A Report of the:
Community and Adult Services Scrutiny Committee

The Impact of Under Occupation of Social Housing (Bedroom Tax) Welfare Reform in Cardiff

January 2014

Cardiff Council
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAIR’S FOREWORD</td>
<td>3</td>
</tr>
<tr>
<td>TERMS OF REFERENCE</td>
<td>5</td>
</tr>
<tr>
<td>OVERVIEW OF WELFARE REFORM</td>
<td>6</td>
</tr>
<tr>
<td>KEY FINDINGS</td>
<td>10</td>
</tr>
<tr>
<td>RECOMMENDATIONS</td>
<td>19</td>
</tr>
<tr>
<td>EVIDENCE</td>
<td>21</td>
</tr>
<tr>
<td>INQUIRY METHODOLOGY</td>
<td>60</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>62</td>
</tr>
<tr>
<td>FINANCIAL IMPLICATIONS</td>
<td>64</td>
</tr>
<tr>
<td>LEGAL IMPLICATIONS</td>
<td>64</td>
</tr>
<tr>
<td>COMMITTEE TERMS OF REFERENCE</td>
<td>65</td>
</tr>
<tr>
<td>COMMUNITY AND ADULT SERVICES SCRUTINY</td>
<td>66</td>
</tr>
<tr>
<td>COMMITTEE MEMBERSHIP</td>
<td></td>
</tr>
</tbody>
</table>
CHAIR’S FOREWORD

This is the second Inquiry report we have written focusing on Welfare Reform. Our first report looked at the work to mitigate the overall impact of Welfare Reform in Cardiff. This report concentrates on the impact of the size criteria introduced by the Welfare Reforms for social housing tenants, more commonly known as the Bedroom Tax. In Cardiff, at the time that this changed was introduced, at least four thousand social housing tenants, and their households, were affected. We wanted to make sure that plans to assist these tenants, and to mitigate the impact, were working and we wanted to see whether there was more that could be done.

The Bedroom Tax is making headlines across the country; it is one of the most controversial policies of the U.K. Government. Several local authorities have taken high profile decisions regarding how they deal with the size criteria, leading to headlines of ‘no eviction’ pledges and claims that Councils were finding ways to remove properties from the size criteria. We were interested to understand the detail behind the headlines and commissioned Scrutiny Research to look into this in more depth.

To inform our work we have heard from a range of witnesses, including tenant representatives, Cardiff Against the Bedroom Tax, housing associations and the Cardiff & Vale Citizen Advice Bureau as well as council officers and Councillor Lynda Thorne, Cabinet Member for Communities, Housing and Neighbourhood Renewal.

Our findings demonstrate the very real impact that the size criteria is having and the likelihood for negative impacts in the future. They show that the work underway in Cardiff is assisting those affected. Work in this area is developing fast and it is heartening that council staff are keeping up to speed with changes; only this week, officers have informed me that they are investigating the possibility of exemptions for social housing tenants who have held tenancies since before 1996.
Given that two thirds of those affected are disabled, several of our recommendations aim to improve assistance to these tenants. The report also highlights the very real need for community based internet access in Cardiff to cope with the planned roll-out of Universal Credit in the future.

Councillor Daniel De’Ath
Chair, Community & Adult Services Scrutiny Committee
9th January 2014
TERMS OF REFERENCE

To gain an understanding of the latest position with regard to the known impact of Welfare Reform changes for citizens and advice services organisations in Cardiff.

To hear how Cardiff Council is dealing with the impact of ‘Under-Occupation of Social Housing’ Welfare Reform.

To examine the pros and cons of approaches taken by other local authorities in the U.K. to manage the impact of the Under Occupation of Social Housing (also known as the Bedroom Tax) in their area, including reclassification and ‘no eviction’ policies.

To utilise the findings from the above to make informed recommendations to all relevant parties on the most appropriate approaches to take in Cardiff.

Members of the Task & Finish Group were:

- Councillor Daniel De’Ath (Chair)
- Councillor Joseph Carter
- Councillor David Groves
- Councillor Paul Mitchell
OVERVIEW OF RELEVANT WELFARE REFORMS

The Government’s Welfare Reform Bill, which has now received Royal Assent, introduces a wide range of reforms with the stated aim of making the benefit and tax credits system simpler by:

- creating incentives to get more people into work by ensuring that work always pays;
- merging out of work benefits and tax credits to create a single Universal Credit (UC); and
- reforms to other benefits aimed at reducing the cost of the benefits system.

With regard to the under-occupation of social housing, the changes revolve around the introduction of size criteria, colloquially know as the ‘Removal of the Spare Room Subsidy’ and the ‘Bedroom Tax’. The Government states that these reforms have been introduced in order to:

- contain the growing Housing Benefit expenditure;
- encourage greater mobility in the social rented sector;
- strengthen work incentives; and
- make better use of available social housing.

Housing Benefit is a central government issue and is not devolved to Wales. The Department of Work and Pensions (DWP) write and apply the guidance to local authorities regarding how to implement the legislative requirements. The Housing Benefit subsidy is paid from central government and can be withheld by central government where a local authority does not follow the guidance; this would leave the local authority paying for the housing benefit. In Cardiff, the housing benefit subsidy was £150 million in 2012-13.

Expenditure on Housing Benefit has increased significantly from £11 billion in 2000/01 (equating to £15 billion in 2010/11 prices) to £21 billion in 2010/11. As at December 2011, there were approximately 3.3 million Housing Benefit claimants living in the social rented sector, which equates to 68% of all
Housing Benefit claimants. The English Household Survey 2010/11 found that 63% of all tenants in social housing were in receipt of housing benefit.¹

The Act came into force in 1st April 2013. It applies the size eligibility criteria applying in the private rented sector (via the Local Housing Allowance) to social housing, both local authority and housing association tenants, for working-age households in receipt of housing benefit. Claimants are assessed as having spare bedrooms in their accommodation if they have more bedrooms that their household is deemed to need according to the following criteria:

‘One bedroom for each person or couple living as part of the household, with the following exceptions:

- Child aged 15 or under would be expected to share with one other child of the same gender; and
- Child aged nine or under would be expected to share with one other child aged nine or under, regardless of gender.’

A bedroom will also be allowed for a non-resident who provides frequent overnight care for the claimant or their partner, and for each severely disabled child that cannot share a room but would otherwise be expected to.

Also, one bedroom is allowed for a foster child/ren and a bedroom for any adult child serving in the Armed Forces who continues to live with their parents but is away on operational duty.

Anyone deemed to have a spare bedroom has their housing benefit contribution reduced by 14% per week; anyone deemed to have more than one spare bedroom has their housing benefit contribution reduced by 25% per week.

The DWP carried out statistical analysis, published in May 2013², using the above criteria and data available for 2010-11 for working age households in the social rented sector, in order to identify the number of spare bedrooms. This found the estimated number of spare bedrooms, in 2010-11, to be:

² Number of spare bedrooms, according to housing benefit size criteria, in working age households in the social rented sector in G.B. - DWP (May 2013)
<table>
<thead>
<tr>
<th>Number of Spare Bedrooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>England</td>
</tr>
<tr>
<td>Wales</td>
</tr>
<tr>
<td>Scotland</td>
</tr>
<tr>
<td><strong>Great Britain</strong></td>
</tr>
</tbody>
</table>

The other main stated elements of the Act are:

- the introduction of Universal Credit together with a benefit cap to provide a single streamlined benefit;
- a stronger approach to reducing fraud and error with tougher penalties for the most serious offences;
- a new ‘claimant commitment’ showing clearly what is expected of claimants while giving protection to those with the greatest needs;
- reforms to Disability Living Allowance (DLA), through the introduction of the Personal Independence Payment (PIP);
- driving out abuse of the Social Fund system by giving greater power to local authorities;
- reforming Employment and Support Allowance (ESA) with the aim of making the benefit fairer and to ensure that help goes to those with the greatest need;
- changes to support a new system of child support; and
- provision to abolish Council Tax Benefit, paving the way for the introduction of localised Council Tax Support in the Local Government Finance Bill.

**Universal Credit.** The introduction of Universal Credit (UC) will see Housing Benefit merged into this new single benefit which, in all but exceptional circumstances, will be paid monthly direct to claimants. It is the Government's wish that 80% of UC transactions take place online.

**Benefit cap.** The Act makes provision for the introduction of a benefit cap for out-of-work households, which will restrict the amount of benefit a household can receive to broadly the average earned income of a working household after tax and national insurance. It will apply to workless households and the
proposal is to set it at £500 a week for couples and lone parent households and £350 a week for single person households. Until UC is introduced it will be enforced by councils through Housing Benefit. In order to mitigate the impact of the benefit cap, the Department of Work & Pensions (DWP) is making available an additional £130m to councils to fund Discretionary Housing Payments (DHP); £80m in 2013/14 and £50m in 2014/15.
KEY FINDINGS

KF1. The U.K. Government has introduced size criteria for working age social housing tenants in receipt of housing benefit, which came into force in April 2013. This means that a tenant who is now deemed to be under-occupying their home by one bedroom has their housing benefit reduced by 14% and a tenant who is deemed to be under-occupying their home by more than one bedroom has their housing benefit reduced by 25%. Recent research indicates that the average reduction in Cardiff is £15.44 per week.

KNOWN IMPACT OF WELFARE REFORM

KF2. In Cardiff, 4,194 social housing tenants were initially identified as being affected by the introduction of the size criteria. The work undertaken by Cardiff Council and partner organisations has meant that, by October 2013, the number of affected social housing tenants has been reduced by 27.6%. Members believe that this is a real achievement and testament to the proactive work of the Council and partners in mitigating the impact of the size criteria in Cardiff. However, there are still 3,035 tenants who are affected.

KF3. There are a range of difficulties for affected tenants in utilising the options proposed by the Department of Work and Pensions (DWP) as solutions to mitigate the impact of the size criteria, such as taking in lodgers, finding work or downsizing to smaller properties. Members note that the DWP Impact Assessment shows that two thirds of tenants who are affected by the size criteria have impairments and that it is therefore highly unlikely that it will be practical for them to take in lodgers. Members further note that statistics show that it is harder for a person with impairments to find paid work. Many of the affected tenants live in deprived areas where opportunities for paid work are limited. Finally, Members note that there is
not enough affordable housing of a suitable size available in Cardiff to meet the down-sizing needs and that down-sizing to the private rented sector can cost more in Cardiff than staying and paying the shortfall in rent.

KF4. Members also note that letting available social housing to affected tenants has a knock-on impact on the availability of social housing re-lets to meet other housing needs. Work is underway to provide smaller units via planning gain and the Housing Partnership Programme; however, this has to balance with the housing needs of those who require larger properties.

KF5. As at 28th October 2013, 390 council housing tenants have moved since the announcement of the size criteria. Members are aware that some housing association tenants affected by size criteria have also moved. Members note that the Council and housing association partners have agreed that 30% of all re-lets will be made available to those tenants who apply to downsize.

