts:** Iawn, diolch.

Aled Roberts: Okay, thank you.

[92] **Darren Millar:** Can I just ask for some clarification, just in terms of this agreement that has been brokered between the 20 local authorities, with the two—Cardiff and Neath Port Talbot—outside of that? We've been told by the Welfare Reform Club that, obviously, the Welsh Government welcomes the additional consistency that that agreement might bring, but of course Cardiff was one of the exemplars that you told other people to follow, as has been indicated, so I just wonder how that sits. Isn't it at odds to be supporting them going in one direction, when the exemplar council, the council that you think is doing things right—Cardiff—is taking a slightly different approach?

[93] **Mr Howells:** I don't think Cardiff is taking a different approach, other than not to be part of this deal with the consultants. I think the model that has been devised is based, in part, on the model implemented in Cardiff previously. It is a mechanism to bring more consideration to bear on the very difficult choices that need to be made on allocating discretionary housing payments, but it is very much in line with the direction that Cardiff was taking previously.

[94] **Darren Millar:** So, why wouldn't Cardiff subscribe to it? I mean, the Welfare Reform Club has developed this tool to bring more consistency, 20 local authorities signed up, two have not signed up, you say it's based on, or very similar to, the Cardiff model, so why on earth wouldn't you encourage the other two to sign up? Why on earth, particularly, wouldn't you encourage Cardiff to sign up?

[95] **Mr Howells:** My assumption is they felt they were doing it, and didn't need to spend any extra money on consultant support.

[96] **Darren Millar:** Isn't there a risk of divergence, though, in terms of the approach in Cardiff and Neath Port Talbot, versus the other 20? Isn't that a bad thing? I mean, you say you want to wipe that out, to make sure there's consistency, and yet you're quite content to see Cardiff and Neath Port Talbot, it seems to me, to be outside of this arrangement.

[97] **Mr Howells:** My understanding of the arrangement is that it's a kind of framework within which authorities will operate, and there's a recognition within that framework that there will be an element of local determination as to what the priorities will be. It's a strategic framework that can be applied to respond to the different needs of different authorities.

[98] **Darren Millar:** So, it's not going to deliver the consistency that we were under the

impression it would deliver?

[99] **Mr Howells:** Well, I think it will deliver far more consistency in relation to the big, fundamental choices that authorities face when they're coming to the decisions on how to allocate discretionary housing payments.

[100] **Darren Millar:** We don't have a copy of this agreement. You've obviously seen a copy. You're content that it will give the consistency that everybody is trying to secure in Wales, in the housing sector, certainly as far as tenants are concerned, and that this committee has taken an interest in?

[101] **Mr Howells:** It struck me as responding to the sort of concerns that the auditor general has drawn attention to, and this committee has been making enquiries with regard to, yes.

[102] **Darren Millar:** Okay, but you're content for Cardiff and Neath Port Talbot to be outside of this arrangement?

[103] **Mr Howells:** That's a matter for Cardiff and Neath Port Talbot.

[104] **Darren Millar:** But you're not going to encourage them to be part of the arrangements, in order to drive further consistency?

[105] **Mr Howells:** We will continue to engage with all social landlords to improve delivery of service in this area. We are not responsible for the delivery of landlord services in local authorities and RSLs around Wales.

[106] **Darren Millar:** I understand that, but your policy objective is to see consistency, isn't it? That's the Welsh Government's policy objective, and you're tasked with delivering against that objective, and yet you have two local authorities outside of the agreement that 20 others have subscribed to. You say it's very similar to the Cardiff arrangement. I don't know how similar it is to the Neath Port Talbot arrangement. We were told a little bit about that a couple of weeks back, but it seems to me that that will then allow those two local authorities perhaps to develop quite different systems than the rest in terms of their strategic approach. Aled, did you want to come back?

[107] **Aled Roberts:** Roeddwn i jest eisiau gofyn, a ydych chi'n gwybod faint mae'r cynghorau yn ei dalu i'r ymgynghorwyr hyn? **Aled Roberts:** I just wanted to ask, do you know how much the councils are paying these consultants?

