Scottish Affairs Committee

Oral evidence: The Impact of the Bedroom Tax in Scotland – Continued, HC 937-I

Monday 16 December 2013

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Members present: Mr Ian Davidson (Chair); Jim McGovern; Graeme Morrice; Pamela Nash

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Witnesses: **Councillor Peter Sullivan**, Vice Convenor of Housing and Social Work Services, **Elaine McHugh**, Head of Housing Services, **Brian Cook**, Head of Revenue Services, **Julie Hunter**, Housing Strategy Manager, and **Amanda Gallacher**, Senior Officer, Welfare Rights Team, North Lanarkshire Council, gave evidence.

Q1 Chair: If we could make a start, could I welcome you all to this meeting of the Scottish Affairs Select Committee? As you are aware, we have been looking at the bedroom tax and its impact on Scotland for quite a while. You will probably be aware that we have produced an interim report, which was published at a minute past midnight this morning, and I am sure you were all up until about 3 am or 4 am in the morning reading it in great detail. You will be questioned on it in precision later on.

This, I understand, is the first time a parliamentary Committee has ever been to Airdrie, and when I drove over Lanarkshire boundary this morning, immediately the sun started to shine, which confirms my view that you get everything in Lanarkshire compared to ourselves. Originally, we hoped to come here in September, but due to a variety of reasons things were postponed.

I wonder if I could just start by asking people to introduce themselves in this first panel and asking you whether or not you have any particular points that you want to draw to our attention as an introduction. As I mentioned informally outside, you will have the opportunity at the very end to answer any questions that we have not asked that you feel we should have asked, so there is no reason artificially to try to work in any points that we are not covering in the questions. I wonder if I could start off by asking Peter to introduce his colleagues.

Cllr Sullivan: Thank you very much, Ian. My name is Peter Sullivan. I am the councillor for Central Airdrie. I am also the Vice Convenor of Housing and Social Work, and I am here as a political representative of the council today.

Elaine McHugh: My name is Elaine McHugh. I am Head of Housing Services for North Lanarkshire Council, and my role covers operational strategic development across approximately 37,000 council houses and the wider strategic role for the private sector.

Brian Cook: My name is Brian Cook. I am the Head of Revenue Services and my remit covers housing benefits and discretionary housing benefits.

Julie Hunter: I am Julie Hunter. I am the Housing Strategy Manager, reporting to Elaine, and I have responsibility for certain elements of development of responses to welfare reform for housing.

Amanda Gallacher: I am Amanda Gallacher. I am the Senior Officer in the Financial Inclusion Team. Our remit is about maximisation of welfare rights, appeals, that side of it all.

Q2 Pamela Nash: Good morning. I have to say I am very proud to have our Select Committee here at Airdrie this morning. It is great to see each of you here and ready to give evidence to us about the impact of the bedroom tax. The first thing that I wanted to ask you about was about the level of arrears. Could you tell us if the level of arrears has risen significantly since the introduction of the bedroom tax in April?

Cllr Sullivan: To explain, Pamela, on our own procedure, apart from comments that I will make later on, I would defer to the officers on most things, and I would ask Elaine and Brian if they would not mind going through the arrears and the problem.

Elaine McHugh: Is the mic on? As the largest local authority landlord—

Chair: Sorry, could I just mention again the point about the microphone? The microphone is for the transcript, for Hansard. It does not amplify, so if people at the back of the kirk are to hear, I am afraid you are going to have to speak up, and that applies to everybody. Sorry, go on.

Elaine McHugh: I will. As you are aware, North Lanarkshire Council is the largest local authority landlord in Scotland, and ultimately the impact of bedroom tax arrears that we have felt at this point in time is significant. Our arrears have increased by approximately 68% since March 2013 and the increase since this point in time last year is £1.3 million.

Q3 Pamela Nash: Can I ask, are you able at all to ascertain how much of that is due to the bedroom tax or other reasons?

Elaine McHugh: In April we had just over 6,000 people affected by the bedroom tax, and through a number of actions, through change of circumstances, at this point in time it is just over 5,000 people who are currently affected, of whom approximately 3,000 people are in arrears. Some of those arrears are solely bedroom tax, and some of them are arrears that were pre-bedroom tax and post-bedroom tax implementation. It is approximately £700,000. It depends at any one point in time.

Q4 Pamela Nash: £700,000 is directly as a result of the bedroom tax.

Elaine McHugh: But it is not solely bedroom tax. It can be bedroom tax plus an element of historical arrears built up prior to 1 April or post-1 April.

Q5 Pamela Nash: Just to be clear, the £700,000 are people who are liable for the bedroom tax—

Elaine McHugh: Yes.

Pamela Nash: —but it is not clear how much of that £700,000 is just the bedroom tax for the people who are affected.

Elaine McHugh: No, it is a mix.

Q6 Chair: Sorry, can I just be clear? You must have had an indication, though, of what the average level of arrears was before the bedroom tax was introduced, and then you have the bedroom tax. Was there a jump, or was it just a straight line?

Elaine McHugh: No, it has jumped by 68% in the past 12 months. Arrears outwith bedroom tax have gone up also, but not anything near the level that the jump has been for cases affected by bedroom tax.

Q7 Pamela Nash: Okay, so that 68% is in 12 months, that is not just since April. So that takes into account any seasonal variations, then?

Elaine McHugh: The 68% is from April, yes, but the year-on-year increase from this point last year is £1.3 million. That is the difference.

Q8 Pamela Nash: That is helpful, thank you. Could you tell us a bit about what the implications are for North Lanarkshire Council as a landlord of having the arrears at this level, at £1.3 million?

Elaine McHugh: Our approach in North Lanarkshire has always been what we would class as a person-centred approach, and across the performance statistics in Scotland we are up there as one of the best, because we intervened early, we had effective dialogue and communication, and what we had introduced in the last couple of years prior to the implementation of welfare reform was dealing with an arrears case in its widest sense. If somebody is in arrears, we would look at what their wider financial issues are, and that is where Amanda and the team would come in. Amanda's team trained our housing advisers in financial inclusion, and prior to the implementation of welfare reform we would lever in a maximum amount of money for any individual based on financial inclusion. We would make referrals to employability services, to health and homelessness teams, and we have not—even since the introduction of welfare reform—dealt with arrears solely as a financial issue. It is a lifestyle issue for the individual.

What it has meant for us is that there is a significant financial risk to the council. It will have implications in terms of our housing revenue account business plan moving forward. It may have implications beyond this year in determining how the council's ambitions can be fulfilled in terms of housing services, investment decisions and new build decisions, so it has wider business implications and it has had mammoth implications for individuals.

We are attempting to engage with everyone. We have people who are not engaging at this point in time, despite numerous contacts by numerous methods. That is very concerning for us, because as a council we can offer financial advice and assistance, and we have done so up until now, to mitigate where possible the impact of bedroom tax and ultimately prevent homelessness. We can give people real options in whether they can remain in their own home, and if they cannot, tell them what options can we give them moving forward.

Q9 Chair: Sorry, can I just clarify, when you say things such as that the rising level of arrears has implications for your revenue plan, what does it mean? What are you going to have to do as a result of that?

Elaine McHugh: We have estimated at this point in time that by about 2017-18—based on assumptions of non-payment of bedroom tax, based on issues with temporary accommodation that will kick in over the next few years and based on universal credit migration—there will be approximately a £12 million loss coming into the service.

Chair: What does that mean?

Elaine McHugh: That means that we will have difficulty in presenting a temporary accommodation portfolio that matches demand, and that where we have a statutory duty to accommodate on an emergency basis, we are going to have to look at our models of accommodation—

Q10 Chair: What does that mean, "models of accommodation"? Does that mean you do not have many houses? What does it mean in simple terms?

Elaine McHugh: We may have to look at the rent structure for temporary accommodation and the number of temporary accommodation units that we have available. Just now, we have numbers that match the demand based on the abolition of priority need from last December.

Q11 Chair: So you would have to cut the number of houses you had available for those who were homeless?

Elaine McHugh: For temporary accommodation, for emergency access or temporary access, as people are assessed in terms of homeless priorities.

Q12 Chair: What else might you have to do if these arrears keep building up?

Elaine McHugh: We may have to increase rents—rental income—across the whole spectrum in terms of who is affected and who is not affected. It means that for others not affected by bedroom tax, the council will have to make a decision on rent levels moving forward.

Q13 Chair: Can I just be clear, then? So you are saying that if there is a build-up of rent arrears due to the non-payment of the bedroom tax, the burden of that would fall on other tenants rather than on council taxpayers as a whole?

Elaine McHugh: Yes.

Q14 Chair: It would be exclusively on council tenants.

Elaine McHugh: Exclusively on council tenants.

Q15 Chair: Do you have any choice about subsidising the rent account?

Elaine McHugh: We have already made provision, and we have set aside a £1 million prevention fund. We have worked very hard in terms of getting people to engage with us so that we can help with that prevention fund, based on hardship. We will have to make choices moving forward about our capital investment decisions and our ambitious plans to build new houses if this situation deteriorates to a point—

Q16 Chair: When would you start looking again at your capital programme?

Elaine McHugh: By 2014-15 we will be making choices moving forward, based on the current trends.

Q17 Chair: So you are not doing that now?

Elaine McHugh: Yes, but we will make recommendations for the financial year 2014-15, because in the trends up until now, our emphasis has been engagement and helping people get money into their accounts by whatever means.

Q18 Chair: I understand that. I just want to be clear, then: if these arrears continue at the present level or continue to increase, you would possibly end up having to cut back on the council's capital programme due to start in April of next year.

Elaine McHugh: Yes.

Q19 Pamela Nash: You were talking about the capital investment programme. I know that North Lanarkshire Council is committed to building 1,000 new houses. Could you tell us—I am not sure who is best placed to do this—about that building programme and the number of properties, and also, Peter, could you say something about the types of properties that are being built? Has that changed as a result of the bedroom tax? Are there more smaller properties?

Cllr Sullivan: If you do not mind, Chair, I will pick that up. The idea or intention was 1,000 houses by 2020, which sounds great, but is not a lot of houses, realistically. We do have a programme just now where we have started to build new build, and we have been building in a style where we have, for the first time, had to seriously include one-bedroomed houses. One-bedroomed houses were not economically sound in the past, because the cost of building a one-bedroomed house was roughly equivalent to the cost of building a two-bedroomed house. A two-bedroomed house could be used for a far greater span of the population than a one-bedroom. One-bedroomed houses have, unfortunately, in the past mainly been built for elderly people or people with special requirements. They have been forced upon us now, as we have a very limited amount of one-bedroomed. If I can get the figure here, I think it is 810 one-bedroomed houses in stock just now, and most of them are designed for elderly people or people with disabilities. Having to invest money in this again ties them up, because although they would immediately be filled in the first place, if a person takes a partner or has a family, they immediately then have to move on. The creation of a large number of one-bedroomed houses defeats the purpose of council housing. It does not allow families to develop within a house and within an area. That is a point that the bedroom tax has hit hard.

We have a lot of communities that are villages, small communities, where we are basically looking to families to carry out the care and aid and assist the elderly and people who are disabled within those areas. This has been undermined, because we are having to say to elderly people—or not so much elderly, but people in their early 50s, going on towards 60—"You are under-using a bedroom in this house. You will have to take a penalty or you will have to move". Very often, the movement then is completely away from the area that they have been brought up in, brought their family up in and developed. That leads to a breakdown in community, because the family then turn around and say, "We cannot get backwards and forwards," because we do not have a good transport system within the town in order to relay people about or move people from one place to another. It is expensive for them.

I have to say that this matter of new build was an issue for us. We have progressed it, we have started sites around about—you can see where we are developing, mainly on ex-school sites at present, where we are attempting to achieve new build.

Chair: Sorry, on ex-what sites?

Cllr Sullivan: Ex-school sites.

Chair: Oh, ex-school sites.

Julie Hunter: We have so many lovely new schools here that we have lots of old schools getting knocked down.

Cllr Sullivan: Can I point out that the difficulty we are going to have in the future with arrears rising in such a way? We are going to have to make a colossal rise in rent, which is punishing everybody, or trim what we intended to do, or cut back on what we are going to do. Therefore we would have to trim back on capital expenditure. We cannot use housing revenue money for it, therefore we must pull back in some way.

Q20 Chair: Before I ask my colleague to come in, can I just clarify, on the question of reasonableness and so on, how much of a difference does it cost to build a two-bedroom house as compared to a one-bedroom house?

Cllr Sullivan: I do not think there is any difference. It is minute. I could not quote the actual price on it.

Q21 Chair: If that is the case then, why do you not just charge people the same rent for a two as a one, on the basis that if you are trying to cover the cost of building, the logical answer then might be to charge the same rent?

Cllr Sullivan: If you charge the same rents for the two and the one, then you have to justify it right through the system, and we would have to then turn around and take into account our multis, which is 11% of stock, with regard to what we would charge accordingly. This is one of the reasons why I do not think there was any doubt that it was deliberate, to force us down this road. We have in the region of six or seven clients who pay bedroom tax on a multi-storey. If we alter their scale of apartment from a two to a one, we also have to arrange that for the other 84. The loss in income then far outweighs paying the extra in bedroom tax.

Q22 Chair: Is it not possible in those circumstances to deal with that by DHP payments?

Cllr Sullivan: No, I think DHP is limited, and I would refer to Brian on that.

Chair: We will come on to DHP more fully. Can I just—

Q23 Jim McGovern: Chair, just before Graeme comes in on a different point, I wanted to ask a question on this point—apologies for being late; the taxi driver unfortunately could not find the place, so we have been going around in circles. The question I would like to ask Councillor Sullivan is this. You mentioned the options of moving elsewhere or just accepting a housing benefit cut, but one of the other options that has been put by the Government is taking in a lodger, which is one that possibly frightens me the most. Do you have a view on that?

Cllr Sullivan: We have a viewpoint, and if one of my officers wants to follow me up on it, I would accept that. Taking a lodger in, especially for elderly people, means that they have to make sure they are taking in someone that is going to be safe and secure. It may be all right if it is a member of your family that you trust—then again, there may be members of your family you do not trust—but you also have the difficulty of what happens if strangers come into the house. What kind of pressure and stress are those elderly people put under? How many of these elderly people are going to need care and attention themselves and find that therefore there is not room for a lodger to be in that house, so they suddenly have to give them notice to leave? They are tied by legislation on the notice they would have to give them. They would not be able to just turn around and say, "I need my room back. Get out." So it is a way that could be looked at, but not in this part of the world. It is not an acceptable fact of life. You would have families coming down on you like a tonne of bricks if I turned around and said locally to some of my clients, "You have to take in a lodger". I would have people at the surgery instantly saying, "Why are you telling my mother to take in a stranger? Why are you telling my father to take in a stranger?"

