

Housing Committee – 12 February 2014

Transcript of Item 6: Welfare Reform

Darren Johnson AM (Chair): That brings us on to item 6, where we are continuing with our investigation into the impacts of the welfare reforms on London. For our first session this morning we have Councillor Karen Alcock, Cabinet Member for Property and Housing Services for the London Borough of Hackney, so welcome, Councillor Alcock. Our second guest is Councillor Jayne McCoy, Chair of the Housing, Economy and Business Committee for the London Borough of Sutton, so, again, welcome.

We are expecting Councillor Dudley Mead, the Member for Croydon, to come along and hopefully, join us and we will bring him in if he arrives. Then we will move on to our second session for which you are free to go, but you are also free to stay if you want to hear us question the Deputy Mayor for Housing.

So thank you, I will kick off with the first question. What has been the extent of migration of households within and out of your boroughs since we have seen the changes in the welfare benefits? We can start with Councillor McCoy.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): Thank you. We have seen a fairly significant migration from inner London to outer London, to our boroughs, as a result of the lower rents in our borough. We are quite a significantly lower-rent borough, so we have seen migration even from our neighbours in outer London into Sutton, but particularly from inner London to outer London.

What we have also seen is an increase in black and minority ethnic (BAME) households moving into our borough. We have seen a particular increase in complaints from working families moving into the borough.

Darren Johnson AM (Chair): Councillor Alcock?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): It is obviously a very different borough, Hackney. However, it is fair to say that certainly what we are finding is a combination of people dealing with welfare reform, some moving out of Hackney and tending to head north, even out of London. The other way people are responding to welfare reform changes, which is more difficult to track but we have certainly had some indications, is by not moving out of the borough. Particularly with the private rented sector (PRS) as I am sure you have heard in your evidence sessions, effectively making themselves overcrowded to make the rent and affordability issues work for them. There are two things happening: migration out and people rethinking their housing situations, which does lead to overcrowding and other issues which we do not really want to see.

Darren Johnson AM (Chair): Have you got any evidence on the impact on particular groups in your borough such as BAME, disabled people and so on?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): It is based on economics and people's household income. Hackney is a very diverse borough, so I do not think there is anything particularly specific about a group that I am aware of. It is those on lower incomes which tend to be high BAME because we have a high BAME population in the borough, so I would expect to see that sort of follow-through.

Darren Johnson AM (Chair): Figures that I obtained through Freedom of Information requests on homeless families with children, show that since 2010 the number that have moved out of that borough has doubled, and the number being moved out of London has risen from around 21 to 222. That is in terms of homeless families with children. Do you recognise this pattern?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes.

Darren Johnson AM (Chair): Would you say a similar scale?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): Judging by the payments we have made through our Discretionary Housing Payment, we have seen 44% payments go to a claimant or their partner who has a disability and 48% go to families with children and some where there are both involved.

Darren Johnson AM (Chair): Thank you. If I can welcome now Councillor Dudley Mead representing Croydon today? Welcome. We were aware that there have been some transport difficulties. Thank you so much for being able to make it.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Thank you for inviting me.

Darren Johnson AM (Chair): What I was asking as an opening question to our other two guests was: what has been the extent of migration of households within and out of your borough, if you want to give your aspect of that?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): There is migration into Croydon because, as I have frequently said, in terms of the marketplace, the rentals are lower in Bexley and Croydon and I think Redbridge than they are in the other parts of London, so it would be an attraction.

Out of the borough, I do not think there has been a significant movement. We certainly are not forcing anybody to leave, but we are assisting anybody who wants to leave. If they have family

ties or job opportunities elsewhere, then we are very happy to assist them in going, but there is no compulsion and I have no intention of bringing in any compulsion.

Darren Johnson AM (Chair): You are seeing an influx coming into the borough?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Yes, we are seeing a definite influx, certainly.

