

Paper for the National Assembly of Wales Public Accounts Committee 19th May 2015: Re: the WAO report *Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales*.

Areas of focus:

Value for money:

Robustness of Department for Work and Pensions' impact assessments, including methodology and evidence of savings/costs resulting from the changes;

We believe there are significant flaws in the thinking behind some of the reforms, the spare room subsidy being a case in point. The social housing sector does not have enough smaller properties to enable all of those impacted upon by this change to access an alternative home. (NPT Homes has over 2,000 households affected and few smaller properties coming up for letting). If the main alternative is to seek a smaller property to rent in the private rented sector, the likelihood is that the rent payable and now fully supported by Housing Benefit, will be greater than the original social housing property costing the public purse more, not less. This does not take into account the potential additional public costs associated with house moves e.g. change of schools for children.

There have been additional staff employed by the DWP to action Universal Credit (UC) e.g. as job coaches, no visible savings can be detected as an external observer.

The cost of managing the impact of welfare reform on the Welsh Government, the third sector, local government and housing associations;

There have been considerable costs in managing the impact of the changes. As a single organisation NPT Homes employed an additional ten financial inclusion officers to ensure each tenant impacted upon by the spare room subsidy was visited up to three times to fully explain what was happening, how it would affect them

and what actions were open to them. This certainly helped the transition for many of our tenants but not all coped with the change causing increased cost to us and ultimately the court system. Local authorities were given additional funding to increase the number of discretionary housing payments (DHP) made, this was a significant job and either put current staff under pressure or created additional costs in employing more staff to deal with it.

The preparation for UC has created a similar increase in activity and therefore costs, to initially advise tenants and applicants about the new regime and how it will impact on them and also to administer the changes.

Advice and Support for tenants:

Local Authorities engaging with and responding to the needs of tenants affected by the spare room subsidy/benefit cap;

Good experience in Neath Port Talbot as close working relationship with the Council officers. Set up a Borough wide Welfare Reform Group and developed three pilots, one being a 'One Stop Shop' staffed with a number of third sector organisations so that tenants and others could deal with a myriad of queries at once. It was successful and continues to operate.

Quality/effectiveness of advice provided to tenants by third sector and local authorities;

As above, the feedback has been very positive.

Ability of tenants to access ICT, and support for increasing access;

This is a significant issue and a joint approach is being taken by the Council and housing associations to make IT available in public offices with help and support on hand. Communities 2.0 funding was accessed and was able to make a real difference.

The overall efficiency and fairness of Local Authorities' appeals system, including costs, management and comparison with English Housing Associations' processes. This would not entail consideration of individual cases;

The system as experienced locally has been fair and managed well. I couldn't comment on the costs or the comparison with England in general although in the North West of England there have been some difficulties reported anecdotally.

Availability and provision of alternative housing and its impact:

Level of 1 and 2 bed stock availability, including scale and affordability of housing associations' development programmes;

The focus over the last 30 years has been to support social housing providers to build homes that are in greatest demand, in most areas of Wales that is family accommodation. There have been a number of smaller homes built in the last ten years as funding has been tighter and the return on investment on smaller units of accommodation is greater. The additional funding made available by the Welsh Government recently will have helped to alleviate the disproportionate number of larger properties but only very slightly.

Impact of rent arrears on ability of tenants to transfer to more appropriate property under the new arrangements;

Where the arrears have only built up through the introduction of the spare room subsidy I believe most social housing providers will allow and encourage a move to a smaller property, what arrangements are then made to recover the arrears would be up to the individual organisation. NPT Homes would continue to pursue the debt at a reasonable level or agree with the Council that they would pay it off through DHP.

Impact of changes on other households in housing need seeking social housing – homeless people, waiting list growth, for example;

The waiting lists are growing at a higher rate than in the past, however it is not clear that this is as a result of welfare reform.

Use of the private rented sector;

The private rented sector is and has been a key contributor in relieving housing pressure on the social housing sector. There are a

number of well-advertised and successful schemes operating across Wales with social landlords taking out leases with private sector landlords to expand the availability of affordable homes.

Preparing for change:

How effectively local government, the Welsh Government and housing associations prepared for changes associated with Welfare Reform.

Experience is that all of the above are working collaboratively to minimise the detrimental impact that the welfare reform changes will have on the most vulnerable across Wales. The pilot run in NPT has included DWP officers too and is working well, although it is very early days. The cost associated with all of the additional work has not been quantified locally but is clear to all that it is significant.