Q24 Jim McGovern: But even if you take elderly people out of the equation, with younger families who are suffering through the bedroom tax, research would seem to suggest, notwithstanding what you just said, that sexual abuse usually occurs via another family member or somebody that the victim knows. So this principle of taking in a lodger scares me.

Cllr Sullivan: I also have to point out—and I will hand over to the officers to answer the next part—that it would also affect their benefits, if they are on a benefit, because of what the lodger would be expected to contribute to the house. It could end up putting them in an even poorer financial position than they were before they took in the lodger.

Brian Cook: As Councillor Sullivan says, it may solve the under-occupancy side of it to have two adults in a property with two bedrooms, but it brings with it an expectation that there is a contribution to that household income from that lodger. That might have an adverse effect on the initial occupier—the individual in the property, the renter—as they will then suffer a reduction in the totality of the housing benefit that is awarded to them.

Q25 Chair: Can I just follow that up? Leaving aside the question of whether or not members of the panel have people in their family that they would not trust, is there any evidence that there is a whole host of people who want to be lodgers?

Cllr Sullivan: No.

Elaine McHugh: None.

Q26 Chair: No. Would you know if there was?

Elaine McHugh: Yes.

Q27 Chair: How would you know that?

Elaine McHugh: Because we need to give formal permission. People would have to come to us formally.

Q28 Chair: Sorry, people would have to come to you formally if they were letting to a lodger, but that would not establish whether or not there are a whole host of people out there that would want to be lodgers.

Elaine McHugh: No. I think the only measure of that is that we have single figures of applications in the year to date requesting to take in lodgers, and that is no different from previous years. The only other measure we would have is our housing advisers having discussions about housing options. We have a housing options approach in North Lanarkshire, and it is not a feature that has come out significantly in any way throughout those discussions, and we have carried out thousands of housing options.

Q29 Pamela Nash: But just on that, there might not be many who want to take on a lodger, but is there a bank of people who want to be lodgers? Is there anyone who ever approaches you just looking for a room rather than a whole property?

Elaine McHugh: No, not as part of the dialogue that we have had. They want a secure tenancy. When people approach us, they want permanency in their life, to establish themselves—particularly young people. So on the temporary accommodation I spoke about earlier, if someone comes to us and declares themselves homeless, that would be the point in time where we would have the housing options discussion with that person, and lodgers are not featuring in that discussion.

Q30 Graeme Morrice: Good morning. I was struck by the similarity of the evidence that Councillor Sullivan was giving about the comparative value of one-bedroom properties and larger properties and the evidence we received in the Western Isles, which was more or less the same kind. I think this is an issue that cuts across the whole of Scotland, not just rural Scotland and the central belt.

I wanted to pick up on the point that Councillor Sullivan made in relation to the capital programme. I think you said that you had an ambitious council house-building programme of 1,000 properties. You suggested you may have to review that because of the lack of income coming into the housing revenue account to help fund that capital investment programme, but are you reviewing the size of properties because of the bedroom tax? I would imagine that most of the properties you are looking at building are going to be family homes, but I assume there will be a number of one-bedroom properties. In light of the bedroom tax, is that something that you are reviewing?

Cllr Sullivan: I will pass over to Elaine in a minute. I would have to say yes, the one thing that we have to watch is that through new build and moving people who are in a small group—maybe only two of them together—we can build smaller houses and release larger houses. I realise that this was perhaps one of the intentions that the Government claimed to be their aim, but at the same time, there is a difference between releasing houses to people who want to move and give up their house and forcing people to come out of their house. The attempt we are making just now is to take on board that we have to create smaller houses to release these three and four-bedroomed houses, but we do not have a lot of four-bedrooms. Two and three-bedrooms were the style of housing built in this area, both pre-war and post-war, and we still have a large amount of stock like that.

Elaine McHugh: The figure given earlier of the number of one-bedroom properties we currently have was about 18% of our stock. Our new build programme, which was shaped several years ago, was based on our local housing strategy. That local housing strategy is based on housing need and demand assessment, and that did not point us in the direction of building more one-bedroom homes. We were building homes with varying needs, homes for the future, homes where people could live in the community, so the programme in the first couple of years has not focused significantly on one-bedroom. It has focused on amenity-type housing—housing for disabled families, housing where we have specific cases and custom-built houses for individual people—but predominantly it is on two and three-bedroom type homes. That is on the basis that if people move in to one-bedroom house and they have a family, they will automatically require to move to a bigger house; they will be over-crowded.

In the terms of the future, we have had to take account of the bedroom tax in our plans, which are not in line with the local housing strategy. However, we have had to—in our next phases for the next financial year—look at a proportionate number of one-bedroom properties within the new build.

Q31 Graeme Morrice: Okay, that is a very interesting point and I am sure we will note that for future discourse.

Can I go on to ask a few questions on your allocation policy and also about downsizing? I think you mentioned that you are Scotland’s largest council housing authority and you have, I think you said, Elaine, 37,000 council properties, which obviously is quite a lot. Could I ask how many people are currently on the waiting list in North Lanarkshire?

Elaine McHugh: We have a common housing register, so our waiting list covers approximately 94% of social lets in North Lanarkshire—it is not only council.

Graeme Morrice: Housing association housing stock as well, yes.

Elaine McHugh: Housing associations, yes—all bar maybe two housing associations let through a common housing register. There are approximately 14,000 people on our waiting list at any one point in time.

Q32 Graeme Morrice: Okay, thanks. What property size has the highest amount?
Elaine McHugh: Can I just refer to my notes on that?

Graeme Morrice: Of course.

Elaine McHugh: Do we have that, Julie?

Julie Hunter: Two bedrooms.

Graeme Morrice: So three-apartment?

Julie Hunter: Yes.

Q33 Graeme Morrice: What kind of turnover do you have? Say for a three-apartment, what kind of turnover would you have in a given year?
Julie Hunter: Our turnover across all the stock is approximately 3,500 properties each year.

Q34 Graeme Morrice: That would be weighted towards three and four apartments?
Julie Hunter: Yes, the majority of that will be in threes.

Q35 Graeme Morrice: How does that compare to people wishing to downsize?
Julie Hunter: It is significantly difficult for people to downsize, because our total stock of one-bedrooms is only 18% of the overall stock available in North Lanarkshire. I think Councillor Sullivan alluded to the fact that only 12% of that stock became vacant in the last year, so only about 810 properties of that total 6,000-odd houses became available last year. So it is very limiting for people who want to move from either a three or a two-bedroom into a smaller home. There has been some movement for people who were in three-bedroom houses into two-bedroom houses, but again, it is dependent on what area of North Lanarkshire you are talking about, because in some parts of North Lanarkshire the pressure for those family-size houses is much greater than in other areas.

Q36 Graeme Morrice: Yes, absolutely. What kind of competing demands do you have for two-apartments—one-bedroom properties—from yourselves trying to house people who are homeless and in temporary accommodation to those who just simply wish to transfer? Presumably, there will be a priority list for those who are homeless, who are deemed as being statutorily unintentionally homeless, so what kind of competing demands do you have between those two categories of people looking for the same size of house?
Julie Hunter: They may be looking for the same size of house, but not necessarily the same type. A lot of people who want to downsize from larger family-size homes want to move into a similar type of property, whereas the availability may be of a different type of property to that which they would like to downsize to.

Q37 Graeme Morrice: What do you mean by type of property as opposed to the size of property?

Julie Hunter: The vast majority of our stock is flatted accommodation, and a big proportion of that is in tower blocks, so people with what they see as a family home that is of a cottage type—a back and front door, your typical kind of semi or terraced house—are not usually willing or happy to give that up to go into a flat. They might have difficulty in negotiating and managing anyway, because of stairs or into a tower block.

There are competing demands for certain types of properties in some parts of North Lanarkshire and, as you pointed out, the profile of people who are now homeless—especially given the progressive Scottish situation in terms of how we deal with homelessness—is young, single householders, so there are huge competing demands from that group, but there is a huge mismatch between their demands and the kind of stock that becomes available. As Councillor Sullivan said, a lot of it was built to accommodate older people—it is in those kinds of communities. We are not going to house all our homeless people into those communities, because it would have a huge bearing and impact on the quality of some of those communities if we were to do that. It has never been our policy to accommodate all homeless people in ghetto situations. We need to be cautious—we still retain that view—in where we accommodate and house people, because we are still in the business of trying to create sustainable communities.

Q38 Graeme Morrice: Absolutely. Obviously it is a difficult situation for you—

Julie Hunter: Hugely difficult.

Graeme Morrice: —trying to strike these balances and address these competing demands. Particularly in relation to the bedroom tax, has this led you to review your housing allocation policy at all?

Julie Hunter: Yes, we did. We carried out a review earlier. Prior to the bedroom tax being introduced, we carried out a review and we spoke to a wide range of stakeholders in North Lanarkshire, as we do each time we review an allocation policy. Overwhelmingly, our stakeholders suggested they did not want us to change our allocation policy in terms of the number of rooms allowed to families with children. That was one of the key points—we asked, "Should we align our policy in terms of age segregation to fit with welfare reforms?" and overwhelmingly families and stakeholders in this area said, "No, please do not do that". We currently allow a bedroom for each child over the age of eight of mixed sex, and householders overwhelmingly said they wanted to retain that ability.

Q39 Chair: So eight for mixed-sex. What is it for same-sex?

Julie Hunter: Sixteen for same-sex. However, because of the shape of our stock, we have typically been able to accommodate people who have families earlier than that. We usually, or have in the past been able to, accommodate people with a couple of children into a three-bedroom home earlier than maybe would be the case in some other areas.

Q40 Chair: But then in those circumstances, they would end being liable for the bedroom tax.

Julie Hunter: Yes, absolutely.

Q41 Chair: We have recommended that any child at secondary school should have their own bedroom for quiet study purposes. There is nothing there that you would disagree with?

Julie Hunter: No, absolutely not. We would certainly concur with that.

Cllr Sullivan: I think that would be reaching what we would call an ideal; that would be the ideal situation. We would appreciate that opportunity, but we do adhere to the eight-year-old rather than, as we were asked at one point, changing to 10. We decided, after consultation with the tenants, that the answer was no.

I have to point out at this point, Chair, that we are suffering—like most councils do—with what happened when the right to buy came in. The better stock vanished and was never replaced because funds were never made available. That is just a fact of life, if you like, that is beginning to impact quite seriously on us. Nearly all the properties that we have left are flatted, and therefore if we are asking people to move out of a semi-detached cottage or a terraced cottage and take a flat in a five-storey block, they are not likely to look upon it as attractive.

Q42 Graeme Morrice: The Committee has taken the view recently that the bedroom tax legislation should be repealed. However, realistically, it is probably unlikely that will happen for at least the next couple of years or so, so in the interim we have suggested that a number of changes to mitigate the effects of the bedroom tax should be considered. One of these is to look at the bedroom tax and the element that impacts upon those who are in under-occupied properties. They should not be affected if they are provided with a reasonable offer and they accept that offer; they should only be affected if they do not accept a reasonable offer. What would you deem as being a reasonable offer, and what do you see as any problems associated with that course of action?

Cllr Sullivan: Are you asking myself or are you asking the officers? What I would look upon as a reasonable offer is what the client was asking for—that is a reasonable offer. But I would ask perhaps one of the officers to answer.

Elaine McHugh: In line with the thread of what we have been seeing so far, a reasonable offer for us is somewhere so that the person could, if they wished, stay in their own community with family support, with a housing options discussion. We would ensure that that person realises that if they ask for an area that has little or no turnover and holds out for that type of area, that aspiration will not be fulfilled. A reasonable offer would follow a housing options discussion with the client as to what is their community network, and what is their safety net in being able to survive in a tenancy and keep that for longer ter. We are dealing with a lot of vulnerable clients, and the difficulty that we have now is that following housing options interviews prior to the introduction of welfare reform, reasonable offers have been made for properties that are now too big for clients. That is a real concern for us, because they accepted a couple of years ago a property within their own community with their support network, and now they are in a position where they cannot afford to live in that property any more.

Q43 Graeme Morrice: Can you give me an example of that?

Cllr Sullivan: For example, a father who has access to his children maybe two nights a week is not entitled to any more than one bedroom. However, he would have been, in the past, quite happy to have accepted a larger house, maybe a three-bedroomed house in a flatted area that was a reasonable area and maybe the equivalent house that would be hard to let. We cannot ask him to do that—or we can ask him, but they say no now because they will have a 25% reduction in benefit accordingly and it is not realistic. It is having a detrimental effect on younger adults that way.

Q44 Chair: Can I press you just a little bit on this question of "reasonable"? Obviously when we were in places like the Western Isles, where we have been speaking to people from Orkney and Shetland and the Highlands, they are talking about communities that are miles and miles apart. Lanarkshire is not quite like that, but how do you judge reasonableness? You make a point about people who are maybe in cottage homes and do not want to go into tenements. If it is in the same area, is refusing that reasonable? We have indicated in our report that we are in favour of suspending the tax for anybody who is not made a reasonable offer, but we are struggling a bit with defining what is reasonable, and I think we are looking for some help from yourselves on that.

Julie Hunter: Yes. We can encourage people. A lot of people who are affected by the bedroom tax may not be on the waiting list to move house, and if they come and have that discussion and conversation with us, we would be advising people what options might be open to them. That would include the private rented sector in certain parts of North Lanarkshire if it was seen as a viable option for people. But the vast majority of folk, if they were not previously on the waiting list for a move, are very reluctant to come forward and say that they will move purely to ameliorate their financial situation. A lot of people, I think, are either looking to us to assist them financially to stay where they are, or they are biding their time to see if the Government changes its mind about this bedroom tax and decides to get rid of it. Not everybody who is in this situation has applied for a move of house, and if they have and we have had that conversation with them, people can make their own choices about what is going to suit their future life, whether it is living in the same community or not. A lot of people have disabilities or chronic poor health that would make it more difficult for them to manage a property that is in a block of flats, for example, so we have to take account of that.

