Work and Pensions Committee

Oral evidence: Support for housing costs in the reformed welfare system, HC 720
12 February 2014

Ordered by the House of Commons to be published on 12 February 2014.

Written evidence from witnesses:

– Department for Work and Pensions

Watch the meeting

Members present: Dame Anne Begg (Chair), Debbie Abrahams, Graham Evans, Sheila Gilmore, Glenda Jackson, Nigel Mills, Teresa Pearce, Mr Michel Thornton

Questions 473 - 635

Witnesses: **Lord Freud**, Minister for Welfare Reform, **Andrew Parfitt**, Deputy Director for Housing Policy, Department for Work and Pensions, **Kris Hopkins MP**, Minister for Housing and **Jennifer Ashby**, Deputy Director of Welfare Reform, Department for Communities and Local Government, gave evidence.

Q473 Chair: Can I welcome you to this, our last oral evidence session for our inquiry into housing costs in the reformed welfare system, and can I ask you perhaps, Lord Freud, if you could introduce your team for the record, please?

Lord Freud: Yes. As the members of the Committee will know, I am Lord Freud, Minister for Welfare Reform at the Department for Work and Pensions (DWP). I am very pleased to have with me here, given the subject, my colleague Kris Hopkins, Minister for Housing at the Department for Communities and Local Government (DCLG). With him is Jenny Ashby, who is the Deputy Director in the DCLG Welfare Reform team, and next to me is Andrew Parfitt, Deputy Director, Housing Policy Division at the DWP.

Q474 Chair: Thank you very much for being here this morning, and as usual, we have got lots and lots of questions. We hope to try to get through them all, but with the best will in the world, sometimes we perhaps get slowed up. I hope you do not mind, if I decide we are getting bogged down, that we might move things along, but hopefully your answers and our questions will be nice and succinct and to the point.

I have got a series of questions on the benefit cap. I think the last time you appeared before us, Lord Freud, a lot of the changes had not really been properly implemented, and the effects of them were perhaps not apparent, but what has become quite apparent with regard to the overall benefit cap is that it seems to mainly affect vulnerable households: for example, single parents with many children living in high-rent areas, and particularly—and this is true in my own area—people living in temporary and supported accommodation. Was that an unintended and unexpected consequence of the cap?

Lord Freud: Let me put on one side the temporary and supported accommodation.

Q475 Chair: We have got a lot of questions on that separately, as well. It was really just whether that was what you expected.

Lord Freud: Yes, the impact assessment did go through the groups, and so I do not think there have been any surprises. The interesting thing is that the numbers have been coming down, so whereas we started off in the IA with over 60,000, I think, within the cap, by April it was coming down, and I think that by December, it was standing at 28,400.

Q476 Chair: What do you attribute that to?

Lord Freud: There are a number of reasons. There are two separate bits of data, which you cannot put together; they may overlap. There is a piece of information saying that about 19,000 people who were alerted that they may be under the cap in advance looked for jobs and found jobs. We have done a piece of work on the reduction of people capped, which went down by 8,000. That piece of information came out, I think, a week ago, and that reduction had a number of different reasons. 40% of them were people going into work at the level at which they would get Working Tax Credit. Others had reduced their claims anyway. The way that the system works, it may be for some people quite attractive to do small amounts of work because they will keep that money, whereas it would have been offset in the past for some people, and we are seeing groups like that who are moving off. It is quite complicated, but there is a steady reduction in numbers.

Q477 Chair: But none of this would necessarily mean that the Government is saving money, because if someone has moved in to work at 16 hours with tax credits, it may be that they are still getting the same amount of benefit. It is just that the fact they are in work means they do not come under the rules of the cap.

Lord Freud: You can look at particular cases of how it works, but on average, people—for instance, lone parents—do generate money for the economy; in some cases, through National Insurance taxation, and clearly they are contributing to the economy. In some cases, there is a technical question about whether their payments might be changing, but normally receipts would be less for someone in work than someone out of work.

Q478 Chair: When we were in Luton, and we met some housing associations and the council, we found that one of the positives, perhaps, that had come out of the changes in housing benefit is that social landlords have engaged much more directly with their tenants, and what they told us was that they have been able to get some families out from under the cap simply by making sure they are applying for the correct benefit that they were probably entitled to but had not been applying for, which might be a disability benefit. I wondered whether that is, perhaps, one of the reasons why the figures are coming down as well: people were not claiming for what they could. But, again, that does not save the Government any money.

Lord Freud: The figures on that are that 7% of people who flowed off did so because they moved on to a benefit of that kind. It is 7% of the off-flow, so it is a small proportion.

Q479 Sheila Gilmore: To what extent has that been tracked, and are you tracking people on and off employment? A lot of people in low-paid employment are in and out of work. What mechanisms have you got in for tracking that?

Lord Freud: We are tracking it very closely, and we are looking at ratcheting up the way that we keep an eye on how this is working.

Q480 Sheila Gilmore: Are you making a financial calculation of whether the savings are generated at the level you say they will be?

Lord Freud: Yes, we are. We have got figures.

Q481 Sheila Gilmore: Has that been published?

Lord Freud: Yes, I think something has been published.

Q482 Sheila Gilmore: Does that look at where people might be in receipt of other benefits instead, though? It is not just the top-line saving.

Lord Freud: This is all moving into ONS formal statistics. The reason I sound slightly hesitant is that I think I have seen a figure; I am just not sure to what extent it is a public figure.

Andrew Parfitt: I think we are talking about savings of £85 million in 2013-14 and £140 million in 2014-15?

Q483 Sheila Gilmore: Is that the top-line saving, though? The point I am trying to make is if, for example, a household—maybe only 7% of the 8,000; I am not sure whether that is 7% of the total or 7% of the 8,000—is now receiving disability benefits that mean they are not covered by the cap, they may be receiving more in total benefits than they were before, which offsets any saving.

Lord Freud: This is our figure based on pretty extensive modelling, which is a net figure of net savings.

Q484 Mr Thornton: It seems to be that you are attributing all of these savings in welfare to the new policy, but we have seen a remarkable increase in employment. Surely, that could account for a large part of the reason why we are having these savings, rather than any reforms? It is an extraordinary increase in employment numbers that we are getting, so would that not be making a huge difference anyway on its own, even if you did nothing else?

Lord Freud: Clearly, our policies are directed at moving people not just out of unemployment into employment, but out of inactivity into the labour market. One of the things that the Bank of England said when the last set of unemployment figures came out was that—I forget the exact quote—the more rigorous activation in the benefit structure had had a contribution to the labour market performance.

Q485 Mr Thornton: A contribution, certainly, but is that 90% of the reason for the cut, or 10% of the reason for the cut? It is very important that we know that, because if these reforms are only making a marginal difference to the savings, then they are a waste of time and the cost of doing them is pointless. If they are a major contributor, then they might be worth doing, but unless we know what their percentage contribution is of the change, we cannot know whether they are worth doing or not. It is very important that we know—if we are going through all this pain, all this reorganisation and all this cost—if it is that that is making a significant difference, or it is just the general and very welcome improvement in the economy.

Lord Freud: These measures were in the emergency budget of 2010, and they were very specifically to start putting the accounts of the nation into some kind of balance. That was what it was about, and that was what these cuts were. We are monitoring them closely, and they seem to be—as I have said in putting out the figures—producing the savings that were required.

Q486 Mr Thornton: But you do not know if that is producing the savings, or if it is out there in the economy. All I am saying is that we as a Committee ought to know whether the savings are due to the very welcome uptake in employment and the economy, or whether the savings are due to the Government reforms, or whether it is a mixture, and if it is a mixture, what percentage is each? If we do not know that, you cannot tell whether it is working.

Lord Freud: One of the things that is difficult—and we are, and have to be, very careful about—is that it is one thing to have figures that show correlations and trends, but it is very difficult, as members of this Committee know, to attribute causation. We work pretty hard to get to causation, but we have to be very careful when we state it.

Mr Thornton: I think we need to find that out, otherwise how do we know whether what you are doing is worth it? Sorry.

Q487 Sheila Gilmore: There is a small group of people who are affected by this; again, whether that was intended or not, I am not clear. These are carers who are not in the same benefit unit as the person for whom they are caring. They may be in the same house, but they are not necessarily in the same benefit unit, which has always been the case if it is adult-child and so on. Carers' organisations have argued that, as they have these caring responsibilities—they get carers' allowance; it is acknowledged they are doing that level of caring—it seems a fairly pointless exercise to cap them, because it is not a question of trying to push them into employment. Have you got any plans to look at that again?

Lord Freud: Clearly, one of the things that we have to be very clear on is, if there are two benefit units, you do not combine them and put a cap on the combined.

Sheila Gilmore: I know that, yes. I think around 5,000 carers, Carers UK says, may be affected.

Lord Freud: What we have got for difficult cases, as the Committee knows, is a structure of discretionary housing payments.

Q488 Sheila Gilmore: But those are not intended to be forever payments, are they?

Lord Freud: We are now saying that the payments will be stretching out, so by implication some of those discretionary housing payments will last for a long time.

Q489 Sheila Gilmore: Some families are anxious that they have to keep reapplying. I know we will look at discretionary housing payments later, but, because of this nature, they have to reapply and so on. Would it not be better to look at a group like this again? It is apparently some 5,000 families; in fact, if it is only 28,000 affected by the cap, 5,000 households is quite a high proportion of the total, nevertheless.

Lord Freud: That is a very fair point, and something that we have been looking at. Where someone will clearly need long-term support, going on a regular basis has no point and is stressful. We put out guidance, which I think went out in December.

Andrew Parfitt: Yes.

Lord Freud: We put out guidance to councils to clarify that they should make much longer term DHP assessments. Is it worth, Andrew, you just touching on what is in that guidance?

Andrew Parfitt: Obviously, as you know, discretionary housing payments are at the discretion of the local authorities, but we encourage them in this recent guidance to make longer term awards where the circumstances of the household make that an appropriate course of action.

Q490 Sheila Gilmore: Would it not be easier simply to exempt that group?

Lord Freud: This is a question at the heart of the DHP policy. You are looking at it being very hard to define the precise groups you really want to exempt, and the DHP strategy of looking at the individual circumstances of the household is more flexible and produces the support.

