



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Welfare Reform Bill: Housing Groups Briefing

31 October 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Paula Bradley
Mrs Judith Cochrane
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark Durkan
Mr Fra McCann

Witnesses:

Dr Jennie Donald	Chartered Institute of Housing
Ms Ricky Rowledge	Council for the Homeless Northern Ireland
Ms Nicola McCrudden	Housing Rights Service
Mr Cameron Watt	Northern Ireland Federation of Housing Associations

The Chairperson: I formally welcome everybody to the resumed Committee meeting. Obviously, we are here to continue our formal scrutiny of the Bill.

In this session, we are pleased to receive a briefing from a range of housing-related organisations. Without any further formal ado, I invite the witnesses to come to the table. With us today are Dr Jennie Donald from the Chartered Institute of Housing; Ricky Rowledge from the Council for the Homeless; Cameron Watt from the Federation of Housing Associations; and Nicola McCrudden from the Housing Rights Service. I formally welcome you this afternoon and apologise for the slight delay at the end of the morning session. It went on a bit longer than planned, but, given the importance of this legislation, we would not, in any way, want to restrict any of those who make submissions to us. I thank you for your written submissions and for being here to give us your oral submission. The floor is yours. I will leave it up to you how you want to make your presentations.

Dr Jennie Donald (Chartered Institute of Housing): Thank you very much, Chair. On behalf of my colleagues, I thank you for inviting us to come along today to give evidence and for the opportunity to suggest potential amendments to the Northern Ireland Welfare Reform Bill. We welcome the Minister's announcement last week, and we would like to acknowledge and commend the role that the Committee played in pursuing and securing the flexibilities in the administration of universal credit and the delayed implementation in Northern Ireland. You will know from our written submissions and conversations that we have had with the Committee that each of our organisations has always been clear that we support the general principle of work paying more than welfare and the principle of a simpler, more easily understood and more accessible benefits system.

In moving from the principle and policy of welfare reform to the practical reality, I want to pick up on a couple of reports that were published this week. A KPMG report brings a stark warning that one in five workers in the UK exist on below the living wage of £7.20 per hour. Northern Ireland has the highest proportion, 24%, of workers living on below the living wage. Moving people from benefits to low-paid work that leaves them struggling to meet their basic household needs is not a solution to tackling poverty and disadvantage. The Joseph Rowntree Foundation published, amongst other findings, research that suggested that work may not necessarily pay under universal credit. For some, the incentive to work full-time will increase only marginally, whilst for others the incentive will be weaker than under the current system.

I know that you are very well aware of the particular housing challenges in implementing the welfare reforms. I do not want to rehearse those again, so we will move directly to the Bill. I want to highlight a couple of concerns about universal credit more generally and then two areas in which we would like to suggest amendments. In many ways, it is difficult to talk about the housing cost element of universal credit because there is so little information in the Bill to comment on. The detail on rent service charges and mortgage interest will all fall to the regulations to determine. At the appropriate time, we would very much welcome the opportunity to discuss the regulations in Northern Ireland to ensure that we can drill down to the level of detail of how housing costs will be dealt with. It would be very helpful if the Committee could perhaps seek some clarification from the Department on the timetable for the regulations and when we might be able to see those to comment on them and help to shape the detail.

On a general note, the process of designing and implementing universal credit poses a number of strategic and operational risks to the provision of an effective system. We are very concerned about that. That detail is in our written evidence, so I will not go through it again, but we are happy to take questions.

We are membership organisation, and one of the concerns from members is that landlords — social landlords and possibly private landlords — will have to subsume much of the significant implementation costs of universal credit that will fall outside the budget of the Department for Work and Pensions (DWP) and the Department for Social Development (DSD) in preparing for the changes and their impacts on tenants. It almost goes without saying that a lot of those concerns could be allayed if we had more information and clarification on a number of issues in the Bill, such as universal credit as it is being developed; how the IT system will operate; the new local arrangements for rates relief; passported benefits; the social fund; support for non-online users and how those services will be delivered; what the delivery structures will look like; and how housing assessments will fit into the determination of universal credit payments.

I will touch briefly on two areas where we feel that it would be very useful to seek amendments to the Bill. The first is extended payments. The Bill does not allow for housing cost run-ons, which are also known as extended payments, when claimants start work. Under the current system, housing benefit or support for mortgage interest continues for four weeks after an individual has found employment. It helps claimants in the transition from benefits to wages. We know from colleagues in England that universal credit regulations being drafted in Westminster plan to abolish the extended payments. We feel that contradicts the objective of improving incentives for the long-term unemployed to take up work. Given the high levels of long-term unemployment in Northern Ireland and the prevalence of low-paid employment for people who do transition into work, we ask that you consider continuing extended payments on the introduction of universal credit and writing that provision into the Bill. We have suggested wording of an amendment in our written evidence.

The second issue is rates relief. We feel that there is a real risk that the more elements that are provided outside of universal credit, the more the simplification principle of the benefit is eroded and the single taper may no longer necessarily apply. That is why we advocate that the benefits of a lower withdrawal rate of support, which is obviously a key element of universal credit, are not lost when it comes to housing benefit for rates relief. We ask the Committee to seek to ensure that help with rates remains outside of universal credit whilst mimicking the amount of benefit that would be received if help with rates was included in the benefit. We have provided some of the more technical detail of that in our written submission. If the new rates relief scheme is developed based on the current system rather than what would be the case if support for rates was contained within universal credit, low-income households returning to work or taking on additional hours would find very quickly that they have to take on responsibility for payment of rates. Again, we have provided all that detail. Essentially, what we suggest would ensure that payment of rates is assumed at a level commensurate with universal credit, thus ensuring that households do not find themselves only very marginally better off in work or if they increase their hours.