Q45 Chair: Maybe you could just reflect on this issue. I can appreciate that maybe you did not take it all in when sitting up at 1 am reading the report and that you have not had the time to compile a view. On this question of reasonableness, we are going to have to press the Government on this, and I think we are looking for advice from people like yourselves.

Cllr Sullivan: Can I make a point? With regard to pressing people, if they have a good property and we press too hard, then they are going to activate their right to buy, the family are going to co-operate and help them buy it out and we are going to lose another house; we are not going to gain it. Therefore, we have the staff tread a very thin line with regard to how far we go. Mr McGovern pointed out before that people are unhappy. If we could, we would come up with an idea whereby a block of flats was made totally secure in some way and you overcome their fear—like you were saying about lodgers, it is the same situation. For a lot of the people who are moving, it is to do with who is going to get moved in beside them eventually, “Where am I going to end up? I am in a six-flatted block or maybe a 10-flatted block. I worry about who my neighbours are”. Now, that is a problem that we cannot overcome, because we do not have the right to say to somebody, “You are not getting a house.” But I have to say that it does open up other potential for more harm than good at times, whereas the approach we take just now is to go carefully forward.

Q46 Chair: Is there any evidence of people who find themselves in financial difficulty as a result of the bedroom tax buying their property with the help of their family?

Cllr Sullivan: I personally cannot answer—I was speaking ad hoc there, but I will hand over to the officers.

Julie Hunter: Yes, we have recently had a few applications to buy from people who are affected by the bedroom tax. It is in small numbers at this stage.

Q47 Chair: But those that are in favour of the bedroom tax would argue, “If they can afford to buy the house, then surely they do not need to have a subsidy from the taxpayer to have a subsidised rent”.

Julie Hunter: It would typically be family members that step up to offer financial support to buy.

Q48 Chair: What about when a family member buys the house to rent it?

Julie Hunter: Yes. They would not typically—

Cllr Sullivan: Not really, because they would lose their discount. That is when it becomes complicated, in the fact that the family would tend to lend the money by raising the mortgage.

Chair: It would be a council tenant or a social tenant.

Q49 Jim McGovern: Could I just ask a question about this test of reasonableness? We have heard about it from other witnesses—we have mentioned the Western Isles, which was possibly the most significant example. What should be regarded as reasonable? For example, if somebody that lives in Barra was told that they were getting offered a house in Stornaway and it would mean getting two ferries to go to their work every day, that is an extreme example, but that is unreasonable. What about a local authority with borders that do not cross a sea? What exactly is reasonable? I think the Chair was saying that we need some sort of steer, some sort of definitive result of that.

Julie Hunter: Yes, I know, and the Chair alluded to the question whether, if it was in your own community, it would be deemed reasonable if you were being asked to move to a flat. Maybe that would be reasonable. However, the mismatch between the demands that we have on our stock and where that stock ever becomes available—

Q50 Chair: No, I think we understand that. To be fair, we do understand that. We have said about where people are not made a reasonable offer, taking account of the fact there are not enough houses of the right size to offer people, but then there is a further question about the definition of “reasonable”.

Julie Hunter: It is not only about sizes though, it is about location. We have lots of pressure on the stock we have in Cumbernauld in the northern part of North Lanarkshire. Is it reasonable to expect people from that area, for example, to move to Wishaw or Motherwell when their family networks and supports are in the north and their children are going to school in the north?

Chair: That is what we want you to give some consideration to and maybe get back in touch with us, because I think we are going to have to formulate a view on that.

Q51 Jim McGovern: Also, we have the evidence—again it was probably in the Western Isles—that people are not putting their name on the list, and I think maybe you will look into this. People are not putting their name on the list in case they get an offer that they do not want and their refusal to take that offer might be regarded as unreasonable.

Julie Hunter: That is right, but even if there were properties in the right places to suit, we have predicted that it would take between eight and ten years to accommodate all the moves that would need to happen to alleviate the bedroom tax. Over that span of eight to ten years, people’s lives are changing all the time—they are adding to their family, their families are moving away. It is ridiculous to suggest that this is an issue that can be resolved by reaccommodating people.

We do not have the stock—we certainly do not have the right stock in the right places—to meet the demands that are being made, and I would suggest it is entirely unreasonable to expect people to uproot themselves from family communities, support, schooling, jobs, all of the things that make communities work, that make them vibrant and sustainable. We would be potentially destroying all that by asking people to move for the simple reason that through no fault of their own often they are just not able to pay this penalty that has been applied—a completely irrational penalty, when you look at the difference between rents that we charge in North Lanarkshire. The average variance between rents between a one, a two or a three-apartment is something like £2.57 a week, and yet people can be penalised to the tune of £14 a week. It is completely unfair and reasonable.

Q52 Chair: To be fair, we have picked up that point, because I think we are conscious that in some cases the differential in rent is less than the penalty that has been applied.

Julie Hunter: It is much less.

Chair: We have said that we want that punishment element removed, so we have picked that up. I used to get told at school when I was doing sums, “show working”. You said it would take eight to ten years, and I think it would be helpful if you sent us something showing how you have worked that out, so that we can come back to it.

Julie Hunter: Yes, we could do that.

Q53 Chair: The other point, before I come back to Graeme, is that, Peter, you mentioned the question of private lets in Lanarkshire, but I have not been aware of there being a substantial private letting market available in Lanarkshire. Firstly, could you just tell us a little bit about how big it is, and secondly, is there a big rent differential? We have already identified that in some circumstances it would cost the public purse more for somebody to move from a house that they were deemed to be over-occupying into what the Government would see as a properly sized house in the private sector, because the private sector rentals are so much higher.

Cllr Sullivan: I will hand over to Julie.

Julie Hunter: Yes, I do have some figures available on the rent differentials between social stock in North Lanarkshire and the private rented stock, the local housing allowance. For example, a two-bedroom social rented property can rent for £51.02 per week and a two-bed in a similar area rents for—let me break down the weekly amount—£98.08.

Q54 Chair: Sorry, but in a sense what you would have to compare is a two-apartment in the public sector—

Julie Hunter: Social sector.

Chair: —with a one-apartment in the private sector, because that is the change that you would be asking people to make.

Julie Hunter: A one-bedroom in the private sector is £63.46 at the lowest end of the local housing allowance market.

Q55 Chair: So moving people into the private sector, as the Government has suggested, would cost the public purse more.

Julie Hunter: Yes, it would cost the public purse at least £13 to £14 a week more.

Q56 Chair: I wonder if you could maybe look at your sums again and see whether or not there are any examples where that does not occur. I think it would be helpful for us just to be able to say that there is no situation in North Lanarkshire where it was cheaper to move people into the private sector as an absolute, rather than just saying, "Well, some are and some are not".

Cllr Sullivan: What we would ask then, if you do not mind, is for a wee bit of time to do that, but we can produce it.

Chair: Absolutely. We have a relatively short of time with you, but that is why we wanted you to give us that back later on.

Q57 Pamela Nash: Just as a supplementary to that, does North Lanarkshire keep any sort of record of people who are moving out of council housing? So for people who are affected by the bedroom tax, would you have any record if they have moved into a private let?

Elaine McHugh: Yes, we have termination reasons that we can analyse and send through.

Pamela Nash: Okay. It would be helpful for us to see how many people are moving into private lets.

Elaine McHugh: That is assuming that we have the absolute reason. If the person has abandoned the property, then we may not have.

Q58 Chair: I can understand why somebody might want to move, say, from a three-apartment in the social sector to a two-apartment private let if it was in a nicer area, but it is bizarre if it would then cost the public sector more money.

Cllr Sullivan: Can I point out that the private sector rental market has increased within my own area in Airdrie substantially over the last three or four years?

Q59 Chair: What does "substantially" mean?

Cllr Sullivan: We would say it was at least double.

Chair: But from what sort of base?

Cllr Sullivan: The base would probably be relatively low, but you would still be talking about maybe a couple of hundred lets—it is now at least up to 400 or 500 lets. Can I point out there is a reason for it? It has come down to the fact that a house purchase was made, elderly people have passed on and the younger members of the family have not particularly wanted to stay in that house. They have their own house, and have set themselves up for renting out the other house. I am afraid that that is something that we do not have any control over, but the prices at times would make the eyes water, depending on what area you are looking into.

Elaine McHugh: Could I just add a point to that in terms of moving from public to private sector, security of tenure in the public sector. A secure tenancy in the private sector is not a secure tenancy, so the rights that the individual has within the public sector are far stronger and greater.

Chair: I think we understand that. I think that is also in the report. You obviously did not reach that section by 7 am this morning, but we have covered that point in there.

Q60 Graeme Morrice: I take it that the vast majority of these private rented properties are former council houses and former housing association houses.

Julie Hunter: There has been a growth in the last five years.

Graeme Morrice: I think there is a pattern across the realm when it comes to that. I think we can all give examples of a doubling, a trebling, a quadrupling of that.

Could I just pick up on the issue of downsizing? We are aware that the bedroom tax is very much—from the Government's point of view—a stick to address this issue of under-occupancy. I would argue it is also part of a welfare cuts agenda, but what do you do in North Lanarkshire in relation to the carrot approach—incentives to encourage people in larger properties to downsize?

Elaine McHugh: In terms of financial assistance, the council have set aside £1 million for our prevention sustainability fund for 2013-14. Within that hardship fund, we can look at helping with utility bills, rent payments and the costs of moving. Our focus in that fund to date has been towards bedroom tax. However, if we have enough money available in the fund towards the end of this financial year and we consider what we are going to do with that type of fund for next financial year, then within those criteria we have approval to help people with moving costs. To date, we have focused on the hardship element of people who cannot afford to pay their rent.

Q61 Graeme Morrice: So that is currently to sustain people in their existing properties, but you are looking at using elements of that fund to help people downsize, which obviously frees up the public sector family home that you can allocate to someone on the common housing register. In terms of payments, what you are looking at? If you take, for example, your neighbouring local authority, West Lothian, I am not sure what the situation is now but at one point they were offering between £500 and £1,000, for example, to a pensioner to move out of a family home into a one-bedroom, so that would cover removal costs, decoration and so on. What specifics are you looking at there?

Elaine McHugh: We have not put a specific financial sum on that part of it as yet, because the early months of the fund have been put towards alleviating and mitigating bedroom tax. We do have agreement in principle that we can use the money for that, so if we have enough money within the fund we would then put some financial costings on it and seek approval for that.

Q62 Graeme Morrice: You are looking at other non-financial means. Clearly, you will want to encourage people to look at mutual exchanges, whether it is two-way or three-way, and you will want to provide staffing resources to speak to people in bigger properties, older people particularly, to facilitate a downsizing. Obviously, you would do that in a very supportive manner. You would not want to be seen to be putting pressure on old dears to move out of family homes they have been in for half a century, but I am talking about when they want to do that—accepting, of course, that pensioners are obviously not impacted upon by the bedroom tax, but nevertheless it covers all categories.

Elaine McHugh: From the original 6,000-plus people who were affected by bedroom tax, we have made contact with every single person in writing or face to face. We have had what we are classing as non-engagement with about 1,200 people of the 6,000, so from the 6,000 we managed to reduce that to 5,000 either through using exemptions or through change of circumstance for the person. For the remaining 5,000, linked to what I said earlier, we would have a full housing options interview and a full financial inclusion discussion with them to see if can we maximise their income, to mitigate the situation and allow them to stay where they are. If not, we consider who else we would bring to the table to discuss it with the person, and who else we would signpost them to in order to help with them with their current living conditions. We would then have a housing options discussion with the person, and we have had thousands of these this year.

To do that, the council sets aside moneys to bring in additional staff, and we have also bid for some external moneys, so it is to the tune of about £1.4 million in staffing costs to have that income maximisation and housing options discussion on a one-to-one basis with the individuals concerned, and it is an ongoing process. We have not said, "Well, we have come to December and we have now stopped". We are still targeting non-engagement, attempting to have one-to-one interviews with people and hosting financial surgeries in different parts of the authority. Tenant newsletters are going out, flyers are going out. It is not just about your bedroom tax discussion, it is about, "What are your options moving forward?"

Q63 Graeme Morrice: Okay, that is very encouraging, and it is a good example of what you are doing—using the carrot approach to encourage people to downsize in a supportive manner. I would imagine that that is reflected in the 32 local authorities and housing associations across Scotland.

Finally on the issue of arrears, I presume that normally as part of your policy, you would not transfer someone who was in substantial arrears, Nevertheless, on the basis that there are going to be a number of people in arrears purely because of the bedroom tax, who therefore have a genuine financial problem and of course will want to move by and large, what are you doing there to facilitate that, bearing in mind that people are still going to have those arrears? Is that something you are going to look at dealing with, to transfer that person across with their arrears on the basis that they are going to do what they can to eventually pay that off—in other words, they are going to work with you?

Elaine McHugh: Yes, we have looked at that in the past few months, given that an offer of housing would assist with their personal circumstances. If there is evidence that the person has been attempting to pay and that they would deal with that debt in a different way in their new home, and we have a repayment arrangement, then we would allow that transfer to go ahead. We are dealing with these on very much a one-to-one basis. We have not taken a blanket approach here. We would not be against any one individual helping their situation if they had a current tenant arrear.

Q64 Graeme Morrice: Okay, so as a principle, it is not going to be a barrier to transferring?

Elaine McHugh: No.

Q65 Graeme Morrice: You are looking at it on a flexible basis?

Elaine McHugh: Yes.

Graeme Morrice: Horses for courses?

Elaine McHugh: Yes.

Graeme Morrice: Yes, okay. That is good, excellent.

Q66 Pamela Nash: I would like to move on to the sore subject of evictions. Our council leader here, Jim McCabe, cannot be with us today because he is unwell. He has made very clear that there would not be anyone evicted in North Lanarkshire solely because they are in arrears due to the bedroom tax. I wonder if you could clarify today the policy of North Lanarkshire Council on this, and also what difficulties this presents North Lanarkshire Council with in terms of separating out the rent arrears that are caused by the bedroom tax and how you would treat someone differently who is deliberately not paying their rent. Is there is a different process that is followed for each of those groups?

Finally—I know we are short on time now—we know that the Scottish Government have so far refused to implement a no evictions policy Scotland-wide. If they did do this, would it provide some sort political cover or support for North Lanarkshire? Would it make it easier for local government to implement a no evictions policy?

