



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

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

Dydd Mawrth, 6 Mawrth 2012
Tuesday, 6 March 2012

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Procedural Motion

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Mike Hedges	Llafur Labour
Darren Millar	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie Morgan	Llafur Labour
Gwyn R. Price	Llafur Labour
Jenny Rathbone	Llafur Labour
Aled Roberts	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Leanne Wood	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Paul Dimblebee	Swyddfa Archwilio Cymru Wales Audit Office
John Drysdale	Cyfarwyddwr, TPAS Cymru Director, TPAS Cymru
Matthew Mortlock	Swyddfa Archwilio Cymru Wales Audit Office
Amanda Oliver	Rheolwr Polisi a Chyfathrebu, TPAS Cymru Policy and Communications Manager, TPAS Cymru

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

Dan Collier	Dirprwy Glerc Deputy Clerk
Tom Jackson	Clerc Clerk

Dechreuodd y cyfarfod am 9.22 a.m.
The meeting began at 9.22 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1] **Darren Millar:** Good morning, everyone, and welcome to today's meeting of the Public Accounts Committee. As usual, I remind everyone that the National Assembly for Wales is a bilingual institution and that translation facilities are available for Members and members of the public, with amplification also available for those who require it. We are continuing today with our evidence session on the Wales Audit Office report 'Progress in delivering the Welsh Housing Quality Standard', but before I go into our meeting proper, I indicate that there are no apologies, substitutions or absences today, and everyone has indicated that they will be here for the full meeting.

9.23 a.m.

**Tystiolaeth ar adroddiad Swyddfa Archwilio Cymru ‘Cynnydd o ran
cyrraedd Safon Ansawdd Tai Cymru’
Evidence on the Wales Audit Office report ‘Progress in delivering the Welsh
Housing Quality Standard’**

[2] **Darren Millar:** As I said, we are going to take evidence on the Auditor General for Wales’s report on progress in delivering the Welsh housing quality standard, and I would like to welcome today’s witnesses from the Tenant Participation and Advisory Service—TPAS Cymru. Will you both introduce yourselves for the record and give the committee a little bit of an overview of the work of TPAS Cymru and what exactly it is that you do?

[3] **Mr Drysdale:** I am John Drysdale and I am the director of TPAS Cymru. Broadly, we are a Wales-wide body, whose job it is to promote tenant participation with landlords in order to improve services and communities. In doing that, we have a range of activities that span training, consultancy work, advice on running networks, producing documentation and quite a lot of policy work with the Welsh Government and with social landlords to implement policies. In terms of the Welsh housing quality standard, we have always understood that we are quite a small player in a big arena with a lot of big organisations involved, and so we focused our efforts on particular niches, and those niches were with tenants and landlords before independent tenant advisors get into place. We have done a lot of training with tenants on how to conduct interviews, produce briefs and then manage an independent tenant advisor in a stock transfer process. We have produced documents in plain and simple language for tenants to translate large documents into digestible, easy-to-read information. We have focused in particular on the environmental standard of WHQS because, first, we could see that it was going to be a cinderella aspect and, secondly, we felt that it had major potential and importance with regard to involving tenants and giving them an environment and framework within which the new or improved homes would need to function.

[4] **Ms Oliver:** I am Amanda Oliver, policy and communications manager for TPAS Cymru.

[5] **Darren Millar:** Thank you for your attendance today. We appreciate your coming to give us evidence. The Auditor General for Wales’s report had some conclusive findings about the fact that the Welsh housing quality standard, and progress towards it, had been very different in different parts of Wales and that it was unlikely that the Welsh Government’s original target date of 2012 was a date by which all registered social landlords’ housing stock would meet the standard. Do you concur with that assessment? What do you think the rate of progress has been like from your perspective as an organisation?

[6] **Mr Drysdale:** Yes, we concur with the report’s conclusions. I have a number of qualifications with regard to the report, one of which is that it is perhaps does not sufficiently recognise the fact that stock transfer was a policy in itself that was part of this framework. It was not just a mechanism to implement WHQS. There was a drive to generate stock transfer and, at the local level, as the transcript of your previous meeting indicates, this was opposed. It was not a case of people just being slow or incompetent. It was a policy that was opposed. Welsh Government has only limited authority over local authorities and was, therefore, in a position of negotiation, leverage and pressure. From our point of view, we always saw the deadline of 2012 and the rather hard and fast emphasis put on it as leverage to get people in motion rather than a realistic target.

[7] **Darren Millar:** Let me clarify this: you think that the 2012 target was deliberately

overambitious in order to encourage progress across Wales, particularly in local authorities where the Governments knew that there could be some resistance to stock transfer.

