



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Welfare Reform Bill: Northern Ireland
Housing Executive Briefing

25 October 2012

NORTHERN IRELAND ASSEMBLY

Committee for Social Development

Welfare Reform Bill: Northern Ireland Housing Executive Briefing

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Members present for all or part of the proceedings:

Mr Alex Maskey (Chairperson)
Mr Mickey Brady (Deputy Chairperson)
Ms Pam Brown
Mr Gregory Campbell
Mrs Judith Cochrane
Mr Michael Copeland
Mr Sammy Douglas
Mr Mark Durkan
Mr Fra McCann
Mr David McClarty

Witnesses:

Mr Pat Durkin	Northern Ireland Housing Executive
Ms Dolores Ferran	Northern Ireland Housing Executive
Mr Gerry Flynn	Northern Ireland Housing Executive
Ms Fiona Neilan	Northern Ireland Housing Executive

The Chairperson: I welcome Gerry Flynn, Dolores Ferran, Fiona Neilan and Pat Durkin of the Housing Executive. Thank you very much for coming here this morning. We are very pleased to have you.

Mr F McCann: Is there a written presentation?

The Chairperson: The presentation is on its way round.

Mr Gerry Flynn (Northern Ireland Housing Executive): Chair, I apologise for our lateness. We have with us copies of our briefing. Because of our lateness in finishing it, we have not had an opportunity to have it formally cleared through the Department. We have made comments, clause by clause, against the Bill's provisions, and I have brought a summary of our views on the big issues, and what we are trying to do to mitigate the impact of this on our tenants.

I have copies of our presentation for members.

I will quickly take members through the summary. My colleagues, who are steeped in our work on welfare reform, can contribute. We are happy to take questions from members and deal with any issues of detail that may arise.

We welcome the opportunity to make a submission to the Committee. This Bill is an important piece of legislation for Northern Ireland. It will significantly change the welfare system and have a significant impact on social housing across Northern Ireland.

We are well aware, as are Members, that the Bill deals with: the creation of universal credit; replacement of the disability living allowance (DLA) with personal independence payments (PIPs); reform of the social fund and housing benefit; benefit caps — which we are all well aware of — and conditionality of sanction powers.

This submission deals in the main with the impact of the changes to housing benefit in the social sector, but it also refers to impacts and other changes contained in the Bill. As to recent developments, we welcome the concessions which Minister McCausland has recently obtained on behalf of Northern Ireland, particularly in the arena of direct payment and the method by which that payment will be made to individuals. Members are aware of our concerns about individuals getting access to monthly payments in arrears, which will result in their having to make arrangements, potentially, for paying rent right across the social sector. So we welcome those interventions

In terms of the relationship between the Department and ourselves, the Minister has asked the Housing Executive to act on two fronts: one is that, as a regional housing authority, we should comment on the impact of welfare reform; and another is to comment as a landlord managing 90,000 tenancies. To that effect, we have worked very closely with the Department in putting together working groups to examine the various strands of the welfare reform review. On the basis of that, we have carried out a detailed analysis of the potential impacts on applicants looking for housing, our tenants and the business activities that we manage as an organisation. To that extent, we have worked closely with our colleagues in the housing association movement, who have to deal with similar issues in managing social tenancies.

I will deal with the key issues for our organisation. The Bill is known as a piece of enabling legislation. Much of the detail that will come out of it will be in regulations. We would require and request that when regulations are drafted, we get an opportunity to comment on them in detail because they will impact on how we deliver this.

A big issue with regard to the Bill is underoccupation. I have provided data for members. As you can see, in the main, we have around 26,000 tenancies with the potential to underoccupy either one or two bedrooms. The impact on those individuals, as you will see — bearing in mind that they are people who, in the main, are on benefits — is that they will have to find between £7 and £15 a week out of their universal credit allowances to cover the shortfall in their rental payments.

So, we are doing a lot of analysis. We have piloted that and my colleagues might want to talk about that in more detail later. We have done a lot of analysis to see what the impact will be locally on the people who live in our housing stock, what impact that might have and the mitigations that we would have in place to try to deal with those issues. When you look at the make-up of Housing Executive stock, you see that although we have 90,000 properties, somewhere between 10,000 and 12,000 of those are targeted at one-bed accommodation. So, we have around 26,000 underoccupying tenancies. If everybody presented at our door tomorrow morning looking for accommodation that is appropriate to their needs, we would have a major issue to try to deal with that. We would not have the supply to match their needs.

With regard to vulnerabilities, significant changes will arise as a result of personal independence payments in the Bill. I have quoted the chapter there. They will impact directly on how people manage their family income. Although other disability related benefits are not intended to be used for housing costs, you can understand that any reduction in housing allowances to cover rental costs will have to be met from the payments that they get for other issues. The additional costs of living with disability have been well documented. The administration and targeting of a range of services, including disability facility grants, for which eligibility would be determined by passporting individuals through access to the system, could prove challenging to us in ensuring that individuals match up to the rules.

Although older people are exempt from the changes, it is difficult to see at this stage — I know that the data that we have collected provides only indicators — how people in the disability sector may not be impacted adversely by that. I know that it is early days. The proof of that will come as we gather hard-nosed data. Therefore, if you are of working age, you are directly impacted. However, if you are of working age and you have a disability, there is potential that your group may be impacted adversely. The proof of that will come out through the detailed research that we carry out.

We are still waiting for details on households that are affected by the benefit cap, which will be implemented through deduction from awarded housing benefit. When that is available, we will be in a better position to come back with more information.

I will make a point about sanctions. There is a penalty in the Bill that relates to people's providing false information. We need to be very careful about how we manage that as regards whether people have provided false information deliberately, negligently or simply because they were confused about the information that they were asked to provide. As we move forward, that part of the Bill needs closer examination.

