

HOUSE OF COMMONS
ORAL EVIDENCE
TAKEN BEFORE THE
SCOTTISH AFFAIRS COMMITTEE

**THE IMPACT OF BEDROOM TAX AND OTHER CHANGES TO HOUSING
BENEFIT IN SCOTLAND**

FRIDAY 18 OCTOBER 2013

COUNCILLOR DAVID ROSS, LOUISE SUTHERLAND, EILEEN ROWAND and
GRAHAM SUTHERLAND

NORMA PHILPOTT, NORAH SMITH and CRAIG STIRRAT

Evidence heard in Public

Questions 660 - 857

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Oral Evidence

Taken before the Scottish Affairs Committee

on Friday 18 October 2013

Members present:

Mr Ian Davidson (Chair)
Mike Crockart
Jim McGovern
Mr Alan Reid
Lindsay Roy

Examination of Witnesses

Witnesses: **Councillor David Ross**, Deputy Leader, Fife Council, **Louise Sutherland**, Housing Manager, Fife Council, **Eileen Rowand**, Head of Revenue and Exchequer Services, Fife Council, and **Graham Sutherland**, Fife Law Centre, gave evidence.

Q660 Chair: I welcome our guests to this meeting of the Scottish Affairs Committee. As you will probably be aware, the Committee is conducting a number of investigations, including one on the impact of the bedroom tax in Scotland. We have had evidence taken nationally from a number of bodies but we also want to have the opportunity to visit various localities to make sure that we are hearing the views of people on the ground. That is why we have come to Fife today, at the urging of Lindsay Roy who said Fife is a nice place to visit at the best of times but that you have a particular story to tell us about the bedroom tax.

Could we start off by asking our first witnesses to introduce themselves and tell us who they are, what organisation they are working for and what their roles are, so that we have that for the record?

Louise Sutherland: My name is Louise Sutherland. I am a service manager with Fife Council's Housing and Neighbourhood Service. We are responsible for the management of 30,000 houses as well as for playing a strategic role in planning for housing in Fife.

Councillor Ross: I am Councillor David Ross. I am the Deputy Leader of Fife Council. I have a particular remit for housing, communities and local services and I take the lead on behalf of the administration team on welfare reform.

Eileen Rowand: Good morning. I am Eileen Rowand, Head of Revenue and Exchequer Services, and I am responsible for overseeing the management of housing benefit and discretionary housing payments.

Q661 Chair: The fourth witness is Graham Sutherland, whom people may have noticed is not here at the moment. I understand he is in court in Dunfermline, appearing not as a defendant but on behalf of one of the groups involved, so he is going to come as soon as he can.

Could you start off by giving us an overview of the impact of the bedroom tax in Fife?

Councillor Ross: First of all, I would like to give you my own welcome, on behalf of the council, to Fife. We are very pleased that you have taken this opportunity to come and

visit and hear first hand from people in Fife on this very important topic that has a huge impact.

As an overview and in terms of some of our concerns, the council is one of the largest council landlords in Scotland. We have 30,000 properties. On top of that, there are around 9,000 housing association properties in Fife. We estimate that there are around 5,000 council tenants affected by the bedroom tax and probably over another 1,000 housing association tenants, so that amounts to at least 6,000 people in Fife. We estimate that the reduction in housing benefit for the council with the impact of the bedroom tax is about £2.3 million and probably over £3 million when you take into account the housing associations in Fife.

The council has taken a decision to top up the discretionary housing payments to the maximum that it can, so we have a potential fund of £1.3 million; £800,000 of that has been put in by the council, although there is a slight change in that, which we may discuss later, with the Scottish Government contribution. However, even if we were using that entirely to meet the bedroom tax demands, we would only be able to meet at most a third of that impact, and there are obviously other calls on the DHP.

We have seen DHP applications rise by 800% compared to last year, so there has been an eightfold rise in applications, and most of that is due to the bedroom tax. Of the people affected by the bedroom tax, we estimate over 60% are in arrears and over half of those did not have any at 1 April, so for 30% of those affected by the bedroom tax, that is the only reason for them having arrears. The final thing in the stats is that we do not have enough properties to downsize as the UK Government would seem to want us to do. At the most, we estimate if everybody wanted to downsize, we could probably meet one in 10 requests. That is depending on whether those properties are in the right place and are suitable for their needs.

The council has debated the bedroom tax and other aspects of welfare reform on a number of occasions. Our clear view on this is that the bedroom tax is unjust, unworkable, pernicious and that it should be scrapped. The broad reasons for that are, firstly and most importantly, the impact it is having on the people it is hitting, who are maybe the lowest income people in Fife and across the country, many of whom are subject to other disadvantages such as disability, unemployment, relationship breakdown and the need for access to children.

Secondly, the tax is very confusing and contradictory. We have seen recent tribunals come out with various different decisions, using other legislation that contradicts the regulations that the DWP are putting forward. It is at odds with our allocations policy. We have determined a set of needs, as is our duty, and it is in contradiction to those, based on needs, based on the fact we are not allowed to take income into account when we are making allocations. It is setting up a whole lot of inequities between those who are affected by the bedroom tax in housing allocation terms and those who are not. It is not a level playing field. I think it is increasing the other impacts on the welfare system and housing so that you might in theory be saving money through the imposition of the bedroom tax but the knock-on in terms of the other things that we have to put in place to cope with that is probably even more costly. The final thing on that is that we are seeing people moving into the private rented sector where the rents are higher and they are claiming, and are able to claim, more housing benefit. That is just contradictory and perverse.

From the council's point of view, there are a lot of wasted resources going in. We are putting additional funding, time and staff effort into coping and providing advice, administering the new systems, and that is taking people away from their regular jobs of keeping arrears down, making allocations and housing management, keeping voids down. We are seeing the impact on other aspects of housing and in finance as well. Also we are quite clearly seeing unnecessary duplication. The point Eileen has made to me on a number of occasions is that it is a double assessment. We are assessing people for housing benefit, doing

the needs and financial assessment and then we are having to do the same thing again for the DHP. If the things that we are giving full DHP to were exempt, we would only have to be doing that assessment once.

The final concern is the impact on the overall housing budget and on other tenants among our 30,000 tenants. Arrears are going up and in the last 12 months we have seen something like a 25% increase in arrears. There is real concern about the long-term debts being incurred by tenants affected by the bedroom tax. We can meet and manage some of those debts but they keep mounting. At some stage in the future we are either going to have to write them off or those tenants, who have a very limited ability to pay that level of debt, are going to be faced with a huge bill that will impact on their lives for a long time to come. The more that arrears go up, the more that we have to spend housing money to meet these kind of needs, because the legislation limits our ability to build new homes and to do improvements and repairs to our existing stock. That is not good for housing in Fife.

To sum up, our basic position is that this legislation is not working, it should be scrapped, but even in the meantime there are a whole lot of mitigating actions that we think could be put in place to offset the impact. Thank you very much for indulging me in getting those points across. I am happy to answer questions about the individual things you are interested in.

Q662 Chair: We are going to come on to exploring the question of mitigation measures, so we will want to go through those with you in detail, if not now verbally then later on in writing. I am glad that we have been joined by Graham Sutherland who has been released by the court and we will come on to your questions later. I have already explained to the public gallery that you have not been appearing as a defendant but as a participant, so that is good news for you.

Is there anything the other two witnesses from the council want to add to David's comments?

Eileen Rowand: No. I think they are fairly comprehensive.

Q663 Lindsay Roy: David, thank you very much for a comprehensive overview. Can you tell me how much money is available for DHP and what the different sources are, in particular your own top-up?

Eileen Rowand: The allocation that we have received is £539,000. We can top that up by 150%, so we can add £808,000.

Q664 Lindsay Roy: Have you done that?

Eileen Rowand: Yes. The council chose to do that earlier this year and subsequently the Scottish Government have come forward with £20 million of funding, which is in essence for Fife the same value as the £800,000 top-up. That has just been announced in September. The council had already taken that decision to top that up and because there is the ceiling on the maximum top-up, we can use the Scottish Government funding and the council funding, so it is one and the same.

Q665 Lindsay Roy: But it is clearly not enough to meet demand?

Eileen Rowand: No. As David said, it would only really meet 30% of under-occupation need that has been identified to date.

Q666 Lindsay Roy: You very helpfully told us there are 30,000 council houses. Can you give us a breakdown in sizing of the council houses?

Louise Sutherland: We have just over 7,000 that are one-bedroomed or bedsit size; 14,000, roughly 50% of our stock, is two-bedroomed; and the remainder of around 8,000 is three or more bedrooms, so large family-sized stock.

Q667 Lindsay Roy: How many of the 7,000 are available for anybody who wanted to downsize?

Louise Sutherland: Our turnover every year is about 10% but a lot of our smaller stock—and I don't have the detail but can provide it—is reserved for older people. It is in the form of sheltered housing or bungalow housing. It is for people with medical needs as well as for those who are needing to downsize, so not all of it would be generally offered to somebody who is needing to downsize and who is under retirement age.

Q668 Lindsay Roy: So it is likely to be fairly stable?

Louise Sutherland: Yes, indeed it is.

Q669 Lindsay Roy: Can you tell us how many applications for DHP you have had and what proportion you have been able to approve?

Eileen Rowand: To date we have had 3,129 applications and of these we have actually paid 2,603, which is 84%.

Q670 Lindsay Roy: Have you paid in full, in part, over a three-month period, a six-month period, a whole year, or a combination of these factors?

Eileen Rowand: It is a combination. We introduced a DHP policy in August, I think. Our basic award that we make is we provide 75% of the gap between housing benefit and the rent for a 12-month period. Initially we would only do that for six months but because the fund has been topped up, we have extended that. We do have cases that we have prioritised in the policy where we will provide 100% funding for a six-month or 12-month period.

Q671 Lindsay Roy: I realise it is very difficult circumstances. How do you prioritise? What criteria do you use to prioritise allocation of money?

Eileen Rowand: A requirement of the regulations is that we have to undertake a financial assessment. Everybody who is entitled to a DHP payment is already on housing benefit. As I say, the regulations require us first of all to consider whether financial assistance is required, so we ask individuals to complete an income and expenditure assessment. We are happy to support them in doing that.

Q672 Lindsay Roy: That is a kind of means test?

Eileen Rowand: Yes. We have introduced a number of factors in order to add to this whereby our minimum weekly payment of DHP is now £5 a week. When we get to the point where we are assessing whether there is disposable income, initially we were looking at their income and expenditure and if they had any disposable income we were having a cut-off at that point, but now we allow a further £10 disposable income before we would apply the cut-off. Those cases will have disposable income but they will still get a DHP. We do appreciate it is people who have very low income and it is very difficult for the individuals.

Q673 Lindsay Roy: There must be a tension, therefore, between helping those in financial difficulty and making sure you have enough in the pot of money to sustain payments for the whole year.

Eileen Rowand: Yes. As I say, we are awarding in general 75%. At the beginning of the year we started to award 50%, so we have increased it. We are trying to provide enough

financial assistance so that everybody in need gets some level of assistance, but we have to try to balance that with not running out of funds. The budget is cash limited. It is not like other council resources where we can divert resources from other areas to spend. Once this budget is spent, we have no flexibility to provide further assistance, so we are very conscious of that.

Q674 Lindsay Roy: Can you give us evidence of any stress, anxiety or impact on well-being of people who are claiming benefits? Is that something you have experienced through your offices?

Councillor Ross: Yes, as a general point. All the councillors are getting cases weekly, if not daily, of people who are finding themselves in particular difficulties and there are a whole lot of case studies on that. The most extreme example fairly recently has been someone with a bedroom tax demand hanging over them, although they had paid their rent, who has gone into a local office and actually slashed their wrists in the office. That is not only horrific for them but also very distressing for the staff who have to deal with that. There are a multitude of other examples.

I know there are some people from the bedroom tax campaign in Fife today. We have regular meetings with them and they are able to bring forward a lot of individual horrific cases. There are families, couples perhaps, who have been in a house for 20, 30 years. Their kids have grown up and maybe just left. It is the family home, all their networks are there, and now they are being slapped with a 25% reduction in their rent. Maybe the kids were contributing to the rent before they moved on, so there is a double whammy. There are cases of disability where it is impossible for a couple, because of disability or medical reasons, to sleep together in the same room but that does not seem to be taken into account in a lot of cases.

There are a whole lot of these things arising. When we get them, we look at them individually but it is very difficult. There are a lot that we find ourselves unable to address because of the regulations. I don't know if there are any other cases that you might want to highlight.

Louise Sutherland: One of the statistics that for us underlines the difficulty is that we have nearly 2,000 tenants who are used to not having debt, who managed even on very low incomes to pay their bills. We now have 1,700 who have gone into debt to the council because they owe us rent monies. While we have done what we can to help them, that must be a daily stress for them because we cannot commit to giving DHP until we can resolve the problem if they want smaller accommodation. We are limited to knowing what the future allocation of monies will be for that. That is a large percentage of our tenants who need that extra support from us and these are people who will find it very difficult to meet the additional costs of housing.

Q675 Lindsay Roy: For the many who are not receiving DHP and who cannot fulfil the rent requirements, what is your policy on evictions?

Louise Sutherland: Our policy always has been that where tenants are working with us to reduce or to stay their rent arrears, we would not take them to court to evict them in any case. That is something that we have repeated a number of times now in relation to this bedroom tax. Where somebody has already had rent arrears and has the wherewithal to be paying something, if they are engaging with us, we will do what we can to keep them out of the court system. Where they have not engaged with us, we would go to court but we would not consider any portion of that rent arrear that was due to the bedroom tax.

Q676 Lindsay Roy: Is that consistent throughout the country?

Louise Sutherland: I would say it is, largely speaking. Where the headline seems to be that a council is not evicting, it is very much the same principle as ours, that while people are working with the council to address the arrear, there will be no eviction. I am unsure if there is anybody who has said outright—

Councillor Ross: Just to reinforce that point, we took a motion, a decision at our executive committee in March to reinforce the fact that provided people have contacted us and are working with us to manage their financial situation, then we unequivocally will not evict them. I would also stress there is not one council in the country that has a blanket non-eviction policy. Whatever political colour they are, there is not one council in Scotland that has a blanket policy. I think our policy, in common with those of a number of other councils, is probably as far as anyone is able to go, given the impacts that one would see from that.

Q677 Lindsay Roy: But you are doing everything you can to avoid eviction?

Councillor Ross: Yes, absolutely. Nobody has been evicted and won't be.

Q678 Lindsay Roy: Can I pick up what capacity there is locally for tenants to move into the private sector?

Louise Sutherland: As part of our strategic role, we work with Fife Housing Partnership, which has the register of social landlords of Fife on board and also representatives of the private rented sector. The feedback that we are getting from them is that there is potentially less and less opportunity for people to move into the private rented sector because landlords are becoming less willing to reduce their rents to the level that local housing allowance will pay. The other change where single people moving into the private rented sector would only get a shared accommodation rate up to the age of 35 means that again there is less opportunity for that move to take place. While the Private Landlord Forum are suggesting that their members are trying to accommodate the changes, some of them are just finding it too difficult to continue to do so. I would say there is a limited ability to move into the private rented sector as a solution.

Q679 Lindsay Roy: Are you saying that it is more limited than before, that the options are narrower in fact?

Louise Sutherland: Yes, especially with the shared accommodation rate.

Q680 Lindsay Roy: Is there anything else that the DHP is used for apart from supporting the bedroom tax?

Eileen Rowand: We also use it for the benefit cap that was introduced in July. We have only awarded it for 12 cases. I think we are estimating currently about 70 people in Fife are impacted by the benefit cap, but obviously it is dependent on people coming forward with applications and we are trying to encourage them to do that. We also have paid out in 272 cases for a local housing allowance for the private sector, so obviously it covers more than just the council and housing associations.