[8] **Mr Drysdale:** No, not quite that. I would not say that it was deliberately overambitious. I take the point in the Wales Audit Office report that the state of stock condition data and monitoring systems were such at the time that there was a certain amount of putting fingers in the air. There were aspirational targets. It was a case of it knowing what standard it wanted, asking how long it was going to take and putting a figure on it. Having put a figure on it, it remained apparently hard and fast for quite a long time. I think that the reason for that was in order to give no wriggle room and to exert pressure on local authorities to get moving on this.

[9] **Darren Millar:** Okay, thanks. With regard to the improvement works undertaken as part of local authorities and others meeting their obligations, have tenants been generally happy with the quality of the work and the speed at which the work is undertaken, or have there been problems?

[10] **Mr Drysdale:** Yes, overall, tenants have been happy. There will always be instances where people are not happy with the quality of a particular bit of work, and we are aware that, with certain landlords and certain contractors, things have not been great. However, on the whole, tenants have been very happy with the work. Again, having read the report and the transcript of the last meeting, I would make the general point to you that it does not take full compliance to make tenants happy. Some element of the standard having been met has made some tenants very happy, and the feeling that things are happening and coming along has been very important. So, the emphasis on the target date of 2012 and full compliance is, to some degree, not essential at this stage in the game from a tenant's point of view, I would say.

[11] **Jenny Rathbone:** To what extent do tenants understand landlords' obligations to bring housing up to the WHQS? What has been your role in empowering tenants to know their rights and to be able to put pressure on landlords?

9.30 a.m.

[12] **Mr Drysdale:** I will answer the second part of that question and then hand over to Amanda to answer the first part. I mentioned plain and simple language; that has been our main role, alongside providing advice. We have also run conferences and seminars to try to put over the policy, what is going on and how tenants can be involved in WHQS processes. So, we have done what we can to make the information available in an accessible format, and not just about WHQS itself. We also did work with other housing partners on the community mutual model and on explaining what that was about and how it worked.

[13] **Jenny Rathbone:** How is that disseminated across Wales? You have had seminars in one or two cities, and you hope—

[14] **Mr Drysdale:** Yes. We are a membership-based organisation. Most social landlords in Wales are members—two or three years ago, they were all members. So, that information goes out to a range of staff among those landlords and it is up to them to utilise it.

[15] **Jenny Rathbone:** So, you do not speak to tenant organisations directly.

[16] **Mr Drysdale:** Yes, we do and we speak to members. They get the same information and the mail-outs. For example, the most use made of our material was by Newport City Council, which eventually bought the copyright to print the plain and simple leaflets that we had produced. They printed them in their thousands to hand out to tenants. So, it very much depended on landlords making the effort at the local level to utilise the ammunition that we

gave them.

[17] **Ms Oliver:** Going back to the first part of your question, in our opinion, tenants, particularly those who are regularly involved with their landlords, are very aware and fully understand the Welsh housing quality standard and its various elements. Tenants of local authorities, particularly where there has been a stock transfer, know the ins and outs of the standard and have been involved in a range of mechanisms with the local authority and the new stock transfer organisation to become really involved with that standard. However, our feeling is that, possibly, with traditional registered social landlords there has been a little less engagement with their tenants on what the WHQS means to them. As John mentioned, we have worked hard with colleagues across the housing sector, including the Welsh Tenants Federation, Community Housing Cymru, the Chartered Institute of Housing and i2i—the inform to involve project—to ensure that tenants, staff and elected members have access to information. That information is still readily available on our website.

[18] **Aled Roberts:** I accept what you say on those tenants who are regularly involved, but in any authority the number of tenants who are regularly involved is very low. What evidence do you have that all of the information that you have produced is used? For example, in Wrexham, among around 12,000 tenants, the experience was that most of the pamphlets and even the DVD that was produced were being recycled quite soon after being distributed.

[19] **Mr Drysdale:** We would not pretend that it gets down to the grass-roots level. In a sense, we are saying that that is the weakness for us as an organisation: the tenants with whom we are in regular contact are the active, informed tenants, so that is the perspective that we get. However, we know that there is a huge iceberg of people who are not involved, who do not take much notice and who are not well-informed about what is going on. However, having improvements done to your home is a prime motivator of people's interest. Therefore, that is a gold-plated vehicle for landlords to engage with tenants, to give them information and to involve them in different ways, be that just about choosing the colour of the kitchen units or in wider ways as well. It is down to the efforts of landlords at grass-roots level as to how well ordinary tenants are aware of WHQS. It is very patchy.

[20] **Aled Roberts:** Is it not a problem that, where the stock has been retained, you are in a self-perpetuating cycle if tenants' satisfaction rates improve and there is increased investment in kitchens and so on, even without stock transfer? There is no plan B, as far as the Assembly is concerned.