KF6. As at 28th October 2013, 447 social housing tenants out of 3,035 affected tenants (15%) have applied to downsize via a priority list, with the remaining 2,588 tenants opting to ‘Stay and Pay’ rather than apply to move. Members note that arrears are increasing, with 56% of affected tenants in arrears as at April 2013; 73% of these tenants were not previously in arrears. Members note that tenants who are on the priority downsizing list and need help to meet the shortfall are receiving Discretionary Housing Payments (DHP) and therefore will not be falling into arrears. However, the DHP funding is for this financial year only and it is not clear whether there will be funding in future years to assist those tenants who are prepared to move but are unable to due to a lack of suitable properties.

KF7. Across the U.K. some tenants are being left with as little as £7.50 disposable income per week to live on, which is below the U.N. poverty threshold. Members heard that, in Cardiff, the impact on tenants can be
seen by the increased use of food banks. Witnesses quoted cases they were aware of where tenants are reducing outgoings by cutting their use of utilities and cancelling insurance policies. They were also aware of tenants trying to raise income by selling family heirlooms and goods of value, using credit unions and using loan sharks and pay-day loan companies.

KF8. Members heard that the introduction of the size criteria is having an impact on social housing landlords, with a loss of rent and increased management costs; there are concerns that, longer term, these will affect the viability of some housing schemes and ultimately may affect the viability of their businesses, with lenders specifying tighter terms and conditions and consequently affecting the delivery of future affordable housing.

KF9. Some witnesses told Members about their anxieties that communities would become more unstable as tenants who had lived there for years now had to move. Members heard qualitative case examples and asked for an analysis of the moves to date to see if they were within ward or to other wards. This showed that 164 moves were within a ward and that 226 moves were to other wards. However, Members are aware that further work would be needed to understand whether this is leading to destabilising of communities as it may be that tenants who are moving out of ward are locating to wards where they have relatives or other links to those communities.

WORK UNDERWAY TO MITIGATE SIZE CRITERIA

KF10. Cardiff Council has prepared well for the introduction of the size criteria, establishing a task group with partner housing associations and working with other organisations, such as Cardiff and Vale Credit Union and advice agencies. This approach has been welcomed by partners and recognised as good practice by the Welsh Government and U.K. Cabinet Office.
KF11. Cardiff Council has been praised for trying to solve problems flowing from the introduction of the size criteria. Cardiff Council has developed schemes to maximise support to affected tenants, such as a Rent Rescue Scheme, and schemes to help affected tenants to move, such as allowing affected tenants in arrears to mutually exchange, and arranging removals for tenants who are unable to afford removal costs.

KF12. Cardiff Council has taken a proactive approach to utilising DWP monies available to mitigate the impact of the Welfare Reforms and provide space for tenants whilst problems are solved. Members note that the Council has used DHP as a key tool to assist individuals affected by the size criteria and has put other funding received from the DWP into the DHP funding pot.

KF13. Members heard that, whilst the use of DHP has been constructive, it needs to be more widely promoted to tenants so that those who are eligible are assisted before they build up arrears. Members also heard that the use of DHP, whilst desirable and commendable, is masking the full impact of the introduction of the size criteria. Some witnesses also stated that they felt the Council’s approach of linking DHP payments to a tenant’s willingness to downsize is leading to problems for tenants who believe they have been offered unsuitable properties and for tenants with impairments who face additional difficulties with downsizing. The Citizen’s Advice Bureau (CAB) pointed out that tenants who do not apply to downsize, for whatever reason, are left with no other form of support to pay the shortfall in rent, even if they are on low incomes and falling into arrears.

KF14. Members note that arrears have not increased as steeply as anticipated and believe this is due to the work undertaken by Cardiff Council and partners. The rent arrears management approach is based on prevention and early support. Cardiff Council has worked with partner housing associations to develop consistent approaches to affected tenants. Members note that whilst housing associations have the option to pursue mandatory possession for rent arrears, using Ground 8 Housing Act 1988, evidence submitted to this Inquiry demonstrated that the partner
housing associations in Cardiff only use this option sparingly and as a last resort, and that there is no intention to increase use of it in response to rent arrears resulting from the size criteria.

KF15. Members summarised the current approach as ‘if tenants engage, we’ll engage’. However Members are concerned that the overall number of affected tenants may reach a point where the Council is overwhelmed by the numbers it needs to engage with and assist, and that the DHP funding may not be available from the end of this financial year to mitigate the impact of the size criteria. Members are also concerned that more tenants will fall into arrears as they will not be able to further reduce outgoings, and as the mechanisms to increase income are not sustainable.

**NO EVICTION POLICIES**

KF16. Some local authorities have publicly pledged not to evict tenants who fall into arrears because of the size criteria. Members heard that Cardiff Against the Bedroom Tax believe that every local authority should pledge not to evict; that the strain of the Bedroom Tax should not be borne by tenants alone. They also pointed out that the costs of eviction, including rehousing, will be higher than the amount of rent owing, and that local authorities may owe a homelessness rehousing duty to affected tenants who are evicted, which will also carry a financial cost.

KF17. However, other witnesses highlighted that there were difficulties with adopting a no eviction pledge and that those that had already been made contain caveats such as only applying to tenants who have taken reasonable steps to pay their rent and only being for 2013/14. In Scotland where every Labour and SNP Council has made a no eviction pledge, the Scottish Government has funded the subsequent shortfall in rental income for local authorities; this funding is not forthcoming from the Welsh Government.
KF18. Witnesses also stated that a no evictions pledge would be difficult to maintain for local authorities, that it would be unfair to other tenants struggling to pay their rent for other reasons, that it would be unfair to tenants that did pay their rent and that it may leave the Council open to legal issues as it could be deemed to be acting unlawfully by fettering its financial responsibilities.

KF19. Members are mindful of the findings of Bristol City Council’s Working Party on this issue, whose report states that arrears increased from 40% to 70% in the aftermath of the Mayor’s announcement of a no eviction pledge.

KF20. Cardiff Council’s policy is that no application to evict a tenant will be made for those affected by the size criteria, where the tenant is realistic about their choices and is genuinely trying to resolve the situation. To date, there have been no evictions due to the impact of the size criteria. The work cited earlier regarding a preventative and supportive approach to rent arrears management is undoubtedly assisting this.

KF21. However, Members recognise that whilst the ‘if tenants engage, the Council will engage and will not evict’ principle is important, the likely trajectory of rent arrears is upwards and that this will have an impact on the Housing Revenue Account and funding for other services.

**RECLASSIFICATION POLICIES**

KF22. The size criteria regulations do not define a bedroom. Other legislation exists that does define the space standards for a bedroom but Members heard that the DWP has been explicit that local authorities should not use these pieces of legislation when defining a bedroom for housing benefit purposes. However, DWP guidance suggests that local authorities should look to see whether the room can contain a single bed.

KF23. Cardiff Council’s definition includes ensuring that a bedroom can contain a single bed and bedside storage. Officers are concerned that the
room sizes are too small, particularly where two children will be sharing the room and particularly where these are two teenagers. However, officers are mindful of Lord Freud's letter that re-emphasised that local authorities risk losing their housing benefit funding if they inappropriately re-designate bedrooms.

KF24. Members heard that some local authorities have reclassified bedrooms as non-bedrooms and that this has then taken tenants out of the size criteria. However, most of the examples are of local authorities that had particular circumstances in their housing stock, such as having classified downstairs rooms as bedrooms or through rooms as bedrooms. Officers clarified that none of these circumstances apply to housing stock in Cardiff. Officers further stated that, over the last few years, Cardiff Council has carried out reclassification where tenants have highlighted issues and where it has been appropriate.

KF25. Bristol City Council has a reclassification policy based on bedrooms having to be 50 square feet or more but, to date, they have not found any housing stock where bedrooms are smaller than that and so have not reclassified any properties.

KF26. Members also heard that reclassification would lead to negative financial consequences for social housing landlords, including rent loss and reduction in the assumed value of the housing stock, with a consequential impact on the viability of the Housing Revenue Account (or equivalent). In addition, reclassifying properties would affect future allocations by reducing the number of properties with three or more bedrooms.

KF27. Members believe that, in the light of the above, there seems to be little potential for large scale reclassification in Cardiff but that a drip-drip re-classification is more likely.

KF28. Members are aware that Council Tax Payers can have their Council Tax based on a lower band if someone in their home has a substantial or
permanent disability, known as the ‘Disabled Band Relief’. At the behest of this Inquiry, a matching activity was undertaken between Council Tax Payers entitled to Disabled Band Relief and tenants affected by the size criteria; to date, nineteen households have been identified. Members heard that officers are working to see if these households can be given any further help.

OTHER APPROACHES

KF29. Members commissioned Scrutiny Research to look at approaches taken by other local authorities in the hope that there may be lessons to learn from elsewhere. However, the evidence supplied indicated that Cardiff Council was already in line with good practice elsewhere in terms of the general advice and support offered to tenants and the partnership work underway.

KF30. Members heard from Welsh Tenants that they would like local authorities to encourage tenants to appeal and to ensure that there is independent advice and support available to assist this. Welsh Tenants stated that existing legislation and recent tribunal decisions, combined with the fact that two thirds of affected tenants have impairments and that many of these tenants will require an additional bedroom, mean that many affected tenants stand a good chance of being successful in their appeal; the success rate to date is 60%.

KF31. Welsh Tenants and Hafod Housing Association highlighted that the Council could use other sources of funding, such as the General Fund and Homelessness funding, to assist tenants affected by the size criteria, using these funds to prevent homelessness.

UNIVERSAL CREDIT

KF32. Several witnesses to this Inquiry highlighted that the introduction of Universal Credit will exacerbate and magnify the impact of the size criteria and bring a range of issues in its own right.
KF33. Universal Credit will wrap up all means tested benefits into one payment, which will be made monthly to recipients, via a bank account. Applications for Universal Credit and notifications of changes of circumstances, by employers and recipients, are expected to be made via the internet. Members heard that there are several concerns with this, as follows: recipients may not have a bank account and may encounter difficulties in opening a bank account as they will not meet the bank’s requirements; recipients may lack the financial skills necessary to manage monthly payments; payments will be in arrears which will mean that rent payments will be in arrears; a high percentage of social housing tenants do not have access to the internet; and many employers will not automatically update the system as they do not use electronic systems.

KF34. Members recognise that community based internet provision is therefore going to be crucial when Universal Credit is introduced, along with appropriate skills training and support. There will be a recurring need for tenants to be able to access the internet, given the number of changes of circumstances and reviews that tenants will need to complete.

KF35. Members asked whether any mapping of community-based internet access points in Cardiff had been undertaken and were told that there is a mapping portal available via the Council internet site which shows where free internet access is available.