Q681 Jim McGovern: On the point Eileen made about people having to come forward, recently in Westminster we heard from other witnesses that even if someone wins an appeal, there is not a clear precedent. It does not apply to everybody in the same circumstance. They have to come forward. If there are two people living next door to each other and one wins an appeal, unless they tell their neighbour, the neighbour could still be suffering the detriment, unknowing that their next-door neighbour has won an appeal.

Eileen Rowand: Yes, that is certainly the case. We have had first tier appeals that have been upheld and we have taken legal advice as to whether we could extend the appeals

to other people who have similar circumstances. What has happened also is that the DWP have issued guidance to local authorities that has made it very clear that they cannot extend a decision that is linked to room size to other similar properties. We are awaiting the outcome of the second tier tribunals in order that there is a judgment made, and that will provide clarity because, as you say, first tier tribunal cases cannot be applied to other cases. There is clearly confusion now because we have had first tier cases that have contradicted each other, so we really need clarity in order to move forward.

Q682 Jim McGovern: If the same circumstances applied to two households, possibly next door to each other, I would have thought it would make sense that one would create a precedent for the other, but your information is that it will not.

Eileen Rowand: Legal advice says that we would be acting ultra vires if we were to take the cases that have been upheld, the decisions, and apply them to other circumstances. We have made that point clear to the DWP about how it is perceived by the public as well. There are expectations that council should be extending it but, as things stand at the moment, we do not have the powers to do that.

Q683 Chair: That is the difference between the first tier and the second tier, isn't it?

Eileen Rowand: Yes.

Q684 Chair: Remind me, in the paper that you gave us about changes you wanted to see, is one of your recommendations that the first tier should provide a precedent?

Eileen Rowand: I think the first tier hearing is done by a QC and it is an individual QC's interpretation of the law. I am not a legal expert but I would suggest that the second tier tribunal hearing is probably more robust than the first tier.

Q685 Chair: You are not arguing for a change in the existing mechanisms. Is that correct?

Councillor Ross: I don't think it is something that we have looked at in great depth and Graham might have a more legal perspective on it than we have. The two things I would say are, firstly, we would very much urge the tribunal service to get on and settle these as soon as possible so that we have definitive decisions that we can implement and there is clarity. If you have any ability to make that point, we would very much appreciate it. The second thing is that we are aware that there are probably other tenants in the same position as those who have gone through the appeals so far. We are in the process of doing an assessment to identify those so that once we get a definite decision, if there is a change, we can press the button immediately and make sure that they are repaid the benefits that they will be due in that case.

Q686 Jim McGovern: Chair, could I just ask David, would that be retrospective payments?

Councillor Ross: Yes. My understanding is—and the cases that we have had—we have made those, but that has been on an individual basis. We made those until the DWP then came down with their further regulations saying, "Hold on, they are going to appeal so you cannot make any". But those that we have had, we have paid up to then. We think it was right to pay them retrospectively and I think we have done with DHP.

Q687 Jim McGovern: I am sure you would agree that it is particularly cruel that while people on the lowest incomes are suffering because of this, the lawyers and the QCs are making big bucks here.

Councillor Ross: I could not possibly comment. The other thing to say though with the changes, we started off very—small “c”—conservatively in April in terms of use of the DHP to make sure that we did have enough funding to meet the most difficult cases. When we found that maybe there was more capacity in that system, we changed the criteria and upped some of the percentages and we made back-payments there back to April on all those that had only received a small amount.

The other point though on the DHP is that we are still concerned that we probably only had applications from maybe about 50% of those affected by the bedroom tax. Maybe the worry is that the other 50%, or a proportion of them, are scared about arrears and do not want to engage with us and are therefore not putting in applications or don't know. We have done our best to get the word out to all our tenants that they need to claim, but there is certainly still a big proportion that have not put in applications.

Q688 Chair: Can I just clarify one point about DHP, and if someone has not applied up to now and they then apply and are granted it, is it granted back to the beginning of time, so to speak, from when the bedroom tax was introduced or only from the time that they applied?

Eileen Rowand: We would grant it back to 1 April as our policy stands at the moment and the way that we are administering it. What may well change is we obviously have £1.3 million that we can spend this financial year and as we get nearer to that £1.3 million, we may be limited in our ability to backdate it to 1 April.

Q689 Chair: Simply because you have run out of money?

Eileen Rowand: Yes.

Q690 Chair: Can I just clarify one point on that question of the payments? I think that you said you would pay 75% of the shortfall that was caused by the DHP. That would still mean that somebody would end up having to pay 25% of it.

Eileen Rowand: Yes, that is the case. We are paying out 75% for 12 months and the reason that we are restricting it is because we have obviously budgeted and made assumptions about how many people are going to come forward and claim. We would have insufficient resources to pay 100% out for the 12 months.

Chair: We have some other questions and I know that some of my colleagues want to come in on issues arising from this. Are there any issues arising from the questions we have had so far?

Q691 Mr Reid: Yes. Ms Rowand had given the number of cases where DHPs were used for purposes other than the bedroom tax. I was wondering if she was able to tell us the percentage of the DHPs in terms of cash that was being used for other purposes.

Eileen Rowand: It is 16%.

Mr Reid: 16%, thank you. The question was also raised—

Q692 Chair: Sorry, can I just clarify, is that a general common figure across the whole of Scotland, from your knowledge, or are there factors unique to Fife that make that either particularly higher or lower?

Eileen Rowand: I cannot really give you an answer on that question, unfortunately.

Chair: Right, okay.

Q693 Mr Reid: Another question was to do with the private sector. Do you know what percentage of private sector tenants are in receipt of local housing allowance?

Eileen Rowand: I do not have that information with me today, unfortunately, but I could provide it.

Q694 Mr Reid: Yes, if you could. My follow-up was going to be that it had been said in answer to an earlier question that private sector landlords were not willing to bring their rents down to the level of the housing allowance. My understanding is that the local housing allowance is fixed at the 30th percentile, so the crucial question then would be if the number of people in the private sector in receipt of housing benefit is less than 30%, then presumably there should be a match, or if it is more than 30%, there obviously will not be a match. Even if you do not have the figure available, do you have any idea of whether it is around about the 30th percentage or not?

Eileen Rowand: No, I do not have that information with me today, unfortunately.

Mr Reid: If you could send us it, please.

Eileen Rowand: I am more than happy to provide it, yes.

Q695 Chair: I wonder if I could just come back to cover some of the points that you mentioned. One of you indicated—I think it was yourself, David—there are things to which you are giving full DHP that in your view should be exempt. It would be very helpful if you could maybe give us a list of those, because I think one of the issues that we are likely to make recommendations on is the changes to the applicability of the bedroom tax and adjusting the circumstances in which people should be exempt. Can you give us a flavour of the sort of things on which you are giving full DHP that in your view the bedroom tax should not be applied for?

Eileen Rowand: Yes. Instances are where the property has been significantly adapted to meet the needs of the tenant or their family; where there is a situation of end of life care, we will award 100%; where the individual is within six months of reaching state pension credit age, because they obviously then become exempt; under-35s in the private rented sector; if an individual is pregnant and obviously going to have the baby, they are going to need an additional room within six months of that, we will provide them with 100% DHP, and also if there are medical reasons that require an additional room, we will provide 100%. If they are receiving or providing care, again we will provide 100%, and also if they have responsibility for children who are not included in their benefit claim, so absent parents.

Q696 Chair: Can you give us an idea of what sort of percentage of those covered by the bedroom tax will be taken out of it if all those exemptions were granted? Are we talking 99% or 1% or presumably some figure in between?

Eileen Rowand: I do not have those percentages with me. I would probably be guessing if I gave you an answer, to be honest. I think what we are finding is that DHP is being used as it was never really intended to be used. It is a short-term measure to provide some breathing space for individuals to obviously change their circumstances. We do agree that we are using DHP and providing 100% assistance where it would make far more sense if there was an exemption there, because it has just increased turmoil for the individuals to go through the process of applying for a DHP and it is double-handling of the work for the council. It is very heavy, yes.

Q697 Chair: No, I think we understand the general principle of that.

You have said already that you have no flexibility about putting other money into the DHP and we understand that. Looking at the problem from the other end, is it feasible for you as a council to be writing off some of the debts that people have incurred from the bedroom

tax, particularly if the costs of those were being then refunded to you by the Scottish Government?

Eileen Rowand: We have, as a landlord, a 30-year business plan that helps us to provide the services, but also to develop our new build programme. One of the assumptions that that is based on to allow us to deliver the affordable housing is a 1% bad debt turnover. Looking at some of the situations, where even if half of the under-occupation charges paid were more than doubling what we have to set aside for bad debt to 2.2% of our turnover, that is £1 million or more that we are taking out every year. We do have that capacity to write off bad debt, but at the cost of something else, so if that was underwritten in some way, there would obviously be a win for us, because we could then provide more affordable housing, but at the time same relieve some of the stress on our stock.

Q698 Chair: That is right. I just want to explore whether or not this is legally possible. It is presumably legally possible for the council, as landlord, and for other landlords, to write off arrears caused by the bedroom tax, should they so wish. It is then also legal, as I understand it, for the Scottish Government to reimburse that amount of money to either the council or the social landlord and therefore there is another way that the impact of the bedroom tax can in fact be mitigated by the Scottish Government. Is that correct? There is silence.

Eileen Rowand: Our understanding is that it is correct, because if what we do is try to underwrite some of that to the individual, it then does become problematic legally. Do you want to—

Louise Sutherland: Yes. Obviously when we look at writing off debt, there are rules that we have to operate within that and we have to look at the likelihood of our being able to collect that debt. If the likelihood is that we are unlikely to collect that debt, we obviously need to write that debt off, so we couldn't really just look at bedroom tax debt and say, "Right, we are going to write all of that off" because at the moment, I think we have over 22% of people paying their rent who are impacted by bedroom tax.

Q699 Chair: I do understand that, and of course the UK Government's expectation was some of the impact of the bedroom tax would be overcome by people working additional hours or paying it out of savings. In circumstances where these opportunities are not available, particularly in terms of expanding hours or taking in lodgers, it is possible to see that some of the bedroom tax would be paid out of savings, but by their very nature, savings would then tend in those circumstances to be run down. If you were not able to write off all the debt as a result of that, I just want to clarify whether you would be able to write off a substantial amount and the Scottish Government could step in to cover that debt? So that there is in fact more that the Scottish Government could do, should they wish to do so.

Councillor Ross: Obviously there are legal issues involved here in terms of the split between devolution of powers. Our understanding, although I do not have the detail, is that there are indications that the Scottish Government has the powers through either housing legislation or its role in social welfare to address some of these issues. It has been estimated that the cost of mitigating entirely the impact of the bedroom tax across Scotland would be £50 million. The Scottish Government is already putting in £20 million to top up the DHP and, as you have heard, that is not going to help one tenant in Fife because we have already topped up to the maximum, so it is just displacing money the council has already committed.

We certainly feel that if they were to put that forward and councils could make a contribution to that fund, we could find the money to offset 100% the impact of the bedroom tax in Scotland and that there would be the powers, albeit we might have to go through some

kind of legal processes and change legislation in Scotland through the Housing Act and suchlike. We could do that, but I do not know if Eileen has any technical—

Eileen Rowand: Yes. I will not say very much on it, but obviously housing rent is part of the Housing Revenue Account and it is a separate account of the council and that is ring-fenced, so we would have to look at the technicalities of the Scottish Government giving us resources for the HRA, but that is probably a bit technical.

Q700 Chair: Absolutely, but much of this comes down to political will, doesn't it? When I was in a local authority, I always found that if you asked for an opinion from local authority lawyers, you were told you could not do it. On the other hand, if you wanted a particular objective achieved and it was a question of, "How do we do it?" they were generally more helpful. So, unless I am mistaken, what you are saying to me is that yes, there will be all sorts of difficulties that will no doubt keep lawyers occupied for ages, which is good for them, but it can be done.

Eileen Rowand: Yes. We have already had discussions and obviously previously there was a housing support grant that could be given to councils to support HRA. Now, that has been abolished, but if that was reintroduced, that would provide a means to provide a type of support.

Q701 Chair: This confirms what we have been told by others, but I think we just wanted to run it past yourselves as well.

One of the other points that I wanted just to clarify with you, in terms of the amount of money that you are getting from DHP and other sources, is that it has been suggested to me that some of the other smaller authorities in Scotland are getting a much higher level of financial support than yourselves and that the existing payment system, particularly by the Scottish Government, is not fair to Fife. Can you just clarify if that is the case, as you understand it?

Eileen Rowand: We have not really looked at that. I know that some other authorities within Scotland received an allocation because they were in the 20th most rural areas, and I know that their DHP allocation has been increased significantly, but I cannot really comment on whether Fife's share is fair.

Q702 Chair: It would still be up to the same maximum though, wouldn't it?

Eileen Rowand: Yes.

Q703 Chair: Certainly when we met some other authorities last week, they were telling us that they were under the impression that all of their bedroom tax monies were going to be covered and that certainly would seem to be unfair to Fife if they are getting it and you are not. We obviously would take this up with the Scottish Government, about why they are being unfair to Fife.

Eileen Rowand: I have certainly heard that in the context of the additional rural allocation and that they are now looking at how they can possibly spend the allocation. So I have certainly heard that in those circumstances, but I can feed back on what our percentage allocation is and how that compares with other authorities.

Chair: I think it would be very helpful if you came back to tell us whether or not you thought you were being dealt with fairly.

Lindsay, did you want to come in?

Q704 Lindsay Roy: Yes, we know that applies to the Western Isles, Shetland and Orkney. I think that is an important bit of information.

Eileen Rowand: Yes, and I believe Argyll and Bute as well.

Chair: Clearly we want to—

Lindsay Roy: The member is here.

Chair: Congratulations to them if they have managed to get a better deal.

Lindsay Roy: Powerful lobbying by the local MP.

Chair: You are not standing for election here, so leaving that aside, it is really not fair if some authorities are getting more from the Scottish Government than Fife is and we would want to obviously explore that.

Eileen Rowand: I think more has been given to rural areas because there is greater difficulty in relocating people, so obviously you have to look at why has there been an increase to rural areas, but we certainly in Fife also have rural areas—

Chair: Absolutely.

Eileen Rowand: —and have the same difficulties in rural people being able to move.

Q705 Chair: We will come on to this later on, but my understanding is that you also have substantial difficulties in terms of reallocating properties—I think the point that Louise made earlier—because you simply don't have enough. So it is not just a question of rurality, it is a question of adequacy of numbers.

Councillor Ross: It is certainly also an issue of geography. If somebody in St Andrews wants to relocate, it would be totally inappropriate to reallocate them to Kincardine or Dunfermline, 50 or 60 miles away. That, I think, is an issue.

Q706 Chair: Can I just go back to the question of evictions, because I am aware that not all that far away from here, leaflets are being put out saying that Fife Council intends to start evicting people for bedroom tax arrears. Can you just clarify for me again how people could have come to this conclusion or are these just simply bad people?

Councillor Ross: I wouldn't quite go that far, but there has been an issue. There are a number of groups of people who feel that a blanket policy of no eviction is appropriate. Now, some of those I think have a very principled position and I have heard that from day one. We have brought in a policy that is totally consistent with the advice we are getting from the SNP Scottish Government Minister, Margaret Burgess, when she said, "Good practice is X, Y and Z". We are absolutely consistent with that and we are consistent with most of the councils in Scotland. As I say, there is not one council that has a blanket policy of no eviction now. There are other parties who have been criticising us for that, albeit that our policy is completely in line with their own party's policies across the rest of Scotland and I think that is total political opportunism, but—

Q707 Chair: I want to just be clear about this. How can we have a position where you are following the line laid down by Margaret Burgess—who is I think the Scottish Government Minister dealing with this—about eviction, while at the same time her party is denouncing you for proposing evictions? I do not quite understand how these two can be juxtaposed reasonably.