[108] **Mr Howells:** Na. Nhw oedd yn gyfrifol am y *deal* ariannol, ac nid wy'n ymwybodol o'r ffigwr. O'n safbwynt ni, mi oedd y cytundeb yn gam pwysig ymlaen, ond byddwn ni yn dal i gydweithio gydag awdurdodau er mwyn ceisio gwella y gwasanaeth sy'n cael ei ddarparu o gwmpas Cymru. **Mr Howells:** No. They were responsible for the financial dealing, and I'm not aware of the figure. From our perspective, the agreement was an important step forward, but we will continue to co-operate with authorities in order to try to improve the service provided across Wales.

[109] **Darren Millar:** Okay. William Graham.

[110] **William Graham:** Yes, thank you. Looking at the auditor general's report, he says definitely that the distribution of discretionary housing is still not driven by need. Now, you are making additional grants to councils. I mean, I'm not going to go through the report again. It has a pretty damning effect on councils in Wales dealing with people who are probably the

most vulnerable in our society. How are you going to exercise your authority, as it were, through making your grants available, to show that local authorities will take on board exactly what you described? It doesn't matter how many there are. Hopefully, you'll be saying now that it's the majority. How is that really going to be effective? How do we make this policy effective?

[111] **Mr Howells:** The distribution of discretionary housing payment is a matter for the Department for Work and Pensions.

[112] **William Graham:** I accept that, but you're making additional moneys available to councils. Surely, you could make them do their best, because they're clearly not doing so.

[113] **Mr Howells:** We made a one-off injection of additional funding into discretionary payments in 2013-14. We were not able—we were not that anxious—to do the same the following year. We will, I guess, reflect on the evidence provided by the auditor general as far as the distribution of funding is concerned, but that reflects decisions taken by DWP in 2013-14 when, as June mentioned earlier, there were a number of different mechanisms introduced during the course of that year, which resulted in an interesting distribution of grant across Welsh authorities, which wouldn't reflect the way we would normally allocate grants or the sort of criteria that we would normally bring to bear. But we are not responsible for DHP payments.

[114] **William Graham:** I accept that. This has exercised the committee substantially, as you're well aware. So, what would your advice be? How are we going to make this more effective with the councils in Wales?

[115] **Mr Howells:** Well, the other question that has not been resolved yet is whether discretionary housing payment will be a permanent feature of the policy scene. Our understanding is that they were not intended to be a permanent feature of the support structures available alongside benefit reform. We do not know. I guess that's a fundamental question that will need to be addressed as benefit reform rolls out. What will be the decision taken by the UK Government with regard to support funds being provided to local authorities? We would hope to be a part of that discussion, but we don't know what the outcome of those difficult budget decisions will be over the next few months.

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

[117] **Jenny Rathbone:** When we heard from the housing associations, some of them reported that they were having difficulty renting out three, four and five-bedroomed properties. This is obviously not a scenario that I recognise, based on the situation in Cardiff, but what, if anything, could the Welsh Government do to try and match the overcrowded families with properties that are hard to let in other parts? I appreciate it's a very difficult area because you're uprooting people from an area, and that's a pretty massive thing, but if the alternative is being forced to become homeless, then that might be something people would consider.

[118] **Mr Howells:** I suspect that there will be geographical boundaries to the ability of local authorities and social landlords to do joint working in this area, but there may also be administrative boundaries that don't involve large distances that could be overcome by different sorts of approaches. There are shared registers in certain parts of Wales for allocating social housing, so the more we can develop that kind of mechanism, the better we'll be able to make use of the housing stock. But geography will be an issue, won't it, given what we know about the distribution of some of these properties, which are harder to let?

[119] **Jenny Rathbone:** So, let me ask it the other way around: if a local authority or a

housing association can't find tenants for larger properties because of the bedroom tax, are there any barriers that will prevent them offering it to other people who might want to bid for them through other local authorities?

[120] **Mr Howells:** My understanding is that there are well-established mechanisms for allowing out-of-area transfers to take place, and I suspect that this will be a development of those existing arrangements.