KF36. Members believe it is essential that the Council and partners adopt the same approach to preparing for the introduction of Universal Credit as they have to preparing for the introduction of the size criteria.
RECOMMENDATIONS

Members are acutely aware of the problems facing social housing tenants affected by the size criteria and the associated impact for social housing landlords and, potentially, for communities. Members believe it is imperative that the Council takes a responsible approach to supporting and assisting affected tenants whilst taking a proactive approach to solving associated problems. Having considered the evidence presented during this Inquiry, Members recommend that the Cabinet:

R1. Task officers to maintain the current approach to providing advice and support to affected council tenants.
   Supported by Key Findings 2, 5, 6, 10, 11, 12 &14

R2. Task officers to maintain the current approach regarding engaging with council tenants and not evicting a council tenant who is engaging with the Council and genuinely seeking to resolve their situation.
   Supported by Key Findings 14, 15, 17-21

R3. Task officers to put in place processes to monitor homelessness applications from people who have been evicted by housing associations using Ground 8 and to take robust action to address this with housing associations if needed.
   Supported by Key Finding 14

R4. Task officers to ensure that every affected council tenant is made aware that the Council pursues a reclassification policy and that council tenants can request a home visit to assess whether their property requires reclassification.
   Supported by Key Findings 23 & 24
R5. Task officers to work across Directorates to ensure that appropriate help and assistance is offered with re-orientation for social housing tenants with impairments who move to another property.

*Supported by Key Findings 3, 5 & 6*

R6. Task officers to explore all opportunities to ensure that, wherever appropriate, all eligible disabled people receive Disabled Band Relief.

*Supported by Key Finding 28*

R7. Task officers to investigate ways of ensuring that all disabled households that qualify for Disabled Band Relief and are affected by the size criteria are exempted from having to meet the shortfall in rent.

*Supported by Key Finding 28*

R8. Task officers to keep a watching brief on outcomes elsewhere of actions being taken by other local authorities and tribunals and case law development in order to identify useful opportunities to assist affected social housing tenants in Cardiff.

*Supported by Key Findings 29-31*

R9. Task officers to develop effective means of publicising community based internet access points across Cardiff.

*Supported by Key Findings 32-36*

R10. Protect and publicise community based internet access in order to be prepared for Universal Credit.

*Supported by Key Findings 32 -36*

The Community & Adult Services Scrutiny Committee invites the Cabinet to accept the above recommendations and in their response, detail the work to be undertaken for those recommendations that are accepted and, if any recommendations are rejected, the reasons for this.
Scale of the impact for UK and Wales

1. The DWP estimates that the introduction of the size criteria is likely to affect 660,000 Housing Benefit claimants living in the social rented sector. This is approximately 31% of all working age Housing Benefit claimants living in the social rented sector. As the qualifying age for State Pension Credit increases, the number of claimants affected is also likely to increase. ³

2. The DWP figures show that two thirds of tenants affected by the size criteria are tenants with impairments. ⁴

3. In Wales, the estimated number of claimants affected is 40,000. Members heard from Welsh Tenants that at least 37,000 households in Wales are impacted by the size criteria, which, with an average household size of 2.4, that means at least 70,000 people are affected.

4. The impact for existing tenants who are deemed to be under-occupying is that they will receive less benefit towards their housing costs; this equates to approximately 14% restriction or c. £13.50 per week for one bedroom under-occupying and 25% restriction or c. £24 per week if there is more than one bedroom under-occupied.

5. The DWP estimates that approximately 81% of affected households are under-occupying by one bedroom and that the average weekly housing benefit loss per affected claimant will be £12; for the remaining 19% of affected households, the average weekly benefit loss per affected claimant is estimated at £22.⁵

³ Impact Assessment: Housing Benefit Under Occupation of Social Housing - DWP (28th June 2012)
⁴ As above
⁵ As above
6. The DWP Impact Assessment for the proposals states that the best estimate in terms of reduction in Housing Benefit costs is £980 million, with £50 million costs, resulting in an overall saving of £930 million.6

Scale of the impact for Cardiff

7. 4,194 social housing tenants in Cardiff were identified in October 2012 as being affected by the introduction of the size criteria in April 2013. By September 2013, this has reduced, by 24.61%, to 3,162 tenants. Members heard that this is due to: data cleansing identifying tenants who had been wrongly identified as affected; and officers working to successfully progress exemptions and assist tenants to downsize.

**Overall Numbers Affected in Cardiff**

<table>
<thead>
<tr>
<th></th>
<th>Affected Oct 12</th>
<th>Affected Apr 13</th>
<th>Affected Sept 13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Council tenants</strong></td>
<td>1796 at 14%</td>
<td>1664 at 14%</td>
<td>1375 at 14%</td>
</tr>
<tr>
<td><strong>HA tenants</strong></td>
<td>527 at 25%</td>
<td>478 at 25%</td>
<td>369 at 25%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,194</td>
<td>3,961</td>
<td>3,162</td>
</tr>
</tbody>
</table>

8. Two additional areas of Welfare Reform were flagged to Members as being particularly pertinent for this Inquiry: the number of claims for Discretionary Assistance Funds and the numbers affected by the Benefit Cap. Members heard that 35% of the total payments from the Discretionary Assistance Funding in Wales have been paid to Cardiff citizens (624 claims out of 1,783 claims overall). In terms of the Benefit Cap, to date 210 tenants have been affected (42 Council tenants, 75 Housing Association tenants and 93 private sector housing tenants).

Impact on Tenants

9. Members are aware that one of the stated aims of the size criteria is to enable a better use of social housing stock across the U.K. by freeing up under-occupied social housing. The DWP Impact Assessment for the

---

6 Ibid
introduction of the size criteria states that the movement of social housing tenants will be determined by the availability of suitability sized accommodation, not just by tenants willingness to move and the approach taken by landlords to enable such moves to happen. Members were therefore interested to understand the availability of suitably sized accommodation, the movement of tenants to date in Cardiff and the work undertaken to facilitate moves.

10. Members heard that in 2012-13 there were 850 council housing lets and 693 housing association lets, making 1,543 lets overall. So far this year, Members heard that 967 properties have become available to let:

Properties available April - 28th October 2013

<table>
<thead>
<tr>
<th>Property Size Totals</th>
<th>Bedsit</th>
<th>1 Bed</th>
<th>2 Bed</th>
<th>3 Bed</th>
<th>4 Bed</th>
<th>5 Bed</th>
<th>Area Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>293</td>
<td>370</td>
<td>274</td>
<td>16</td>
<td>3</td>
<td>967</td>
</tr>
</tbody>
</table>

11. Members heard that Cardiff Council and partner housing associations are operating a priority downsizing list for affected tenants, with a third of social housing properties that become available for let being allocated to tenants from this list. In addition, tenants are able to mutually exchange as a way of downsizing.

12. Members heard that overall 390 council housing tenants have moved to date, as per the table below:

Council housing tenants downsizing to date

<table>
<thead>
<tr>
<th></th>
<th>Via Priority List</th>
<th>Via Mutual Exchanges</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>62</td>
<td>67</td>
<td>129</td>
</tr>
<tr>
<td>2013-14</td>
<td>173</td>
<td>88</td>
<td>261</td>
</tr>
<tr>
<td>Total</td>
<td>235</td>
<td>155</td>
<td>390</td>
</tr>
</tbody>
</table>

13. Members were aware that, in Cardiff, the number of properties available to let to tenants affected by the size criteria is not sufficient to enable all
affected tenants to move. Members are aware that this is also the case in other areas of Wales and the U.K.; recently, David Davies MP, Chair of the Welsh Affairs Select Committee visited Blaenavon in Torfaen to learn about the impact of the introduction of the size criteria in Wales. He was subsequently quoted as saying ‘the reforms are not working as well in Wales as in London or Birmingham where there is a larger stock of smaller properties.’

14. Members are also aware of work undertaken by the ‘Meeting Affordable Housing Need in Cardiff’ Inquiry in 2012/13, which considered information on the social housing stock in Cardiff and the housing need in Cardiff. This Inquiry found that ‘even if all under-occupiers moved, there would still not be enough housing of the right size and in the right areas to meet housing need in Cardiff; there is a mismatch of under-occupiers and housing need in Cardiff’.

15. Members discussed another finding from the above Inquiry: the difference between wanting to move and being made to move, and the impact on tenants with sensory or cognitive impairment, as any dislocation or relocation would have a profound impact on their capacity to operate. Members believe that there is a need for housing officers to link with occupational therapists, social workers and rehabilitation teams to ensure re-orientation work is carried out.

16. Members asked for the latest available figures for the number of tenants affected by the size criteria and the number of tenants on the priority downsizing list. This information is shown in the table overleaf and is as at 28\textsuperscript{th} October 2013.

17. Of the 3,035 tenants affected, 447 (15\%) are on the priority downsizing list. Members heard that about half of the offers via the priority downsizing list are being refused and work is underway to analyse the reasons but officers’ immediate thoughts are that this is because tenants are hoping to

---

7 BBC News Wales On Line - David Davis: Housing benefit reform working better outside Wales - 8\textsuperscript{th} October 2013
remain very close to their existing home or want specific streets/areas to be near relatives. Members also heard that whilst tenants recognise that they need to downsize, the reality is that it is sometimes difficult for them to leave their existing home.

<table>
<thead>
<tr>
<th>Ward</th>
<th>Affected by size restriction</th>
<th>Affected by size restriction - on downsizing priority waiting list</th>
<th>Affected by size restriction - not on downsizing priority waiting list</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adamsdown</td>
<td>147</td>
<td>25</td>
<td>122</td>
</tr>
<tr>
<td>Butetown</td>
<td>124</td>
<td>21</td>
<td>103</td>
</tr>
<tr>
<td>Caerau</td>
<td>219</td>
<td>42</td>
<td>177</td>
</tr>
<tr>
<td>Canton</td>
<td>62</td>
<td>8</td>
<td>54</td>
</tr>
<tr>
<td>Castle &amp; Cardiff</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cathays</td>
<td>10</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Creigiau &amp; St Fagans</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Cyncoed</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ely</td>
<td>384</td>
<td>57</td>
<td>327</td>
</tr>
<tr>
<td>Fairwater</td>
<td>145</td>
<td>22</td>
<td>123</td>
</tr>
<tr>
<td>Gabalfa &amp; Mynachdy</td>
<td>44</td>
<td>6</td>
<td>38</td>
</tr>
<tr>
<td>Grangetown</td>
<td>136</td>
<td>15</td>
<td>121</td>
</tr>
<tr>
<td>Heath</td>
<td>19</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>Lisvane</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Llandaff</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Llandaff North</td>
<td>146</td>
<td>22</td>
<td>124</td>
</tr>
<tr>
<td>Llanishen</td>
<td>82</td>
<td>9</td>
<td>73</td>
</tr>
<tr>
<td>Llanrumney</td>
<td>228</td>
<td>51</td>
<td>177</td>
</tr>
<tr>
<td>Pentwyn &amp; Llanedeyrn</td>
<td>220</td>
<td>19</td>
<td>201</td>
</tr>
<tr>
<td>Pentyrch</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Penylan (inc Roath)</td>
<td>43</td>
<td>4</td>
<td>39</td>
</tr>
<tr>
<td>Plasnewydd</td>
<td>60</td>
<td>4</td>
<td>56</td>
</tr>
<tr>
<td>Pontprennau &amp; Old St Melons</td>
<td>57</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>Radyr</td>
<td>12</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>Rhwibina</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Riverside</td>
<td>98</td>
<td>13</td>
<td>85</td>
</tr>
<tr>
<td>Rumney</td>
<td>85</td>
<td>11</td>
<td>74</td>
</tr>
<tr>
<td>Splott</td>
<td>229</td>
<td>34</td>
<td>195</td>
</tr>
<tr>
<td>Trowbridge</td>
<td>359</td>
<td>52</td>
<td>307</td>
</tr>
<tr>
<td>Whitchurch &amp; Tongwynlais &amp; Gwaelod Y Garth</td>
<td>103</td>
<td>22</td>
<td>81</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,035</strong></td>
<td><strong>447</strong></td>
<td><strong>2,588</strong></td>
</tr>
</tbody>
</table>
18. Members heard that the remaining 2,588 tenants want to stay in their homes and are trying to find the shortfall. However, Members heard that rent arrears are increasing amongst tenants affected; in April 2013, 56% of tenants affected were in rent arrears, of whom 73% were not previously in arrears.

