



Scottish Affairs Committee

Oral evidence: The Impact of the Bedroom Tax in Scotland – Continued, HC 937–V Monday 10 February 2014

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Members present: Mr Ian Davidson (Chair); Mike Crockart; Jim McGovern; Graeme Morrice; Lindsay Roy.

Questions 379 - 430

Witnesses: **Councillor Craig Martin**, Falkirk Council, **Councillor Linda Gow**, Falkirk Council, **Councillor Gerry Goldie**, Falkirk Council, **Mary Pitcaithly**, Chief Executive Falkirk Council, **Rhona Penman**, Advice Services Co-ordinator, Link Housing Association, and **Bill Palombo**, Grangemouth Citizen's Advice Bureau, gave evidence.

Q379 Chair: I apologise for being so late. Welcome to this meeting of the Scottish Affairs Select Committee. As you are probably aware we have conducted an inquiry into the impact of the bedroom tax in Scotland and so far we have produced an interim report that made a number of recommendations. For people in Scotland, scrapping the bedroom tax is one of the main recommendations but also a number of changes if the Government chose not to do that that we would want them to introduce to make it easier to operate. We welcome hearing from the witnesses today what they thought of the recommendations that we made if the Government chooses not to abolish it.

We are also now aware from meetings that we have had that the Scottish Government does have, and has always had, the powers to completely mitigate the bedroom tax. As one of the witnesses said to us this morning, “Why have they not done it before now?” That is maybe a moot point but we are where we are and we want to discuss whether or not people believe that introducing more money into the DHP system is the best way of doing it or whether or not, in fact, there are other ways that are as or more appropriate and would work better. One of the issues raised with us quite consistently is that any system that writes off debts arising from the bedroom tax is obviously unfair to those that have scrimped and saved and perhaps borrowed money or used up all their savings to meet the costs of the bedroom tax to date. We want to make sure that we have some equality between those that are affected. As we go through this we welcome hearing from you how you feel those sorts of issues should be dealt with.

Could I maybe just start off by asking the victims—the witnesses rather—to introduce themselves, indicate what place they have in the organisation and just make a brief comment, if you want, at this stage about the main issues that were raised in our report and how you believe the Scottish Government ought to be using the powers that we have identified that they have? If we could start with you first, Craig.

Councillor Craig Martin: Thank you very much. On behalf of the panel here, can I welcome the Select Committee to Falkirk? It is always good to hear the interest of others within an area.

I am Craig Martin, I am a member of Falkirk Council. I have read your interim report and there is nothing you are saying we could argue with. If they are not going to scrap it or they are not going to repeal then we should be looking at some sort of exemptions, especially for disabled people and also those with disabled children, as well as children of secondary age having to share bedrooms. I do not think anybody here will disagree with that.

More importantly, I think everyone sitting here realises, and hopefully as today goes on this will be explained to you, that this measure that has been put in by the Government in the UK is not working. It is not working at local level and it is probably not working at national level either but we will try to explain that you as the day goes on.

Councillor Gerry Goldie: I am Gerry Goldie, I am the spokesperson for housing. The interesting thing about your statement was that as the picture became worse, as things became gloomier, I moved at the full council that we should write as a council to the Scottish Government asking for financial assistance to alleviate the cost burden to us and to help our constituents. Amazingly, that brought a tirade of ridicule, with two MSPs in the area and the entire SNP group denying that there was funding available and denying that the powers were available to the Scottish Parliament. Obviously that was a disappointment. Since then things have happened, and other people—other councils—have written in.

My main concerns is that quite obviously—and it would be obvious to everyone—there is no way that local authorities, if the tax were to remain in place, can resolve the problem. We are talking years. We could be talking 10 or 15 years before Falkirk gets anywhere near resolving the problem. The impact of that is we are diverting funds and additional staff time to help people. The knock-on effect is the duties that these staff would normally do are put on the back burner by trying to manage the system. So the tax itself, and the DWP changes, have an impact on everybody. Yes, we talk about people having the bedroom tax but the impact is right across the board for the people of Falkirk and Scotland.

I just do not know how long they will persevere with something that is quite clearly not fit for purpose because we have an inability to be able to resolve our problems.

Councillor Linda Gow: I am Linda Gow, councillor responsible for health and social services. My real concern about the bedroom tax is the fact that along with sanctions that have been imposed, it is a double-whammy. It is a double-whammy on the most vulnerable. It is impacting on many of the users of the services in health and social care and also in health and wellbeing. I just cannot see the common sense in bringing legislation and then looking at alternative legislation to mitigate the original legislation. It just does not make sense to me.

Mary Pitcaithly: Hello, I am Mary Pitcaithly, I am the Chief Executive of the council. Fortunately for me I have a whole host of officers supporting us here this afternoon who might be able to answer the more detailed technical questions you might have. So please feel free to ask the questions, but I may not be able to answer all of them without recourse to my colleagues.

Q380 Chair: All right, I notice that you are also the Chief Counting Officer for the Independence Referendum?

Mary Pitcaithly: I am, but you wouldn't hold that against me.

Chair: Shall I tell you what is going to happen or do you want to go through a long rigmarole?

Mary Pitcaithly: Yes, better wait until 19 September.

Chair: You think so, all right.

Rhona Penman: I am Rhona Penman, I am the Advice Service Co-ordinator with Link Housing Association, which is one of the biggest RSLs in Scotland, registered social landlords. I would just reiterate what my colleagues are saying. There is significant impact from the bedroom tax on our tenants and on our organisation in terms of reduced income, trying to maintain services and so on with that. What we can do about it? Discretionary housing payments are very useful but the time and cost involved in administering that mean there has to be a better way.

What I would say in terms of summing up at this stage is that whatever we do needs to be fair to everybody. We do not want to be seen to be rewarding people who have not paid because they couldn't and we don't want to penalise those that have paid. In the main what we are finding is that tenants who are paying are going without food, they are going without fuel, they are going without other essentials or they are borrowing to try to meet that shortfall.

Bill Palombo: I am Bill Palombo, Manager of Grangemouth and Bo'ness Citizens Advice Bureau. There are three citizens advice bureaux in Falkirk Council and I am here on behalf of the three of them. We obviously fed into the Citizens Advice Scotland report and we endorse the comments contained in that. We feel, yes, it should be scrapped but if discretionary housing payments can be increased it would help. But it is just a sticking plaster; it does not address the real issue of how it is not fit for purpose and the way it is impacting on low income households in general.

Q381 Graeme Morrice: Good afternoon, it is good to be back in Falkirk. Sorry we didn't bring the sun with us. When we were in Livingston this morning it was certainly a glorious day out there and it was great to be back in my own constituency at that point.

I wanted to touch on the issue of evictions. You will be aware from our interim report that we certainly do not want to see any evictions taking place as a direct result of people ending up in arrears through the bedroom tax. I am aware that as a council you said you would like to see a policy for at least 12 months for those tenants who would be impacted specifically as a result of falling into arrears with the bedroom tax. I think we are going to touch on arrears later on. I just wanted to know if you had adopted that policy as such and are implementing it? Could you maybe explain the detail of the implementation of that policy?