[121] **Jenny Rathbone:** Okay. My other question was: the most recent cut in housing benefit this week has been to cap benefits at £23,000 as opposed to £26,000. I just wondered if there's any evidence that this would have an impact on social landlords in Wales, or whether this is a south-east of England problem.

[122] **Mr Howells:** It will have an impact.

[123] **Ms Ahmad:** Yes. Well, the current benefit cap at £26,000 is more likely to impact upon families in high-rent areas and also those with larger than average families, usually those with three or more children. So, at the moment, only a very small proportion of those who are affected in Britain are in Wales. I think it's around 3 per cent. It's 1,700 households being affected to date. Obviously, the lower benefit cap will affect more claimants in Wales, but I would imagine it would still be a very small proportion of those affected in Great Britain, because it's more likely in high-rent areas that they'll have a higher proportion of those affected.

[124] **Jenny Rathbone:** Yes, because, obviously, across the UK it's going to affect 40,000 children who are going to be plunged into poverty, so we're told. But you don't think this is something that's going to affect housing associations and councils in Wales in the main.

[125] **Ms Ahmad:** Yes, I think it will. Also, the current benefit cap does affect a large proportion of social rented tenants. So, it will have an impact, but maybe not so much as in the high-rent areas.

[126] **Jenny Rathbone:** Okay. So, it would be useful to know what the impact is, simply because the housing associations are saying that this cap will prevent them building more homes. So, this is obviously a major issue.

[127] **Ms Ahmad:** Yes. This is something that we will be reviewing in our whole research programme, given the recent UK election and the announcement of the further—. Well, so far, they've only announced £1.5 billion of the £12 billion cuts by 2017-18. So, we await the further detail in the budget.

[128] **Jenny Rathbone:** Sure, but, for now, are you able to do a quick calculation on the impact of this reduction in the cap?

[129] **Ms Ahmad:** We've got the numbers for Great Britain—the numbers affected there. I think the IFS have estimated that 24,000 of those currently impacted by the cap will lose a further £3,000 a year, and then an additional 70,000 workless households will be affected by the cap.

[130] **Jenny Rathbone:** Okay, so, will you—

[131] **Dr Milligan:** We know that 46 per cent of those affected by the cap currently are in social rented housing.

[132] **Jenny Rathbone:** So, would it be possible to give us a note of—? Presumably, this is

something that you're going to do quite quickly, isn't it, because it's urgent to know what impact this will have in Wales?

[133] **Ms Ahmad:** We could take proportionate shares of the figures that the IFS have produced, based on the previous benefit cap.

[134] **Jenny Rathbone:** Well, that would be 8,000 children being plunged into poverty in Wales, if it was taken across the board. But that clearly isn't the case, because housing costs are greater in London and the south-east.

[135] **Ms Ahmad:** Yes, we'd have to make adjustments for that as well.

[136] **Darren Millar:** Okay. We've got a couple of Members who want to come in on this specific issue. Is that right, Mike—it is on this? Mike and then Aled, on this, and then I'll come to Sandy.

[137] **Mike Hedges:** I have two quick points on it. You talked about 1,700. Do you mean 1,700 in Wales or 1,700 in Britain? If it's 1,700 in Wales, can you give a distribution of that by local authority area? The other question is on housing association housing. It's not only lived in by people who are on housing benefit. I think that we tend to drift into that belief that public housing is all housing benefit. Housing associations will not let mutual exchanges take place between people when one of them is not on housing benefit and wants to move into a house if they're under-occupying it. Have you any views on that?

[138] **Ms Ahmad:** I can answer on the numbers affected. The 1,700 are the households in Wales that have been affected by the housing benefit cap to date, and that's 3 per cent of households affected to date in Great Britain. So, in Great Britain as a whole, it's around 58,700 that are being affected, and there is a breakdown by local authority—for some local authorities. I know that, in the impact assessment, Cardiff was the local authority with the highest number of households affected.

10:00

[139] **Mike Hedges:** You couldn't send that to us, could you?

[140] **Ms Ahmad:** Yes. I think there's a breakdown for other local authorities as well, so we can send that.