Cllr Sullivan: Can I say first of all that with regard to eviction, it is always a delicate subject? To be fair, the department took a long time before it went forward, because it did look at every instance and every situation. We are in a position where we did put that forward in September with regard to bedroom tax-only arrears, and it was decided at that time that until the end of the financial year, there would be no evictions for anyone who was in arrears with bedroom tax. I have to emphasise it was bedroom tax only. The policy stands that we do pursue any other arrears in a normal manner; we do try to reclaim anything that is due, but at the same time, we most certainly go to a tremendous effort to alleviate the pressures and fears that people have when debt raises its head at any time.

I have to point out that we have a more complicated debt structure throughout this country than most people realise. You are probably a few of the people that realise it better than most, because the complications of other lending parties and the, shall we say, callousness which they will lend money are causing great distress as well. Perhaps that is one of the reasons why we have difficulty communicating with such a large number of people within our own areas who have debt well beyond any housing debt in other circumstances. However, our stance is still the same. We will review, when we go into the new financial year when it has been discussed, how we continue with bedroom tax. We will also almost certainly have to review it when other matters come forward in the future.

Elaine McHugh: Again, on the theme of this morning, our policy has always been prevention and intervention and early dialogue, and we have not departed from that. We have lots of successful stories we can tell over the years in North Lanarkshire. Tenancy fail costs money, and it potentially presents in a homelessness application. It is in nobody’s interests to have an eviction. We have carried on the normal arrears processing for any cases not related to bedroom tax, but our focus and our hard work and the effort from our teams has been to maximise the money into people’s accounts either towards their rent or towards their living conditions, and at this point in time we have no intention of departing from that.

Q67 Chair: Yes. Can I just clarify, though, that as a Committee we are aware of the moral hazards involved here, and we are not at all in favour of rent paying being optional and a choice? I think we are very much in favour of rents being collected, but I wanted just to clarify the view that you take in circumstances where somebody being affected by the bedroom tax stops the whole of the rent being paid. That is going beyond simply having financial difficulties with the bedroom tax itself. Are they treated as being in the special category of the bedroom tax or in the normal category, so to speak, of somebody running up arrears?

Elaine McHugh: Do you mean those with a mixture of bedroom tax and other arrears?

Chair: Yes.

Elaine McHugh: The position of the council has been that engagement is critical and you must speak to us. If we go on several months from now and, despite our best efforts, we are faced with a position where somebody has still not engaged, we will not give up on that. We will certainly make sure that we have that face-to-face discussion and that we have offered every assistance possible moving forward.

Q68 Chair: Remind us again, how many people have not engaged with the council?
Elaine McHugh: Approximately 1,200 out of 6,000.

Q69 Chair: Is that 1,200 some of whom are carrying over from before the bedroom tax? Sorry, nodding your head does not get recorded by Hansard.
Elaine McHugh: Yes.

Q70 Chair: So how many of those who are in arrears as a result of the bedroom tax are not engaging?
Elaine McHugh: I cannot give you the figure for solely bedroom tax. I can give you the combined figure.

Q71 Chair: Right, but you can understand why the combined figure is not particularly helpful to us. We want to be able to clarify the extent to which some people are being caught in arrears only as a result of the bedroom tax. We understand that most progressive housing providers are then trying to help them through that. What we are trying to identify is how many people—as a result of the bedroom tax alone—find themselves in arrears and are then are not engaging. To some extent, that is then an issue of how we manage to explain to people that the council are sympathetic and are trying to be supportive of them.
Elaine McHugh: I would have to have a look and see what we could produce on that. It is proving quite difficult to split the arrears down. Also, it is about intention to pay. Some people might pay you and say, "Well, I intended that to go towards my arrears pre-bedroom tax and not my bedroom tax".

Chair: No, I understand that.

Elaine McHugh: Therein lies a difficulty. But if you let us have a look, we will see how we can split it down even further.

Chair: Fine, that would be helpful.

Q72 Pamela Nash: The discretionary housing payment is intended to be a temporary measure; has that been a hindrance to the council in using that as a stop-gap for people who are suffering from the bedroom tax?
Brian Cook: I should indicate that the previous experience is that discretionary housing payments were to try to cover short-term problems. During the current year, predominantly all our awards have been for the remainder of the year, and we have

committed to support those households on the shortfall throughout the course of the year. The vast majority of awards have been solely because of people's charges. We also support some of the benefit cap caseloads, but the vast majority of our 3,500 households we support through DHP now arise because of the bedroom tax.

Q73 Pamela Nash: My understanding is that North Lanarkshire took the opportunity to top up the DHP fund by the full 150%, and that decision was taken immediately. Is that the case, and how has it been affected by the funds that came from the Scottish Government at a later date? How was that used?

Brian Cook: The council was awarded about £470,000 from DWP for our DHP fund, and then through the first committee of the year took steps to increase that. The council put funds of just over £700,000 in, so it was up to £1.175 million. The Scottish Government then provided finance to all authorities in Scotland that was the equivalent of the top-up, the 150%. What that has done, if you like, has been to replace that money in the balances, given the position that the council took. We have been making the awards from April on the basis that we would have that additional money from the council's perspective. It has not increased the total pot any.

Q74 Pamela Nash: Just to be clear, the Scottish Government money has displaced the money that North Lanarkshire had put into that pot. What has happened to that money? Is that going into the sustainability fund?

Brian Cook: On the general fund side. The sustainability fund is in the HRA account. On the general funds side of it, we have also incurred a significant number of costs through the course of this year that we provided approximately £2 million for. That was to pay in part for the additional costs the council bears this year for the replacement of the council tax benefit, which is the council tax reduction scheme, and we anticipate that might be about £1.6 million. We had also provided, as I say, that £2.4 million of other funds that will be used to help address the difficulties that welfare reforms present as well. Because of the money we received from the Scottish Government, that has replaced that £2 million fund, and we will continue to use that through the course of this year and into next year to alleviate any other problems that arise that we have to fund.

Q75 Pamela Nash: Just to be clear, if someone was refused DHP for any reason, could they then apply for money from that fund?

Brian Cook: They could apply for money. If they are refused DHP and are a council tenant, they can apply for the subsidy on the housing side of it.

Q76 Chair: Can I just be clear about a couple of things? Firstly, I think we should be congratulating you as a council for having put the full amount in to top up DHP as soon as you could. You did that and then you were provided with money from the Scottish Government. You then had to take that money out again, which went into the general accounts, having come from the general accounts, and is now being used to fund the sustainability fund with other money.

Brian Cook: The general fund side of it—the £695,000 of the Scottish Government's money—was put back in. The housing revenue account, from its own balances, set aside £1 million to help with sustaining tenancies, and those two are distinctly separate. They are both separate funds.

Q77 Chair: I think maybe you could give us a note. We are a bit slow, so I think you could give us a note to spell it out. *[Interruption.]* I am speaking for myself, the local Member says. If you give us a note saying how much all of this has cost the council and out of which budgets, that would be helpful to us.

Can I just be clear about one thing? The sustainability fund being met out of the housing account effectively means that other rent-payers are paying some of the costs of the bedroom tax. Even though they themselves are not directly affected, the costs that the bedroom tax is causing the council as a landlord are resulting in potentially a rent increase for them.

Brian Cook: It touches on a point I think we talked about earlier—what would happen in future if we keep building. We need to look at increased rents, we need to look at changes in expenditure levels.

Chair: Fine.

Brian Cook: In terms of that sustainability fund, that was moneys that were within the housing revenue account that had been set aside and will not be used for the other purposes that they might have been used for, other than trying to support those tenancies.

Q78 Pamela Nash: The final point on that is about the 150% limit to DHP. If that was lifted, would that affect how you would be able to support people who are dealing with the bedroom tax? Would that money have stayed in DHP, for instance?

Brian Cook: If that limit was lifted and we were able to spend more than 150%, it would do two things. Firstly, if we could take that decision, more money might be put towards DHP. The downside of that is that it has been a transfer of burden from the state, from the DWP. The sticking plaster of DHP has now been passed to us, rather than sorting the problem, which was the root cause of the change in the welfare programme. We could have used the different Scottish Government moneys to have met the £1.175 million, if there was not a ceiling of 150%, but we are still using the council's money, the community's money if you like.

Q79 Chair: We have recommended that the £1.50 limit for every pound is lifted. You possibly reached that point in the report at about 4 o'clock this morning. We are just trying to clarify what you as a council would be likely to do in the event that that was agreed by Government. Would you put more money in, do you think? Can the council afford to do that?

Brian Cook: I think that would be hard going forward. The welfare reform programme is placing a fairly substantial additional burden financially on those moneys, as I said earlier. There is the council tax benefit that is put aside. There is the DHP this year of some £700,000-odd. Between the two of those, that is almost £2.5 million out of our annual budget that has been diverted to the welfare programme. Also, changing this programme—

Chair: All right. We have asked that you give us a note about all of that.

Q80 Pamela Nash: One of the recommendations in the report that we published at midnight was for both Governments—the Scottish and UK Government— to continue the financial support to those dealing with the bedroom tax for two years at least. I understand that the Scottish Government are only going to provide £15 million next year, rather than the £20 million. I have not had that confirmed to me, or the Committee have not had that confirmed officially. Is that something that has been communicated to you from the Scottish Government?

Brian Cook: I have not had any formal notification of that. No, I do not have any formal notification of that.

Q81 Chair: Does that mean you have had informal notification of that?

Brian Cook: No. I am just trying to remember when the budget was set on the Scottish Government's side in the statements from the Scottish Government—

Q82 Pamela Nash: If it was informal, perhaps, have you heard that figure as well? Is that something that has been intimated to you?

Brian Cook: Our understanding is that there may be some reductions here, similar to what we had expected at the DWP level nationally. Initially, they had indicated that they would reduce the budget going forward, but the autumn statement has suggested that we are replacing those moneys again, and I have had an informal—

Q83 Chair: It would certainly be a great concern to us if the Scottish Government was cutting the amount of money that it was providing to councils to top up the DHP payments, and that would certainly run counter to the impression that it was giving about helping local authorities. One of the reasons why we were calling for this to be clear for a couple of years forward was that it would allow a degree of stability for yourselves in budgeting. One things that has caused us a bit of concern as we have spoken to various people is that some DHP payments have been made for 12 weeks, others for a relatively short period or slightly longer than 12 weeks. If you had a guarantee that DHP money was going to be continuing both from the UK and the Scottish Government, would that allow you to give people a greater degree of security by making, say, an annual award?

Brian Cook: In terms of this year, yes. That is what we have done, as I said earlier. We have tended to make the awards for the calendar year. Going into next year, I would like to do the same for those families and households we are supporting right now, just to give them a bit of comfort going forward. We are aware that that shortfall in their rent was going to be met for a period of time, and we can look at the other solutions we have in terms of potentially a system to move it or deal with it better.

Q84 Pamela Nash: One last thing on DHP applications. We would be interested to know how many of those applications for DHP have come from families with a disabled member.

Brian Cook: I can probably bring that back. I do not know the stats off the top of my head for that.

Q85 Pamela Nash: Is that something that the council would keep records on?

Cllr Sullivan: We would have records of that, but it is something we would have to provide for you. I do not have it here.

Pamela Nash: It would be helpful if we could have the figures on that, and how many applications were made, and also how many of those applications were approved for DHP, and, if possible, the length of time.

Q86 Chair: I think, as well, part of what we are looking for in that is clarification about where there are people with disabilities, which affects their accommodation needs. Clearly, in a sense, you do not want to start defining disabilities on the one hand and disabilities on the other, but there are obviously some circumstances where people, because of their disability, cannot sleep with their partner or need a dialysis machine, which then takes up another room. I think it would be helpful if you gave us any information that you had that might help illuminate all this for us.

Julie Hunter: We can provide information of that nature from the people that we have managed to engage with and speak to, because, as part of that conversation with people, where we have assisted them to apply for DHPs, we will also have looked at their family circumstances. A lot of people have told us, regardless of whether they are officially deemed to be disabled, that they have disabilities that limit their ability to move or to cope in a different situation. We have gathered some of that information, but only for the people that we have been able to talk to and have that conversation with. It will not appear, for example, on the DHP application form if it was simply made to the council without that conversation happening with our officers. We would not have gathered that data.

Q87 Chair: We went to Wales and we had a meeting in the Welsh Assembly building, and met quite a lot of people there who were very helpful to us. One of the points that some of them raised with us was about the local press—some local papers in Wales have been quite constructive and positive in helping councils communicate with people about DHP and making them aware of their rights and the possibility of financial help, and others have been less helpful. What have papers been like in North Lanarkshire?

Cllr Sullivan: Chair, I will speak for myself with regard to that matter. I am afraid that the spectacular headlines definitely took preference over helpful assistance. The media most certainly could have helped greatly locally by pointing out the council's campaign to try to get our clients to talk to us, and to point out that this is an opportunity to come and discuss everything and try to resolve things, not only now but for the future. I do not think we have had good co-operation along those lines. I do not think it has been helpful. I feel personally that by going for the individual items and, shall we say, one-off cases, they have tended to take at face value what they have been told, which is something that you cannot do. You must get evidence to support it. They have not looked for the evidence to back it up, and very often they have put the council in the difficult position of not responding to something but being fully aware of reasons why what they were saying was not right. We are not there to turn around and slam people and slag people off, but we were put in a difficult position on several occasions whereby, because of media coverage, it looked as if we were the bad wolf, whereas, in effect, we have been a pussycat.

Q88 Chair: I think the impression that we were getting from Wales was that while some local journalists were sloppy and lazy, there were none the less some who were quite constructive and positive and were willing to engage with councils to put out information about things like DHP. Surely, in the spirit of Christmas, you could go and speak to some of these folk and say to them that it is not too late for them to repent, and that we could forgive the previous transgressions if they were willing to carry forward information, making sure that people were aware of the opportunities of approaching the council and maybe getting DHP payments.

Cllr Sullivan: Chair, on the grounds that you gave just now, most certainly, if the local press in particular are willing to talk to us on how they could encourage people to come forward, we would be willing to talk and say what we needed and the assistance we would hope to give. We have set up things for the future. We would hope that perhaps it would be a good news story, in our case, and good publicity for them as well.

