



Mr Darren Millar AM
Chair, Public Accounts Committee
National Assembly for Wales
Cardiff
CF99 1NA

Our ref: JM/js

18 June 2015

Dear Chair

The purpose of this letter is to provide you with the additional information we agreed to provide to the Public Accounts Committee (PAC) when we gave evidence to the Committee on 2 June 2015. Your clerk summarised the Committee's requests in your email to me of the same date.

- (i) John Howells agreed to provide further information about progress being actioned in identifying public sector land sites suitable for housing.

The information we have available on house building on public sector land is taken from the Affordable Housing Provision in Wales annual data collection – see table at **Annex A**. It demonstrates that public sector land, including Local Authority land, is making a significant contribution to the delivery of affordable housing in Wales. Over the last three financial years a total of 1,073 new affordable units have been delivered on Local Authority land with an additional 591 affordable units on land owned by Welsh Government, Welsh Government sponsored bodies, other central government departments, health authorities and police and fire and rescue services.

The Welsh Government has an extensive programme of releasing land for housing, including, most recently, large developments at Ely Mill, Cardiff, Whiteheads, Newport and Parc Derwen, Bridgend. ES&T work closely with the Housing and Regeneration department to ensure appropriate housing outcomes are achieved.

In addition we have since 2010 been engaged in a land release programme intended to promote the development of housing on slightly smaller sites. This programme is expected to deliver approximately 400 affordable homes on this land during the term of this administration with over 100 further affordable homes resulting from the remaining sites after this time.



- (ii) You also asked about local authority allocation policies and whether we had yet reached the point where no authority would prohibit a tenant from transferring as a result having incurred rent arrears arising from housing benefit changes. Our code of guidance in this matter is clear. It addresses the issue of households downsizing or moving as a result of benefit changes. The precise wording is:

People under-occupying social housing and wanting to transfer to a smaller property, particularly in light of Welfare Benefit changes and the under-occupancy charge. Households in this situation need detailed advice on their options to help prevent them falling into arrears if they cannot afford the extra rent if they are deemed to have a 'spare room' and cannot move immediately.

Implementation of the code is a matter for individual authorities. We do not hold information in the precise form requested by the Committee. In order to respond as fully as possible we have however conducted a quick survey of ten of our larger authorities. This indicated that every one of those authorities was according a priority in their allocation policies to tenants affected by welfare changes. Some Local Authorities have detailed policy provisions to deal with tenants who have existing rent arrears. Generally, allocation outcomes for these tenants are linked to the level of those arrears.

Our brief survey did not identify policies of the sort referred to by the Committee which would explicitly prevent tenants with arrears arising from benefit changes from transferring. We do however feel that this is something we will need to keep under review as part of our wider response to the pressures arising from welfare reform. Over the coming months, our Housing Strategy and Homelessness teams will be monitoring the implementation of the new Housing Act 2014 requirements and the updated Code of Guidance (published end of April) to identify any issues requiring further clarification or any new issues on which guidance is needed. The need for the Code to be updated will be considered after that. We will also use this process to develop a more detailed understanding of the approach taken to tenants transferring as a result of welfare changes.

- (iii) You also asked us to let you have a note about the impact in Wales of the proposed lower household benefit cap.

In response to the above action point, we have outlined our initial estimates of the impact of the proposed lower household benefit cap (£23,000) in Wales. We have also referred to estimates published by the Institute for Fiscal Studies (IFS) of the impact in Great Britain. In addition, given the discussion in the PAC meeting on the 2 June, we thought it would be helpful to present our initial estimates of the impact of removing Housing Benefit entitlement from 18-21 year olds on Jobseeker's Allowance in Wales. These are set out in **Annex B**.

- (iv) Finally the Committee asked us to let them have a breakdown by local authority area of households affected by the current household benefit cap.

In response to the above action point, the tables at **Annex C** contain the following data:

1. Cumulative total of households with housing benefit capped since the introduction of the household benefit cap on 15 April 2013 and February 2015 - By Country, Region and Local Authority.
2. Point in time number of households with housing benefit capped at February 2015 – By Country, Region and Local Authority.

The tables contain some of the latest household benefit cap data published by the Department for Work and Pensions (DWP) on 14 May 2015. This data, as well as additional breakdowns (e.g. private or social rented sector, amount of benefit capped per week, household type and number of children), can be accessed via the following links:

- <https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-february-2015>
- <https://stat-xplore.dwp.gov.uk/>

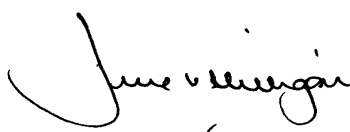
The next release of data is 6 August 2015.