[141] **Darren Millar:** And that's actual impact now, not just estimated.

[142] **Ms Ahmad:** Yes.

[143] **Darren Millar:** Okay, that's great. On the other point in terms of allocations, in terms of swaps—

[144] **Dr Milligan:** I don't think we are aware of that specific housing allocation point, I'm sorry.

[145] **Mike Hedges:** I dealt with it as a constituency case, but I also raised it with the housing association when they came here, and they were adamant they were not happy with people to have mutual exchanges if they'd be under-occupying, even if they could pay the full rent if they were in employment, because, possibly sometime in the future, they could lose their jobs. At which point, I said, 'Possibly, sometime around about next May, a number of us could lose our jobs'.

[146] **Darren Millar:** It's a fair point, though, isn't it? In terms of the affordability of property, if you do have people who may be over-occupying but can afford at least to pay the rent, it's better to avoid a void, as it were, or avoid somebody getting into arrears as a result of that. Is that something you can give us assurances you'll look at?

[147] **Dr Milligan:** I think it's one example of the inflexibilities that are sort of perverse consequences within the system, as people try to adjust policies to take account of impacts. It won't be the only one, but we will certainly take note of it from your evidence, of course, Chair.

[148] **Darren Millar:** Thank you. Aled.

[149] **Aled Roberts:** Rwy'n rhannu'r pwynt ddaru Mike ei wneud ynglŷn â gweld sut mae'r niferoedd yma'n cael eu dosbarthu ar draws Cymru, ond a ydy eich cynlluniau chi hefyd yn edrych ar y niferoedd yma sy'n cael eu dosbarthu mewn ardaloedd sydd yn gyfagos i Gymru? Rydych chi wedi sôn bod costau rhenti'n uchel yn y de, yn Lloegr, ond mae yna ardaloedd yng ngogledd-orllewin Lloegr lle mae'r rhenti'n uchel iawn hefyd. Rwyf i jest yn cysidro, wrth inni ystyried faint o deuluoedd y mae'r newidiadau yn effeithio arny'n nhw yma yng Nghymru, hwyrach y bydd yna bwysau ar ardaloedd yn y gogledd-ddwyrain, a hwyrach hefyd y de-ddwyrain yma yng Nghymru, o achos pwysau sy'n dod dros y ffin o achos y polisi yma. Felly, rwyf jest yn gofyn ichi a wnewch chi ystyried hynny hefyd.

Aled Roberts: I share the point that Mike made about seeing how these numbers are distributed across Wales, but are your plans also looking at these numbers that are being distributed in areas that are adjacent to Wales? You've mentioned that the rental costs are high in the south, in England, but there are areas in north-west England where rents are very high as well. I'm just considering, when we're looking at how many people are being affected by these changes in Wales, perhaps there will be pressure on areas in the north-east, and perhaps also in the south-east here in Wales, as a result of the pressure that's coming across the border as a result of this policy. So, I'm just asking you to consider that as well.

[150] **Mr Howells:** Mi wnawn ni.

Mr Howells: We will.

[151] **Aled Roberts:** A gaf i ofyn un cwestiwn arall? Rwyf jest eisiau gwybod faint o reolaeth sydd gennych chi dros bolisiâu cymdeithasau tai. Rydych chi wedi ei gwneud yn amlwg y bore yma wrth i, hwyrach, ryw fath o drothwy gael ei roi ar faint benthyciadau cymdeithasau tai, eu bod nhw'n mynd i fod yn dibynnu llawer iawn yn fwy ar y grant tai cymdeithasol. Rwy'n pryderu, braidd, ynglŷn â rhan o'r dystiolaeth gawsom ni'r wythnos diwethaf sy'n dweud bod asesiadau yn cael eu cynnal rŵan ar denantiaid lle mae'r cymdeithasau tai yn dod i'r casgliad eu bod nhw'n rhy dlawd i rentu tai ganddyn nhw. Rwyf eisiau gwybod sut mae hynny'n cyd-fynd â'ch dyheadau chi fel Llywodraeth fod pawb yn cael tŷ sydd o ansawdd da, yn gynnes ac yn ddiogel. A hefyd, mae'r ffaith bod gennych chi strategaeth gwrthdodi. Rwy'n pryderu braidd fod yna strategaethau gan y Llywodraeth, ac