Mary Pitcaithly: I can confirm that the council agreed to adopt such a policy back in June 2013. Can I just double check if members of the Committee have a copy of our submission? Rather than read that out I can refer you to paragraph 14.9 on page 13 of that. It effectively does provide for exemption from eviction in certain conditions.

Councillor Gerry Goldie: If there was no change we said that the policy would run this year as well, but the difficulty with that policy is the public perception—and I believe the

policy is correct—then becomes, “Well, if Craig is running up rent arrears and there are no sanctions, although we are talking to you all the time, then why should I pay them?” That is a knock on. So the policy is quite clearly that if you talk to us, if you try to alleviate the situation and help both parties then we will not take action. The difficulty is that the depth and the severity of the welfare benefit changes are making it difficult for people to get by. The priority, sadly, is not their rent; it is keeping your family.

Q382 Graeme Morrice: How does that policy work? You have mentioned that it is not just people running up arrears as result of the bedroom tax, arrears have been around for a long time before the bedroom tax and there are a host of other reasons why people get into arrears. So how do you differentiate it between the two? How do you balance that payment situation and, in particular, your point that if you are looking at specifically protecting those that are running into arrears because of the bedroom tax, what about those that are running into arrears because of other reasons?

Councillor Gerry Goldie: That is right. The policy on arrears is quite plain and it applies to either group. If you are willing to talk to us and if you are willing to try to help us to help you resolve the situation then the last course of action would be eviction.

If you had run up rent arrears prior to the bedroom tax and you were involved in paying something back, something additional to your rent, we accept that it can be extremely hard the to pay bedroom tax arrears off as well as existing arrears. But if—and I have to be honest—you quite frankly say to us, “Look, I am not interested, Alex Salmond says it is all over anyway, the press say we are winning the battle, bedroom tax is away”, if you sit there and do nothing then we will take action. The impact of these rent arrears that are accruing across the board now could mean that we would look at, for example, updating programmes, we would look at our house building programmes, so that the people that are paying rent have to be protected as well. If we lose income that has a knock on effect.

Q383 Graeme Morrice: So to date you have not evicted anyone who has not been able to pay the bedroom tax. Have you started to take any kind of formal action or legal action against anyone specifically as a result of the bedroom tax?

Councillor Gerry Goldie: Not if they are willing to talk to us.

Q384 Graeme Morrice: So your policy will be to attempt to sit down with people and try to work it through with them. What is the detail of that process?

Councillor Gerry Goldie: Well, they would get help and benefit advice. We would discuss the alternatives and house size, if there was house available. We have made the bedroom tax a priority. If it is a third bedroom that is a problem, although you like living here we will try to move you to a two bedroom, but that two bedroom has to be where they want to go. Initially, if they are prepared to assist us, and it does not have to be a major agreement—you cannot get blood out of a stone—the staff in the estates or the staff in our offices, benefit staff, housing staff and finance staff are all out there. So we are trying to get to people to make them aware that this is legislation that we must comply with, and if they can help us then ultimately they will help themselves.

Councillor Craig Martin: We do know that there are a number of people who are not engaged with the council or indeed social landlords for one reason or another. At the last

executive meeting we passed a recommendation to fund a process where we could try to find out why these people are not engaged in it. What is it? Why are they not coming to the council? Why are they not going to the social landlords and getting help and assistance? There are a fair number of people who are not engaging with us. Is it through mental health issues? Is it through other issues that they do not realise we are there? There is a big question and we know that, but there is also another side of people not paying their rent to the council. We are currently £476,000 in arrears at the moment, lost income. As Councillor Goldie said, that is money that we would use to invest back into the housing stock in Falkirk. So if you took that over the whole of Scotland, a fair amount of money is being lost in investment back into housing stock.

However, to be fair, we took a decision and we stand by that decision to not evict people with bedroom tax arrears as long as they are engaging with the council.

Q385 Chair: I wonder if we could maybe just pick that up from yourselves about why people are not engaging. We heard that this morning as well and it was suggested it was a combination of learning difficulties or people just burying their head in the sand. Are there any other explanations that the council could address in terms of getting people to apply for DHPs?

Bill Palombo: As ever there is a plethora of different reasons for different individuals. I think the mental health side is quite a big factor in a lot of them. People who don't like filling in forms and don't like contacting people are very introvert. There is also A change in circumstances. When someone has a change in circumstance, they think it is only temporary so they will delay looking for help for that. Some of those that have not claimed benefits before, they just do not know where to look. There is that aspect as well.

Q386 Chair: Surely the council is proactive and therefore these people are being approached? Unless I am mistaken most councils make an effort and therefore you have to almost, in a sense, consciously reject their approaches not to be pursuing things.

Mary Pitcaithly: Yes, and we find that some people do consciously reject any approach until it is almost too late, that is just human nature. That is a very big problem and it is easier to ignore it for as long as possible. Very early on in this process we identified everybody who was going to be affected by this particular change to welfare benefits and we proactively contacted them. Initially we started by writing to them but then we followed that up with visits if they didn't pick up the phone or respond to the letters. So we have made every effort that we can to contact people and to keep in touch with them.

Once they are in touch with us then it might be as simple as agreeing a payment plan so that they can clear any arrears that have built up. That might be all that is required. They might need a bit of advice about budgeting for example but it can be a lot more difficult than that obviously. One of the things that we would do is support them in relation to applying for a discretionary housing payment but also support them in relation to appealing against the particular provisions in the first place. It may be that they would have a legitimate appeal against the imposition of this, so we would help them with that. We have a welfare benefits advice service that we have augmented by quite a number of additional members of staff so that we can do that and we have also provided additional support to the three local CABs to help with that as well.

Councillor Gerry Goldie: Apart from these circumstances, it is the despair that these changes are causing. People are just giving up. They just do not want to know because they know that even with our help they cannot manage their budget. I was saying to the Chief Executive and my colleagues, I was in a house not that long ago and there was a family of three kids, say between five and nine, and their mother was crying because on the coffee table was one packet of vinegar crisps for three people. The woman's income after she was paying various things off was £30 a week for heating, lighting and food. In fact we have staff who have been to see her and fortunately that situation, hopefully, is now resolved. But if you take that lady and those kids across Scotland and Britain, somebody never ever calculated the impact of this.

Q387 Chair: I understand the scale of this. I think what we want to try to just clarify in this item is the lack of engagement. Clearly if you are somebody like that who has workers going along and seeing them, they have been engaged, as it were, by yourselves. What we are anxious about is those who have not been engaged, despite the best efforts of the council. We are looking for some guidance because obviously this then has implications for how we try to address any mitigation of that.