19. Cardiff Council is using Discretionary Housing Payments (DHP) to assist tenants who are most affected by the size criteria and who are willing to register on the priority downsizing list. Currently, 512 tenants are receiving DHP, consisting of 315 council tenants and 197 housing association tenants. A further 214 tenants were awarded DHP but this has since been cancelled as the tenant is not on the downsizing list. The spend on DHP has increased from £485,000 in 2012/13 to £1.1 million in 2013/14, as the DWP released additional grant funding for those affected by the size criteria and Cardiff Council chose to use this for DHP.

20. Members heard from a number of witnesses that there is recognition of the interconnectedness of the impact of Welfare Reform - the combined impact of the various elements of welfare reforms provides the true picture of the impact, rather than the impact of the separate strands of Welfare Reform. Members heard from witnesses that there is also a need to look at the changes to the tax regime and to the funding of legal aid in order to fully appreciate the impact for citizens. Members feel that the real impact of Welfare Reform is still to be felt in full as people struggle to cope with the changes.

21. Members were interested to hear witnesses’ views on how the introduction of the size criteria was affecting tenants. Members heard from several witnesses that it is difficult to quantify the full impact as:

‘often, the impact of the Bedroom Tax is hidden from neighbours, as people have their dignity and don’t want their neighbours to know they are
on Housing Benefit, let alone suffering a shortfall in money because of the Bedroom Tax.\

22. However, witnesses were able to tell Members about some specific cases they were aware of and the general trends that are being seen in Cardiff and across Wales and the U.K. In addition, information received from social landlords highlights that some affected tenants are in rent arrears: Taff Housing Association stated that approximately 48% of tenants affected are in rent arrears, whilst Cardiff Council stated that, in April 2013, 56% of tenants were in arrears, 73% of whom had not previously had arrears and that officers believed that these areas were due to the introduction of the size criteria.

23. Members heard that the shortfall in housing benefit is leading to the following impacts for tenants:

- Selling family heirlooms
- Taking out unsustainable loans, often from pay day lenders or loan sharks
- Utilising credit unions
- Reducing out-goings - including ceasing to pay home content insurance, reducing use of utilities, selling computers etc.
- Resorting to criminal activities
- Increased use of food banks
- Increased costs associated with moving to a cheaper property, including fees charged by lettings agencies
- Moving to avoid building up rent arrears - Members heard that these moves can be sudden and can be into the private rented sector.

24. Members heard from Welsh Tenants that, across the U.K., some tenants were being left with £7.50 per week disposable income to live on, which is lower than the UN poverty threshold.

---

8 Sue Leader - Ely Against the Bedroom Tax
25. Members also heard from witnesses that some tenants were aggrieved that the size criteria failed to recognise that homes which were now deemed to be under-occupied were in fact still being used as a family home, with children and grandchildren regularly staying and visiting. A similar point was made regarding non-resident families, where tenants are unwilling to lose a spare room which they keep exclusively for visiting relatives, usually their children, particularly if they are engaged in the legal process of securing visiting rights for children, as they are concerned that this will affect the decision made about visiting rights.

26. Another grievance felt by tenants was that their investment of time and money in keeping their home in a good decorative condition over many years was not being recompensed at all; they were expected to move out and start again with no compensation.

27. The DWP has outlined a series of measures that tenants can take, as follows:

- Continue to live in the accommodation which is assessed as larger than their household needs and make up any shortfall from their other income, or from savings, from moving into work, increasing working hours or from letting out a spare room to a lodger, boarder, or a family members; or
- Move to accommodation which better reflects the size and composition of their household.9

28. The DWP Impact Assessment quotes research by the Housing Futures Network that reports actions that affected tenants thought they may take if faced with a reduction in housing benefit:

- Around 25% were quite or very likely to downsize to smaller accommodation
- Nearly 30% would be quite or very likely to move into work or increase their hours

---

9 Impact Assessment: Housing Benefit Under Occupation of Social Housing DWP - 28th June 2013
• 10-15% would offer out their spare room to a lodger or a family member
• Around 35% of claimants would be quite or very likely to fall into rent arrears if their housing benefit were to be reduced.

29. Members asked witnesses for their views on the options presented by the DWP as solutions for tenants affected by the size criteria. Welsh Tenants stated that the solutions offered by the DWP are ‘unworkable’ for the following reasons:

• Taking in lodgers - is not feasible in many of the Tai Cymru pattern book houses, which housing associations in Wales had to build during the 1980s and 1990s. There are also risks to tenants, such as fire safety risks and rent collection risks, as well as risks to landlords who will owe a duty of care to lodgers. At a recent Welsh Tenants conference, out of 180 delegates only 1 has taken in a lodger and that was someone already known to the tenant.

• Access to work - many tenants live in high deprivation areas where this is not an option - there are no opportunities for work, despite training and retraining - nationally there are seven applicants for every job, in some areas of Wales this will be a lot higher.

• Downsize to the private rented sector - the costs of this are higher for tenants, therefore if an affected tenant is facing a shortfall of £13 per week via the Bedroom Tax, they may face a higher amount to pay in the private rented sector. Also, in some areas of Wales, landlords will not accept tenants who are on benefits.

30. Members heard similar arguments from other witnesses and the CAB stated that for a high proportion of clients seen by CAB advisors taking in lodgers is not a viable or practical solution, particularly for tenants with children or with mental or physical impairments and that ‘It can be argued that this is their choice, but the social consequences remain: increases in household debt and rent arrears.’

31. Members asked whether there was any information about secondary impacts, such as increased mental health issues. Members heard that
evidence is starting to come but often there has not been sufficient profiling of tenants prior to the introduction of the bedroom tax to be able to show a ‘before’ and ‘after’ picture.

**Impact on Communities**

32. Members heard that some witnesses felt that the impact of the size criteria was already being seen in their communities, both because of the financial impact and because tenants were moving. Some witnesses were concerned that the moves were affecting the stability, cohesion and resilience of communities, which were being dislocated by long term residents moving out of area.

33. Members asked officers to supply information, by ward, of the moves to date due to size criteria. Officers supplied information for 2012/13 and for 2013/14 to date, showing the moves within ward and between ward. This showed that, to date, 226 tenants have moved out of ward and that 164 tenants have moved within ward.

34. Members heard from the Citizen Advice Bureau (CAB) that a ‘more subtle impact of under-occupancy policy is on general social relations. We have already mentioned the financial impact on tenants and the difficulties and distress caused by the prospect of leaving local communities. This is a particular issue for single parents, parents with young children in local schools, and tenants with physical or mental disabilities.’

35. CAB also highlighted that they had noticed ‘a small but significant number of comments from clients who believe that the elderly are the largest group of under-occupiers while being protected from any Housing Benefit reduction. There is a worrying possibility that the exemption of pensioners from the under-occupancy policy, while important and necessary in many cases, will fuel a sense of generational resentment and only increase the vulnerability and isolation of many low-income elderly people in current social conditions.’
Impact for local authorities

36. Members heard that the Local Government Association has identified potential impacts for local authorities, in terms of direct operational consequences, potential transfers of cost pressures from central government to local government and indirect consequences. With regard to the impact of the size criteria, these include:

- Needing to reconfigure teams or services to cope with changes e.g. to Housing Benefit/ Universal Credit.
- Additional resources being needed - for affordable housing, Bed & Breakfast accommodation for homeless households, possible increase in demand for social services assessment services and support, and for schools and social services caused by the movement of households re-locating to cheaper locations.
- Reduction in resources - lower rent collection.
- Staff and Councils being blamed for Welfare Reform impacts, leading to an increase in attacks on staff.10

37. The DWP Impact Assessment (June 2012) also highlights that there will be costs for the following reasons:

For social housing landlords

- Costs to run schemes to enable affected tenants to move within the social housing sector;
- Void periods as tenants move within the sector; and
- Costs involved in collecting rent and rent arrears.

Additional costs for Local Authorities:

- Modifications to housing benefit IT assessment and associated systems;
- Changes to publicity and claim forms;
- Training for assessment officers;
- Increased applications for DHP;
- Housing Benefit overpayments being recovered at a lower rate for some claimants; and

o Additional queries and appeals from people affected by the size criteria.

38. The evidence received by Members supports the above, particularly with regard to higher management costs and costs associated with rent arrears:

- The Bron Afon Direct Payment project pilot is showing higher costs in management expenditure caused by an increase in activities such as tenant profiling and financial inclusion; the consequence of increased management expenditure will be higher rents, which is counter-productive.
- Taff Housing Association - average void cost has doubled from £1,100 to £2,200, due to a higher proportion of larger properties becoming empty and also trying to meet the needs/expectations of tenants who are having to downsize from properties that they have lived in (and invested in) for years.
- Taff Housing Association - costs associated with approximately 48% of tenants affected being in rent arrears
- Cardiff Council - In April 2013, 56% of tenants affected were in rent arrears, of whom 73% were not previously in arrears. The projected rent arrears for 2013/14, as at October 2013, are £402,452.

39. Members heard from the Citizen Advice Bureau that ‘the real financial impact of under-occupancy reform is currently mitigated by DHP awards, although in cases where tenants are not eligible, disqualified or have not applied for the awards we can see in embryonic form the potential impact on household budgets and debt levels.’

40. Members heard that social landlords may have to choose to dispose of properties or schemes which, due to reduced rental income, are no longer viable. Welsh Tenants highlighted that they were aware of two cases already where landlords are disposing of properties due to the impact of the size criteria. Welsh Tenants also highlighted a concern that landlords may start to mix social housing schemes with market rents in order to
make the schemes viable. The concern is that this reduces the supply of affordable housing as a site that would have contained 100% social housing will now consist of a mixture of social housing and market housing.