[21] **Mr Drysdale:** I think that there are two things there. Yes, attributing increases in tenant satisfaction to one particular factor is very difficult—there may be all sorts of reasons why tenant satisfaction has increased. In terms of a plan B, by which I understand from the transcripts that you mean what is to be done about Wrexham, Swansea and other places that do not have the money—by definition, or they would not have been going down the stock transfer route—to implement WHQS, where do we go from here? There is no plan B. We have always expressed it as being, to some degree, that the Welsh Government has painted itself into a corner on this and if tenants said 'No', that is difficult. It is about money—it was always about money and the whole stock transfer process. It is not easy. However, our stance has been that it is not a level playing field. Tenants have not been given a fair choice in stock transfer; they have been given Hobson's choice. It was either, 'Transfer and get the money to enable you to do the job', or 'Put yourself in a position where you do not have the money and you may not get WHQS'.

[22] In the long-term future, our stance as an organisation would be that there is a whole policy drive about convergence between council tenants and housing association tenants on tenancy agreements, rents, regulation and single domain. The logic of that policy drive is that the financial playing field should be levelled. It is not going to make many local authorities,

staff, councillors and, perhaps, tenants, happy that the rules of the financial game have changed half-way through the process, but I cannot see any other way out of it. Only money will solve the problem of plan B.

[23] **Darren Millar:** It is interesting that you talk about changes. One thing that we have discussed as a committee is the way in which Wales returns significant sums to the Treasury on an annual basis. That could, perhaps, be used to help fund—if it was unlocked and stayed in Wales—the sorts of improvements that you talk about. Do you have any specific views on that?

[24] **Mr Drysdale:** I have seen the jokes about the three people—one is mad, one is bad and one is dead—who understand the housing revenue account. As with others—I think that it was Aled—I am not one of the three either.

[25] It is easy to identify that money, but it is part of an overall pot and you cannot get access to it. It is some kind of quid pro quo for housing benefit support that comes through the Department for Work and Pensions. So, the discussion about that money is on an entirely different level from the one about the operation of funding services and improvements to housing. That is the problem; it is some kind of arcane, national financial level. Yes, it is an outrage and people are opposed to it. I know that the Welsh Government has spent a lot of time trying to negotiate it out of the system, if you like. Yes, if there was more money available, it could be used for improvements.

[26] I think that, like many things in housing, we now have an edifice—the house that Jack built—and tinkering further with it is really difficult. The housing Bill gives an opportunity to sweep some of that away and have a distinctive Welsh housing policy. That has its risks, because you are starting from scratch—you are going to make mistakes and learn—but I think that we need to do it. The housing finance structure is probably part of that, as well. It needs root-and-branch reform, rather than to be messed around with.

[27] **Julie Morgan:** I want to ask you about the concept of acceptable fail. Some of that is due to tenants' reluctance, but what sort of effort do landlords make to overcome the reluctance of tenants to have improvements carried out? What are your observations on that?

[28] **Mr Drysdale:** Again, Amanda has done some work on that.

[29] **Ms Oliver:** My understanding of the issue around acceptable fails comes from the revised guidance issued in 2008, where a landlord could report an acceptable fail on an element of the WHQS under three conditions. So, the first is the physical constraints of the property, and the classic example is not having level ground access around a property where it is built on the side of a mountain. The second is timing constraints, such as the property no longer being in use when the works are programmed, or that it would not be cost-effective to do that element of the work. Some of that relates to off-gas properties in rural areas. The third is around tenant choice, which you just mentioned. So, for instance, a tenant may decide that they just want a shower in their bathroom, rather than a shower and a bath.

[30] No evidence has been reported to us through any of our networks or through the tenant organisations, or any anecdotal evidence, that it has been exploited by landlords. We agree with the report that there needs to be consistency in the reporting of acceptable fails and for detailed notes to be provided on why there has been a fail. We have spoken to contractors—

[31] **Mr Drysdale:** May I add to that? The pressure has been the other way in the only evidence that we have received, in that this is largely being interpreted and implemented by technical building staff. One contractor told us, through its tenant liaison officers, that it had

to persuade the landlord to back off from large-scale works in the home of a 90-year-old lady who did not want those works to be carried out. The contractor had to try to make the landlord recognise that the person did not want those works to be carried out, or perhaps could not cope with them. So, the drive was from the technical staff to achieve the technical standard. So, we have not seen any evidence that it has been abused.

[32] **Julie Morgan:** Do landlords use the acceptable fail criteria as an excuse for not reaching the standard?