Darren Johnson AM (Chair): Thank you. I just referred a moment ago to a Freedom of Information request that I put to each of the boroughs in terms of movements. Most were able to respond with the figures, but seven boroughs - including Croydon - said it would cost too much to actually crunch the numbers and do the calculations. Are boroughs doing enough to actually track and monitor the impact of what is happening, do you think?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): It is adequate what we are doing. You can always argue that you need to do more on certain things. We certainly have had a housing crisis in terms of just not having the accommodation, not having the supply, and we have had to put people in temporary accommodation, but that is now reducing.

I frequently have said that now that the mortgage market is improving, I am seeing more landlords prepared to come and offer their accommodation to the borough. We have many schemes to attract them to do that - Croylease [a Council-run leasing scheme in partnership with landlords] or putting landlords in touch with prospective tenants - and that is improving. That is the present situation. We are nowhere near out of it, but it is nowhere near as bad as it was 12 months ago.

Darren Johnson AM (Chair): In terms of monitoring the impact, Councillor Alcock, Councillor McCoy, do you feel enough is being done either at the individual borough level or pan-London, in terms of actually monitoring the impact?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Certainly in terms of what we have been doing, there are particular changes like the cap, where you can actually track because the number of households you are dealing with is not thousands, you actually are responding as a caseworker. You can actually track and see what decisions are being made and how people are responding to those caps. It is fair to say that some people have entered into work programmes. For some their benefits have changed, which means they have been brought back under the cap and there are those who have moved out of the borough and we are able to track that. The difficulty as all these policies come through - and obviously they keep coming - is they slip and they delay, so in a sense it is quite a difficult policy area to keep a grip on just because of the nature of what is happening.

What is more difficult to track - and we are certainly looking at some proxy indicators in the borough - is going back to that point I made earlier. People are making individual lifestyle, household decisions which are very difficult to understand, although you can use the number of

people who are using food banks, etc, again as proxies. It is an issue and people are responding to it by overcrowding, changing how they get to work, etc, which is very difficult to track. No doubt those are changing, but the challenge for London government and the boroughs is how you evidence that so you can actually understand it. Certainly my view as a councillor, and understanding voluntary organisations and other groups that work in Hackney, is that is definitely what you are seeing, rather than just the more normal indicators you would usually use.

Darren Johnson AM (Chair): Thank you.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): We have been quite concerned about the impacts, particularly the cumulative impacts, so we have been keeping quite a close track. We have had updates on the impacts and how things are going across all the range - the council tax reductions, the social rent room restrictions and the benefit cap - so we have had reports to my personal committee regularly. We also keep economic indicators tracking. We do that quarterly, so that looks at employment rates as well as business impacts and obviously the housing situation, so we have been keeping a close eye on that locally.

We also liaise with our voluntary sector partners and we have been talking to the Citizens Advice Bureau about the changing inquiries they are receiving and we are seeing increases in debt arrears and complex cases. What we are finding is that it is the complexity of issues that is problematic.

I know that regionally there is work being done and we get reports back on the regional impacts of things, which is good. I am a little uncertain as to whether there is sufficient understanding of the impacts of the policies coming from different departments, for example from the Department for Work and Pensions (DWP) and Housing. There seems to be some mismatch there, particularly around rent policy and benefits policy. I am not sure if I could say that on a wider scale we are comfortable that the effects are being adequately monitored.

The other thing that we are concerned about - which is difficult to monitor but is something we are trying to do - is the social impacts. You can track the movement and you can track the arrears increases and you can track the Discretionary Housing Payments we are having to make to plug the gap. What we cannot see is the difficulties people are having maintaining employment because they have had to move, maintaining school places because they have had to move, maintaining their community support from families who are prepared to offer childcare and, the social support you get from being part of a community. We are seeing communities being broken up because people are having to move.

Then there is the impact on health and social wellbeing and mental health issues. Those impacts are harder to measure but we are keeping a close eye on them from a social services point of view, looking at whether there is an increase in instances of domestic violence and relationship breakdown. That is where it might shift on to a different area and we have to try to tie that together, but it is not easy.

