House of Commons

Work and Pensions Committee

Oral evidence: Support for housing costs in the reformed welfare system, HC 720 Wednesday 29 January 2014

Ordered by the House of Commons to be published on 29 January 2014.

Written evidence from witnesses:

- Coalition of Care and support Providers in Scotland
- Citizens Advice
- Zacchaeus 2000 Trust
- StepChange
- Surrey Welfare Rights Unit

Watch the meeting

Members present: Dame Anne Begg (Chair); Graham Evans; Sheila Gilmore; Glenda Jackson; Nigel Mills; Anne Marie Morris; Teresa Pearce; Mike Thornton.

Questions 372 - 472

Witnesses: **Yvette Burgess**, Unit Director, Housing Support Enabling Unit, Coalition of Care and Support Providers in Scotland, **Geoff Fimister**, Policy Researcher, Citizens Advice, **Joanna Kennedy**, Chief Executive, Zacchaeus 2000 Trust, **Peter Tutton**, Head of Policy, StepChange, and **Maria Zealey**, Unit Manager, Surrey Welfare Rights Unit, gave evidence.

Q372 Chair: Welcome to our fifth evidence session of our housing costs inquiry. Thank you very much for coming along this morning on what is quite a miserable day; it has been a bit rainy all week here in London, unusually. The thing that unites you all is that you are in the advice or help sector, and we are hoping that you will be able to give us some insight into how the various changes in Housing Benefit will affect the clients that you come into contact with day by day. I am going to start with a number of questions about the overall benefit cap. I am just wondering if you have any comments about what proportion of income claimants are losing as a result of the cap and what the different regional variations of that are. I do not know who wants to start. Everybody is sitting quietly. Geoff, can I start with you, perhaps?

Sorry, I should have asked you to introduce yourselves for the record. I completely forgot about that, sorry, Geoff. Can you start by introducing yourself? We will go along the line and then I will come back to you for an answer.

Geoff Fimister: I am Geoff Fimister. I am a policy researcher with Citizens Advice.

Maria Zealey: I am Maria Zealey. I am the Unit Manager at Surrey Welfare Rights Unit. We are a small local charity that is a member of Citizens Advice, but we work at a second tier level, so we do not directly support members of the public; we support other organisations. We train them and do complex casework.

Yvette Burgess: My name is Yvette Burgess from the Housing Support Enabling Unit and the Coalition of Care and Support Providers in Scotland. We work with care and support providers, mainly in the voluntary sector, across Scotland.

Joanna Kennedy: I am Joanna Kennedy from Z2K. We are a London-wide anti-poverty charity and we provide advice to those on very low incomes, particularly in relation to homelessness.

Peter Tutton: I am Peter Tutton. I am from StepChange Debt Charity. We provide debt advice and support for people across all four UK nations. Last year, we saw over 500,000 people in severe financial difficulty.

Q373 Chair: Thanks very much. I will remind you of the question, which is: what proportion of income has been lost as a result of the overall benefit cap and the regional variations?

Geoff Fimister: This is clearly going to vary depending on the number of children involved and on the rent levels, because those are the two hazards in terms of the benefit cap. As regards the rent levels, it is those high rent areas where clearly the biggest impact is going to be. Although the number of families affected is relatively small in the grand scheme of things, it can have a very severe effect on the individual families concerned. Again, as I say, the number of children is a key variable, and the rent levels. The rent hotspots, particularly the South East and London, are where you would expect to have the hardest hit.

Q374 Chair: Do you have any examples of just how much in cash terms families would have had before the benefit cap that they now do not have as a result of the benefit cap?

Geoff Fimister: I do not have specific instances here, but we could get you examples.

Q375 Chair: Does anybody else have any?

Joanna Kennedy: The evidence shows that the range would be between £5 and £500 a week. There are people who are losing as much as £500 a week.

Q376 Chair: Obviously that is within a range. Is that the extreme? Is that one or two families in London or would it be more than that?

Joanna Kennedy: I do not know that.

Geoff Fimister: We see that kind of range, yes. For some, it is just going to be a few pounds; for others it is going to be very large and, at that point, clearly, staying in the accommodation where you are becomes unsustainable.

Q377 Chair: You said that the variable was the number of children but, in London particularly, to have the differential of £500 a week must mean that not only did they have quite a few children, but they must have been in very high-priced properties.

Geoff Fimister: Indeed; that is right and that is where the real regional variations are going to come in depending on where the rent level hotspots are.

Joanna Kennedy: Perhaps I could give an example that might help. We have a client who is a single mother with three children. She was already affected by the LHA cap, so she already had to move. She has downsized into a property with only two bedrooms, in very unsatisfactory condition, but the effect of the rent for living in that property in central London means that she loses £91 a week as a result of the cap. She is in overcrowded, unsatisfactory accommodation.

Q378 Chair: How are people making up the difference?

Joanna Kennedy: Well, she cannot, of course, make up the difference.

Q379 Chair: What is happening?

Joanna Kennedy: She will have to move. She has already moved once.

Q380 Chair: Is she just building up arrears to the landlord or what is happening?

Joanna Kennedy: She is building up arrears, yes. She will have to move. One of her children is under three. She cannot possibly get a job while she has small children. She has no alternative but to move.

Geoff Fimister: These are similar symptoms to any housing benefit shortfall, whether it is because of the usual Local Housing Allowance restrictions or whether it is the Size Criteria in the social rented sector or whether it is the benefit cap. If somebody has a shortfall, it tends to manifest itself in lots of different ways. It might be rent arrears; it might be other kinds of debt; it might be going without essentials; or it may be some combination of those. What we find is that people will sometimes try to prioritise the rent, so it may be some time before they have to move, but eventually they may well be moving into not necessarily very satisfactory accommodation. It is a complex pattern of effects that we see. It is not simply a question of suddenly having to move, but when you have the very big shortfalls that you see with the benefit cap, clearly no amount of juggling of finances is going to solve the problem.

Joanna Kennedy: In respect of this particular client, she lives where she does because she was homeless as a result of domestic violence, so she is in a very fragile state, as are her children. She lives where she does because that is where her support system is that helps her to look after the children. She will now have to move somewhere where she knows no one and where she has no support systems.

Q381 Chair: Work is not an option for her?

Joanna Kennedy: Work is not an option for her, no.

Q382 Glenda Jackson: I just wanted to follow up on the issue of children. All local authorities still have a statutory duty to put a roof over children's heads, so is the next step for your client to be put into a bed and breakfast, some form of temporary accommodation, a hostel? Admittedly this is anecdotal—it is a constituency case—but I had a single mother who was threatened that, if she did not accept what was being offered, they would take steps to try to put her children into care. Are you picking up anything like that?

Joanna Kennedy: I am afraid social services do that as an absolute matter of course. When mothers present as homeless, if they have been found intentionally homeless and they go to social services, the first thing social services say is, "We may have to put your children into care," in order to deter the mothers from making an application. It is very common.

Q383 Glenda Jackson: Have you any numbers of where they have carried that threat out?

Joanna Kennedy: No. I do not think they ever do, because obviously it would be a crazy thing to do. It is much more expensive for them to take the children into care. It is just a barrier to entry. It is just to deter people from making an application.

Q384 Mike Thornton: Is that something that might be confined to certain areas of the country? I have had people come to see me in my constituency with all sorts of problems on housing, on benefits, etc., but never once has someone told me that they have been threatened with their children being taken into care if they make an application—not once. I know it has only been a year, but I was a councillor before that, and I am just wondering is it in your particular part of the country where you work or is it just that I am an exception or what?

Joanna Kennedy: We work in London and that is my experience in London. I do not know whether it is true elsewhere.

Chair: Geoff, you were going to say something.

Geoff Fimister: Yes, I was going to say, Chair, that there is a variety of different outcomes in these cases. The first thing that an advice centre—a Citizens Advice bureau or another advice centre—will do is check and make sure that the figures were right. For example, you would be looking for possible DLA entitlement so as to gain exemption from the cap. Some people may be able to get into sufficient work to escape the cap. For those who cannot, there are various possibilities. Some may be fortunate enough to be able to move into adequate accommodation; others may move into overcrowded accommodation; some will go down the homelessness route, and no doubt there are problems of relationship breakdowns as well, as a consequence. There are a variety of different consequences, but the first thing an advice centre will do is try to get people exempt, if at all possible.

Q385 Graham Evans: Just a quick question to Joanna. You are based in London. In the social housing sector certainly in my region, which is the North West of England, there are three-bedroom properties—family housing properties—available now. Do you discuss moving out of London with your clients on these particular occasions, to set up perhaps a new life elsewhere in the country where the property is readily available that would eradicate the overcrowding issue?

Joanna Kennedy: Indeed we do, because we discuss all options with our clients, but for enormous numbers of people there are good reasons why they need to remain in the areas in which they are already based. In the example I gave you of the woman suffering domestic violence with the three children, she has a support system that she needs. We had another client who has a disabled child, and she was again affected by the cap. She made a homelessness application and was moved by the local authority to Southend from having lived in central London. Her only support and respite care for her very severely disabled child was her sister who lived in central London. In that case, we persuaded the local authority to move her back.

It is not easy for people to have to move, and the other aspect of that is that a lot of people who are affected by this are, in fact, in work. They are in a small amount of work, so the number of hours is not enough to exempt them from the cap. If they have to move far away, they will lose that work, and if they have to move to low rent areas where there is very little employment, they will never find any employment again.

Q386 Graham Evans: You are saying that, because it is a low rent area, there are no jobs. What do you mean by that?

Joanna Kennedy: If you look at the map of England, the areas where the rents are low are, on the whole, the areas of higher unemployment. That is certainly the case in London, in the outer boroughs where the rents are lower.

Q387 Graham Evans: The point is most people have to make that economic decision. It is not ideal to move away from your current environment, but the economic necessity says that I cannot afford to live in the centre of the town; therefore, I have to move out of the town because that is what I can afford.

Joanna Kennedy: Yes, but if the point of this policy, as it is said to be, is to encourage people into employment, to make them move to areas where there is no employment is self-defeating.

Maria Zealey: I thought it was opportune to mention, at this point when we are talking about the benefit cap, carers, which is the solution for many moving into work, for whom relocating would not necessarily be a very appropriate option—nor is moving into work. Yet carers who are looking after someone whom they do not live with are not exempt from the benefit cap. From my perspective, that was always an omission: that if you live with the person you care for, their DLA passports you out from the benefit cap. If you do not—so if you are looking after elderly parents, for example, and you have given up paid employment—you are not exempt.