Aled Roberts: Can I ask just one additional question? I just want to know how much control you have over housing association policies. You've made it clear this morning that, perhaps, as some sort of threshold is being placed on the size of housing associations' loans, they're going to be much more dependent on the social housing grant. I'm rather concerned about some of the evidence that we had last week that says that assessments are being made now on tenants where the housing associations are coming to the conclusion that they are too poor to rent homes from them. I wanted to know how that corresponds with your aspirations as a Government that everybody has a house that is of good quality and is warm and safe. There is also the fact that you have a tackling poverty strategy. I'm a little concerned that there are Government strategies, and yet the housing associations' strategies perhaps do

eto nid ydy'r cymdeithasau tai hwyrach yn cyd-fynd â rhai o'u strategaethau nhw wrth iddyn nhw ymateb trwy bolisiau ar y newidiadau yn y wladwriaeth les.

not correspond to those when they respond to policies on the changes in the welfare state.

[152] **Mr Howells:** Rwy'n ymwybodol o'r dystiolaeth y mae'r pwyllgor wedi ei chlywed ar y mater yma. Nid wyf i'n siŵr y buaswn i'n dod i'r casgliad nad yw'r cymdeithasau tai yn bartneriaid hollol allweddol wrth gefnogi awydd y Llywodraeth i dargedu pobl sydd mewn tlodi, sy'n dioddef o dlodi, achos mae yna gyfrifoldeb ar y cymdeithasau tai i gynnal y fath yna o drafodaeth â thenantiaid cyn iddyn nhw gychwyn ar denantiaeth, oherwydd yr holl bwysau sydd yn wynebu teuluoedd y dyddiau yma. Ac rwy'n meddwl bod yna wahaniaeth mawr rhwng penderfynu bod pobl yn rhy dlawd a chynnal trafodaeth sy'n ceisio sicrhau bod teuluoedd yn ymwybodol o'r holl bwysau ariannol sy'n mynd i godi o ganlyniad i ddechrau ar denantiaeth. Buaswn i'n dueddol o weld y dystiolaeth o'r persbectif hynny.

Mr Howells: I am aware of the evidence that the committee has heard on this issue. I'm not sure that I would come to the conclusion that the housing associations aren't vital partners in supporting the aspiration of the Government to target people who are in poverty, who suffer poverty, because the housing associations have a responsibility to hold that kind of discussion with tenants before they start on a tenancy, because of all the pressure that faces families these days. And I think that there is a big difference between deciding that people are too poor and having a discussion that tries to ensure that families are aware of all the financial pressure that's going to arise as a result of starting a tenancy. I would tend to see the evidence from that perspective.

[153] **Sandy Mewies:** I just wanted to pick up on two points. One is on the discretionary housing payment, and I think, Mr Howells, what you were saying was that this was the distribution in 2013-14 and it wouldn't have happened that way if you'd been distributing that money, or have I got it the wrong way around there?

[154] **Mr Howells:** I said something like that.

[155] **Sandy Mewies:** Yes. So, what you're saying is that the DWP were distributing money and used different criteria and formulae to the ones that you do and that they are diverging somewhere.

[156] **Mr Howells:** I'm not sure what their distribution formula is based on, but I am aware that, in 2013-14, as June mentioned, they allocated a number of additions to the discretionary housing payment budget, all of which were based on different criteria. One was based on rural communities, one was based on a bidding round, and, therefore, the pattern that has resulted, partly as a result of, I think, the way that year developed, is, as the auditor general noted, interesting.

[157] **Sandy Mewies:** Okay. Secondly, you were talking about the long-term modelling now of what's going to happen and that's, basically, the modelling of what should be happening in housing. I know, for example, that Flintshire—my local authority—is now looking at sheltered accommodation and what can be done there. Now, I haven't been a county councillor since 2003, but I think I do remember then that sheltered accommodation was extremely difficult to let in north-east Wales particularly. It was always built on a hill, it was miles away from the shops and that seemed to be the general pattern, and certain things were done to ameliorate that—the age of tenants was noted.