41. Members heard from Taff Housing Association that they are working with Cardiff Council on options for some of the larger properties that were built before the Welfare Reforms and are now proving difficult to let as they are not affordable for tenants. The options include ‘selling and reinvesting the proceeds in developing new smaller properties, conversion into smaller properties and alternative uses for example supported housing’.

42. Members are mindful of the findings from the ‘Meeting Affordable Housing Need in Cardiff’ task group in 2012/13 which highlighted that the demographics for Cardiff show a quite significant increase in children and people aged 35-45 years of age. This means that, whilst there is pressure to have smaller accommodation because of Welfare Reform, there is also pressure to have family sized accommodation. Members are also mindful of evidence gathered during the Inquiry that lenders are specifying tighter terms and conditions for social housing organisations, due to concerns regarding rental income and increased management costs, and that this is consequently likely to affect the delivery of future affordable housing.
Current work underway

43. Members heard that Cardiff Council has worked with partner housing associations to develop and implement a range of measures to support tenants affected by the introduction of the size criteria. This is in addition to on-going work to manage rent arrears and to reclassify properties. Examples of the work that Members heard about are detailed overleaf and later on in this section.

Overall

44. Members heard that some partners felt the Council had been proactive in its work to prepare for and mitigate the impact of the size criteria. Work with tenants commenced in October 2012 and continues to date. Members heard that officers attended meetings of individual tenant and resident associations as well as meetings of the Cardiff Tenant and Resident Federation, to provide briefings on the introduction of the size criteria and the work planned to mitigate the impact. Hafod Housing Association felt that Cardiff Council ‘is proactive in their approach to keeping tenants informed and seeking ways to mitigate the impacts.’

45. However, Members also heard individual examples of where the implementation of assistance to tenants affected by the size criteria had not worked as well as expected; however, this witness qualified the statement by saying that overall, the implementation must have been quite good otherwise more issues would have been raised by tenants.

46. Members heard from witnesses from Cardiff Against the Bedroom Tax (CABT) that they believed local authorities have a moral duty ‘to oppose the Bedroom Tax, as it is forcing tenants to live below the poverty line’. They also highlighted that they believe that the ‘Bedroom Tax is an equality issue. The DWP figures show that two thirds of those affected by the Bedroom Tax are disabled. Many of these tenants cannot downsize.’ These witnesses stressed that what Cardiff Council does will have a ripple effect across other Councils and called on Cardiff Council to do more to
assist affected tenants; their arguments are detailed in the relevant sections below.

<table>
<thead>
<tr>
<th>Cardiff Council and Partner Housing Associations - Current Work</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preparation</strong></td>
</tr>
<tr>
<td>- Letters to tenants advising of options and help available</td>
</tr>
<tr>
<td>- Visits to all affected tenants</td>
</tr>
<tr>
<td>- Task group of Council and partner housing associations established to ensure information sharing and a joined up approach to rehousing and DHPs</td>
</tr>
<tr>
<td><strong>Help to move house</strong></td>
</tr>
<tr>
<td>- Set up a separate priority waiting list with RSLs</td>
</tr>
<tr>
<td>- Simplified process for joining waiting list</td>
</tr>
<tr>
<td>- Allocating one third of available properties to priority waiting list (depending on tenant’s income)</td>
</tr>
<tr>
<td>- Use DHP to pay shortfall in rent whilst tenant on priority waiting list (depending on tenant’s income)</td>
</tr>
<tr>
<td>- Promoting Homeswapper for exchanges</td>
</tr>
<tr>
<td>- Providing help to tenants without internet access/ expertise so can register on Homeswapper</td>
</tr>
<tr>
<td>- Allow affected tenants with arrears to move, with agreement to repay arrears</td>
</tr>
<tr>
<td>- Allow tenants whose properties are in a poor condition to move; if tenant damage as opposed to normal wear and tear, then have repayment agreement</td>
</tr>
<tr>
<td>- Work with Accessible Homes Register - to ensure correct adaptations in place before tenant with impairments moves in</td>
</tr>
<tr>
<td>- Help with moving - either provide DHP for moving costs (£250) or arrange removal directly</td>
</tr>
<tr>
<td>- Help with moving - expenses - use HRA monies for council tenants (£250), with RSLs providing their own schemes for expenses</td>
</tr>
<tr>
<td><strong>Help to stay - where appropriate</strong></td>
</tr>
<tr>
<td>- Use DHP if tenant will become exempt from size criteria within 12 months (depending on income) – all possible cases identified and contacted</td>
</tr>
<tr>
<td>- Use Rent Rescue Scheme for those who want to stay and can afford to pay the shortfall in rent but who have arrears that they cannot also afford to clear at the same time.</td>
</tr>
<tr>
<td><strong>Help in exceptional cases</strong></td>
</tr>
<tr>
<td>- Using DHP to cover very exceptional cases such as:</td>
</tr>
<tr>
<td>- Disabled couples who need separate rooms</td>
</tr>
<tr>
<td>- DHP for foster carers - with more than one spare room</td>
</tr>
<tr>
<td>- DHP for those with son / daughter in armed forces not covered by standard exemption</td>
</tr>
<tr>
<td>- Close working with Children Services and Adult Services to identify their clients affected</td>
</tr>
<tr>
<td><strong>Advice Hub</strong></td>
</tr>
<tr>
<td>- Opened April 2013 in response to Welfare Reform changes - includes Council staff, CAB, Credit Union and Somali Progressive Association and surgeries from Want to Work and Trading Standards, with Into Work advisors due to be based there shortly</td>
</tr>
<tr>
<td>- Provide help with budgeting, debt, income maximisation and reducing bills.</td>
</tr>
<tr>
<td>- Excellent customer feedback about advisors</td>
</tr>
<tr>
<td>- An additional £100k for in-depth welfare benefit advice</td>
</tr>
<tr>
<td><strong>Work with Credit Union</strong></td>
</tr>
<tr>
<td>- Since based in advice hub, footfall up by 80% and new accounts by 56%</td>
</tr>
<tr>
<td>- Developed and funded new publicity</td>
</tr>
<tr>
<td>- Piloting Rent Protect – (jam jar account) -</td>
</tr>
<tr>
<td>- Piloting Christmas Saver Account for council tenants - where Council pays £10 when they open the account; RSLs have also expressed interest in this.</td>
</tr>
</tbody>
</table>
Discretionary Housing Payment (DHP)

47. The Council’s use of DHP is seen as good practice by Welsh Government and the U.K. Cabinet Office, who welcome the use of DHP to provide space to solve problems associated with the introduction of the size criteria. Members heard that the Council is bidding for additional DHP in the latest round of DHP funding released by the DWP, with the hope being to target this DHP at those wanting to move into work. Members also heard that the Council has put other funding received from the DWP to assist with Welfare Reform mitigation into the DHP pot. Taff Housing Association stated that ‘The Council have worked well with Housing Associations in developing very early on criteria for Discretionary Housing Payments which means that no Tenant who is willing to downsize but cannot cover the reduction in Housing Benefit from their own funds should end up in arrears.’

48. Members heard that officers have worked to identify tenants currently affected but who, within twelve months, will be exempt from the size restrictions, for example as they reach the qualifying age for State Pension Credit or as children reach the age where they are entitled to their own bedroom. These tenants are then awarded DHP to cover the shortfall for the relevant period until they are exempt. To date 65 tenants overall have been assisted this way: 35 tenants on the grounds they will shortly become a pensioner and 30 tenants on the grounds they will shortly require an additional bedroom.

49. However, Members heard from other witnesses that there were problems with the way the Council uses DHP. The CAB stated that there were issues with the awareness of the scheme: ‘the Council does not adequately promote the DHP scheme in their venues or on-line, and many eligible tenants have only been informed about the scheme once they have spoken directly to a Council Advisor or sought advice from a CAB service’. CAB stated that, by this stage, tenants are already suffering knock-on financial consequences or have built up rent arrears.
50. Members queried what publicity work had been done to promote the availability and use of DHP and were informed that much work has taken place to promote the DHP scheme to tenants. This includes:

- Contacting each Council tenant affected by the size restriction rules before April 2013 to explain their options, including DHP.
- Writing to every tenant affected by the size restriction rules in March 2013, asking them to contact their landlord to discuss their options.
- Explaining the DHP scheme in person to over 80 stakeholders and partners, including over 50 external partners.
- Including information about the scheme in factsheets, which are available on the Welfare Reform internet page.

51. The CAB also stated that the ‘downsizing’ condition for related DHP causes issues, in that there is no other form of assistance for those unwilling or unable to downsize, but who cannot afford the shortfall. CAB also stated that it appears to have been inconsistently applied. They felt that ‘Consequently, there remains some confusion and inconsistency among tenants and advisors about the conditions and application of this important payment scheme.’

52. With regards to downsizing, the CAB highlighted that tenants are unwilling to downsize for various reasons, including the fact that many tenants have lived in their homes for many years and do not wish or feel unable to move, and that leaving their communities may be a frightening prospect and may even be physically or mentally unwise. CAB also highlighted that, ‘although the creation of the priority list is a commendable piece of pre-emptive planning by Cardiff Council, how it works in practice highlights one of the basic problems of this part of the policy’. Examples cited after this included the suitability of properties offered, with tenants not accepting offers for the following main reasons: ‘because of location, especially for schools; the quality of properties offered, which has in some cases been of a significantly lower standard than current accommodation; proximity to
family and friends, an important consideration for tenants rooted in or dependant on their immediate communities.’

53. CAB also highlighted that disabled tenants are subject to the size criteria and that the issue of downsizing and moving is particularly acute in these cases: ‘Clients with mental or physical disabilities or illnesses may have made adaptations to their property not covered by the DHP extra room criteria, or they may rely on a close local network of family and friends to keep them safe, secure and independent. Our advisors regularly see clients with significant mental health problems or learning disabilities whose condition is adversely affected by the prospect of being compelled to leave the security of their familiar environment. Furthermore, we expect that such considerations add enormous complexity and strain to the downsizing allocation procedure.’

54. Members asked officers whether there was wider help offered with re-orientation for tenants with impairments who move, as discussed in the ‘Meeting Affordable Housing Need’ Inquiry and the Committee’s previous Welfare Reform Inquiry. Officers stated that this is not yet in place but that there are discussions on-going with colleagues in social care and that officers are planning to do this via a new team - the Independent Living Team.

55. Members heard that a key concern about relying on DHP to ameliorate the impact of the size criteria is that there is no guarantee from the U.K. Government that the level of DHP funding will continue. CAB stated that DHP awards have ‘mitigated and masked the real and imminent impact of this policy … If, in the future, the Council cannot effectively subsidize vulnerable low-income tenants in this way – or, alternatively, once housing costs are included in Universal Credit – then we expect to see a quick increase in rent arrears and repossessions.’
Rent arrears management

56. Members heard that the rent arrears procedure in Cardiff is based on prevention and support, which has led to a reduction in arrears overall and evictions for rent arrears: since 2007, rent arrears have reduced from 1.77% to 1.32% and evictions for rent arrears have dropped by 52%. Members heard that additional action is being taken to support tenants affected by the size restrictions, including additional letters informing tenants of their options and offering support with these, checking for vulnerability, ensuring DHP claims are processed and undertaking additional visits as appropriate. Members heard that Cardiff Council is the only local authority to hold an officer Rent Review Panel to allow tenants to appeal before being sent for court proceedings.