Councillor Ross: I would agree with you. I don't understand and I don't know whether it is appropriate in this forum—

Chair: Say what you like.

Councillor Ross: —but I think it is a complete instance of political opportunism that that particular party feels it has to go a step further, to have something to criticise the administration in Fife with when we are completely consistent with their party where they are in power in other councils.

The other instance I would add, though, and where we would not want to go that far, is that the experience I believe in Stirling some years ago where they did introduce a complete blanket non-eviction policy was that the rent arrears went through the roof and that had huge implications for the Housing Account and the rest of the tenants.

Q708 Chair: We have certainly had representatives from the Scottish Federation of Housing Associations and other groups saying that they were not happy with any prospect of a complete no eviction policy, because then there was no reason why anybody should pay their rent. In those circumstances, there was an issue of moral hazard and all the rest of it and there was an issue about engagement.

Councillor Ross: Yes, and I believe that is also consistent with the advice that Shelter Scotland are giving.

Q709 Chair: Indeed it was, yes. So can I just be clear then, your position, as you understand it, is in line with both the Scottish Government Minister and with that of Shelter and the Scottish Federation of Housing Associations?

Councillor Ross: Yes.

Chair: Yet you are still being denounced by this Project Fear that is being run by some people in Dunfermline?

Councillor Ross: Yes. As I say, I think there are some people not within that party who have consistently felt that we should have that policy. I quite understand and respect their position, but when it is being used for political opportunism, I think it is out of order.

Chair: Fine, okay. Mike.

Q710 Mike Crockart: I want to get on to the subject of exemptions and particularly recent court cases, of which there have been quite a few, and some relating particularly to Fife Council. If we can concentrate first on the Fife area, and it is perhaps not just to you, Graham, but also to the council as well, the case around the size of the bedroom, if we can deal with that one first. All the tenants who successfully appealed in that case, had they applied for discretionary housing payments? That is perhaps more to the council first and then when we can get on to the details of the case. I will return to you after that. Sorry, you have just reorganised the—

Eileen Rowand: Yes. I know that of the two cases, certainly one of the individuals had applied for a DHP.

Q711 Mike Crockart: With that case, is there an intention to appeal that case on the side of the council?

Eileen Rowand: The council has considered whether it would appeal the case and it took legal advice on that, so we came to the decision that we are not appealing the judgment and we have been advised that it is likely to be appealed by the DWP through the Secretary of State.

Q712 Chair: That is right. The issue—as we had with Glasgow the other day—is that because that was a first-tier judgment, that does not set a precedent. If it is in the general interest to have it clarified by a second-level appeal, therefore the DWP, representing the forces of darkness, are taking it forward.

Eileen Rowand: That is right. As a council, we appreciated that we had this issue that we potentially couldn't apply it to other cases and it would perhaps be an interest to consider appealing, but we took legal advice, looked at what it would mean for the council and we came to the decision that we would not appeal.

Q713 Jim McGovern: Sorry, Mike. Could I just ask then, the decision—whether it was by the council or the DWP—to appeal, it is not so much to overturn the original decision, it is just to create a precedent?

Eileen Rowand: It is to get the clarity. We need a decision in order to know whether it should be applied to other cases. At this point in time, we have inconsistencies where the individuals have appealed, there is a decision that applies only to them, so we really need clarity on what the legal position should be.

Q714 Jim McGovern: Yes, but the appellants are not necessarily going in to overturn the original decision, they just want clarity for the future and whether it creates a precedent.

Councillor Ross: On that point, I think that is the reason we decided not to appeal, because we want clarity, but we would be quite happy with the decision that has been provided by the first-tier tribunal, so we feel very uncomfortable about challenging that and trying to argue it is wrong. My understanding is that DWP think it is wrong and therefore they are going to challenge it. They were not happy with us when we said we are not going to challenge it.

Eileen Rowand: Yes, my understanding is that DWP will challenge it because they think it is wrong.

Jim McGovern: Right, that is helpful. I understand now.

Q715 Mike Crockart: If I can concentrate on trying to get the detail of what the impact of it would be. The tribunal, as I understand it, said that a bedroom is not a bedroom if it is too small, so have you done any work to figure out how many people, how many properties would fall into this kind of scenario?

Louise Sutherland: What we have done at the moment is a very quick desktop exercise. We looked mainly at the properties that have three or more bedrooms, because two-bedroom properties tend to have two double rooms. We have not come across a great number, so we don't believe a large number of our tenants are affected. We have looked at individual cases where there has been a room, for example, without an electrical socket, so we had already taken a decision to take some of those out of the scope of this. We have done so where there has been a change in the layout of the property because of perhaps a disability adaptation, but we do not believe there will be a large number of tenants affected by a decision that 70 square feet is too small to be a bedroom.

Q716 Mike Crockart: In those that would potentially be affected, if they get redefined as having fewer bedrooms, does that not therefore have a knock-on effect for what rent should be charged for the property? Does it have a knock-on effect for the council and housing associations then?

Louise Sutherland: It does if it is decided that it is not a bedroom. My understanding from the appeal was that it was still a bedroom, it was just too small. What we would have to do is if it was decided it was not a bedroom, you are correct, we would have to look at a rental structure. There is only a difference of about £2.50 between the two properties, so the actual drop in benefit greatly outweighs what we would lose in income from the property in any case.

Q717 Chair: Sorry, can I just clarify, how can a bedroom not be a bedroom? How can it be classed as a bedroom for rental purposes, but not classed as a bedroom for benefit purposes? Have I picked you up wrongly there?

Louise Sutherland: No, you have picked me up correctly. It is something that I see as an inconsistency in what has come out of the tribunal. It is a bedroom that would be suitable, according to the QC, for a child under the age of 10.

Q718 Chair: Right, so there are different levels of bedrooms then, so to speak?

Louise Sutherland: Yes, indeed there are.

Q719 Chair: Let me just get this right. Potentially, depending on the age of your children and the size of your bedrooms, you can have a mix. Maybe we ought to ask Mr Sutherland about this. This is a difficult one, so we will ask you. Can you just clarify this about bedrooms and taxes and rentals and things?

Graham Sutherland: Yes. The QC was persuaded to apply whatever legislative provisions there are about over-crowding to this issue of under-occupancy. There are similar over-crowding provisions in Scotland and England and Wales and they provide for different tiers of occupation of rooms as bedrooms. Essentially under 50 square feet should not be considered to be a bedroom for these purposes, between 50 and 70 square feet can be a bedroom, but for children. Under 70 square feet was not considered by the tribunal judge in Fife as being large enough to be occupied by an adult. There is an expectation that for the HB regs, if it cannot be occupied by an adult, then the tenants do not have the facility of renting it out, which the DWP suggested might be a way of recouping any bedroom tax. You clearly cannot rent it out to kids on their own; if you cannot rent it out to an adult, then it should not be considered to be a bedroom for HB regs purposes. But I can see that a bedroom that is not a bedroom for present purposes may be considered as a bedroom for other purposes.

Q720 Chair: What are those other purposes? Charging rent?

Graham Sutherland: Yes, charging rent. The RSLs might say, "Well, that is a bedroom and you can use it for two children under the ages of 10", for example, and that is perfectly legitimate. I can understand that argument, but for housing benefit regulations purposes, we are looking at specific uses and strategies that people might have to deploy to mitigate the impact of the bedroom tax.

Chair: So there is not an automatic read-across of the question of rental, that the comparison ought to be in the context of lodgers and renting out a bedroom. Right, okay, I think I understand that. Mike.

Q721 Mike Crockart: That is what has come from a decision by a judge in Fife, but the argument is that we could do with something that applies more generally across the country. Now, who should be in the business of defining what a bedroom is for the different purposes? Is it DWP that you would think that should be giving some sort of guidance on this?

Graham Sutherland: Yes, I think there should be and I have no doubt that they will be looking at the various decisions that are coming out. This argument was accepted by Simon Collins in Fife, but it is also being applied in other parts of the country. We can see decisions coming from other parts of the UK that are following the tests that found favour with Simon Collins in Kirkcaldy, and we are getting feedback from London, from the West Countries. There is a guy from Rotherham phoned up the other day and said he had found Fife decisions online and had used those arguments successfully in Rotherham, so it is affecting first-tier decisions throughout the UK.

Q722 Mike Crockart: Sorry, are these people that have contacted Fife Law Centre? Have you had—

Graham Sutherland: Correct.

Mike Crockart: —locals contacting you to say, “I think this applies to me” and then also people more generally more widely across the UK?

Graham Sutherland: Yes, we have local people contacting us with similar circumstances to those who have won their deals in Fife. We have also had people from outwith Fife; we have discussions with people, as I say, throughout the UK, who want to apply the tests that were adopted by the first-tier judge in Fife and we are getting feedback from people in the UK who have said they have applied those same arguments and they have applied them successfully. So the test that Simon Collins was prepared to apply in defining what a bedroom was for housing benefit regulation purposes seemed to be being followed in other parts of the UK by other first-tier judges.

Now, you had asked about consistency and the robustness and clarity of these decisions, and that is not going to come from a first-tier decision, as my colleagues have said. I think Simon Collins has been very clear in his arguments that he was prepared to apply. However, as has been said, a first-tier judge does not even need to follow a decision of another first-tier tribunal judge. He can take a different approach, so I can see from a legal point of view why the DWP might wish to have some more clarity and robustness before they consider whether or not they should start changing the law.

Q723 Mike Crockart: Obviously everybody would like a bit more clarity and robustness. How long, in your opinion, will that take? What is the process for an appeal and how long it will take to go through?

Graham Sutherland: I don’t know. I cannot tell you how long it would take. I imagine you would—

Q724 Mike Crockart: From your experience of these types of appeals?

Chair: Are we talking decades or days?

Eileen Rowand: We have asked the same question, “How long before we get a judgment that we can use?” and it really depends on how fast the appeals are processed. It can take anything up to nine months to a year, but I think this is probably a case that obviously needs to be heard quickly, so I would hope that it would not take that length of time.

Q725 Chair: Can I just clarify, if something takes nine months to a year, for the sake of argument, that takes it obviously into a different financial year? What happens in those circumstances to people who would have been covered by that? Would it then be backdated to the previous year?

Eileen Rowand: There is scope to backdate. It obviously depends on the judgment that is made.

Chair: Yes, assuming the judgment allowed for backdating.

Eileen Rowand: Yes, I think there would be a way for us to deal with that.

Q726 Chair: So just clarify for me then, if there is backdating, in those circumstances any DHP that has been made was obviously then paid incorrectly and could in a sense be recovered, but then it would not be possible to pay that out again, because the end of the year had passed.

Eileen Rowand: Yes, that could be the case, because what happens with appeals, they are appealing the reduction of the housing benefit and it may well be people who have received less benefit, have been in receipt of DHP that they no longer would have been entitled to, so we would obviously have to look at that and look at how we dealt with that.

Q727 Chair: Presumably in those circumstances it could be an internal transaction within the council, rather than you are paying out and then taking back, but it would mean transferring money into your cash-limited DHP budget. I just want to be clear about if it is carried back more than a year, whether or not the DHP that has been reclaimed then becomes eligible to be repaid in the year that has passed or it has to go into the other year, or is it lost?

Eileen Rowand: We are in discussions with DHP about the carry-forward arrangements for this current year, so those discussions are ongoing. At this point in time, once they are concluded, it will provide us clarity as to how we could deal with that. I think just a word of caution: I do not know how flexible the DHP budget is with the housing benefit budget as well. Again, we need to look at the technical issues there.

Chair: I think it would be helpful maybe if you let us know what your position was on these issues, because again, this was not a matter that we had considered when we first started exploring the question of bedroom tax, but we will want to make probably a recommendation on this as well and therefore it would be helpful to know what the parameters are for the discussion. Mike.

Q728 Mike Crockart: I have dealt with the exemption, but I am particularly interested in the carry-over aspect, because in previous years there has been a significant amount of DHP handed back by some councils. Now, there was a carry-over allowed for one year, but my understanding certainly is that that was a one-off and that carry-over would be allowed for future years. I have certainly asked questions of DWP, and I am sure I received the answer that that would not be allowed. What impact would that have?

Eileen Rowand: The latest update that I had was that there was still discussions about would there be scope for carry-forward, but I can clarify that position, because you are obviously in receipt of different information.

Mike Crockart: I will dig that out as well.

Q729 Mr Reid: The Scottish Government money, is that ring-fenced for DHP purposes and would it have to be handed back if it was not spent on DHP purposes?

Eileen Rowand: Yes. We have received it for making discretionary housing payments. I am not aware of what the position is if we do not spend the allocation in full and whether we would be able to retain it or whether it needed to be handed back, but again, I can provide clarity on that.

Chair: Mike, you want to pick up question 2 on the other paper. I wouldn't like you to think that we thought up the questions ourselves, we get them prepared for us, so I just want to make sure we cover them all, especially 2.

Q730 Mike Crockart: Thank you, Chair, for your reminder. This is more for Louise, because it is looking at plans going into the future for building new properties, because of course the difficulty that had caused all of this in the first place is the paucity of the stock of housing and how arguably poor management of who is in the size of houses that they are in. What are your current plans for building new properties and how do you go about deciding the mix of one, two or three or more bedroom properties and what sort of timescales do you have on building those?

Louise Sutherland: We have a plan from this year, over the next five years, to provide around 2,700 more affordable houses in Fife. We do that based on our housing needs assessment that forms part of our local housing strategy and it looks at within each borough housing area what the need is and particularly what the specific needs are, so people who are inadequately housed and have a disability or long-standing illness. We are quite robust in that.

It goes in as part of our local housing strategy, so what we build meets what the local needs are.

What I would take issue with is that we have badly managed the stock that we have at the moment, because we are having to apply the solutions for 2013 to stock that is in the greater part more than 50 years old. A lot of it is very high-density two-bedroom flats and what we are finding as a side-effect of this change is that not only are we losing income through reduction in housing benefit, we are finding it more difficult to then reallocate any properties that fall vacant, because we have been using them, we have under-occupied them to maintain an income from them and while we are retaining mainstream lets taking the same number of days, low-demand housing is now taking around two weeks longer to allocate than previously. So the money that is available for reinvestment is being lost on two accounts, the lack of housing benefit, but also the way we use current stock, that we have to promote rebuild in the future.

We have not looked at notably changing or downsizing the needs for people because by and large, many of the people affected by the bedroom tax do not consider themselves to be under-occupying a property. If we put a couple into a one-bedroomed property, we then expect them to move when they have their first child. It is people already on low income who do not have a lot of money to be mobile. It makes sense for us to help build communities by having people stay in the size of house that they can see a future in, so for the time being, we are not seeking to largely change our new build stock programme. Sorry, that is a very long answer to your question.

Q731 Chair: Sorry, can I just be clear, because I think this is one of the issues that we have to deal with in terms of retrospection. It has been and is your policy sometimes to under-allocate people in the sense that you give them houses that are too large for them at their present time in the expectation that it is a lifetime let, as it were, that they will go into a property that is too big for them, they will then have a family and then they will end up in the property that is too big for them as they grow older. I just want to be clear that that has been your deliberate policy for quite some considerable time.

Louise Sutherland: Yes, it has been. Our allocation policy was approved sometime during the 1990s and the size criteria within that. Also what we do is when anybody has access to a child, we allow them to have that extra bedroom, which the current DWP regulations will not pay a benefit on, and that seems to run counter to other policies that are very much geared towards keeping family together even when the parents have split. So we have a number of two-bedroomed flats, for example, that would be occupied by a single parent who only has partial access or overnight care of a child.

Chair: David, you wanted to add something to that?