[158] But, are you trying to encourage more—? I mean, I don't know what Flintshire will find when they take this look, but are you actively trying to encourage local authorities to look at what they've got? Because there is a real issue here, isn't there? In some ways, the

shortage of homes isn't a shortage of homes; it's a shortage of the homes that are the right size, which is a totally different thing, and voids, of course, are always going to be problematic for local authorities. So, are you trying to encourage this sort of diversification of, 'Right, these are the houses and properties we've got? How can we make best use of them?'

[159] **Mr Howells:** I think there's an important challenge there for local authorities and for Welsh Government. We do place considerable emphasis on the importance of local authorities developing local housing needs assessments. I was encouraged this week to see evidence from one authority that had done detailed work in this area and was able to specify the changing demand for one-bedroomed units—an increase over the next five years—and a quantified reduction in the number of two and three-bedroomed units. There are additional challenges surrounding the needs associated with an increasingly elderly population, the sort of care facilities that might be required, and the opportunities that can arise if elderly people can be encouraged to move into right-sized accommodation, whatever that means. This is a hugely complex area and I think we need to support authorities as they develop strategies for coping.

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

[161] **Darren Millar:** Jenny, go on.

[162] **Jenny Rathbone:** Within this very important work on local housing needs assessment, where does co-operative development fit in in your strategy or policy overview?

[163] **Mr Howells:** It's been an important strand of this Government's housing policy to widen the options available, and you may be aware of the number of pilots that we're in the process of launching across Wales, designed to give—give all of us—a better understanding of the practical challenges that can surround the development of those sort of housing options. But it's part of our current programme.

[164] **Jenny Rathbone:** Because there are people who are self-building homes for very little money. In Pembrokeshire, people are building homes for as little as £6,000—the actual cost of the construction—using local materials. In a place like Cardiff, the problem is the land. So, you know, what is the Welsh Government doing to sort of marry some of that knowledge up with encouraging local authorities to release land? I don't recognise the world where there are houses that are difficult to let. There are no spare houses in Cardiff. There's an absolute need—12,000 people on the housing waiting list and rising.

[165] **Mr Howells:** But 30 miles from Cardiff there are houses that are difficult to let and we, therefore, have a variety of different circumstances around Wales and a need to tailor policies that respond to those different circumstances. Self-build should be part of that. Our engagement with the construction industry, our engagement with planning, and our work with local authorities to get them to release more land, all of these need to be looked at and explored in order to develop more houses.

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

[167] **Darren Millar:** And, of course, bringing empty homes back into use.

[168] **Mr Howells:** And not forgetting the magnificent progress we've been making on empty properties, which has been a very significant achievement by local authorities around Wales.

[169] **Darren Millar:** Yes, it has, but, of course, there's always more work to do. Julie, did

you want to come in?

[170] **Julie Morgan:** I wanted another subject.

[171] **Darren Millar:** Of course, that's absolutely fine.

[172] **Julie Morgan:** You've already mentioned the additional money put into the advice services. How confident are you that tenants and people generally suffering from the impact of welfare reform are able to get easy access to independent advice?

[173] **Ms Milligan:** If I may, we've looked at the reach of the additional funding that Welsh Government has provided and the £2 million that was allocated in 2014-15, our early monitoring suggests, reached 30,000 people: so, quite a significant number of people specifically assisted. That's part of the suite of advisory services. There's also funding provided through citizens advice bureaux in Communities First areas of £1.5 million and also the enduring Better Advice, Better Lives programme, which has been there and there's been a sustained commitment to it of just over £2 million. So, the number of people who can be reached by the investment and advice is significant. That's one of the reasons why Welsh Ministers have prioritised that as a way of enabling a response to welfare reform. However, we do know from the discussions with the advisory services that there is a huge demand out there. It's not only advisory services who have responded. Registered social landlords commenced a very significant campaign of information with advisory components, called Your Benefits are Changing, and I believe the committee's heard evidence from Community Housing Cymru about that. So, we are encouraging everyone, and I guess one of the things that I would've said in opening, Chair, was that one of the encouraging things about the response has been that it has been a collaborative effort between knowledgeable and experienced people in the sectors, between the sectors, extending to the search and advisory services to pool the knowledge that they have to inform research need, to inform policy and to inform practice. So, there is a really important loop, which is represented in our case by regular sessions where those organisations providing front-line advice are coming to the task and finish group with other external partners to give Ministers a sense of the challenges and the nature of the challenges that they are facing.