I would like to make a final general point before I close. In our initial responses to managing the impacts of welfare reform, we set up our own working groups. We produced internally a document called a "social welfare action plan", which looks at the sorts of things that we would have to do as a major social landlord in Northern Ireland to mitigate the impact of that. Part of that includes a lot of significant research on tenant profiling, the level of underoccupation and the level and type of individual who applies for accommodation in Northern Ireland. So, we are doing a lot of research on those issues.

We are trying to gather information about the extent to which young singles are on our waiting list. Up until last week, we have also done a lot of work on the potential impact of direct payments and how that would be managed. The Minister's intervention could certainly mitigate that.

We also need to look at the make-up of the newbuild programme and whether we have sufficient one-bed accommodation built into that to cater for potential demands that are coming down the track. We also have to review the nature of the building form itself. I mentioned the mismatch between the nature of the housing stock and the requirements of people who are looking for accommodation. We certainly need to look at issues with regard to houses of multiple occupancy (HMOs).

One big aspect of our work will be looking at the review of the housing selection scheme, on which we have worked very closely with the Department, and, in particular, the rules on how people access bed spaces and the mismatch between that and the current housing benefit rules. So, we are also doing a lot of work on that.

We are also trying to promote, through technology — my colleagues may want to talk about that — the impact of direct exchanges and how people can potentially swap for accommodation that is more suitable to their needs. We have looked extensively at the impact of universal credit as it comes down the track, bearing in mind that we have statutory responsibility for processing housing benefit payments and a significant workforce currently employed in doing that.

We also need to develop some significant work on the potential for a review of a new rates scheme in Northern Ireland, which is currently impacted through the management of housing benefit. As a result of the changes coming up in how we manage bed spaces, it might be incumbent on us as we move forward to look at how the current rent scheme of the Housing Executive is structured.

Finally, underpinning all of that, it is incumbent on us, as a manager of major stock in Northern Ireland, to get simple, precise information and advice out to the wider public on how we move forward and manage changes that are coming down the track. Underpinning that, we hope to develop a fairly comprehensive communication strategy to deal with those issues.

Those are the sorts of things that we are dealing with at a very high level. I am quite happy to take questions from members.

The Chairperson: Before I bring in other members, I want to be clear on this point: you produced a table in your summary identifying 26,168 tenants who will be impacted by the underoccupancy rules, 7,000 of whom are underoccupying by more than one — *[Inaudible.]* You said that, if all of those people who will be impacted by that were to present themselves for alternative accommodation, you would have a serious challenge to address that. Does that mean that you would not be able to address it, or it would be a serious challenge to address it?

Mr Flynn: If they all presented tomorrow morning, the evidence shows that we would not have the accommodation for them. If all of those people who are underoccupying presented at the front door of the Housing Executive in the morning, could we, within a week or so, move them to suitable accommodation? The answer to that is no, we could not.

The Chairperson: OK. I appreciate that.

Mr Brady: Thanks for the presentation. I have just a couple of questions. On underoccupancy, you mentioned a figure of 26,000. We are constantly told that the whole premise of universal credit is to get people back to work. Do you have any stats on how many of those 26,000 are actually in work? With the single-room rent — *[Inaudible.]* — I think 37% of those people affected were actually working, so it is not just about people who are not working. It is also about people who are on low income, and we live in a low-income economy. Will you check that out and get back to us?

Mr Flynn: I will get back to you, but I do not have that data at this stage. It is an important question.

Mr Brady: That is fine. It is an important question, because it skews the rationale to a certain degree.

The other thing relates to the disabled facilities grant. They are saying that, under the universal credit, it is going to be more difficult to identify the criteria. If someone is in receipt of DLA or attendance allowance then it makes it much easier. A lot of people are going to be affected by that move by being taken off DLA and not necessarily going on to receive a personal independence payment. That is a challenge for you.

The other thing about underoccupancy is that you mentioned the house not being available. Apart from the way housing works in different areas, where people are reluctant to move, one of the criteria in certain areas if you have a disability is that you move near family and friends for support. That may well be badly affected if, for instance, the only single-room accommodation is 10 miles away. I do not think all of that has been factored in. I am sure you probably have thought about it. Those are a couple of issues that I just wanted to raise.

Mr Copeland: Hi Gerry, and welcome to your team. There are a couple of issues that I want to clarify at the start.

Of the 26,000-odd citizens or families who will be affected, each one is currently in possession of a tenancy offered to them on the basis of reasonable accommodation by the Housing Executive, and each one of them could well ask why you are now putting them into a property that they cannot afford to live in.

Secondly, I have seen some Housing Executive properties classed as having three bedrooms when the third bedroom is not really a bedroom and was never intended to be a bedroom. Is there any opportunity to reclassify what constitutes a bedroom and perhaps ameliorate that in some way?

Lastly, what about a case in which underoccupancy is created by the provision of a downstairs disabled bedroom to facilitate a disabled person, thus freeing a bedroom upstairs? Will that person, who has already gone through the trauma of all that, be affected? What about overnight stays, particularly with reference to parents without care, and the requirement of some people to have on a regular basis someone to stay with them due to some sort of stress or trauma? Will any of that be allowed for in the context of the legislation?

Mr Flynn: You touch on a range of very —

Mr Copeland: They are all quite similar.

Mr Flynn: They are all very challenging. We are not on our own; every local authority across the United Kingdom is faced with the same issues about how to deal with working practice that applied in the past, such as where we provided an extra room for someone who had access to children at a weekend. Under the benefit rules, they would be hit and would have their benefits reduced. We have promoted in areas in which it has been difficult to let accommodation that was much bigger than the needs of the families on the basis that we do not want to blight the area; we want to have the properties occupied. All of those are real issues for us. We do not have the solutions. We are working through options and evaluating whether it is possible to change the building form to accommodate the people who live there and ensure that you are not creating any inequalities in the system, so that somebody who happens to be on housing benefit does not have their rent reduced because of something that we do to amend the property while somebody who works and pays their way has to pay a different level of rent. There are issues with the equality dimensions of this. We are

working through them; we are trying to gather as much data as we can. That is why I said earlier that we may have to look at the rules of the housing selection scheme. We may have to look at the construct of the rent scheme, which has been known to us and has worked for quite a long time, to deal with this. All those policy changes would have to be widely consulted on and formally approved by the Department and back in here through the Assembly.