Q388 Chair: Carers UK made that point to us in the last evidence session.

Maria Zealey: Good.

Q389 Mike Thornton: Obviously, there are different people in different situations, and there are going to be some people it is more difficult to move than others. It would be interesting to know how many people are affected by this. It is also always possible to bring up individual people, which is sad and we worry about them, but in general it would be interesting to know. For instance, I had to move from where I had lived for a long time when our daughter was born. I had to move out of a very expensive part of Hampshire, which is Winchester, back into a much cheaper place, which is Eastleigh, which is the constituency I now represent. That was economic necessity, because I could not afford to stay in Winchester and keep the place where we wanted to live, so we moved.

Now, we could do that. It would be interesting to know how many people who are affected by the benefit cap are in the position that I was in—we were capable of moving; it was difficult and we did not like it, but it was possible—and how many are in such difficulty and have needs that prevent that from happening, and see whether there is a way we can accommodate that. It would be interesting to know what those figures are, rather than just talking about one or two people whom we all know, because there are always going to be exceptional cases. It would be interesting to know how many are people like me, who could move even though they do not want to, and how many would really find it very difficult to move because of other particular circumstances. I would like to know if you have any figures on that at all.

Geoff Fimister: No, we do not have those figures. The DWP, of course, have commissioned research on this, so we would be hoping to see something systematic coming out of that.

Q390 Chair: If we are talking about figures, the initial figures that the Government said would be affected by the benefit cap turned out to be much lower in reality, partly because some were misaligned or misplaced, but others turned out to be exempt. Geoff, you said that one of the things that obviously Citizens Advice bureaux do is sit down with the person and see if there is anything that they might claim that they have not previously claimed. Is that the experience that the rest of the organisations have? Has that been one of the ways that you have helped people find a way round the benefit cap or have it not apply to them?

Joanna Kennedy: Obviously, we help people apply for DHPs, where appropriate, but DHPs are only a temporary solution. They are there for a specific period of time. I do not think any have ever been granted for more than a year and often much less than that. After that, the person remains in the same situation and will then, in due course, have to move. It is because of DHPs that the impact has not been quite as great as it might otherwise have been, because people have been able to stay in the short term because they get that temporary help.

Geoff Fimister: Clearly, normal take-up activity—that is, trying to identify benefits people should be claiming and are not—will not necessarily get you very far with the benefit cap if it simply goes above the cap level anyway. It is more if you can find one of the exempting benefits, particularly DLA, which helps.

Q391 Chair: Have you quite commonly discovered that the family could make up the shortfall or become exempt as a result of claiming a different benefit?

Geoff Fimister: I do not suppose there is a huge number. It is just one of the things that you look for, and you would also want to check the local authority's figures and make sure that they had got it right.

Q392 Chair: What other organisations exist for your organisations to refer people to that will give help? There are local authorities, but are there any other organisations that are able to give help for families facing a shortfall?

Joanna Kennedy: Since the advice sector has been decimated by various forms of cuts, then no, there is not. There is nowhere else.

Q393 Chair: Are local authorities helpful when you are applying for DHPs?

Joanna Kennedy: It varies.

Chair: Tell me how it varies.

Joanna Kennedy: It is a postcode lottery. We are based in Westminster and we do a lot of work in Westminster. Westminster apply conditionality to their grants of DHPs. For example, they say, "We will give you one, but only if you pay £20 of the excess rent yourself." They impose extra conditions on jobseekers even though, of course, jobseekers are already subject to very extreme forms of conditionality. They are very restrictive.

Geoff Fimister: In terms of what is available locally, Chair, it varies a great deal. In some areas, the bureau might be the only advice agency; in other areas there might be several different advice agencies, some of which might be able to help with employment support, for example, so you would have good referral arrangements, I would hope.

In terms of the attitudes of local authorities, they vary immensely. Some are engaging very closely with people affected by benefit changes; others are not. Some fund advice services quite well; others do not. It does vary, but of course the current financial climate is pushing in the wrong direction in terms of funding of local organisations.

Q394 Chair: Yvette, are things different in Scotland?

Yvette Burgess: Yes, I have some figures for Scotland. 3.5% of the households affected by the benefit cap are in Scotland—977 cases.

Q395 Chair: It is only 3%.

Yvette Burgess: 3.5%

Q396 Chair: And we have, what, 9% of the population—9% to 10% of the population? Is that because, generally, housing is cheaper in Scotland?

Yvette Burgess: That is probably the case. In terms of how people are managing this, I have noticed that local authorities in Scotland are very much identifying the cases where families are being affected and managing it on a case basis. As has been pointed out already, people’s circumstances are widely different and the opportunities that they might take up are correspondingly very different, so that sort of casework approach is perhaps more possible where the numbers are smaller, as is the case in Scotland.

Q397 Chair: The thing that surprised me when I spoke to my local authority, my housing provider, was that in Aberdeen, 34 or 35 families or households—I cannot remember—were affected by the benefit cap, and for almost all of them, without exception, that was because they were in temporary accommodation. That did not fit my perception of the large families that would have been affected, and I was wondering if that is just something peculiar to Aberdeen or whether that is the story across Scotland.

Yvette Burgess: I do not think it would be only temporary accommodation in Scotland; it probably varies. It is quite interesting in the DWP figures that there has been a difficulty in unpicking the percentage of families affected like this who are in temporary accommodation. The figures highlight that 60% are in the social rented sector and 31% are in the private sector, but at the moment there needs to be more data-gathering to get a picture across the whole of Scotland.

Q398 Chair: That might be different from London, where a higher proportion would be in the private rented sector than in the social rented sector.

Just to pick up something that Glenda said about London and the local authority still having a statutory duty to place someone if they are homeless, do you have any figures as to whether that is potentially costing more or is costing more than it would have done had the benefit cap not been in place?

Yvette Burgess: Potentially, it could be costing more, certainly, and restricting options. That is the big issue in terms of dealing with homelessness and also trying to deal with that stage before people are statutorily homeless. Obviously, the more choice there is when exploring housing options with people, the better, and the benefit cap is making some accommodation unaffordable for certain families.

Q399 Sheila Gilmore: One of the things that we have been asking people is: are there modifications that could assist? Listening to what you have been saying, obviously everyone is different. Do you think there is any merit in suspending the operation of the benefit cap if a household is prepared to co-operate in making changes, for example? At the moment, it is a big stick: "You are just going to lose that money," but even for somebody who might be prepared to relocate—and I would not say there would be nobody—it is going to take time to achieve that, is it not?

Chair: To build on that, it might also cost money. Are there any local authorities that are helping people with that move?

Maria Zealey: There are maybe some mixed messages for claimants, in that if you are not in a support group with Employment and Support Allowance, you are not exempt from the benefit cap. However, you will be working with Jobcentre Plus, who are saying, on one hand, "You have limited capacity for work. We will work with you to get you nearer to paid work"; you might be on the Work Programme and other work-related activity. Similarly, that message is given to lone parents with a very young child. Jobcentre Plus says, "We do not currently expect you to be in work," but there was a recent announcement that "once your youngest child reaches three, we will expect you to start engaging with us, and once your child reaches five, we expect you to move into paid work". The benefit cap sends out mixed messages then, because the benefit cap is saying that work is the way out of the benefit cap, so the groups of exemptions also need to be looked at, as well as carers, which I have previously mentioned.

Geoff Fimister: We would argue that there are logical flaws and contradictions within the benefit cap. There used to be a benefit cap when I first started in the welfare rights business.

Chair: I will not ask how many years ago that was.

Geoff Fimister: The "Wage Stop" it was called, and it was abolished in 1975. The reason it was abolished was because of the development of in-work benefits. So, logically, you ought to compare wages plus in-work benefits with out-of-work benefits, and by not including the in-work benefits—for example, Housing Benefit is available in and out of work on more or less the same terms—there is a flaw right at the heart of the thing.

There are a number of other contradictions, and one of them relates to temporary accommodation. The DWP intends to find a way of taking management costs out of the equation to try to reduce the number of temporary accommodation cases that are caught by the cap, but there still will be cases caught by the cap, and that seems to be one element of public policy working against another.

Q400 Chair: Quite a number of you have mentioned work, and that is the Government's big thing. It says that there are—I do not know if it is a large number—a number of people who are affected by the benefit cap who have either moved into work or are now seeking work, whereas they previously were not. Do you have any figures of how many people that has solved the problem for or do you have figures for people who have moved into work? As you were alluding to, Geoff, if it is low-paid work, they might still be affected by the overall benefit cap.

Geoff Fimister: If they are working sufficient hours, they escape the benefit cap by definition.

Q401 Chair: Oh right. So they could still be getting the same level of benefits, but because they are in work—

Geoff Fimister: They are not caught by the cap, although of course they may still be caught by other restrictions that apply to Housing Benefit.

Q402 Chair: That would be the individual caps on Local Housing Allowance for the size of property?

Geoff Fimister: Yes. There is an element of turnover anyway, so some people are going to be moving in and out of work and, therefore, in and out of being affected by the cap. The largest group affected are lone parents, so the childcare issue becomes important there in terms of whether they are going to be able to take up employment opportunities. There is also an obstacle in that a lot of people who are out of work do not know that they can claim Housing Benefit if they are in work, and that is quite a longstanding problem. One thing we really wish Ministers would do is stop implying that you do not get Housing Benefit if you are in work. Ministers are often quoted drawing a distinction between people who are in work and people who are on Housing Benefit, which implies that you do not get Housing Benefit if you are in work. We really wish that Government spokespersons and the media would get that right, because it is feeding a myth.

Joanna Kennedy: Over two thirds of those who are affected by the cap are not capable of work, so this policy is already targeting the most vulnerable and those who are not able to work. Of the third left who are capable of work, we have certainly not seen anybody who was able to find a job and looked as a result of the cap, because those who are on Jobseekers are already subject to very draconian requirements for job-seeking. All the incentives for work are already in place; the cap does not make any difference at all. I think the Office for National Statistics said that the Government's claims about the evidence of people moving into work were not justified on the evidence, and DWP's own statistics show that the people who have moved into work have just done so as a result of normal churn.