[33] **Mr Drysdale:** That has not been reported to us. I do not know what the figures are for acceptable fails—I am sure that the Wales Audit Office would know—but I do not think that they are at a level that makes us suspect that something untoward is going on.

[34] **Mike Hedges:** One of my concerns is that the Welsh housing quality standard has almost become shorthand for having a new bathroom and kitchen fitted, which will last forever. There is a lot more to it than that. Turning to the environmental standard element of the WHQS—and you mentioned your previous work with Groundwork Wales—do you consider that landlords now understand the WHQS environmental standard requirements and give external environmental works sufficient priority and resources? That is, making the areas around the property look nicer may have a better effect on people's lives than putting in a new bathroom, under the WHQS, and expecting it to last forever.

[35] **Mr Drysdale:** There are about four questions there, to which the answers are, on the whole, 'no'. The environmental standard requirements are interpreted by landlords as being a secondary standard. It is an expensive and uncertain standard, so many landlords and their staff have thought, 'We're not going to give it much priority or money, and we're going to try to restrict it to fencing to the front of the property and to its curtilage, street lights, and that kind of thing. We did the research and produced the revised guidance because there was nothing in the documentation. So, in order to say that it needs to be much more than that, we are running a series of seminars entitled Great Homes Need Great Spaces.

9.45 a.m.

[36] You can spend money on improving houses, but if they are in a location that is going to deteriorate rapidly, you will be wasting your money and you will have to spend it again. It is crucial to try to make the area and the environment more positive as well. For us as an organisation, it is a gold-plated opportunity to involve tenants. Having work done in your home is a prime motivator, but having work and improvement done to your area and neighbourhood come a close second for involving and engaging people. That is key to raising the general standard and tone of an area, and people's pride in it. That then helps maintain the quality of improvements in houses for a longer period. Some landlords have got that—they understand that. Many landlords have not. Carmarthenshire has been highly committed to this. I think that it put £34 million in its budget for environmental improvements over a seven or 10-year period, but that is down to around £7 million by now. When the going gets tough, it is the environmental standards funding that is cut. There is not a great deal of understanding or commitment to it, so it is a lost opportunity. In terms of making joined-up connections, a lot of work is happening in Wales in other ways on area improvement. For example, Communities First has not been as well connected as it might have been as a set of policy strands.

[37] **Mike Hedges:** Would there be any advantages to splitting the Welsh housing quality standard in two, with one for physical changes in houses and the other for managing the environment? You could then see how people are doing in both areas. I have yet to hear someone say how often bathrooms and kitchens should be replaced. It seems to happen after a stock transfer—new bathrooms and kitchens are put in, and that is it, forever. I have yet to

hear somebody say that it should happen every 15 or 20 years, or whenever. You would then have a new replacement programme.

[38] **Mr Drysdale:** I have no doubt that 30-year business plans must have some assumption of when bathrooms should be replaced. The Wales Audit Office recommends that it should be every 15 years. However, common sense must be taken into account. If somebody is happy with their bathroom, if they do not want disruption, if they have customised it to their own taste and liking, and if it does the business as a bathroom and enables them to get clean in relatively warm and comfortable surroundings, then leave it be if that is what that person wants. There needs to be a degree of flexibility around that.

[39] On your first question about splitting the standard, the plus would be to have separate funding and accountability streams attached to it. If there were not separate streams, then the likelihood would be that you would just create a second-class area of work for the environmental standard. If the same people have to do both, you would condemn the environmental standard to less attention. It is integral to it and it would be difficult to split it. Perhaps something could be done to require clearer planning for environmental standards work and identification within budgets for what that will be. I did a large part of the research work on that and on the guidance. We said that landlords must realise that when they speak to tenants about their environment, they will not get them to concentrate only on the fencing, the front garden and the street lights, because the responses will be about the whole set of issues within the area, and that they should not be afraid of that.

[40] They need to take people's views into account. They need to work with people, but they need to trust them and to say, 'We only have this amount of money. What are your priorities? Okay, we'll do these things first'. You do not actually have to create Shangri-La in the area. You have to create the understanding that there is a plan, that people have been listened to and that progress will be made even if it is quite slow. In doing that, you can bring people on board. If the community spirit and the community connections are being built, that will have a constructive effect on the standard of the area anyway. Many staff are afraid of opening Pandora's box if they look at the environmental standard in depth, but it does not have to be that way.

[41] **Mohammad Asghar:** Good morning to you both. What changes, if any, should the Welsh Government make to the WHQS to address, for example, fuel poverty? As it stands, does the WHQS adequately reflect tenants' priorities?