Darren Johnson AM (Chair): Thank you. Before I bring in other Members, finally, in light of what we know and what we do not know - the known unknowns and the unknown unknowns, as it were - what assumptions are you making about the impacts of welfare reforms on your future housing need assessments, Councillor Alcock?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Goodness. There has always been a housing issue in Hackney in the sense that we have always had people on the waiting list and issues with overcrowding etc. Really what the welfare reform changes, is thinking through and trying to keep that longer term strategy of building the affordable homes and the intermediate projects that we want to have in the borough, which continues, and really just actually dealing with some of the immediate issues which affect how you are dealing with your statutory homeless obligations. Some of the things that we are doing are being mindful of the cost of annex and temporary accommodation, working with private landlords to try to establish that supply of private rented stock, as well as bringing back other council accommodation and bringing it forward as temporary accommodation, to try to deal with that immediate crisis of how you deal with those people who are presenting themselves as homeless. That is the big piece of work that I would say at the moment we are spending quite a lot of time, effort and money on; to make sure that we are dealing with that acute housing crisis, which I do not think we were having to do a couple of years ago. We were able to deal with the long-term, sustainable housing and we still have to do that, but we have this immediate issue and that is where we are having to spend a lot of time at the moment.

Darren Johnson AM (Chair): Thank you. Councillor McCoy and Councillor Mead, have you anything additional to add?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): The only thing I will pick up is you were talking about arrears. Our experience, certainly in terms of council tenants, is arrears are the lowest they have ever been. We have actually collected 99.1% of the rents this year. We are expecting to increase that to 99.6%.

I know we were one of the first into the changes in the benefit arrangements because we started last April. We have spent an awful lot of time and resource with council tenants in relation to it. Obviously, we have used the special housing payments where appropriate. One of the other things that we are very pleased about is that there are now 220 people who are employed this year who were not employed last year.

I have to say I take the view that these changes have had a positive influence. Perhaps they have been brought in too quickly with hindsight, but, frankly, something had to happen.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): I can foresee additional pressure on the private rented sector. We have a real disparity between the Local Housing Allowance and actual rents, which means it is harder and harder to find affordable housing for people who cannot get social housing. There is a

particular problem with three and four-bedroom families, which is where the families impact, so increased overcrowding.

It is also harder for us as an authority to try to work to maintain those relationships with private sector landlords to continue to offer places. We have to pay more money to them to try to incentivise them to offer placements. They are just not as certain about the rents that people can pay, so they do not feel able to offer accommodation to Housing Benefit claimants. We are concerned about that.

Also, it is harder and harder to find private sector landlords who will offer temporary accommodation to a local authority, so we have seen a big gap there; and it is just going to be harder and harder.

Tom Copley AM (Deputy Chair): I wanted to ask about the impact of the reforms on people who are in work because nearly 50% of people who claim Housing Benefit in London are working, but of course the Local Housing Allowance (LHA) is no longer being uprated by rents; it is being capped.

Are you already having to move people who are working or, if not, do you anticipate that you are going to have to start moving working people who are on Housing Benefit in the future? Can I start with you, Councillor Alcock?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Certainly the big issue for those who, as you say, maybe do receive Housing Benefit are those who are in work, those who are in council housing or housing association properties or in the private rented sector. That is really probably the most critical issue in the borough in terms of the affordability of the private rented sector. I certainly recognise what was just said now about affordability levels and how you effectively make sure that people find that type of accommodation in the borough?

What I think will happen and is happening is that, for those who are able to move, they are moving out of the borough and that is the general migration that you talked about at the beginning. Also, for those who are in work, they are making difficult decisions about where and how they live in their property. Rather than a three-bed where children are sharing a bedroom and the parents are in the other room, the parents are now sleeping in the living room with the children having the one bedroom. That is what is happening because there is some evidence to suggest that people, particularly those with children, are making decisions to stay in the borough rather than move out of the borough with the associated issues of school placements and all the rest of it. That is the bit that is really hard to track, but that is what is happening for those who work and who have been affected by the number of changes that have taken place.

Tom Copley AM (Deputy Chair): I would agree it would be hard to track, but do you think that actually it is potentially more likely that those who are in work would put themselves into more overcrowding within the same area than those who are out of work in order to stay where they are near their place of work, given that they might have just balanced things up in terms of where they live, where their work is, travel costs and all that kind of thing?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes, I would definitely say that.