Councillor Ross: Yes. I just wanted to make the point that we certainly do not see it as a pure numbers game, of bedroom numbers or people. There are a whole lot of other factors, as Louise says, about building communities, sustaining tenancies, considering a whole range of social need for families that we also think is important to take into account when we are developing our allocations policy. We are absolutely confident we have the right allocation policies for the well-being and quality of life in our communities and it shouldn't be just a pure numbers game, not taking account of the needs of people.

Chair: Why I particularly wanted to pursue that point is it has been raised with us before that people are perhaps in houses that are not considered the appropriate for size for them by the Westminster Government as a result not of their own decision-making, but as the result of your decision-making. There is a difference between those who are maybe taking houses now that can be deemed too large for them and those who took them in the past when they were being put there by you and it is not their fault. So it is a question of people being

caught by a policy change that is not their responsibility, and I think we will be making a recommendation about that in due course.

Q732 Mike Crockart: The only thing that comes out from your answer, Louise, that I wanted to come back on was the fact that it is taking longer to allocate now than it was previously. Can you just explain a little bit more about what that impact is and how that comes about?

Louise Sutherland: Yes. Because we are allowing people, we are not forcing the issue on taking a house that somebody cannot afford at the time of the allocation, we do have an excess number of two-bedroom properties that we cannot always allocate in some areas of Fife, so these are taking longer to turn around to find an appropriate tenant for them. We have people who are perhaps in temporary homeless accommodation who do not want to worsen their own circumstances by taking a property that they know they will not be able to afford, so we are maintaining them in expensive temporary accommodation rather than putting them into affordable social housing, and progress that we had made in maintaining our income by allocating properties with perhaps a spare bedroom is under risk now.

Q733 Mike Crockart: So effectively you have a mismatch of people looking for housing and the housing stock that is available, and putting people in difficult situations of having to take housing that doesn't match their needs exactly means that the process becomes drawn out?

Louise Sutherland: Exactly, yes.

Q734 Chair: Can I seek clarification on this question of the homeless? When we were speaking to Glasgow last week, they were telling us that there was, as you have indicated, a number of people declining to move out of either hostels or something else into accommodation that was going to be too large for them. At what point would it be worth your while to pay the difference? In terms of people are in bed and breakfasts, presumably it is a great deal more expensive than it would be moving them even into a house that was too large for them. Have you considered the council perhaps being prepared to charge a lower rent in those circumstances in order to avoid incurring the bed and breakfast costs or are there rules that would not allow that?

Louise Sutherland: There are rules that wouldn't allow that and Eileen might be able to expand on them, but if what we do is charge people a differential rate for a property, then they wouldn't be allowed the full cost of that under the housing benefit rules. For example, if we have a number of two-bedroomed flats and we deliberately choose to under-occupy and offer it to somebody who is homeless who only needed one bedroom, we could not then charge them £50 a week instead of £60 a week because that would be a differential rate and housing benefit regulations would not allow that.

Q735 Chair: I see. We just wanted to be clear about an issue like that. Right, any other points that we have?

Sorry, yes, one point that I wanted to clarify, it has been suggested to us that as well as people having taken off them the difference between, say, a one-bedroom and a two-bedroom or a two-bedroom and a three and so on, the 14% and 25% deduction, was effectively a fine that was greater than the amount of differential. Is that also the case in Fife?

Louise Sutherland: It is indeed. The average cost for a two-bedroomed property in Fife is £64.15 and for a three-bedroom it is £65.37, so the difference is just over a £1, yet somebody is getting their benefit reduced by £9. Unlike the private sector, we cannot then go into adjusting our rates on an individual basis because of the DHP regulations.

Q736 Chair: If people are being fined in those circumstances, you can understand why we would want to say that that was unreasonable. Is it feasible to say that in circumstances where the rent differential is less than the 14% or the 25%, it would be the differential that was taken off the benefit or would that just be too complicated?

Louise Sutherland: No, I think that would be a much fairer way of working and something we could manage. The other solution would be perhaps to look at where the rent was less than the local housing allowance, do not bother to apply the bedroom tax, because essentially what we would be doing is if we are forcing somebody out of our social rented housing into the private rented sector to take a higher rent, then nobody wins from that.

Q737 Chair: Sorry, for the sake of the record, just clarify for us the terms that you are using there and what the significance of them is.

Louise Sutherland: We would charge a rent of £64.15 and housing benefit would be payable on that. If that person is subject to bedroom tax and has the reduction, they may well then choose to try to find something smaller. Because we have a limited availability of smaller accommodation and if they seek that in the private rented sector, it may be that they are then taking a property that costs £100 a week and they would get a local housing allowance to pay for that. So it would seem more logical to—

Q738 Chair: They would get all of that paid?

Louise Sutherland: Yes, so it would seem more logical to match the level of housing benefit on some of our housing stock to being no more than it would cost for somebody to be accommodated in the private rented sector, given that that limit is already in the lowest 30% of the costs of that.

Q739 Chair: That would become an enormously complex exercise, since presumably you would have to calculate what the private rental cost was across a whole number of equivalent travel to work areas. There wouldn't be simply a Fife level, would there? You would have to have a whole number of different markets for which separate figures were calculated.

Louise Sutherland: That is in fact already done, because there is a local housing allowance set. I am not sure at what level it is.

Eileen Rowand: I cannot say.

Chair: Sorry, when you say what level, is it—

Louise Sutherland: It is geographic size so I am not sure if there is a single one that applies.

Q740 Chair: Right. How many would there be in Fife, hundreds or dozens or a couple or one, just to give us a feel? You can maybe let us know.

Eileen Rowand: I have to come back on a previous question, so I will pick that up.

Q741 Chair: Because we are not experts in housing matters and you presumably live with nothing else, it would maybe be helpful if you came back to us with what would be a reasonable proposal for us to make in this area. You don't see any difficulty about the general principle about abolishing the fine element of this and just making it the differential? From the Government's perspective, I can understand the issue about not wanting to fund under-occupancy, but it is the fine element that I think people find really unacceptable. Nobody that I have come across defends that, so we would want to have that worded as well. I just want to

clarify whether or not that was in fact feasible, rather than running the risk of having one of your recommendations dismissed as being completely impractical.

Louise Sutherland: Yes, we will put something sensible down on paper for you.

Chair: Fine, okay. Now, are there any other questions from us, Alan?

Q742 Mr Reid: Yes, just a follow-up. In the case where a parent has partial access or partial care of their child, is there anything in the regulations that says how many nights a week the child has to spend in the house for that then not to qualify to be judged under-occupation?

Eileen Rowand: From my understanding as the regulations stand at the moment, there is no flexibility there. Judging from the appeals that have been heard to date, I think decisions have gone different ways regarding child access and there has certainly been cases they have looked at where child benefit is paid and that is where the room allowance is given. But there has certainly been another case where the decision went contrary to that.

Q743 Mr Reid: Thank you. Since the bedroom tax was introduced, have you found an increase in the number of tenants coming to you say that they would like to move to a smaller property?

Eileen Rowand: We have not been able to track that because there is not a great link between somebody's housing application and their source of income, because we are not allowed by law to take account of income in that. What I would say is that we don't have an awful lot of people on our list for a move to smaller accommodation from those affected by the bedroom tax. Now, that may be because they know that we have a limited ability to help and they have not come forward, but it is also because they do not deem themselves to be under-occupied. They feel they need that size of property that they are in.

Q744 Mr Reid: Would you have figures for the number of people who last year were in a two or three-bedroom property and who were on the transfer list for a one-bedroom, and the same figures for this year?

Eileen Rowand: We possibly wouldn't, because last year there was no need for us to keep that kind of detail, so we could probably give current numbers and just work it out if it has grown from the beginning of the year.

Q745 Mr Reid: Could you not interrogate your computer system? You obviously must know the number of people who are applying for a one-bedroom property and you must also know the size of the property that they are in at the moment, so presumably you could interrogate your computer system and get those figures.

Louise Sutherland: Yes, but people do come off and on the lists all the time, not necessarily because they have been housed, and I would doubt whether we could work it backwards. We can try to provide that if we can.

Q746 Mr Reid: If you could try anyway. Have you considered changing your allocation policy to give more points to somebody who wants to downsize?

Councillor Ross: We have had some discussion on the policy level about that and we have taken the decision that we are going to stick with our assessment of need. However, we also have a policy that where people are coming to us and saying they are in financial difficulties and they want to move, we will do our very best to accommodate their needs on that.

Q747 Mr Reid: Before the bedroom tax came in, did you have any policy to tackle the situation where people had a house that was too big for their needs and other people were living in overcrowded accommodation? Did you have any policy to try to get a better match from the housing stock?

Louise Sutherland: Yes, we do. There are two things that we do. We encourage people to register with HomeSwapper, which helps them mutually exchange, and we have seen the number of people in Fife who are doing that kind of exchange double over the same period last year, so that is quite positive. But we have always had a transfer incentive scheme to help people downsize. Up until April this year, it was largely geared at helping retired people who are now in a family home that is too big perhaps to heat, to manage, to carpet to move to something smaller. So the focus has changed somewhat and we now are using it to help people affected by the bedroom tax.

Q748 Mr Reid: One of the DWP's suggestions for people to avoid having to pay the bedroom tax was to take in a lodger. Does your standard lease allow tenants to take in a lodger?

Louise Sutherland: Yes, it does, with permission.

Q749 Mr Reid: Have you found any increase in people taking in a lodger since the bedroom tax was introduced?

Louise Sutherland: No, we have not.

Mr Reid: Okay, thank you.

Q750 Jim McGovern: Could I just ask, when you say the lease allows, with permission, to take in a lodger, under what circumstances would permission be refused?

Louise Sutherland: If the property was overcrowded or if there was an undue financial gain to the tenant.

Q751 Jim McGovern: What is an undue financial gain?

Louise Sutherland: If they were charging a great deal more than we were collecting from them in rent.

Q752 Jim McGovern: All right. Is there some sort of regulation that allows them to let out a room, as long as it is just taking up what is known as the bedroom tax?

Louise Sutherland: There is no regulation. All the legislation allows for is that permission should be sought from the landlord, and we would not be unreasonable in refusing.

Jim McGovern: Thank you.

Q753 Lindsay Roy: Taking in a lodger seems to be clutching at straws. Is there any requirement, if somebody takes a lodger in, and they have children, that there is a child protection covenant? I think it is vitally important that children are protected. Is there anything in the legislation that covers that?

Louise Sutherland: I do not believe that there is, but I think it has not been a palatable choice for anybody to take someone who is unknown to the household. We have seen people come out of scope because they have maybe taken in a family member or something, but we have not had a great deal of interest or requests about lodgers who are not known to the family.

Lindsay Roy: Thank you.

Chair: Certainly from my own experience, I am trying to get rid of a member of my family from my house, never mind bring somebody else in that we do not know at all.

Lindsay Roy: That is there on the record for him to read.

Q754 Chair: He has been told often enough. We keep moving and he follows us. At the end of these sessions, we always ask whether or not our visitors have any answers prepared to questions that we have not asked; in a sense, anything that they want to make sure that they get off their chests before we finish. Are there any other particular points that you think we maybe have not covered? Certainly, Mr Sutherland, we have not spoken to you all that much, so I wondered whether or not there were any additional points in particular that you wanted to raise with us.

Graham Sutherland: Yes, just one. I would be surprised if it had not been raised with you at other sessions. The introduction of the bedroom tax is predicated to some extent upon a comparison between private and public sector tenancies. One effect of the introduction of a bedroom tax may be to force secure council tenants or RSL tenants into the private sector. Can I just say that I have real concerns about that, that the two cannot be compared? They are completely different entities. There are different legal requirements on the standard of accommodation to be provided, repairing obligations, and also, so far as tenants are concerned. If you go from an RSL, if you leave that environment, you are leaving what may potentially be a lifetime arrangement with your local authority, which provides you with security of tenure, into a very short-term environment where you might expect initially a security of tenure of no more than six months. This is a point that I am really concerned about, that people may be forced out of a secure environment into the wider world.

Q755 Chair: Can you just clarify for us, then? In an RSL, the normal expectation of tenancy would be what? Unlimited?

Graham Sutherland: Yes, that is my understanding. It could be for a lifetime.

Q756 Chair: All right, and in the private sector, there would normally be a contract that is what, for six months?

Graham Sutherland: That is a six-month short-term tenancy.

Chair: But it need not be.

Graham Sutherland: No, but the way the legislation has couched it at the moment is that private tenants will be offered short assured tenancy, which can be between two and five years. That can be continued any number of times, but at any one point the tenant may be looking at security of tenure of no more than five years.

Q757 Chair: All right. Thank you. Sorry. I did not mean to interrupt. Were there other points that you wanted to raise with us?

Graham Sutherland: No, thank you. That was it.

Q758 Chair: All right. The Sutherlands: this is not a family business, is it? This is just coincidence, is it?

Graham Sutherland: It is.

Chair: All right.

Councillor Ross: Can I maybe just say a number of things that we would perhaps like to see reflected in your report? We have talked about exemptions, and we would certainly like to see those expanded for the DHP, and Eileen has already gone through a list, but on top of that I think there is this issue of tenants who have requested a transfer and downsizing, but we

are unable to meet their needs. It seems very unfair, when it is not their fault, they are looking to move and they then have to pay that penalty.

Q759 Chair: What would your view be, then? Anybody who was over-occupying, in Government terms, who was indicating a willingness to move by applying for a move, if they could not be given a move, would they then be exempted?

Councillor Ross: I think that would be reasonable. With all of this, though, the further you go into it, exempting this, exempting that and whatever, the bottom line is that the thing is not working, and if it is costing money, just scrap it. I recognise there are limitations in that and we do have to go through some of these issues.

Chair: We feel the Government have conceded that they are making this up as they go along and that they are, therefore, willing to make amendments and changes, and that is what we intend to propose, so do not hesitate to—

Councillor Ross: I accept that, but at what stage do you make so many amendments and changes that it negates the intention? The other one that I think is more difficult to deal with is this business about the family home, of particularly older couples, families have moved out, that again there is a degree of unfairness, particularly where they would expect to have grandchildren and families coming back to visit them, and have lost that. It is difficult to see an easy way of legislating for that.

Q760 Chair: Sorry, can I just explore that more? That this was one of the issues that we have discussed with Orkney, Shetland, Western Isles, the sorts of areas where they are talking very much about communities, they are talking very much about homes for life. What is the answer to something like that? Who would determine that? How would that be tackled? We cannot just say to the Government, “Look, this is a difficult one”. If we are going to not ignore it, we need to be proposing something.

In Fife’s circumstances, which are clearly not the same as those of Orkney, Shetland and the Western Isles in terms of rurality and spread, what would you be thinking of as an answer to that?

Councillor Ross: I still think it is much more about the carrot, rather than the stick, and it is about the incentives to move and the offers to move and what support you get to do that, and encouraging people, when they are getting older and feel a house is too big, that they do move, but we need to recognise the benefits of maintaining stable communities and community links. I think it is best dealt with through our allocations in housing management, rather than being dictated by housing benefit regulations, and I think just leave it to us and we will sort it out. That is my view on this.

It may be going beyond the scope of this particular inquiry as well, but in terms of devolution, I personally feel there is a good case for devolving housing benefit because it is about how housing is made affordable. Either you put money into housing, the bricks and mortar, or you subsidise rent through people. The two should be very much linked. What we are seeing now is a dislocation because those decisions are not matching.

Q761 Chair: But when you say devolution, devolution is often assumed to mean powers to Edinburgh. Presumably, in these circumstances, what you would be talking about would be decentralisation almost to the housing authority or to the local authority, in order that you can match your aims and objectives at a much more local level, and, therefore, you could have different patterns of this balance between housing benefit and rental levels determined almost RSL by RSL or area by area.