We have also been reflecting further on the Committee's interest in whether there might have been a value for money case for subsidising directly to overcome the impact of the size criteria benefit reduction. One other way of considering this matter is by looking at the impact achieved through the action Welsh Government Ministers have prioritised. These are:

- 320,000 through maintaining entitlement to council tax relief (at an annual cost of £22m)
- Provision of an additional 774 one-two bed homes for a one off cost of £40m
- 1,141 people assisted through the Welsh Government top up to DHP (£1.3m)
- 5,399 social housing tenants assisted with digital inclusion through the six years of the Communities 2.0 programme
- 30,000 people assisted with their requests for advice and information through the additional £2m invested in Frontline Advice Services
- 27,000 through Welsh Government's Discretionary Assistance Fund

I hope this is helpful to you and your Committee's consideration.

Yours sincerely



June Milligan

Annex A

Provision of affordable housing on land made available by the public sector in Wales, by local authority (ALL FUNDING TYPES)

		2011-12 Delivered			2012-13 Delivered (1)			2013-14 Delivered		
		New affordable housing units provided on land made available by all public sector		New affordable housing units provided on land made available by all public sector	New affordable housing units provided on land made available by all public sector		New affordable housing units provided on land made available by all public sector	New affordable housing units provided on land made available by all public sector		New affordable housing units provided on land made available by all public sector
		New affordable housing units provided on land made available by LA	New affordable housing units provided on land made available by other public sector		New affordable housing units provided on land made available by LA	New affordable housing units provided on land made available by other public sector		New affordable housing units provided on land made available by LA	New affordable housing units provided on land made available by other public sector	
Wales		280	146	426	265	216	481	528	229	757
Wales	Isle of Anglesey	0	0	0	0	0	0	0	2	2
	Gwynedd	0	0	0	30	0	30	0	0	0
	Conwy	0	4	4	0	0	0	130	0	130
	Denbighshire	3	0	3	9	0	9	1	0	1
	Flintshire	27	0	27	0	0	0	0	132	132
	Wrexham	76	0	76	0	0	0	116	16	132
	Powys	0	0	0	50	0	50	0	0	0
	Ceredigion	0	0	0	0	0	0	5	0	5
	Pembrokeshire	0	0	0	49	0	49	31	0	31
	Carmarthenshire	0	0	0	0	0	0	4	0	4
	Swansea	0	102	102	0	14	14	2	0	2
	Neath Port Talbot	0	3	3	0	86	86	51	0	51
	Bridgend	39	0	39	0	0	0	0	28	28
	Vale of Glamorgan	9	0	9	0	0	0	12	0	12

Provision of affordable housing on land made available by the public sector in Wales, by local authority (ALL FUNDING TYPES)

		2011-12 Delivered			2012-13 Delivered (1)			2013-14 Delivered		
		New affordable housing units provided on land made available by all public sector		New affordable housing units provided on land made available by all public sector	New affordable housing units provided on land made available by all public sector		New affordable housing units provided on land made available by all public sector	New affordable housing units provided on land made available by all public sector		New affordable housing units provided on land made available by all public sector
		New affordable housing units provided on land made available by LA	New affordable housing units provided on land made available by other public sector		New affordable housing units provided on land made available by LA	New affordable housing units provided on land made available by other public sector		New affordable housing units provided on land made available by LA	New affordable housing units provided on land made available by other public sector	
	Cardiff	106	0	106	54	0	54	109	0	109
	Rhondda Cynon Taf	0	0	0	0	0	0	0	0	0
	Merthyr Tydfil	20	0	20	62	0	62	19	0	19
	Caerphilly	0	0	0	11	0	11	19	18	37
	Blaenau Gwent	0	0	0	0	116	116	0	21	21
	Torfaen	0	0	0	0	0	0	0	0	0
	Monmouthshire	0	0	0	0	0	0	0	0	0
	Newport	0	37	37	0	0	0	29	12	41

Estimated impact of reducing the household benefit cap to £23,000

In 2013, the UK Coalition Government introduced a cap on the total weekly amount of benefit a non-working family can receive, set at £350 for childless single adults and £500 for other families (with some exemptions, notably for those receiving certain disability benefits). The new UK Conservative Government is planning to reduce the cap for couples and lone parents from £26,000 to £23,000 a year, which is equivalent to around £440 per week. This policy change is estimated to reduce spending by £135 million a year in Great Britain¹, and will hit some families with several children and/or high rents hard.

The IFS estimate that a small number of families will be affected in Great Britain with the biggest losers being around 24,000 families who are already capped and who would all lose a further £3,000 per year (up to 11.5% of their income). In addition, 70,000 other workless families who have a benefit income of between £23,000 and £26,000 (who would lose less than £3,000 per year) would be affected².

Based on the IFS estimates and Department for Work and Pensions (DWP) household benefit cap statistics, we estimate that around 3,000 families in Wales will be affected by the lower household benefit cap, with a total income loss of around £4 million - £5 million a year. We do not yet have the data to produce estimates of the impact on child poverty.