Tom Copley AM (Deputy Chair): I just want to ask Councillor McCoy or Councillor Mead if they would like to add anything.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I have nothing to add to that.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): We are seeing an increase in claims from working families. One of the key problems for low-paid workers is that they are not able to maintain accommodation close to their employment; they are having to move, certainly out of inner London, and they have to move further afield. Then the costs of travel increase, so we think that could be a long-term crisis. The DWP needs to look at some of the benefit tapers to try to address that problem because it is a significant problem for lower-paid workers. They are going to be banned from central London.

Andrew Boff AM: Bearing in mind that any configuration of Government that can be fancifully imagined would have a Benefits Cap, what are the benefits of a Benefits Cap to the boroughs, especially with regard to their emphasis on those people who are in work?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): That is quite a difficult question to answer.

Andrew Boff AM: I am sorry. I could start with the easy ones. Would you like that?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): No, do not start with the easy ones. I have not seen any evidence of anybody coming and talking either to me or to our housing officers and saying, "I have suddenly come into difficulty because of the level of pay I am getting vis-à-vis my outgoings". That is not the case. Maybe we are different from inner London boroughs but I do not see this scenario, and I have not seen this scenario, in Croydon and I cannot see that we are going to be any different to other outer London boroughs.

We have seen quite an upturn in employment. We had the biggest fall in youth unemployment and we had a significant fall in adult unemployment, if you can differentiate between the two, in the last two or three months. Frankly, we are seeing the economy turning the corner in Croydon and I have not come across this. My main problem is finding accommodation for those who are in temporary accommodation. That is where I am finding a problem.

I would like to see the Local Housing Allowance go up. I must admit I did actually curse with my colleagues here that it is getting increasingly difficult to persuade private landlords to give us their properties, but we have become a little bit innovative. In fact, sometimes we have a scheme whereby the London Borough of Croydon is the tenant and landlords like that because our covenant to pay is absolutely copper-bottomed. We pay slightly less rent than they would probably get on the open market, but they know they have it for a complete fixed period and every month that direct credit goes into their appropriate bank account. That has been extremely successful.

Andrew Boff AM: Any other comments from the other councillors? The benefit cap is here to stay in some configuration. What is its benefit?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): We have seen an increase in people taking employment and I have been working very hard in Sutton to make sure that the opportunity is there for them to take up employment and to make sure that our residents are skilled up to access employment. It is hard to determine how much is the pressure from the benefits caps and how much is the work that we have done, but we have seen an increase in employment. That could be seen as a positive.

However, one of the things the caps and the reforms were introduced to address is where you have large families all living on benefits and costing a lot of money. Unfortunately, they are the kind of families that are the hardest to get into employment and in some cases we are never going to get them into employment because they are chaotic families. They are the troubled families that we are trying to address. My concern is that we might end up undermining some of the multiagency work, the support networks and the social services support, that has been done around these families if we then have to move the family. Any minor improvements that are made, they have to be broken up because they have had to move because of the caps and the welfare reforms. Actually, again, it could shunt the costs on to social services, so we do not know. There might be savings in one area but then increased costs elsewhere. That was one of the reasons the reforms were introduced - to address those large, troubled families - but they are unlikely to result in moving into employment. That is just the situation.

Andrew Boff AM: What proportion of families are we talking about?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): I do not think I have figures for the number of troubled families in the borough. I think we only have two or three key cases. We have 83 cases of families affected by the Benefit Cap with three or more children.

Andrew Boff AM: You are saying that all those 83 are unlikely to get employment?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): No, not those 83. We have 18 families with five children and two households with six or seven children. We are finding that the cases are more complex for some of these families. There are a lot of single parent families as well. That is another issue.

Andrew Boff AM: Presumably, more people are moving into work. That allows you resources to concentrate on those particular families who have particular issues. Is that correct?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): We are concentrating on them anyway.