Q491 Sheila Gilmore: But you exempt people with disabilities. There are a lot of exemptions to the cap anyway.

Lord Freud: Yes.

Sheila Gilmore: Might carers not simply be another group to exempt?

Lord Freud: It depends which group of carers.

Q492 Sheila Gilmore: Carers UK says 5,000. I am repeating what they are saying. It may be less or it may be more, but this is a particular group that, because of the way that the benefit units are calculated and so on, might have thought they would have been exempt because they thought people with those levels of disability would be exempt, but this group seem to fall in the middle. Now, you could go on giving them DHPs forever. Would it not be simpler to exempt them from the cap?

Lord Freud: I will have another look at the extent of that, because I do not recognise the number at that kind of volume. I will just satisfy myself after this meeting about how many people we are really talking about, and whether there is a real issue there. I will have another look.

Sheila Gilmore: If they are permanent DHPs, there will be no saving, so whether it is 1,000 or 5,000, in some senses, does not really matter.

Q493 Chair: The fact that you are talking about permanent DHP, which was meant to be transitional, would suggest that the policy was wrong in the first place. If you are having to look for all of these exemptions, then the policy was ill thought out and wrongly targeted from day one.

Lord Freud: No; if I could just put the counter-argument here, it is very hard to produce exemptions that capture the group that you really want to help without capturing a very wide group, and that is why the discretionary housing payment strategy is designed to focus in on the real areas of need.

Q494 Chair: But local councils are having to make that judgment. If they have to make the judgment to award DHP, surely, it is not beyond the wit of man for government to make that judgment in order to exempt particular people.

Lord Freud: The government policy in this area is to use the DHP approach, and that is just the policy that the Government has decided on.

Chair: We will probably come back to DHP.

Q495 Nigel Mills: I was going to ask, given what we have learnt about the impacts of the cap since it came in, do you think it is set at the right level? Do you think it would spread the benefits around the country if the cap was lowered in certain areas?

Lord Freud: The problem with a regional cap, which is, I think, behind that, is that we simply do not have a regional benefits system, so it would be rather odd or difficult to introduce differentials on that basis. It is also quite hard to do mechanically, because there are rich spots in all regions where you need higher levels of benefit or earnings to live, so it would be very hard to put different rates on on a regional basis. It would be a very difficult thing to do in practice.

Q496 Nigel Mills: We do have very different benefit rates when you compare London housing benefit rates with those in my constituency. I guess there is a lot of experience of London weightings in wages and various things, but did you think about a London rate and an everywhere-else rate, at least?

Lord Freud: You could do, but you have got hotspots around the country: Cambridge, Edinburgh, Bristol. There are some very expensive areas of the country, so then you start breaking it down. The trouble is that, if you are going to break it down to that level, you end up with what we do in housing, which is being specific in the broad rental market areas. How many of those are there?

Andrew Parfitt: About 380 broad rental market areas.

Lord Freud: Yes, so you would have to break it down to that kind of level if you want to match how we approach the housing benefit structures.

Andrew Parfitt: I am sorry: 190, not 380. I was confusing it with the number of local authorities.

Q497 Chair: They cover more than one local authority. I know they do in my area. Can I just ask about whether there has been any assessment of the increased level or likelihood of homelessness as a result of the benefit cap?

Lord Freud: We clearly watch that very closely. We do not think that it is going to add in measurable terms. I am going to say exactly the same thing that I remember saying to this Committee—some of whom are still here—in, I think, 2010.

Chair: Only a few.

Lord Freud: Not many?

Chair: No, I think I am the only one from 2010.

Glenda Jackson: Well, I was here.

Chair: Carry on.

Lord Freud: I said then that, as a result of the changes to LHA, I was not expecting to see an appreciable increase in homelessness, and we have not.

Sheila Gilmore: There has been.

Lord Freud: We can go to the figures. I will go through them, but we think exactly the same thing for these changes here.

Q498 Chair: But there has been an increase in people having to seek supported accommodation, which often puts them above the cap. In my area, for everybody who is affected by the cap, it is because they are in temporary accommodation, and in many of those cases, it is because their rent is in arrears and they have been made homeless. Now, because the statutory obligation then falls on the council, there is no savings; in fact, it is more expensive to the taxpayer than had they been able to sustain the original tenancy. When you have got your £85 million net savings, does that take into account the extra expense to local authorities in supported accommodation, in chasing up rent arrears, and in all the extra things that local authorities are having to do? They are employing extra housing officers in order to deal with the changing to housing benefit.

Kris Hopkins: Dame Begg, first of all, I would say that the overall number of acceptances has fallen by 4%.

Chair: The number of what?

Kris Hopkins: The number of homeless acceptances has dropped by 4% in the December figures that came out.

Q499 Chair: Does that mean that the local authority has accepted someone as homeless, rather than intentionally homeless?

Kris Hopkins: It means the measure that we have got to calculate the number of homeless families has dropped by 4%, so despite the fact that we have introduced very difficult and challenging reforms, we have seen a decline at this moment in time.

Q500 Chair: But the numbers in temporary accommodation and the numbers in bed and breakfasts have certainly gone up.

Kris Hopkins: What is interesting is the fact that the number of people who stay in accommodation before 2010 was 20 weeks, and now that has dropped down to 13 weeks. We have been really proactive working with local authorities, where they have got increased numbers, about challenging them and resourcing them as well. If you take two authorities like Croydon and Westminster, we put additional resources in there. We have clearly challenged those organisations. Six weeks in bed and breakfasts, etc., is unacceptable. It should be temporary; it is about making sure there is sufficient housing supply out there, so we are doing activities to challenge that, but where those interventions have gone in in places like Croydon and Westminster, we have seen a very positive response, and we have seen the number of people in temporary accommodation significantly fall.

Lord Freud: The actual figure that Kris is referring to is that families with children in bed and breakfasts for more than six weeks has gone down by 10% over the year from 880 to 790, and well down from the peak in 2002, when it was 3,050 people.

Q501 Chair: I do not recognise those figures, because much of the evidence we have got and received is that temporary accommodation, particularly bed and breakfasts, and the length of stay in bed and breakfasts across the country, has gone up. Four years ago, people in bed and breakfasts was a rarity, but it is becoming relatively common.

Lord Freud: I can then give you real evidence. These are the actual figures. They run until September 2013. They are collected on a quarterly basis, and they are 74% down from the peak in 2002 and they are 10% down from where they were a year ago. These are families with children in bed and breakfasts for more than six weeks.

Q502 Chair: Are these published figures?

Lord Freud: These are published ONS figures.

Andrew Parfitt: Yes, ONS.

Q503 Glenda Jackson: Could you just tell us again what you are comparing? The figure from 2002; that is the base figure that you are now comparing these figures with, is it?

Lord Freud: I just let you have those figures as a comparison. The decline of 10% was that a year ago, i.e. in September 2012, there were 880 families with children in bed and breakfasts for more than six weeks. That figure, because of the measures that Kris was describing, has now come down by 10% to 790. Clearly, that is a figure that we will want to be driving down.

Q504 Glenda Jackson: Is that exclusively Croydon and Westminster? Those were the areas that Kris said special measures had been introduced in. It is just Croydon and Westminster?

Lord Freud: The ONS covers more than Croydon and Westminster, and so these are national figures and cover the whole country. What Kris was talking about were examples of what a couple of councils were doing.

Q505 Glenda Jackson: You referred to special measures. Did those special measures, for example—we can go back to Croydon and Westminster—mean those families were rehoused in Croydon and Westminster, or were they moved to other boroughs?

Kris Hopkins: To be honest with you, I do not know the answer to that, but a local authority would want to rehouse those people in accommodation in those particular areas, or where individuals wanted to make a choice about living. One of the interventions we have put in place is making sure we have got more social housing out there. That is why we have put a huge investment into affordable housing, and that is why we have seen significant rises—not just in London, but right across the country—in affordable housing.

Lord Freud: Just to take the example of Croydon, they have operated on the benefit cap. They have done a superb job—I went down to see them—in terms of helping their people through with the triage process, and have really worked through the process very effectively. Indeed, other councils are matching them in what they are doing.

Q506 Teresa Pearce: Lord Freud, you have given us 880 and 790 as figures. Could you give us the figures for 2009, 2010 and 2011?

Lord Freud: I will write to you with those.

Q507 Teresa Pearce: Are they not in your pack?

Lord Freud: They are not. I do not have them absolutely to hand.

Q508 Chair: Have you got a definition you work to for what is bed and breakfast accommodation?

Lord Freud: Yes, there will be a standard ONS definition. I could not quote it off the top of my head.

Q509 Chair: In terms of the accepted homeless, which is a new term to me, a lot of people end up not being rehoused because they have been told that they have made themselves intentionally homeless. Do those figures you are quoting include the intentionally homeless, or only the people who are unintentionally homeless or accepted homeless?

Lord Freud: Yes, because they are homeless acceptances. That is what the measure is: it is the people accepted as unintentionally homeless.

Q510 Chair: But it is possible to change the criteria in order to make it appear that fewer people are homeless.

Kris Hopkins: No. There is a set measure. Councils define what an acceptance is, and they publish those figures, and that criterion has not changed. Local authorities inform us about those figures, and the December figures that were published clearly show there has been a 4% drop in the number of homeless acceptances; that is, the number of households that are homeless at this moment in time. That does not mean they are without a house. That means the council is now intervening to look after those individuals.

Chair: We understand the difference between roofless and homeless.

Q511 Graham Evans: Just to go back to Lord Freud, you mentioned Croydon Council, as an example of a council of doing a good job. Is that right?

Lord Freud: Yes.

Q512 Graham Evans: Have you analysed and looked at which councils, or which housing associations, have taken these changes, so that there is a picture of best practice that local authorities and the LGA could use as an example of a beacon council, which could perhaps be duplicated? The officers are doing this very difficult change management issue, and devil is in the detail. Lessons could be learned by those councils that are doing a good job, and they could then perhaps share that best practice with councils that are not perhaps doing a good job.