Q403 Chair: To be fair, the Secretary of State did correct that. There is a difference between looking for work and getting work.

Joanna Kennedy: Yes, and they are already looking for work, those who can.

Q404 Mike Thornton: That is an interesting point you make, because just earlier you were saying one of the reasons why people would find it difficult to move because of rent would be because they had a job and would not be able to get a job where they moved to. However, if two thirds of the people are not able to work, that takes two thirds of the people who are talking to you out of that category.

Joanna Kennedy: Yes.

Mike Thornton: We would then be looking at other reasons why they could not move to a lower rent area; it would not be work. Is that right?

Joanna Kennedy: Yes.

Q405 Mike Thornton: The work thing is a minority issue about not being able to find work if they move. Other issues are more important.

Joanna Kennedy: Yes, it is at any given moment, and obviously of those people who cannot work currently, in due course, they may be able to—their children get older, they get better from the condition that they are suffering from—and if they have had to move into an area where there is no employment, there is no prospect of them getting employment in the future when they are ready for work.

Q406 Mike Thornton: That is it. The rent obviously is a lot in London, but the unemployment rate is less than 1.5%. There are areas where the rent is a lot lower than London where there is work, I would just say, so would it be a problem for you if people were asked to move to areas where there was work but the rent was lower? Would you see that as a problem, if there were no other of the reasons you gave for that, like support networks or something? Do you have a problem with the theory that, if you need a lower rent and there are jobs available, there is no particular reason why someone should not move, just like anyone else who is working normally moves to a cheaper area, like I did?

Joanna Kennedy: I think your example, comparing yourself with the people in this situation, someone in your privileged circumstance—

Mike Thornton: I was not privileged at the time. I was on a very low wage at the time, excuse me. It was 20 years ago and I was not earning a lot of money at all.

Joanna Kennedy: Okay. Most people on very low incomes in these communities are very dependent on their community for all kinds of support, which is not necessarily the case with the middle classes and the professional classes who say, "Well, I can move. That is no problem for me." Particularly, these two thirds of people who are not capable of working because they have a disability or because they are carers or because they have small children are very dependent on their communities. They cannot afford to travel. One of the worst things about being very poor is you cannot go anywhere because travelling is too expensive. You are much, much more dependent on your community.

Also, incidentally, in connection with work, most people get jobs through their community—through the networks of people they know at all levels of society. They do not get jobs through Jobcentre Plus. They get jobs as a result of people they know: if your cousin works in McDonald's, then you may get a job in McDonald's. Again, if you take people away from those communities and put them somewhere where they know no one, you are reducing their chances of getting a job as well as reducing their children's educational prospects by ripping them out of schools. That is one of the biggest problems that our clients have and one of the biggest reasons that they do not want to move: they do not want to take their children out of school, having been settled, often, a lot of them, somewhere for the first time after periods of homelessness. There is a small school in Westminster and, last year, 117 families with children at that school had to move a long way out of the borough because of these caps and they were still sending their children back into the school. The children were sometimes travelling two hours a day each way, so they could keep them in school. That is not sustainable. They will not be able to continue to do that, but that shows what the real impact on perfectly ordinary families of this kind of thing is.

Q407 Mike Thornton: The reason why I ask that is because I have people who talk to me who are both earning, say, £10,000 or £15,000 each a year—£30,000 between them. Their take-home pay is a lot less than the people you are talking about, and they think it is unfair that their take-home pay is a lot less than people who are subject to the benefit cap are getting.

Sheila Gilmore: They also get Child Benefit and lots of other things.

Joanna Kennedy: Exactly.

Mike Thornton: Not necessarily. That is the perception that we are seeing: people on considerably less money. If you add in the Child Benefit, their take-home pay is still a lot less than what you are talking about.

Joanna Kennedy: But not their after-housing-costs income and that is the income that counts: after housing costs. That is why this whole argument about £26,000 average wage and so on is so misleading.

Graham Evans: That is gross.

Joanna Kennedy: Gross, okay, but they would have an income of considerably more than that if you compare them with the equivalent family on benefits, because they would be getting Child Benefit and they would probably be getting Housing Benefit if they were living in a similar area, so it is a completely false comparison. The only comparison that is relevant to what people can afford to live on is the after-housing-costs figure, because all the rest of the money is going into the pockets of private landlords. This is a welfare state for landlords.

Q408 Mike Thornton: I understand what you are saying. The difficulty is that people, like me, when I was earning not much more than the minimum wage, had to move and we had no choice. We moved out of the area that we knew; it was not that far away, which was fortunate, only about six or seven miles, but we did have to move out and go somewhere else. I had to do it and I am sure that there are people that would be extremely difficult for; I have sympathy, and perhaps they should be looked at separately. This is why I was interested in the figures earlier that you said we do not have: to find out how many people would have great difficulty moving and how many people would not. I would like to know the figures, because if the numbers of people who have great difficulty moving are relatively small, that could be accommodated, presumably, but if it is a large number, we would have to look at something else again. It is interesting.

Geoff Fimister: That raises two points, Chair. Certainly, we would not say that it is never appropriate for somebody to move a distance away for a job, and some people might have a very happy outcome as a result of that. They might settle well, develop new support networks and have a decent job and that is fine. Lots of people, though, will face the obstacles that have been referred to, particularly if there are disabilities or childcare issues involved. Sometimes it will work out and sometimes it will be highly problematic.

What that point touches on is the affordability question regarding housing. This is a big issue for us; housing is simply difficult to afford in some parts of the country, particularly in London and the South East. My point would be simply that this applies to people both in and out of work. Housing Benefit is available to each of them on similar terms, and when Ministers say that people should not be able to afford accommodation out of work that they would not be able to afford if they were in work, what they really mean is that people on low incomes should not expect to live in very expensive housing. That is a debate one could have and people may take different positions, but we would really want to emphasise that this is an issue for people in and out of work. There is a real affordability issue.

Q409 Graham Evans: The Social Sector Size Criteria: what impact is the SSSC having on tenants' ability to manage their own budgets since the change?

Peter Tutton: I will kick off on this one. We are a debt charity, so people ring us up when they are under severe financial pressure, struggling to pay credit agreements or essential household bills. Our advisers are telling us that they are seeing more and more clients ringing up to say that the Size Criteria rules are affecting their ability to manage. To give some kind of background context, we have seen rent arrears amongst our clients growing steadily—in fact, very fast: they have doubled in the last two or three years; the number of people we are seeing with rent arrears has doubled. Particularly in the social sector, about a third of the people we see who are housing association tenants have rent arrears and about 30% of people from local authorities have rent arrears. The background to this is rising arrears problems, sometimes also with private tenants, but particularly we are seeing some problems with social tenants as well. Interestingly, of those people we see with rent arrears, some are working and some are not. Of those social tenants we are seeing who are in full-time work, about 44% are in arrears, so we are seeing people who are in work who cannot pay.

Q410 Graham Evans: 44% of what percentage?

Peter Tutton: That is of the social tenants we see who are in full-time work.

Q411 Graham Evans: Out of 100% of all tenants, what percentage is in arrears?

Peter Tutton: I would have to write to you. The percentage of all tenants is about one in five.

Graham Evans: 20%?

Peter Tutton: I will do a note with all the figures. The point is there has been a debate about work and not work, but the reality for a lot of the people we are seeing is that households with people in full-time work and part-time work are struggling to pay their rent and other essential bills. What we are seeing in terms of debt and hardship through debt is not so much about working or not working; it is about whether a household is financially secure or financially insecure. One of the growing things that people are telling us is causing increased financial insecurity is the bedroom tax—the Social Size Criteria.

Graham Evans: It is not the bedroom tax.

Glenda Jackson: It is.

Peter Tutton: The Social Size Criteria.

Chair: It is all right. We try to be neutral, but it does not work always.

Peter Tutton: Advisers are saying they are seeing more people coming in, and some of the clients we are seeing are saying that they are trying to do what they can. They are looking for alternatives—moving to a smaller property—but there has not been a smaller property available. Clients are saying a combination of things, but the cut in their benefits is leaving them without food in their cupboards. One client was saying they were struggling with no food; they just had a baked potato and that is all they had to eat. This seems to be getting increasingly common.

Looking across our clients, I think the DWP estimates that the average decrease in benefit would be £14, so many of our clients have what you would call a surplus once you have paid for essentials—what is left over. There is not very much left over, and that is why they are ringing for help with debt.

We reckon we have about 16,000 social tenants we are helping at the moment who have a surplus of between £0 and £14. In other words, if you took £14 off, they would fall over; they would not be able to pay their ongoing commitments or their outstanding debts. Outstanding debt in that group is about £150 million, so there are knock-on effects here if you start taking money out of their budgets. It is not just them who will suffer; some of their creditors will also suffer.

We know that people with rent arrears are more likely to have arrears with things like Council Tax. 45% of our clients with rent arrears have Council Tax arrears, compared with 12% of those without. They are more likely to have fuel arrears, gas arrears and water arrears as well.

Perhaps most worryingly of all, some clients are telling us that the way they are managing this change to their benefit—the Size Criteria and other changes to benefit—is by using high-cost credit. People are saying they are going to payday lenders. Of our clients, 33% of those with rent arrears also have payday loans, compared with 20% without rent arrears. What we are seeing is that people are in hardship, struggling. They cannot adjust to that quickly and are using high-cost credit to try to manage through, and of course that is making their situation worse. I guess the Government has done quite a lot on high-cost credit. We have seen quite good policy initiatives to try to regulate the payday sector and deal with some of the detriment that we see. However, at the same time, the worry is that some of these reforms are creating a demand for high-cost credit.

Q412 Graham Evans: What help have your clients received with the introduction of the SSSC? Can you give us some examples of that?

Peter Tutton: Generally, we will try to help our clients balance their budget; we will try to help them adjust; we will talk to their creditors and try to get them breathing space so they can move. Adjustment time is very important and may be one of the things to think about. For households on low incomes, any sudden change, for example, if you only have £14 of free money available, and that suddenly gets taken away, means that it is very hard to adjust. We do a lot of work where we help people negotiate with their creditors; we help them with a range of options to deal with their debts to try to get the whole of their finances under control. It gets much more difficult for us to do that if people have negative budgets, though—if people do not have enough money coming in. We take people through a rigorous budgeting process, so we look at and try to maximise their income, as other advice agencies do, to see if there are other benefits available. We will take them through some quite rigorous budget standards to try to get those budgets to balance. Dealing with debt and getting your finances under control is, clearly, even after budgeting help, much harder if you have a negative budget.