57. Members heard that the Rent Rescue scheme helps tenants affected by size restrictions who also have rent arrears. Tenants who show they can afford to pay the rent shortfall, but cannot afford to pay the arrears, can apply for DHP to pay their rent arrears. Before the arrears are paid, tenants must show over a 3 month period that they can afford to pay the rent shortfall. To date, 47 claims have been received and 42 have been agreed. None of the claims have yet been paid as officers are awaiting the tenant to show they can afford the shortfall; if they do meet the shortfall, the costs of meeting the rent arrears will be £14,027.

58. With regard to evictions, Members heard that ‘no application to evict will be made for those affected by the Bedroom Tax who are realistic about their choices and are genuinely trying to resolve the problem’. Officers reiterated that the Council would do everything it could to prevent someone affected by the size criteria becoming homeless, using the rent arrears management process and DHP to help with this. Officers confirmed that the Council is not planning to evict tenants who cannot pay but who are trying to downsize.

59. Members heard from Cardiff Against the Bedroom Tax (CABT) that they felt that the overall approach of Cardiff Council ‘is making people fearful and is not sustainable.’ Witnesses from CABT felt that the letters and
literature used by Cardiff Council highlight that eviction is possible and that tenants may then be deemed intentionally homeless - the message of eviction being used as a last resort was not being communicated to tenants in Cardiff; tenants do not respond well to eviction letters - those that pay will often have used one-off payment routes and so their arrears will increase in the future and the Council will have to make a choice whether or not to evict.

60. Members asked other witnesses whether they had any feedback about the correspondence used by the Council to tenants re rent arrears; the only feedback received was that a tenant was annoyed about being told that they might qualify for DHP and then not being granted it - it was felt not to be clear enough, with the tenant who raised this stated that ‘the ambiguity was sickening’.

61. Witnesses from CABT also raised concerns about the approach of officers, with tenants being visited by council officers and told they need to find the shortfall or they could be evicted; ‘people living like this, without a bean and living hand to mouth, may as well be asked to walk to the moon as asked to pay the shortfall; they should not have the ‘heavy mob’ knocking on their door.’

62. Cabinet Member for Communities, Housing and Neighbourhood Regeneration Councillor Lynda Thorne highlighted that the information provided on the rent arrears management process demonstrated that the Council took early steps to prevent tenants from accumulating rent arrears and that this is critical when dealing with low-income households. She understood some groups were not happy about the early letters and the contents, but stressed that the point of these were not to scare tenants but to avoid tenants building up debts that they would struggle to clear.

63. Officers informed Members that, to date, two cases have been taken to court for arrears caused by size restrictions, one of which also had previous arrears, but that there have been no evictions so far for arrears
due to size restrictions; officers restated that there would be a final offer of re-housing before any eviction went ahead.

Reclassification of properties

64. Members heard from Council officers that there has been an on-going programme of reclassification of properties where this is appropriate and that this pre-dates the introduction of the size criteria. Members heard that the following number of properties have been reclassified:

- 2009/10 – 2 properties reclassified
- 2010/11 – 1 property reclassified
- 2011/12 – 9 properties reclassified as part of WHQS
- 2012/13 – 12 properties reclassified following letters about the size criteria
- 2013/14 - 14 requests and 5 reclassified to date.

65. Members heard that work was undertaken prior to April 2013 to ensure properties were correctly classified. This was done by identifying properties where the rent charge was contradictory to the size of property held. Letters were sent to all tenants showing how many bedrooms the Council’s records showed they had. This letter gave tenants an opportunity to contact the Council if they felt the Council had incorrect information.

66. Members heard that maintenance officers visit all properties identified as possible candidates for reclassification and use the Cardiff Council definition for determining whether the room can be counted as a bedroom; this standard states that the room must be capable of accommodating a single bed and bedside storage.

67. Members heard from a witness from CABT how the above approach does not work for him. He has been told that he is now counted as under-occupying his property as, although his second bedroom is 7ft by 7ft; the Council say it can accommodate a single bed. However, it is too small for him to be able to take in a lodger. He has been offered a property to
downsize to, but the service charge is more than the shortfall in rent and so it didn’t make financial sense to move.

**Welsh Government funding**

68. The Welsh Government has made available £750,000 to local authorities for projects to mitigate the impact of the bedroom tax, including financial inclusion projects and disturbance schemes. It has also allocated £20 million to build 357 one and two bedroom homes to assisted Welsh households hit by the size criteria. In Cardiff, this equates to £1.8 Million. However, Welsh Tenants, whilst welcoming the funding, pointed out that this will meet about 1% of the need.

**Increasing the supply of social housing**

69. As well as the £1.8 Million Welsh Government funding, Cardiff Council is working to address the need for smaller properties via the Housing Partnering Programme and negotiations with developers. Current projections indicate that 69 one bed units and 73 two bed units will be delivered in 2013/14. The Housing Partnering Programme is scheduled to commence in 2014/15 and will deliver a minimum of 400 affordable housing units. Members heard that initially this programme will focus on delivering smaller units, including flats, to tackle the issues resulting from Welfare Reform.
Approaches to Eviction

70. During the course of scoping this Inquiry, Members specifically chose to examine the approaches that other local authorities are taking re whether or not to evict tenants who accrue rent arrears because of the size criteria.

71. Members heard that a number of councils have publicly pledged not to evict tenants who fall behind with their rent because of the size criteria. Brighton and Hove Council was the first to pledge not to evict people for non-payment of arrears arising from the size criteria. A selection of other authorities that have announced no eviction policies in some form or another are: Milton Keynes; North Lanarkshire; Birmingham; Dundee; Broxtowe; East Ayrshire; Clackmannanshire; Islington; Darlington; Edinburgh; and all Labour Councils in Scotland.

72. Members heard from CABT that there is a moral argument in favour of local authorities pledging not to evict tenants who accrue arrears because of the size criteria; CABT witnesses felt that the ‘strain of the Bedroom Tax should not be borne by tenants alone’ and that ‘Labour Councils should not just look at things from an accountant’s perspective but should take account of the impact of decisions on the vulnerable in their communities. Labour Councils should give public reassurance that they are on the side of the tenants.’

73. Members also heard that, from a financial point of view, it made sense to have a ‘no evictions’ pledge, as the cost of evicting and rehousing tenants would be more than the cost of the loss of rent collected. CABT witnesses quoted research by Shelter that the average eviction costs £6,000, with a similar amount for rehousing costs. With regard to rehousing, CABT witnesses cited the Govan Law Centre which has stated that it believes that a decision of intentionality in a homeless application would be unlikely re arrears caused by the size criteria, as it would be clear these arrears were caused by hardship.
74. Members asked officers to provide the average costs of eviction in Cardiff and were informed that typical eviction costs were approximately £5,740, as detailed below:

**Typical eviction costs in Cardiff**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warrant fee</td>
<td>£110.00</td>
</tr>
<tr>
<td>Clean &amp; clear</td>
<td>£150.00</td>
</tr>
<tr>
<td>Repairs</td>
<td>£4,200.00</td>
</tr>
<tr>
<td>Time lost in rent (12wks x £100.00)</td>
<td>£1,200.00</td>
</tr>
<tr>
<td>Tipping cost</td>
<td>£80.00</td>
</tr>
<tr>
<td><strong>Approx total cost</strong></td>
<td><strong>£5,740.00</strong></td>
</tr>
</tbody>
</table>

75. Members asked for officers’ views on the likely impact on homelessness and rehousing; officers clarified that each homeless application would be considered on its own merits and, if a tenant was owed a homelessness duty and placed in temporary accommodation, these costs would be met by Housing Benefit. Officers emphasised that in Cardiff, to date, there has not been an increase in homelessness caused by the size criteria and it is expected that this will continue to be the case, given the proactive rent arrears management approach and help offered to affected tenants.

76. Councillor Thorne highlighted that the impact of eviction was not just the financial cost but the emotional and social impact on those being evicted. However, this had to be balanced against the need to send a clear message of the duty to pay rent and the need to be fair to those tenants who struggle but make sure they do pay their rent. The information provided on the rent arrears management process demonstrated that the Council took early steps to prevent tenants from accumulating rent arrears.

77. Members also heard that, across the board, the ‘no eviction’ policy only applies to tenants who have taken reasonable steps to pay their rent. Therefore, in practice, ‘no evictions due to the Bedroom Tax’ is not much different from the policy of eviction ‘as a very last resort’, which is practised by most local authorities i.e. only after income maximisation, incentives to downsize and employment and skills training before considering eviction
as a final course of action if a tenant had fallen seriously behind with their rent. It also means that the local authorities with 'no eviction' pledges will have to make a judgment on a case by case basis. Generally, in situations where people with no history of arrears suddenly do have arrears, it is likely that this will be adjudged to be because of the size criteria.

78. Members heard that the 'no eviction' pledges to date are time-limited, till 2014, and that in Scotland, the loss of rental income costs are being borne by the Scottish Government. Members heard that the equivalent costs in Cardiff would be £1.8 million and that, as there is no Welsh Government funding available for this, the burden of funding this would fall on other tenants as it would have to be met from the Housing Revenue Account, and that this money would therefore not be available for other housing related expenditure.

79. Members heard that the following additional arguments have been made against 'no eviction' pledges:

- Not easy to distinguish where the debt comes from - it is often ambiguous to distinguish between inability to pay as a result of the introduction of the 'Bedroom Tax' and inability to pay as a result of other circumstances. The introduction of Universal Credit will make this distinction impossible to make. Moreover, it is virtually impossible to distinguish inability to pay versus the tenants' decision not to pay.

- Gives the impression that tenants no longer have to pay their rent in full The Chartered Institute of Housing and the National Housing Federation are concerned that this could be especially problematic in light of the direct payment of benefit to tenants, which will be phased in from October. A ‘no eviction’ policy could stop some tenants from making any attempt to pay the charge or engage with the service to find solutions

- The fairness of protecting only a single group of tenants from eviction - Many tenants struggle with the affordability of rent and other bills,
especially those on low incomes and those affected by other Welfare Benefit Reforms; these other groups will not be protected in the same way.

- **Unfair on Bedroom Tax-hit tenants who manage to pay** - or those tenants who choose to prioritise their rent payments, at the detriment of accruing other debts.

- **Legal issues** - Bristol City Council's working group report\(^{11}\) states that there could be legal challenges if some Bedroom Tax-hit tenants are exempt from eviction proceedings and others are not. Secondly, the Council would potentially forego significant rental income in applying the policy and in doing so could be deemed to be fettering its financial responsibilities (meaning it could be unlawful).