Lord Freud: I will let Kris come on to that, but I will just start off on the benefit cap. What we did with the benefit cap was we had four councils to start with, our pathfinders, and they had three months doing it. They were immensely useful in going around; we had a series of roadshows, if you like, with those councils, who were then explaining what the things that worked were to other councils. It was adapted, and one of the reasons it came in very smoothly in implementation terms was that process, using those four councils to help the others. Kris?

Kris Hopkins: When I took over this role, I thought it was really important to make sure that, for the partners out there who were implementing this, we got the best possible experiences and we got the best possible work practices shared. First of all, you should not underestimate the really important role that councils and housing associations already play in encouraging people into employment or training. There is a whole range of interventions there, and I have gone round and spoken to a range of these providers. They want to share best practice. They are going out there and talking to their colleagues, and sharing that best experience, and also an understanding of some of the difficulties, and some of the challenges they could put in to make it work better.

I spent some time with Crisis last week, understanding some of the challenges that they are putting out to housing associations, some of the clientele that they are meeting, and understanding the particular challenges that they have got and how we can make it better. This is not a system; this is not a process. It is inert; it is just standing still. There are some extremely committed individuals right across the sector who are taking responsibility, are understanding the different challenges that we have given them, and are responding. What is interesting is that, despite the fact that there is less money and a significant challenge to cultural and behavioural activity, the outcome as a consequence of this is that more people are going into employment. We are taking responsibility for making sure that housing stock increases to meet the modelling demand that is different and required.

Q513 Chair: One of the things you said to us, Lord Freud, way back in 2010, I think, was that you expected that private landlords would drop their rents to the individual broad area market rent cap. Has that happened?

Lord Freud: It is quite difficult, as the Committee knows, to disentangle what is happening. There has recently been relatively modest rent increases in most of the country—indeed, below inflation. If you look at market rents from the LSL, you are looking at a 1.5% increase through 2012, rather lower than inflation. That is matched by an ONS experimental index that also suggests that rents have been moderate.

Q514 Chair: But rents have gone up. In a time when there has been an economic downturn, rents have gone up, when you said the effect of this policy would be that rents would fall. Can you name any area where rents have fallen as a result of the introduction of the LHA cap?

Lord Freud: I cannot do the causation, but there has been a reduction in the east of the country, in Yorkshire and in the West Midlands, according to LSL, in that period.

Kris Hopkins: Some of the private-sector housing across the country is cheaper than social, at this point in time. It is not a national figure. If you go to Grimsby at this moment, you can rent a house cheaper than you can in the social sector, so there are different economies out there at this moment in time, with different impacts. We should just be aware that the ONS figure is showing a 1% increase across the country, which is a very small amount. Considering that some parts of the media are claiming there is a massive boom at this moment in time, there is 1%, and 1.6% in London itself.

Chair: It is 8% in London.

Kris Hopkins: It is 1.6% in the ONS figures.

Q515 Chair: Why are your figures so different from the ones we have got?

Lord Freud: Let me give you some figures.

Chair: It is not what people's experiences are. In London, the figure is 8%. The gap between the eligible rent under the local housing allowance and actual rents being charged has widened. It has not got narrower; it has widened.

Lord Freud: According to the LSL figure for last year—all the figures I was giving were from 2013—the overall market rent in London went up 4%, against the average of 1.5% in England and Wales. On the ONS experimental index in the same period, London went up 1.6%, against a total Great Britain figure of 1%.

Q516 Sheila Gilmore: Why have you introduced the Targeted Affordability Fund if it is not a problem?

Lord Freud: Because some areas have gone up appreciably more. This is a very dynamic market.

Q517 Sheila Gilmore: So, you do accept there has been a problem.

Lord Freud: Where market rents have risen most, we have put the—

Q518 Sheila Gilmore: While you said at the outset—which you did say, or the Government said—that this would bring rents down, it clearly has not happened, certainly in the areas where you have had to put in a Targeted Affordability Fund.

Lord Freud: What I describe is a picture of fairly modest rent rises and some declines across the country over last year.

Q519 Sheila Gilmore: With all due respect, Minister, if you live in an area where that is not the case, then the gap is widening. I certainly have constituents in my area who have had to leave the private-rented sector because the landlord is putting up the rent; the housing benefit no longer meets it, and the landlord is not prepared to reduce. My local authority says that the proportion of people presenting as homeless for that reason has gone up. In some areas, it clearly is still a problem, despite the assurance we were given this would bring landlords into line.

Kris Hopkins: Can I add the issue of inflation to this? Inflation is now running at 2%. I am not quite sure; it might have gone down this morning.

Q520 Chair: Yes, but the local housing allowance is tied to 1%. It is not going up.

Kris Hopkins: That is right. It has gone to 1%, and across the country we have got an ONS figure of 1%. In real terms, if we have an increase in rents at 1% and we have got inflation now running at 2%—over the year, obviously, it has been significantly more than that—rents have come down over that period, and benefits have gone up by 1%.

Q521 Chair: Why is it, then, that a lot of private landlords are now very vocally saying that they will not rent to people who are on housing benefit?

Kris Hopkins: That is not true. We have seen a significant increase over the last two years in the number of people who have gone into the rented sector. 30% of that private sector, at this moment in time, takes people on housing benefit. This is a growing sector, not a shrinking sector. The media have highlighted one or two individuals who have made choices themselves, and that is for them to do; it is a commercial operation. Hover, we have seen an increase in the number of people who have gone into the private sector with housing benefit, and we have a market that is sustained at 30% at this moment in time. That is not a diminishing market.

Q522 Chair: Not one of the witnesses has confirmed what you have just said. Of all of the evidence we have taken—and we have taken a great deal—not one has said that there is not a problem.

Kris Hopkins: I am glad I had the opportunity to clarify that.

Lord Freud: Can I give you the figures?

Q523 Chair: The 30th percentile has dropped because of the increase in rents that you deny is happening. It just seems to fly in the face of all of the evidence that we have received.

Lord Freud: Can we just nail the issue that Kris raised? The actual figures are that, since the reforms, the number of housing benefit claimants in the private-rented sector has increased by around 8% nationally and by around 5% in London. If you look at the last year, the increase in the private-rented sector caseload was 1%, so it has come up from a year ago. I will give you the exact figures for your evidence: 1,654,000 has now risen to 1,670,000. What landlords say in the private-rented sector and what they do as a whole seems to be somewhat different, and anyway there are always some private landlords going out of the market and coming into the market. Clearly, we watch this very closely.

Q524 Chair: But because there is a squeeze on the local housing allowance and what people qualify for, either because of the benefit cap or the broad area market rent, there are fewer and fewer properties that are affordable within the confines of housing benefit. Now, there might be people who are supplementing their housing benefit in order to continue to stay in more expensive accommodation, but that is narrowing. That means that, at the lower end of the market, you are more likely to have very poor quality accommodation that the Government is paying people to live in through the local housing allowance. Would you accept that is an issue that needs to be addressed?

Kris Hopkins: The key thing is that, if that was a diminishing market and people did not want to go into it, all the evidence we have got contradicts that. People are coming to us. We have got Build to Rent and a whole range of investment models out there.

Q525 Chair: They are not building for people on housing benefit. They are building for the fact that there is a housing shortage.

Kris Hopkins: I have just said that a third of the market, actually, is used in the private sector. We have seen that the figures have increased over the period of time, 8% in the last year, and people are actively coming to us to build a range of tenures, including private sector. I am absolutely sure that some of that will be for people who want to use them as social housing, and they will be open to housing benefit. Can I say to you that it is not a small number of individuals? All the schemes that we have got are substantially oversubscribed—by many billions, by the way, not small amounts of money. These are seriously oversubscribed. The PRS sector is small at this moment in time, compared with other sectors, but it will grow, and people want to get into this.

Q526 Chair: But that is because of the housing shortage. That is not because the people who go into them are going to be on housing benefit.

Kris Hopkins: You suggested that this was going to be poor-quality housing. This is new housing, in which private investors want to participate. The Government wants to support that, and all the schemes we have got at the moment around PRS are oversubscribed.

Q527 Chair: How much of that new housing is going to come in under the LHA rates—the 30th percentile?

Kris Hopkins: I do not have the figures on that. I am quite happy to go and explore that, but around the guarantee scheme, we have put in some £3.5 billion for affordable and a similar amount in a PRS scheme at this moment in time. In every single conversation I have around this sector, they want to engage in a whole range of tenure, a whole range of individuals to incorporate that, and they are modelling their finance and their schemes to be able to facilitate that.

Q528 Glenda Jackson: There will be developments out there where part of the building will be exclusively for people on housing benefit?

Kris Hopkins: The market is changing. It is not about creating estates where there are just people on housing benefit; it is about trying to offer a range. I went to a really great site in East London a couple or three weeks ago, and there they have everything in the same complex, from top-of-the-range penthouse facilities to social rented as well. There were a mixture of tenures on the same site.

Q529 Glenda Jackson: We have also had the recent example of the largest buy-to-rent investor in Kent—I cannot remember the precise number of houses that he and his wife have rented out—where he has, I think, only a few weeks ago issued notices to all his housing benefit tenants that they have to leave.

Kris Hopkins: Yes, I saw that, and that got a huge amount of media, and that suggested that that was a trend within the sector.

Q530 Glenda Jackson: You do not think it is?

Kris Hopkins: We can give you the information that clearly lays out that that is not the trend. One individual made a commercial choice, and it is up to him to be able to do that, but the sector has grown by 8% in the last year.

Q531 Glenda Jackson: The commercial decision was based on the fact that he could get more money from people who are not dependent upon housing benefit, and that is being matched, certainly in my neck of the woods, right across the board. I do not accept this suggestion that rents are going down.

Kris Hopkins: Your suggestion is that the activities of one well-publicised individual is typical of the market, and that is not the case. We are quite happy to give you the evidence to demonstrate that. I appreciate you have received information that suggests something else.

Glenda Jackson: From the private tenants association.

Kris Hopkins: We will give you the information that will give you some clarity on that.

Q532 Chair: I would be grateful if you could also give me examples in London where new build housing is coming in at a rent that would be affordable under the Local Housing Allowance, because my understanding is that the cost of the land alone puts any affordable rent that could be charged on that house way above anything that could be afforded under housing benefit.