Q413 Graham Evans: If those clients you are seeing are not in work, for example, do you show them, perhaps, job opportunities that are coming to the area?

Peter Tutton: I will have to get back and see if we do that, but obviously we are dealing with people's debt and we refer people on to other organisations that help.

Q414 Graham Evans: Okay, but surely, if there are some job opportunities in the area, that could be one way to increase your income.

Peter Tutton: Sure, absolutely. It is always a standard part of—

Glenda Jackson: It is surely affected by the bedroom tax.

Graham Evans: SSSC, please.

Peter Tutton: It is a standard part of the debt-advice process to get people to explore all the different ways of raising their income.

Q415 Chair: I presume, as an organisation, you do not help people with applying for their DHPs. You refer them to another agency that will do that, and the same with work and things like that. You will advise them to go somewhere else, but it is not that you would not necessarily pick this up.

Peter Tutton: No, because we have a national focus rather than a local one. On people seeking help from local councils, we asked our clients about their experience of applying by themselves and whether they thought their local authority would be able to help them. 75% said that they were not aware local authorities offered financial assistance.

Graham Evans: Sorry, could you just say that again?

Peter Tutton: We did a snap poll of about 800 people ringing us, and 75% said they were not aware that their local council offered some financial assistance for those struggling with money, and 70% said they did not think their local authority would help.

Q416 Graham Evans: My understanding is that the housing payment was paid directly to the local authority whoever the social tenant was, so it could be the housing trust, and now the money is being paid to the tenant; is that correct?

Chair: Not yet.

Graham Evans: My understanding is that the housing trusts in my patch are communicating directly with their clients to help them proactively for when these changes come into place. Do you have any evidence of that? Have you heard of current social landlords proactively helping your clients?

Peter Tutton: We have partnerships with quite a large number of social landlords, both local authorities and particularly housing associations, and what will typically happen is housing associations will be assisting their clients with support on that bit and then they will refer to us for help with the debt. The difficulty we have is that, as people's budgets go down and down, the scope for helping people with their debt and getting back on track gets harder and harder and harder and harder.

Q417 Graham Evans: Do you have any figures on the number of people with disabled members within the household who come to you?

Peter Tutton: Not to hand, but we can try to dig them out.

Chair: One of the other organisations might.

Yvette Burgess: Just thinking about Scotland as a whole, 80% of those households affected by the Size Criteria will have a member who is—

Graham Evans: 80%?

Yvette Burgess: 80%, yes.

Q418 Chair: Is that the same in England, do you know?

Joanna Kennedy: I think in England it is between 60% and 70%. It is certainly more than 50%. It is partly, of course, because that is who is in social housing. Nowadays the criteria are such that those are the people who can get social housing.

Geoff Fimister: Yes, the national figure is about two thirds and our clients would probably reflect that.

I was going to say that Citizens Advice bureaux vary a lot in the degree to which they have the capacity to do the kind of detailed debt advice that Pete was talking about. Some do and some do not, and there are other agencies to which you can refer people, and in some areas there are not. Housing associations vary a great deal in how active they are in debt advice, as do local authorities, but it is interesting. We have difficulty at the moment with year-on-year statistics, because we get our stats from the advice the bureaux are giving, and the capacity of the network, of course, is going down because of spending cuts, so there is downward pressure on our figures for that reason. However, at the same time, there is an upward pressure because of the various benefit changes. Given the downward pressure, if you are seeing the stats going up anyway, clearly there is going to be a significant problem. I was having a look at our figures on rent arrears to social landlords, and for both local authorities and housing associations they are going up—about 10% in the last full year. There is a problem there on the ground, and it will manifest itself in a variety of different kinds of debt as well as rent arrears.

One point that I would like to make, because it is another of those myths, is that you often see in the media a statement that Housing Benefit can be cut by up to 25% as a result of this change. That is not the case. That is the reduction in the rent that is eligible for the calculation. Housing Benefit can be reduced by anything up to 100% as a result of the Size Criteria changes, and the people with the bigger percentage increases are the people who are on partial Housing Benefit, which is quite likely to be because they are in work, so it is another of those issues that impacts both in and out of work.

Q419 Chair: We have been made aware by other witnesses that, if you are on partial Housing Benefit, the whole lot comes off the partial.

Joanna Kennedy: Can I just say something about the people in work? The Minister said at one point that all anybody who is in part-time work needs to do is take a couple of extra shifts to be able to pay this. That completely misunderstands the effect of the taper on all your benefits when you are in part-time work. One of our clients was a part-time dinner lady in her 50s—a widow whose children had left home. She was affected by the bedroom tax.

Graham Evans: Social Sector Size Criteria.

Joanna Kennedy: It is too difficult to say. Find something that is easier to say and we will use it.

In her case, she would have needed to earn another £97 a week in order to be £14 a week better off. It is absolute nonsense to suggest that people can just take a couple of extra shifts in order to make up this money.

The other thing I would like to say is that it is very misleading to look at all of these reforms in isolation. An awful lot of people affected by the bedroom tax may be affected by the benefit cap, because it still affects some people in social housing and they are very likely to be affected by the removal of Council Tax Benefit. They are not just suffering this deduction; £30 or £40 may come out of their income as a result of all of this.

Chair: We have questions about Council Tax coming up later.

Joanna Kennedy: I know.

Q420 Graham Evans: In terms of the large number, 50% to 80% of your clients have a disability. How could the Social Sector Size Criteria be changed to ensure that people who genuinely do need an additional spare room are not adversely affected?

Yvette Burgess: One thing would be to exempt people who live in properties that have been adapted because of a disability. That would be quite a straightforward exemption. The other thing would be to extend the current exemption for siblings with a disability to adults, so anybody who needs to have a bedroom on their own, whether they are in a partnership of some kind or not, should have a room. That would be a very good start.

Graham Evans: Anyone else?

Maria Zealey: In my perception, there is a flaw in the Housing Benefit regulations. The Government has shown a clear intention that for carers there is additional respite for an additional room that can be included in the Housing Benefit calculation if a non-resident carer occasionally stays over where the Housing Benefit claimant is disabled. If that disabled person is not the Housing Benefit claimant, the additional room cannot be included in the calculation. We have carers who are looking after other adults in a household. There is a spare room that counts for this size restriction and an external carer comes and stays over, but it cannot be included.

Q421 Graham Evans: To use that example, we have always had examples here of cases where they have had the property amended to accommodate the disability and they have been saying, "You have to leave," despite all the money spent on the particular premises. We hear that and we think that is madness. We also hear examples of the situations you describe where you do need a spare room for respite for the carer, yet they are still threatened with removal. It is okay for the Minister saying that, but what would be the best way to administer those criteria? If you say, "Clearly, this individual has a spare room, but given the circumstances, a lot of money has been spent on altering the property; the spare room is for respite of the carer", what would be the best way to assess those properties throughout the country? Who would be the best people to do it and what would be the best criteria?

Geoff Fimister: We had some discussions with the DWP over this at the time that the Bill was going through, and we thought we had got there. We were looking at definitions of adapted properties that were reasonably robust and that local authorities could apply, and we had got there. I cannot remember the details now, but we had something sensible that worked. At the very last minute, it was decided to put it into DHPs instead, so this problem could be solved through DHPs, which does not seem to make a lot of sense. Clearly, the adapted property should be exempt.

In terms of policy options, there are various ways of addressing it. I do not think the DWP perhaps anticipated how much of a problem this policy was going to cause, but there are various ways of addressing it that would have different degrees of cost. The obvious one would be to reverse it, which I understand is now Opposition policy. Alternatively, you could say, "Okay, let people have a spare room. It is part of normal social life." I would want to argue, personally, that that was true in the private rented sector as well. You could say, "Okay, there is a problem with the stock not being in the right places and not being available, so apply the size restriction only if someone has turned down a reasonable offer of accommodation." There are various ways that you could address it, but specifically on the adapted property side, the work has been done and it is not hard to fix.

Q422 Chair: You are basically saying that it would be quite easy to get a definition of these exempt properties. Presumably, at the moment, they are getting DHPs, but there is no guarantee that is going to—

Maria Zealey: Not in every case.

Geoff Fimister: Not necessarily.

Q423 Chair: Not in every case, right, but if they do not qualify for a DHP, is that not going to make it difficult for them to qualify under any exempt criteria that the Government draws up and the local authority applies?

Maria Zealey: The local authorities should know their own stock. They should be aware of where there are cases where there has been exceptional spend.

Q424 Chair: Are some of them not getting DHPs because they are subject to a second means test? I hear in some cases some local authorities are including Disability Living Allowance as part of that means test.

Maria Zealey: I have a widowed carer who is looking after her adult daughter and has this spare room. She is a particular case. She has a couple of thousand pounds in savings that her husband left.

Q425 Chair: So, a lot of the ones where there is a need for the carer and the extra room for the carer—

Maria Zealey: Yes, so no DHP.

Q426 Chair: That comes back to your point that carers as well seem to have done quite badly out of this.

Joanna Kennedy: All local authorities include DLA as disposable income for the purposes of assessing DHPs, and there are legal challenges to that going on at the moment. Also, people are not getting DHPs for all kinds of reasons: they are discretionary; there is only a limited pot, so local authorities have to disburse it in a limited way; and enormous numbers of people, as Peter has just explained, do not know of the existence of it—they do not know they are entitled to it. There is an enormous distinction between exempting people from the policy—where they do not have to make an application, they do not have to know about it, and they are exempt—and saying that DHPs are discretionary and a random prospect of getting a payment will deal with the situation, because it does not.

Q427 Glenda Jackson: My only question was on the non-payment of the full rent. Do you have any figures of the knock-on effect that is having on social landlords and local authorities as far as maintaining their stock? I presume that people are not moving into these properties because people cannot move out.

Yvette Burgess: Yes. In terms of the overall cost, the Scottish Federation of Housing Associations has recently done a report on the cost of the bedroom tax to social landlords in Scotland, and over three years they estimate that it will be a loss of £79.1 million. This takes into account some of those management issues, so it is not just about lost rental; it is also about all the support that social landlords have to do extra to the housing management that they are already doing to try to help tenants who are affected by the bedroom tax look at their options.