Councillor Ross: I think there is an argument for that going further, but a first step would be, given that housing authority is devolved to the Scottish Government, the housing benefit should sit there as well. Then it is a case of discussion between the local authorities, COSLA, and the Scottish Government about how that would then possibly flow down further. I think that is a much wider issue in terms of the exemptions there.

The second point I would raise is in terms of temporary accommodation being exempted. My understanding is that, at the moment, temporary accommodation held by the housing associations or other charitable bodies is exempt, but local authority-owned property is not, and that is causing a huge issue here for us. For instance, we own the properties used by Women's Aid in Fife, and women coming in and using refuges and temporary accommodation are then subject potentially to the bedroom tax. We feel we have been promised, from a long time ago, but it has not happened, that all temporary accommodation, regardless of who owns it, should be exempted from these considerations.

Q762 Chair: Sorry, can I again just clarify this for the record? If Women's Aid had their own property, anybody who was in there on a temporary basis would not be liable for the bedroom tax whereas if you have let the property to Women's Aid, anybody who is in there on a temporary basis would be liable to the bedroom tax? Is that it?

Councillor Ross: Yes.

Eileen Rowand: That is correct.

Chair: All right. Fine. Thank you.

Councillor Ross: The final issues are to do with the DHP, and Eileen may wish to add something to this. We have always been seeking, and we have had meetings with David Mundell, and I think with Iain Duncan Smith and Lord Freud as well on this, trying to make the point all along that we feel we should have increased the ability for us to top up the DHP if we feel it is needed.

Secondly, the financial assessment regulations should be loosened. People, if they are subject to housing benefit, are obviously on low incomes already, and to then have to go through another financial assessment that says, "You have disposable income, you have £20" or something, does not go very far when you are on a low income. There should be more. We feel we have pushed the envelope as far as we can, without having some kind of sanctions from the DWP questioning what we are doing, but I think we should have much greater discretion in how we implement those regulations.

Q763 Chair: Sorry, can I just clarify? What argument have you been given about why you should not be able to increase the DHP beyond a certain percentage?

Eileen Rowand: It is a requirement in the regulations, so it is not stipulated in legislation of the 2.5 limit.

Q764 Chair: I know, but if you have gone off to argue that that should be changed, the fact that it is in the rules is not sufficient an argument as to why you should not change the rules. That is a bit like local authority lawyer-speak, is it not?

Eileen Rowand: Yes. We have just accepted it as a given, and our discussions with DWP have been that it is a given. There is not scope to increase that.

Q765 Chair: All right. Sorry. I thought, David, you were saying that you have—

Councillor Ross: I have raised it at ministerial level.

Q766 Chair: Has there been a rational explanation as to why not? Nobody else has raised that with us, which is why earlier on I was exploring the question of write-off—the

Scottish Government covering the write-off. Nobody else had suggested to us simply increasing the DHP.

Councillor Ross: No. I think the arguments that have come back are that this would be contrary to the policy, which is to reduce the amount of money going into it, and that DHP is supposed to be temporary anyway, so—

Q767 Chair: The Government want to reduce their budget on housing benefit, but if it is reduced by your meeting the costs or by the Scottish Government meeting the costs, they have still achieved their objective, presumably?

Eileen Rowand: Yes. I think the reason it has not been argued too strongly is that we would rather there were exemptions so that we did not have to use DHP, rather than seeking for the DHP to be increased.

Chair: I understand that.

Eileen Rowand: We would rather that we did not have to use this temporary, short-term funding, and increase the use of it. We would rather people had exemptions and the housing benefit was not increased in the first place.

Q768 Chair: All right, but they are not mutually exclusive.

Councillor Ross: No.

Eileen Rowand: No.

Q769 Lindsay Roy: This is a very complex system, and you are saying a very unfair system. Would it be right to say that your preferred option would be a complete repeal of the legislation?

Councillor Ross: Yes, that is quite clear. We have had these debates.

Q770 Lindsay Roy: It is a huge burden on staff. They have done a tremendous job in the very difficult circumstances, but they are not going to solve it.

Councillor Ross: The best we can do is do our best to mitigate some of the impacts. The final point I think we would make is that, again, the sooner we get clarity on what the DHP allocation is for next year from the DWP, the better, because we cannot plan going forward until we know that. At the moment, I think that is expected in December, but that is leaving very little time. The experience when this was brought in was that things were changing almost weekly, if not daily, and it made planning and giving people advice an absolute nightmare, so the sooner we know what DHP is—

Lindsay Roy: In effect, a hand-to-mouth existence?

Councillor Ross: Yes.

Q771 Chair: Presumably the same then would apply to the Scottish Government's willingness to top this up as well.

Councillor Ross: That is dependent on the DHP allocation, the regulation.

Q772 Chair: No, I understand that, but as soon as you get one, you would want to have the other as well—

Councillor Ross: Yes, absolutely. Absolutely.

Chair: —or you would want to have an assurance that the same proportions would be applied to whatever the figure was.

Councillor Ross: Yes.

Q773 Chair: Any final points? Usually when an MP says “final” it means he or she is about 40% of the way through, but in these circumstances, given that you have been here for two hours rather than the expected one, I think we have just about covered everything. Graham, in particular, is there nothing else that you want to add to that?

Graham Sutherland: No, thank you.

Chair: Fine. Could I thank you very much for coming along? This has been a very interesting session. Could I propose that we have a comfort stop for five minutes before starting the second session? Thank you.

Examination of Witnesses

Witnesses: **Norma Philpott**, Citizens Advice and Rights Fife, **Norah Smith**, Kingdom Housing Association, and **Craig Stirrat**, Fife Housing Association, gave evidence.

Q774 Chair: We are investigating the bedroom tax, and we have already heard evidence from a legal expert and from Fife Council. Now, for the record, and relatively quickly, if I could just ask you to introduce yourselves and tell us a background of your organisations. Norma first.

Norma Philpott: My name is Norma Philpott. I am the Chief Executive at Citizens Advice and Rights Fife. That is the local CAB service. Just very quickly, we cover the whole of Fife Local Authority, providing free, confidential, independent and impartial information and advice. We are one of the largest bureaux. We have over 100 volunteers and over 60 paid staff. There are six public offices, some outreach, telephone service, website, and a fairly well developed referral system. We are recognised by the local council as having the leading welfare benefit-related issues, and also in money advice. We have a number of specialist projects: Macmillan, Chest, Heart & Stroke, an armed services project. All of these projects involve either dealing with welfare benefit issues and/or ensuring benefit checks. Income maximisation work is covered.

We cover the 15 areas of advice that all CABs do. We have a number of local partnerships we are part of around housing, lone parents and fuel poverty, for example, and in the last year we dealt with over 25,000 people. We have had access since March/April to some additional resources to mitigate welfare reform via the local authority and Citizens Advice Scotland.

Norah Smith: Norah Smith, Director of Housing and Care with Kingdom Housing Association. Kingdom Housing Association was established in 1979, and we offer general needs housing, also specialist homeless accommodation, and we have social rented housing and other tenures, ownership, shared ownership, and mid-market rent properties. We have approximately 2,200 social renter tenants, and we employ 350 staff. We have an annual turnover of £19.7 million, and we work largely in Fife, but also in Perth and Kinross, and in Falkirk, and we are part of the Fife Housing Register partnership.

Craig Stirrat: Thank you, Chair. My name is Craig Stirrat. I am the Housing Services Director for Fife Housing Association. Fife Housing Association was established in 1997, following a stopped transfer from Scottish Homes. We are a general needs housing association, so basically we have largely family houses. Only 3% of our stock is one bedroom, of which there is a very low turnover. We are based largely in the west of Fife. However, we have properties straddling the coast of the Levenmouth area, just under 2,500 houses, and about 18% of our tenants are currently affected by the bedroom tax.

Chair: We also had a fourth witness planned, Pauline Buchan of the Cottage Family Centre, but I understand, as you have told us, she is unable to attend.

Q775 Mike Crockart: My question really relates to the level of effect that the bedroom tax has had on the amount of rent you have collected. Could you just outline, the two housing associations present, how that has changed since 1 April this year?

Norah Smith: We have about 11% of our tenants who are affected by the bedroom tax, and that amounts to 357 households approximately. Our arrears have risen by 0.15% in the first six months of this year and by 0.22% from September last year to September this year. We estimated our lost of income could be around £215,000 per annum. Year to date, we are sitting at around £41,000. That is not only arrears in relation to under-occupancy; it is also arrears that people already had, but who are also under-occupying, and it is very difficult for us to separate that out at this point in time, although we continue to manipulate our system to try to do that. We have 167 people who are in arrears to date, and we estimate that about half of those have fallen into arrears since April of this year. We have 113 tenants who are in receipt of discretionary housing payment. We think discretionary housing payment is a bit of a mask for the real problem at the moment, and if it were to stop, our arrears would go up again by approximately another £80,000 per annum.

Craig Stirrat: Our rent arrears have increased from 3.2% to 3.7%. That is from April to September. We know that 119 tenants who were affected by the bedroom tax fell into arrears, who previously were not in arrears, who were in credit. That has caused a net increase in arrears of £10,000. If you do not take into account the fact that they were already in credit with their accounts, they would have been gross £18,000. We had 105 existing tenants who had arrears of varying amounts who went further into arrears by a sum of just under £10,000, so we estimate, in total, just under £28,000 additional gross arrears as a count of people being unable to pay the bedroom tax.

Q776 Mike Crockart: I am interested that one housing association seems to be able to potentially pin down an amount that is directly related to bedroom tax. Norah, you said that it is far more difficult. Is that just because of the differences in the recordkeeping that you had previously?

Norah Smith: I think we use different accounting systems. We use different housing management systems. We are working with ours to try to refine the queries that we can make on the system. There is also an issue with the split, for example, of the information we receive in terms of housing benefit and how that is split, and how we then pull that out of our systems. There are a number of factors that contribute to that, but we are doing our best to hone down on that.

Q777 Mike Crockart: It is difficult to tell just from the bare numbers what kind of effect that has on your organisations. We are just wanting to look at your turnover, and lots of other figures. Are those sorts of levels of arrears sustainable? If not, what is the likely impact of them?

Norah Smith: At the moment the arrears are less than we anticipated that they might be. As I said earlier, I think the discretionary housing payment is masking the problem, and when that stops for one or all of the people, then we will see another increase in arrears. I do not think it is sustainable. I think it will result in us having to look at the services we provide, and to reduce those services in some form. It would also likely have an impact on our development programme into the future as we continue to build houses and having an active development programme. Obviously, we need to source private funding as well as Scottish Government funding for that development programme, and we need to make sure that we stay within our covenants. Any increase in arrears would be taken into account by our lenders and, therefore, it might mean that the development programme for the future might have to be reduced.

The amount of work that is caused by the bedroom tax both in supporting tenants, which is an important part of it, and trying to refine our stats so that we do fully understand the position, means that other work is deferred or goes by the wayside. We have some temporary increase in staff costs to allow us to do the additional work, and again, if that is a long-term need, we would have to consider how that was funded, and ultimately may have an impact on the rental that we charge our tenants.

Craig Stirrat: I would not really add to what Norah says. I agree wholeheartedly, the implications are exactly the same for my association. Just to add context to that, though, members of the Committee may be aware that the regulator has highlighted that the impact of welfare reform on business plans is a huge, huge risk. It makes all RSLs under further pressure from the regulator to try to mitigate against the impacts, and on the other side of the coin, lenders will look in future not so favourably in terms of the interest rates. As Norah said, that reflects on how much we have to charge rents to pay to borrow for investment and new build.

Q778 Mike Crockart: There are two basic impacts, then, on the future development because of the costs that are associated with it, so that might mean less building in the future. The other side, you said, was reducing services. Could you just go into a bit more detail about what you mean by reducing services?

Norah Smith: We would need to look at the numbers of staff we employ. There is a significant cost within the organisation in terms of employment costs. We would need to look at what work was done and what was not done to see: are we getting best value for the services we provide our tenants, and are we providing essential services or are we providing services that enhance the tenants' experience of us as a registered social landlord, but that are not necessarily essential? We have not started to look down that route. We think it is too early. We want to more fully understand towards the end of this year the full impact, but these are things that will be under review.

Craig Stirrat: Members of the Committee may also be aware that we are obliged to deliver a housing charter. That is basically service standards that meet the customers' needs. As Norah alluded to, those value-for-money issues are a fundamental thing. What are people paying their rent for? Are they getting value for money in terms of how long it takes to do a repair? How is it done? To what standard? In terms of the improvement standards to properties, what sort of fixtures and fittings do we fit? Are they all for the rent allocation? If we cannot guarantee a good stream of income, that puts those factors at risk. For instance, we have increased bad debt from last year from 1% to 2%, and we are projecting we will have to increase it to 3% next year. An alternative is, as Norah said, for us to put rents up to take account of the loss of that income.

Q779 Mike Crockart: That certainly matches what the council evidence was, that they have gone from 1% bad debt to 2.2%, so it is a similar situation in both housing associations.

Norah Smith: Yes.

Q780 Chair: Can I just be clear? As someone looking from the outside, 1% to 2% does not seem very much. Are your businesses operating in such a tight margin that that increase to 2% really makes a difference between surviving and not surviving?

Norah Smith: I think that is still to be tested. We put it up to 2% in our organisation in recognition that the welfare reforms were going to impact on our income. We have one-year, three-year, five-year and 30-year planning, and those assumptions are built-in over those years. Similarly, we then make assessments about what rental increases we may have to apply

in the future to maintain our build programme, to maintain our services to tenants, to maintain the organisation and for that organisation to be financially stable. Our rents are, therefore, worked out on that basis. It may be that, come February when we are setting budgets for next year, the bad debt allowance will have to be increased.

Q781 Mike Crockart: Can I open it up more widely? We have heard the impact on the housing associations, on your organisations. What has been the impact on Citizens Advice?

Norma Philpott: Thank you. We had some inquiries at the start, people asking what it would mean and what the options were, and that was around whether they moved out of the house, if they got extra money, what they could apply for, that side of things. We then got requests for practical help and advice once they were notified that they were affected, and that was often to include asking for reviews about the under-occupancy side of things, and then we also helped a number of clients with the discretionary housing payment applications, obviously. We are now seeing a lot of people seeking money advice, often referred by the council as there are rent arrears. We are also seeing clients who have to choose really between paying rent and buying food and energy costs. I can only assume, obviously, in the light of the announcements of the last two weeks, that position is going to get worse.

Also, we have been fortunate, I think, here in Fife, because Fife Council has been willing to set aside extra funding for the DHP and that side of things, but while it is mitigating just now against some of the impacts of the changes, I think it is really covering or masking the reality of the situation.

Q782 Mike Crockart: Obviously, many of the people coming to you have very complex and multifaceted problems, but do you have any feel for what proportion of the extra work is coming directly from the bedroom tax?

Norma Philpott: Directly. I just brought some figures. I have drilled down as far as I can go around discretionary payments. Just in the period from April, we have had 174 requests for help on discretionary payments. We have had 162 inquiries about under-occupancy. What I have done, if it is okay, I have brought some case examples. I will not go into too many of them, but if I just maybe give you three, would you be interested?

Chair: If you maybe give us those in writing, unless there is a particular point that you can use to illustrate.

Norma Philpott: I can probably give you the overview of that.

Q783 Mike Crockart: That would be good. You have given us figures of what you have had this year, but what I am really looking for is how that compares to how it was last year. What is the extra work that is generated?

Norma Philpott: There is the internal extra work, and obviously there has been the training side for our own staff in the organisation, but it is also about working out with the clients how best to help them, so it has put demand on our front-line services, the initial point of contact. Additional help has been required through our money advice section as well, so it has hit all areas across the organisation.