Mr Cameron Watt (Northern Ireland Federation of Housing Associations): Chair and Committee, thanks again for the opportunity to present today. I would also like to reiterate Jennie's thanks for the Committee's support for the flexibilities that have been secured in the operation of universal credit here. I am sure that the robust cross-party consensus really strengthens the Minister's negotiating position with DWP. I put on record our thanks to Minister McCausland for winning those flexibilities, which we believe will help greatly in mitigating the impacts of welfare reform and, as you know, are being viewed enviously by the rest of the UK.

As Jennie mentioned, most of the detail on how housing costs will be covered under the new system will be set out in regulations. Some of those regulations — on service charges, for example — have still to be finalised in GB. It would be very helpful if the Department provided a timetable for publishing the regulations due to be made under the Bill. Given their importance and complexity, we hope that the Committee will be able to scrutinise those draft regulations on housing costs in the necessary detail once they are produced.

Clause 69 will introduce an underoccupancy penalty, or bedroom tax, for social tenants. We, too, support the principles of simplifying the benefits system and making work pay. However, we believe that the underoccupancy penalty is unjust and has the potential to cause real hardship to many low-income families. A fairer approach would be to apply the penalty only if or when the affected tenant had been made an offer of a suitable smaller home that they had refused. The scope to mitigate the impacts of the penalty without breaking parity seem limited. In common with the Chartered Institute of Housing (CIH) and others, the Northern Ireland Federation of Housing Associations (NIFHA) is very concerned about the failure to exempt disabled people and foster carers from the underoccupancy penalty. Those issues were debated at some length during the passage of the GB Bill, and additional funds will be made available to offset the impacts on those two groups. However, those measures will be only temporary. We think that we should be able to do better here in Northern Ireland, so we ask the Committee to amend the Bill to exempt those two groups from the penalty.

We also think that there is a strong case to delay the introduction of the penalty for six months in line with the six-month delay to the introduction of universal credit here. Housing associations along with the Housing Executive have been, and are, active in publicising the likely changes to tenants and doing what we can to prepare. However, in GB, there will be a gap of over a year between the Act being passed in March 2012 and the penalty being introduced in April 2013. Here, the period could be as little as a few weeks. The information-sharing powers that will allow our members to better pinpoint and identify people affected are contained in this Bill. They cannot be used by housing associations until this Bill passes into law. Given that the impact of the penalty will severely impact so severely over 30,000 households in social housing, we believe that our members and tenants need more time to prepare, especially when the delays that have inhibited that preparation have been completely outside our control.

As I said, housing providers need that real-time benefit information to pinpoint which tenants are impacted by the changes to provide appropriate help as well as mitigate the risks to their income streams. So, as far as clauses 116 and 117 on information-sharing are concerned, we believe that housing associations should be specifically added to the list of qualifying persons so that we can definitely get hold of that information. In the GB legislation, there is provision for local authorities that want to share the information with housing providers, but, in practice, not a lot of them have done that. Here, all housing providers providing social housing should have access to that information as of right so that they can provide the necessary help and support.

We know that the budget for discretionary housing payments will increase from £3.4 million to £6.9 million. However, the underoccupancy penalty will result in benefit savings and, therefore, lost income to tenants of £15.5 million annually. Over 6,000 housing association households will be receiving £70,000 less each week in housing support as a result of the bedroom tax. That is £3.7 million annually. Therefore, there will be immense pressure on this comparatively small budget. So, to prevent severe hardship, we think that it is likely that the fund for discretionary housing payments will need to be increased. We ask the Committee to consider that.

I would just like to finish with a word on exempt accommodation. Many of the homes that our members provide are specialist and supported housing for vulnerable people. We welcome DWP's decision to remove housing costs for supported housing from universal credit, because that recognises that this housing is more expensive to provide and needs to be supported at a higher level. However, the announcement in GB that we are going to move to a new localised system for exempted accommodation creates real uncertainty. We feel that there is a real danger that we could move away

from a demand-led system, where the costs are fully and properly covered, to these costs being covered from a finite pot which could create a major shortfall in the amount of housing support that is available and necessary for people in exempted accommodation. We ask the Committee, therefore, to closely scrutinise how housing costs for exempted accommodation are going to be managed within the new system.

Ms Ricky Rowledge (Council for the Homeless Northern Ireland): I, too, thank the Committee for asking us along today to give evidence. In the short time available for me to talk to you, I want to focus on homelessness, and, in particular, the impact of the Welfare Reform Bill upon people who are already homeless, not those who potentially may have difficulties with affordability in future when the Bill is implemented.

I want to talk to you about the administration of universal credit, and a little bit about a couple of the clauses and what they will mean to homeless people, so that you are mindful of that particular group of very vulnerable people in society. Finally, I will also talk about the implications for some of our strategies in Northern Ireland.

Homeless people who live in temporary accommodation live in hostels or single lets. Single lets are self-contained accommodation units that are leased en bloc by the Housing Executive to give people temporary homes. There are around about 800 of those units in Northern Ireland. They have very poor access to IT on the whole. If we look at the default method of applying for universal credit, we see that it is online. You will find that many of those people who are homeless and in that population have low literacy and numerous skills, and low IT skills. They also will not have great access to the actual technology that will allow them to apply for universal credit. We need to be mindful that when we look at other methods of applying for universal credit — whether it be by telephony or through individual face-to-face contact — homeless people should be given as much opportunity as possible to access that.