Andrew Boff AM: Of course you are, yes. In Hackney, what about the benefits of a Benefit Cap?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Certainly the Benefit Cap has probably dealt with some of the easier, solvable cases, if I can use that phrase, in the sense of those who are now in work; because there have been people who have been affected by the Cap and who are now in work. The question is whether they would have gone into work through some of the programmes that we were delivering before 2010. We had a very successful Ways into Work programme before and I would not want to state categorically that people are now in work due to the Cap given there were other ways of getting them into work.

The issue with the Benefit Cap, particularly for a borough like Hackney where our private rented stock is so expensive and in such high demand, and when that is combined with the high cost of good quality childcare, is the issue of families. Not troubled families but just working, regular families in the borough, where we are not seeing the movement. It is particularly the case for those families that have children under five. If you have two or three children and you are in the private rented sector, it is actually very difficult, particularly if you are in a job where you are doing shift work. How do you actually make that work, if you are having to pay for childcare, transport and a high rent when it is all being capped? Just looking at the Benefit Cap without thinking about some of the huge costs of actually going out to work, eg childcare and rents in the borough, if you are a single mother or even a working two-parent family is incredible. I see the Benefit Cap not really looking and understanding the reality of how you leave a house at 6am in the morning but you still have to get the children to school. If you cannot afford a nanny or someone to live in to do it or you do not have that support, however bright or clever you are, you cannot make that work for you because the Benefit Cap does not allow you to make that work.

Andrew Boff AM: I take the point but unless whoever the next Government is changes its mind midterm, we are going to have the Benefit Cap for six years at least. So it is something we are going to have to work with.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): I guess what I am saying is, to make the concept of a Benefit Cap work, you have to look at the issues of housing supply, the supply of the private rented sector and also critically, the cost of childcare. Looking at one in isolation does not deal with those families - not the low-hanging fruit that we have talked about, those who have gone into work because they can enter the job market but those - for whom actually it is just very complicated, not because they are --

Andrew Boff AM: Yes, I agree with you. I wish we could, as an Assembly, get our teeth into the concept of childcare, but unfortunately it is not actually in our remit. It would be great to do that because one of the biggest issues in London is the availability of childcare.

Nicky Gavron AM: May I ask each of you in turn what impact these welfare reforms have had? You have talked a lot about the impact on the individual groups who make up the claimant group, but what about the impact on your services, on your staffing, on your finances? As we are pressed for time, the second part of this would be: do you have any thoughts on how those burdens could be lifted or at least mitigated?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): It is fair to say that local government is having huge cuts and reductions in their overall budgets and we all recognise and understand that. What we have had to do because of the particular welfare reform changes, is have a lot of senior officer thinking, to actually understand how we track and think about this. It is not business as normal. Having senior officers trying to work through and understand the implications, does have an impact on other services, without a doubt.

In terms of how you mitigate against that, it is very difficult. We are in a position at the moment in all local authorities - and certainly for Hackney - where there is a lot of firefighting going on. I talked about the temporary household issue and Croydon talked about it as well. You are actually dealing with the next immediate issue. Some of the things we are trying to do to get our head above the immediate issue, and think about how we future-proof a set of circumstances which are going to be here for a number of years, is, for example, we have just introduced a social lettings agency to deal with the concept of the private rented sector. We are taking it on ourselves that we are actually going to try to take private rented sector properties away from the lettings agencies and use them ourselves with our own stock.

There are ways of trying to map out pathways so we have some control and try to think about the right interventions to take back some control so that we can understand and do some future planning, because that is the critical thing. There is not as much time as we need at the moment to do that planning because, as I say, we are firefighting.

Nicky Gavron AM: We know there have been cuts to advice services. I had better declare an interest. I am a patron of the Hackney Law Centre. I know they are experiencing more and more people coming and needing advice and that must be true, too, of your service.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes, I do have the numbers in my notes, which I am happy to send on so I do not shuffle through now. Yes, face-to-face and telephone inquiries, and casework have gone up considerably, without a doubt; both for the council having to deal with those issues, as well as those organisations that are also trying to deal with that amount of additional support that people are looking for.