Rhona Penman: I think there are a couple of other things. Within Link we had about 400-odd tenants that we identified as potentially going to be impacted by the bedroom tax and we offered a home visit to every one of them. This was over a year ago. Initially a lot of them said, "No, we don't want to know" and the expectation from their point of view was, "It is not happening, it is not going to happen, this will just go away". However, we kept at it and eventually we have managed to engage with just about all of them.

The other point to bear in mind is that a lot—

Chair: Sorry, what does "just about all of them" mean?

Rhona Penman: About 95% of them have now talked to us and we have had the conversation about what their options are and what they want to do. We have explained the incentives that we can offer them to assist them. We offer them money advice, benefits advice or whatever it is they need.

There is a lot of urban myth out there. There is a lot in the media and in the press and, as we have already alluded to, that does impact on our tenants' behaviour. They are more likely to believe their next door neighbour than they are to believe an official that they do not trust.

I think the other thing to bear in mind, which is a significant problem, particularly within the RSL sector is literacy issues. We know from statistics that roughly 50% of our tenants will not be able read and fully understand the written material we issue to them. So we need to find other ways of engaging with those tenants, and that is through telephone calls, through one to one conversations. Similarly, for people with mental health problems, you need to do it on their level in their space and in a way that they are comfortable with. It can take time to build up that relationship. That time is resource, and that resource costs money. That is where I think a lot of particularly local authorities, with the volume of tenants that they need to see, are probably coming into difficulty.

My final point is—and in the trade you will probably know about this—brown envelope syndrome. You get the brown envelope and you just put it in the bin because that is something scary. We will go to tenants and find a huge stack of brown envelopes that they

just have not opened. I think again that if it is marketed in that way to them, it immediately puts up the barriers.

Councillor Craig Martin: That is a good point that Rhona is making because it is something our staff have picked up as well. Almost 50% of those people who have engaged with the council have some sort of mental health issue or indeed learning issues or other issues. That is a very important point. When you think back to previous decisions and previous Governments—the care in the community situation back in the 1980s, 1990s—those people out in the community are probably these people that are affected by this. They have maybe been forgotten about because they have been there for so long. So you can maybe see a trend or an issue there. I think that is a good point that Rhona is making and it is something the council sees as well, a lot of people involved in this are probably the most vulnerable in our society.

Q388 Jim McGovern: Just while we are on the subject of evictions, and God forbid it comes to either a social landlord or the council evicting a tenant, would you not then need to accommodate them—say a mother and father and three kids—in subsequent housing or something?

Councillor Gerry Goldie: That is how crazy it is. It is the magic roundabout. We take you, your wife and your kids out of your home because of non-payment, specifically because you are telling us, “I am not paying the bedroom tax, Alex Salmond is right, I am doing nothing”. So if we evict you then, Jim, we are automatically under the Homeless Act, and although you could be classed as intentionally disadvantaged, at least for a period of time, we would have to rehouse you and your family and it would cost us more money to do that. It is just crazy. The kids are now away from the school they were in because their house might not be there. It is the stupidest thing I have ever heard in my life. If you looked at the bedroom tax and the rent levels in England then that might not be the case about costing more money to evict but the rent levels in Falkirk, I think, are about the fifth lowest in Scotland. So you have policy based, if you like, on hotel costs in London and hotel costs in Falkirk. There is no comparison to it.

It would cost us more money to do it, your family would be disrupted and at the end of the day where do you go then?

Chair: Not only are we pressed for time but you have given us a pretty comprehensive written document, so the point that Jim was going to raise about arrears has already been covered in the written evidence so we will not cover that just now. If we could move on to Mike and the question of reasonable offer.

Q389 Mike Crockart: Assuming the bedroom tax policy as presently constituted remains in the short term, in previous sessions we have discussed the idea that tenants should only lose a portion of the housing benefit if they are given a reasonable offer of another property and then choose to decline that offer. Can you see any problems with that suggestion perhaps in defining what might constitute a reasonable offer?

Councillor Gerry Goldie: The good news in Falkirk is it is a bidding system, so you bid for a specific property. We give you a magazine, Home Support, so every week, every Wednesday you get the Home Support magazine. That magazine tells you the rent, the size of the house, the gas type that relates to the house. So the reasonable offer would be that you were actually choosing. The difficulty we have is that there are other people who are applying

for housing as well and their priority, if they are overcrowded or they are disabled or whatever, is their own. The bedroom tax has brought 2,500, 3,000 people back on to our system who are quite happy staying where they are. There is no way around about it. Perhaps, if you wanted an idea, the bedroom tax should only apply where tenants move into a house knowing they have an additional bedroom and knowing that if their circumstances change then they would be asked to pay the bedroom tax. I have people coming to me, young couples, waiting for a bigger house and saying, “That would be fine, we would do that”. But it should certainly not apply to people who do not have the finance, the circumstances or the health, indeed, to move into a smaller house.

Q390 Mike Crockart: You do not make offers in any circumstances, it is always a bid?

Councillor Gerry Goldie: Yes. When doing the homeless accommodation you must bid every three months, but again it is a bidding system. But the problem is supply and demand and if we keep running up arrears then the supply is going to get less and less.

Q391 Chair: This is in the context of our proposed amendment if it is not scrapped, and I think there was a very strong view that there were not enough houses to go around. I think we have seen that from your paper. However, if there were houses to go around and you were offered the house, is it then not reasonable for you to either accept that or have to pay the bedroom tax? Now, that was the sort of alternative we are putting forward to the Government, it would only be applied in circumstances where, first, there was enough and, second, you had made a reasonable offer. If that was introduced, would you see any difficulty with this concept of defining a reasonable offer for your local authority area? An example that some of my colleagues have used before is if you are living in Stornoway and you are made an offer of an appropriate sized house in Barra, that could be deemed to be not reasonable. Unless I am mistaken different parts of Falkirk are not the ends of the earth and therefore they might be the same anyway.

Councillor Gerry Goldie: I would say then a reasonable offer would be if you had kids it would be within the same catchment area—sorry with the high school catchment area, which your policy is. If you were elderly as I am or disabled it would be close to or as close to relatives as we could get you where you were getting support. You may have moved into that area to get support. So within the high school catchment if you have kids and if you have moved for support by relatives then it would seem crazy for us to move you away because of the bedroom tax.

Q392 Mike Crockart: Again, I am not asking you to write the policy but the question was do you foresee any problems in trying to come up with a definition for reasonable offer?

Councillor Gerry Goldie: No, no, anything would be better than this.

Rhona Penman: Obviously, there could be grey areas around the edges on what was reasonable, where you as an organisation are saying one thing and your tenant is saying something different. But I think that as a concept is certainly worth exploring.

Q393 Mike Crockart: Presumably you would operate in numerous different circumstances, and the local authority also. Do you have experience of offers or is it a similar system?

Rhona Penman: It is a similar system. We work across 26 local authority areas and ours is a choice-based letting system as well. Just to give you an example, we have new builds in the Falkirk area at the moment and we have had 180 bids for each property, so we are hugely oversubscribed. What we have done is tried to incentivise tenants to move. Where they choose to do so, we are offering £300 towards removal costs. Again, one of the barriers can be that if they want to move they do not have the money to physically make that move. We are also offering them a priority pass so that they do have a level of priority when they are bidding for properties.