In regard to the provision of temporary accommodation, providers will need to look at how they can gather the resources to provide the actual computers whereby people can access their online applications, because many of them will not have that. Also, they will need to be trained up in skills development to help people learn how to use computers and how to do things, particularly when circumstances change and you have to reapply. I also think that there are some issues with confidentiality around getting help for applying.

The second area regarding administration is the fact that universal credit is likely to go directly into bank accounts. In my work, I speak to many, many homeless people who live in temporary accommodation and to the staff who work with them. Banks and building societies are very loath to give bank accounts to people who are in temporary accommodation. That is a fact. I know providers who have talked directly to many different banks in Northern Ireland, and who have been told, "We don't think so." I think that there is a responsibility on the Stormont Executive to speak to the banking fraternity to encourage them to ensure that there is accessible banking for everyone in Northern Ireland.

The third and most important thing for people with regard to administration, when they are in temporary accommodation, is the production of evidence. Many of our more vulnerable homeless people — whether they have suffered domestic violence, been involved in criminal justice and have been released from prison or live chaotic lifestyles — will not have the kind of evidence that is needed in order to apply for universal credit. The way it works — at least the way we are told that it will work — is that your claim will not become active until all evidence has been presented. We have people who will not be able to provide all evidence, and that means that they could go long periods of time without money, and those who are accommodating them will be a long time without any rental income. At present, third-party verification from a reputable source is allowed as evidence, and we ask that it be written into the Bill that, while those who are homeless are seeking to get together the evidence needed, third-party verification should be accepted to kick-start their claim.

I support what Cameron said about what will be included in housing costs. The housing cost element — whether it is paid directly to the landlord or not — in supported temporary accommodation includes an element for intensive housing management, and that recognises that it is more expensive to provide the bricks and mortar for certain vulnerable groups. We ask that that is maintained in the housing costs that will be delivered external to universal credit. Otherwise, we will have an increase in arrears, and, potentially, schemes will close due to lack of finance.

I will finish by talking about discretionary payments, particularly discretionary housing payment for homeless people. Most people who leave temporary accommodation, regardless of the reason they became homeless in the first place, will need help, normally through a community care grant, to set up a home. Research says that 70% of tenancies will break down due to loneliness and due to people living in a house and not a home because they have no furniture. Could you imagine living in a house where you literally have nothing? People depend on money coming through community care grants and, ultimately, often through crisis loans to establish a home, and if you have those things, it is more likely that your tenancy will be sustainable. I agree with my colleagues that it will be spread very thin. We have real concerns that it will be subsumed into a wider discretionary social fund and will not be ring-fenced for housing costs alone. We ask that consideration is given to, first, increasing the fund; secondly, to ring-fencing it for housing costs; and, thirdly, to some level of prioritisation for homeless people who are leaving temporary accommodation and do not have furniture in storage to set up a new home.

I hope that you recognise that the UK welfare reform legislation will have a negative effect on some of our local initiatives; namely, the homelessness strategy, which was consulted on and approved by DSD and passed by the Stormont Executive. That strategy praises as its mainstays the prevention of homelessness and access to affordable housing, but this legislation and the regulations that apply to housing will not just drive a horse and carriage through it but will drive a steamroller through it. That will mean that it will be virtually impossible for us to meet the aims that we have set ourselves. I ask that, in some way, that is taken into consideration.

Ms Nicola McCrudden (Housing Rights Service): As a front line agency that provides advice to people who are already affected by implementation of cuts to housing benefit, we see very little in this Bill to improve their situation. In fact, we are very concerned that it will put a lot more people in a much worse situation. It is very difficult to provide an informed comment on the clauses that relate to housing because, as my colleagues said, the detail will be in the regulations. With regard to clause 11 and housing costs, that will include what is to be included and excluded from housing costs; when a claimant is to be treated as liable or not; when a claimant is to be treated as occupying, including temporarily occupying accommodation; how the amount itself will be calculated; and when that entitlement will commence and cease. We strongly urge the Committee to conduct full and proper scrutiny of the regulations, because the devil will be in the detail.

We have looked at the draft universal credit regulations in Britain and have genuine concerns that there will be further cuts through regulations that will affect social housing tenants, private tenants and homeowners. Even though that is not related to the Welfare Reform Bill specifically, it will come in on the back of the detail of the regulations. With regard to homeowners, one of our major concerns is the waiting period before entitlement to help from support for mortgage interest. We are still waiting for a determination on how long that waiting period will be. Currently, homeowners have to wait up to 13 weeks for assistance. There has been talk that DWP will extend that to around 39 weeks. I am sure everybody is aware of the saying that a person is only three months away from becoming homeless. Working people tend to have some reserves. However, our experience to date has been that those reserves are running pretty low and that people have enough to get by for only a month or two. So to expect people who lose their job to wait 39 weeks before entitlement to support for mortgage interest is very impractical. We are extremely concerned about that, and we ask the Committee to clarify what the intentions of the Department and DWP are in that regard.

One key change being signalled by the Department is that an owner on universal credit will lose help with housing costs, even if they take up temporary work. At the minute, such a claimant can get, for example, employment and support allowance (ESA). However, it is our understanding that if a lone parent, for example, takes up a job for a day week, they will no longer be entitled to any help from support for mortgage interest. That runs contrary to the principle of the Welfare Reform Bill.

We are also concerned that there may be cuts to entitlement generally. At the minute, a person on income-based jobseeker's allowance (JSA) is no longer entitled to any assistance from support for mortgage interest after two years. That really has been a lifeline to the vast majority of our clients. However, if that were extended across the board, we would have serious concerns about the implications for the local housing market, unless someone with a crystal ball can see an end to this recession, because our market is in a very different place from the one across the water. Most of our clients are in negative equity, which leaves them with very limited options. Our house prices are still quite suppressed. So, again, in respect of Northern Ireland's circumstances, I would just ask the Committee to be mindful of that.