Q89 Pamela Nash: Just to reiterate, Elaine, you said earlier that there are 1,200 people who are affected by the bedroom tax, who are yet to engage, and we do not know what situation they are in, and there are still funds available through DHP that can support them.

Elaine McHugh: Yes, and we will not give up on 1,200 people. Every week we have a different PR campaign. We have different newsletters. We are tapping on doors. We are writing to people. Next week we are sending everybody who has not engaged with us so far an application form in an effort to damage-limit their current financial situation. We are very much aware that in housing and social work, as a council, we are a safety net for people and their lives, and we have to take that responsibility very seriously.

Q90 Pamela Nash: Thank you. Just before we finish, one of the very few concessions that we did manage to get from the Government on this was for disabled people who live in "significantly adapted accommodation", and DWP made extra resources available to them. However, to us, as parliamentarians, it has not always been entirely clear what is meant by "significantly adapted accommodation". Is that something that the council was provided guidance on from DWP, or have you had to come to a view on your own as to what constituted a significantly adapted property?

Brian Cook: There was some guidance available from DWP, but it was allowable for each local authority to take a view about whether a bedroom was necessary for their care. We have been able to exercise that discretion, and in the cases we have done—again, the figures are from the top of my head—they have been successful.

Q91 Chair: Sorry, there are two different issues there. One is the question of where people have an extra bedroom, either because maybe they cannot sleep with their partner because of medical difficulties, or they need dialysis machines or something similar, so they need an extra room. The other issue is the question of where the accommodation has been adapted. If somebody moves out of a specially adapted three-apartment and has to move into a one-apartment, and that then has to be specially adapted, it is a question of whether or not it is worth the cost. I think we have put forward the suggestion that if the saving cannot be achieved within two years then it is not worth it for the public purse. Does that seem to you to be the right sort of balance?

Brian Cook: I think that it would seem stupid to spend—

Chair: "Perverse" I think was the word that we used.

Brian Cook: That might be a better word. It would seem perverse to spend a significant amount of money on a new property just for the sake of moving to meet that set of rooms from a property that was already suitable for that individual or family. Two years does not seem an unreasonable period for that. The other side, from our own perspective, as we said earlier, is that any move impacts on that household and family's community and their support network, and that can also be a difficulty that has to be factored in.

Q92 Pamela Nash: Is that something that you have had to or been able to define? How much it would cost to adapt another property, or would it have it be fixtures that you would term as permanent property? Or is this looked at on an individual basis?

Brian Cook: I am not aware of a large number of them. We have seen to date—I do not know if there is any knowledge from the—

Julie Hunter: We might have some information on the statistics that were collected through our sustainability teams, and we can provide that to you later.

Q93 Pamela Nash: Last question. I am not aware of this, but have any tenants taken North Lanarkshire Council to a tier 1 tribunal on bedroom tax?

Chair: You have done very well up to now. You have not put a foot wrong so far. Do not spoil it.

Amanda Gallacher: We have 52 appeals, less than 40 of them waiting to be heard, waiting to be listed by the tribunal service. We now have four that we have represented. One has been adjourned to the service user lost and one was successful, and the one that was successful was about shared care, but they did not win it on the basis of shared care. They won it on the size of the actual bedroom. The bedroom was less than 60 square feet, and they won it on that on the grounds that you could not define that as a bedroom. They put forward an argument in terms of human rights about the right to life and the right to possessions, and the tribunal judge told them that it was something that was well worth exploring, that it should be looked at in greater depth. The cases that we have lost, we have asked for full written decisions to take to the second-tier tribunal.

Q94 Pamela Nash: When you are saying "we", do you mean you and the tenant, or North Lanarkshire Council?

Amanda Gallacher: From Welfare Rights' side, on behalf of the tenant, the council has one, but we have lost the cases for the service user, or the service user's case has been lost. The council has a policy in place whereby, if we have to appeal a housing benefit decision, there is a protocol that we have to go through, but Welfare Rights can represent, and colleagues in Airdrie CAB have a representation unit as well. There are protocols in place so that we can go through discussions. We are very much of the opinion that we would want to see more appeals going through, because, as you have said already, the DHP is a sticking plaster. It is not going to solve the problems of all our tenants. Where there are cases in which there appear to be grounds to appeal, again, with council permission, we are saying to people, "This is a route that you can go down".

Q95 Pamela Nash: Can I just return to the shared care case that you just mentioned? You said they won it on the basis of the size of the room.

Amanda Gallacher: The size of the room.

Pamela Nash: Just to be clear, that tenant, the service user, won that tribunal against North Lanarkshire Council.

Amanda Gallacher: It was a Wishaw Housing Association tenant, but it is a housing benefit decision so it has been successful. It is then down to the council—

Q96 Pamela Nash: And they can appeal that.

Amanda Gallacher: They have the same right of appeal as the service user—to go to second tier.

Q97 Pamela Nash: Are they going to appeal to the second tier?

Amanda Gallacher: I am not sure. It is Finance and Customer Services that would take that decision, so I am not sure. They would need to look at the decision, just the same as we would. You can only take it to the second tier on a point of law, so they would need to look at the decision.

Q98 Chair: I think we were quite keen on a report about cases that, particularly, the council has lost being taken to a second-level tribunal, in order to establish the precedent. The point had been made to us that if a case is lost at the first level and does not go to the second level, then it only applies to that particular individual. I know that when we were speaking to Fife, and again when we were speaking to people in Wales, they were very hesitant about taking cases that they had lost—cases that, in a sense, they were quite happy to have lost—to second tribunal, in case it looked as if they were wanting to pursue people unnecessarily or almost vindictively.

Our view is very strongly that we want the local authority to do that, even though they might get some local opprobrium from those that are ill-informed, on the basis that that is the best way of making sure that the principles are established. We are very strongly of the view that not only do we want judgments applied back to the start of the financial year, as Fife have done, but we also want suitable judgments to be applied across the board. The only way that we could see the council legitimately doing that was if they lost a second tier tribunal, and the only way they could lose it was by taking it to the second tier tribunal if the DWP declined to do so. Sorry; again, nodding does not get recorded.

Amanda Gallacher: That is a double-edged sword. You want the client to be successful, but you are right, you do have to be able to take it to the second tier to set a precedent. The first-tier tribunal is only for that one individual. It is in everybody's interests to get it to the second tier and beyond, if necessary, to get those judgments. We have had it with Burnett, which was not particularly about bedroom tax, but we can apply those principles. It is the way to go forward—to progress it through the judicial system.

Q99 Jim McGovern: If we are trying to establish a precedent that helps the tenants and the appellants, how robustly would that second-tier tribunal be defended by the social landlords or the landlord?

Amanda Gallacher: It would be the council who would put forward a presenting officer. The council, I am assured, would have to present it in the way they would present any other case at second tier, because you do want the decision, and you do not want that decision then to be appealable. You want to be able to put forward a good enough case. As with the Welfare Rights side, you want also be putting forward the case for the service user.

Q100 Jim McGovern: I think, as the Chair said, that if the council challenges the first-tier tribunal and it goes to the second-tier tribunal, and the council subsequently wins that one, they are leaving themselves open to pretty hostile criticism. That is why I am asking: how robustly would the council pursue the second-tier tribunal?

Amanda Gallacher: I could not speak for that side of it all, but that is why I am saying that it is a double-edged sword. You win it for that service user, but what you are wanting is precedent. I couldn't answer. I know the side of the job that we would do. We would present the case for the service user. I am quite sure the council—

Jim McGovern: Maybe one of the others will know the answer. How vigorously would it be pursued if you were always trying to set precedent to help the tenants?

Brian Cook: That side of it falls to my staff, and I think you would find that, again, because of the nature of the council, on the one hand Amanda and her team are there representing the individual and will put the best case they can. I expect my team will go along and want to put the best case they can about the application of those rules, and it looks strangely perverse, for want of a better word, if the same organisation can be sitting in a room arguing both for and against. The fact would be that you would want the right decision out of the second-tier tribunal. You do not want either a landlord or a tenant, or indeed DWP, to be looking at it and thinking that there were aspects that were not taken into consideration, and that would not set the right tone for that decision to go forward on.

Chair: We have just had a great incentive to draw matters to a close—sandwiches and coffee have arrived. Can I just ask my colleagues whether or not there were any final points that we want to make?

Q101 Pamela Nash: Just the final point on the tier 2 tribunals. I think we would want a reassurance that the council would not be put off pursuing this just because it may be perceived that they are pursuing the individual. Clearly, that should be reported well, and it should be well communicated to the public that the reason why this is being pursued is to try to achieve that precedent for the rest of the country, and indeed the rest of residents here in North Lanarkshire.

Cllr Sullivan: I think I would be saying, Pamela, that the professionalism of the officers would make sure that it was pursued properly on both counts. We would have to take any adverse publicity that we got accordingly and deal with it the way we normally deal with it.

Q102 Pamela Nash: I would hope it would be reported in a way that would show that the reasons for this were there.

Cllr Sullivan: One would hope it would be reported in a true light. It was a daft situation for any Government ever to put a council in, but I would still expect them to be professional enough to win and argue their case.

Pamela Nash: Thank you.

Q103 Chair: As I said at the beginning, you now have the opportunity to answer any questions that we have not asked, or to raise any points that you feel you want to draw to our attention. We would also give you the opportunity to write in to us later on if there are things, upon reflection, that you wish you had raised, or once you have had more opportunity to read our interim report for the second or third time to make observations upon it. Are there any additional points that you think you want to bring to our attention?

Cllr Sullivan: No, Chair. Thanks very much. I will just sum up by saying that we would like to say that the policy is clearly failing in its original intent, and I think you have already stated that yourselves. It is unjust, unworkable and incompetent, not to mince words about it, and for those reasons we would hope that we would be supporting you in demanding a repeal of the Act. I would also like to thank you for taking the trouble and creating a historic moment in Airdrie and North Lanarkshire by coming here and taking our evidence today. Thank you.

Chair: Thanks very much.

Examination of Witnesses

Witnesses: **Keith Dryburgh**, Policy Manager, Citizens Advice Scotland, **Jonny Miller**, Managing Director, Airdrie Citizens Advice Bureau, **Richard Young**, Senior In-Court Advisor, Airdrie Citizens Advice Bureau, and **Stewart MacDonald**, Outreach Officer and Money Advice Assessor, Airdrie Citizens Advice Bureau, gave evidence.

Q104 Chair: Could I welcome you to this meeting of the Scottish Affairs Committee? As you are aware, we are conducting a series of hearings into the operations of the bedroom tax in Scotland. We have just finished one with the representatives of the council from North Lanarkshire, and we apologise for being slightly late in starting this session. We overran because we wanted to get a full range of information from them.

We will just start off by asking you to introduce yourselves, and to give a brief—if you can—comment on anything in particular in the document, which I am sure you read when it came out at a minute past midnight, with which you disagree. The focus of attention in our sessions from now on is going to be, rather than just simply repeating what that we have said in the document, trying to identify either where you have a disagreement or helping us fill out the areas where we say we require further information. We have made our position clear—being opposed to the bedroom tax—but we are looking for amendments and ameliorations and so on. That is where we are really looking for some help and assistance from yourselves.

Do you want to introduce yourselves?

Stewart MacDonald: I am Stewart MacDonald. I work with Citizens Advice Bureau in Airdrie. I am the Money Advice Service Assessor. I cover the west of Scotland and west central Scotland—a number of different bureaux there—and basically my job is to assess and help financiers who are advising people on budgeting advice, and the bedroom tax and the welfare reforms are playing a big part in that.

Keith Dryburgh: My name is Keith Dryburgh. I am the Policy Manager at Citizens Advice Scotland, which is the umbrella body for all Citizens Advice Bureaux in Scotland. I have read the report. I do not think there is anything we particularly disagree with. We are very much about a practical approach. We would like to call for a number of exemptions, which are in the report as well, so we would like to help you fill in the gaps in relation to those.

Jonny Miller: I am Jonny Miller. I am Managing Director for Airdrie CAB. I have not had the chance to scrutinise the report yet. I am very much in agreement with some aspects of it, the same as Keith.

Richard Young: I am Richard Young. I am the Senior In-Court Advisor, and I work for the CAB as part of one of their legal projects. All of my time is spent up at the court, and much of that time is spent representing clients who are faced with rent arrears eviction cases in court.

Q105 Chair: Maybe we could start with Keith. Could you give us an overview of the impact of the bedroom tax, as evidenced by the sort of inquiries coming in to CAB generally? Then we will maybe turn to Airdrie in particular.

Keith Dryburgh: Yes, thank you, Chair. I gave evidence back in June to the Committee, and at that point we had had a lot of inquiries but it was still too early to tell what progression they were going to take. Eight months into the bedroom tax, we have had some figures. We have had 1,700 to 1,800 people come in simply to ask about the bedroom tax. That has caused an increase of about 29% in the number of housing benefit inquiries received. Alongside that has been a big increase in rent arrears issues, which I think a lot of organisations have been evidencing, so we are seeing that progression towards rent arrears.

I think that when we gave evidence in June, we expected to start to see evictions cases at this point, but I think the increase in DHP funding from the DWP and especially the Scottish Government has probably mitigated what was going to happen at that point. That has been a game-changer, and I think it has put a sticking plaster over the problem at the moment. I think there are a lot of tenants out there who are in arrears, but the DHPs are keeping them going. Our main issue is that we would rather see exemptions than DHPs, because DHPs are short-term solutions and they cause a financial burden for local authorities and stress for the tenants. We would much rather see exemptions than the DHPs.

Q106 Chair: In terms of the types of inquiries about debt you have been getting in, presumably there has been a general growth in these, but has there been a particular growth that has been identified with the bedroom tax, or is that just one thing among many?

Keith Dryburgh: Basically, in our statistics, rent arrears issues have been pretty steady over the last couple of years. We have not seen any rises or falls, so the increase this year we put towards the bedroom tax. It just fits so neatly, so we are thinking that is the cause of that. We are seeing different types of issues, where people who were repaying rent arrears now cannot pay the rent arrears, so people have every will in the world to try to repay but they have been put into further arrears by the bedroom tax. Equally, people who were never in rent arrears before are suddenly developing hundreds of pounds' worth and not being able to deal with it. It is the straw that broke the camel's back in some cases, while other people were struggling, just keeping their head above water, and it is the final straw for those people.