Q428 Chair: Is that because they have to employ more staff, debt advisers and things?

Yvette Burgess: Indeed, and thinking about, in terms of housing management, the patch sizes. Instead of, say, 500 properties, housing officers may be having to reduce, say, to 200 properties so that they can provide the support that people need really as part of tenancy management. We are not necessarily talking about tenants with special needs of any kind, but they still need that intense assistance. £79.1 million, which the SFHA estimate could pay for 800 new homes, highlights how funding is being diverted through the Size Criteria.

Q429 Chair: Geoff, you said that there was quite a lot of work done about coming up with a definition of exempt households and adapted housing. Was there anything written? Do you have anything that you could share with the Committee? You suggested it might be quite easy to come up with a workable definition for exempt.

Geoff Fimister: These were discussions that we had with the DWP. I could look and see if I still have the notes; that is possible.

Q430 Chair: Your impression was that the discussions you had with the DWP initially were quite promising on this particular issue?

Geoff Fimister: Yes. I would not say it was easy. It probably took us a few hours of discussion, but we got there: we reached a workable definition. Other organisations were involved; my recollection is the National Housing Federation was involved in those discussions as well. We got there and we expected to win that one, and we were surprised when we did not.

Joanna Kennedy: It would be easy to exempt everyone on DLA. That would be a start.

Chair: I have mentioned that. We have some questions now on supported and temporary accommodation.

Q431 Glenda Jackson: My first question has been answered. What would be the exemption rules as far as the bedroom tax is concerned? I think we have been through that. Are there any more ideas other than the ones we have already heard?

Yvette Burgess: It is worth, perhaps, recapping some of the discussions already highlighted with Lord Freud and the DWP last year. On services like the Women's Aid service, for instance—I know this Committee has heard evidence from organisations before about that, but whole groups of supported housing services currently do not fall within the exemption. It is typically services that use local authority property and the local authority maintains a landlord role. Even where the support is being provided in the voluntary sector and there is a clear support need of the residents there, it will not be exempt from things like the Size Criteria. They will also be included in the Universal Credit system when it comes in.

Q432 Chair: That is a particular problem in Scotland, isn't it?

Yvette Burgess: No, it is UK-wide. In Scotland and England there are similar figures in terms of women's refuges, taking that as an example. These suggest that about 30% of Women's Aid services are affected by this issue. Strictly speaking, under the existing use of the supported exempt accommodation definition to exempt services, if it is a local-authority-owned property and local-authority-managed property, obviously in many cases local authorities have been using their stock strategically. They want to assist Women's Aid refuges and make sure that provision is there, and so it makes sense to use the stock available. If that is in the public sector, that is what is being used. 30% is an example there.

Q433 Chair: We understand that the Government and Lord Freud are looking at amending the regulations and have been for a year, but they have not come forward yet. It was a question I asked the Prime Minister two weeks ago at the Liaison Committee. He said he would have a look and we have followed that up with a letter. In your opinion, would those amended regulations be again fairly simple, so that all supported accommodation that, by any measure, is identical is exempt, including the ones where the landlord is the local authority?

Yvette Burgess: It could be fairly straightforward. The challenge we have had over the years is that supported accommodation comes in such varied configurations. The management arrangements have evolved over time and have become subject to different policies. The

Supporting People policy that was brought in over 10 years ago tried to put a wedge, in a way, between the landlord function and the support function. However, it is that wedge, now that we have so many support services commissioned directly by local authorities, that means we are left with supported housing that does not fit neatly into the supported exempt accommodation definition. Just updating that would really help—making it clear that there is an acknowledgement that, yes, often the relationship with support services commissioned by a local authority is maybe not in a legal document with the landlord, but there will still be a relationship, and that is okay. It would greatly help to include the issue about local authority-owned property in the exemption rules.

Q434 Glenda Jackson: Would there not be a requirement to define more precisely what we mean by supported accommodation? There are huge variables within that, and yet everybody who is in that supported accommodation is in need of support in some way.

Yvette Burgess: Indeed. Before Christmas, DWP had some discussions with the sector about the use of accommodation that is designed and/or designated as supported housing. There was some interest across the sector in pursuing that definition, and then, in the end, it was not pursued in terms of the latest regulation, but certainly there is some enthusiasm in the sector for teasing that out in terms of designated and/or designed as supported housing.

Geoff Fimister: There is a policy tension here and there has been for many years. On the one hand, the supported accommodation sector is highly innovatory and all sorts of interesting projects are coming along all the time, which creates definitional difficulties that go way back. The DWP and its predecessors have always been sensitive about things being loaded onto Housing Benefit that they do not want to be loaded onto Housing Benefit. There is a tension there and coming up with definitions is not straightforward, but it is something that we need to approach flexibly, because if the sector is going to continue to innovate, we do not want financial disincentives to that. However, at the same time, you cannot just load anything onto Housing Benefit, so there is an issue there, but it is one that has to be approached creatively to make sure that those kinds of projects are not restricted.

Q435 Glenda Jackson: Is the basic problem here not the housing as such but management services? It is the human-to-human support that is being threatened. Is that not the situation? I know the housing is increasingly expensive.

Geoff Fimister: Yes, that boundary has always been the problem. In other incarnations, I have been involved in discussions with central

Government over this issue going right back to the 1980s. It is precisely the issues around support and management, as to the definitional issues about what should be covered by Housing Benefit and what should not.

Q436 Chair: Yvette, you mentioned Universal Credit. The implication is that there might be even more problems with the introduction of Universal Credit in supported accommodation. Can you explain that, please?

Yvette Burgess: The current use of the supported exempt accommodation will take those services out of Universal Credit in terms of the housing-cost element. Services that fall foul of that, that are supported housing but just do not fit the criteria, will be drawn into the Universal Credit system and the benefit cap, so it makes affordability of those services more problematic.

Q437 Glenda Jackson: Is that exclusive to Scotland or is that national?

Yvette Burgess: No, UK.

Glenda Jackson: That is the whole thing.

Chair: That may explain also why the rollout of UC is only going to people who are not in supported accommodation, even though they are single and they fit the other criteria.

Q438 Sheila Gilmore: Could I ask a little more about that? Universal Credit itself, at the moment, unless those rules change, as I understand it, will not make a difference to the amount being paid. That is being dealt with through all these other issues. However, is there a particular issue around direct payment and the monthly payments that affect, for example, things like Women's Aid refuges, in particular?

Yvette Burgess: Yes. The thing that comes to my mind is the monthly award issue. Under Universal Credit the payment for the month will be calculated in that last week, so if people have changed accommodation—which is likely, thinking about these scenarios where people are moving from temporary accommodation, and women's refuges is a very good example—under Universal Credit the whole month's entitlement to assistance with housing costs will depend on what their situation was at the end of the month. They might have moved out of a Women's Aid service, for instance, halfway through the month and into some sort of cheaper accommodation, and because under Universal Credit the payment will be calculated at the end of the month, Women's Aid, in that example, would be losing out, because the housing costs would not be acknowledged.

Q439 Sheila Gilmore: Could that be dealt with by treating that form of accommodation as a special category?

Yvette Burgess: Yes, indeed. When I say Women's Aid, as an example, might be affected, it is those services that do not fall within that exempt accommodation, so typically a property that just happens to be owned and managed by the local authority. Other accommodation would be treated separately and continue to be under Housing Benefit.

Q440 Chair: To be clear, we have to get the exemption rules changed to include the supported accommodation that is currently not exempt before UC comes in, otherwise there are going to be serious problems.

Yvette Burgess: Exactly.

Q441 Chair: Is there another problem with UC inasmuch as what they get is a global sum, but an individual claimant will not know which proportion of that global sum they have been awarded to cover their housing costs?

Yvette Burgess: Indeed, and that is not just an issue for people in supported housing.

Chair: That is for everybody?

Yvette Burgess: It is an issue for a lot of people who need further help with budgeting.

Q442 Glenda Jackson: There is an issue here as well, isn't there, of the people who need supported housing and do not get it? The Committee has heard me say this before, but in my constituency there are two young men, who do not know each other, recently out of short terms in prison, with absolutely nowhere to go. Eventually, you can get them into a hostel. They need support, but there does not seem to be anything in that area. An increasing number of people have to go into what are called hotels but are not, or some kind of bed and breakfast situation. They should be supported, but they are going to be caught by this as well, are they not?

Chair: I suspect that might be because the Government does not want those to be classed as supported. That is the difficulty with the definitions.

Glenda Jackson: They are always saying they do not want them to go back in. If they are not supported, they will go back in.

Yvette Burgess: That might be an issue about the lack of supported accommodation. Certainly, over the years we know that it has not been expanding at the rate perhaps the need is there for. There is also an issue about the availability of housing and thinking about ex-offenders, for instance, and the value and importance of having access to stable accommodation when people are coming out. Of course, typically, they might be looking for one-bedroom accommodation, which for all sorts of other reasons to do with the Size Criteria, etc., is under increasing pressure.

Glenda Jackson: The single room rate, for a start.

Yvette Burgess: Yes.

Chair: We must move on, because we are barely halfway through our questions. Anne Marie has a few things on the Local Housing Allowance.

Q443 Anne Marie Morris: I do indeed. Geoff, I suspect this is going to be a question for you, but I would like to hear comments from Yvette and Joanna, because you have the London perspective and the Scottish perspective. You have been able to find a lot of claimants' housing in the private rented sector; in a sense, needs must. What proportion of the private rented housing is within the LHA rate? We have talked about this a bit, but I wondered if you had any sense about numbers.

Geoff Fimister: What the bureaux can do is help people to afford the accommodation by trying to make sure that we maximise their benefits. I do not have any specific percentages, but around the whole country, bureaux tell us that claimants have a lot of trouble finding accommodation within the LHA. In theory, it should be 30% of the market available. A lot of bureaux would say in practice that is not the case, for two reasons. One is that they contest that the LHA is adequate, even for the 30% figure, but also a lot of landlords are now refusing to let to Housing Benefit claimants, so there is a real affordability issue in the private rented sector. It is not new. For years and years, the majority of HB claims in the private rented sector have had a shortfall between the eligible rent and the actual rent.