I will touch very briefly on the issue of tenants. There are significant changes coming down the line, and those of you who provide advice to your constituents on housing benefit, as I know you all do, may be aware of some of these terms. There will be changes to overlapping entitlement or what is known as the "two homes rule". If someone who is renting privately is made an offer for social tenancy and that is accepted — a landlord often does not want the accommodation to be void and naturally the person on the waiting list wants to move in — that person will have an overlapping entitlement, because they are liable for rent on two homes, and their benefit paid will be paid. Our understanding is that that will be done away with under the universal credit regulations. Again, as Ricky pointed out earlier, currently, homeless people in hostels who are waiting for a social fund payment for furniture are entitled to assistance. Our understanding is that that will also be done away with.

Currently, claimants who are temporarily absent from home are entitled, under specific circumstances, to housing benefit for up to 13 weeks or 52 weeks. However, under the draft universal credit regulations in Britain, that will be payable for a maximum period of six months. People who were entitled to it for up to 13 weeks will obviously benefit, but those were entitled to it for up to 52 weeks will obviously be at a disadvantage. That includes people who are admitted to hospital, to long-term respite care and to prisoners who are in custody on remand.

There are a number of other issues, but I do not have time to go through those here. I really just wanted to make the Committee aware that there are further cuts coming down the line. It is so important that you scrutinise the regulations line by line, clause by clause. I agree with what Jennie said about the timetable. It is very important to get a timetable from the Department and to ask it whether there is scope within the regulations to make Northern Ireland-specific amendments.

We, too, are very concerned about the budget for discretionary housing payments. However, we are aware that it is discretionary and is temporary. However, we ask that provision be made within the social protection fund to ensure that people who have had their benefits cut and are at risk of losing their home are provided with some kind of assistance through that fund, even on a temporary transitional arrangement.

The Chairperson: Thank you very much, Nicola. We have had four presentations so far, and like the others, that was very informative.

Mr Douglas: Thanks very much for your presentation. We have heard from a number of stakeholders about the underoccupancy requirements. People are saying to us that the requirements should not be applied until there is sufficient and appropriate housing stock. What is your view on that?

Mr Watt: I think that, in an ideal world, we would not introduce such a requirement until we had sufficient and appropriate stock so that everyone could have a home that was deemed a suitable size. Given our limited housing stock and the very major constraints on the newbuild programme because of limited public funding and our members' limited capacity to borrow privately, that is, perhaps, unrealistic. We should, however, aspire to some changes that will make the system fairer. As I said, exempting particular groups, such as foster carers and disabled people, would make it a fairer and more equitable system. Given that the changes are so fundamental, providers and, more importantly, tenants, need a fair opportunity to prepare for the very major changes that the bedroom tax, or underoccupancy requirement, will usher in.

In communicating with tenants, our members have done a lot of work on the range of changes that will impact on social tenants. However, much of that work has been frustrated by a lack of clarity on, for example, direct payments. We are, obviously, very thankful to the Minister for securing that. However, the uncertainty in that area had created a difficulty in communicating clear messages on direct payments. That is also the case with the bedroom tax, because we do not know what the final shape of that legislation will be here.

As to the provision itself, building new, smaller homes is a part of the solution. Under the social development programme, housing associations are committed to providing 150 new smaller units this year and 200 next year. However, set against the scale of the problem, which is that over 30,000 social households are underoccupied, that is a significant but small part of the solution. Along with perhaps exempting one or two particular groups and delaying the introduction to give us a fair chance to prepare, we also need to do much more work on, for example, supporting people to take in lodgers and looking at issues to do with allocations and tenancies. I do not think that there will be any quick fixes. This will require a lot of small, incremental improvements.

Dr Donald: Absolutely. If we can delay the underoccupation penalty, perhaps by six months to bring it into line with universal credit, that would certainly be helpful. Communication with tenants is fundamental. I understand that it could be January when tenants are notified that they are at risk of being evicted by virtue of this penalty. That does not leave much time for people to assess their housing options and find a suitable property, if indeed such a property is available.

In other parts of the UK, a lot of time has been given to thinking about how to make better use of stock. Investment has been put into programmes of work with local authorities and housing associations on using the stock that they already have more effectively and supporting tenants to move if they are willing to do so. Obviously, when people become aware of the severity of the reductions in benefits, there is a chance that they will want to move on. So we should at least give some thought to putting money into that sort of programme, and we should put a lot of resource, right now, into using the stock that we have more effectively while we wait for the programme to catch up and for those smaller homes to start being built.

Ms Rowledge: I slightly disagree with my two colleagues on this issue. I think that other elements need to be taken into consideration and that we should try to delay the implementation for as long as we possibly can, certainly while we do other work. My reason for saying that relates to the differential between the security of tenure of a social tenant and that of someone in the private rental sector. Many of the people who will be affected by this will be like me: their children will be grown up and have left the house, and they are in a bigger house than it is deemed that they need. If it were me, I would be sitting in a secure tenancy, and I would say that there was nowhere in my area or community, to which I have ties, to move to. So I may decide to pay for the two extra bedrooms. The alternative would be to move into the private rented sector, if accommodation were available there. I would have much less security of tenure, and it would be highly unlikely that I could find a home in the bottom thirtieth percentile in order to get full housing benefit. So I would have to pay something towards my rent anyway. Where would you stay? You would stay in your secure social housing tenancy.