[42] **Mr Drysdale:** I would love to see the WHQS having a higher energy efficiency standard. Again, it comes back to finance. Some tenants are likely to benefit much more quickly from that than others. For those in older, traditional homes, it will be much more expensive and much slower to achieve an improvement in energy efficiency. That will be quite difficult. You could end up creating greater inequality and fuel poverty among tenants, and that is to be avoided if possible. On whether the priorities of the Welsh housing quality standard are those of tenants, I have to say that I do not know. I do not know whether anyone has actually asked tenants that question and got the answer to it. However, I have heard very few tenants saying that a particular bit of the Welsh housing quality standard seems to be nonsense and that it is not their priority. In general, they think that these are the things they would be concerned about. However, the comments have been along the lines of, 'My front door is fine. Why do you want to change it?' or 'My bathroom's okay' or 'Actually, I only put new kitchen units in two years ago; I'd like to keep them rather than you changing them'. However, those are at the margins. Most tenants are very happy to have those improvements. Do you have any thoughts on this, Amanda?

[43] **Ms Oliver:** I think that we need to be reminded that it is not a gold tap standard. It is about providing quality affordable accommodation in Wales. As John mentioned, we have not

heard from tenants that these priorities would not be their priorities. However, thinking personally about what I want in my home, I want a decent bathroom and a decent kitchen; I want my home to be warm and fuel efficient; and I want to live in a decent, safe environment. These are things that we would all aspire to.

[44] **Mohammad Asghar:** An incident happened in my region with some disabled tenants in a housing association building. They wanted some changes because they were paying the bill together rather than splitting up what was used individually, but the landlord did not take notice for five years, until the matter came to us to be sorted out in the end. That sort of housing problem still exists in certain areas because people cannot say what they need. As I said, they were disabled people. What are you going to do about that sort of situation where people who are not able-bodied are living in housing association accommodation?

[45] **Mr Drysdale:** That should be part of the standard. The home should be suitable for the person occupying it. We have an aspiration for lifetime homes. That is difficult in financial terms and it is also difficult to know what demands there will be over a lifetime for that person in that home. As far as service charges go, again, it is common sense. Our standard policy on it is that landlords should give a very detailed breakdown of what service charges consist of and provide some evidence of the expenditure. If people are paying for something, they ought to know what they are paying for and what they are getting.

[46] **Julie Morgan:** We have been talking about tenant engagement. Do you see any difference between the different types of landlords in their efforts to engage with tenants?

[47] **Mr Drysdale:** Yes, there is a huge difference. On average, housing associations are much better than councils at involving tenants, with honourable exceptions and with the qualification that, probably, there is an overlap in the spectrum with mixing in the middle. Stock transfer landlords are hugely far ahead in effort and impact in terms of involving tenants, which derives from having to win a ballot and inform and persuade people. That has created a huge momentum and the bar of tenant participation has risen hugely in the past three or four years, largely driven by the stock transfer landlords. So, yes, there are very big differences. However, one of the things I would say is that the opportunity to promote tenant participation is not just for itself, but for the fact that it has an effect on services, accountability and the quality of communities—that is why we do it—and it is a shame that, on the whole, housing associations have made far less effort to engage tenants on WHQS and to inform them about it. It has largely been business as usual, and numbers of retention landlords have also dealt with WHQS pretty much as business as usual, rather than taking the opportunity to really build tenant involvement.

[48] **Julie Morgan:** Is there any reason why councils could not become involved with tenants in the same way as the successful landlords do?

[49] **Mr Drysdale:** Intrinsically, no. However, there are a number of fairly obvious reasons for that: one is money. The councils probably do not have quite the same resources as housing associations. Councils also have an elected accountability and power structure that means that there is a group of people taking decisions whose responsibility and right it is to take decisions and somehow you have to mesh those things. In some councils, that has not been a problem, but in other councils, it has very much been a problem where elected members have seen actively involved tenants as a threat. The other issue for councils is that the housing departments are part of a much larger structure and there is inertia and a set of ways of working within the larger structure. Housing associations are dedicated social landlord bodies. They are smaller, more agile and have more resources. That is why there is a difference. There are honourable exceptions. Some councils do a pretty good job, however, from looking at things such as participation strategies, for example, we can see that the range and scope of tenant participation activities is generally a bit smaller.

[50] **Julie Morgan:** So, we do have councils in Wales that do well on tenant participation.

[51] **Mr Drysdale:** Yes. I would not say that any of them do terribly badly. Again, I have seen quite big steps forward in terms of tenant participation being taken by councils, not just the stock transfer landlords and the housing associations.

[52] **Jenny Rathbone:** One of the complicating factors is that, on any council estate, about half the properties will have been sold under the right to buy. They are either lived in by the people who bought them originally or they have been rented privately. A really complicating factor for councils is that leaseholders tend to be the ones who shout loudest, but how well do councils find other pots of money to enable the whole environment to be improved as opposed to just dealing with the houses that have council tenants? Is this not quite a big issue?