Mr Copeland: The issue, in some ways, is that, for us to take an informed decision, we need to know that before we can judge the effect of this. Is it likely that we will be in possession of that information in time to do that?

Mr Flynn: Yes. Our research is pretty well advanced —

Ms Dolores Ferran (Northern Ireland Housing Executive): Yes.

Mr Flynn: — in respect of the information that we are gathering.

Mr Copeland: Could I also ask, tongue in cheek and knowing the constituency that I come from, if the Department or the Government place a financial penalty on those who are underoccupied, will they consider placing a financial premium on those who are over-occupied?

Mr Flynn: That is the other side of the coin. We have data on the level at which our accommodation is over-occupied. That is why, in many respects, we are trying to use all the tools that are available to us to try to get a better match with the accommodation that we have through the tenant exchange scheme.

If people know that they are underoccupying and somebody else down the street is over-occupied, we are trying to create a situation in which people will willingly swap accommodation. That has not happened in the past because people get used to where they are living. However, the financial penalties that are potentially coming down the track open the door to seeing a greater level of exchanges.

A big issue that we will have to face coming down the track is that, if you fine people who are underoccupying, and they get their benefits reduced and have an inability to pay their way, we, like all the other social landlords, are going to be faced with hard decisions about the action that we will take with those individuals. It is different for someone who just refuses to pay and has the wherewithal; we have evicted those people in the past. There are big social issues. Are we going to take hard-nosed action against individuals who just cannot pay as opposed to those who refuse to pay?

Mr Copeland: On the basis of that, do you feel that this Westminster legislation is not particularly compassionate, if that is the right word? Legislation is seldom compassionate, but this did not pay particular attention to Northern Ireland. There are pressures here, given the polarisation, in many cases, of your properties, which, quite simply, are not taken into account by the legislation. Although it is not your view to prejudge a Minister, should we make the case that that aspect requires some degree of re-examination?

Mr Flynn: Certainly. I do not want to speak for the Minister, but he is looking forward to meeting Lord Freud. He will try to make the case that Northern Ireland is different. I fully understand the issue about parity with the rest of the United Kingdom and the cost to the Northern Ireland block if we do something different, but if we could do something that allows us to work within the rules with different sets of procedures, that is something that we would like to see.

Mr Copeland: It depends, in some ways, on whether you view parity as a simple financial computation or whether it is parity of outcome. Although the financial parity may exist, the parity of outcome will be dramatically different in Northern Ireland.

Mr Flynn: We need to be mindful that any change that we look to put in place in Northern Ireland does not cost the Northern Ireland block. If we take it out of one pot, it has to be found somewhere else. That is the issue.

Ms Ferran: It might be useful if Fiona adds a little bit. We are doing what we call a pathfinder in Lurgan and Portadown. That involves going out and talking to households and tenants who are underoccupying currently to see how they are going to cope with the potential changes.

Mr Copeland: Would that be what you call a pilot scheme?

Mr Flynn: Yes.

Ms Fiona Neilan (Northern Ireland Housing Executive): It is indeed. We have about 1,100 underoccupied tenants, according to the size-restriction rules, in that district. We are doing that pilot scheme to talk to as many of those as possible. That involves face-to-face interviews and discussion about how they will be affected, a calculation of the likely financial impact and their shortfall in rent.

There will also be discussions about what they are likely to do and whether they would prefer to stay and try to pay the shortfall or whether they are likely to be willing to move. Less than 10% are saying that they would prefer to move at this stage. For anyone who indicated that, we are discussing options for transferring and, as Gerry mentioned, the direct exchange. There are — *[Inaudible.]* — on board with the new — *[Inaudible.]* — exchange scheme now that is going to be up and running.

We are also talking about offering some budgeting advice and referrals to other agencies to get some help with budgeting and talking about ways to pay rent. That will be important, as will be discussing our rent card, direct debits and other housing options, such as transferring to another area, etc. That is a very useful exercise. It has given us a lot of information. It shows that an overwhelming number of tenants would like to stay where they are.

Mr Copeland: I wish that some of the other areas of the Department involved were as keen to carry out pilot schemes. We had a discussion a couple of days ago about it. I think they are sleepwalking on a minefield.

Mr Flynn: We are also tracking the pathfinder pilots in the UK. Some of the new changes are up and running, and we will track closely what they are dealing with because we all face the same challenges.

Mr Copeland: Although Northern Ireland has an added layer of challenges.

Mr Flynn: I accept that.

Mr F McCann: I have a quick question. In terms of the 26,168 people on housing benefit who it will affect, is that people on full housing benefit or people at all ranges? Does it take in, as Mickey said, low pay?

Mr Pat Durkin (Northern Ireland Housing Executive): That takes in everybody who is on housing benefit. Some of those would be on part benefit. They have not gone down to that level at this stage.

Mr F McCann: Could that be broken down? It is crucial. Mickey is right: what is lost in here also is the fact that a sizeable amount of people are also on low pay. Sometimes, we are given the impression that all the people who are on housing benefit are scroungers, but many people are also working. Many people suffer from severe disabilities. A breakdown of that would be useful, because it is crucial.

The Minister and some from the Department said that the increases in discretionary payments will take care of what has happened. Sometimes, however, exactly what a discretion payment is and how long it lasts for is lost on people. It is a short-term fix for a long-term solution. After a short time, people will feel the full impact of what is happening. You can stop me if I am wrong. I take it that people will be paid for the first 13 weeks at the full rate and 80% for the second 13 weeks. There was some confusion about whether people would be paid at all after the second 13 weeks.

Mr P Durkin: It will depend on the numbers who apply and the extent of our budget. That is the overriding factor that we have to apply. If we do not have the money available to pay them, we will not be able to pay them. At present, when we put on a discretionary claim, it is for 26 weeks. At the end of that period the tenant is entitled to ask again for a further payment period, but there is no guarantee of how much they will get or for how long they will get it after that because it is seen as a short-term solution, as you said.