Therefore, the driver and ideology behind the legislation, which is to get better use of social housing stock, as is right and proper, is pointless, because we do not have secure tenancies to move people into, we have quite high rents, and we do not necessarily even have the most appropriate housing in the private sector. People will, I think, choose to stay in their social rented tenancies. Therefore, we have to look at how we can better use our housing stock and look at the sharing of homes and that kind of thing. If you can get a six-month delay, that would be brilliant. However, if you could get a delay that was a wee bit longer, we could start to work with private as well as social landlords on looking at change of use, which would be positive.

Mr Douglas: The Housing Executive told us that, if the Bill were implemented tomorrow, it would not have the necessary housing stock.

Ms Rowledge: Exactly.

Mr Douglas: Somebody suggested yesterday, after a discussion with the Housing Executive, putting off the implementation of the requirement for 10 years, because it would take that long to get the necessary housing stock.

Mr Watt: As has been said, the evidence from GB is that about 80% or 90% of social tenants affected by the bedroom tax will seek, at least initially for a year or two, to stay put. So to begin with, you will not necessarily get movement within the social housing stock. The Housing Executive is taking the lead in procuring a new online home-swap portal. That is intended to work across the social housing sector in Northern Ireland, including the Housing Executive and housing associations, so that, where people are interested in downsizing or upsizing, we are efficiently and effectively facilitating movement within the social stock to match people up as best we can.

Ms McCrudden: Providing advice and support to tenants will play a very important role. Tenants do not know what their housing options are. They do not necessarily know that moving into the private rented sector means that they are giving up a secure property, their entitlement to buy and all the other rights associated with that. Tenants need to be informed and given proper time to seek out that independent advice so that they can make an informed decision about where they want to go.

We have not had any investment for looking at the whole financial inclusion agenda. The Executive are producing a financial capability strategy, and I am on that advisory group, but it will be in place only from March. So we need to look at what investment will be attached to that strategy. It is very unfair to start cutting people's housing benefit entitlement when they have not had the support, information and guidance to show them how to manage their money more effectively. That is quite important.

My third point is about our allocation scheme. There is a mishmash between how our social housing property is allocated and the underoccupancy regulation that will be brought in. Someone could be offered a property and two children under the age of seven would be expected to share, whereas the current allocations policy is two children under the age of 10. That mishmash needs to be looked at, because somebody could be offered a property today and be underoccupying that property come April.

Mr Douglas: Housing Executive officials said that the Bill was very clear, and they used these stark words: if people do not pay the rent, they can expect to be evicted. They said that they wanted advice from us, and they certainly did not say that they would evict everybody who did not pay the rent. What is the response of your sector to what happens now with evictions and the potential for evictions under the Bill?

Ms McCrudden: If you are asking about the attitudes of landlord to evictions, it would be more appropriate for Cameron to respond.

Mr Watt: The housing association movement is committed to working with the Department for Social Development, the Housing Executive, Advice NI, Housing Rights Service and the other housing and welfare agencies to ensure that people do not lose their homes as a result of the changes. However, as we have acknowledged, the changes will cause real hardship, and people will run up greater arrears. DSD, as the regulator for social housing, has very tight expectations of the arrears under which our members are allowed to operate, and, obviously, our members are committed to keeping those as low as possible. A significant and sustained increase in arrears would jeopardise our members' capacity to borrow privately. Lenders to the social housing market are pulling out as fast as they can, and it is a challenging environment. If our arrears were to start increasing significantly, our members' banking covenants would be breached, and the capacity to borrow privately and build new social homes in Northern Ireland would be severely jeopardised. We will work with everyone else to give as much help to everyone affected by this. However I think that there has to be a bottom-line expectation that, one way or the other, people still have to pay their rent.

Mr Douglas: I go back to Nicola's point on the financial capability statement. The Consumer Council is providing advice like that. You are all saying that we need to have some sort of statutory regulation to support advice agencies and those types of organisations.

Mr Brady: Thank you very much for a very informative presentation. You mentioned one point that many of the other groups mentioned, which is that the regulations are not yet available. It is also important that the guidance to social security staff is not yet available. Many of the sanctions and how they will be addressed are predicated on guidelines, so it is important that those are available, too.

Some of the concerns that you raised are very real. In your submission, you state:

"Since universal credit rolls together a number of different benefits it will comprise of different elements (eg standard, childcare, housing costs). At the moment these elements are processed in parallel. There is a danger that the decision on an award will be slowed down to the slowest part of the process. Under universal credit, nothing will be paid to the claimant until everything within the claim has been decided."

Ricky, you mentioned homelessness. That is a huge problem, and it will impact on those vulnerable people. However, there are other people who simply do not have the information at hand and for whom it can take a while to get, for instance, bank statements and details for their mortgage companies. That is a real difficulty.

In your submission, you also state:

"There are no safeguards in the universal credit system to prevent the type of tweaks and additions which have caused the current system to become so complex and unwieldy."

That is very true. There is a notion abroad that universal credit will make everything so simple, but it is all predicated on the effectiveness of the IT system. I have been around the benefit system for a long time. In 1993, when the Social Security Agency (SSA) went live, it involved the biggest computerisation since NASA, and apparently this one is even bigger. That system did not work. The system for the former Child Support Agency (CSA) is the classic example: they had to revamp the whole thing. The inherent difficulties in rolling out universal credit will be a real problem, particularly for housing.