Kris Hopkins: There is no doubt that land prices in London are creating those kinds of scenarios, but what is interesting is I have met with London boroughs, I have met with the Mayor's team, etc., and people are really being imaginative about how they can use public and private land to come together and produce quality housing there.

Q533 Chair: Councils are finding it impossible.

Kris Hopkins: It is not impossible. It is very difficult, but they are going out there and doing it, and we gave the Mayor's office some £1.1 billion to deliver some 60,000 affordable houses, and he has already delivered a significant number of those.

Chair: I am going to go to Sheila, and then I am going to go to Nigel, who had all the questions on this. We have nicked them.

Q534 Sheila Gilmore: I can perhaps assure Mr Hopkins that mixed-tenure developments like that are certainly nothing new, and have been around in my city for a long time. The real problem is still getting the subsidy to make them affordable. The question I wanted to ask, and it is probably of Lord Freud, was that during, I think, evidence to this Committee—I was not on it at the time that this was all being discussed at the outset—and during debates in the House of Commons, certainly, and elsewhere, we were told that the proportion of the private-rented sector that was housing benefit was 40%, and that was one of the arguments that was put forward to argue that, because it was such a high density, that would really have an effect on rents. We are now being told, "Well, it is 30%." Was the 40% wrong, or has this indeed come down?

Lord Freud: I think I gave a range before.

Sheila Gilmore: I think if you check the record, you will find it was repeated several times as 40%.

Lord Freud: In many areas, it was 40%.

Sheila Gilmore: No, that was an overall average that you gave. It is on record. I do not have it to hand, but I think you will find it is on record.

Q535 Glenda Jackson: I asked the question, so I will do it again. I raised with you quite specifically the issue of private landlords refusing to accept tenants on housing benefit, and your response to me—there is a minor paraphrase here—is that as the Government has 40% of that market, the Government would be able to either persuade them to bring those rents down, or at least to stabilise them. The percentile was 40%.

Lord Freud: The figure we are currently using—and I am not quite sure whether it has changed, or what—is that we are saying 30% or so.

Q536 Glenda Jackson: And the rents are going up?

Lord Freud: And the rents are stable.

Q537 Chair: So, are Homeless Link wrong in their evidence that one of their member agencies that places homeless people in the private sector has lost 20% of the landlords with whom it had worked within the last year specifically on the grounds that they think they can get higher rents paid by people who are not on benefits? Is that what you are saying?

Lord Freud: Jenny, would you like just to clarify the actual figures for me?

Jennifer Ashby: There are two different ways of assessing the proportion of the private-rented sector.

Q538 Glenda Jackson: The actual, and the Department's?

Jennifer Ashby: No, it is whether you use the housing benefit caseload or the English Housing Survey. They are both valid measures, and they both give you a roughly comparable figure, but I think that is where the differences are coming from. They are both relevant measures, and it shows around 30% or 40% if you look at the caseload, but the caseload could be currently cohabiting, so it is a question of whether you look at individuals or households.

Sheila Gilmore: It was the caseload figures you were using before. I remember the report quite clearly.

Lord Freud: Yes.

Jennifer Ashby: I think Kris was using household figures, so that is where the difference is coming from.

Lord Freud: We seem to be moving to a slightly different definition, but that is where the confusion of the 30% and 40% arises.

Q539 Chair: So, the evidence that we have got that charities working with homeless people have got silting up, as they called it—people they cannot move out of their temporary accommodation into private accommodation, or indeed any kind of accommodation, because they cannot find accommodation with other landlords—is simply wrong?

Lord Freud: Clearly, this is a very complicated market, and there will be different things happening in different areas. For instance, with the Olympics and the bit of a boom going on in East London, the dynamics of that market have changed and are changing, so you would expect things to be changing around the country the whole time. What matters is the aggregate and overall, and overall the number of houses being made available in the private-rented sector is going up, reflecting that demand.

Chair: But you cannot afford to rent it. Making them available is different from making them affordable.

Lord Freud: 1% more people are living in private rented accommodation than a year ago.

Q540 Glenda Jackson: Does housing benefit pay the rent?

Andrew Parfitt: Yes.

Q541 Chair: The whole rent?

Lord Freud: That is another very complicated question, because a number choose to, and have always chosen to, supplement their LHA to get a better place.

Q542 Chair: I do not know whether it is a choice if it is the only accommodation they can find. I do not think choice comes into it. They are forced into the position that they have to supplement. Something else has to go.

Lord Freud: We have a lot of very elaborate data on this, about the numbers of people who pay more and what proportion more they pay, and we can make that data available. Andrew, is it up to date enough?

Andrew Parfitt: We will see what we can provide.

Q543 Glenda Jackson: Where they cannot put their own money on to the housing benefit, do you speak to the landlord and say, "Lower the rent"? You say you have 30% of the market.

Lord Freud: 30% or 40%.

Glenda Jackson: Do you say to them, "Lower the rent"?

Lord Freud: What has been happening is, as we have gone through this process, we have asked landlords to manage some of the negotiation where appropriate, and we have given them a tool to help them, which they seem to have been using to some extent. We have said, "To the extent that you hold or reduce your rent, we will move you on to managed payments for a period before Universal Credit comes in," to encourage that process, and it does seem that that has been helping.

Chair: I will stop you, because I have just realised that time is moving on. Nigel has got some more questions. I think a number of his questions have been asked, but there are ones in his section around the private-rented sector.

Q544 Nigel Mills: When we paid a visit to Luton, they raised the issue of some arrangements they have made with local landlords on providing housing to people in need and being displaced by some London councils coming out and offering those landlords higher rent to sort out their own housing problems. Is that something you have been aware of happening and distorting markets around the edge of London?

Lord Freud: At particular times, there have been people looking at it. Our intelligence is that it is not a mass movement or a massive amount, but people are looking for accommodation, particularly neighbouring accommodation. Do we have any figures on that?

Andrew Parfitt: I do not think we do, no.

Lord Freud: We think it comes up on the edges, but it is not a substantial number.

Jennifer Ashby: London councils do collect information that suggests that the vast majority of out-of-borough placements, where they happen—and they are still relatively small—happen within London, so to other London boroughs. We do not have the information centrally.

Q545 Nigel Mills: How long does somebody who is placed outside their borough, or outside London, for example, still remain a responsibility of the council that moves them out? When do they become a local resident, and therefore their local housing allowance drops to the local rate, rather than the London rate? Is this a deferral problem or a permanent solution?

Lord Freud: Andrew? I do not know the answer.

Andrew Parfitt: This is stretching my knowledge. Initially, I think they would be on the local housing allowance from the placing authority. I would imagine—I would just need to check and let you know if this is incorrect—that when the case comes up for its annual renewal, that is when the local housing allowance might drop to the local authority in which the claimant is, if they are still in temporary accommodation.

Q546 Nigel Mills: Okay. Can we move swiftly on to the shared accommodation rate? What is your experience of how raising the age threshold for that to 35 is working? Is it creating any issues with people who are perhaps being forced to share with people they should not be forced to share with, or who just cannot get any shared accommodation?

Lord Freud: The trends within that are that the numbers have gone down for both 25- to 34-year-olds and for the under-25-year-olds. That is one trend, and then clearly there has been some pressure on the accommodation rates. That is why quite a proportion of the target affordability funding has gone to the shared accommodation rate in areas. We still have the picture that in 60% of localities, the two-bedroom LHA rate is less than two times the shared rate, so those are the main trends. The figures, just to get them on the record, are that the numbers for 25- to 34-year-olds have decreased by 14% since between December 2011 and August 2013, and it is 10% for the under-25s.

Q547 Nigel Mills: So, that is a decline in people in those age groups claiming housing benefit.

Lord Freud: Yes.

Q548 Nigel Mills: Do those data show us people who, effectively, used to be able to get a house and claim a full housing benefit and have now been moved on to the shared rate?

Lord Freud: I am not sure. Do we have an explanation of what is behind that trend? It may be people staying at home.

Andrew Parfitt: It could be people becoming a member of a shared household, so they would no longer be a separate housing benefit claimant in certain circumstances, or moving back in with their parents, if that is an option. I think we will have a more comprehensive view of this when we publish the final report of the Evaluation of the Local Housing Allowance. You may recall that was the independent evaluation that Lord Freud commissioned a couple of years ago, and we had the interim report last year and we are getting the final report this summer, which is looking—amongst other things—at the impact of the shared accommodation rate changes.

Q549 Nigel Mills: I presume, if I used to claim for a full house and now I claim for the shared rate, I am still a housing benefit claimant. Someone moving from one to the other would not change that. Presumably, the reduction is in people who perhaps would have claimed under the old rules and are now doing something different and not claiming.

Andrew Parfitt: They may live with a friend who is a homeowner, for instance, in which case they would not have a housing benefit claim.

Q550 Nigel Mills: Do the data for this fall show that it is because there are a lot less new claimants in that age group than there used to be, or is it something different? I think this was a rule that only applied to people who were newly claiming. I think, if you were already in a house or a social rent, you did not have to move. Is that right?

Andrew Parfitt: There was a period of transitional protection, which I think you are referring to, for the existing claimants. They had, I think, nine months after their anniversary date. This obviously applies to all claimants now, but with the rate of churn in the market, it would be primarily new claimants now.

Q551 Nigel Mills: But you are not seeing any particular issues that you need to make any changes on. You are not aware of vulnerable people being put into a difficult situation.

Andrew Parfitt: It is obviously something, like all of the reforms, that we are closely monitoring. I had a figure here that is quite interesting: even before the shared accommodation rate changes, about a third of those who were aged between 25 and 34 were already claiming the shared rate, so they were choosing to live in this type of accommodation.

Q552 Nigel Mills: I guess, while we are on housing benefit for young people, is there anything to tell us about housing benefit for under-25s? Is it still Government policy to take that away?

Lord Freud: I have not got anything to say on that.

Chair: Not even after Nigel's appearance on Channel 4 news last night?

Nigel Mills: I think we should do it.

Lord Freud: I take that under advisement.

Mr Thornton: Other members of the Committee do not think we should do it.

Q553 Chair: The thing they got Nigel on for—to spare his blushes—was the exemptions. Would there be any exemptions if you were to introduce that?