We cannot guarantee it indefinitely, otherwise there would not be enough funding left for new people to come into the scheme. We have to make case-by-case determinations as to how long we can pay a claim for and how much we pay out.

There is no guarantee that, when we make an award, it will cover all the shortfall even at the first time of applying. We have to judge the budget and the demand and try to make sure that we live within our budget.

Mr F McCann: I thought that the 26-week period was broken down into two different 13-week cycles.

Mr P Durkin: No, not at the moment.

Mr F McCann: When did that come in? I was talking to people about six weeks ago and the information that I got from housing benefit was that it was 13 weeks at the full rate and 80% for the next 13 weeks.

Mr P Durkin: No. Our policy at the moment is a 26-week award. It is purely to provide some degree of stability for tenants and give them a chance to find alternative accommodation. If you were limited to 13 weeks, it is a very short period for someone to have to up sticks, find somewhere new and move. We decided that —

Mr Flynn: If you want, I will forward a note to cover that, if it helps.

Mr F McCann: The point is that it is a short-term fix.

Mr P Durkin: It is.

Mr F McCann: People will feel the full weight of the cut in housing benefit after a short period. You are right; it depends on the amount of money that is available and whether there is the ability to pay. The discretion lies with whoever to determine whether a claim can be given.

I wonder whether you have taken into consideration the legacy of the conflict that we live with, especially in some of the big urban areas where it may be dangerous. Just recently, we heard on the news about cases of intimidation where people have been put out of houses and are afraid to go into certain areas. Was that taken into consideration when you drew up your report or submission?

Mr Flynn: We have rules for dealing with intimidation and how people get pointed.

Mr F McCann: Let me give you an example. There are parts of north Belfast where quite a number of houses are lying empty. Some areas are overcrowded, so if people from those areas went to you tomorrow to say that they wanted to move into those houses, would you be in a position to move them?

Mr Flynn: Well, those are things that would have to be discussed in the round. We would deal with the circumstances as they presented themselves.

Mr F McCann: Yes, but if you do not do it they can still be penalised for underoccupancy.

Mr Flynn: The nub of the issue is that if someone presents looking for accommodation of a certain kind and we do not have it, and we are making them an offer, it is about the action that we are going to take as a reasonable landlord in making reasonable offers to those individuals. That is one of the issues that we have to try to deal with.

As I said earlier, if everyone who is underoccupying presented, could we offer them accommodation directly appropriate to their needs in the morning? The answer is no; we could not deal with them all. Some of the work that we are currently doing —

Ms Ferran: We are currently looking at issues in low-demand areas. We have different solutions where there is high demand, for example, where if you have a three-bedroom house you could let it. However, if we cannot let in a low-demand area, it is better to have a house let than have it empty. If

someone is underoccupying, how are we going to compensate for the loss that that person might experience under the new regulations.

Mr F McCann: On top of that, the point is that there are areas, certainly in Belfast and perhaps Derry, where houses may be empty, which people cannot move into. Is that being worked into your considerations?

Mr Flynn: Setting aside the issue of the impact of welfare reform, we have been doing a lot of work, considering that there are over 20,000 people in housing stress on our waiting list, to ensure that our accommodation is used to its maximum. Our level of voids has reduced significantly over the past period of time and we will continue to look at that.

Mr F McCann: Have you started any process that identifies future newbuild to meet the needs?

Ms Ferran: Yes. We have been actively talking to housing associations this year about acquiring smaller properties such as one-bed apartments. That has not been terribly successful, but we now have a target of having 200 units in the programme for next year in that target market. It will take a while for those to come through into the supply. We are also looking at converting some of our houses. There is potential to convert some into an apartment upstairs and a bedsit below. Whether it is economical to do so is another question, but we are looking at the feasibility of all that.

Mr F McCann: How would that work in areas of high demand? How would you match that?

Ms Ferran: High demand is probably not a factor, because we can let the house anyway. The difference in rent between a three-bed house and a converted bedsit with a one-bedroom apartment does not make it a good investment to spend £30,000 on conversion.

Mr F McCann: Although it might be different elsewhere, in areas such as west and north Belfast, most of those on the waiting list and staying in hostels are young families and one-parent families. How will you deal with that when building 200 houses or flats to meet the need?

Mr Flynn: I do not have all the facts with me, but it is fair to say that the waiting list contains a significant number of young families. An increasing chunk of our waiting list is made up of singles looking for appropriate accommodation. Schemes from some of our local offices have brought back into use void one-bed properties that were not popular. The impending change means that they are now popular, and we are starting on work to bring some of those properties back into stock.

Ms Ferran: In Belfast, 48% of those in housing stress are single.

Mr F McCann: May we have a copy of that information?

Mr Flynn: Yes. I will provide one note to cover a couple of issues.

The Chairperson: Fra was getting at what is one of the elephants in the room. Gerry, you said earlier that there is a particular problem that exists not just in urban areas, although it is probably more stark in some urban areas, particularly Belfast. I agree entirely that you do not want to allow houses to lie empty and blight an area. By the same token, people might need additional accommodation in a neighbouring district, maybe one street away, but would not be allowed to live there. That issue has to be grappled with, because that is us trying to manage sectarianism in basic, simple terms. That is an elephant in the room that we have to address.

Mr Campbell: It was a very useful presentation. I was very interested in the Lurgan survey, which found that only 10% would prefer to move. I do not know what type of questions were asked but, presuming that the survey was within the past couple of months, most people being surveyed about changes as a result of welfare reform were probably thinking that it would not affect them immediately but might do so some way down the line. Although the survey is useful, and I glad that you conducted it, it would be even more helpful if another one were to be carried out when the changes are imminent, because somebody's view about a change next year, the year after or some time in the future will be different to their answer closer to the time. If you were to carry out another survey and ask for people's views when they know that the change is about to happen in the next month or two, you may well get a radically different figure than the 10% from this survey. It might become 25%. I do not

know what the figure would be, but a survey at that stage would be even more useful. Do you plan to do that closer to the time?