Q444 Anne Marie Morris: Clearly, you do not have the figures, because you have effectively said that, which is understandable. Do you have any sense of a proportion or just a balance of whether we are seeing a move over the last 12, 14, 18 months, with fewer and fewer landlords in the private sector prepared to take those who are social tenants, and any sense as to whether the gap is increasing?

Geoff Fimister: The gap will be increasing because, of course, since April 2011 there has been a series of restrictions on eligible rents. Certainly, this is one of the most common Housing Benefit queries we get from the bureaux, and the problem of landlords refusing to let to HB claimants is going up. There have been various recent surveys on this and it is certainly what the bureaux are telling us. We have been discussing this with the Department recently, and we think the Department has exacerbated this in taking such a long time to come up with the criteria for Universal Credit whereby payments will be made direct to the landlord.

In the early days of Universal Credit policy, there were lots of very gung-ho things said by the Department about how most claimants would get the rent directly. I attended at least one meeting where the DWP spokesperson said it would not be possible to make payments direct to the landlord, because you could not identify the HB separately. Now, clearly that is not the case. It has always been apparent that, with the vulnerable group criteria and the rent arrears trigger, whatever the differences may be, the arrangements under the Universal Credit system are going to be pretty similar to those under the existing system. However, because it has been referred to a very long-running working party to come up with the definition, it has given landlords time to get very nervous about Universal Credit, and I think that has exacerbated the problem. We have implored the Department to get on with it and come up with a definition, and then publicise it vigorously to landlords to try to stop this effect.

Q445 Anne Marie Morris: That is helpful. We are going to have some more questions on Universal Credit later, so can we look specifically at the LHA and the gap?

Joanna Kennedy: The gap is inevitable, because LHA rates were frozen two years ago and since then they have been up-rated, first of all, only by CPI, and they are about to be up-rated by only 1%. Rents in London are going up by 8%, so the relationship between LHA and rents in London is getting ever wider. There have been two recent surveys. Hackney CAB did a survey and found, in their area, 8% of properties were available at LHA rates. That just means that they were at LHA rates; it does not mean that they were available to Housing Benefit claimants necessarily. The absolute worst affected sector is the under-35s, so it is the Shared Accommodation Rate. Homeless Link did a survey recently and found that only 5.5% of properties in London were available, and they would be available only if landlords were prepared to adapt them and use living rooms to let, which most landlords are not prepared to do, because they do not get enough money. If that was discounted, in fact 0.9% of properties were available to people on the Shared Accommodation Rate.

The effect of the way Housing Benefit is calculated is that a landlord with four bedrooms gets much more money by letting to a family than by letting to four individual people on the Shared Accommodation Rate, so there is no reason for them to do it. They do not want to let to under-35s anyway, because they think they are more trouble. We run a private-rented-sector access scheme whereby we help people into the private rented sector if they are not owed a homeless duty, and it is virtually impossible to find anywhere for someone who is under 35 on the Shared Accommodation Rate. It is very difficult to find anywhere at all, but for those people it is impossible, so there is an enormous amount of hidden homelessness—of these people sleeping on sofas, living in incredibly overcrowded accommodation or living in a single room that they were entitled to before the changes but cannot now afford because their benefit has been cut, and they are getting massively into debt.

Maria Zealey: I have some statistics just outside London, because we cover the county of Surrey. Four of our CABs did a very similar exercise, going through all the letting agents and the small ads and taking a snapshot of available private rents and where they sat within our LHA bands. The whole of the county of Surrey is divided up into three broad market rental areas, so we have three banding groups within the county. The bureaux looked at Runnymede, Spelthorne, Mole Valley and Guildford boroughs, particularly looking at two-bed, because that is the average, which is quite useful. In parts of Mole Valley, only 8% of all of the private two-beds for rent were available. In Runnymede and Spelthorne, it was 3%. Again it is sitting right underneath the 30% that is suggested by an LHA figure. The bureaux drilled down further, looking at the way that the adverts were worded, and whether they said "for professional couples" and things like that, so basically excluding a lot of Housing Benefit claimants.

Q446 Anne Marie Morris: It might be useful at some point, when your organisation has done another of its surveys, to look at this, because it seems to me there are some quite interesting geographical variations. We are all conscious of the London problem. I do not think necessarily we are so conscious of other areas. Clearly, in the South East I suspect there is always going to be more of a problem than somewhere in the North, but those sorts of figures would be very useful.

Yvette Burgess: In Scotland, my understanding is that the Scottish Government will be releasing a report in the next couple of weeks about the impact of LHA and how it compares with rental stock in the private sector. Although I do not have figures at the moment about the percentage of private rental that comes below or at the LHA rate, what we do know is that supported housing services working with homeless people are finding it increasingly difficult to help people move on to something more permanent, because of the lack of availability of private rented sector properties. That is getting worse, and this is one of the reasons.

Anne Marie Morris: That is helpful. If you could send in to us any statistics you have, it would be very helpful.

Q447 Chair: Have you heard the term "silting up"? St Mungo's, the homeless charity, used that term about exactly the point you are making. They find it very difficult to move people on, so the accommodation they have is being lived in longer by the people who should have moved out and, therefore, the ones who are in need cannot get in. Is that the phrase that you use as well?

Yvette Burgess: Yes, absolutely.

Q448 Anne Marie Morris: There is a secondary issue. There is getting them into the accommodation in the first place, but then there is the issue of evictions and non-renewals. Are you finding that the changes in the LHA rate have increased the proportion of evictions and non-renewals? Part of that clearly is about money, but part of it is about attitude. Geoff, do you have any comments?

Geoff Fimister: Yes, in the private rented sector it is fairly easy to move people out because of the dominance of the assured shorthold tenancy. This has been a recurrent problem that comes into the bureaux, and there is certainly a strong impression that it has got worse due to the increased affordability problems because of benefit restrictions recently, so yes, that is an issue. It contributes to the insecurity of the sector, which is one of the problems with the private rented sector. A number of organisations, including us and Shelter, have been pressing for an approach to the private rented sector that makes it easier for families, for example, to have longer-term prospects within the sector, and the Housing Benefit arrangements do not easily fit in with that.

Anne Marie Morris: That is helpful. Any further thoughts, Maria?

Maria Zealey: Obviously the caps were introduced in 2011, and perhaps we have to start thinking about the LHA caps being, very soon, broader than a London problem. Certainly, with some of our broad market rental area, particularly the one that is named Walton, at the larger end of properties where there is much shorter supply, one of this year's LHAs, which will increase by 1% in April, is just 2% shy of being capped.

Anne Marie Morris: Peter, you have been trying to catch my eye, I think.

Peter Tutton: Just on the general problem of affordability in the private rented sector, about one third of our clients are now people who are private tenants, which is hugely disproportionate to the proportion of occupancy status nationally, and that has grown quite rapidly. We did some national representative polling just recently. 24% of people in the private rented sector are saying they have seen housing cost increases. Of those, a quarter said that as a result they had fallen behind on a bill and another 14% said that they were forced to use credit for essential bills. We do not know what part Local Housing Allowance changes plays in that, but clearly generally there is massive pressure on a number of people in the private rented sector for affordability. Also, some research recently found 500,000 people in the private rented sector un-banked, so there is a big group of very socially excluded and financially excluded people in the private rented sector as well, which sometimes gets forgotten.

Q449 Anne Marie Morris: Joanna, when people are evicted, what options, realistically, are there? I ask you in particular, because I suspect London has a particular issue here.

Joanna Kennedy: Yes, and almost everybody we see has been evicted following the expiry of an assured shorthold tenancy, because we deal almost entirely with people in the private rented sector. They make a homelessness application when they are evicted. They are placed in bed-and-breakfast accommodation. We have had people with families in bed-and-breakfast accommodation for a year despite the fact that the regulations say it should only be six weeks. Having people in this appallingly unsuitable accommodation is a very widespread problem in London. The way local authorities are getting around that issue now is by putting people in what they call annexes, which comply technically with the regulations in not being bed and breakfasts but are the same thing: everybody living in one room.

We had one family that was affected by, first of all, the LHA cap and then the benefit caps. They were put in bed-and-breakfast accommodation, which in their case was one windowless basement room that this family of four lived in for four months, and then eventually were moved way out to Enfield. The father was working part-time, three hours a day, which was all the work he could get, and it took him three hours to travel in from there to do his work, so of course he had to give up his job.

All these people who are being evicted have to look for accommodation in cheaper areas, and of course the rents in the cheaper areas are going up, which is putting an extra burden on the Housing Benefit bill. We have seen evidence that in places like Enfield, which are the sorts of areas we are moving people to, rents are starting to go up because of the forced migration out of central London. It is increasingly difficult for people to find anywhere at all, so they are in bed and breakfasts and they have to wait for the local authority to put them in temporary accommodation somewhere, wherever it is.

We talk to them about the possibility of them finding somewhere themselves in the private rented sector, but you need a deposit and rent in advance. If you are not going to get help from your local authority, where are you going to find that? In the past, when there was still the Social Fund, you could get a deposit and rent in advance from the Social Fund, but that has all gone. Some local authorities now provide it as part of the local support scheme, but others do not, so people's options are very limited indeed.

Geoff Fimister: It is worth saying, Chair, that we would argue that this is not a problem that can be solved by the benefits system, because it is determined by other factors. Clearly, the Housing Benefit rules at the moment are very restrictive and problematic, and we have heard lots of instances of that. Nevertheless, there have to be restrictions. Housing Benefit cannot pay any rent, however high, so this is really an issue that goes wider and has to be addressed at the level of tackling the high rents problem itself. The cost of Housing Benefit is pushing about £23 billion, but that is not because HB has become more generous; it has become a lot less generous. It is because labour market factors and housing market factors are pushing up the cost, so there is a contextual issue here.

Q450 Chair: I suspect that CAB does not have a position on rent controls, or does it?

Geoff Fimister: It is interesting you should say that, because Citizens Advice at the moment is undertaking a review of what our policy position ought to be on a number of housing issues, and rent control is one. There are arguments for and against rent control. The landlord lobby always argues there would be a disastrous withdrawal of investment if we had rent control. Other commentators say, "No, there would not," and, in my view, the truth of the matter is that we just do not know, because we do not have the comparison, so rent control would be a leap in the dark. However, certainly the Housing Benefit cost issue cannot be solved within the Housing Benefit system itself. It is driven by other factors.

Chair: There is also housing supply as well.