I think the other thing to think about, just to throw a couple of ideas in, is there has been some work done on looking at the actual rent differentials between a two bedroom and a one bedroom property and considering whether the under-occupancy charge should be based on that rent differential rather than an arbitrary 14% or 25%. I think the organisation that had done that worked out that £6 per week was the difference between rent for one bedroom and two bedroom property. So that might be something else.

Q394 Mike Crockart: In what area? That would surely be reflected in the cost.

Rhona Penman: It would be.

Mike Crockart: In terms of that figure you are quoting, was it in a particular area?

Rhona Penman: No, I cannot remember off the top of my head what area that was. I think it might have been Inverclyde or somewhere down that way.

Chair: The point that we picked up was that people should not be fined and that the maximum should perhaps be the differential in the range so you are not ending up paying more than would otherwise have been the case.

Rhona Penman: Yes.

Councillor Craig Martin: Rhona again made a good point about what the RSLs are doing but we are offering £1,000 a room if people want to downsize. So that is an incentive for people to downsize as well.

Like any other local authority, like any other landlord, we do not have enough one bedroom properties for those people who are looking for them. I do not know if you have heard this around about Scotland but obviously this will be getting matched elsewhere and people will try to find ways of egging people on to downsize or help them in the system to downsize. So that is what the council is doing as well.

Mary Pitcaithly: Just going back very briefly to Mr Crockart's question, I think it would be possible to devise a set of criteria that would allow you to determine whether or not an offer or an opportunity to move was a reasonable one or not. But it would be important—I am sure other landlords would do this as well—to have some sort of appeal process built in so that there was the opportunity to dispute that and an opportunity for somebody other than the front line person to be taking the final decision.

Councillor Gerry Goldie: Perhaps you could also set a rent that is based on the family complement as opposed to a number of rooms in a house and then that way that would resolve the situation.

Chair: That, of course, lies in your hands, does it not, as a landlord? So we will leave that to one side at the moment. We are not investigating the whole of housing, just the impact of the bedroom tax.

Q395 Mike Crockart: Moving to the allocation policy more widely, what is the profile of people who are bidding for houses and what size of house are they looking for? Is it one bedroom houses that are most in demand?

Rhona Penman: Prior to the bedroom tax, two bedroom was what most people were looking for and as RSLs that is what we were encouraged to build, that is what the subsidy was for. In the past 15 years, Government encouraged two bedroom, as it built in flexibility and allowed you to put in the newly married couple who stayed there until they had at least one or two children. So you are looking at maybe one or two tenancy changes over the lifetime. I think it is fair to make the point within the sector that we are trying to build homes, not bricks and mortar, and to put somebody in to fit them for a period. We are trying to build communities and it is about trying to sustain those communities over the long term. I think one of the very decisive things about the bedroom tax is that it is threatening to destroy that. People who are married one year want a one bedroom, as that is all they can afford. They have a baby, so you need to move them to a two bedroom and then they have a second child, so these tenancy changes are destroying communities.

I have also just done some analysis this week for a presentation that I am going to be doing at the National Housing Conference, and it costs the organisation £1,000 for each tenancy change. We have had 55 tenants who have successfully downsized since last April. So that has cost the organisation in excess of £50,000. That is on staff time, power and gas inspections and so on to go through that process. So a significant impact on the organisation that is a kind of hidden cost. We do it because that is our job. But, again, there are all those hidden costs for all those tenancy changes.

Mary Pitcaithly: I think for the council, back in 2009 when we did the Housing Need and Demand assessment, we were definitely identifying a need for bigger houses. People were asking us for houses with four or more bedrooms. We were engaged at that stage in looking at extending council houses to avoid the cost to both the council and the tenant of moving. So we were looking at loft extensions and so on because definitely the demand was for the bigger house type. But now we are finding we have had to reanalyse all of that in terms of housing need and demand and we are now definitely focusing more on one bedroom and two bedroom houses with far fewer of our new builds being larger type properties. Now, that means that hopefully if people are able to move from the bigger properties where they maybe brought up their families into the new smaller houses, for which there is huge demand as Rhona has said, then some of those larger four bedroom, five bedroom houses will become available for families who need them. That ultimately in time may produce something that is more satisfactory but it is not something we can do overnight. We are engaged in house building, as is Link, but there is a limit to how many we can bring on stream at any one time and a limit to how far we can meet the current demand for the smaller house type.

Councillor Gerry Goldie: We also introduced a buy-back system 18 months ago, which was buying back former council properties, and we are putting £5 million a year into that. As Mary has said, because our building plans were for the larger houses and then we get the bedroom tax, we purchased almost every single room and accommodation that was available in the market in Falkirk if it was a former council house. Even then we still cannot address the system. We just cannot meet the numbers, so we are buying back properties, we are giving £1,000 a room incentive for people to move out so that helps everybody. The allocation system is geared up for it. The difficulty is the demand is outstripping supply and that is where the weakness is in this.

Q396 Mike Crockart: How many properties have you bought back?

Councillor Gerry Goldie: I think we have bought back about 80.

Q397 Mike Crockart: What is that in terms of turnover? You mentioned 55 downsizing, is that increasing the turnover in the two and three bedroom side of things or—

Councillor Gerry Goldie: We are also building in small numbers where we can and we hope to hit target by the end of the term of this council, this administration, of 500, working with partners who are also building. We are buying back but the turnover, if you just looked at a normal allocations policy, is 1,200 houses approximately per year. You factor in the 80 that were bought back, and more that we will buy back if they are available, and then the new build. So you could average it out roughly, I would say, at 120 a month as the turnover. But these are all different types of accommodation; large, small, adapted for disabled people, multi storey accommodation, tenement or flat, cottages. It is across the board.

Q398 Chair: Just while you are on the question of turnover, we were discussing this morning how long, given the normal turnover, it would take to meet the demand from those who wanted to downsize. The council said, I think, six to seven years after you allowed for accommodation of death, and people reaching retiring age when it no longer applies. Then one of the housing associations indicated in their view it was not six to seven but 67 because they had such a small turnover. Are you in the same ballpark? It would take you, if nothing else happened, six to seven years or a little longer?

Mary Pitcaithly: I have some detail on that here that is taken from our report. On 3 February, so just last week, we had 1,915 people who needed a one bedroom house to avoid being impacted on by the bedroom tax. But we have only 2,648 one bedroom properties so they would have to turn over—

Chair: What is the turnover then for those properties?

Mary Pitcaithly: In 2012 we had 282 one bedroom properties available for let. So roughly 10% were available for let over the period of time. But there is a problem with that because almost half of those that were available for let were adapted for disabled people or were specifically housing with care. Our multi storey properties are very often housing with care, which are only available to people who require that level of care. It is almost sheltered housing. They are not available for a mainstream let. So of the 1,915 who currently need a one bedroom property, most of those will not necessarily be disabled or requiring housing for care so only half of that 282 would have been available to them.