Ms Ferran: Yes, we have planned further communications, and, from January, we plan to roll out communication with everybody who is underoccupying and offer them a face-to-face visit if there are vulnerabilities or if they need more information.

Mr Campbell: A number of members have asked about the table in your submission, and I am not 100% clear on that either. It shows that a total of 26,000 people are underoccupying. Below the table, you state:

"This represents around 60% of all NIHE tenants of Working Age claiming Housing Benefit."

I am not clear on what that means. Does it mean that 60% of all 90,000 Housing Executive tenants who are of working age claim housing benefit? Are 60% of the 26,000 eligible to claim housing benefit?

Mr Flynn: No. The general breakdown is that over 70% of our tenants are on housing benefit.

Mr Campbell: Of all your tenants?

Mr Flynn: Yes. Say we have 90,000 tenants, about 64,000 or 65,000 of those are currently on housing benefit.

Mr Campbell: Yes, but what percentage of the 26,000 are getting housing benefit?

Mr P Durkin: All 26,000 are on benefit.

Mr Campbell: They are all underoccupiers, but are they all on housing benefit?

Mr P Durkin: They are all housing benefit claimants.

Mr Campbell: Of any kind?

Mr Flynn: Yes.

Mr Campbell: Right. That means that approximately 60,000-odd other tenants are protected.

Mr Flynn: They are protected because they are not of working age or because they are able to pay their way. They are exclusive of the rules. We are trying to grapple with underoccupation. So we ask ourselves who will be affected and can we get their addresses. Anecdotally, our information shows that about 26,000 will be affected. We really have to try to deal with them. Part of that was picking a sample area, Lurgan, and asking what the real issues are for those households. We believe that 26,000 people would be directly impacted if the change came in tomorrow morning. Their benefits would be reduced by the amount applied to one or two bedrooms.

Mr Campbell: That is helpful. Do you plan pilots other than in Lurgan to see whether that was reflective?

Ms Ferran: As you can imagine, it is quite a time-consuming task. If the legislation goes as planned, it will come into force in April next year, so we do not really have time to go out and visit every single person. There will be a lot of telephone contact and visits to people who have greater needs than can be dealt with over the telephone.

Mr Campbell: My last question is about sanctions. Again, I have full sympathy with you here. Presumably, a number of people, and I do not know whether that number will be large or small, will give false information. Your problem, as you outlined, is how to distinguish between those deliberately giving false information and those doing so inadvertently. If most of the people who give false information are assessed or designated as having done so inadvertently, how difficult will that be to manage?

Mr P Durkin: It will be a subjective decision. There is no suggestion of fraud necessarily. It may well be that some people did not tell us on time that their circumstances had changed. We will have to decide whether that was due to their negligence or because something else happening in their lives meant they just did not get round to telling us. We would have to get to the bottom of that level of information in every case if we were to decide to apply a penalty in one case but not in another. It would be a very complex addition to an already complex decision-making process. Determining whether an overpayment should attract a penalty could add 50% to the time taken to decide whether there had been an overpayment in the first place. That would be a major addition to our work and have a major impact on the person who, for whatever reason, had not told us in time that their circumstances had changed or, possibly, had not provided us with the full range of information required.

Mr Campbell: I appreciate fully all the time constraints involved, but the point that I am trying to get at is this: if a significant number of people are assessed as having either inadvertently given wrong information, or if, as is reasonable to assume, some mitigation is taken into account, the end result will be that you have spent a great deal of time for little result. Taking all mitigating factors into account would mean few or no sanctions.

Mr P Durkin: That is right. There would be no end result of all the work up to that point.

Mr Campbell: I am on your side on that. What is the solution, other than not going down that route?

Mr P Durkin: The regulation is discretionary and states that the Department "may" act.

Mr Campbell: Do you pursue it or not?

Mr P Durkin: The choice can be made not to pursue it. It is in the legislation, but the Department may decide that the regulation is not one that it wants necessarily to pursue in every case.

Mr Flynn: Under the current housing benefit regime, people do not provide us with the necessary information because they do not understand what is required. The view is that, if they did not understand the rules and failed to provide the information, they were paid benefit that they were not entitled to. That is a pretty harsh approach. Housing benefit is fairly complicated.

As we move to the introduction of universal credit, the expectation is that individuals will eventually make applications online of their own volition. You can understand the difficulties that will be faced by staff processing applications for universal credit, which is a composite of all the benefits in one payment. The problems that we struggle with every day of the week in processing applications will be added to.

There are two issues: training for staff who process cases and the information that we get out to people in a simple format. It is easy to talk about that, but it is not so easy to do. As some of our studies have shown, despite all the press coverage, discussion and media awareness, an amazing number of people do not know what universal credit is about. They do not understand. That may be a failing of ours: we are a public service, and we need to be better at getting the message out in a simpler and more readily understood fashion. It is alarming that, as close as we are to the introduction of the legislation, people do not really understand that, for example, if they underoccupy a property, their benefits will be cut by £5, £6 or £7 a week. So it is incumbent on us all, as officers in the public service and as officials, to try to get that message out in as many forms as possible.

The Chairperson: For us as legislators, it is all very well for somebody to tell us that they might not act anyway, but we have to agree legislation that sets out what can be done. You rightly pointed out that this is enabling legislation. If I am asked to support legislation that sets out what the rule will be, it is no good telling me, "Well, we are not really going to do that anyway". If I pass the legislation, I have already enabled it. That is a matter for us to decide on in due course.

The legislation already provides for penalties to be levied, and so on, if people give information that is wrong, inadvertently or otherwise. The legislation will specify how much giving the wrong information will cost, even if it is done innocently.

Ms Ferran: That is in clause 112.