Lord Freud: You have just piled a hypothetical on a hypothetical, so I think we ought to duck.

Graham Evans: Hypothetically, do you think those restrictions…

Lord Freud: I am going to stop while I am ahead.

Q554 Chair: Obviously, if you do bring in, whether it is in the Manifesto or whatever, getting rid of housing benefit for under-25s, then the shared room becomes much more important, although they would not get housing benefit for it, to free up some of the spare bedrooms around. Have you looked at ways of encouraging more people to rent out their spare room?

Lord Freud: One of the things that we are encouraging in Universal Credit is lodgers, and so we are putting into Universal Credit a disregard for lodging income.

Q555 Chair: I presume that will be at the same level as the tax threshold, which at the moment is £4,250, and has been at that level since 1997. I got an email from an organisation that is campaigning for a rise in that threshold that would encourage more people to rent out their room; in other words, they would not be caught by the tax threshold. Is that something that you have had discussions with the Treasury about?

Lord Freud: No, we would keep that separate. How they run their tax threshold will be different from how we run our disregard system.

Q556 Chair: Yes, but the disregards you are talking about are only for people who are themselves on benefit—if somebody is on benefit and is renting out their house. A lot of rooms would be from people who own their own houses or who rent from a private landlord or a council but then want to rent out, so the people who are renting and are on benefit are quite a small proportion of that. Ignoring that, how do you encourage more people to think that renting out their spare bedroom is a good idea?

Lord Freud: Clearly, that has got to be a matter for the Treasury. I am just in no position to answer that particular question.

Q557 Chair: But surely you could lobby the Treasury and say this would help with delivery of this policy.

Lord Freud: I hear the point.

Q558 Nigel Mills: Come on, Housing Minister, you must have a view.

Kris Hopkins: I look forward to the manifesto when it comes out.

Q559 Chair: But you can see that it makes sense. I want to get him to say yes to something.

Lord Freud: I think I have to say what Kris said.

Chair: The thing you have been waiting for is the social sector size criteria, as we call it, and Debbie has got some questions on that.

Q560 Debbie Abrahams: The social sector size criteria, otherwise known as the bedroom tax.

Nigel Mills: Now we shall see.

Debbie Abrahams: Whatever floats your boat there. Your own figures show that 660,000 households will be affected, and, of those, two-thirds will be people with disabilities.

I am sure you heard the news report this morning from the National Housing Federation. Their research of 183 housing associations, 77,000 tenants included within that, shows that 66% have indicated that they are in arrears; 38% are in debt; and one in seven had eviction risk letters by October 2013. It is absolutely inconceivable that disabled people will not be included within those figures, so would you like to comment on what that survey has revealed?

Lord Freud: Should I start, and then Kris? I just want to go through the figures. The numbers affected now have come well down from the 660,000 that you were referring to, which was in the assessment, to 523,000.

Q561 Debbie Abrahams: Two-thirds of whom, you own figures have said, are people with disabilities.

Lord Freud: I will try to deal with that. Regarding the way that the disabled are categorised, there is self-declaration under the DDA, and that is 63%, as you said, of the original 660,000. People on DLA of any kind and at any level are 180,000 of that figure, so that is 27%. For people on the higher rate of DLA, either care or mobility, that figure is 110,000 or 17%. Those that have had significantly adapted accommodation our figures would put at about 35,000, which is about 5% of the total. Those are the figures we have on disability.

Kris, would you like to deal with the—

Q562 Debbie Abrahams: Sorry to interrupt you, Lord Freud, but could you and Mr Hopkins, in your response, specifically address the points about the survey findings that were published today? This is the most vulnerable group in our society, who are struggling on a day-to-day basis. Across the community we will have constituents who are coming to us in dire circumstances, and this is showing that one in seven have received at-risk eviction notices. They are struggling to survive, and on top of that they are having the threat of losing their home. Could you comment on that in that context?

Kris Hopkins: First of all, to look at the data itself, it is the first six months, so it is five months out of date at this moment in time.

Q563 Debbie Abrahams: Do you think it has got better or worse?

Kris Hopkins: I think the information I will give in a minute will give some clarity about some of the data we have got at this moment in time. That is a snapshot of the introduction of a very challenging piece of welfare reform. There is no doubt that the cultural and behavioural change of tenants, and the way that housing associations and councils work, requires a huge amount of intervention to correct. There are vulnerable individuals and people who are set in their ways about the way that they spend and use their monies.

Debbie Abrahams: Minister, that is absolutely shocking.

Kris Hopkins: Can I answer the question, and then you can come back in? I have looked at the data and the information that is there, and I saw that 26% of the people who were invited to respond responded. Then I made a comparison with the regulators' information associated with this, and about 85% of the major housing associations out there at this moment in time are saying that, against all their predicted business models, arrears are as expected, and they are getting returns of over 95% of those payments that they expected. Four-fifths of the major housing associations are seeing a 95% return on the payments that were asked, so there is a slight difference between the 66% of arrears and the data that we have got at this moment in time.

What we need to do is get to the end of this cycle and understand what has gone on as far as those arrears are concerned. What is not happening is the introduction of a policy to a group of individuals—cohorts of individuals that obviously are very different in many different ways and have different demands. You have mentioned disability was one of those issues. How do we change the culture and that behaviour?

Q564 Debbie Abrahams: Minister, I was specifically asking about disabled people. To suggest that behaviour change will alter a disability is quite shocking. I am asking specifically about how the disabled people who have been affected by the bedroom tax, the most vulnerable group in society—

Kris Hopkins: Can I respond to it, then? First of all, people who are disabled make a huge contribution to society, and wherever we can we need to be able to support them to do that. Part of this process is enabling some of these individuals to do that. This is not just the introduction of a policy and then standing back. This is about a huge amount of support through DHP, some £445 million, including £25 million both this year and next year, for people with disability. It is about engaging it on the ground.

I was talking to a housing provider in Derby the other day, and it is about door-to-door engagement. It is about knocking on the door, building a relationship and understanding the individual needs of those people, and then tailoring a response to it. It is not about standing back and imposing something. The investment I noticed in the report that came out was that there was on average over £100,000 worth of investment from each of those housing associations. I really applaud them for doing that. They do not want people to be stuck on benefit, trapped in that arena. They want them to be able to retrain, to gain employment, to build self-esteem, and that is part of that intervention to be able to do it.

Q565 Debbie Abrahams: Again, Minister, you have conflated my question. I am asking specifically about people with disabilities, and I wanted to focus attention on that. In relation to my question, I think you have not answered to any degree of satisfaction about your response to the number of potentially disabled people who have had eviction notices served to them, and the arrears and the debt that they are facing. I think that is shocking. I want to ask you, as we have asked before, if you will yet again consider that disabled people will be exempt from the spare room subsidy, the social sector size criteria or the bedroom tax—whatever you would like to call it. Will you consider exempting people with disabilities?

Lord Freud: Clearly, we have looked at disabled children, and we have made a change there, as the Committee will be aware. We have not moved in that way with disabled adults, on the basis that they are adults and in control. We are looking at the discretionary housing payment structure, if there is a very specific set of requirements, to support disabled people, particularly where they have got heavily adapted homes. That is the structure that we are using to support this group.

Debbie Abrahams: I do not want to pre-empt the questions that are going to be asked on that, but, again, the evidence we have had is that by October 93% of DHP had already been spent in relation to the bedroom tax criteria. Again, how this was interpreted by councils in terms of not being able to take in, for example, disability related benefits, is up for question. Again, I do not want to pre-empt the questions on that. To suggest that DHP will solve the problem is, quite frankly, ludicrous.

Q566 Sheila Gilmore: Is it still your view, Minister, that ultimately you expect these people to move?

Lord Freud: No.

Q567 Sheila Gilmore: Say somebody is in a two-bedroomed house, which for example they need to store equipment in, or they cannot share a bedroom; those are the kinds of cases that have been raised over and over again. Either we are saying that the purpose of this policy is behaviour and culture change, and people are expected to take control for themselves and move, which would mean those people would have to move to a one-bedroomed house, or you are saying that you expect permanently to give them financial support. If you have identified a group like that, maybe it has taken you two or three years to work out there are such groups; would it not simply make sense to exempt them? The financial implication is going to be exactly the same as giving them a full DHP. If there are some groups who you have just said, or you indicated, you do not expect to move, what is the point of this whole exercise?

Lord Freud: We are on the DHP.

Sheila Gilmore: Are there groups you do not expect to move because of their particular needs or perhaps because of a lack of housing? If so, if you do not expect them to move, why not simply exempt them so that you deal with the people that you do expect to move?

Lord Freud: It is very difficult to reach a definition that is narrow enough to look after the people one wants to look after, and we are using DHPs to do that.

Q568 Chair: You have to make that assessment for DHP. Our point is if you make the assessment for DHP, why can you not make that assessment to exempt them? I think the Minister's answer illustrates the problem with this policy. It was thought up because there are a million spare rooms, or whatever the figure was, across the country. Those million spare rooms are being paid for by the taxpayer, therefore we are not going to pay that money any more. So, you devise a policy on a number, forgetting that there are real people behind those numbers. The fact that the spare bedrooms are in the North of England and the people who need the accommodation are in the South of England got lost. The fact is that the actual cohort that you were aiming for were not people who were needing to change their behaviour to move out, but were vulnerable disabled people who needed that size of house because they cannot share a bed with their wife anymore because she is incontinent.

That is who is being caught by this policy. I accept that was not your intention, but it was a real problem, and shows the real chaos at the heart of the policy. You did not realise that behind these figures were real people in situations that could not change their behaviour in order to make it better. They cannot move, and you have no idea how incredibly difficult it is to get an accessible house. I know; it is incredibly difficult. As a constituency MP, Minister, you must have people who cannot get an accessible house, who cannot get in and out of their own house because they are not in an accessible house, and, even so, they are still being hit by the bedroom tax. It seems ridiculous.

Lord Freud: We have very specifically put measures in on the adapted houses, as you know.

Q569 Chair: Only for DHP, not for the exemption.

Lord Freud: Yes, for our DHP strategy. The signs are that the DHP funds are adequate.