What I wanted to highlight is really the fact that, from what I can see, having read through a lot of our social policy work, it has hit those who are already disadvantaged, who are already vulnerable, and who are already lacking finances. It has particularly hit people with disabilities, people with families, who maybe are separated and they have children to come and stay, and it has also affected people who really were already in trouble. An awful lot of the cases that we have, they were borderline requiring financial help in any case, or

financial advice, and the reality is this is the thing that has tipped them over the edge and probably brought them in through the door.

Q784 Lindsay Roy: Can I commend you on the work you have done with my constituency office?

Norma Philpott: Thank you.

Q785 Lindsay Roy: How have you managed to cope with this extra workload? Have you had to take on extra staff or additional hours?

Norma Philpott: Yes. We have been fortunate in that we have had access to some additional funding, but ironically it is at the same time as our core funding has been cut. We have had access to extra resources, and this has been either through, as I say, the local authority or Citizens Advice Scotland. We have used that funding in several different ways. One thing that we have done is set up a new project, which has just launched at the beginning of October, around pop-up clinics. That is about going out into the area to try to quickly pick up people that have issues, and that has been again working closely with the local authority around it. We have also had to put additional resources into our representation services, because that is another aspect, but that is concentrating more on the claims that are coming forward to do with PIP and so forth, when that comes in, the personal independence payments.

Q786 Mike Crockart: One particular aspect that you talked about there was families, where the parents have separated, with children.

Norma Philpott: Yes.

Mike Crockart: The council had given evidence that they were basically treating that as an exemption and given them the DHP.

Norma Philpott: Yes.

Mike Crockart: Is it just the uncertainty that is generating the extra work?

Norma Philpott: Yes. The people come through the door, exactly what you are saying, because they are uncertain, they don't know what to do. When we pick them up, we are checking their information, and then we are able to say, "We think you would be probably eligible to be exempt in these circumstances". We have also noted that there are one or two people that just kind of fall through the gap in some of the exemption bits, just to do with the ages of children and so on.

Q787 Mike Crockart: Could we concentrate on that, then, for the next questions? If the bedroom tax was going to stay, what exemptions do you think should be there that are not there at the moment that would perhaps make it fairer?

Norma Philpott: There are exemptions that are already there, but they are not either applied or known about, and that is because I do not think, for various reasons, that the council has always had the full picture of the person's circumstances. That is often the findings that we have. It is the individual circumstances that probably, if the council had a fuller picture, would make it easier to apply the exemptions.

Q788 Chair: Why have people not given their full circumstances to the council, then?

Norma Philpott: Because I think the council relies a lot on the information about house size and so on, and there have been a lot of issues around that. We have come across clients also that maybe have been put into council accommodation, they have had adapted

homes that have also just initially fallen through, but we have had to act and say these should be having exemptions applied to them.

Q789 Chair: Sorry, I genuinely do not quite understand that. Surely, if the council does not have the full information, we have to work on the basis then that somebody is not supplying the council with the full information.

Norma Philpott: The whole position with bedroom tax has thrown up that as an issue, that sometimes how the property is being described is not, as you are aware, how it is used.

Q790 Chair: No, but you could use a perfectly adequate double bedroom as a box room, but it would not then be exempt. You seem to be making a somewhat different point, that people's individual circumstances, such as maybe handicapped and the like, are not being conveyed to the council, or the size of properties. I am not quite clear what you are saying to us about the information that is not being transferred to the council.

Norma Philpott: I am saying that because it is not looked at in a holistic way, consequently there are people that are falling through gaps because the council is having to—as are other councils—apply the legislation. While Fife Council has been a particularly good council in trying to ensure that people get exemptions and get DHP, there are still people that are coming to our door that clearly have either not been given exemptions or fallen through the DHP process.

Chair: Sorry. That is slightly different.

Norma Philpott: Of course.

Chair: If they are being caught by the rules, that is one thing. I thought earlier on you were saying that the council did not have the proper information on which to act.

Norma Philpott: I mean that they are being caught by the rules because the council is having to apply the rules, but I think there is a gap in the process that would make things easier.

Q791 Chair: Sorry, can you just clarify the gap in the process, though? It is either that people are not filling the forms in properly, or the housing authority, the council's housing division, is not dealing with its other division, or housing associations are not telling the benefits sections of the council what the right information is.

Norma Philpott: Obviously, my colleagues will be able to help me here, but I think sometimes when the housing associations, for example, have described the accommodation, they have described it as X number of bedrooms, and possibly that is not always the case when you look into it. That is one point that I would say.

The second thing I would be saying is that we clearly have had people coming in who have the children who are staying at weekends and so on, who have not yet either been into the system or that has been picked up. They have come to us as the first port of call for advice.

Q792 Chair: We will come back to the question of the housing associations maybe not supplying the right information in a moment, but surely, if somebody is applying for DHP, in particular circumstances, the onus is on them to tell the council that, is it not?

Norma Philpott: Yes, but we have a number of people that lead such chaotic lives, they have had their DHP form, unfortunately they have not even filled that in, and then they come along to us. We obviously pick that side up. In the samples I picked out, there is one example, yes, where they have clearly not filled in the form correctly, and the council has been forced to make the decision it has made, but we have gone back and got that sorted out.

Q793 Chair: I am pursuing that because I am not sure it is fair, in the circumstances, to blame the council for that.

Norma Philpott: No, no, I am not—

Chair: I am looking for somebody to blame so we can clarify what steps you take to address it, you see. Short of having somebody from either your organisation or the council go around everybody who is hit by the bedroom tax to just clarify that they are filling in forms properly or that they are eligible or not eligible to claim, it is difficult to see what else can be done.

Norma Philpott: It is partly to do with the whole principle of the bedroom tax or the occupancy thing. It is funded on having all the information, but the reality is all that information that would make better decisions for the clients in the street is not necessarily there.

Q794 Chair: All right, but the Scottish Government have been funding additional money for welfare rights groups. Housing associations presumably have a fairly good knowledge of the tenants. Tenants without chaotic lives and a reasonable level of education should be able to fill the forms in properly, so a lot of the basics seem to be covered there, do they not?

Norma Philpott: Yes, I would agree, but there is a proportion of people who are falling through all these gaps.

Q795 Chair: All right, and this is a relatively small proportion, is it?

Norma Philpott: It is the ones who are managing to come to seek help from my particular agency.

Q796 Chair: But presumably for every one that comes to see you, there are, say, 10 that have not?

Norma Philpott: To be fair, I have only pulled out the statistics around under-occupancy. Obviously there are all the wider statistics for the organisations.

Q797 Chair: What I am not clear about, what I have never been clear about in all of this, is the unmet need that is not being reached. I am not quite sure whether it is an iceberg that way or an iceberg that way. I don't know how the transcript is going to reflect that, but for the record, I indicated initially a triangle and then an upside-down triangle, whether or not the section of the one is most of it, you see, or least.

Norma Philpott: Yes. I have only brought the evidence of what is coming through the door or on the telephone to us, and the cases that we have that we would class as social policy cases, which are examples of where things are potentially wrong or potentially have barriers, or where it indicates that the clients are experiencing a great deal of trouble. That is what I have brought today, but there will be others.

Q798 Chair: All right, but by definition almost, those with the most chaotic lives are unlikely to be sufficiently organised to come to you.

Norma Philpott: Yes.

Chair: What I am not clear about is to what extent you are only getting the tip of the iceberg, or whether or not you think you are almost sweeping up everybody?

Norma Philpott: To be absolutely fair, I still think that it is early days in terms of the absolute impact. I think there was a short-term impact when people discovered that they were going to be affected by this legislation. There has then been a medium-term step where people have been able to apply for discretionary housing payment and that side of things. I think

there is a third potential crisis that is still likely to happen as a result of the longer-term implications of the bedroom tax, plus obviously the wider Universal Credit coming in, the changes to other welfare benefits. In some ways, I am answering your question, saying, “Yes, I think this is the tip of an iceberg”, but in reality we are not just there yet.

Q799 Chair: You do not have access to information that tells you as soon as people have arrears, do you? It would have to be the landlords.

Norma Philpott: Not at the moment.

Chair: It would only be the landlords that had that, and then, therefore, it would depend upon them pursuing some of these cases.

Norma Philpott: That is probably not wholly accurate. We also have from the council a referral system, so when people go into arrears, they refer automatically to us. We also do get referrals from housing associations.

Q800 Chair: When you say they refer automatically, that means they suggest that the people come to see you? But, by and large, people with chaotic lives are not necessarily going to make that journey.

Norma Philpott: A number of people do make that journey, because on a daily basis—

Q801 Chair: How many do? Again, of those who are referred to you, do only 10% reach you, or 90% reach you?

Norma Philpott: I do not know, but we still have demand that is not met.

Q802 Chair: You should know, surely, because the council would be able to tell you how many people they are sending to you.

Norma Philpott: Yes.

Chair: You should know how many people arrive.

Norma Philpott: That would be a nice idea to have all that information, but the reality is not quite there on that.

Chair: Why not?

Norma Philpott: It is for the people that come in that are referred to us for money advice—I apologise, I do not have that figure with me today—but it is not for the wider side of things, and people can access CARF many different ways.

Chair: All right. Sorry, Mike. That was a long diversion.

Q803 Mike Crockart: Yes. Extending the same question to housing associations, being at the sharp end, if there had to be some change to the bedroom tax, whether that is the exemptions or anything else, what would you like to see done that would limit the impact on you?

Craig Stirrat: It was covered by David from Fife Council. A major problem is that we are a family-sized landlord. We offer general needs housing. The options where people move on quickly are very limited. There is a willingness, and that includes the private sector, but there is just no place to go. We would like to have the concession that, provided they are actively seeking, and that could be proven through the waiting list, that they should not be penalised, that is one single thing that would immediately alleviate things for people, as far as I am concerned.

Norah Smith: I would agree with that. I think that would be a tremendous help.

Q804 Mike Crockart: That would be the one single biggest thing that would help?

Norah Smith: Yes.

Norma Philpott: Could I just echo that? I heard the conversation from Councillor David Ross this morning, and I think that is absolutely the case. That would make a tremendous difference.

Q805 Lindsay Roy: Norah and Craig, we have spoken about the potential threat from the bedroom tax. If this continues for another three years, and you have been doing projections, is it likely to affect the sustainability of your organisation?

Norah Smith: I think that the organisation will survive, and I think that we will sustain a good part of what we do, but I think we will certainly be needing to look for efficiencies and we certainly will be needing to look at whether we have to look at a bigger rent increase across the board to our tenants to ensure that we have the income to move forward. We would certainly be needing to look at our development programme as well.

Q806 Chair: Sorry, can I just be clear? When you say “efficiencies”, presumably you should be looking for efficiencies anyway, so are you talking about cuts in your service, rather than efficiencies?

Norah Smith: Probably. Things like extended opening hours, which we have to make sure that tenants can contact us at times—

Chair: These are not efficiencies. When people raise the point about, “Yes, we will seek efficiencies”, then it implies that they were inefficient beforehand. What you are really saying is that you would have to make cuts in your service.

Norah Smith: I think it is both. We have a responsibility, on a year-on-year basis, to be looking for efficiencies, and we do that anyway. Yes, I think we will be looking to see, what do we provide and do at the moment that we either reduce or stop doing, in order to be sustainable and to give security to our tenants in the future?

Q807 Chair: You are also saying that the bedroom tax could directly result in rent increases for your tenants.

Norah Smith: Yes.

Chair: All right. Fine. Thanks.

Q808 Lindsay Roy: Norah, you said 11%, I think, were under-occupying in your organisation. Is that right? How many does that amount to?

Norah Smith: That amounts to 357 households.

Q809 Lindsay Roy: How many have said they would move to a suitable property if they could get one?

Norah Smith: Initially, when we did a survey last year, there were 104 people who said that they would consider a move. When we have looked at the waiting list, we have 53 households who were on the waiting list for a move to a smaller property, the majority of those looking to move from two-bedroom to one-bedroom accommodation.

Q810 Lindsay Roy: Have you figures on how many have moved?

Norah Smith: I do. We have facilitated nine transfers. We have had nine active transfer requests. Two of those have refused on the basis of either the size of the house, surprisingly, or the location of the house. The remaining seven we have managed to accommodate with a transfer to a smaller property.

Q811 Lindsay Roy: Craig, what about your situation?

Craig Stirrat: Thank you. The situation for sustainability is a huge risk for us. As I say, we are a general needs housing provider. We need to diversify. We need to grow to spread the risk. That is not just for the bedroom tax. There is ongoing risk with people's ability to pay rent. That is a big problem if it affects our business plan. As Norah outlined briefly earlier, we have to provide business plans, let's say for the next three to five years, with some consistency of what income and expenditure will be, and what assumptions we will have for bad debts, voids and so on. There is a great deal of uncertainty. It is crystal-ball-gazing at the moment as to really how much this is going to impact on us, but we are looking at worst case scenario, as I said before, going up to 3%. We hope that that will not happen. We are putting in a lot of work, jointly working with the council, working with our RSL colleagues, to try to provide services that will help people manage themselves. That is one of the big things, and we have done a lot, and I can go into some of the detail of what we have done.

In terms of moving people on, interestingly, just anecdotally yesterday one of my housing officers said, "I have been trying to do matches for transfer applicants, people who have said they want to downsize". They have been up to see them about their arrears. "We want to downsize." They are not on the Fife Housing Register—that is the waiting list—so we could not match them, so we have had to re-communicate with people. To be fair to Norma, there is a dependency issue. There are a lot of people who know there is a problem but put their heads in the sand, and that is why RSLs and the voluntary sector are having to do that much more than they would have had to do before.

Q812 Lindsay Roy: So, you have been proactive in trying to incentivise people to move on. Is there anything you are doing, Norah, to incentivise, to capture that information that would help that transfer of tenants?

Norah Smith: We are certainly in constant contact with tenants, and we have increased the amount of tenant profiling that we do. We are actively engaging with tenants who are under-occupying to look at what the options are for them, whether that is a transfer within our own stock or across stock with other housing associations and Fife Council. We are not currently giving any financial incentives to downsize. That would be an additional cost that we would then have to cover, and I think the regulator may take a view on that as well.

Q813 Lindsay Roy: Given the grand scheme of things, how high a priority does under-occupancy have with your organisation?

Norah Smith: It has a high priority at the moment, and we have diverted significant resources into dealing with under-occupancy, both in terms of working directly with tenants and providing information to tenants. But also in terms of the backroom work—and we discussed earlier about systems—because this is new, our systems are not set up to accommodate discretionary housing payment. Those things mean having to do a lot of manual manipulation to fully understand the position that we are in, so there is a lot of diversion of resources and additional resources being put into that.

Q814 Lindsay Roy: This has been a catalyst to bring about more effective information?

Norah Smith: Yes, and different information. This is not information we would have needed prior to the bedroom tax.

Lindsay Roy: Yes. I understand that. Thank you.

Q815 Chair: Picking up the question of allocation policy in new build for a moment. You heard the session this morning, does your allocation policy also place people sometimes in houses that would be deemed too big for them? Sorry, nodding is not recorded, so you have to say.

Craig Stirrat: Yes. Absolutely, for the same reason that my colleague Louise said, that we do not discriminate from people who wish to get together and possibly have a family in the future, and so allocate them a house larger than they need, i.e. a childless couple being offered a two-bedroom house.

Equally, to be frank, as Mike said earlier, there is a mismatch of supply to demand. There are a lot of notionally smaller households in the community, and that has grown particularly because of the ageing population, so there is a lapse between the sectors responding to the changing household needs. Equally, there is a cycle, and many of the new developments are the housing for life standards, so they can be adapted so that, say, a dining room could be converted to a bedroom, if needed, rather than having to spend money in the future through the floor hoists and things like that.

Norah Smith: We also follow a similar allocation process, so we have people who have been allocated two bedrooms, when, by DWP standards, they would only be entitled to one. Most people, however, when they are being allocated housing, do not wish to go into one-bedroom properties. Their aspiration, and it is an aspiration, is for having a spare bedroom again to accommodate changes in their family in the future.