Q107 Chair: All right. In terms of in Airdrie, in particular, is that similar to the situation across Scotland as a whole, or are you seeing any distinctive patterns in Airdrie?

Jonny Miller: What we have done is compare the stats for the first eight months of this year, from April, with last year, and I think we have seen an increase overall in inquiries to the CAB of 35%. Looking at specifically housing benefit queries, which bedroom tax would be logged under in our system, we have had a 49% increase—I believe that that is higher than the national statistics—and a quarter of those are related to the under-occupancy charge for the bedroom tax. We have seen a significant increase. There is not a significant increase in London.

Q108 Jim McGovern: Why do you think you are getting a much higher rate of increase here than anywhere else?

Jonny Miller: I am really not sure. I expect the issues surrounding the bedroom tax to be much higher come April, and I know Richard will probably mention a little bit about what is going on with the court at the moment. The non-evictions at the moment are temporary measures, and they are having a knock-on effect in other areas. Come April, what is going to happen to the people who have not been pursued? Non-evictions may also have an effect on the uptake of the discretionary housing payments or the sustainability fund as well. I know only about a third of the money available has been used at the moment, and I think, come April, if evictions start again, there may be a higher uptake and more people starting to engage, but at the moment people just are not really engaging.

Q109 Pamela Nash: Sorry, Mr Miller, are you saying that you have heard evidence from people in Airdrie that they are not seeking financial help to pay the bedroom tax because they know they are not going to get evicted anyway?

Jonny Miller: I have not heard it, but it seems to me—Richard may be better placed to talk about this—that our court statistics said that there were 39 evictions in the quarter leading up to September. From September, we have had seven. I think that is the number of evictions related to local authority housing, is it?

Richard Young: No. North Lanarkshire Council is predominantly the landlord that we find ourselves against in cases—that is purely down to size—and roughly speaking, when we are in court we are finding that about a third of the cases on that day have an under-occupancy charge issue. In fairness to North Lanarkshire Council, they have not been seeking decrees, and the cases from last Tuesday that came under that category have been continued until something like 4 February.

The concern for us up at the court is that the sustainability fund is only up until 31 March. What is going to happen after that? A lot of people have not applied for it. A lot of people who are affected by this do not turn up at court. We can only help the ones that actually turn up in court. The statistics that we can provide are only in relation to the ones who have come for our help and been given our help, but there are a raft of folk—probably the vast majority—who have not attended court and who have not been given the help. We cannot then, therefore, refer them on to, for example, the Citizens Advice Bureau and so on.

When it commenced, when the under-occupancy charge came in, we did find that—and this follows on from a point that Keith made—there were people who were in payment arrangements, albeit very modest ones at times, at the statutory rate, which is less than £4, or maybe people were paying £5 per week towards their arrears, and I stress that is literally all these people have. Again, in fairness to the local authority, they are happy to accept that, provided that it is paid regularly and religiously. However, the under-occupancy charge kicks in, and it practically swallows that up and creates more arrears every single week, and it is money that people physically just cannot make up. While I accept that the sustainability fund or discretionary housing payments bridge that gap, there do seem to be people who are not coming for help, perhaps because they know that a decrease is not going to be sought in their case, but ultimately that is just going to park the problem.

Q110 Pamela Nash: Sorry, I am a little bit worried. I think this is dangerous territory if there is no evidence. Has anyone told you—any of your clients or service users—that the reason that they have not sought help or financial advice and are not particularly worried about going to court is because they think that they will not get evicted anyway? I know the figures have risen, but in terms of the percentage, are there less people now seeking financial advice and help than before? We know that there are huge numbers already who do not seek advice just because of the stress they have been under and the effect that this financial pressure is having on them.

Richard Young: The figures I have are in respect to my own cases, and they will relate to when we withdraw from acting. We will generally withdraw from acting for one of two reasons, which will be that the clients themselves have resolved the issue and no longer need our help, and everything is okay, or they really are struggling with the problem. We record why. We discuss cases with the other side, so we will generally get a picture. We probably could provide some stats on that. We will generally have a picture of whether or not the person is not engaging with us because it has just got so bad that they just think it is a waste of time, or because they have been told that the case is no longer contentious.

Q111 Chair: I think it would be helpful if you were able to provide any clarity and if you could ask them about that, because I think we are aware of the difficulties of moral hazard of sending out a message that paying rent is voluntary. We have heard from a number of social landlords about how worried they are about the impact, and we have heard some of that this morning. Stewart, did you want to come in?

Stewart MacDonald: I think what might be helpful, and certainly one of the things that we see dealing with clients, is debt prioritisation. People will tend to pay the person shouting the loudest, and this is not a new thing. It has always been the case that somebody will pay the catalogue and they will not pay the council tax, or they will not pay the rent and so on and so forth, so you will always see an element of that. I think the question is, has that increased because of the bedroom tax and the policy on that? That is quite a difficult thing to put your finger on.

Certainly, within the Airdrie Bureau, we tend to take what we call a holistic approach. When somebody comes in about that particular issue, we will tend to look at the bigger picture, so that helps us to identify people who are maybe not paying their rent but are paying other things. That might not have been the issue that they came in the door about, but certainly by sitting down with the person, with the holistic approach we are able to identify them, and that is possibly reflected in the stats that Jonny was giving earlier on.

The definite answer to the question is difficult because there are so many other things going on, but the best that we can do is take that holistic approach and try to draw from the person—

Pamela Nash: Just for the record, that is why I raised it, because I was a bit worried about it—I am not saying that was your intention, but I would not want to give the impression that that was the only reason why people were not engaging. It is part of a plethora of different reasons.

Chair: Pamela, do you want to pick up the question of DHPs?

Q112 Pamela Nash: Yes. Keith, across Scotland—this might not be the correct word—can you tell us what Citizens Advice's impression is of the success of DHPs? Has it been a suitable measure and are tenants finding it helpful? Also, if you have had any feedback from landlords at all in how successful it has been.

Keith Dryburgh: I think the picture has changed since September, when the Scottish Government put £20 million towards topping up the fund and the DWP money for the rural areas came in as well. I think that may have increased the local authorities' ability to mitigate the impact. We have heard of some local authorities that are trying to give DHPs to every tenant that has been affected. I think that is the case in Dumfries and Galloway. That varies right across Scotland, depending on how much money they have and how many tenants they have to help.

Despite that, they still think the DHPs are an ineffective, or inefficient even, method of solving the problem for people. It is not that local authorities are not doing it well; it is just that the whole notion of it is a sticking plaster. It is short-termism. For a lot of people, who are only getting three months' worth, it is something they will just have to go back into after 12 weeks. For the person who is affected, they have to fill out a form, and it might be difficult for them. They do not know whether it is going to be accepted, and it is a stress for them. For the local authority it is an added administrative burden. Even if it is turned down, it is stress and a burden for both sides. We would much rather see the kinds of tenants who are listed by the Government as being priority for DHPs exempted altogether. That would save distress to the person, and it would save money and administrative burden for the local authorities who list the number of client groups that we think should be exempt. That will free up DHP for the other people who should be getting it, who maybe are not getting it at the moment.

Q113 Pamela Nash: Clearly, our Committee wants to abolish the bedroom tax. If that does not happen, we would like those exemptions to be put in place, as you mentioned. If that does not happen, would it help if discretionary housing payments were made for a longer period of time? Also, in terms of local government, we also recommend in the report that the Scottish and UK Governments make clear their financial commitments to support those affected by the bedroom tax for at least two years, but now there is a bit of uncertainty about the commitment from the Scottish Government next year. Do you think that will affect clients because the payments might not be made?

Keith Dryburgh: I think, in the absence of exemptions, clarity on the funding would be useful for local authorities and for tenants. The buck does stop with the UK Government on this one, because it is their fund and they are putting the money towards it, so I think it is them that should be providing the money, and I do not think it is necessarily the Scottish Government that should have been putting money in. That is very welcome, and I am glad they have done so, and I would welcome both of them—the UK and Scottish Governments—clarifying exactly what they would like to do.

Q114 Pamela Nash: You just mentioned that some people are getting an award, perhaps for three months or a shorter period of time. Have you seen evidence across Scotland of local authorities, once they know that they are getting more money, going back and looking at applications again? Has that been done automatically, or is that something that clients need to apply for?

Keith Dryburgh: I could not speak for all local authorities, but I know plenty—

Pamela Nash: Just in general terms.

Keith Dryburgh: Yes, local authorities are automatically looking back at previous applications to see if they now fit the criteria, now that there is more money. Equally, some local authorities really need the tenants to come back and make another application just to make sure that they are reaching everybody. It is a worry that North Lanarkshire Council were saying there are still 1,200 people that they are really not sure what is happening with, so it is really important that ourselves and local authorities do reach out to make sure that they are receiving the money that they are entitled to.

Q115 Chair: Can I just follow up? One of the points that Pamela made there was about the question of 12 weeks or three months and so on. We heard, I think, from North Lanarkshire that they are now giving people DHPs for a year, and I think Fife said the same, and certainly when we were in Wales they were saying that that is the direction in which they were moving. Is that your impression that that is now what Scottish local authorities are doing, given that there seems to be a degree of certainty for the whole of this year and for some payments of DHPs next year?

Keith Dryburgh: I think things have changed very much in the last two to three months, and I think that is an increasing trend. I think we will have to get more evidence to see whether that is happening universally. I would certainly be encouraged if that was the case, because it gives better clarity and a safety net for those most vulnerable.

Chair: All right, fine.

Q116 Pamela Nash: Mr MacDonald, I would just like to move on to your clients, people who are coming to you for advice at the Money Advice Service. How important has DHP been to them, and is it succeeding in filling the gap that has been left by the bedroom tax?

Stewart MacDonald: In terms of sustaining in tenancy, DHPs are absolutely vital. The thing with discretionary housing payment, though, is that by the time somebody comes to us, it is usually because they are already in arrears. It is usually because they already are in crisis. You tend to find rent arrears do not come along alone.

Q117 Pamela Nash: Before you go any further, can I just clarify this? People can come to for advice off the street, but are people referred to you from North Lanarkshire Council or landlords as well, if they find them in difficulty?

Stewart MacDonald: I think we don't—how many referrals do we get from them?

Jonny Miller: Referrals are for the actual Money Advice Service itself, the face-to-face sessions on financial education, budget and shopping around to make savings and maximise income. We went into partnership with North Lanarkshire Council for the universal credit pilot, which was 5,200 people that North Lanarkshire Council got in touch with. It was everyone they had said was affected by the bedroom tax—they offered them a money advice appointment. We do get some referrals. The uptake on that was very, very poor. I think we came out with 40. In Airdrie, what we did was we tried to send out letters from Citizens Advice Bureaux in North Lanarkshire. We sent out 1,141 letters and we had a response of 40. The engagement has not been great there.

We pick up a lot of money advice clients through our in-house system, through the checklist. When clients come through the door with any issue we do a triage system and try to identify any assistance we can give. That is where most of our referrals are coming from at the moment, not externally.

Stewart MacDonald: That was the point I was going on to make. That is the way that we are doing it—identifying the people. The thing I would say about DHPs, though, is by that point, somebody is possibly already in crisis, or nearing it, and there has to be some sort of system so that we can identify people before they get into that crisis. Certainly, as Jonny as pointed out, people come in with other issues, and we can pick it up. We ask the question, "Look, you are living in a council house; how many bedrooms in the council house? How are you managing that?" We can try to be a bit more proactive in that case. DHPs themselves, when a DHP is applied for, quite often it is because the person is already in arrears by that point.

Q118 Pamela Nash: I appreciate that you are saying that DHP is vital for maintaining them in that tenancy, but how does the fact that it is a short-term solution how affect the people who are coming to see you?

Stewart MacDonald: Apocryphally—I do not have the stats to back this up, I am afraid—from talking to people, if they do not know that something is going to be ongoing, this idea of something being short-term is of course going to cause a lot of stress to that individual. You have somebody who may be in a multiple-debt situation, where they are trying not just to manage their rent arrears, but to manage other debts as well. The fact that one of those mechanisms might be taken away from them at some point in the future is still going to cause severe stress, and that is something that has to be managed. The DHP has to go hand in hand with budgeting, because we have to deal with not just the rent arrears—quite often it is multiple-debt issues. We have to deal with those other issues as well.

Q119 Pamela Nash: Yes, I appreciate that. The people who are coming to you who are affected—do most of them already know about discretionary housing payments? Have they been offered this? Are you coming across people who do not that that support is there, not just DHP but the other support that is available for them?

Stewart MacDonald: From my own experience, I am finding most of the people I am talking to are not aware there is—

Chair: Sorry, are not aware or are aware?

Stewart MacDonald: Are not aware the support is there. This is from myself, because it is what I am finding when I am mentioning discretionary housing payments and how we can get them to people. You have to realise that a person who has come to me is in a particular situation. I am dealing with a particular client base.

Pamela Nash: I understand.

Stewart MacDonald: Quite often, I am hearing from them that they are not aware that the—

Q120 Pamela Nash: What percentage of your clients do not know about DHP?

Stewart MacDonald: You are asking me for a figure off the top of my head, which I hate doing. Above 50%.

Q121 Pamela Nash: More than half of the people who are coming to you, who are in what they would maybe term a financial crisis situation, do not know about that support.

Stewart MacDonald: They may not be aware that support is there. They may not be aware how to access that support. There is also a worry that if they try to access that support, they are going to create more problems for themselves and they are going to have deal with other things. When somebody is in a multiple debt situation and they are in that state of crisis, sometimes it is about getting the person settled down and getting the person to look at the priorities and go through them in a methodical way. That is half the battle. You have to understand that somebody in that position possibly has somebody coming around to hammer on the door for Provident; they get people phoning them up constantly. These people have a number of pressures on them, and these are the people that I am talking about. Generally, with somebody who is in that position, I would suggest to you that if they were aware the DHPs were there and how easy it was to access them, they would have probably done it. But because of the multiple issues that they are facing—

Q122 Chair: I understand that, but how can it be, then, that we have just heard the council telling us that they are trying to link with everybody that might be in difficulties as a result of the bedroom tax, yet you are saying that 50% of the people that are coming to you are not aware of it?

Stewart MacDonald: Yes.

Q123 Chair: Does that mean that you have a skewed sample or that the council's work is not effective?

Stewart MacDonald: I would suggest I have a skewed sample. The people that we see on a regular basis are people who are already in crisis. You have to—

Chair: Even before that, among the people that the council was most likely to try and make contact with?