10.00 a.m.

[53] **Mr Drysdale:** It is a big issue. As an organisation, we are now misnamed. We are no longer the 'tenant' participation service for those reasons; it is tenants, residents and leaseholders, and private rented sector tenants are starting to be part of it as well. It is a really big issue for some tenants, who say, 'Hang on, you're using my rent to run meetings, conferences or training for people who are not tenants, people who are residents'. There is not money coming in from another stream to fund the residents' side of it. It is one of my hobby-horses that there is not sufficient interconnection between the housing sector and the community sectors. I see it all the time. I know that the Welsh Government is looking at developing training for Communities First staff and others in community development, which will be funded in one way. It is looking at funding the participation of residents and citizens with public services in another way and considering a training programme for that. We are in discussion with the housing division about a tenant training programme. Really, there ought to be a training programme for residents and citizens with housing and tenant elements in it, rather than the specialisms. There is a real need for joining this up and linking up tenant participation with more general community resident participation.

[54] **Jenny Rathbone:** However, on the issue of the WHQS, how big an issue is it that perhaps half the properties are no longer social tenancies?

[55] **Mr Drysdale:** It is a big issue for the environmental standard, in that you have to engage those people if you are going to address the area, and it is a very big issue for leaseholders, particularly those living in flats where the landlord is saying that the tenants have got to have these works done and that they have to pay for them. It is an absolutely huge issue, and there will be large bills for people who may well not have the money to do it. We all recognise the issue, but I am not sure we have the solutions yet.

[56] **Darren Millar:** A couple of other people want to come in on this, and we have a few more questions left to ask as well. Therefore, I ask Members and witnesses to be brief with their questions and answers.

[57] **Julie Morgan:** That was the very issue I was going to ask about. I have had major issues with blocks of flats, as I am sure we all have, where some have been bought and others have not and there is absolute outrage. The council makes improvements to the inner area. I think you have already said that you do not have an answer to that. We need an answer to it. That is all.

[58] **Aled Roberts:** On the participation of people, what was the reaction of the Welsh Government to the point that has been made that it is nonsensical that you put different types

of residents in different categories and devise different training programmes?

[59] **Mr Drysdale:** On one level, it is recognised that that is right. However, with different staff being responsible for different things and different functions under different Ministers, it is actually quite difficult to get that degree of co-ordination and collaboration. There are moves in that direction with regeneration, for example. I understand that Cabinet has now agreed that all ministries and their departments must be able to work with the regeneration agenda and demonstrate their contributions to it. Therefore, I think that the direction of travel is towards greater co-ordination, but it is always difficult. Why do we specialise in departments? It is because there are some efficiency gains when it comes to dividing up tasks between different people. If you have everyone doing everything, you run the risk of inefficiencies. So, I think that there is movement, but it has not got there yet.

[60] **Gwyn R. Price:** Good morning. What are the main factors that have driven tenants in some areas to reject stock transfer? What more, if anything, could have been done to overcome tenants' concerns? I have a little follow-up question. How, as an organisation, did you get involved in the preparation for tenant ballots on stock transfer and subsequent stock transfer processes?

[61] **Mr Drysdale:** I will ask Amanda to answer that question because I know that she has done some work on the first part of that.

[62] **Ms Oliver:** As an ex-local-government officer who was involved as part of a transfer team that experienced a 'no' vote, I can speak from personal experience, but I also have wider knowledge of the issues that I have gained from housing colleagues. There have been both similarities and differences between the kinds of 'no' votes that have occurred in Wales. The similarities in the 'no' votes—and I am talking about cases like Swansea and Wrexham in 2004 and 2007, and then the recent ballots in Caerphilly and in the Vale—that we have picked up are around communication and miscommunication. Certain groups that are against the transfer of housing stock are very able to put out miscommunication about the process, and there are some difficulties with the local authority being able to respond to that in terms of timescales, and being able to get the information out as quickly as possible to mitigate any issues around that. Obviously, there need to be checks and balances by the Welsh Government to ensure that the information is factually correct, but it can be a slow process.

[63] Secondly, there are issues around whether it is appropriate for the local authority to respond to the misinformation that is going out. There is also an issue around tenants who are actively involved in the process of stock transfer; a number of them have felt that they have wanted the right to be able to put out their own communications to their peers, so they could talk on a similar level to them, but there has been no facility to do so. The other two issues are very closely linked to communication. There has been a lack of corporate support and leadership from the local authority in backing the stock transfer—sometimes they have not understood the wider benefits of the stock transfer process—and it then becomes very difficult for front-line staff to carry that message forward. There are issues around local politics as well. Many elected members have not and did not want to engage with the process and were quite happy to toe their political party line on the issue, if they have one.