80. Members considered the recent report from Bristol City Council, which has recently revoked its no eviction pledge. A cross-party working group reviewed evidence and concluded that a blanket no evictions policy is not sustainable and should be ended as soon as possible. Members heard that, in Bristol, ‘*before the under-occupation charge was implemented 40% of the households to be affected were in arrears; this has risen to 70%.*’\(^{12}\)

81. Members heard from Welsh Tenants that they were not advocates of a ‘no evictions’ policy as they felt it would be difficult to maintain; however, they felt that local authorities could offer help with the appeals process against the size criteria and that this would help to stave off evictions as a Judge will not grant an eviction if an appeal is on-going.

82. Members heard from witnesses from Welsh Tenants and CABT that they were concerned that some housing associations may decide to use ‘Ground 8’ of the Housing Act 1988, which enables them to apply for eviction where tenants are either eight weeks or two months in arrears, depending on whether the tenancy is weekly or monthly. This ground for

\(^{11}\) Bristol City Council - Report to Council of the Cross Party Working Group on Under Occupancy Charge 10\(^{th}\) September 2013

\(^{12}\) As above
eviction is mandatory, meaning that the courts cannot investigate the causes for arrears or take into account mitigating factors. Members heard that this may have an impact for local authorities as tenants could apply under homelessness legislation.

83. Officers confirmed that, at Members request, they had liaised with partner housing associations and that there was no intention to use Ground 8 routinely or for cases of arrears caused by size restrictions. Most of the partner housing associations have used Ground 8 over the last few years but for exceptional circumstances and only as a last resort. Officers clarified that homeless cases are monitored and that if the Council felt that housing associations were evicting tenants unnecessarily, this would be discussed first with the relevant housing association and then if necessary with the Welsh Government. Officers stated that they do not foresee housing associations changing their current use of Ground 8.
Approach to Reclassification

84. During the course of scoping this Inquiry, Members specifically chose to examine the approaches that other local authorities are taking on whether or not to re-classify or re-designate bedrooms as non-bedrooms. Members heard that re-classifying bedrooms as non-bedrooms or non-specific “rooms” can mean a property is no longer designated as being under-occupied. That in turn means the tenant will no longer be liable under the size criteria. 13

85. Members heard that it is up to landlords to describe the number of rooms a property has in line with the rent charged and the tenancy agreement. There is no definition of a bedroom in the size criteria regulations. As there is no definition of the term ‘bedroom’, it is down to the subjective view of the Housing Benefit decision maker whether or not a room can reasonably be described as a bedroom. The subjective nature of the exercise is further underlined by the fact that there is nothing to say how many rooms other than bedrooms a person is entitled to.14 However, Lord Freud wrote to all local authority chief executives in June 2013 advising that the ‘inappropriate re-designation of bedrooms by a local authority in relation to the under-occupation regulations brought in from 1 April 2013 could lead to restriction or non-payment of the Housing Benefit Subsidy to that Local Authority’.

86. Members heard from Welsh Tenants that there is significant legislation already in place as to what constituted a bedroom and useable space in a bedroom, via the Housing Act 1985 and recent tribunal decisions, which have found in favour of tenants with impairments requiring additional rooms in order to meet their needs. Welsh Tenants believe that local authorities should use this legislation to apply reclassification as appropriate. Welsh Tenants believe this could remove two thirds of affected tenants, who have impairments, from being affected by the size

---

13 Scrutiny Research Briefing Report - Measures of alleviating the negative impact of the removal of the ‘spare room subsidy’ on council housing tenants - October 2013
14 As above
criteria. Welsh Tenants believe that Lord Freud’s statement regarding what constitutes a bedroom is therefore legally contestable.

87. Members heard from a witness from CABT that other local authorities are taking a stand and taking the lead in terms of reclassification. Members heard that the following local authorities are re-classifying properties:

**Examples of re-classification**

- Leeds Council has reclassified 837 homes as having one fewer bedroom each, but is refusing to reduce the rent. Council officials have inspected the housing stock and reclassified any unoccupied ground floor bedrooms as non-specific as well as very small bedrooms, or those which acted as a thoroughfare to another room. Their argument is that they were misclassified before. The deputy leader of Leeds Council has been reported as stating that “We have taken all the legal advice we have and what we are doing is perfectly legitimate. The council would legally challenge any decision to cut the council’s housing benefit subsidy.”

- Nottingham City Council stated plans to re-designate all of its 1,019 two-bedroom high-rise flats as one-bedroom properties. There is also no review of the rent associated to this reclassification.

- Welwyn Hatfield Council are also reclassifying bedrooms which are less than 50 square feet (4.65 square metres) in size as a ‘box’ room. This is expected to affect about 10 properties resulting in a reduction in rental income of £35,000 a year.

- Bristol Council also has, in theory, a policy of reclassifying properties on the basis of size (i.e. if bedrooms are found to be smaller than square 50 feet), but have thus far not found any that qualify.

88. Members noted that each of the local authorities above that has pursued reclassification has specific circumstances with their housing properties.
Members asked officers whether Cardiff Council had any similar properties but were advised that this was not the case for the following reasons:

- Cardiff Council has previously reclassified properties brought to officers attention as requiring reclassification
- Cardiff Council has recently carried out a review of properties from the information available and has only identified two or three additional properties requiring re-classification
- All potential properties for reclassification are visited by officers to ensure that any factors particular to that individual house are taken into account in the decision whether to reclassify
- Cardiff Council has not previously designated living rooms as bedrooms, which Leeds Council had done.

89. Members heard that there were additional arguments against reclassification, as follows:

**Arguments against re-classification**

- **Transferability of legislation** - the Chartered Institute of Housing cautions against using one piece of legislation for another purpose - “the legislation on overcrowding defines what a bedroom is for the purposes of working out who is overcrowded. But definitions in one piece of legislation cannot be used in another (this is a well established rule of statutory interpretation), so this definition is not relevant to the housing benefit size criteria”.

- **Recent case law is not binding** - the DWP has indicated determination to take cases to appeal and, ultimately, could change the legislation if unsuccessful

- **Rents would fall accordingly** - as Councils reclassified properties as smaller and lowered rents accordingly. However, it can be argued that the hit on rental income will be ‘very limited’ and would be worth taking, given the hassle and hardship caused by the bedroom tax. He said the rental income hit could be as small as 0.2 per cent if a landlord has one in 10 properties affected by the under-occupation penalty.

- **Housing benefit in payment would fall** - Lord Freud’s letter to Local Authority Chief Executives on 20 June 2013 advised that ‘the inappropriate re-designation of bedrooms could lead to restriction or non-payment of the Housing Benefit Subsidy to that Local Authority”.

- **Differing amount of rent charged for same type of property** - if re-classification only occurred of properties of tenants negatively affected by the ‘Bedroom Tax’
- **Impact on future allocations** - whether a family that needs a three-bedroom property, will be given access to a three-bed property reclassified as two-bed property.

- **Reclassification reduces the value of the stock** - as smaller properties are valued as less than larger properties - this will affect loans taken out against the HRA, meaning that the loans may need to be renegotiated or even called in by the banks.

- **Undermine the viability of the landlords** - thus affecting all tenants, whether they are affected by the ‘Bedroom Tax’ or not.

90. Members asked officers to calculate the loss to Cardiff Council’s Housing Revenue Account if properties in Cardiff were reclassified; officers stated that it would be a loss of approximately £12 per week per bedroom equating to nearly £1.8million per annum. Officers felt that a better use of HRA monies would be to put monies into the DHP pot, as this would be used for individuals and would not affect the long-term viability of HRA or future allocations and lettings.

91. Officers highlighted that they did have concerns about the DWP guidance for room sizes as they felt these were small, particularly for two children sharing and particularly for two teenagers sharing; however, officers felt that it was better to try to address these issues via the Housing Allocations Policy of the Council.

92. Members were aware that the Disabled Band Relief means that Council Tax Payers can have their Council Tax based on a lower band if someone in their home has a substantial or permanent disability. Council officers explained that the home must contain one of the following features of facilities:

- An additional bathroom, or kitchen; or
- A room other than a bathroom, kitchen or toilet which is used mainly by the person with the disability; or
- Extra space to allow for the use of a wheelchair.
93. Council officers stated that the above does not necessarily mean the tenant or someone in their home has a need for a spare bedroom. As a result of this Inquiry, Council Officers carried out a matching exercise of households who receive Disabled Band Relief with households affected by the size criteria and identified nineteen households that fall into both categories. Officers stated that they ‘will work with these tenants to check if they can be given any further help’.
Other Approaches Taken

94. Members wished to understand whether there were any other approaches being taken by local authorities that have not been considered in Cardiff. Members heard that other local authorities are offering general help such as using DHP, helping with downsizing, providing support services and providing advice services.\(^{15}\) However, the work being done in Cardiff incorporates all of these approaches. Members therefore asked witnesses whether they felt that there was anything else that local authorities could do to mitigate and ameliorate the impact of the size criteria.

95. Welsh Tenants highlighted two specific additional areas where they felt that local authorities could do more: improving the use of housing stock; and assisting tenants to appeal housing benefit decisions.

96. With regard to improving the use of housing stock, Welsh Tenants stated that they have consistently lobbied over the last few years for local authorities to increase the use of mutual exchanges, including enabling tenants with rent arrears to mutually exchange. Welsh Tenants believe that this will help to tackle under-occupation and utilise stock more effectively, freeing up family accommodation, which could be converted if needed into smaller properties, thus creating more supply. Members heard that Cardiff Council is enabling tenants affected by the size criteria to mutually exchange, with a former tenant arrears agreement being in place to collect rent arrears.

97. With regard to local authorities assisting tenants to appeal housing benefit decisions, Welsh Tenants believe that ‘every tenant affected by the Bedroom Tax should appeal as it is clear from the first tier tribunal cases that local authorities should not be relying on tenancy agreements to make decisions re the Bedroom Tax.’ Welsh Tenants highlighted that each case has to be taken on its own merits but that 60% of appeals are being won. Welsh Tenants believes that local authorities should encourage tenants to

\(^{15}\) Scrutiny Research Briefing Report - Measures of alleviating the negative impact of the removal of the ‘spare room subsidy’ on council housing tenants - October 2013
appeal and ensure there is independent advice to assist with the appeal, via CAB, trained advocates and volunteers. Members heard that Cardiff Council has worked to ensure that CAB is located in the Advice Hub in the centre of Cardiff and provides advice surgeries at hubs across Cardiff.

98. Welsh Tenants reiterated that they want local authorities to:

- look at re-designating properties as per the Housing Act 1985; they believe this could take two thirds of affected tenants out of the Bedroom Tax, due to the number of affected tenants who have impairments, the size of bedrooms and the use of bedrooms
- take proactive opportunities re downsizing - look at how to increase the supply of 1 and 2 bed properties
- take a strategic lead with RSLs to bring pressure to bear to not use Ground 8
- Argue for repeal and against legality of Bedroom Tax - Welsh Tenants would like Cardiff Council, as the capital city, to take the lead and legally challenge on behalf of its residents.
- Look at using other sources of funding such as General Fund and Homelessness Fund, not just DHP, to assist tenants
- Use Discretionary Assistance Fund to pay for removals.