Although we welcome direct payments to landlords, that means that landlords, to a degree, will be OK. The same protection is not afforded to tenants, whose money it really and legally is. It is not just some altruistic gesture on behalf of the Department. Tenants are not afforded the same protection in the reduction allowed in underoccupancy, and so on. The protection is very unbalanced in that respect. I have no doubt that universal credit will probably create more problems than it solves.

Dr Donald: Some of the information in and around universal credit comes from my colleagues in GB, and they are working quite closely with DWP and the Work and Pensions Select Committee on some of those issues. You are exactly right: our big concern is that tenants and claimants have complex and multiple issues. They do not always fit neatly into one simple, streamlined system. Of course, the reason why the current benefit system has reached its current size and level of complexity is simply because it had to reflect the nature of all the different circumstances. That is one of the concerns.

We will also, simultaneously, be reforming a system and imposing expenditure cuts. When those two things happen at the same time, the potential for things to go wrong is greater, which is a very real concern for us. We continue to raise the issue with DWP and the Work and Pensions Select Committee, and we are trying to get more clarity on how those processes will work, particularly the IT system. However, the idea that it will slow down, because fewer benefits need to be assessed and factored into universal credit, is a very real concern.

Mr Brady: I want to make a point about the living wage. That report refers to a living wage of £7.20 an hour and the minimum wage is £6.19 an hour. It also states that people in the North will be impacted more heavily by the lack of that £7.20. We live in a minimum wage economy, and in many cases employers will not pay more than that. Some obviously do, but the majority do not. Therefore, people are still that £1 an hour below a decent living standard. That leads on to other problems and to their trying to cope on a daily, weekly and monthly basis. Therein lies the problem.

How the complexity of tax credits, for example, is going to be resolved in a benefit that will subsume all that makes it even more worrying.

Dr Donald: Absolutely.

Ms Rowledge: I would add that there are particular issues in Northern Ireland about the sanctions around seeking better-paid or more work. On the whole, we do not have better-paid or more work in Northern Ireland. How we apply that to our circumstances here really needs to be considered.

Mr Watt: I think that most people would support the move to digital by default. We are moving into a digital age, and people need to be able to use computers. However, although digital by default may be the right approach, there has to be a fallback for vulnerable people. If those people have a problem with their computer or have no IT skills or access to a computer, the system will break down. A fallback is needed so that people can sit down with someone and get a problem sorted. That fallback will not be available in GB, but I think that we need to make sure that there is some sort of fallback for face-to-face support if people need it.

Mr F McCann: I want to raise a couple of issues, especially on Cameron's last point about it being right that we move to a computerised system. Some of the evidence that we have heard is that a fairly high percentage of people cannot afford computers and would not be able to tap into that. There are many other people who have a limited knowledge of how a computer works. That also needs to be considered.

Sammy raised the issue of evictions. Evictions are already taking place for rent arrears and for those who cannot meet their mortgage payments. There will be a huge increase in the number of people who will lose their homes.

Ms Rowledge: There has been an 18% increase in homelessness in England in the past year and a 36% increase in London.

Mr F McCann: Cameron mentioned the 30,000 houses that would immediately come under the provisions for underoccupancy. Is that within the housing association movement or the Housing Executive?

Mr Watt: About 26,000 Housing Executive houses and 6,200 in the housing association movement will be affected. Overall, about 32,000 households in the social housing sector will be affected.

Mr F McCann: When people argued that point, you said that you are building 150 units over the next wee while. That is a drop in the ocean compared with what is needed. There needs to be a complete change in the mindset of those who have drawn up the Bill. There are huge differences in housing here. We live with the legacy of conflict, and it is not easy for people to move across communities. A couple of weeks ago, I told the Minister that there are a couple of hundred houses lying empty in Tiger's Bay and that 200 people from New Lodge want to move into them. Would they allow it? No, they would not. There are major differences that need to be considered when this is all done.

Jennie, your presentation refers to the extension of the shared accommodation rate. Do you have insight from landlords on the effect of the shared accommodation rate to date?

Dr Donald: I was trying to get a bit information on that the other day, and I spoke to a colleague who works in the private rented sector, particularly helping low-income and vulnerable households to gain access to homes in that sector. There has been a bit of a delay because of the transitional protections, and the shared accommodation rate is not hitting as immediately as we thought it might because it depends on renewal of tenancy. However, increasing numbers of people are starting to say, "I can no longer afford my current tenancy. Can you find me something cheaper?" In most cases, it is almost impossible to do that because, in Belfast, it is a £40 drop between the local housing allowance before the shared accommodation rate and after. Last month, 40 people across Northern Ireland were impacted by the shared accommodation rate and said that they can no longer afford their current accommodation. My colleague said that, in many cases, landlords are prepared to drop rents but cannot drop them enough to make up the shortfall. We can meet tenants in the middle, but it is not feasible because tenants cannot make up the shortfall that is particular to the shared accommodation rate.

Mr F McCann: I have dealt with a couple of people in that category, and a number of people are walking away from accommodation and are back with parents or staying with friends because they cannot afford it. It goes back to the bluff that was put across when it was announced that there would be an increase in discretionary payments from the Housing Executive to cover the cost. It talked about up to £3 million and now up to £6 million. A lot of that was initially said to cover the cost of the shared room allowance. If you add 30,000 people on top of that, it is a minimal amount. Many people do not grasp the fact that it is short-termism and that people still have to deal with the effect of it. Individually, you all do good work, but the hard message that needs to be sent out is that we are not prepared to deal with underoccupancy because it will lead to homelessness. A decision has already been taken that no new hostels will be built, which has a knock-on effect for homeless people.