Chair: It is 10 to 15 years then?

Mary Pitcaithly: But we also had 6,000 households already on the waiting list eligible for one bedroom properties. It is easily 10 years.

Chair: Leaving those aside, 10 to 15 years at least.

Mary Pitcaithly: Easily, yes.

Councillor Gerry Goldie: So that means for 10 years your health is suffering but we cannot help you and the housing associations cannot help you because their systems—everybody's systems—are tied up. If we were being 100% honest, I would say, "Look, Ian, sorry, let us hope you get lucky but sometime between now and 2024 we will be able to help you". At the same time the waiting lists are increasing and people's health is changing, so all these things drip in. It is just impossible.

Mary Pitcaithly: The other element is we are finding it increasingly difficult to let properties that are larger. So families who would have been happy to take those properties ordinarily and would have been delighted to have perhaps a spare bedroom are no longer willing to take three or four bedroom properties. We are finding those much more difficult to let than previously.

Q399 Chair: Would you rather let them and have to pay somebody's bedroom tax in the council or leave them vacant?

Mary Pitcaithly: Absolutely. I think, as Councillor Goldie said, that even if somebody was to take those on on the basis that if their circumstances changed and they were relying on benefits in the future they would understand this rule applied, but the problem is it applies retrospectively.

Q400 Chair: Yes, but if somebody was moving in those circumstances and was led to believe that they might get a discretionary housing payment, then clearly that then is a less unattractive option? I think we understand the point about a barrier to employment then in those circumstances, because you are then caught in a welfare trap with a higher rent than would be justified by your circumstances but you would be willing in those circumstances to maybe give somebody an indication that they would get DHP and give them the let rather than having the house sitting vacant.

Mary Pitcaithly: I think rather than having perfectly good homes empty perhaps, yes. But the difficulty with anything that relies on DHP is that it is not unlimited; there will be a time limit to however long such a payment would be available to someone.

Q401 Mike Crockart: One of the other aspects that has come up is the tension between tenants wanting to downsize and the council's wish to move people out of temporary accommodation. Is that an issue in Falkirk, and if so how have you approached it?

Councillor Gerry Goldie: The system caters for it in the allocations policy. There are three groups: movers, starters and seekers. If you were in temporary accommodation you would be in the seeker category. Roughly it is 50% of properties under the legislation are allocated to people who are homeless or in temporary accommodation. The other 25% was

people who are looking to downsize or upsize and the other 25% are for people who have never had a council house. So we try to cater for the three groups. That is what the policy is based on.

There is always going to be tension. If Craig gets a house and I do not get a house then nobody is happy—

Councillor Craig Martin: I am. Depends on where it is.

Councillor Gerry Goldie: It would depend where it is.

Chair: Everybody else thinks he knew somebody in the council.

Councillor Gerry Goldie: The system is based, as fairly as we can, to ensure that every client group gets a chance.

Councillor Craig Martin: Mr Crockart, you have raised a good point about temporary accommodation. Something that is happening in the council and no doubt in the other agencies and authorities is the removal of the priority need for homeless legislation that took effect in December last year. Basically as a result of that they are increasing the number of households requiring one bedroom. Single parents or couples with three children who are required to be rehoused in temporary accommodation and then on a permanent basis do not, because it is temporary accommodation, get the benefit they used to get before, which means they cannot pay the bedroom tax for the temporary accommodation. Currently for Falkirk Council that is about £50,000. That is an immediate issue and, as a temporary measure, I do not think it should be allocated to it.

Chair: We have a question as well about measuring the impact but your statistics will cover all that. I wonder if we could maybe move on to DHPs. Graeme?

Q402 Graeme Morrice: Yes, in respect to the discussion about housing payments, and we did touch on it earlier, do you think it is a satisfactory way of dealing with this whole issue and how do you operate it yourselves?

Bill Palombo: The discretionary housing payment helps but it is not the answer, because the problem obviously is not just the bedroom tax; it's all the other welfare reforms as well. The bedroom tax has just made things worse. The debt that is easily obtainable, which usually low income households can obtain, such as catalogues, store cards, and of course payday loans, have all gone up. The other ones, such as hire purchase and so on, have come down. There is an overall impact. Some are getting their discretionary housing benefit, but those who are not tend to be putting it towards their rent. But other debts are not being met and that is the overall impact that we are seeing.

Q403 Chair: Sorry, the DHPs are not intended to deal with all debts in all circumstances. What we want clarified is whether or not in terms of the identified problem DHPs are effective. Particularly when you come on to the question of how should the Scottish Government go about mitigating the difficulties. Are DHPs the best method of doing this, or is there a different way of doing it?

Mary Pitcaithly: Anything with “discretionary” in the title highlights an immediate issue, which is that there could be different decision making in different parts of an organisation

or in different organisations or in different areas. That immediately raises a potential issue of a postcode lottery, I suppose. For the council, one of the other problems is that it can sometimes be quite late in the day before you know what your allocation is and therefore the extent to which you can top that up from your own funds, or the extent to which you will get some Government funding to top that up as well. It can be a bit harum scarum sometimes knowing how much is available. We were a bit concerned that we were quite far into the financial year before we knew what we would have to spend and what would be available for us. Trying to get a campaign going to ensure take-up of that has been quite difficult but we are getting there. I think this year we will spend what we have to spend. It is not an ideal way to do things.

Q404 Graeme Morrice: Okay. What is the average period in Falkirk of a DHP award?

Mary Pitcaithly: My colleague might be able to help.

Councillor Linda Gow: We were initially awarding 13 and 26 weeks but for most it was the full tear because we received so much extra funding.

Chair: I think Hansard had better record you as having said that.

Mary Pitcaithly: Yes. I would have said 52 weeks, I know we are happy to award the payment for 52 weeks but what threw me was when you asked about the average. Obviously it may be that people don't require it for that length of time. I was trying to work out whether or not there was an average period that people took it.

Q405 Chair: But the norm now would be that you would be awarding it for the whole period?

Bill Palombo: Yes.

Mary Pitcaithly: Yes, for that year.

Q406 Chair: And would you be awarding 100%?

Mary Pitcaithly: Yes.

Q407 Chair: Certainly when we went to see Fife, I think, they were indicating that they would do different proportions and therefore if more money became available they could then increase the proportion that somebody received, rather than run the risk that they would run out before they got to the end and some people would end up with nothing. So how do you overcome that dilemma?

Mary Pitcaithly: At the moment, in terms of sustainability, we are able to give 100% but we would keep that constantly under review. If applications started to far outstrip the available supply of payments, we would have to review that.

Q408 Graeme Morrice: Do you know how many people have been successful in applying and being awarded DHPs?