Q451 Teresa Pearce: Anne Marie asked about the Shared Accommodation Rate. Men under 35 can be single, but they might still be parents, and I have seen many instances of shared parenting where that has not been taken into account at all. Have you ever come across a situation where someone had shared parenting but, because they do not have full, whole-of-the-week parenting, they still only get the shared rate? They do not get any access to a bedroom. Have you ever come across instances where shared parenting has been taken into account?

Joanna Kennedy: No, never, and we have lots of single men who have children who are not able to have them come and stay when they are living in shared accommodation.

Q452 Sheila Gilmore: Just to clarify a bit further on this question of availability of the private rented sector, there seem to be two issues, which may or may not be related. One is about rent levels and the gap, which I think we have covered fairly well. Do any of you have any evidence of a decreasing willingness of landlords to take Housing Benefit claimants?

Joanna Kennedy: There was a survey done recently by SpareRoom, and they found that only 18% of landlords have any Housing Benefit tenants, and when they did it two years ago, a third had them. There was another survey done recently in which 57% of landlords actively said that they would not take Housing Benefit tenants, and that is before direct payments come in.

Q453 Sheila Gilmore: There are already direct payments for private landlords.

Joanna Kennedy: Yes, except that the tenant can choose for the money to go to the landlord. It goes to the tenant as a default position, but it does not have to be like that. The tenant can choose for it to go to the landlord, and many do, because they do not feel able to cope. A lot of our clients say to us, "Please do not make me have to handle the rent myself, because when I have to choose between buying school shoes and paying it, I will dip into the rent money."

Sheila Gilmore: I do not know whether you have any information from Scotland, Yvette, on that particular issue.

Yvette Burgess: Just the fact that supported accommodation services and homeless services are finding it harder to access the private rented sector. I would say, though, that there is an increasing reliance on the private rented sector for people with support needs. We know in Scotland that the private rented sector has doubled in size over the last 10 years. When we look at all those measures that we are taking to try to prevent homelessness so that people are not getting to that statutory stage, we have to look at options in the private sector, so it really is very important. Hopefully, the statistics that the Scottish Government comes out with in the next couple of weeks will provide a bit more data about that.

Q454 Sheila Gilmore: Does anybody have any experience of landlords being more prepared to take people on Housing Benefit if there are things like deposit guarantees?

Joanna Kennedy: Yes. We run such a scheme, and that is the only way that we can get anybody into the private rented sector at all. However, even with deposit guarantees, in many ways, what landlords say to us is they are much less concerned about the deposit guarantees than the security of receiving the rent regularly. That is what they really care about. What they want is a rent guarantee. That is what they would really like, but yes, that is what they are worried about.

Q455 Sheila Gilmore: Do you think there is scope for expanding the guarantee system? In my city it is a very small scheme, so it only covers a certain number of people.

Geoff Fimister: Schemes certainly help, that is right, but pushing in the other direction is this increased reluctance of landlords to take HB claimants, so the more security you can provide the landlord with, the better, in terms of getting their money. That is the point I was making before; the Department needs to reassure landlords as soon as possible that its criteria for Universal Credit are going to be no worse and possibly better than the existing criteria in terms of providing direct payments.

Q456 Sheila Gilmore: The Government recently announced what they call Targeted Affordability Funding to address the gap between LHA rates and rents. Have any of you had any experience of that coming into your areas?

Geoff Fimister: It is a limited fund that will help in those areas where it applies. As I understand it, local authorities have to bid for a cash-limited pot. I remember looking at the consultation paper; I cannot remember the exact amount, but it is not a huge amount in the scheme of things. It will help a bit in those areas where it applies.

Joanna Kennedy: It does not affect any of the rates that are capped; in London, that means most of them. Where it is applied, it is increasing the rates by 4% instead of the 1% up-rate and, again, in London rents are increasing by considerably more than that. It is being targeted at the Shared Accommodation Rate, because it has been recognised that the Shared Accommodation Rate is a really big problem. In most of the areas that were selected for the money it has been the Shared Accommodation Rate that has increased, but increasing it by 4% is just not adequate to make any difference to the lack of supply.

Q457 Sheila Gilmore: Several people had a question about the Shared Accommodation Rate, but I think most of them have been answered, except I would like your comments on this one: apparently, the number of under-35s claiming Housing Benefit has fallen. In one respect, that might be seen as a success, because presumably that reduces it to some degree. The numbers do not look huge, but it has fallen by about 135,000 or something. Does anybody know what is happening to people in that situation?

Geoff Fimister: I can certainly guess. The fact that the number of claimants has fallen does not surprise me, because the accommodation is becoming unaffordable for that group. I worked for the DWP on their research on the single room rent, the predecessor of the Shared Accommodation Rate. It was a research consultancy that had the contract to do that work for the DWP. One of the things we found, looking around the country, was a lot of the young people affected—it was the single, childless, under-25s then—were not accessing accommodation; they were sleeping on friends' floors and in various informal settings of that nature. While I do not know, I would strongly suspect that the same thing is now happening with single, childless, under-35s.

Joanna Kennedy: That is definitely happening. We see that a lot. The number of people claiming does not mean that those people do not still exist and still need somewhere to live. It is just they cannot access it because there is nothing available, and so this is what they are doing.

Q458 Sheila Gilmore: I am not necessarily endorsing this view, but the Government might well say, "Well, they can just stay at home then," and that is what other people have to do.

Maria Zealey: People's circumstances change. Once you get a whole age range up to 35, you are talking about people who have been in work, had families and then they have a change in their circumstance, they lose their job, they become unwell. It is not about staying on at home at a younger age. It is about people who have gone out and have flourished as an adult. There is no going back.

Joanna Kennedy: There are also some statistics that I think show that 40% of young people present for homelessness because they have been kicked out of home. Their parents will not have them there. That is the biggest single reason for homelessness amongst young people.

Chair: I am going to move on, because we are running out of time and we have some questions on transitional protection; some of them have been answered, but not all of them.

Q459 Mike Thornton: Some of them have been answered, but there obviously is a variation in local authority decisions on which groups to prioritise in granting DHP. It would be interesting to find out which groups are finding it hardest to get the DHP. We have had some of that, I think, but what I find fascinating is some local authorities are not spending the entire DHP fund and some are. Obviously, I would like that DHP money to go back to the councils that are, rather than it disappear, but do you know why some councils are not spending it? It does not seem to be anything to do with unemployment in the area or anything. It just seems to be random.

Joanna Kennedy: It is to do with the benefit cap. It is to do with the number of people affected by the benefit cap in your area, because the benefit cap only came in in September. The allocation is for the year, so local authorities that were concerned that they were going to have a lot of people affected by the benefit cap had to hold back until the cap came in, and they have not yet been able to work through to find all the people affected by the cap. In Westminster, which has an enormous number of people affected by the cap, they have managed to get to only between a third and a half of the people affected in order to give them DHPs. The other problem with that is that if you give a DHP for a year that straddles two financial years, only half of it goes into this year, but you have already allocated it to go into next year. That is the main reason, and the overall impact of the delays and changes that there have been to welfare reform has made it very difficult for local authorities to be able to plan, because they do not know what is going to hit them next, and certainly the delay in the benefit cap is the biggest single reason.

Q460 Mike Thornton: That is what you find in Westminster. Geoff, what do you think, outside of that? Obviously other areas of the country do not have that specific problem.

Geoff Fimister: A lot of it has to do with the individual authority's particular take on how they see the situation. I talk to local authorities quite a lot, and it is pretty clear to me that the biggest factor operating here is that Discretionary Housing Payments are a very small pot when compared with the scale of the Housing Benefit restrictions. We estimate that, even though it has been increased quite a bit, the value of the current Discretionary Housing Payments pot is equivalent to about 7% of the annual value of the Housing Benefit cuts since 2011, so there is a huge mismatch there between potential demand and local provision, and a lot of authorities are simply erring on the side of caution. They are spending very carefully because they are worried about the potential scale of demand, and some of them want to try to dampen expectations so that they do not find a surge of demand that they cannot deal with.

In some cases, the authority also will see DHPs as being political in the sense that, although they are helpful for those people who get them, they also provide Ministers with a sort of alibi if there is a constituency case or a media story. The Minister can say, "It is the local authority's fault, because they could have made a Discretionary Housing Payment." Some authorities may resent that and are not that keen on the DHP system in the first place, but I think the predominant motivation is to be cautious and to try to discourage expectations because of the potential demand.

Q461 Mike Thornton: I can certainly understand wanting to discourage expectations, as things are so difficult, but unless it is a political decision, would that stop them spending the money that they have available to help someone when they know they have it? I am pretty sure I am right in thinking that my local authority has spent it all, but I know there are other authorities that have not, and that means that whatever the political consideration, they are not spending money they have available to help someone. It might only be temporary, but do you think it is a bit strange that that should happen, or not?

Geoff Fimister: We strongly agree with that. We want authorities to spend it. We entirely appreciate the point that it is a small amount of money compared with the scale of the problem, but we want them to spend it. They obviously have to project over the financial year what they think the likely spend is going to be. It is a juggling act, and they have to give back any that they do not spend. Of course, some authorities, as well as the Scottish Government and, I think, the Welsh Government as well, overspend in the sense that they put additional money into the kitty, so it cuts both ways in that respect. However, I think you are absolutely right. We would strongly agree with that. We want to see them spend it all.

Yvette Burgess: Just thinking about Scotland, it is fair to say that the whole process is speeding up now, and although at the end of November the research that was done showed that there was an underspend, it needs to be seen in the context of additional money having been put in only in October. The other issue, as well, in Scotland is that local authorities have been reviewing their systems, their application procedures, etc., and of course it has taken a bit of time to communicate to individuals and to support organisations that are helping those individuals.

There is one thing I wanted to flag up, though, in terms of people knowing about the fund. Thinking about the Size Criteria, we know that there would potentially have been 61,505 applicants if everybody affected by just the Size Criteria had applied for DHP, but there were 45,500 awards and applications, so there is a mismatch. Not everybody who maybe could benefit from a DHP is applying. There is an issue there, particularly for people with support needs, and for the stakeholders we work with, who are helping people through this process and the obstacles that they face in helping people get applications in. There is the increased anxiety that people with mental health problems, for instance, are facing, who are really not in a place to be able to deal with letters that are coming through the post and thinking about DHP. Even where they have a support worker, what we are hearing from support organisations is that, even with individuals they have been working with for a while, there is some kind of fear in even acknowledging that there is a problem. Where that is around, it is going to affect the number of applications and, therefore, the level of spend.[1]

Q462 Mike Thornton: Different local authorities have different methods of dealing with people. Some are more efficient than others; some have better systems. Do you think it might be that some local authorities might just be better at making sure the right people get the money, and perhaps we should look to them for advice for the ones that are not doing it? Do you think that is a relevant thing or is that pie in the sky?