The Chairperson: When you take that into the benefit arena, people will be paying through the nose, whether they have made a genuine mistake or not. Of course, that does not reverse the sanctions from the Department.

Mr Douglas: I thank Gerry and the rest of the team for their presentation. I want to go back to my colleague Gregory's point about people being evicted. At a recent conference in east Belfast, that was the one issue that people became agitated about. They said that the number of people being evicted due to underoccupancy, a reduction in benefits or whatever, would increase. What is the situation with evictions? Do you have any predictions for the potential increase in evictions?

Mr Flynn: We currently take a very hard line. If people who have the wherewithal do not pay, we evict them. We will take a hard line when advertising that. So it is incumbent on you, if you get a tenancy from us, a housing association or someone in the private rented sector, to pay your rent. If you do not pay your rent, you lose your home. If you lose your home in those circumstances, you do not qualify for help as someone who is homeless because you are intentionally homeless, and we do not have any responsibility to help you.

This is slightly different, as we may find individuals who do not have access to the wherewithal and have had their benefits cut. If the proportion of their universal credit left to cover their housing costs does not meet the need, we will be faced with a real choice. We have not made any decisions about this yet, and I do not want to pre-empt what might go to our board and through the Department. The first case of eviction because of underoccupancy might involve someone who simply does not have the money and has a young family. Think of the press coverage and the political flak that we would get, but we have a set of rules and public money to manage, so it is about striking that balance.

There are figures being bandied about for the rent arrears of all those affected in the first year. If everybody refused to pay, our rent arrears could go up by between £12 million and £15 million in the first year. The issue for us is whether to continue to try to manage those tenancies and collect what we can. Do we keep a record of the debt until such times as they are able to pay, or do we take a hard-nosed approach and evict. However, if we evict because of an inability to pay, they are not intentionally homeless. That decision has to be taken separately. If they are not intentionally homeless, they can call at a different Housing Executive door and apply to be treated as homeless. We would then be responsible for finding them temporary accommodation and would have to put them up in a temporary placement, the cost of which would be far greater than the average rent that we charge. It is a vicious circle. We have not reached a conclusion, but I do not want anyone to be under any misapprehension: if people do not pay their way deliberately, we will evict them. I imagine that you would expect us to say that, because 20,000 people are queuing to get a property from us and our social tenancy colleagues. If people who have a property do not value it, it is important for us to take action.

Mr Douglas: The other side of the coin is people who will not pay. Let me give you an example: I am sure that here are seasonal spikes, where you have —

Ms Ferran: Christmas?

Mr Douglas: Yes, Christmas, Easter, Halloween or whatever. Also, at back-to-school time, people will pay for their families' needs but deliberately not pay rent. If I were in that situation, I would do the same. I would look after my family rather than paying my rent. Will such people be in the category that you just described?

Mr Flynn: We have been at this a long time, and we know the patterns of payment behaviour. We know that there are spikes in individual tenancies, and we know that they always come back and enter into agreements. The issue for us is to demonstrate that we are managing the debt, taking appropriate action and getting people back into agreements as quickly as possible.

Our information shows us that, particularly in new tenancies, if people do not get into the way of paying and get beyond the four-to-six week period, they develop a mindset of, "We will never be able to pay this; the debt is too great." The average rent is £50 per week. People think that, if they go beyond £300 in debt, they will never be able to pay it, and so they just stop paying. However, if we get in early and get people on to a payment plan, it is OK.

It is the same as any debt. You must give people hope that they can get to the end of it. That is why we are doing a lot of work on tenancy counselling and trying to work with the Department of Enterprise, Trade and Investment (DETI) to address the problem of the loan sharks who are rife in estates and giving "advice" and "support" to people. They say that they will help people out, but the rates that people have to pay for that "help" are very high. Someone owing £100 one week can suddenly owe thousands of pounds. I am sure that you are all well aware of that. It is incumbent on us to try to get advice, assistance and support to those people. There is potential for that type of debt to increase. It is incumbent on us to manage that — and to have a social conscience as we do so.

Mr Douglas: I have a final question. Obviously, this is a daunting task for you. You said this morning that you face huge challenges. One thinks of the whole future of the Housing Executive and of all the structures aligned with it. This morning, I reflected on the task for your staff in retraining and getting up to date with all the legislation.

This morning's previous set of witnesses was from WAVE. They asked whether we could do something for them. Our question to you is this: what can the Committee do to help you? I think that you will come back to us with suggestions for the regulations. As you said in your report, the Minister has been very helpful in his work with Lord Freud, and so on. It would be good if you came back and said to us, "These are the specific areas in which we need help."

Mr Flynn: The Minister is right that one of the biggest concerns that we face is direct payment. I do not have the exact figures, but we collect something like £225 million or £230 million a year in housing benefit. We were suddenly faced with having to knock doors and collect that money, which would have been a massive task. It would have been a return to the rent collectors that we employed in the late 1970s.

Equally, many people, including public and community representatives, tell us that they do not want the responsibility of having to think about paying us their rent. If a way can be found to collect rent out of their universal credit payment, that would be fine with them. Suddenly faced with hard decisions about Christmas, back-to-school time, and so on, many will decide not to pay their rent. If they do not pay their rent, however, they will not have a home. I think that the intervention on the direct payment has significantly taken the fear away from us. It has been the same for housing associations, which would have been faced with the same challenge of collecting rent and putting arrangements in place. Some of the pilot schemes in England have got people to sign up to direct debits, so people get their universal credit payment paid into their bank account, and they are virtually walking with them to ask them to sign up to a mandate that will take £50 or £60 out of that. That is the way it is being done in those schemes in England, and that is among the things that we would have had to consider. The evidence will be when we start to roll that out. It is one intervention that will have helped all social landlords.

Mr Brady: Gregory made a point about civil penalties and sanctions. The same problem has existed over the years with social security, whether because of misrepresentation or failure to disclose. Those are the sorts of criteria. You cannot disclose something that you do not know, but you can misrepresent something, so there is a difference.