Mary Pitcaithly: Yes. To date we have paid 957 of the applications we have received. We have 24 applications outstanding, so that might take us to almost 1,000 if they were all granted. Of 1,398 applications received as at 3 February we have paid 957 and 417 were refused because they were either able to meet the shortfall from their own financial resources or they did not meet the eligibility criteria, or they could not provide the evidence needed to support their application. They would be given plenty of opportunity to do that.

Q409 Graeme Morrice: When it comes to the issue of significantly adapted housing for disabled people, DWP have not really defined that, although the Scottish Government has, so I suppose it is down to this postcode lottery that you mentioned earlier with regards to the discretion. Have you come up with your understanding of what that means? What is your interpretation of that?

Mary Pitcaithly: Perhaps one of my colleagues from the revenue section can deal with that?

Chair: We have a slight difficulty with other people speaking. If it is a brief answer then—

Councillor Craig Martin: We can get that information for you.

Mary Pitcaithly: We can get that information to you afterwards, if that would be easier. Thank you very much.

Councillor Craig Martin: It's a factual question. We don't have the answer before us, but we will get it to you if you don't mind.

Q410 Graeme Morrice: That would be very useful, thank you Craig. The Chair talked earlier about recent announcements by the Scottish Government and they are trying to give the impression that resources will now be made available to mitigate the impact of the bedroom tax on all in Scotland. Do you have any comments on that? Have you seen any firm facts and figures? Do you believe it?

Councillor Craig Martin: That is probably the concern. I don't think we have any firms facts or information received. All we have received is the headline on the front of the *Daily Record*.

Chair: So it is true then?

Councillor Craig Martin: Absolutely. That is what our constituents have read. We are getting phone calls—as are, no doubt, elected members—saying, “We don't have to pay this any more”. We tell people to keep paying and to keep getting involved until we have the facts. I do not think we have, as yet, anything laid out as to how that payment has to be made. No doubt that will be a discussion between the Scottish Government and COSLA, I would think.

Mary Pitcaithly: Yes. We are following the debates in the Scottish Parliament very carefully and closely to see what is specifically being said. The last statement on the matter, that I am aware of, was on 6 February, just last Thursday, when the Cabinet Secretary, John Swinney, said, “I give Parliament the assurance today that if the DWP

says no to lifting the cap, the Scottish Government will put in place a scheme to make this additional £12 million available to social landlords so that we need not see any evictions in Scotland this year as a result solely of the bedroom tax.” That seems to me to be saying that the power still lies with the DWP, a request has been made for the cap to be lifted and if it isn’t there is a commitment that has been given to Parliament that a different method of funding will be found. I do not think that any of us have any more knowledge yet as to what that alternative will be.

Councillor Craig Martin: I can maybe give you a bit more information on that. The Labour group in COSLA had been discussing this through Renfrewshire Council’s assistance fund, and indeed East Lothian’s Housing Association’s fund, and the Labour group took that back to all their councils to look at implementing it. I don’t know if that was a precursor to the SNP deciding they had better do something now.

Q411 Chair: Can I just clarify? The Scottish Government have said that if the UK Government allow us to lift the cap on DHPs, we will do it through DHPs. This is partly, I think, playing games about, “We can’t do without additional powers”. Leaving that aside for the moment, one of the issues is the question of whether DHPs are the best way of doing it. You certainly seem to be suggesting, Bill, that it was not. We were talking with West Lothian this morning, and they were of the view that it need not necessarily be an application for DHP by the individual. Housing departments or similar could put the application in on their behalf, and therefore it becomes almost a clerical exercise—identifying everyone who is affected, an appeal is lodged and then the payment is made. Does that seem like a feasible way of dealing with it?

Councillor Craig Martin: I can think of a better way of doing it.

Bill Palombo: I think that this is where increasing the number of exemptions would be beneficial because a lot of these authorities will already have information to know whether someone could be in one of the exempt groups. That would save forms having to be filled in. We are back to this issue of people who do not engage.

Q412 Chair: I understand the issue of people who do not engage, but if you engaged, or someone from the council engaged on their behalf, and put it in for them, almost everybody who was affected by the bedroom tax could be identified. The form is lodged on their behalf, and it could be a very simple form because everyone has to pass it as the whole purpose is to mitigate the effect. Is that is a mechanism that could work?

Councillor Gerry Goldie: That is fine, straightforward. Everybody in this room knows that today’s circumstances are such and such, so we have the form and we submit it. But everybody’s circumstances change, and then what happens? Do you see?

Q413 Chair: Yes. If the Scottish Government’s decision—they have either made it or have not yet got around to articulating it—is that it should be mitigated for everybody, by definition almost, as soon as you become eligible to pay it you are eligible to have it written off.

Councillor Gerry Goldie: That is right. In that case, why does the Scottish Government not do what it could have done—you and I know that—and just write it off? Let us just make it simple.

Q414 Chair: It seems to me that there are two separate elements to this. One is going forward and one is going back. Let us stick with the going forward one just now. You cannot write that off because it has not yet been incurred. Am I right in thinking that a mechanism whereby you agreed, for example, as a council or a housing provider that you are going to be meeting the first set of the bedroom tax for all your tenants yourselves, and then the Scottish Government agreed to send you a cheque through the post to meet the cost of that, that that paper exercise is entirely possible and we understand it to be legal? Can you see any reason why that should not apply?

Councillor Craig Martin: Personally, I think it would probably be the easiest way for councils and indeed for housing associations because then we know what the cost is. We will have identified where that cost is going to or is coming from. That would be a much easier exercise, as long as that money comes back to us within the financial year. The problem is if it goes in and takes a year to come back, it is a lot of money that the local council would be in debt for. It makes sense to me if we are saying, as a council, that we will pay the £475,000 to implement this and the Scottish Government can either give us a cheque for it or add it to our budget.

Q415 Chair: What we are saying to the Scottish Government is that we are basically here to help them and here to identify a way that allows them to do what they have said they want to do. This has been suggested to us a mechanism, and I cannot see anything wrong with it, however you—particularly with your local authority legal background—are there to find difficulties in these circumstances; that is why we wanted to identify with yourselves to see whether or not there were any proposals.

Councillor Gerry Goldie: The question is—and I am not trying to be offensive because I would trust certain politicians more than I would trust others—what happens if we do that and somewhere, when someone is looking at things responsibly, they say, “Oh well, that’s what we really intended to do but it has proved to be more difficult than we thought and now we’re in bother”? That is further pressure on our budgets. The other thing is, for the great and the good people out there, “I have rent arrears, so the Scottish Government and Falkirk Council are paying Craig’s rent arrears because it is the bedroom tax, so what are they going to do for me?” It creates that problem. It should never have been introduced and it should be wiped out. They can do. Let’s just get on with it.

Q416 Chair: The difficulty is that the Scottish Government cannot wipe it out. They cannot erase the bedroom tax. They can however mitigate it entirely. One of the joys of devolution is that they can mitigate it and the difficulty with devolution is that they cannot abolish it. We are where we are, and what we are trying to identify is things that we can make as recommendations fairly quickly about how this should be handled. Maybe we can leave that with you. I think we have made it clear what has been suggested to us. If you can think of a better way of dealing with it going forward or if you see flaws in that one, then please let us know.