[174] **Julie Morgan:** We had a great deal of concern in Cardiff about the specialist organisations that have been in position for many, many years who did not get any money from this funding and who've been under threat of closure ever since. Have you been able to investigate the impact of that sort of decision, where longstanding organisations, particularly those that provide a service to ethnic minorities and people with language issues, how—whether that has had an impact on what is being delivered in Cardiff, for example?

10:15

[175] **Dr Milligan:** Yes, how it's being picked up elsewhere. Not specifically. What we have done is to form the national advice network. So, one of the concerns that was driving the way in which the money for advisory services has been allocated was the work that came from an advisory services review, which was informed by the advice services profession—and I think they are a profession—who were drawing to our attention the specialist nature, the increasingly specialist nature, of the front-line advisers needing to be able to deal with the complexity of the benefits system as it was changing and give advice upon which people could rely. We were also very aware that there was much duplication, and therefore the initiative to have a national advice network that has within it the capacity and representation to do further work on standards, to recommend standards, to work to ensure that the totality of the breadth of advice required is provided—that's been a significant development. So, it's an attempt to cohere the profession and to raise the quality, in response to what we were hearing from the sector about the challenges, the increasing challenges, of advising on every instance.

[176] **Julie Morgan:** So, will this additional money—will there be any more additional money available in future years?

[177] **Dr Milligan:** The most recent announcement was in November of last year, which continued the £2 million additional funding into 2015-16. That's the most recent commitment.

[178] **Julie Morgan:** Right, so there's no—we don't know beyond that then, basically.

[179] **Dr Milligan:** That would be subject to budgetary discussions.

[180] **Julie Morgan:** Right. And this 30,000—I think you said 30,000—people. How does that compare with—. Have you got anything to compare that against—previous figures?

[181] **Dr Milligan:** No, because that's a specific figure relating to that funding stream. So, it's been collected so that we can assess the impact of that additional investment.

[182] **Julie Morgan:** I'm sure you are aware there is still concern about what is being provided in Cardiff.

[183] **Dr Milligan:** I understand there's concern. I suppose the assurance I can give is that not just the quantity but the quality of the advisory services is at the heart of the policy approach that we are taking.

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

[185] **Darren Millar:** Thank you very much for your evidence today. I'm afraid the clock has beaten us. But I'm very grateful—June Milligan, John Howells and Sara Ahmad—for your attendance. Obviously, we look forward to receiving the further information that you've indicated you'll be able to pass on during the course of the evidence session. The clerks will liaise with you regarding the provision of that. Of course, they'll also send you a copy of today's transcript, so that you can check it for any factual inaccuracies. But thank you very much indeed.

10:18

**Cynnig o Dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod ar Gyfer y Busnes Canlynol
Motion Under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting for the Following Business**

Cynnig:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o eitemau 5 a 6 y cyfarfod heddiw, a'r cyfarfod ar 9 Mehefin yn ei gyfanrwydd yn unol â Rheol Sefydlog 17.42(vi).

*Cynigiwyd y cynnig.
Motion moved.*

Motion:

that the committee resolves to exclude the public for items 5 and 6 of today's meeting and for the whole of our meeting on 9 June in accordance with Standing Order 17.42(vi).

[186] **Darren Millar:** We'll now move on to item 4 on our agenda: motion under Standing Order 17.42 to resolve to exclude the public for items 5 and 6 of today's meeting and for the

whole of our meeting on 9 June. I move that motion. Does any Member object? There are no objections. So, we'll move into private session. Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:18.
The public part of the meeting ended at 10.18.*