I have a question for Fiona on the pathfinder pilot schemes. I heard or read somewhere that people might be encouraged to take in lodgers to solve the underoccupancy problem. The difficulty is that, if you do that and they pay rent and you are on a means-tested benefit, you will lose that amount from your benefit, so I am not sure of the rationale or logic. Has that been suggested?

Ms Neilan: It is an option for people to consider, and some may think that it is a viable option for them. Obviously, it will be up to the individual to decide how it will impact on their benefits.

Mr Brady: That needs to be explained to people. That is extremely important.

Ms Neilan: There are some plans — maybe Pat would know better — about the change to benefits.

Mr P Durkin: Some discussions are going on about disregarding the income from a lodger from the calculation of the tenant's benefit. It has not come through yet, but the scenario that you are painting has been accepted as one that is not the desired outcome here, and steps are being taken to deal with that.

Mr Brady: That is creating a new cohort, if you like, of people who, rather than going into bedsits or somewhere, will become part of a household, in a sense. It is a kind of social engineering, apart from anything else. You are parachuting people in on families.

Ms Neilan: Yes, absolutely. It may not be the option for many people, but it is certainly one option. In looking at good practice and at how other local authorities are putting out a range of options that are open to people, this is one of the options that has been identified, but I recognise that it will not be an option that will be useful for everyone to consider. Some people may be able to think about it.

We are also doing other things to look at, for example, the selection scheme, about relaxing the rules around the creation of joint tenancy, whereby, if someone is currently in their home, they may wish to create a joint tenancy with another individual to share the burden of underoccupancy. That is one of a number of things that we are looking at in the proposals to change our housing selection scheme to realign with housing benefit rules regarding underoccupancy. We are looking at ways to ensure that the new housing that we are allocating does not result in underoccupancy and also at ways to ensure that tenants who are currently in underoccupied properties are supported and maybe given more priority and assistance under the housing selection scheme if they wish to downsize. Creation of joint tenancies is one of those things that we are building in.

Mr Brady: Pat mentioned the disregard. That would be fine if the income were all disregarded, but if there is a shortfall, there is no underoccupancy. I presume that, in normal circumstances, the lodger, becoming part of the household, would have to be fed and would, possibly, use extra facilities. Presumably, a reasonable amount would be charged. I am not sure whether that would be encompassed in the disregard. To me, it complicates an already complex and complicated system, even with the administration of something such as that. There will be displaced costs. These things do not seem to have been thought out to any great degree.

Mr Flynn: It is like all of the aspects. We have put everything on the table to try to work through it and come up with a solution. It is like anything that you start from new: lots of things go on the table but do not stay on the table. We would not rule anything out at this stage, because, if we are trying to create a situation where we are helping people, it is incumbent on us to look at all of the options.

Mr M Durkan: Thank you for the presentation, and I am sorry that I had to nip out there. We will all share your relief at the flexibilities that have been afforded, particularly around direct payments. You mentioned your team processing housing benefits. What impact will this have on them? What role will they have to play in the administration of the direct payments? In general, what implications will the Bill have for your work?

Mr Flynn: The decisions on the management and administration of universal credit have not been finalised. Until those decisions are made, we will not really be in a position to comment. Suffice to say, we have about 400 staff working on housing benefit and benefit-related work. Some of those people might still be working on it. The challenge of moving back to providing people with advice, assistance and tenancy-counselling will be huge. Our view is that work will be created in and around that.

It is like everything else; it is about having finite resources to manage this. As with any other public body, there is a cap on our resources. You have to live within your means. Those are real challenges coming down the track. As soon as the decisions are made on how the future of universal credit will be managed, we will know exactly what we are dealing with and will respond accordingly.

Mr M Durkan: You spoke about a lack of knowledge on the streets about the impact of the Welfare Reform Bill. I agree wholeheartedly with you on that. There are people who will suffer as a consequence of this new underoccupancy legislation but who are oblivious to it. However, I meet more and more people who will be exempt, such as pensioners, who are panicking about it. Are you doing anything to ease those people's fears?

Mr Flynn: That is part of our communication strategy. We have had evidence of that as well. People contact us and ask, "Will I have to move?" On the one hand, it is because people are suddenly getting an understanding of all of this. On the other hand, we need to be self-critical sometimes. If elderly people are coming to us with those questions, we need to ask: what have we not done to help them? We need to step back and look at the information that is given to people and how we get that information out to people. Through the housing community network, we have a fairly comprehensive network. We have contacts in every single estate. We need to find better ways of getting a simpler

message out. If that is not in written format, it may be done through running clinics or going to community halls in the evenings to tell people clearly who is affected and who is not. That is something that we need to address.

Mr Copeland: I have been doing some work on homelessness. On Saturday evening/Sunday morning, I will be going out with the Welcome Organisation to look at what it does to try to ameliorate homelessness. It seems to me that, somewhere down the line, there will be, or could be, a potential growth in the number of people who are homeless. On the evening that I spoke to Sandra Moore, which was about the middle of last week, there were three beds available in the city of Belfast for people who are homeless. Have you factored in the likely peak that this will lead to and considered whether or not the current provision needs to be increased to accommodate that peak?

Mr Flynn: What a question. We have a statutory responsibility to deal with homelessness. We have a fairly extensive portfolio of accommodation to deal with families and single people who present. We have the approvals to acquire private rented accommodation to deal with pressure spikes that arise. We have fairly searching standards to make sure that people meet the standards.

Mr Copeland: That could be viewed as being more expensive than the situation that pertains at the minute.

Mr Flynn: It could be. There is always a danger, Michael. It is about striking a balance. If you think that you will have x number of people homeless, you can build more hostels or enter into more arrangements with voluntary groups to build more hostels. However, the demand might not materialise. You can also have a flexible regime in which you can respond quickly to a short-term spike in demand. That is about access to and working with the private rented sector. We have moved away from building hard-and-fast hostels. We have stopped doing that with our voluntary partners. We have tried to use the private rented sector. To date, we have been able to work with the private rented sector to provide sufficient accommodation; we will keep that under review.