99. Hafod Housing Association suggested some additional areas for both Cardiff Council and partner organisations to consider, including:

- Establishing a multi-agency group to increase tenants’ financial capability
- Mapping out and publicising community based internet access facilities in preparation for Universal Credit. (30% of Hafod tenants do not have internet access)
- Consultation with/learning from neighbouring authorities
- Ensuring allocation policies:
  - emphasise the priority for economic transfers (without creating a ‘bottleneck’ for other priorities)
  - reflect DWP size criteria and amend waiting lists accordingly
• provide for a consistent approach to allowing transfers/exchanges to those affected tenants who have arrears
• Further exploration of the use of shared tenancies
• Consider the impact of Welsh Government rent level proposals on social landlords
• Consider whether the DHP ‘pot’ might be topped up by the Authority as an investment to prevent homelessness and the subsequent higher costs arising from temporary accommodation
• Ensuring that future developments provided via Section 106 Agreements provide:
  • The highest possible space standards to ensure DWP occupancy targets can be achieved
  • Housing provision under such agreements reflect local need and not developer aspirations
  • Commuted sums are taken and invested in other strategic areas (e.g. empty homes) to provide suitably sized properties that reflect local demand.

100. Linc Cymru highlighted that they had also undertaken the following two pieces of work, in addition to the overall work undertaken by partner housing associations in Cardiff:
• Produced a Welfare Reform video to tenants that can be accessed from Linc’s website, featuring tenants giving advice and information. The video has had a substantial number of hits and has attracted attention from other housing providers.
• Set aside a budget for a hardship fund that tenants can request help from, where they have been unable to access discretionary housing payments and where they need short term help prior to moving to another property unaffected by the under-occupancy charge.
Other Welfare Reforms

101. During the course of this Inquiry, Members repeatedly heard warnings from witnesses about the potential impact of Universal Credit and the need to prepare carefully for its introduction. Members heard from officers that the first site in Wales is not due to commence using Universal Credit until March 2014 and that there is no date set for the roll out in Cardiff; however, the DWP has informed the Council that it will still be responsible for Housing Benefit in 2017.

102. Officers informed Members that when Universal Credit is introduced, it will mean that money is paid direct to tenants and they will then be responsible for paying their rent. In Cardiff, this equates to £60.5 million rent that will need to be paid. Payment would be made to tenants monthly and in arrears; officers highlighted that this alone will increase Cardiff Council’s rent arrears by £3 million. However, officers have used DWP figures to calculate the potential loss in rent collected and believe it will be at least £5 million a year.

103. Members heard that a critical issue with Universal Credit is the expectation that tenants will claim online; currently less than 40% of Cardiff Council tenants have internet access, whilst Hafod Housing Association told Members that at least 30% of their tenants do not have internet access.

104. Another critical aspect is that tenants will be expected to have a bank account and to use a standing order to pay their rent. Officers informed Members that there will be difficulties with this for some tenants for the following reasons:

- Predicated on recipients having a bank account - in reality many of them do not have and are not able to open a bank account due to the requirements of banks when opening an account.
- The use of standing orders means that:
  - There needs to be money in the account to cover the standing order
It will be difficult to know how to advise a recipient when to schedule standing orders to take monies from the account, as recipients will receive universal credit on different days and local authorities will not be told when payment is due to be made.

105. Officers highlighted the following additional risks associated with universal credit:

- Real risk to viability of Housing Revenue Account from failure to collect arrears
- Loss of rent will affect services for council tenants, as rental income is used to pay for all repairs, maintenance and capital investment
- Loss of rental will mean less capital investment
- Loss of rent would lead to significant cuts to services and job losses
- Loss of rent would mean the Housing Revenue Account was unable to fund house building
- There will be an increase in collection costs – an estimated 30,000 transaction charges (for payment at post offices), costing £200,000
- Cessation of funding to pay for staff who deal with Housing Benefit queries and therefore staff will not be available to assist tenants with their queries; currently there are 10,000 contacts a month re housing Benefit.

106. Members asked whether the U.K. Government was providing assistance with the above. Officers informed Members that the DWP has delayed issuing the Local Services Support Framework which would have provided indicative costs; this is now due to be issued by the DWP in Autumn 2014. Officers stated that the lack of indicative costings is affecting their ability to plan and prepare appropriately.

107. Members queried whether credit unions could assist but were informed by officers that, whilst credit unions are useful for savings and loans, they do not really have the facilities to offer bank accounts. However, DWP and Welsh Government have provided funding for credit unions to explore the possibilities of becoming more like banks.
108. Members asked what steps Cardiff Council is taking to prepare for
Universal Credit and were informed about the following:
- watching pilot authorities closely
- Welfare Reform Face to Face project to encourage digital inclusion –
sessions run across the city to provide advice and support about bank
accounts
- Tenant profiling questionnaire to assess individual tenants’ needs to
target where able to allow direct payment applications to be made.
Officers highlighted that the guidance from the DWP on this will be
critical and they hope that local authorities will be allowed to take a
flexible approach aimed at safeguarding vulnerable tenants. The
Council is working with RSLs to have a common approach on this.
- Reviewing rent collection procedures.

109. Hafod Housing Association highlighted that they are ‘currently carrying out
a pilot exercise within the Cardiff area to mimic the introduction of
Universal Credit. This will allow us to identify our own individual needs
which may differ from the findings of the national pilot currently being
carried out. Through undertaking the exercise we will identify what
additional resources are required to address the changes as well as
determine what additional help and support our tenants will need following
the introduction of Universal Credit.’

110. A witness from CABT stated that he felt that Cardiff Council was not
doing enough to prepare for Universal Credit - it should be working
more with credit unions and working to provide a single source for
Universal Credit recipients.

111. Members were concerned to understand the current sources of community
based internet access - such as libraries - and the potential impact of
budget cuts given the scale of the savings currently required by Cardiff
Council. Officers stated that work was in hand to increase digital inclusion
via hubs and that there is a specific task group on digital inclusion which is
working on other ways to improve this. Councillor Thorne stated that
partner housing associations and tenant associations are also gearing up to assist.

112. Members asked whether there had been mapping of community based internet access points and were informed by Council Officers that a ‘mapping portal’ exists on the Council internet site where customers can find free internet access locations across the city; the portal can be accessed at http://ishare.cardiff.gov.uk/mycardiff.aspx
M1. The Community and Adult Services Scrutiny Committee applies a project management approach to its inquiries, including mechanisms to consistently prioritise topics suggested for scrutiny, scoping reports and project plans. The aim of these is to ensure there is a dialogue with the services involved in the scrutiny process with the ultimate aim of improving overall service delivery and enabling effective scrutiny.

M2. Members held meetings to hear from the following Council officer witnesses:

- **Councillor Lynda Thorne** - Cabinet Member for Communities, Housing and Neighbourhood Renewal
- **Sarah McGill** - Director of Communities, Housing and Customer Services
- **Jane Thomas** - Operational Manager - Benefits, Finance and Tenant Services
- **Richard Griggs** - Housing Services Legal Officer

M3. Members also heard from the following external witnesses:

- **Adam Johannes** - Cardiff Against the Bedroom Tax (CABT)
- **Sue Leader** - Cardiff Against the Bedroom Tax (CABT)
- **Jamie Insole** - Cardiff Against the Bedroom Tax (CABT)
- **Paul Callaghan** - Cardiff Against the Bedroom Tax (CABT)
- **John Fellows** - Cardiff Tenants and Residents Federation
- **Steve Clark** - Welsh Tenants

M4. Members invited written submissions from all the partner housing associations and advice agencies in Cardiff and received responses from the following:

- **Hafod Housing Association**
- Linc Cymru Housing Association
- Taff Housing Association
- CAB Cardiff and Vale.

M5. As part of this Inquiry, the Committee requested dedicated research into the measures for alleviating the negative impact of the size criteria on council housing tenants. The Scrutiny Research Team undertook the research via desk based work and telephone conversations with relevant local authorities. The full report is available separately from the contacts listed at the end of this report.

M6. The evidence from internal and external witnesses was used to identify suitable findings from the Inquiry and has been used to inform the Recommendations.
BIBLIOGRAPHY


Cardiff Council - Audit Committee Agenda Item 6.2 - 16th September 2013 - Briefing Report: Welfare Reform

Cardiff Council - Scrutiny Research Briefing Report - Measures of alleviating the negative impact of the removal of the ‘spare room subsidy’ on council housing tenants - October 2013

Department of Work and Pensions - Number of Spare Bedrooms, according to the Housing Benefit Size Criteria, in Working Age Households in the social rented sector in G.B. - May 2013

Department of Work and Pensions - Letter from Lord Freud to all Local Authority Chief Executives - 20th June 2013


Department of Work and Pensions - Statement on the judgement on the spare room subsidy - 30th July 2013


House of Commons Library - Under Occupancy of Social Housing: Housing Benefit entitlement 8th November 2013

National Housing Federation - Impact of Welfare Reform on Housing Associations: Baseline Report - January 2013

Open Democracy - The Bedroom Tax: making Rachmanism legal in the U.K. - 4th June 2013


Various press articles from: BBC News On Line; Campaign; Inside Housing; South Wales Argus; South Wales Echo; and Wales On Line.
FINANCIAL IMPLICATIONS

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications.

LEGAL IMPLICATIONS

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without modification. Any report with recommendations for decision that goes to Cabinet / Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal power of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.
COMMITTEE TERMS OF REFERENCE

To scrutinise, measure and actively promote improvement in the Council’s performance in the provision of services and compliance with Council policies, aims and objectives in the area of community and adult services, including:

- Public and Private Housing
- Adult Social Care
- Disabled Facilities Grants
- Community Care Services
- Community Safety
- Mental Health & Physical Impairments
- Neighbourhood Renewal and Communities Next
- Commissioning Strategy
- Health Partnership
- Advice & Benefit
- Local Service Board
- Consumer Protection
- Older Persons Strategy

To assess the impact of partnerships with and resources and services provided by external organisations, including the Welsh Government, Welsh Government-sponsored public bodies, quasi-departmental non-governmental bodies and health services on the effectiveness of Council service delivery.

To report to an appropriate Cabinet or Council meeting on its findings and to make recommendations on measures which may enhance the Authority’s performance in this area.

To be the Council’s Crime and Disorder Committee as required by the Police and Justice Act 2006 and any re-enactment or modification thereof, and as full delegate of the Council to exercise all the powers and functions permitted under that Act.
COMMUNITY AND ADULT SERVICES
COMMITTEE MEMBERSHIP

Councillor Daniel De’Ath
(Chairperson)

Councillor Ali Ahmed

Councillor Joseph Carter

Councillor Susan Goddard

Councillor David Groves

Councillor Mary McGarry

Councillor Eleanor Sanders

Councillor Graham Thomas