Q570 Debbie Abrahams: That is not the case. Can we get back to my specific question, which was about exempting disabled people? Take the Chair's example about adapted homes. Could we say that your Government will consider and review having disabled people who are living in adapted homes exempted from the bedroom tax?

Lord Freud: We have very specifically put an amount of money for people with adapted homes.

Q571 Debbie Abrahams: Is that a no, then, Minister? Are you saying that you will not reconsider?

Lord Freud: On the evidence that we have on DHPs, let me take, at random, Oldham, which has had an allocation of DHP of £500,000 for the year, or just under. At six months, it only spent £121-odd thousand. Clearly, that is roughly a quarter of its allocation in the first half for this.

Q572 Debbie Abrahams: Does that relate to the bedroom tax?

Lord Freud: In Oldham, where I do not think the benefit cap is particularly relevant, that would mainly be funding for it. That is an illustration of a council that clearly has had very adequate DHP funds.

Q573 Debbie Abrahams: My question, again, was about the bedroom tax and having an exemption for disabled people who are living in adapted homes, who are not in a position of moving. Forgetting about DHP, have them exempt from the word go.

Lord Freud: Quite clearly, the Government policy—

Debbie Abrahams: Minister, I have not finished. That was one criterion, and another is disabled people who have a need for a carer in their day-to-day living, and the need of a spare room to enable that carer to provide that care. Would the Government also consider having that group exempt as well?

Lord Freud: Our policy to help disabled people, particularly with adapted houses, is to provide discretionary housing payments. Clearly, we are making sure in guidance that that availability will be for a reasonable length of time. I am not saying forever, but it will be long term. We have already got an exemption for carers, or this Government has put in an exemption for overnight carers.

Q574 Chair: But not if they are a family member, husband or wife. You are expecting husbands and wives, where one is severely disabled, to share a room; in fact you are expecting a husband and wife to share a room if they are both severely disabled.

Lord Freud: No. Where it is clearly impossible for a husband and wife to share a room, we would expect them to get a DHP fall back.

Q575 Chair: Which they have to apply for and can only get perhaps on a temporary basis, because we do not know how long it is going to last.

Lord Freud: Perhaps, but we have just put in guidance to make sure it is not on a temporary basis

Q576 Graham Evans: I have mentioned this to you before, and I think you touched on it there, Lord Freud. Is it possible to do an audit of the most vulnerable, disabled people within the community by a local authority? Is it tens of people? Is it hundreds of people? Family members may require separate rooms; they may need equipment that needs to be stored in a separate room. Whatever it is, have an audit of the communities on a local authority basis, and come up with a figure. Ring-fence these people and take them out of this so we do not hear these dreadful stories of individuals being given eviction notices and so on. If you can take those people out of the picture, then it may clear up the policy to be a clearer directive on a local authority or a housing trust basis. Disseminating it down to that would give you a picture of how many people we are talking about, and which areas.

Lord Freud: In practice, that is what the local authorities are doing: looking at their areas.

Q577 Graham Evans: It does not sound like it, given the evidence that we tend to get. There are always these dreadful examples that none of us around this table, and I am sure you, would agree with. Is it possible to have a look at that and have an audit of these people—clear this does not sound right—and get them out of the policy? Then it will free you up to continue the policy where appropriate.

Lord Freud: What the High Court found, when they looked at 10 of these recently, is that it is very hard to put down in regulations the kind of people one would want to exempt. That is the exact problem. That is why we have gone down the route of using discretionary housing payments.

Q578 Graham Evans: As the Chairman said; it is the human element. You are looking at human beings, maybe single, using family members coming into the home, or a couple who cannot live together. I understand and appreciate the difficulty. What I am suggesting is that you take the Government's policy and the legislation, and ask the people who know best, the local authority people on the frontline, to use a human, common-sense element, taking the legislation and interpreting it on some of these most vulnerable, disabled families.

Lord Freud: We are doing very extensive research on this, so I think your point is taken in that context.

Graham Evans: Okay, thank you.

Q579 Mr Thornton: You mentioned the example of Oldham, which has not used up all its DHP. There are certainly other councils that are using it all up. Eastleigh Council, I believe, is well on its way to running out. If some councils choose not to use it, instead of that money going back to the Treasury, could that money not be redistributed to those councils that have shown they are using it, and using it wisely? Otherwise the Treasury gets it back and it does not benefit anybody. It seems a bit silly; if it is assigned for this purpose, why not give it to the councils that are going to use it?

Lord Freud: In practice, that is what we have been doing this year. We had a £20 million bidding fund for those councils that need extra resources, and we have had 86 bids for that. Interestingly, we did not receive bids that added up to the total that we had put aside. We were under-bid on that amount, but we have been distributing those funds to those councils. I cannot say absolutely everyone got them, because we are finalising the thing, but my assumption would be that all of the councils who applied would have.

Q580 Mr Thornton: So, there is still some spare money there if they want to ask for it.

Lord Freud: We have just finished the fund. The last day for applying was 2 February.

Andrew Parfitt: About that, yes.

Lord Freud: So, we have not spent all of that money. Last year, we had £12 million come back from councils. I think the suggestion is that we will get more back from councils this year.

Q581 Mr Thornton: With the evidence that comes in of people being evicted and people not being able to pay their rents because of this, do we know why that money is not being used to help people like that? Have you been told why that is happening?

Lord Freud: The signs are that we have put adequate funding out there. There are always mistakes, and they are always distressing. We have to acknowledge that, but when you look at the system as a whole, we seem to have got the amounts right on this judgment. Is it worth, Jenny, you picking up the eviction and what is actually happening?

Jennifer Ashby: Kris already mentioned the data that we have from the regulator, the Homes and Communities Agency. Of the larger associations surveyed, and they tend to be the ones that develop the new housing as well, 88% have levels of arrears and voids within or outperforming their business plan assumptions. Four-fifths are reporting collection rates of the rent that they need to get in of in excess of 95%. I had a very brief look at the NHF report this morning, and the issuing of pre-eviction notices does not necessarily imply that evictions will take place. I know for a lot of social landlords an eviction is absolutely the last resort. It is something that they need to do in order to give themselves that facility should it come to that, but they will be pulling out all the stops to avoid that happening, including trying to make sure that the vulnerable tenants are making use of the discretionary housing payments, and signposting those to local authorities.

Chair: We are aware of that, but the crunch might come eventually further down the line when people can no longer subsidise.

Q582 Teresa Pearce: Lord Freud, you mentioned this £20 million bidding pot. Could you tell me when it was opened? You said you had 86 bids, which does not seem very much. Were they all granted?

Lord Freud: Up until now, they have all been granted.

Q583 Teresa Pearce: So, it is 100% success in the bids that were put in.

Lord Freud: Up to the ones that we have assessed and paid out.

Q584 Teresa Pearce: Okay. So, are you saying 86 local authorities made a bid?

Lord Freud: Yes.

Q585 Teresa Pearce: But they have not all been processed yet; is that what you are saying?

Lord Freud: Yes.

Andrew Parfitt: There are still some in the system.

Lord Freud: There are still a few in the system. I cannot say all of them right now just for that reason.

Q586 Teresa Pearce: Can you tell me when this pot opened?

Andrew Parfitt: I think it had about four rounds: October, November, December, January, February.

Q587 Teresa Pearce: Did you see an increase in the number of bids over that period?

Lord Freud: It has been very steady, hasn't it?

Andrew Parfitt: It was a fairly steady stream during that period.

Q588 Teresa Pearce: One of the issues that local authorities have had is—Lord Freud, you mentioned earlier exemptions and DHP—that it is hard to capture the group you want to help. Clearly, for each local authority that is hard, so they have not known how big the problem is going to be and how many people are going to apply. In the early part of DHP, they did underspend because they were landbanking the money in case it ran out. They also did not know if it was going to be funded the following year, and how much, so I think once we have the figures for the whole year, it will give a very different picture.

Lord Freud: Clearly, we are very cautious when we look at any particular set of figures. When I said that I was expecting there to be an overall underspend and some money to come back, that was based on more intelligence than just looking at the first half.

Chair: I think we have a quick question on the 1996 Regulations.

Q589 Debbie Abrahams: It was specifically in relation to the FOI that has been undertaken by, I think, a third of the local authorities. It is now showing that over 16,000 people have been unlawfully charged as a result of the loophole in the bedroom tax. Can you confirm that they will be being refunded and that this will be backdated?

Lord Freud: Yes. Firstly, I need to say that our estimate remains that those affected will be fewer than 5,000. I accept that these are both small numbers in relative terms; we are looking at our estimate being around 1% and the report that you were referring to at nearer 3%. They are both small, but I can confirm that it will be backdated and it will be paid, and we will fund that.

Q590 Chair: The amending regulation that has just been published will come into force in March and close the loophole. You will not be trying to recover the money that they have just got back from that. It is not retrospective.

Lord Freud: It is not retrospective. It comes in from 3 March. In practice, what will happen is that for many people there will be an amount put back on their housing account. In that sense, it is likely to remain on it and be used looking forward as opposed to looking backward.

Q591 Chair: To help pay their bedroom tax?

Lord Freud: I do not use that phrase, as you know. That is the structure of how it will happen.

Chair: We will now go on to supported and temporary accommodation, and hopefully there will be an answer that will satisfy us among these questions.

Q592 Glenda Jackson: Temporary accommodation to house the statutorily homeless falls outside the exempt accommodation. Local authorities are having to meet the shortfall for these tenants who have become homeless, usually because of the bedroom tax or the benefit cap. They are having to use discretionary housing payments, so would the Government consider extending exemptions to this form of temporary accommodation?

Lord Freud: First of all, I want to make clear that the homeless figures have not been moving around much in terms of the acceptances, so to say that the homeless are because of one or the other is a leap that we could not make. We looked at whether one would set up a system for people in temporary accommodation. The costs of setting the system up were probably more than the kinds of figures we are talking about, so we left it in the DHP pot for local authorities to manage, and indeed left them with an encouragement to move people out of temporary accommodation as quickly as they could.

Q593 Sheila Gilmore: But don't more people move in? In my city, temporary accommodation has increased, I have to say. It is not the same people, so it is not going to be the same individual who is necessarily affected, but it is going to be the next person in.