All of the above figures do not take into account any behavioural responses (e.g. moving into work). Although evidence from the evaluation of the impact of the household benefit cap so far shows that some of those affected have responded positively by moving into work, the large majority of affected claimants have responded neither by moving into work nor by moving house³.

Estimated impact of removing Housing Benefit entitlement from 18-21 year olds on Jobseeker's Allowance

The UK Conservative Government plans to remove automatic entitlement to Housing Benefit for 18 to 21 year olds in receipt of Jobseeker's Allowance (JSA). The IFS estimate that if Housing Benefit were to be withdrawn from all claimants in this group, the policy would affect 20,000 claimants in Great Britain, saving around £100 million a year. The IFS note that although incentives to find work would be strengthened, there will also be a stronger incentive to claim a different out-of-work benefit (e.g. Employment and Support Allowance or Income Support) instead⁴.

¹ Source: Conservative party costing supplied to the Daily Mail
<http://www.dailymail.co.uk/news/article-2927561/New-welfare-crackdown-workshy-100-dayelection-countdown-begins-PM-vows-slash-cap-3-000-days-Tory-election-victory.html>

² Joyce, R. (2015) Benefits cuts: where might they come from? An IFS Observation
<http://www.ifs.org.uk/publications/7762>

Adam, S. et al. (2015) Taxes and Benefits: The Parties' Plans. IFS Briefing Note BN172
<http://www.ifs.org.uk/publications/7733>

³ Emmerson, C. and Joyce, R. (2014) Coping with the cap? An IFS Observation
<http://www.ifs.org.uk/publications/7482>

⁴ Adam, S. et al. (2015) Taxes and Benefits: The Parties' Plans. IFS Briefing Note BN172
<http://www.ifs.org.uk/publications/7733>

Welsh Government calculations based on DWP Housing Benefit data for February 2015⁵ suggest that around 1,200 claimants in Wales will be affected by this policy (if no exemptions are applied), with an average loss per claimant of around £90 a week, saving around £6 million a year. Around 55% of affected claimants are in the social rented sector in Wales. It is not yet clear whether there will be exemptions from the policy for particular groups. If exemptions are put in place, they will reduce the number of claimants affected and the savings from the policy.

⁵ DWP Stat-Xplore website: <https://stat-xplore.dwp.gov.uk/>

Annex C

1. Cumulative total of households with housing benefit capped since the introduction of the household benefit cap on 15 April 2013 and February 2015 - By Country, Region and Local Authority

Country/Region	Cumulative number of affected households
North East	1,449
North West	4,130
Yorkshire and The Humber	3,147
East Midlands	2,342
West Midlands	4,379
East of England	3,711
London	26,636
South East	5,953
South West	2,518
Wales	1,736
Scotland	2,692
Great Britain	58,690

Local Authority	Cumulative number of affected households
Isle of Anglesey	42
Gwynedd	31
Conwy	57
Denbighshire	59
Flintshire	66
Wrexham	54
Powys	26
Ceredigion	18
Pembrokeshire	48
Carmarthenshire	76
Swansea	85
Neath Port Talbot	61
Bridgend	87
The Vale of Glamorgan	68
Cardiff	478
Rhondda Cynon Taf	139
Merthyr Tydfil	22
Caerphilly	90
Blaenau Gwent	37
Torfaen	55
Monmouthshire	38
Newport	119

Source: DWP, Stat-Xplore. Notes: Cells have been randomly adjusted by DWP to avoid the release of confidential data. For this reason, individual cells may not sum to totals. For cumulative tables, Geographical region is based on the initial Local Authority in which the lead individual was subject to the cap.

2. Point in time number of households with housing benefit capped at February 2015 – By Country, Region and Local Authority

Country/Region	Point in time number of affected households
North East	627
North West	1,720
Yorkshire and The Humber	1,363
East Midlands	847
West Midlands	1,852
East of England	1,450
London	10,520
South East	2,220
South West	993
Wales	706
Scotland	799
Great Britain	23,093

Local Authority	Point in time number of affected households
Isle of Anglesey	16
Gwynedd	20
Conwy	20
Denbighshire	25
Flintshire	27
Wrexham	19
Powys	11
Ceredigion	-
Pembrokeshire	18
Carmarthenshire	37
Swansea	22
Neath Port Talbot	21
Bridgend	36
The Vale of Glamorgan	19
Cardiff	193
Rhondda Cynon Taf	61
Merthyr Tydfil	17
Caerphilly	39
Blaenau Gwent	22
Torfaen	28
Monmouthshire	13
Newport	45

Source: DWP, Stat-Xplore. Notes: Cells have been randomly adjusted by DWP to avoid the release of confidential data. For this reason, individual cells may not sum to totals.