Stewart MacDonald: Absolutely, but if you look at the people who might access the DHPs overall, not all of those people will be in crisis. This could well be people who are bumping along reasonably okay, but then the bedroom tax is coming and that may cause them a problem. They might not have been in a crisis before, but this is why I say to you that the figure that I am giving you is based on a skewed sample—because of the nature of the people that we are dealing with by that point.

Q124 Pamela Nash: I have heard from the council this morning and in literature that they have written repeatedly to people who they know are affected by a bedroom tax and have visited them and tried to reach them in campaigns. Hopefully we can extend the reach of those campaigns. But in general, in the case of the people you are seeing, who we are discussing right now, do you think that would help, or do you think the campaigning and the message have not got to them because of something the council has done? Is there anything more that could be done, or is it the case that those people, because they are in despair and because of the financial situation that they are in, have not looked at that advice or have not sought that advice?

Stewart MacDonald: If you want a personal opinion on this, we have to make sure that we are using every single tool in the box in how we engage with people. The council writes to people directly, which is certainly a very powerful tool, but there are other things as well. We need to look at how we identify people—quite often people might approach us who are not coming in about rent arrears. They might be coming in about another issue. That way we can then identify that person and draw them out, and that might help encourage engagement in other ways. I am not decrying what the council is doing at all. They are doing what the council can do. We have to look outside the box as well, and this is where organisations like the CAB can help because we take a more rounded view.

Q125 Pamela Nash: Yes, definitely. I only raised that because I think both our local authority here and other local authorities would appreciate the advice on what more they can do in order to reach people who are not getting that help.

Finally, just before we move on from this, do a lot of the clients that you are seeing who are affected by the bedroom tax have a disability, or does someone in their family have a disability?

Stewart MacDonald: Specifically on bedroom tax, not a high amount, I have to say, but I am talking personally. These are my own clients, and you might find some of my colleagues have a different result on that one. Maybe I'll put that back to Keith—I don't know if you have anything more to add.

Keith Dryburgh: I would have to ask for the statistics on that and send them through, I can do that.

Chair: Right. As long as you can just press a couple of buttons and give us that. You would not necessarily want to have to comb back through just for the sake of data collection, but if you are able to do that relatively straightforwardly that would be helpful.

Keith Dryburgh: I'll speak to the stats expert.

Q126 Pamela Nash: We were just looking for a general view, essentially—are there an overwhelming number of people who are suffering from or living with a disability, or have someone in their family that is being affected by this?

Richard Young: Keith may well have that nationally.

Keith Dryburgh: Yes. We took a sample, I don't know whether it's 300 or 400 clients who came in with the bedroom tax issue. It was roughly two thirds of clients who reported that they had a disability, and a further one in 10 said they were caring for somebody with a disability. You are talking about three-quarters who had a disabled adult in the household, and about 4% who had a disabled child in the household, though I think the roles have changed. You are talking about up to 80%, and the Scottish Government figures report about 80% self-reporting disability as well.

Q127 Chair: Can I ask something about your figures? What I am not clear about is the extent to which the people that you are seeing are typical. I am conscious that you do your holistic approach pretty thoroughly, but almost by definition that is time-consuming. I am not clear about the size of your waiting list and whether or not some of those who need help find themselves bumped off the queue because they cannot turn up regularly, maybe because they need to attend events or surgeries and the like. I do not doubt that you are doing a good job with the people you see, but is it your impression that there are a whole host of people out there who are not managing to find their way to you?

Jonny Miller: The demographics of our clients have changed, certainly from an Airdrie point of view, in the last couple of years—I have only been in the post for two years—and I think that is because we brought in a lot more projects. We brought in something like money advice service, which is financial education and looks at pensions, savings, investments. We're not just getting through it all what you would class as a typical—if there is a typical—CAB client. We have other services such as legal services, not particularly in the legal service and now a tribunal unit. The amount of projects including energy efficiency that we have brought on is attracting a different client base. We probably do get a reasonably balanced opinion in Airdrie—different areas are obviously different.

Q128 Chair: It would not be fair, then, for us to think that there is a whole nine tenths of the iceberg, as it were, that you are not reaching.

Jonny Miller: I wouldn't expect that. No, I would think that we get quite a varied client base nowadays.

Richard Young: I could probably say though—and it's completely different from what happens in the CABs—that before we go into court we check the rules of court and, naturally, we are in court watching what happens. To be quite frank about it, we do only get the tip of the iceberg, and of course we sit and watch what happens with all these cases, and the reality of it is that it's a well-known fact in every court that most people don't turn up. Therefore we are not getting these people. That is entirely different from the stats that you will get from CAS and CAB, because this is in respect of court actions. The point is that we probably get a fraction of the amount of people who are taken to court on the individual day.

Q129 Chair: Let me just be clear, then, about what that means: the people that are coming to court and being represented by people like yourselves are, what—disproportionately articulate? Can you categorise those you are representing as distinct from those who have their cases dealt with without representation or without turning up?

Richard Young: It's impossible to categorise them against people I've never met, but the point is that they are the ones that—

Chair: No, I can see that point.

Richard Young: But the reality of it is that we watch it. The answer to your question might be that if they don't turn up in court they will lose their home. It's plain and simple as that, because a court will order a decree against them, and therefore the only ones who get help are the ones who manage to turn up. They will turn up for a host of different reasons— fear, or maybe they are a bit more articulate.

Q130 Chair: You have drawn that to our attention. Is there anything that we ought to take from that, either as a recommendation or something that we ought to be following up?

Richard Young: Absolutely, we need to engage with the amount of people that are turning up.

Q131 Chair: Right, but everybody says that. We had some discussion earlier on the efforts the council is making to be engaged, and we had some discussion about the efforts that local papers can make to try to spread the information. Presumably, there is not a magic bullet, but is there anything in particular that could be done that is not being done that would help engagement?

Richard Young: At one point—again, I speak specifically about the legal project—we wanted North Lanarkshire Council to put something in with any court documentation that they sent out, and they tentatively agreed to that. However, it was booted into touch, frankly, because all the private practices and solicitor's firms didn't think it was fair that we could advertise and they couldn't. But that was one thing that we felt may help, because the—

Chair: I see, yes. You were not suggesting that people should seek legal advice in general, it was legal advice from you. That is why the private practice people would object.

Richard Young: They felt we were allowed to publicise and they were not, and I get that point but—

Q132 Chair: But presumably those people who were not taking up your services were not taking up private practice services either, so in fact it was a question of you or nothing for most of these people?

Richard Young: That was our argument, yes.

Q133 Chair: Right, okay. Sorry, are there any other points relating to that? We wandered slightly off the point there.

Keith Dryburgh: Just on the point of whether we are missing any clients. Across the country, we see over 200,000 clients a year with new problems, and typically they are twice as likely to be in the social rented sector. The majority are between the ages of 35 and 59. The majority are single as a household, so that is our kind of difficult client profile, which is quite similar to the bedroom tax profile. But we do see clients in every walk of life, if you like, because of the main types of clients that we see nationally.

Q134 Graeme Morrice: I wanted to touch on the issue of exemptions. We know that the DWP has not defined what is meant by "significantly adapted housing" for disabled people in social housing, but we are aware that the Scottish Government has. Do you see any problems with the Scottish Government definition of this?

Keith Dryburgh: We sent you a written grouping with the Scottish Government definition, and we think that it provides a good basis, because from that definition and the Scottish household survey you can see there are 1,000 households affected with a stairlift and 7,000 with a bath or shower seat, and around 1,000 households with a bath lift. You could say that using the Scottish Government's guidance they are all a major adaptation, and those are the kind of people that we would like to see exempted. In the report, the Committee says that if it would cost two years' of savings or above to put the adaptations into a house, then that is inefficient. We have found some figures to say that the average cost of the grant adaptations is about £3,500, which is equivalent to over 330 weeks' worth of money, say, from the bedroom tax at the average of £11 per week. So that is six years' worth.

That average adaptation is six years' worth of bedroom tax savings, so that seems hugely inefficient and a waste of money. It's not just about the psychological impacts of losing an adaptation and having to move to another household and not being able to find it. Also, it does not make sense to the public purse. We quite strongly argue that you should use the Scottish Government's guidance or something like it for major adaptations, because it would benefit everybody. There are no winners from spending more money moving those people.

Q135 Chair: That is covered by a recommendation, is it not?

Keith Dryburgh: Yes, this is adding more flesh to the bones. From our figures the average is that it is six years' worth of bedroom-tax savings. The average adaptation with that should be well above the two years that you—

Q136 Chair: Yes. It is a question of what is in need of adaptation, and there would have to be a balance struck, because you could not say that anything that was in need of adaptation exempted people if the Government were not willing to abolish it. We thought the two-year figure seemed not unreasonable but if, upon reflection, you think for some reason that that is inappropriate, then by all means come back to us.

Keith Dryburgh: I think our first impression was that we were pleased to see that that was in there, and it mirrored what we were seeing as something inefficient in the current policy.

Chair: Right. We are pleased that you are pleased.

Q137 Graeme Morrice: I am certainly pleased, Chair. What do you think about the aims of the bedroom tax being met by prioritising the DHP for disabled people and significantly adapted properties and by not exempting them? Do you think that satisfies some kind of aim within the bedroom tax?

Keith Dryburgh: It depends on what the aims are, and I suppose they are—

Graeme Morrice: As you understand the aims.

Keith Dryburgh: Yes. It seems inefficient to put them at the top of the DHP poll, and it seems a bit like a lottery, because some might be covered somewhere and not covered elsewhere. To have a blanket approach you have to have an exemption, otherwise you will have some people with one local authority covering them and another local authority not covering them. It's because of the stress of that short-termism that you are still in that situation—you have a DHP so you are okay, but you know that at a stroke of a pen, a calculation on a budget, that could go, then you don't know what is going to happen next. It's inefficient to make it a DHP rather than an exemption, so we would strongly call for people in that position to be exempt.

Q138 Graeme Morrice: Someone earlier described the policy as perverse, and I do not think we disagree with that. The policy has been in situ for over six months now; do you think there are any other exemptions to the bedroom tax that we should be looking at at this point?

Keith Dryburgh: Yes, your report covers quite a few that we were suggesting.

Graeme Morrice: Okay. For the record, maybe you can just outline what they are.

Keith Dryburgh: Yes. People requiring basic medical equipment or treatment, particularly those on dialysis—it seems very, very unfair that if you have a room that is just for dialysis, you should be affected. There are other people who have hoists or wheelchairs in their rooms, and they are legitimate reasons for having those bedrooms. They are equipment that should be exempt.

One group that is not in the report, which is particularly pertinent to Scotland, is people in temporary homeless accommodation. This is very much a Scottish issue in that currently temporary accommodation provided under homelessness legislation that is leased by local authorities is exempt, but if it is owned by the local authority then it is not exempt.

We have seen plenty of cases where clients are homeless. They are placed in temporary homeless accommodation, but they are subject to the bedroom tax and the only reason is that the property is owned by the local authority and not leased. Because the client doesn't have any choice about where they are placed, some of them might have £200-worth of arrears when they go into their next tenancy, and that's purely because the local authority owns it. That should be in the report.

Q139 Chair: Yes, we did cover that a bit in paragraph 28, but we did not come out and make firm recommendations because we were lacking evidence on that. It was anecdotal in Glasgow, where they were covering this point and it was not only the question of temporary accommodation, it was also about people who were in homeless units who were being offered accommodation outside. If there were properties that were too large for them and caught in the bedroom tax, they were not willing to take hem because they would then immediately build up arrears.

It is a question of how we deal with that. One of the points it would be helpful for you to reflect on and come back to us on was the point that was made by North Lanarkshire. I suggested that you could re-designate some two-bedrooms as one-bedrooms in order to allow somebody to occupy them. The council then said that they would have to re-designate the whole block in those circumstances, and that they would lose a substantial amount of rent. I am not entirely clear how we square that circle, but I have every confidence in you being able to do so, so no pressure then.

Keith Dryburgh: In terms of the temporary accommodation, that is an easy fix because it should just be the case that local authority-owned properties are exempt. It is a particular problem in Scotland because most are owned by local authorities, whereas in England most are leased, and that's just a divergence under—

Q140 Chair: Why, in that case, would you make an exemption for somebody who was in a local authority property, as distinct from leased?

Keith Dryburgh: I don't understand the reasoning. I have one case here, I think it was up in one of the islands in Scotland, where one family came in and they had been placed in B&B accommodation. They were exempt. Another family had been placed in local authority-owned accommodation, and they were not exempt. Their family situation was exactly the same, but it just depended on where they were placed, which seems an unfair situation for very vulnerable people who are homeless.

Q141 Chair: Right, I have just had it explained to me by the staff, so that point is covered.

Keith Dryburgh: Yes.

Chair: Can I just ask you two other things? You mentioned earlier something about bedroom tax profile. I am told by the staff that they have never heard of this before, so what is this?

Keith Dryburgh: We published a briefing last month on bedroom tax and how it has impacted on disabled clients. Looking at our statistics, we were able to make up a profile of people we are seeing who are seeking advice on the bedroom tax, so that's where we got the figure that two thirds are disabled.

Q142 Chair: Fine. It was just something that we had not seen before.

On the point that you made in response to Graeme about variations in different parts of the country in the application of DHP, we have recognised that in the report and said that we were hostile to the idea of a postcode lottery, and that we would want to see a universal basic standard applied right across the whole of the UK. Are you supportive of that?

Keith Dryburgh: If you have the exemptions right, then that would cover the right people and after that you could have flexibility within DHP. I suppose if you are not getting exemptions then it is something worth looking at, but only if upon review we are seeing that the right people are not getting DHPs. We do need to review whether it is working.

Q143 Chair: Why we raise this is that when we were in Wales—when we had the meeting in the Welsh Parliament building—the folk that we met there were stressing the unfairness of people one side of the road getting one thing and people on another side of the road not. That was what led us towards the view, which they were strongly arguing for in Wales, that there should be a basic minimum standard. Taking local variations might be the function of DHPs, rather than everything being simply at the discretion of local authorities because some local authorities elsewhere in the country have decided not to top up DHPs, for example. That does seem unfair on the individuals involved, and that is why we came to that conclusion.