Additionally, though, in terms of new build and future developments, we have reviewed our development programme. We have a three-year ongoing development programme. We have reviewed that within the last six months to see if there is scope for us to change the plans for some of the developments to include more one-bedroom properties. We have managed to have 47 one-bedroom properties planned, which we had not before, which would be in operation by 2015. It takes two years from changing the plans to fruition for there to be more one-bedroom properties available.

Q816 Mike Crockart: I would just like to ask about the other side of the coin—because we are talking about a mismatch and the number of families that you have on a waiting list to downsize—do you have information about the number of families that you have who are in too small a property and looking, perhaps on the waiting list, for a bigger house?

Norah Smith: I looked at the waiting list at the end of last week. That is difficult information to pull off the waiting list but what I can say is that in six months of this year we've had three families who have upsized, who were in overcrowding situations and we've managed to upsize to better accommodation.

Mike Crockart: Right, but you don't know the size of the problem—

Norah Smith: Not at the moment but given that I can't find that information that is something that I will work on because I think that is information that we need to have.

Q817 Mike Crockart: Okay. Craig, you have, I think, more information on other side of things.

Craig Stirrat: No. Yes, you are right and this is when I have let myself down on that. I haven't brought that sort of information but it can be accessed, there is no doubt about that. What we do know is in terms of when we are discussing people's circumstances or needs, the circumstances like problems with their rent accounts and their family circumstances, we are matching people for mutual exchanges.

What we are doing is even if they are in arrears, which normally we wouldn't allow them to move, provided there is going to be a financial benefit, i.e. they may be moving from 25% deduction in benefit to 14%, that is still less money they are going have to try and find, so we will allow them and we will actively match people. What Fife Council have been doing is encouraging them to use home swap and we do the same. We don't pay for it like the council does but we advise people. That is a bit of a bug bear for some people but, anyway, they are free to apply themselves.

Q818 Mike Crockart: It would be useful to know the size of the other side of the coin because that is the argument for why this is necessary to deal with the mismatch and that the historical difficulties of people being in the wrong-sized houses and the backlogs that that then creates, so—

Norah Smith: We'll make some efforts to get that.

Mike Crockart: Okay.

Q819 Chair: Can I just confirm that both of you have had a policy in the past of putting people into houses that have now been deemed to be too large for them and that, therefore, it could be said that this is not the individual's fault? If there is blame to be allocated it is down to yourselves because that was your policy and that people are now finding themselves hit with a bedroom tax through no fault of their own.

Craig Stirrat: There are circumstance where that has happened. People are desperate and needing housing. We have got housing to let. There is no demand, people will be allocated these houses. But, equally, we might have allocated a house that was appropriate for their needs at that time and their circumstances have changed.

Q820 Chair: No, no, no, I do understand that.

Craig Stirrat: Right.

Chair: I do understand that. We have covered that point elsewhere. But when we were meeting other people—I think I mentioned earlier on the Western Isles and so on—they were sometimes deliberately over-allocating people, giving them bigger houses than they needed at that stage in their life, in the expectation that they would need it in due course. I just wanted to be clear that you had been doing the same thing and that, therefore, it can be seen that some of these people who are in these circumstances it is not as if it were their fault, so to speak, that that was the house they were allocated as the result of your policy rather than their choice.

Norah Smith: I think that is quite a simplistic way of looking at it because there are a number of factors that affect the allocation. It is a match between what the individuals needed at that time but also what they wished at that time. They would put on an application form what size of property they were requesting. The under-occupancy wasn't around then—

Chair: That is right.

Norah Smith: —so there was no thought of that. But it was also, as Craig said, about best use of stock and is it better to allocate somebody a two-bedroom house when technically they only need one, than to have them either homeless or on a waiting list in poor accommodation or in private accommodation that is more costly? I think a whole number of things have led to that factor. Undoubtedly, I agree there are people who are in properties that are larger than they need through no fault of their own, certainly as the best choice at that time.

Chair: Right, thank you.

Q821 Lindsay Roy: Would you accept that blame is the wrong word, responsibility would be the right word?

Norah Smith: Yes, I think blame is the wrong word.

Lindsay Roy: Chairman.

Q822 Chair: Yes. Right, okay, I take that rebuke. Can I just come back to the question of your new-build programme, so to speak? You said you had changed from, presumably, something else to one bedrooms. What I am not clear about is whether or not two bedrooms became, as it were, one bedroom or whether or not you simply changed the layouts and there are still the same number of, as it were, bedrooms overall but what you did was chopped up your threes into two, ones and so on.

I also want to just clarify the differential in construction costs between, say, a two apartment and a three apartment because, again, somebody else that we had met said to us that they had always tended to go for three apartments or fours because the differential was so slight that it gave them a greater flexibility and that, therefore, they tended to build larger houses rather than smaller ones. Are you in the same position or does the arithmetic work differently for you?

Norah Smith: I will try my best to answer that question. Yes, there are efficiencies in building larger properties and we have done a combination. What we have done is to say, can we take two-bedroom accommodations and make them into two one-bedroom accommodations? We have also said, can we look at that accommodation and see whether it would legitimately be termed a one-bedroom accommodation, perhaps with an additional dining room?

We have done a combination. If you wanted the detail on that, because it is not my section I don't have the detail, I can certainly get that for you. Any alterations that have been made to the development programme are all done within the existing financial agreements because the agreements are already in place, so we haven't incurred any additional spend by making the changes.

Q823 Chair: If you have not incurred any additional spend, what has happened then, you have just the same number of houses and they are just smaller or what?

Norah Smith: I would need to check that for you because I don't have—

Chair: Because you can understand the point we are after.

Norah Smith: Yes.

Chair: What I am not clear about is whether or not yourselves have had to change your build pattern as a result of the bedroom tax and whether or not overall that is desirable and will we end up further down the road with a mismatch again but in a different way.

Norah Smith: I think that is a distinct possibility. What we have done is a very small number of the total of our rebuild programme but I can certainly get you details of that.

Chair: Right. Yes, you could maybe just send us a note with it, just try to outline in words of one syllable that we are likely to understand what the implications are in terms of rolling forward.

Norah Smith: I will do that, yes.

Q824 Mr Reid: Yes, I think that the first question would be for the Housing Associations. With the introduction of the bedroom tax there are clearly different outcomes for each individual tenant. They could try to find the money to pay the extra rent; they could get into arrears; they could move; they could take in a lodger. Do you have any figures for what the outcomes have been for your tenants that are faced with the bedroom tax?

Norah Smith: I don't have exact figures but I have an inkling around that, having looked at them.

Mr Reid: Okay, an inkling of them is fine, yes.

Norah Smith: We have had no requests for people to take in a lodger and, again, of course their lease would state that they can do so but would need our permission but we've had no requests for lodgers. We have a number of people who are using up existing credit or credit prior to 1 April that they had in the rent account to cover bedroom tax. We have a number of people who are simply paying nothing, we have a number of people who are paying the full amount, and 113 people who are in receipt of special housing payment and who are paying the additional that that doesn't cover. We have tenants over the whole spectrum. Just going back, there are 167 people in arrears who are subject to the bedroom tax.

Mr Reid: It is 167 in arrears and you quoted some other figures there that I didn't write down.

Norah Smith: 113 people who are in receipt of Discretionary Housing Payment.

Mr Reid: Right, it is 167 in arrears, 113 with DHP and out of what total?

Norah Smith: 357 in total.

Mr Reid: Out of 357 total.

Norah Smith: Just to go back to the point that Norma made earlier, we also have a number of tenants who we've engaged with since June of last year around the options. One of the options is to apply for Discretionary Housing Payment. A number of those tenants have not, for whatever reason, taken up the option and we are in the process of again going back to those people to see what the value is to them in applying for DHP, if in fact they would be eligible.

Q825 Mr Reid: Has there been a significant number of people approaching you wanting to downsize?

Norah Smith: I think I said we had 53 people from the waiting list who want to downsize.

Q826 Mr Reid: Yes. Do the associations have your own allocation policy or is there a quite wide common allocation policy?

Norah Smith: Though there is the Fife Housing Register, we all have our own allocation policies. I would think they are very similar. I don't know if you have—

Craig Stirrat: Yes. Our allocations mirror each other, more or less. There are a few points for certain emphasis on crowding or over—

Q827 Mr Reid: Have you changed that policy as a result of the bedroom tax coming in, for example, to give more points to somebody who is affected who wants to downsize?

Craig Stirrat: What we have done, we haven't changed our policy because the difference is we can't have a two-tier system where there are people on benefits and people not on benefits getting treated differently with the scheme of allocation. We have one scheme of allocations and we collectively—across the Fife Housing Register, that is the council and ourselves—agreed to monitor and see what the impact would be before we do any knee-jerk reaction into taking the positive or negative discriminatory action.

In terms of what we have specifically done in the Fife Housing Association, we have an agreement that we allocate by quotas. We have increased the quota for transfer applicants who wish to downsize. That is what we are doing to try and help. If 100 houses come up, say 25 of them will go to those people, provided they are smaller than what they have at the moment.

Norah Smith: Can I just say that I would echo what Craig said? We haven't changed our allocation policy but we have agreement from our committee of management that we use up to 50% allocation to prioritise transfers and we are monitoring that. If we go above that we would go back to say does that need to be adjusted again. So people who are looking to downsize would be prioritised if the right accommodation was coming up.

Q828 Mr Reid: Thank you. Craig, do you have similar figures to what Norah had for how people were reacting to the bedroom tax?

Craig Stirrat: Certainly, Alan. As I alluded to before, we have 24% of people, who have just decided they are in for a penny, in for a pound, who were already in arrears, "Why do we have to pay the bedroom tax as well?" so they are not paying. That is almost 25% of the 435 people who are affected with bedroom tax and have just said, "Bring it on".

Q829 Chair: They are paying nothing? Because there are different things people can pay. People can refuse to pay the 25% that is not being picked by DHP or they can be in the position where they are part-paying or they can just decide that even if they were paying everything before they are not paying anything now. What I am not clear about from both of you is the sort of balance between those different options.

Craig Stirrat: I can't say wholeheartedly that those 105 are not paying part. They will be paying an amount. To keep the wolf from the door they will pay something but they haven't said that is the bedroom tax element.

Chair: Right, right, okay and you are the same.

Norah Smith: Similar, yes, but what we get notified is of people's housing benefit award. They could have a contribution because of many, many factors but we can't isolate the under-occupancy charge from that. We are working really hard with the council and our colleagues there to see what we can do around that. At the moment we are having to do a lot of manual work to try and extract as core figures as we can but we are not there at a final—

Q830 Chair: I can understand the question of arrears building up as a result of the bedroom tax. What we would hope, I think, would not happen was that people's arrears would then build up by more than they had been hit by the bedroom tax, in a sense, because that is clearly a backward step. Is it the case then that the imposition of the bedroom tax has triggered off a greater degree of refusal to pay than you had previously, so that people are, as you said, sheep and lambs or in for a penny, in for a pound, that sort of thing? "If I am going to find difficulty paying all my rent, I'm now not got to pay any of it" and that is a pattern.

Norah Smith: I don't see that as a pattern. I think we have people who were in arrears prior to the bedroom tax who are more in arrears because they were in trouble anyway, this has compounded and they are unable to pay.

Chair: Right.

Norah Smith: We have some people who had clear rent accounts at 1 April but who are now in arrears and that is generally only because of the bedroom tax and they are not incurring additional arrears to that. Their arrears are small and they may be—

Chair: It is a bedroom tax element.

Norah Smith: It is a bedroom tax element. We have also people who are in credit and who are using that credit to pay the bedroom tax and who, when they get to a zero balance, we will need to see what happens.

Chair: Right, right, thank you. Sorry, Craig, did you want to add to that?

Craig Stirrat: Sorry, just that we have people who have exhausted their credit. In my earlier response to Mike I explained that we have 119 people now who were relying on that credit and are now in arrears.

Q831 Chair: Are they in arrears for the full amount of their rent or just the bedroom tax element?

Craig Stirrat: Just the bedroom tax element because they were in credit before that.

Chair: Right, thank you.

Q832 Mr Reid: Do you have any evidence of people giving up their tenancy with yourselves and moving to the private sector?

Norah Smith: I don't have those figures, I am afraid. We wouldn't necessarily hold that information.

Q833 Mr Reid: Have you noticed any increase in people giving up their tenancies since the bedroom tax came in?

Norah Smith: We don't have an increase in our voids, no.

Craig Stirrat: We do. In terms of it is peaked this month. When I say this month, it is the end of September. What we have seen is an increase in abandonments, people just disappearing and giving no notice. At the last count at the end of September from 1 April we had 16 abandonments, normally we would only have about seven a year.

Seven doesn't sound a lot but when you only have 2,500 houses that is a lot. People give a number of reasons why they terminate their houses. They don't always give us the reason that they are terminating. All I can say is that we only have four people who have said they have moved into the private sector but I think for the reasons that the Fife Council gave in earlier evidence it is evident why they probably didn't look at the private sector.

Q834 Mr Reid: Thank you. To Norma now, how many of the people coming to you to talk about the bedroom tax are covered by one of the exemptions but were unaware of that?

Norma Philpott: Again, I can't give figures but I would say that the vast majority that come to us, that bring that sort of inquiry, just don't know that they might be covered or they might have, again, had an inkling that they might be covered and be checking that out. But quite often it is because they have come in for something else and it has just emerged as part of the discussion. They have maybe come in to get money advice, they have multiple debt and it has just emerged that they have this issue as well.

Q835 Mr Reid: Do you find that people are aware that they can apply to the local authority for a DHP or are they completely unaware of their rights in that regard?

Norma Philpott: There seems to be a bit of a mixed picture, to be honest. Some people will obviously have been very clearly aware, while others, again, it has emerged when they have been in about something else, they haven't particularly come in about that, they have come in about the wider money advice programmes.

Q836 Mr Reid: Do you have any indication of what choices people are taking when faced with the bedroom tax?

Norma Philpott: It has been quite interesting and also listening to my colleagues here as well because I have probably got some of the bits of information they would like to have, including the clients who say they are not willing to or disposed to pay as well. Obviously people have come to us and said they are looking to downsize and that side of things. But could you just repeat your question, sorry?

Mr Reid: Do you have a handle on the common choices that people are making when faced with the bedroom tax?

Norma Philpott: A number are—and, again, I can't quantify—opting not to pay. A number are hoping that they will be moved in to another property but the other property just doesn't exist. There are quite a few interesting ones about this choice of tenants taking somebody in to the house with them. I think a lot of people are reluctant on the grounds that it is taking in a stranger. I think also because a lot of our clients have health issues. I noticed one or two, the social policy ones, that were flagged up, it was where there might be mental health issues and they were reluctant to share accommodation with somebody they didn't know and so on, and that just adds to the stresses in their lives.

Q837 Mr Reid: You have said about people showing a willingness to downsize but in the evidence we had from the council and the Housing Associations is that that is only happening in a handful of cases. Are people, when they are expressing a willingness to downsize, following that through with putting in a transfer application, do you know?

Norma Philpott: No, no. I think they are just expressing that view. Some of them will have done something practical about it but others haven't. I can see from the case notes and things that are around, a lot of people are wanting to live in that same town and location and so on. That is often because they have family, they have relatives or, indeed, they have carers that live in that area. So that is some of the reasoning behind that.

Q838 Mr Reid: Are you finding that people are cutting household spending in order to pay the bedroom tax?

Norma Philpott: Yes, I think people are. Obviously when they come to us they can have options. We have different services where they can get some budgeting advice and partly as the money advice we go through to find out what people are spending their money on. But for many people it is coming to the stage of, "Do I pay my rent, do I pay the balance on that side of things or do I feed the people in my household?"