Lord Freud: We have just given you the actual figures for homeless acceptances. We are not seeing a huge surge into it; we are seeing the opposite. We are seeing a decline.

Q594 Sheila Gilmore: With all due respect, Minister, this particular issue around temporary accommodation seems to have hit itself against the benefit cap, the bedroom tax and so on; and some forms of temporary accommodation are exempt and some are not. This is an issue, as a lot of people have pointed out, that is not even particularly logical. It is to do with the derivation of the temporary accommodation and who provides the support, so even if temporary accommodation does not increase, you are going to have this group of people. I think at Haringey they said 40% of those affected by the cap were in temporary accommodation. The Chair has said that in her authority 100% of those affected by the benefit cap are in temporary accommodation. Those individuals may well be moved on, but will another group not simply be moved in and we could be back in the same position? Why is there one group of temporary accommodation that is exempt and one that is not?

Lord Freud: We have now moved from temporary accommodation to supported accepted accommodation.

Sheila Gilmore: No, I do not think we have.

Chair: We are coming on to supported accommodation, but there is an issue around temporary accommodation.

Lord Freud: If we stay on temporary accommodation, we would expect local authorities to manage using their discretionary housing payments. As I said, it gives them an encouragement to get people out of temporary into longer term accommodation, and that is how we are looking to manage that process.

Q595 Sheila Gilmore: But if there is no decrease in the number of people, are you suggesting that you are expecting authorities to reduce the amount of temporary accommodation they have? If so, how?

Glenda Jackson: It is not a question really of reducing the amount of temporary accommodation; it is the ever-prevailing problem of finding permanent accommodation that is affordable for these families, and it simply is not happening.

Kris Hopkins: Just to clarify where we are, temporary should be temporary on the way to a permanent—

Sheila Gilmore: But there will be another one along in a minute.

Kris Hopkins: One of the dramas associated with this is about supply. We took over in 2010; there were 420,000 fewer social houses. That is why we set about increasing the number of affordable houses out there, building 170,000 affordable houses, 100,000 of which have already been delivered.

Q596 Glenda Jackson: But these are all for the day after the day after the day after tomorrow. We have got people in temporary housing now.

Kris Hopkins: There are 100,000 houses already built in that programme. We are ahead of the programme that we laid out. In 2010 we started off with fewer social houses than there were in 1997—420,000 less.

Sheila Gilmore: Due to sales.

Kris Hopkins: We then started building. We have built 100,000 so far. I can also tell you that there are more council houses being built in the time of the Coalition than there were in 13 years of Labour Government, and we will continue to build affordable houses.

Q597 Sheila Gilmore: And how many will be sold?

Kris Hopkins: The point is we have built them. Councils have built more council houses than there were in 13 years of the Labour Government, and we are addressing the 420,000-house deficit that you asked us to.

Q598 Chair: Was the policy intent that people who were in temporary accommodation should be subject to the benefit cap? As I say, in my own area the only people that are subject to the benefit cap are those in temporary accommodation. Bearing in mind what Sheila says, people in temporary accommodation are usually only there for a short time. The temporary accommodation does not go away. It is a building, but it is different people that are constantly going through the door and coming out.

Lord Freud: With temporary accommodation, when we move into Universal Credit we will subtract the management charge from the account of the individual, so it will not be in the cap. That will, of course, solve a lot of the issues of the higher priced housing, because the basic temporary accommodation will be based on the LHA rate. We did not think in the short period between now and that introduction it was worth setting up an expensive system to handle a rather small amount of support. As I said, the cost of building the system would have been equivalent to the amount distributed through it. We are, therefore, looking to the local authorities to manage it in this period through the DHP process.

Q599 Chair: But now that Universal Credit is not rolling out quite as quickly as it was intended, has that changed your mind at all or are you sticking with the DHP route?

Lord Freud: It still would be extraordinarily poor value for money. As you know, UC is rolling out. The plan is for it to be for all new claimants across the piece in 2016.

Q600 Glenda Jackson: It does not worry you that in many instances the discretionary housing payments are paying for very poor accommodation indeed?

Lord Freud: If this is about temporary accommodation—

Glenda Jackson: Is it?

Lord Freud: —we want to see people in temporary accommodation for as short a period as possible. One of the side effects of leaving the DHP as the local authority's responsibility is to incentivise them to move people on.

Q601 Glenda Jackson: I do not think any local authority wants to keep any of their people in temporary accommodation for any length of time. My question was: does it not worry you that discretionary housing payments are being paid, in my view, at excessive rates for poor accommodation?

Lord Freud: Clearly, I do not like to see people put in poor accommodation, if that is the question, and I would like to get them out of it.

Glenda Jackson: Can I move on to the really central issue?

Chair: Which is supported accommodation, yes.

Q602 Glenda Jackson: The Chair asked the Prime Minister at the Liaison Committee, and the Prime Minister gave a promise essentially to look again at progress with amending regulations to address the anomalies in the treatment of different types of supported accommodation, for example, women's refuges and hostels, many of which are not exempt from the benefit cap or the bedroom tax. The Prime Minister himself told us that you would be in a position to update us on progress with these regulations today. Would you be good enough to afford us with that information?

Lord Freud: Yes, I am very grateful to have the chance, and this is something that I can tell this Committee for the first time. We will be defining supported accommodation in a broader way so that it protects more hostels and refuges. The groups that we are looking at are where care and accommodation is provided separately, so that would be brought in together. We have talked to sector representatives as we developed this wider set of regulations. They are comfortable that, of all the provision that had been at risk—and this is because the definition of supported exempt accommodation had been fairly fuzzy, I think, is the best word—we would capture virtually all of it and protect it.

Chair: Virtually all?

Glenda Jackson: Yes, what is the bit that is going to be left out?

Q603 Chair: Will all women's refuges, for instance, be covered?

Lord Freud: Virtually all, I think. I am using that expression because there may be the odd hostel here or there that when they look at it they probably will have to adapt slightly to fit in, but the intention is to capture—

Chair: The intention is to capture them all.

Lord Freud: I use the expression "virtually all" just because in a complicated area there may be some odd anomalies.

Q604 Glenda Jackson: When will it come into effect?

Lord Freud: It will be live by April.

Q605 Glenda Jackson: Of this year?

Lord Freud: Yes, and it will be in October for Universal Credit.

Q606 Chair: When will the SI be laid?

Lord Freud: I imagine as soon after this meeting as possible.

Q607 Glenda Jackson: Have the relevant organisations been informed of this change?

Andrew Parfitt: We have obviously been talking to the relevant organisations to work out the best way forward, but the Minister wanted to inform this Committee of the decision first of all, before informing the sector.

Q608 Glenda Jackson: We are very grateful for that, but the information will be passed down.

Andrew Parfitt: Absolutely.

Lord Freud: I think it is worth talking about looking at supported and exempt accommodation longer term. I am looking to get a longer term structure, because we need to work out a way of getting specialised housing dealt with in a more flexible and dynamic way. I am looking to develop a longer term solution. At the moment, we will just have it out with the amounts of money. I want to have local areas determining their need and having provision that flexes more, so we are working on a longer term solution as well as this.

Q609 Glenda Jackson: How will that work with Universal Credit when that comes in?

Lord Freud: It would have to work with Universal Credit. Anyway, there is more work in this area to come.

Chair: On that, I am going to move on because we have only got about eight minutes. We have done a lot on transitional protection, but I think Mike has one more question he would like to ask.

Q610 Mr Thornton: We have covered that pretty well, but the Government has said that it is appropriate for local authorities to use disability payments as part of its means test for DHP, but DLA and PIP are intended to cover the additional costs of disability, not to supplement income replacement benefits. Do you think that is something that should be looked at again, and maybe we could take that away from these transitional arrangements and keep it the way it is meant to be?

Lord Freud: What we have put out in guidance there is, where someone is using their DLA/PIP for care specifically, it should not be considered. Where they are not, it may be considered. That is where we have got to.

Q611 Sheila Gilmore: Does that mean that the people you said were going to get DHPs, because, for example, they cannot share a bedroom, might in fact not get DHP because they have got DLA?

Lord Freud: Depending how their budgets are worked—

Sheila Gilmore: They are not automatically entitled to DHP.

Lord Freud: No, not automatically.

Sheila Gilmore: Their income might be taken into account.

Lord Freud: It may be.

Q612 Mr Thornton: Would you be able to get us some figures on those councils that are means-testing it and those that are not? Also, are the councils that are restricting the amount of DHP by taking it into account using all the DHP payments that are made available to the Government? In other words, they are restricting payments to people, but the

Government, your Department, is saying there is more money available, but those councils are then saying, "Well, we are still going to take this into account," when they do not need to—when they can afford not to do it. Am I making any sense? It would be interesting to see which councils are doing that when they do not need to.

Lord Freud: I understand, and clearly that is one of the issues we will be looking at in the evaluation.

Q613 Chair: That all feeds back to—and you saw it cross-party as well, as Graham was saying—that there really needs to be a group that you can define as exempt. Even though you think they should be exempt, and a lot of people think they are exempt, they are not because they are put through this second means test. If they are in a council area that uses DLA as income, they can be quite profoundly disabled in quite highly adapted houses, and still not get DHP simply because of the disability benefits that they are in receipt of.

Lord Freud: At the risk of going around the house again, the issue that the High Court was looking at was the very great difficulty of reaching any kind of precise definition of this. That is why the Government's strategy is to use the discretionary housing payment structure.

Chair: But there are flaws in that approach.

Q614 Mr Thornton: It would be really useful to know which councils are imposing that means test and are not using up all the DHP that is available to them, so they are doing it totally unnecessarily. It would be nice to know which are doing that, and then maybe local people there can say, "Hold on a minute, what are you doing?" or the local MP can.

Lord Freud: There is transparency around the DHP spend, as I have already given an example of.

Q615 Teresa Pearce: Obviously, there has been a reduction in the council tax benefit that has been given to councils, and councils have interpreted it differently across the country. In some councils, for the first time people are having to pay a percentage of council tax benefit at the same time as having the bedroom tax, at the same time as having the benefit cap. This has put a real strain on councils in collection of that council tax, from very small amounts of money from some people. Have you done any research at all into the cost for councils of collecting that council tax for the first time, and the amount it has cost them in court fees?