Nicola, we constantly talk about the impact on people who will lose their benefit for mortgage payments. If possible, could we have some clear examples of how it will impact people? That would allow people, especially us, to see the implications clearly. We get four or five presentations a day, and the Committee has guaranteed that everybody will be given the chance to have their say. We had a two-hour session this morning, and there are more evidence sessions this afternoon. We have accepted that, but, for it to be written into what we are doing, we need those clear examples. The impact of some of the changes on housing, Cameron, and from a homelessness point of view, Ricky, needs to be clearly outlined.

Ms McCrudden: We are undertaking a piece of work that is like a snapshot survey of what is happening with homeowners who are experiencing mortgage arrears because of the cuts to support for mortgage interest. We are looking, almost a year down the line, at where they are now. We are having difficulty in following up a lot of people. That is not surprising because they are probably no longer there and have probably moved somewhere else. We will probably have that information within the next few weeks.

Mr F McCann: I raised an issue yesterday with the Human Rights Commission, and it could make a major difference. It is the question about what the box room in many of the older housing association and Housing Executive social houses stands for. That may have been drawn up many years ago and might have fitted in with the guidelines then, but surely, in this day and age, a box room is more of a cupboard than a room. If that were removed, it would assist a lot of people. That is the message that we are sending out.

Mr Watt: Some flexibility about the redesignation of rooms would be helpful. I suppose that one of the advantages of the GB legislation is that it is not prescriptive about what does and does not constitute a bedroom. Obviously, we cannot do a wholesale reclassification of two-bedroom properties as one-bedroom properties.

Mr F McCann: Is that because it might reduce rent?

Mr Watt: I am afraid that landlords could not take that hit.

Ms McCrudden: It would also impact on tenancy agreements. If people are allocated a three-bedroom property, they will sign a tenancy agreement to say that they have a three-bedroom property. That is not to say that we cannot overcome that if some properties are redesignated, but there probably are some legal implications.

Dr Donald: In respect of future borrowing, you could get round the implications for landlords, but there would be knock-on consequences for existing loans taken out against the stock that they have, rent levels and all those sorts of things.

Mr F McCann: How has your sister organisation in England dealt with that? It is obviously ahead of us given that the legislation is already in place there. Has it be able to work out ways round it?

Dr Donald: In respect of underoccupancy?

Mr F McCann: Yes.

Dr Donald: It is actually very interesting. Along with DWP, we have been running a learning network on direct payments. That is starting to feed back lots of other issues. Direct payments are obviously a concern for landlords in GB, but underoccupancy is emerging as the bigger concern. Like us, they are very worried about what that means for them. However, as you pointed out, they do not have the added issue that we have of segregated housing.

We have developed an underoccupation toolkit, which we provide to landlords. That is free to download from our website and is accessible to everyone. It gives social housing providers lots of practical steps on how to help to support tenants through the changes, how to change their business modelling and how to take account of the effect of the changes on them, as part of the association, and on their tenants. So we are providing that support and advice to landlords. I have to point out that that was funded by the Department for Communities and Local Government. It invested in a team within the CIH to make better use of social housing stock. That is why we have been able to do that sort of work.

Mr F McCann: Are you saying that it has a flaw?

Dr Donald: It is not work that we as an organisation have been able to do entirely on our own. It has relied on government support. That is because the Government recognise that underoccupancy is a major issue and that we need a strategic and targeted approach to deal with it.

Mr Watt: As well as landlords continuing to do what they can to explain the changes to tenants, by doing leaflet drops, providing tenant newsletters and going door to door, I think that some sort of public information campaign is necessary. The Housing Executive website sets out the changes to underoccupancy, but it is still says, "These changes may apply from next April." The likelihood, however, is that they will apply. If it is only saying that they may apply, I think that the reality has yet to hit home. I think that complementing landlords' efforts with a public information campaign would really help to raise awareness. People would then go to our members and get the help that they need.

Dr Donald: We have to be much more creative. A standard issue letter will not necessarily do the job. Going door to door is one thing, but landlords in GB are using social media more and are texting tenants to make them aware of the changes. We have developed an app for smartphones that housing officers use when they go out to talk to tenants. Within five minutes of putting in all their details, the app will tell them exactly how the benefit changes will impact them and exactly how much they will lose each week from their benefits. That is helping tenants to make informed decisions very quickly.

Ms Rowledge: It is important to remember that the regulations, the changes and the potential loss in rental income are multilayered. If people have children at home, they will be hit by increasing non-dependant deductions, which puts stress on families. However, if the children leave, people are immediately hit by underoccupation. So people are caught coming and going. People do not recognise the different levels. We need to try to make sure that the information directs people to advice agencies, which will help them to recognise how comprehensive these changes to housing are. It is confusing enough for those of us who work in the area, so it must even more confusing for tenants.

Mr F McCann: I have just a final point. During the presentation given by the Housing Executive, the representatives said that they had recently completed a survey in the Portadown area in relation to underoccupancy. There was a huge percentage of people who said that they would not move. This is the bottom line in all that. It goes back to Sammy's point earlier on. If people say that they will not move and they start to incur penalties — and this will probably come down to organisations that you would oversee, Cameron — what moves do you make then? Departments and things like that would probably force them out and they would all be evicted. How do you evict 30,000 people?

Mr Watt: Clearly, we cannot evict 30,000 people. Hopefully, the majority of those who make up the difference, will be able to find a way, one way or another, whether through bringing in a lodger or whatever. However there will be significant numbers of tenants running up significant arrears. We need to extend as much help to them as we can. However, as I have said before, the housing associations cannot be financially viable without collecting the rent. We will have to find a way of collecting the rent.