Councillor Craig Martin: Ian, increasingly, as you probably know, when it comes to decisions taken by the Scottish Government, it is local councils who bear the brunt of the costs of some of these decisions. We do not get the full cost, the full money, back from them. In doing that, we would have to ensure there was a mechanism where the councils did not lose out on that. That is a point that we would have to come back to you on.

Q417 Chair: At the moment you have transaction costs anyway, don't you?

Councillor Craig Martin: Yes.

Chair: So having this mechanism wouldn't make you any worse off, if anything it would make you better off because you would have less chasing up to do.

Mary Pitcaithly: We are certainly aware of the schemes that are happening at the moment in East Lothian and Renfrewshire and we are looking into those. We are also aware that Iain Gray has highlighted recently his view that there could be a national scheme similar to that, which would not fall foul of the UK spending rules. I have to say that I am not going around looking for problems. If that is the case we would be very happy to look at as a council. One of the difficulties is just getting to the bottom of the UK spending rules and how the way each of those schemes would be implemented might comply or not.

Q418 Chair: As the Returning Officer of the referendum, you are going to be able to fight your way around rules like that, if you set your mind to it. We have every confidence in you.

The other issue that I wanted to look at is the question of what we do looking backwards. I can understand completely that if you have debts and the council or the association writes them off and the Scottish Government recompenses them for that, then that is that dealt with. The issue is the question of moral hazard that you pointed out before, Gerry, about paying your rent should not be a voluntary activity; you do not want to set an example. There is the question then of how you compensate those who have already paid. It has been suggested to us that following the principle of what you would do in the event of a tier two tribunal, you could find a mechanism for identifying people who were covered by that category and pay them the money back. Presumably, if the will was there you would be able to identify everybody who had already paid their bedroom tax and refund them, if the money was being provided to you?

Mary Pitcaithly: Yes. We are, at the moment, refunding people who have been able to take advantage of the 1996 loophole that we found about very recently. We are very fortunate in that we have access to records that go back as far as 1995/1996. That is helpful. I think many authorities will find it very difficult, if not impossible, to access those records. We have already identified people and will be in the process of making refunds to those people. The principle of refunding something to somebody that they were not due to pay is entirely appropriate and we will carry on doing that.

Councillor Craig Martin: What Mary is alluding to is that we are not asking people to claim for that. We have the information at our fingertips and we know the people who are involved in the loophole, so we are writing to them so they do not have to claim it. I think that shows the initiative that we are taking in trying to get the money back to these people who have been struggling.

Mary Pitcaithly: It is quite a logistical exercise and, as Rhona said earlier, all of these things are very time consuming and resource intensive. We do think it is only fair that if there is a loophole that certain people can take advantage of then we should be trying to assist them with that. That is what the law says.

Q419 Chair: Would you agree, in principle, with the suggestion that in order to avoid moral hazard if debts are being written off for the bedroom tax, then there ought to be recognition that some people have actually paid it?

Councillor Gerry Goldie: Absolutely.

Chair: Is it your feeling that they ought to get all their money back?

Councillor Gerry Goldie: I would think they should. That would be fair. However there is another side to that, and the other side that nobody can resolve is if you come to this department and say, “Look, I’m in bother with the bedroom tax. This has been my home for 20 or 30 years, reluctantly I’m going to have to move. Can you help me?” We say, “There you are Ian, there’s a lovely one bedroom flat there.” These people have moved; they have moved their home lock, stock and barrel to another part of Falkirk. What do you tell them? Because they could not afford to pay the bedroom tax, and, if you like, they got lucky, we managed to fix them up. What will these people say? We cannot say, “Okay, you can move back then.” Nobody can help them. The money side, I think, is fair—if you have paid it, then you get it back, like the Inland Revenue. However, what do you tell people who have moved, and we have moved a significant amount of people. What do you tell them? They are stuck in a house now.

Q420 Chair: What do you suggest we tell them?

Councillor Gerry Goldie: There isn’t anything you can tell them. The house you have moved out of, I have moved into.

Q421 Chair: So that is not an argument for not doing anything?

Councillor Gerry Goldie: No, no.

Mary Pitcaithly: I suppose the argument there is if you do it retrospectively or if you do it from a particular date moving forward, you would write off the debt for example.

Q422 Chair: If you are writing off any debts that people have now as a result of the bedroom tax, presumably since the debts could have been built up from the beginning then you have to give them compensation for that?

Councillor Gerry Goldie: That’s right, that’s what I was saying.

Mary Pitcaithly: I am just saying that that would be the only way to avoid this issue of being able to give somebody back money they had paid, or money they had lost, as opposed to being able to reinstate them to the position they were in before all of this came into play. The only way to avoid that and to treat everybody fairly then would be to say, “From a certain date the following will apply”. There are situations where you simply could not put people back into the position they were in before all of this came into force.

Q423 Chair: It is a question of omelette and eggs.

Mary Pitcaithly: Absolutely.

Chair: You are never going to please everybody. It is the question of best not doing anybody the good and all the rest of it. We are quite clear now that the Scottish Government

have the powers to address full mitigation of the bedroom tax and always had. Therefore it can go back in arrears. It is not as if there is a new power being created, as would be the case if they now received permission to provide more money under DHPs, that would be new and as from the date of. They have always had this power and it had not been adequately explored. I think it was David Mundell, on behalf of the Scottish Office, who came out and articulated quite clearly that obviously they had not researched that. They are in the position where anything new now would be legally in arrears as well. That is what we want to explore and what we want to try to decide what recommendations to make on it.

Councillor Gerry Goldie: There is absolutely no doubt, Ian, that it is extremely disappointing that the Scottish Government did not look at this earlier but just decided to put the banner up without even looking at it or discussing it with people or doing something else. This could have happened some time ago and it could have alleviated a lot of the issues and problems that people are having at the moment. It has prolonged some people's agony, especially in Scotland. It is very disappointing. However, as you said, we are where we are. Can I take you to page 20 and 21? This is the point I was making to you earlier in my comments. Is it worth the exercise of the bedroom tax? If you look at the appendix here, "Estimated cost of mitigating impact under the occupancy restriction", the net saving—

Chair: Our pages are not numbered, could you give us—

Mary Pitcaithly: Second last page. Appendix A.

Councillor Gerry Goldie: If you look at that figure, it starts off telling you what the net saving is to the UK Government, and then starts putting in what the mitigation factors are. If you look at the figures, the saving is £16,700. Is it worth all the hassle of what all these people have been put through? Is it worth all the despair that people have been put through for that type of saving? I know the money has come from different places.

Chair: That is right. Our response to that is that we are in favour of abolishing it.

Councillor Gerry Goldie: Yes, absolutely.

Q424 Chair: However, we are where we are and the Scottish Government do not have the power to abolish it, but they do have the power to mitigate it in its entirety. I think what we are focusing on is the best way by which that can be done. I was indicating to you what has been drawn to our attention and what we are running past you. I don't know whether or not CAB have considered any of this at all?