[64] I want to talk about the differences around why there have been 'no' votes in Wales. In the case of the 'no' votes in 2004 and 2007, it was a case of expecting the cavalry to come over the hill at some point with funding; tenants did not vote for the transfer because they thought the money would be there, eventually, to achieve WHQS fully. In the recent round of votes in Caerphilly and the Vale, there has been an acceptance of plan B, if you like, that that standard could be met partially within a certain period of time, but if the transfer took place, it could be met slightly quicker than the local authority could achieve. I do not think that there has been an appreciation of the wider benefits of the transfer process in terms of the

regeneration element and the ability to increase job opportunities, and so on, that stock transfer can bring to the wider economy.

[65] **Darren Millar:** In terms of your involvement as an organisation with those tenant ballots, will you tell us what you have done throughout the stock transfer process? I will then bring in Mike, because I know that he wants to ask a question.

[66] **Mr Drysdale:** I think that I covered much of that earlier on. We saw our role as being in certain niches, and it was about information translation. We were looking at offer documents that were 3 kg in weight, and tenants were saying to us, 'Nobody's going to read past page 2'.

[67] So we produced a leaflet in plain and simple language that was only two pages, so, hopefully, more people read it. We did the pre-ITA training and so on, and, when the independent tenant advisor has gone away and the stock transfer has happened or not, we have been heavily involved in constructing the kind of structure of tenant participation that the landlord has gone on. I would not claim that we have done most of that—most of it has been done by the landlords themselves—but we have contributed to that, and the environmental standards side of it. Certainly, in Caerphilly, we have done a lot of training with the tenants, and we have been an advice point—they have e-mailed and phoned and come to us and said, 'This is happening; what do you think we should do about it?', and we have advised them and supported them. At one point, we accompanied them to hand-hold when they came to a meeting with the Welsh Government about concerns that they had. So we provided a kind of support or adviser role as well.

[68] **Gwyn R. Price:** Were you surprised, then, at the extent of the vote against it? Two thirds rejected it in Caerphilly.

[69] **Mr Drysdale:** I would not say that I was surprised, because I do not think that I ever had a feel for how it was going. I guess I was disappointed. I know the tenants who were actively involved, and the situation in Caerphilly was one where, largely, the active tenants wanted transfer and the officers and the members did not. To that extent, it is not perhaps surprising that it did not happen, given that it was not really supported by the council. However, I think that the tenants themselves were disappointed, and I asked them, 'What next? Are you going to give up in disappointment?', and they said, 'No, we are up for it. It is retained. There is apparently a plan so that we can implement WHQS, albeit over a somewhat longer period. We're up for it. We want to be engaged and involved in making that happen.'

[70] **Mike Hedges:** I was surprised by one of the answers that you gave, because my experience in Swansea was that the pro-stock transfer group massively outspent the organisation that was opposed to stock transfer. The council spent several million pounds on it, whereas I doubt whether the people against it spent several thousand pounds, so they were massively outspent. Is it not the case that one of the reasons for the 'no' vote is that people like the local authority as their landlord and they wish to stay with it? If they want to move to a housing association, those houses are available in the area and they can move to them.

[71] **Ms Oliver:** Yes, there is an element of 'better the devil you know' in cases where there has been a 'no' vote. Part of the problem with the stock transfer process is that the council itself is creating this new organisation to transfer to, so that the shadow organisation, the new stock transfer organisation, does not have its own identity, officers, or any particular plans. The work that it says that it will do is included in the offer document that is given to tenants, so that is an issue. It is quite difficult for tenants to understand some of the issues—you will still be dealing with the same people in the new organisation that you deal with at the minute in the local authority. It was quite difficult for them to get their heads around it, in terms of dealing with the same people, but getting all this extra work done and extra funding.

The whole process of stock transfer is quite a difficult one for people to understand.

[72] **Darren Millar:** Aled, could you be brief?

[73] **Aled Roberts:** Is there not a need to look at individual circumstances rather than suggest that there is a single reason why stock transfer did not happen? I have to disagree with your position in the same way as Mike did. You said that there was a lack of corporate support—in Wrexham it was that the corporate management was pushing for stock transfer, the leadership of the council was pushing for stock transfer, and the tenants who were engaged in the shadow stock transfer were pushing for it, but the problem was that they did not take the housing department staff on the ground with them, they did not take the backbench councillors with them, and they certainly did not take the tenants with them. The other thing that we have to factor in is what people's experiences are locally of registered social landlords other than the council. In some instances, the perception of the RSLs is perhaps not as favourable, as might have been outlined earlier.

10.15 a.m.