Geoff Fimister: There are two issues there, in that, yes, some authorities are going to be particularly good at managing a cash-limited budget over a financial year. Clearly, that is a skill that you need to administer the DHP pot, but I would hope that most authorities these days were capable of doing that.

The issue about who should get payments and who should not is a much more difficult one. In my local government days, I was on the joint central local government working party that drew up the guidance for what used to be called Exceptional Hardship Payments, which were the predecessors of DHPs, and distinguishing between exceptional hardship and common or garden hardship was impossible, so guidance can only take you so far on this; it is very difficult. Clearly, it is illogical to make a temporary payment, say, to somebody who is in adapted accommodation; the need is not going to change and you do not expect

[1] Note by Witness: The figures I should have quoted are: 80,000 potential applicants and 61,505 applications.

them to move. However, you have to manage a very small budget, so awards tend to be temporary as a consequence, and distinguishing who should get them and who should not is an extremely intrinsically difficult task.

Chair: I am going to stop you there, because I have just realised that we have 10 minutes left and we have two sections to go through. If we have time at the end, we can come back.

Sheila Gilmore: I am going to give my apologies in advance, as I will probably have to leave just before the end and so I will not get my question asked, but that is fine.

Q463 Nigel Mills: Can we turn to Council Tax Benefit localised support, as we should probably call it now? How have you found that change? Do claimants understand what has happened? Are they coping with having to pay part of their Council Tax?

Peter Tutton: The experience that we are seeing is no. Our advisers are hearing people saying that they did not really understand what the change was. People who are getting full Council Tax Benefit are suddenly being told that they have arrears and the arrears have built up, and then they are presented with a bill and are panicking. There is a low level of understanding amongst people of what the change was.

The general context of this, again, is that we are seeing a rise across the board of people coming for help with Council Tax arrears, which has more or less doubled since 2011. We tried to do a proxy of people who possibly would have been on full Council Tax before and now would not. We found quite high increases in people with Council Tax debt who would not have had support—a 7% increase.

It looks as if a) many of the people we see did not know the changes were happening; b) people on low incomes who have been most affected by the reduction in support, and with the localisation, are really struggling to pay it in growing numbers; and c) it comes at a time when Council Tax arrears are becoming a bigger debt anyway. We estimate that for our clients Council Tax arrears is around £14 million, and if you put all these things together, it will be harder for local Government to collect, so those costs are effectively going to be passed on.

Maria Zealey: We have similar issues. In Surrey, we have 11 boroughs and districts and, as a very small county-wide organisation, we are advising clients on 11 different Council Tax support schemes. Some of the boroughs and districts have set up hardship funds similar to a Discretionary Housing Payment where clients are facing an additional means test. They are passive schemes, so the clients have to know that a scheme exists, and there are some significant underspends in some of those discretionary pots. However, we are still in the first year of Council Tax support schemes, and a looming issue is that, from April, a lot of the boroughs and districts are going to be revising their schemes, because their funding regime is changing again. For claimants who are pre-Universal Credit, still dealing with a lot of different welfare payments from a lot of different agencies, to have an annual change in the rules and not know how much money you have to be putting aside from one month to the next is very tricky. I cannot see an end to this ongoing support—this need that is arising that we have been talking about here today.

Q464 Nigel Mills: How should this be done better? Should we not have localised Council Tax support and just go back to a national scheme?

Joanna Kennedy: Yes.

Maria Zealey: Yes, in a word.

Geoff Fimister: Yes, there is a strong case for Council Tax liability to be part of Universal Credit, as was originally intended. We think it was a mistake to separate it off. The Institute for Fiscal Studies published a report this month that analysed some of our data and found a correlation between those schemes that require a significant minimum contribution and those areas where we are getting increased inquiries on Council Tax arrears. You would expect or you would hope that claimants would do their best to prioritise the debt, because the consequences of not paying are potentially so severe. However, what we also find is that often the Council Tax restriction is part of a pattern of other benefit cuts as well, so it falls into the mix.

Joanna Kennedy: It is also very important to recognise that these are the same people who are being hit by all of these other cuts as well. For many people it is just the absolute last straw. Their incomes have been cut left, right and centre, and now this is just impossible to manage. 53,000 summonses had to be issued. Councils in London alone have levied £5.5 million of costs on people who have not paid. Their liabilities start off relatively small, but when you have court costs, bailiff costs, suddenly people can owe many, many hundreds of pounds, which they are never going to be able to pay.

Peter Tutton: To pick up on bailiffs, about 40% of the people we see with Council Tax arrears say that they have been threatened with the bailiff. There is something like 1.4 million bailiff warrants a year. New regulations that are being tabled on bailiff costs will mean that it will cost about £300 extra if a bailiff turns up on your doorstep. There is a lot of worry here that this is another pressure on households that is pushing them further into debt.

Q465 Teresa Pearce: Just before I move on to my bit, Peter, my local borough used to send out to debt collection for Council Tax in arrears of £30 or more, and now they have reduced it to £5. Have you seen that anywhere else?

Peter Tutton: No, I am not sure, because we get people from all over the country, so we have not looked closely.

Teresa Pearce: You have not noticed that?

Peter Tutton: There is a big variation in practice, and I would not say it was good practice.

Q466 Teresa Pearce: I know we are running out of time, but I just wanted to talk a little bit about housing costs under Universal Credit. As your organisations will be part, I believe, of supporting vulnerable Universal Credit claimants, has the Government engaged with you at all about what your role will be?

Joanna Kennedy: Absolutely not and I have been trying very hard to engage with DWP, because there is supposed to be a local support framework; there are supposed to be partnerships between DWP and local authorities and local advice agencies created in order to provide support for people. However, because the timing of Universal Credit keeps on being deferred, none of this has been set up.

Q467 Teresa Pearce: So, at the moment, would you agree that you all need to clarify your roles?

Geoff Fimister: Some local authorities are funding some bureaux to do work with debt advice and financial capability help and so forth, but I asked my colleagues about this and, generally speaking, what they want to know is how much money is likely to be available to set up local schemes, and they do not know that at the moment.

Q468 Teresa Pearce: Is that the case for all of you?

Peter Tutton: We are a national charity; we are thinking about national rather than the local support framework, but we are seeing them next week and so, to be fair, there is some sort of thinking going on in the Department about how to do this, but it is early days.

Q469 Teresa Pearce: It is on the horizon but, as yet, is has not been reached, so there needs to be some clarity about that so that you can plan for it. You have already talked, I think, about how tenants will cope with paying their rent direct. It ties into what I just asked: do you think that the necessary systems will be in place to support claimants when Universal Credit is rolled out or is it still all a moveable feast? The problem with someone vulnerable who gets all their money in one go is the person who knocks on the door is going to get paid. What would you recommend that we recommend?

Joanna Kennedy: Within the pilot areas where it has been trialled, rent arrears went up even though very intensive support was offered to people. Even that amount of intensive support was not able to prevent the amount of rent arrears from going up in the pilot areas, so at the very least you need that equivalent amount of support. There is no sign, at the moment, that that is going to be provided.

Q470 Teresa Pearce: One of the things about Universal Credit that worries me greatly is that, at the moment, you can claim support for mortgage interest through your Housing Benefit, and under Universal Credit, if you do any work, you lose that element. Have any of you looked at that at all? Is that a concern?

Peter Tutton: It is a concern. We have just had a look. We looked at where one person was working part-time, and they said that redundancy was their main debt problem, suggesting that someone had just lost a full-time job and someone was part-time. We have about 1,300 people in that situation at the moment, so it seems it is not uncommon that you will get one person in full-time work and one person in part-time work. Households where you do not have two people in full-time work are much more likely to be our clients and much more likely to be under financial stress. Now, one loses their job—the one who is full-time—but there is a part-time work income coming in, so at least there is some, but the rules suggest that unless that goes up or you can quickly get back into work, you have to give that up to get support. It is people who are very vulnerable who have had an income shock.

Q471 Teresa Pearce: In my constituency, I think the people who will be affected most will be divorced women or women on their own caring for children; they are still in the family home, trying to get into work and being pushed to get into work, but they will possibly lose their home if they do that.

Maria Zealey: In the Universal Credit modelling there are more generous earnings disregards if you are not getting help with housing costs. I think that is what the Government would say in terms of compensation: more generous earnings disregards. However, we have done some modelling using national minimum wage levels, and a lone parent who has one of the highest levels of earnings disregards with no housing costs would have to move into working at least 27 hours in order to utilise that full disregard before they then are compensated for the full loss of any help with the mortgage that they may have been getting.

Q472 Chair: Yes, we did get examples from the Children's Society of the very complicated calculation that would have to be done to work out whether it is better not to claim housing costs than it is. Just to sum up very quickly, do you get the sense that the whole policy is squeezing out Housing Benefit tenants from the private rented sector? That just occurred to me as you were talking. Is that what is happening? Are fewer and fewer people on Housing Benefit going to be able to be accommodated in the private housing sector?

Geoff Fimister: Yes, is the short answer to that, for the reasons that we have been discussing. It is becoming a much more difficult sector for people to survive in, which is worrying given the restricted availability of social rented accommodation.

Chair: Whether that is the Government's intention or not, that is what is happening?

Geoff Fimister: Yes.

Joanna Kennedy: It is also true that it forces people into really inadequate accommodation, because in high rent areas the only accommodation that is available at LHA rates is the accommodation that no one else will take and is in a terrible state.

Peter Tutton: The third thing is, where people have had an income drop, Housing Benefit is not picking it up, so they are going to other places, like using credit, and of course then we see them with much more expensive problems a couple of years down the line.

Chair: There are lots and lots of consequences. Can I thank you very much for coming along this morning? It has been a lively session at times and all the better for that. You have provided us with a lot of very useful information that will help us write a report and come up with some recommendations for Government, so thanks very much.