Rather than have uniformity either in Wales or in Scotland or in England, we just said that it should be across the UK as a whole. We saw that as being part of the social wage, like the question of keeping the pension the same and so on. Is that something that CAB in Scotland have discussed with CABs elsewhere? Is that something that you would find acceptable, or do you see great difficulties in it?

Keith Dryburgh: In principle it is a good principle. If the money in DHP had not been topped up, this would be a real issue, and we would see generally people who need support not getting the DHPs. The fact that that has been talked up is masking over that issue. First and foremost, we want the right exemptions in place but, if not, then we would not be against that proposal.

Chair: Right. It would be helpful if, on reflection, having read our report for the fifth time, you identified other exemptions, then let us pick those up. We were quite clear that we did not think we had identified all the exemptions that would be appropriate, we just took the most salient ones.

Jonny Miller: What Keith is saying about the exemption aspect as opposed to DHP is quite important. If we are not having a high take-up of the discretionary housing payments—which in North Lanarkshire we are not—it is because the onus is on people to make the application. If you had the exemption, that could well be processed at a local authority level and, if not, successful repeal may be a way forward.

One other group they might be looking at —it is a very tricky thing, because where do you stop when you are looking at exemptions?—is non-resident parents. There are an awful lot of people with two children who are getting penalised for the fact that they are no longer living with your children. Maybe that would be a group to have a look at as well, but it is a tricky one because if you cannot get repeal, where do you stop? But that is maybe a group that it would be worth having a bit of—

Chair: We found ourselves in that difficulty. Given that we are against the bedroom tax altogether, if you start making all sorts of exemptions, is there anybody left that is not exempted from something that you are against? We were not quite clear where exactly to draw that line. But, again, we have every confidence in your ability to come back and answer that for us.

Q144 Pamela Nash: I don't think they have to draw the line, but you mentioned non-resident and parents, and I have to say that in my experience as a constituency Member of Parliament that is certainly an issue that has come up a lot. Among the people who are coming to you for advice, have there been a significant number of people who are now struggling to maintain a room for their child?

Richard Young: Personally, I haven't seen it, but that is probably because I haven't seen the statistics on it. I don't know, Stewart or Richard, if you have had anything on that. It's something we can pull certainly off the stats.

Stewart MacDonald: Most of the ones we've seen have just been single people who are resident in a property where there's a spare bedroom or a couple of spare bedrooms, and that has been hard. That has been expensive.

Pamela Nash: That has not been one of the reasons why they have had the—

Stewart MacDonald: Again, my statistics are totally different from the rest of this but that's the ones that we predominantly see.

Richard Young: I have to say, I have had quite a few cases where single men who, for whatever reason, have had to leave the family home have been put into a two-bedroom house, because that was all that was available, and now they're finding themselves subject to the bedroom tax. You do hear quite often from them, and the big fear they have is that it's going to affect access to their children. That has been causing problems elsewhere in their lives, and that is a significant stress for those individuals.

Q145 Chair: Can I just clarify this? That would be something that could be quite easily delineated, would it not, because for most people who are separated from their children there would be records of that? I am just trying to think of what the Government response might be—presumably lots of court judgments and CSA rulings and so on already have accepted where people have overnight responsibilities in some circumstances.

Stewart MacDonald: There is that aspect of it, but there's not a duty, as I understand it, within the bedroom tax. A sheriff or whatever might say that somebody should have overnight access to their child, but the policy might not.

Chair: No, no, I understand that. I just want to think what the Government response might be to that. In fact, those who were eligible for an exemption of that sort could quite easily be delineated, could they not? There would either be a court judgment or there would be someone from the CSA saying who had access to their children, and therefore the vast majority of cases could be quite clearly identified in these circumstances.

Stewart MacDonald: Yes.

Q146 Pamela Nash: The Government have said that these children should sleep on the couches of the absent fathers and mothers but, as you said, the CSA definition of shared care is 52 nights a year or something.

Stewart MacDonald: I have to say, though, not all relationship breakdowns have gone through the court. There will be people who will slip through the net.

Chair: Sorry, I could not catch that.

Stewart MacDonald: In the circumstances that you are talking about, not all relationship breakdowns like that have been through court, so there is not always a judgment on the child.

Q147 Chair: What we want to avoid is making recommendations where the Government says, “We could not do that, that is too difficult to do and, therefore, we are not going to try it at all”.

Keith Dryburgh: Yes, but it would be the easy way of identifying that.

Chair: That is right. It cannot be done but if it is possible to delineate categories and groups and say, “Here is something that you could produce in evidence”, then that would be helpful. Homelessness is one.

Q148 Pamela Nash: Yes. Keith, you have already touched on this. We sent the report, and we had heard a little bit of evidence previously about the fact that people moving from temporary accommodation—people who have been termed homeless—might not have one-bedroom properties available to them because of others downsizing, or vice versa. People cannot downsize because of that. Has Citizens Advice seen any evidence of this now having quite a significant impact on people in that situation?

Keith Dryburgh: Most landlords keep aside a set amount or a proportion of one-bedroom properties for people coming out of homelessness. There’s a knock-on impact on the bedroom tax, because that’s less properties that people could downsize into. I have seen case evidence where it has been a problem when somebody is having to turn down properties because they’re not able to make up the difference in benefit and rents. I wouldn’t say it’s a huge case area we have seen, but we are certainly seeing examples of the issue you are talking about.

Pamela Nash: Okay.

Q149 Chair: How do we deal with that?

Keith Dryburgh: In the cases we have, that’s basically the point in time where the issue came—they came in because they didn’t know what to do. We haven’t been able to follow up those cases to see what happened.

Q150 Graeme Morrice: Since the allocation policies, in the paper *Voices from the Frontline* you recommend, “All social landlords should review their allocation policies to ensure that anyone who wants or needs to downsize is able to do so.” Is this deliverable, bearing in mind the mismatch between demand and supply for smaller properties? Earlier today when we heard evidence from North Lanarkshire Council, they outlined the difficulties in striking the appropriate balances in this area. What is your view on that?

Keith Dryburgh: Yes. I was encouraged by the North Lanarkshire response to that, that they are flexible towards rent arrears. There are a lot of people who get stuck in a catch-22 situation in that they cannot afford the deficit, if you like, but they cannot afford their debt either. There is one client who was stopped from moving because he had £79 of debt. That seems ridiculous, and he couldn’t pay that back—he was getting into more arrears, but moving housing would have been the solution.

We are also processing cases where people have been stopped from moving because they had chargeable repairs on their current tenancy, so they had £200-worth of repairs but they didn’t have the money. There are a lot of early examples of people being stopped from downsizing because of that. Councils are taking a more flexible approach, as evidenced by North Lanarkshire, so I would encourage all local authorities to take a flexible approach. If there is £79 of arrears or £200-worth of repairs, you are solving the situation by either writing it off or transferring that debt so they can repay it once they are in a better situation and a different house.

Q151 Chair: Mr Young, maybe we could come to the question of tribunal cases. I do not know, do you deal with these at all?

Richard Young: I don't. We have a specialised tribunal unit.

Q152 Chair: Sorry. In that case it is for somebody else, then. On the experience so far with first-tier tribunals and second-tier tribunals, you heard the evidence that we were discussing earlier on with North Lanarkshire about encouraging them to pursue cases to the second tier, even if they were not in principle in favour of winning, simply in order to get the precedent established. Is it your experience that people are doing that if the DWP does not? What should we be looking at in this whole area to try to take things forward?

Jonny Miller: For ourselves at Airdrie CAB it's early days to say, because we got funding from Scottish Legal Aid to start a project on 1 October. We were not doing too many tribunals before then because of the funding and the cost of employing someone to do it. We do have a unit that we run across North Lanarkshire. We have had 46 referrals since 1 November, when the project got up and running. Only one of those was a bedroom tax case, so that will be carried through and going to tribunal.

We would certainly be encouraging them, especially around the bedroom tax, to go to the upper tribunal from the first tribunal to set a precedent there. But there are a lot of complexities around that, because a lot of the arguments will be human rights ones. Article 8 was quoted, because we got a legal opinion from Adrian Stalker, an advocate in Edinburgh, through that project. I haven't seen the outcome of that yet but we have two lawyers working on the project we're looking at as well. We haven't seen the full effect of that yet, but we definitely will be taking this forward.

Chair: Right, okay.

Q153 Jim McGovern: Could I just try and clarify it for you? Jonny, when you say that you would certainly encourage it to go to a second-tier tribunal, you mean you would encourage the applicant, as in the tenant, or encourage the landlord, as in the council or the social landlord?

Jonny Miller: If a client came to us and went to tribunal and was appealing against the bedroom tax decision, and that was refused, we would be assisting the client to take that to the next level—to the upper tribunal—on an error in law. That would be assuming that our client would be the landlord. There wouldn't be very many cases when, say, the local authority, for example, would be a client of ours.

Q154 Jim McGovern: Yes, but I got the impression in the earlier evidence session and other sessions in Scotland, Wales, the Western Isles and so on, that even where councils are against the principle of the bedroom tax, they would feel obliged to go to a second-tier tribunal in order to create a precedent. It puts them in the horns of a dilemma, in as much as the public perception would be that they are challenging what looks like a perfectly good case from the tenant.

Jonny Miller: There is certainly a conflict of interest there. I don't think we would be. If a client came to us and had a successful outcome in the first-tier tribunal we wouldn't then go to the landlord and say, "Would you challenge this to make a precedent?" We would accept it because we've done the best job we could for our client. The local authority knowing—

Q155 Jim McGovern: A precedent would be preferable, would it not, especially if it was in favour of the tenant, your client?

Jonny Miller: Yes, definitely. I have never thought of whether we would approach the local authority and say—I don't think that would be—

Q156 Jim McGovern: You can understand the issue, can you not?
Jonny Miller: Yes.

Jim McGovern: Tier 1 does not count in terms of precedents, only tier 2, but to take it to tier 2 somebody has to do it. If the DWP does not want to have that precedent established, you can understand why it would not want to do it. It is now a question of how it is progressed.
Jonny Miller: Also, it is about the system, because even if it goes towards the second tier or the upper tribunal, from that stage there could well be another appeal. It could be a very lengthy process, especially with this type of issue going up to the higher courts and even possibly Europe. I know Govan law centre has looked at taking some cases on, so it could be quite a lengthy process before we get established. Of course, all the cases in that time should be assisted, but it relates to that issue anyway.

Q157 Chair: Mr Young, I feel guilty, because you have not had all that much to say or the opportunity to answer too many questions. Is there anything that you want to add to what we have discussed so far from your perspective?
Richard Young: I've covered the points that I wanted to anyway. The main issue for us is where people have been involved in the court process and they've been in a payment arrangement, and effectively both parties in that payment arrangement, the landlord and the tenant, and I feel quite happy with it, and then this kicks in. The ones that come to us for help probably do get the discretion of a housing payment or the sustainability payment, but there's a raft of people that will not get it, and they are now in rent arrears—bigger rent arrears than before.

Q158 Pamela Nash: Are there any people who are not getting that support from the sustainability fund at DHP who you were surprised at, because you thought they might have got it?
Richard Young: To be fair, all our clients—every single client that I deal with—come by way of referral, so I'll be referred clients from CABs or from North Lanarkshire Council themselves. The reality of it is that they have been told about one of the two payments prior to coming to me, so it's very unusual for me to get someone unless I pick them up as part of the duty service.

Q159 Pamela Nash: Not that they would know about it, but they have applied for that financial support and did not get it, and yet still found themselves in court.
Richard Young: None of our clients have been refused it.

Pamela Nash: Okay.
Richard Young: I can only suppose, then, that it's because of the seriousness of the issue that the payment has been made, but none of the clients that I have dealt with have been refused it.

Q160 Chair: Okay. I think we have come to the end of our questions. Again, the standard thing at the end is that you can give any answers you had prepared to questions that we have not asked, or any issues that you think we have not covered in the areas that we have discussed.

Keith Dryburgh: In the last session and in the Committee, report you talked about a reasonable offer.

Chair: Yes.

Keith Dryburgh: It seemed a good idea in principle to understand that would be very complicated in practicalities. It struck me that when people are looking for work they sign a JSA agreement, and if they keep to that they are fine and if they don't they can get sanctioned. It is important that each person has an agreement of what they can or should reasonably accept, otherwise that might be complicated. It is fair in principle that people should have the chance to find alternative accommodation before they have the financial penalty imposed on them. I think that—

Q161 Chair: Our view was that the whole tax could not be applied uniformly to everyone fairly, simply because there were not enough smaller houses available. Everyone recognised that that was a difficulty, and we took the view that everybody had to have an offer made before the tax was applied to them. But then there is the question of what is an offer and what is a reasonable offer. Jim has already mentioned the question of Benbecula in Stornaway, and other people can raise other issues—we are just looking for guidance.

We have already heard from the council that moving from cottage-style accommodation to a multi might not be considered a reasonable offer. But, on the other hand, if one is immediately beside the other, I can see why somebody in government might say that is reasonable. We are looking for some degree of clarification of what the consensus view is on what is reasonable.

Jonny Miller: That is something I was going to mention as well. We do have quite a few examples of what is reasonable in certain areas at the moment—a reasonable offer of employment, for example, or alternative employment, which generally is what it would take for someone to not be disadvantaged, or for their situation to be not substantially different or have no significant change. If you are offering someone a house where they are living in a nice area, for example Newton Mearns or somewhere like that, and then you're talking about putting them in a flat, I know this is not the sort of—

Pamela Nash: Do not give an example of that, will you?

Chair: Somewhere else.

Jonny Miller: It wouldn't have been Airdrie. But, yes, it is about substantial differences. Some people might have a choice now, and they might be asked, "Would you prefer to move this way?" If you are looking at what reasonableness is, there's got to be no significant disadvantage or no significant change. There's also the element of reasonableness—does the person have the ability to move? Who can help them move? Do they have disabilities involved with that? What is the cost of moving? There is family support, which I know was mentioned earlier, and friends, because they are all relevant and to be taken into account. But even within homelessness legislation there is provision for a reasonable offer of alternative accommodation as well, so it might be worth looking at some of those things.

Chair: Any other points anyone wants to raise with us? If upon reflection you identify any points that you want to raise with us that you think we have not covered here today, by all means put it in writing. We are likely to try to produce another report in two or three months—another interim report before the end of the financial year—so the sooner the better. Thank you very much for coming.