That is becoming more obvious by the day. Where it is most obvious to us is obviously the growing number of food banks and so on and I am sure you are well aware of that. Other evidence—obviously not just here in Fife but other evidence across the country—indicates that people are having to make choices between eating or keeping a roof over their head.

Q839 Mr Reid: Do you have any evidence that people are able to find, say, temporary solutions because of their savings and that the situation will get worse once these temporary solutions are no longer available?

Norma Philpott: There are two obvious ones, yes. People will be using savings undoubtedly but I think also the people that have successfully applied for the DHP are probably breathing a sigh of relief at this stage, but obviously that doesn't last and can't go on indefinitely. The issues are still there very much for people.

Q840 Mr Reid: One of the DWP's solutions was to suggest that some people could perhaps work extra hours. Have you any evidence that people are able to do that?

Norma Philpott: It is interesting, a lot of our clients are working probably more hours in some instances but then they are being affected by other bits that are going on like zero hours contracts, fair employment practices and so on. I was talking to colleagues earlier in the week, and I think the other issue is that perhaps the hours can't be maintained or sustained. Then for other benefits that they might have as well, the system just can't keep up with all these changes for the individual so consequently they either end up with overpayments or in arrears in different ways.

Q841 Mr Reid: Do you anticipate further issues arising when Universal Credit is introduced?

Norma Philpott: Yes.

Mr Reid: Can you perhaps tell us what problems you envisage?

Norma Philpott: I think, like everybody else, there are big issues about the changes to when the monies will be paid. There are big issues around how it will be paid. There are so many unknowns at this stage and I think that is the bit, it is the uncertainties. I think if you know that X, Y and Z is going to happen and if agencies as well know X, Y and Z is going to happen and this is how it is going to be brought in, then you can deal with the uncertainties.

But at this stage I think people are being hit from all sorts of directions and it is very confusing. Obviously there is new terminology and new ways of working, also the sanctions that are around as well. There are a lot of disadvantages to the welfare reform changes and I think overall everybody would welcome simplification. It is clear from the conversations it is getting more complex to administer.

Q842 Mr Reid: Do you think that Universal Credit will simplify things compared with the system of several different benefits at the moment? Will Universal Credit make it simpler?

Norma Philpott: I would like to think it would but the reality will be something different. Obviously we have had the impact of the occupancy changes around that and already people are asking what could you do to make it different and how could you do this?

It is all these little exceptions or exemptions that crop in that make it very difficult for the man or woman in the street to understand. They need to report changes in circumstances, all these different things make it very difficult. They then have to seek advice and, for an advice agency alone, keeping people updated on these changes is quite a challenge.

Mr Reid: Thank you. Back to the Housing Associations now.

Chair: Sorry, before you do that, Mike wants to come in, if he could.

Q843 Mike Crockart: You are painting a picture but it is of the situation as it is at the moment because we have an immensely complex benefit system that does not cope well with changes in income, which does end up causing arrears of payments that then have to be claimed back. I am struggling to know why you are seeing that as Universal Credit. Universal Credit is supposed to be taking away a lot of those complications and making it much more real time and removing a lot of these things.

Norma Philpott: My personal view is that I can't see that happening. I actually did work for DWP a number of years ago, I have lived through a number of the changes that have been brought in and every time the complexities just build and build and build. The problem is the aspiration to have a simple system. Yes, I can understand about encouraging people to monthly budget and so on, but that is against a backdrop where people who do know—for example, if they're being paid every two weeks—what they are doing with their money.

A lot of the people that are in the benefit system, they make it work as best they can but I think what Universal Credit is going to hit is not so much the people that are absolutely on the benefit but—other than obviously going to encourage them into work, force them into work and there will be sanctions and all that—the problem is the people on low income, who also receive benefits of varying descriptions. Universal Credit is not going to be simple for people. I will stand by that in 10 years' time or whatever.

Mike Crockart: Which is not what we are here to discuss.

Q844 Chair: Could I just come back on some of the points that Alan was raising. Lodgers, is there any evidence that there are huge gangs of people roaming Fife desperate to

be lodgers? Are there large numbers of potential lodgers out there that people only need to open their doors to and suddenly lodgers will appear?

Craig Stirrat: No.

Q845 Chair: Right, what evidence do you have for that?

Craig Stirrat: The fact that when we go into people's homes to discuss their rent accounts with them or to do new tenancy visits, there is no indication that there are people moving in. We don't have a search of requests. As my colleague Louise said you have to get permission to take in a lodger.

Q846 Chair: No, that is right, I understand that point.

Craig Stirrat: We don't.

Chair: But in terms of people who wish to be a lodger. Not since the time I was a student did I ever seek to become a lodger. I am not quite sure how you flag up that you want to be a lodger. If there were people offering places to lodgers and they were unfilled, that would be evidence that there was no market there. I am just trying to identify whether or not it is realistic to suggest that people should open their doors to lodgers.

Norah Smith: I am not sure there is a lot of evidence of that but, coming from another angle, there have been attempts to create shared living situations for unrelated people, in particular around relieving homelessness. There have been positives in that but there also have been difficulties because the evidence suggests that unrelated people who don't know each other don't want to share accommodation. I would suspect that the same might apply to lodgers. It might just be a reference point but I can't say any more than that about it.

Q847 Chair: Right. You can see why we want to say something back to Government about how realistic their aspiration is—that people should take in lodgers. We are struggling very much for evidence of any sort on it at the moment. Norma.

Norma Philpott: I am just going to talk totally off the top of my head but I would say, is it not a cultural issue, cultural in widest possible sense, that we are not used to necessarily sharing our houses with lodgers? There are other countries, and I can think of Germany, for example, where it is quite often the case that people will put on websites and so on saying looking for man, woman, whatever to share. A lot of times it is because it is rented accommodation but the person takes charge of that flat and is responsible for finding flatmates or whatever to go into that. There are schemes and processes that allow that to happen, and people are used to it. Here in the UK and Scotland, apart from perhaps if you are in a city where you might go and stay, we are just not used to it. So there is a whole cultural—I don't know if "cultural" is the right word, but there is a whole dynamic like that I would have thought.

Q848 Chair: Great. The other point I want to pick up from what we said to Fife Council is about the other way of overcoming the financial difficulties caused to yourselves as housing associations is for yourselves to be writing debt off and then have money given to you by the Scottish Government in order to cover that. That would be another way of overcoming and mitigating the effect, would it not? Can you see any difficulties in that?

Norah Smith: It is not something that I had thought of prior to today so I was interested to hear that. I need to go away and think about it, but off the top of my head I wonder how we apply that across people who are currently in debt. Do we write off all debt for all tenants or do we look at former tenant debt and write off only former tenant debt? How do we manage that? I would need to think that through.

Q849 Chair: I am not suggesting this might not be difficult, particularly the moral hazard again: if you make it clear that nobody will ever be evicted under any circumstances for rent arrears why should anybody ever pay any rent. The Scottish Federation Housing Association has made that point clear, people have made that point to us. Given that we are looking for ways in which the effects of the bedroom tax could be mitigated, saying that if people could not afford to pay a share of their rent as a result of the bedroom tax, where there is a direct connectivity, you can see potentially that being written off and then rather than yourselves bearing the loss, for the reasons that we indicated, either you would be indirectly supported by the Scottish Government to compensate for that, or some other form of words would be found that would allow an equivalent amount to come in. That would be effectively a means of mitigating the impact.

Norah Smith: It is certainly worth thinking through.

Craig Stirrat: I think it is an excellent idea. I am sure we can come up with some sort of formula based on the stock that is available and a person's willingness to move. If they can't move landlords, then we have to identify that portion and submit it either at the end of the financial year or start of the following year for that cover.

Q850 Chair: Right. We are very keen to make sure that we do not go down this moral hazard route and we do not seek to encourage people simply not to be paying their rent at all. Unless I am mistaken, I think we can distinguish between the burden being placed on people as a result of the bedroom tax and the normal burdens of rent that would be due to them. Therefore, that might be practical and feasible. What we would also want to know is whether or not there are any recommendations that you have of other ways in which the bedroom tax could be mitigated? I notice that in the paper that we had from the Fife Housing Association there was definite call on the UK Government to have a further investigation into alternatives to encourage people to downsize, but which would not penalise them when they could not. What did people have in mind in terms of a further investigation into the alternatives to encourage people to downsize?

Craig Stirrat: We do not have explicit alternatives identified yet. There are a number of ideas, but we do not have anything tangible at this moment in time.

Q851 Chair: Right. When we saw Glasgow, if I remember correctly, they were saying that they would pay the costs of removal for people, for example. One of the points, Norah, I think you said earlier on which surprised me slightly was you didn't think you could provide incentives to people to move because you thought the regulator would give you a going over if you did.

Norah Smith: Sorry to interrupt. I think they would have an interest.

Chair: Right.

Norah Smith: What was in my mind is the subsidy of one tenant to another, and I may be misplaced on that. We need to have a look if there are actions that we can take, which by taking we may still incur some spend but by which we prevent arrears for tenants and we minimise our loss. I do not think it is an on a roll situation. As Craig described earlier, we took a similar approach in transfers when previously we would not have agreed to transfer when a tenant was in arrears. However, if by assisting a move to a smaller property we can stop the arrears from increasing for that tenant and minimise partly the loss to ourselves, then why would we not do that? That is a sensible alternative. If there are incentives that we can think of that allow us to assist tenants to minimise their rent arrears and to minimise in some way some of our losses then we should absolutely be thinking about that.

Q852 Chair: Yes. Can I just clarify, the rule about not allowing somebody to move if they are in arrears is a policy matter for individual associations, rather than being a centrally decreed line, is it?

Norah Smith: Yes. I should have said also it would depend on whether there was a payment plan in place and active, and had been stuck to for three months. That is the bit I missed. So if somebody is in arrears but they have a payment plan agreed and they have adhered to that for three months we would agree a transfer.

Chair: But not if they didn't?

Norah Smith: No. But we have reversed that now. What we had said is that when people are in arrears because of the bedroom tax and we cannot find accommodation for them to downsize to, as long as we get agreement from them to pay and, if there are other arrears, to get a payment plan—it can be for small sums of money two or three times a week—we will accommodate a transfer, because it is in the tenant's interest and it is in our interest as well.

Q853 Chair: Right. On this question of the regulator and the possibility of them giving—we are not allowed to use that expression—a row. If you were able to argue that by paying the cost of a removal you were avoiding increased costs, then presumably just simply in management terms—I think Glasgow said that, yes, they were going to pay for removals, and they did not seem to have an issue about the regulator. Either that or the regulator was not aware of it or they had not thought of it or they do not pay any attention to the regulator, I do not know which it might be. Are there other incentives that you can think of that we might want to pick up and say to the regulators that these are the sort of things that should be taken on board? We would welcome having feedback from yourselves on that. We had not thought of that ourselves.

That is us just about come to the end. I am presuming that yourselves and the local authority who is responsible for some of things work well enough together and there is no structural difficulties that stops yourselves and the council having a good relationship.

Norah Smith: No, we work very well together.

Chair: They are sitting at the back, so you have to be very careful, I understand that. I was not sure whether or not there were any rules in place that either stop them or you being as helpful as you—

Craig Stirrat: If anything, Chair, this has brought us closer together, we have a common goal now.

Chair: That is nice.

Craig Stirrat: Group hugs and all the rest.

Q854 Chair: Right. Well, we will not explore that further at the moment. As we said before to the previous group are there any answers you had prepared to questions that we have not asked? Anything you want to make sure that you leave us with? Norah.

Norah Smith: Yes, please. It is in relation to the first tier tribunals. We were landlords in two of the tribunal decisions. We welcome the decision around an individual who receives support being exempt and we have been deemed as being exempt on supported accommodation. It is great outcome for the tenants; a good outcome for the organisation. Some of the other rulings leave us with questions, so it was just to say we are thinking about those, particularly in terms of the sizes of rooms and what we do in the future. We are in discussions with the council about what we do with that into the future. We would also welcome clarity from the second tier ruling to give us some guidance on that. Although that may also tie us into a position that we have to think carefully about and which may lead us to having to remodel our stock. But the second one is—

Chair: Sorry, what does that mean?

Norah Smith: Well, if the second tier tribunal rules that under 70 square feet can't be used as a bedroom then we have to think through what that means to us. The second one is around the use of accommodation. What we would want to say and put on the table is when tenants sign up to a property, they sign up on the basis of the number of bedrooms and the number of apartments. We make agreements on the rent based on that. If the tenants then choose to use that differently the landlord does not have any say in that, unless it is being used illegally. Therefore, that also causes us an issue as we go forward, because we would not be willing them to re-designate a house as having one bedroom instead of three, when the plans clearly show that it was developed as a three-bedroom house, as an example.

Q855 Chair: Sorry, I hear the words, but I am not quite sure I understand it. Presumably if someone is, say, handicapped and a couple cannot sleep together under the terms of the bedroom tax, they would not be deemed to have an extra bedroom, but you would still have it as classed as two bedrooms?

Norah Smith: That is right. That is a different situation. It is where the tribunal has ruled that a house, which we have designated as a three-bedroom house, should really only be seen as one bedroom because of how the property has been used by that tenant, and possibly tenants previously. So a bedroom being used as a living room.

Chair: Again, and maybe I am misunderstanding that, my understanding was that those sorts of positions were only applying to disabled people. If people used their room as a store room, it was a bedroom being used as a storeroom.

Norah Smith: No, however, we have one example where the first tier tribunal judge ruled that it was a three-bedroom house. One of the bedrooms is called into question because of the size. The other bedroom was called into question because it was a dark and dingy space and it had traditionally been used as a sitting room. They would deem it as a one-bedroom accommodation.

Chair: Right, I see.

Norah Smith: So nothing to do with disability or needing the extra room for two people sleeping separately. This was somebody with no disabilities, it was simply about the property.

Q856 Chair: Craig, you wanted to mention something.

Craig Stirrat: Right, Chair, as you are aware most RSLs have a wider role, and that is to promote the well-being of the community and social responsibility, but also to help tenants direct. We have been good with that. In Fife we have the Fife Housing Alliance, which is all the RSLs working together. We have to bid for money. We are having to bid for this money to help our tenants. If we are unsuccessful in a bid and we procure the third sector to come and help the tenants, we are missing out on that. We have been fortunate with two recent projects where we have the money, Canny Budgeting is one example that Changeworks runs for us, for the RSLs. We are finding we need more and more of that type of wider role support for our tenants, particularly with the expected Universal Credit coming in and the expectation, that is Welfare to Work, that people will be helped. We can see more pressure on landlords having to help their tenants, help them into work. That is a cost that the landlord cannot bear. The only other way we could do that is for bidding for funding to help us do that. It is becoming increasingly difficult to get that funding. I do not know if it is within your remit, but—

Chair: To whom do you bid?

Craig Stirrat: For instance the big lottery. We also recently applied to SLAB, the Scottish Legal Aid Board, for funding for a money adviser that could be shared among the social landlords, and we were unsuccessful with that one. We are having to bid for resources

because there is cutbacks in the third sector in the funding that they are receiving, it is an ever decreasing circle. We know it needs to be done, and it is increasingly falling on the landlords to pick up the tab.

Q857 Chair: Right. There are a number of issues that are being stirred up as a result of this investigation. We have some doubts though about how widely we can pursue them because otherwise it is like a ball of wool, we just end up running around in circles. We are very keen to try and get some recommendations out on this very quickly. Any other final points?

Norah Smith: No.

Chair: Okay. Well, I thank you very much for coming along, which has been very helpful. If as a result of our discussions here today on your way home you suddenly remember that there is something you desperately wish you had told us, by all means write in. Or if you see other evidence and you want to respond to that, by all means send us in something else. In the meantime, I thank you very much for attending.