Jennifer Ashby: There was a New Burdens assessment in terms of some of the additional costs.

Q616 Teresa Pearce: £5,000 was given to local councils to cover the admin, wasn't it?

Jennifer Ashby: I will check my notes, but I think it was around £30-odd million nationally. I am not sure what that breaks down to in terms of individual councils, but I will come back to you on that.

We will not have a proper picture until after the end of the financial year in terms of where collection is against anticipated collection. What we do know is that yields are up 4% on this time last year. You would expect them to be up because of more council taxes having to be collected. As you rightly said, some people are paying for the first time, so we do know that that picture looks encouraging.

Q617 Teresa Pearce: You do not know the number of court actions that have been taken by local authorities.

Jennifer Ashby: We do not collect information on summonses, no.

Q618 Teresa Pearce: Where would that be collected, would you know?

Jennifer Ashby: Individual local authorities would have that information.

Q619 Teresa Pearce: It is obviously a burden on councils to have to go to court, and the court costs and the time and the procedure. Has that not been taken into account?

Jennifer Ashby: There is a three-year review scheduled for a couple of years' time. That is one of the things that would be looked at—whether the New Burdens assessments were adequate.

Q620 Teresa Pearce: My local council's trigger for taking someone to court is if they are £5 in arrears. Do you think that is reasonable?

Kris Hopkins: Can I say, as a former council leader myself, I know that local authorities do not want to go down that route. I made a comment earlier on about the responsibility that local housing associations have taken, engaging with their tenants. I think it is the same with local councils. My experience is that it is an absolute last resort for local councils; they do not want to incur that cost and go through that process.

Q621 Teresa Pearce: But, as you are aware as a previous council leader, councils are very different. Some councils engage with their residents and run things, and other councils outsource everything and are very much at arm's length to their residents. So, depending on where you live, you have a very different experience.

Kris Hopkins: You are right, and there are different bodies out there that can share best practice to make it right, but at the end of the day there is a requirement upon individuals to pay their council tax, and the council is right to pursue it. One of the measures of being a successful council is the amount of money they collect. The good news, as Jennifer said, is that yield is up at this moment in time. We have given them flexibilities around what they can charge, and far more ability to make choices around empty homes, second homes and so on, to increase some of their revenue as well. That is important to them, because we have placed burdens on them and they have been able to respond to them.

We need to get to the end of this period and look at some of the intelligence in the data that come in. Although we do not collect the information from authorities on the number of people they have taken to court, I would be interested in looking at that information. I am sure the LGA will share some of that, and some of the council exchanges I have on a regular basis will share some of that information as well.

Q622 Teresa Pearce: Can I just ask you a question about something you said quite early on in the meeting? You talked about private renting in some areas being cheaper than social housing, and you mentioned Grimsby. Can you tell me how much the average social rent is in Grimsby?

Kris Hopkins: I do not know that. I was giving Grimsby as an example; there are other places around the country where the social sector rate is greater, and that is one of the challenges for those authorities.

Q623 Teresa Pearce: Like for like? Do you believe that?

Kris Hopkins: We talked about quality earlier on. Somebody was asking whether people should live in a decent home. I think they should do. We want to lift the standard of the private sector; it has a huge role to play in the future. We have given flexibilities to local authorities to place people in temporary accommodation into the private sector if they want to go there, if that is where they need to go. We want things like the Redress Scheme we have put in there, as far as the letting agencies are concerned. We have put in the Tenants' Charter, as the private sector is concerned. This is about raising the quality of the private sector.

Q624 Teresa Pearce: The private sector at the moment is more expensive than social housing, yet you said it is not.

Kris Hopkins: In some places it is not.

Q625 Teresa Pearce: But you do not know how much social rent is.

Kris Hopkins: I think there is probably more evidence there. I can certainly find out those figures.

Q626 Teresa Pearce: Could you write to me on that?

Kris Hopkins: Yes, absolutely.

Teresa Pearce: Thank you.

Kris Hopkins: The key thing to understand is there are different economies in the country. We have focussed much of the conversation today on London and Edinburgh, about some of the dynamics there. Right across the country, there are different effects of welfare reform. We need to understand those, and reflect, but the bit around the private-rented sector is a really important part of our housing supply. When it comes to the temporary accommodation issues that we all have concerns about—I do not want to see people in those accommodations longer than they need to be—the private sector is going to play a huge role in that. There has been huge oversubscription to some of the engagements that we have got at this moment in time.

In addition to the monies I talked about earlier on as far as affordable housing is concerned, we have also gone out there and put £300 million into the Housing Revenue Account (HRA) pots. The competitive bidding process starts soon, and this will enable people to grow that housing stock. Some of this is about the challenge of welfare reform, but some of the issues that have come as a consequence are a lack of housing, which we are setting out to address, and enable local authorities and housing associations to model their housing against demand.

Q627 Teresa Pearce: Minister, earlier you pointed to the previous Government and a lack of council house building, which nobody can deny is the truth. Knowing that there was a severe lack of supply of council houses, why would you bring in something like the bedroom tax and expect people to move within the social sector when you yourself say you inherited a lack of social housing?

Kris Hopkins: There are long conversations about that.

Teresa Pearce: Okay, could I ask you a simple question?

Kris Hopkins: Well, I can answer that one if you want, if you give me a chance.

Q628 Teresa Pearce: More to the point is that the Government has said that, for reasons of fairness, the bedroom tax has been brought in, because there are millions of people on housing waiting lists. How many people have come off the housing waiting list and been housed due to the bedroom tax?

Kris Hopkins: I do not know the answer to that, but what I do know is the fact that welfare reform is the right thing to do. I think it is about philosophies. Some of it might be saving money, but I have got two very large council estates and I want the people on there to have the best possible housing. I want them to have the best possible opportunities in life, and some of that is about challenging some of that dependency upon benefits. It is about supporting them through training, giving them life opportunities around employment, building self-esteem and breaking some of the cycles that are in there.

There are a million spare single rooms at this moment in time. There is a housing stock of some 1.69 million council houses. There is a housing stock of 2.5 million in housing associations at this moment in time, so there is a significant stock there. That does not mean that it is all right and appropriate. That is why we have put in huge amounts of investment to enable remodelling, and it will be local authorities and housing associations. We want to come forward—in response to the Affordable Homes Programme and the HRA money that is out there; and in response to some of the private-sector interventions that can go in conjunction with those—to make sure we have got sufficient housing to meet that demand.

Q629 Chair: Sheila has some questions on Universal Credit, but five minutes maximum. Sorry, did you want to say something?

Jennifer Ashby: Just for your record, the precise numbers on the New Burdens assessment that I mentioned for localised council tax support were £33.5 million in 2013-14 and £34.8 million in 2014-15.

Chair: Thank you.

Q630 Sheila Gilmore: I was going to ask first about Universal Credit demonstration pilots. I do not think we have had a final report on this yet, but in my area the housing association that has been doing one says that they have had to put in considerable additional support to tenants. Is that replicable at scale?

Lord Freud: We have done a lot of different tests.

Sheila Gilmore: Well, is it replicable at scale?

Lord Freud: It is a complicated thing and quite a complicated answer. We have done a series of local authority pilots. We have done a series of direct housing payment projects, which is what you are referring to in Edinburgh. When I went up to see what was happening up there, that particular group was very impressive. They did make the point about how much effort there was on getting people out. As a direct result of that experience, what we are now building is something called the Local Support Services Framework, which in my view is almost as important as Universal Credit itself. It is the way of getting local areas to support the most vulnerable. I have talked to this Committee about that, and that is moving apace.

There are very substantial costs in moving people into taking more responsibility for their own lives. There are very positive social impacts. They cost money, but we would not expect that housing associations would carry all of those costs, as Edinburgh did in that pilot, because they would be shared within the Local Support Service Framework with all the different partner groups working together. It is about partnerships and how they get efficiently to the group of people that really need that support. That is something we are taking, and I am taking, with extreme seriousness, and I am very encouraged by the supportive process that is going on with local authorities around the country.

Q631 Sheila Gilmore: You expect to publish a final version this autumn; is that correct?

Lord Freud: We are moving now into a phase of intensive trialling and piloting of how the Local Support Services Framework is going to work.

Q632 Sheila Gilmore: Are you going to publish the outcome of the pilots, or is that not part of that?

Lord Freud: We will publish those in spring this year.

Q633 Sheila Gilmore: Just one final question. I do want to go back to the DHP issue. When DHPs were given, there were amounts for different parts, if you like. Is it completely open to a local authority to vire that across, if they want to? For example, if they have used up the element that was designated for the bedroom tax, which many say they have—if they spent 90% of that amount by the half-year mark—is it completely open to local authorities to vire it across?

Lord Freud: Yes, completely open, and in fact they do. We collect some intelligence on why they are spending money for particular purposes, but we do not have any restrictions on them at all on how they spend the money.

Andrew Parfitt: Except it has to be for housing.

Lord Freud: It has to be for DHP.

Q634 Chair: Can I just confirm that, in the demonstration pilots, those who already had a history of arrears were excluded?

Lord Freud: Yes.

Q635 Chair: The only people who went into the pilots were the people who had a good payment record.

Lord Freud: There is going to be a proper evaluation, but the group that we got was voluntary. One of the things you worry about is how self-selecting that group is, but the researchers say that it seems to be that the group they got was pretty representative. There was not a particular job about excluding people at that stage, and one of the things people were trying to learn was who should be excluded, because when we move into Universal Credit we are going to have a three-tier approach. We will take groups of people that we do not think can handle direct payments, and put them on alternative payment arrangements to start with. We will be monitoring, and a red flag will go up when one month of arrears have accrued, and we will switch back at two months to managed payments, and aim to recoup the money for the housing association or local authority, or indeed the private landlord.

Chair: We have gone over our time by 10 minutes, but we had a lot to cover, and it is obviously quite a hot topic from both sides of the House. Can I thank you very much for coming along this morning and for giving us your time? I am very pleased about the supported accommodation. I am glad that you could confirm that that will all be exempt; we are delighted about that. Thank you again. We will now be writing our report, and we will be publishing it in due course.