Ms McCrudden: Just a final point on that: we have concerns that tenants will not be able to make up the shortfall. The figures that we have been given here for housing associations are that the shortfall will be £9.42 for one room and £17.48 for two, and that is per week. So, I would be very surprised if those tenants were able to make that up. For Housing Executive tenants, it is £8.25 for one room and £14.70 for two.

The Chairperson: OK. Fair enough. Thank you for that.

Mr Copeland: This is a sort of unforeseen possible consequential. The housing management system (HMS), by which the Housing Executive allocates properties at the moment, can, on occasions, if the applicant has FDA (Full Duty Applicant) status, give rise to a property being offered that has more bedrooms than the facts indicate are needed. The claimant, or the applicant, is entitled to three "reasonable offers". The executive's view of reasonableness, on many occasions, is a bit strange.

What I am asking is whether you feel that there is a parallel piece of work going on to ensure that a property turned down on the basis of economics, is not actually counted as a reasonable offer that will then see someone for ever in the limbo of not having a home?

Ms McCrudden: It should not be treated as a reasonable offer because the Housing Executive needs to take into account the suitability of the accommodation. Currently, my understanding is that allocations are still being made, and people are that desperate to get a social tenancy that they are taking them anyway, even though they may be informed that they may be underoccupying. If you have the options of being in a hostel, sleeping on someone's floor or you have been offered a tenancy, you will take it and then hope that these changes will not happen, because everyone keeps saying that they "may come down the line". That just reinforces what we said earlier. It is very important that the regulations are brought forward as soon as possible to you, so that that information can be communicated to tenants.

Mr Watt: I believe that there are some changes to the common selection scheme going before the Housing Executive board shortly, which will make some tweaks to the system, in light of welfare

reform. However, I think that landlords will still have to offer larger properties than may be covered under the new system and that that will still constitute a "reasonable offer". There is a huge amount of work that needs to be done on the common selection scheme. A fundamental review is under way, which is signposted in the housing strategy. However, a huge amount of work has to be done on the common selection scheme, allocations and tenancies in light of the new system.

Ms Rowledge: I —

Dr Donald: Oh sorry, Ricky. I have one last thing, or one last thing before Ricky. There is an issue of training for staff, which is something that we should take on as an organisation and take a certain amount of responsibility for. We have been saying for a long time that welfare reform cannot be the responsibility of one unit within a local authority, the Housing Executive or a housing association. It has to be disseminated right across the whole organisation. Everyone working in housing needs to know what the changes are and how they will impact on people, so that someone who is in a district office managing allocations or advising people about housing options is fully aware of the entire picture of what these welfare reform changes will mean, so that they can direct tenants or applicants to appropriate properties.

Mr F McCann: I could probably argue with you about that for an hour. The system needs to be scrapped and started over again.

The Chairperson: That is for another day and another hour.

Ms Rowledge: I wanted to talk about the common selection scheme. Fra and I can have a conversation in the bar about that another day. *[Laughter.]*

The Chairperson: You have made a very comprehensive set of written submissions and, more importantly, you were here today to underline a range of those points. I thank you for your presentations. I also thank you for your indulgence given the delay in the time frame of the meeting. It is very important for us to hear from experts in the field like you.

Sammy raised the issue of the Housing Executive. The Housing Executive representatives made it clear that although they will be duty-bound to have a robust policy of repossession or eviction if people are deliberately not paying their rent, they make a clear distinction between those who do not pay their rent even though they have the wherewithal to do so and people who, as a consequence of the welfare reform proposals, are unable to pay their rent because they do not have the wherewithal — that is the term that they used. They have drawn attention to the fact that they will be faced with that and have to deem people homeless.

Ms Rowledge: At vast expense.

The Chairperson: That also brought in the whole question of displaced payments. I do not want a run of headlines that 30,000 people will be evicted by April.

Mr F McCann: I thought that it was March.

The Chairperson: I am just making the point that, to be fair to the Housing Executive representatives, they raised a clear concern about people who, as a result of these proposals, may not be able to pay their rent. They put that question out for discussion: how do you decide whether to take someone's home off them?

Mr Douglas: They also talked about underoccupancy, which will affect something like 26,000 people in receipt of benefits. To go back to Nicola's remark: how will those people deal with that penalty?

Ms Rowledge: You also have to bear in mind that 11% of those people are working people. Therefore, they will not be getting housing benefit. However, the money that is taken off them is a percentage of their total rent and not pro rata to their benefit. So, many of them may actually end up in a negative position of getting no housing benefit.

The Chairperson: I am just making the point that, in fairness to the Housing Executive representatives, while they will, on an ongoing basis, evict people who are deliberately or carelessly

not paying their rent, they have said that they could well be faced with people who cannot afford to pay their rent and asked how housing associations should deal with that. That is a big question; there is no question about that.

Mr Watt: Housing associations are social businesses. They are in it for a social purpose. They will do everything that they can to support people in the worst circumstances who have the least room for manoeuvre. However, unlike the Housing Executive, we are not deficit-funded by the taxpayer. The Housing Executive does not have the same financial constraints as our members. Our members will do everything that they can to support and help people and show understanding and forbearance where they can, but they have loan covenants that they have to stay within if they are to continue to provide new social housing.

The Chairperson: It is an issue that is not resolved; that is for sure. It is clearly a cause for concern from everybody's perspective. For accuracy, I am just trying to put on record the comments that the Housing Executive made to the Committee.

Thank you again very much. We are working our way through 40 written submissions and 20 oral submissions. A lot of those are from coalition-based groups like yours. That is very important to us. We have had the benefit of discussion with you, and we will continue to have that. Thank you very much for an invaluable contribution to our deliberations on the Bill.