Bill Palombo: Obviously, we support the Discretionary Housing Payment to mitigate the problems caused, but we would also say that we would put in proper exemptions as well. That would make it easier to do the DHP because that would be fewer forms.

Q425 Chair: Sorry, what is the difference? If someone is not exempted but they get the DHP then they end up in the same position.

Bill Palombo: If they are exempt they are not having to go through—

Chair: A standard, simple form could be filled in by a council official in 30 seconds. Presumably it would become much easier to fill in if it was almost automatic. In a sense, the only criteria for qualifying to get it mitigated would be if they incurred it. That is all they would need to show. Then you just go through the form in that way.

Councillor Linda Gow: I think that is why your suggestion of making the blanket payment as opposed to paying it through DHP is much preferable. At the moment, the DHP with some of the people who have been exempted are exempted because they have not given us appropriate information. We ask questions if they are getting benefits like, “What do you spend that benefit on? Is it used to alleviate your disablement?” or whatever. Some people do not want to share that information with us.

Chair: We have had that as well.

Councillor Linda Gow: So they do not want to tell us that. They become exempt through the back door, and they have a problem with privacy. I don’t think it is a problem, I think they should be entitled to a certain amount of privacy. But they are in that situation and they lose out because of it. When we spoke earlier about some reasons for not engaging, Craig mentioned that 50% of people have mental health problems. In many of these cases it is depression. The Government at Westminster and certain newspapers have vilified people on benefits and there is a shame aspect. They become too ashamed to come to the council and say, “Look, I’m in real trouble here. I’m in debt with this, I’m in debt with that and that is why I have not been paying my bedroom tax”. So that becomes another hurdle for these people to overcome. It is a major one and it is one I come up against most when I am engaging with people. You are right, as opposed to being paid through the discretionary housing payments, I think it should and I really do think it should be backdated. As for the people that Gerry has spoken about, we have met them as well. They have moved. They have moved in areas and, like Mr Crockart raised, had a “reasonable offer”, but sometimes it is not reasonable to expect a family to move out of a nice area and into a housing scheme that they do not want to live in. That may be however where all our vacant houses are. I would feel that it was unreasonable for a Government or council to make me do that. We should certainly be backdating, but the Scottish Government have to tell the people who have already moved—and moved into areas that they really did not want to move into or moved away from family, friends and schools—why they did not do this when it was first brought in. They could have looked it up and checked and they could have found that they had the powers, in exactly the same way as Mr Mundell did. They did not and they have an explanation to give to people, the public, for why they did not do that. I do agree that it should be backdated and mitigated for all.

Chair: Okay. I think we are getting to the end of this. I will ask my colleagues if there are any additional points.

Q426 Jim McGovern: When we were taking evidence from David Mundell, he said that the Scottish Government has always had the power to mitigate this, and that local authorities cannot start up their own benefit scheme because benefits are reserved for Westminster. However, local authorities do—if the Scottish Government gives them money—have the power to disburse that money to people who are in financial difficulties because of the bedroom tax.

Chair: That is right. Danny Alexander said that as well. Both gangs of the coalition say this. It is not as if it is one against the other. It is quite clearly a Government view. I would have thought that was sustainable.

Councillor Craig Martin: I have to say, Chair, we had a meeting with David Mundell; myself and colleagues from East Dunbartonshire. It was a very productive meeting.

Councillor Linda Gow: Yes.

Councillor Craig Martin: He did mention the same thing at the meeting. We also raised some issues, as we have raised today, about impacting the councils. To be fair to him, I think he took that back, to give him some sort of credit.

Q427 Chair: We have to draw this to a close, however I did say at the beginning that we always like to ask whether or not there are any answers you had prepared to questions we have not asked. Is there anything that you came along bursting to tell us and that you have not managed to work in during the course of our discussion? Are there any points that you think we have missed out at all?

Councillor Gerry Goldie: Can I give you one, briefly, Chair? Universal credit is part of the welfare benefit changes. The impact of universal credit on top of, or just singularly, on local authorities and their ability to manage the housing service and to bring forward quality housing services—I do not know what link we will make—is another bad mistake. It is just another brainwave coming from somewhere that is ill thought out and will make the situation even worse for local authorities when we try to manage our budgets and improve housing.

Q428 Mike Crockart: Can I ask you just to make it clear what you are talking about here? I am guessing you are talking about the payments having to cover some of the tenants.

Councillor Gerry Goldie: Yes, direct payments.

Mike Crockart: And the assumption that you are making that therefore the bad debt will rise and they are not going to fix the backlog.

Councillor Gerry Goldie: That is exactly what I am talking about. There are people who have an inability for various reasons—health reasons, dependency problems, people who are already in difficulty, a couple of kids—whose first thought will not be, “I’d better pay my rent this month”.

Mike Crockart: Although there are—

Councillor Gerry Goldie: I believe that two trials were held, and my understanding would be there were initial problems. If you take the hit that our budget has already taken, as I say, in an effort to try to improve things for everybody—quality of housing stock, provide housing, everything—that is a bad measure. It will have an impact, as well as on rent arrears.

Mike Crockart: Thank you.

Mary Pitcaithly: One final point is in relation to the exemption that is available for RSL temporary accommodation, but not available to council owned temporary accommodation. We set that out in some detail in section 13 of the report.

Chair: We have seen that. I think it is in our report also, if I remember rightly.

Mary Pitcaithly: That is something that we feel quite vexed about, so that would be a good one.

Chair: If there are any other points that come to you subsequently, by all means drop us a note, but don't wait too long. We are intending to comment on this fairly quickly actually and the recommendations.

Bill Palombo: I think we have moved on a lot from what we were going to also add, which is the effect of the building tax, but that has been well covered.

Chair: We said all that in our interim report, so I think we have moved on a bit, yes.

Rhona Penman: I think in terms of the Scottish Government's funding for advice services, which is very, very welcome, there is a plea to them that they continue to keep that focus on the benefits of advice to tenants, whether it is money advice or welfare benefits advice. We are moving forward into welfare reform, and basically we are going to move from arguably a position where we have some experts to a position where we will have no experts on anything because the system is going to be new to them. So this is just a plea that they continue to make sure that the tenants get the impartial and independent advice that they need to be able to navigate these systems.

Councillor Craig Martin: I do think we welcome that the Scottish Government is now saying that it is going to appointment people. They will put some mitigation in, but I think—like yourselves no doubt—we are looking for the devil that will be in the detail. There could be a sting in the tail, I suppose, of anything that is coming forward. We will wait to see what that is and let's hope.

Q429 Chair: As I say, we are absolutely clear that they have the power to mitigate the bedroom tax in its entirety.

Councillor Craig Martin: Yes, and we agree with you.

Chair: Indeed, through Barnett and elsewhere they have the money to do it, so just now it is really a question of will.

Could I thank you very much for coming along and close the session?