[74] **Mr Drysdale:** I would agree with that. A lot of tenants are quite satisfied with being council tenants, and that is right and proper too. I think that council housing is great. Just to perhaps interpret the lack of corporate support, in Wrexham specifically it was the split in corporate support that was particularly damaging—there were mixed messages, with some councillors openly campaigning against transfer and others campaigning for it. That leaves the tenant in a very difficult position, and then it becomes, 'Well, I am reasonably satisfied', or, 'I don't know; I will stay with what I know'. That was one of the common factors that was really damaging. Where there is a split, and there are oppositional voices within the local authority, including staff, it makes it very difficult to win the ballot.

[75] **Jenny Rathbone:** Are there any cases in Wales of transferred tenants wanting to go back to being council tenants?

[76] **Mr Drysdale:** No, and, on the whole, stock transfer landlord tenants are very positive about what is going on.

[77] **Aled Roberts:** This question arises from your evidence, rather than anyone in Wrexham paying me to ask it. What would you like to see happening in those instances where authorities have a 'no' vote, there is absolutely no prospect of a viable business plan to deliver WHQS, and, in reality, the tenant satisfaction rates are relatively high?

[78] **Mr Drysdale:** We touched on it earlier—the only solution is to give those local authorities finance in one way or another: dowries, or writing off of debts to enable them to actually do it. However, it will create resentments in some other areas where people feel that, if they had had that, they would not be in the position that they are in now. If there is a quality standard and that is the standard of homes that people should live in, then there is a responsibility on Government to ensure that that happens, but in the current financial situation we all know that that will be extremely difficult.

[79] **Leanne Wood:** Could you give us your perspective on the possible impact on tenants and landlords of the Welsh Government's proposals for social rent, and of the UK Government's welfare reform and others changes to benefits, such as housing benefit and all the rest of it?

[80] **Mr Drysdale:** 'Dire', in a word. We saw the Cuts Watch Cymru report last week, which indicates some of the impact. I am sure that all of you, in your constituencies, are getting an increase in problems with housing benefits. We all know that it is happening, and it

has barely started yet, so it will have a terrible effect on tenants. We will have problems with rent arrears and perhaps evictions, and people will have less money to live on. That will have a knock-on effect on the business plans of landlords, and the impact of that has not been plotted, so far as I am aware. Everybody is aware of it and is holding their breath, trying to work out exactly what the impact will be.

[81] **Leanne Wood:** Is there anything that the Government could be doing now to mitigate the impacts, or is it a case of waiting to see how big the impacts are and then, hopefully, being able to plug the gaps later?

[82] **Mr Drysdale:** I do not think that we need to wait. We know what the impact will be in rough terms. I have heard that there are discussions going on with the Minister for housing about boosting the advice capability in Wales to enable tenants and residents—it is not just social housing tenants who are affected by this—to cope with it. That makes sense. It is a personal hobby-horse of mine that we have a system that has liberally funded legal advice to date, and has been very tight about funding advice that prevents people from getting to the point where they have to deal with legal action. There is a case for Wales to have a distinctive approach to advice services to put the emphasis on prevention, rather than legal cure. I would welcome it if there were an increase in housing and benefits advice services and generating collaboration between the different voluntary and statutory bodies involved. However, that, in a sense, is about dealing with symptoms. It is not possible to deal with the issues until Wales has its own capability with regard to a benefits system.

[83] **Ms Oliver:** In my role within TPAS Cymru, I have been working with colleagues within the housing sector and Welsh Government officials to promote the message to tenants. Landlords are very aware of the issues that will be facing them and have been able to show some good practice in that they are upping the levels of money advice services and the financial inclusion work that they are doing to try to mitigate some of the impacts. I understand that some very good work has been undertaken between landlords and benefit departments to identify people who may be facing particular issues around the welfare benefit changes. There are going to be issues, but I think that landlords are starting to work more proactively in trying to bring that advice service within their organisation to help, because they know their tenants.

[84] **Mr Drysdale:** I saw a good example of the response to this yesterday in a participation strategy, where a landlord is planning to train tenants to be able to advise other tenants on money matters. That is turning a problem into a positive by engaging people and building skills and confidence, and so on.

[85] **Darren Millar:** That just about brings this part of our meeting to an end. I thank John and Amanda for the evidence with which you have provided us. We appreciate that, and, as always, a copy of the transcript of today's proceedings will be on the internet, and one will be issued to you as well. If there are any errors that you want to correct, please let us know. Thank you very much indeed.

10.23 a.m.

Cynnig Gweithdrefnol Procedural Motion

[86] **Darren Millar:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).

[87] I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.23 a.m.
The public part of the meeting ended at 10.23 a.m.*