Mr Copeland: It is fair to say that the profile of those presenting as homeless may change dramatically. It is traumatic — I do not mean that in a way that is detrimental to you — for people who suddenly find themselves without a home.

Mr Flynn: A by-product is that, in working with our voluntary sector partners who provide homeless services for us, we need to step back and look at the thresholds that they use for taking people into their accommodation. We need to step back and say, "These people are homeless. There should not be categories of homelessness. If you are homeless, you have a need for accommodation." We should all step back and work to that mantra. It is also about getting the best use of the accommodation that we have available to us.

Mr Copeland: I come back to the profile. A lot of the people who find themselves homeless now are people with difficulties. Drink, drugs or a whole raft of other things may be involved. However, in the future, you could be looking at low-paid working families, which is a totally different demographic to that which the sector has been used to dealing with. If you put someone from that demographic into that world as it exists now, the outcomes would be very expensive in both financial and emotional terms.

Ms Ferran: Pat can correct me if I am wrong, but I think that, if you stay in a hostel for more than three months, you are exempt from the underoccupation rules. So, it can be a perverse incentive.

Mr Copeland: Sorry; explain that.

Mr P Durkin: If a person aged under 35 who is affected by the shared-room accommodation rule has been in hostel accommodation for more than three months, they are exempt from it. Therefore, they could move from a hostel into a one-bedroom flat.

Mr Copeland: For what period of time will that that exemption pertain?

Mr P Durkin: There is no end to it at the moment.

Mr Flynn: That is when you reflect back on the decision that you make in respect of families who just cannot afford to pay their way and suddenly find themselves homeless. Are we actually going to put those people into a position where they become homeless? We would then have to find them suitable accommodation. Those are the factors that you need to weigh up when you are making decisions about who to take hard-nosed action against. Will it be those who cannot pay or those who refuse to pay?

Mr Copeland: I suppose there is no chance of keeping the house for them for the three months so that they get the tenancy changeover —

Mr Flynn: We are mindful of the issues.

Mr F McCann: Gerry, my understanding is that over half the people who declare themselves homeless are young singles and that they are usually deemed not to be acceptable as homeless. There is little chance of those people spending three months in a hostel before they go into the shared-room arrangement. So, you are talking about a very small number of people in the broad scheme of things.

As regards being able to handle what could be a serious increase, my understanding is that one fifth of the Housing Executive's workforce will be lost over the next wee while. How will that impact on your ability to deal with any rise in homelessness?

I know that there are some exemptions in respect of supported housing. However, I think that people in supported housing are unsure exactly what those exemptions are. How will they be impacted by an underoccupancy rule?

What about people who have had disability adaptations made to their home? In some of the cases of housing adaptations that I am dealing with, the children have grown up, and the house is underoccupied. How do you deal with stuff like that?

Ms Neilan: The figures for singles in statutory homelessness that I have to hand are that, at the end of September, we had just over 12,000 statutory homeless applicants on our waiting list. Of those, about 4,500 were singles.

Mr F McCann: They were not directed. We were told that, under the provision, you cannot house them. They are left to their own devices, so they are not in hostels for three months. They do not fall under the rule that you just spoke about.

Mr P Durkin: That rule will apply to people who have self-referred to a number of the homeless accommodations.

Mr F McCann: It is a very, very small number of people.

Mr Flynn: You made a point about the resources. We have to live within —

Mr F McCann: That was a comment more than a question.

Mr Flynn: We all have to live within our means. In many respects, it is about finding smarter ways of doing things.

Mr F McCann: And supported housing?

Mr P Durkin: Supported accommodation will not be impacted by the underoccupation rules. In fact, housing costs for supported accommodation are being held outside universal credit altogether, as we understand it. We do not see that the welfare reform changes, as they stand, will have any impact on that sector.

Mr F McCann: And disability adaptations?

Mr P Durkin: Part of the increase in discretionary budget that we are getting is specifically to cater for that type of case, so that is one that we will be looking at. If they are now underoccupying then yes,

they would be affected by the change in legislation, but we would be looking to use our discretionary budget to ease the financial burden placed upon them.

Mr F McCann: It must be a never-ending pot of money.

Mr P Durkin: It is being increased.

Mr F McCann: The question is there. It is discretionary, so it is only a short-term solution. I get a bit annoyed — not at you — at the fact that, when people are talking about the solution to this, they often refer back to discretionary payments. People need to make it clear what those payments are. They are short-term; they will not deal with the long-term effect of what is happening.

Mr Copeland: I just want to clarify with Fiona whether the 12,000-odd figure referred to the number of applicants or applications.

Ms Neilan: That is the number of those awarded statutory homeless status. Having presented, they have been —

Mr Copeland: Yes, but is every one of those applications for one applicant, or could there be two, three or more people?

Ms Ferran: No, there are families.

Mr Flynn: Some of those might be families of four or five people.

Ms Neilan: The 12,000 figure refers to households, of which over 4,500 are single persons.

Mr Copeland: So that leaves 8,000, or it could be 20,000. That is what I am driving at.

Mr Flynn: It could be.

Mr F McCann: Are those last year's figures?

Ms Neilan: No, they are the figures at the end of September.

Mr F McCann: So I take it that it will probably hit 20,000 by the start of the next housing year.

Mr Copeland: Which could be 30,000 or 40,000 people.

The Chairperson: We are getting into speculation. No other members have indicated that they want to speak, and I think we have had a fair bit of discussion. Gerry, are you and your colleagues happy enough that you have presented your argument and made your points?

Mr Flynn: Yes, we were quite happy to come back on the detailed comments by the clauses through the Department, which will provide a formal briefing, so I said that today I would come for a general discussion.

The Chairperson: I am sure that you are aware that we are in Committee Stage and are due to complete our report by 27 November. We take on board the points that you have put to us, both in writing in your submission and in the contribution you have made today. Thanks very much for your presence today and your help to us in our deliberations.