Nicky Gavron AM: What about school places?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): It is not my area, but I have to say Hackney is doing a good job with school places. At the moment, we do have quite strong, robust plans for school place planning. We were lucky in the sense that we got a lot of our Building Schools for the Future (BSF) funding before it was cut. So we did an awful lot of work a number of years ago to build those schools and create those extensions on those schools. It is an issue for us, but again that is an area that we have robust planning for and we are considering and thinking about how we bring forward new school places as a regular part of the day job.

Nicky Gavron AM: It sounds as though you are managing overall very well, so there has not been a great deal of impact, then.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): There has certainly been an impact on the casework, without a doubt, in terms of the individuals who are asking for advice. If you are looking at the indicators such as those who come in, we have a duty to house them. There are certainly more people who have a duty to be housed, because of our homelessness duty and the amount of people that are being evicted from the private rented sector and presenting themselves for housing. All of those indicators are there, I have them and I am happy to pass them on later rather than using up the time here, but there are a number of indicators where that activity clearly shows there is an impact, if that is the answer. It is to the credit of local government that we are continuing to keep our heads above water, to be honest. That is not politicians, that is really good officers in local government doing this.

Darren Johnson AM (Chair): Thanks. It would be useful to get hold of that data.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I would largely agree that we have coped with it, bearing in mind we were one of the first into these reforms. We had many visits from Lord David Freud [Minister for Welfare Reform] in the early stages and I have to say we managed to extract quite a bit of recompense for the costs that we incurred.

I do actually have a briefing note from my officers in respect of the ongoing situation. Our additional staffing costs are £136,000. The running expenses are £77,000. We expect to get £75,000 back from the DWP. The net cost to us of implementing all of this is about £138,000 a year, which we are doing. I have to say officers are coping. Whereas I thought there might be some chaos in respect of it, it is not happening. As you say, very good local government officers.

Nicky Gavron AM: You mentioned temporary accommodation and you said that was an area you were having difficulty with. My understanding is you are placing people who might have gone into temporary accommodation because you cannot find it somewhere. I think it is Hull. You are placing claimants whom you cannot accommodate into accommodation in other parts of the country.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Not in other parts of the country; in other parts of London.

Nicky Gavron AM: In Hull?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): No, that was press speculation.

Nicky Gavron AM: You are not doing that at all?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): We have not sent anybody to Yorkshire, except those who want to go. Recently families have gone to Ipswich and Nuneaton and other places, but they volunteered to go because they have either family connections or jobs. We are placing some in temporary accommodation outside of Croydon, but I have to say Wandsworth and Westminster are also placing them in Croydon. So all authorities are in this market, dipping and fishing in this pool, to try to acquire temporary accommodation.

Darren Johnson AM (Chair): Councillor McCoy, have you anything to add?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): In the climate of the cuts to local government, we have seen a considerable and significant transfer of additional responsibilities from central to local government, but not with the funding following it. For example, the council tax reduction, we received only 90% of the funding to accompany that, plus some admin, and then that has been cut since then. We have taken on an awful lot of new responsibilities but the funding just is not following, or it might follow for the first year but then it gets cut. We have worked out that overall in terms of administration support in respect of welfare reforms we are down £250,000 this year. In terms of the Crisis Loans and Grants Scheme, another scheme that was transferred from central to local government, we have proved that we are managing it very effectively; much better and more effectively and more responsibly than the DWP ever did, but again our funding is now going to be removed.

The other side of it is that we have been putting more and more work into trying to prevent homelessness and trying to manage arrears; and that is only going to get worse, so we are really getting tired. We are managing. We are coping. We have an award-winning Revenues and Benefits team, but they are seriously worried about the coming impacts, particularly with Universal Credit.

As well as the shrinking funding, we have a lack of certainty of funding, so it is impossible to think ahead and plan. Things happen in very short timescales and then the introductions of these schemes are all done very, very quickly. The council tax reduction was on a very short timescale. We had to put in significant software systems to cope with it. That all had to be

done very quickly and was not very well transferred over. This has significant impacts and I can only see it getting worse.

Darren Johnson AM (Chair): Thank you.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Could I just add one thing? There is effectively a little bit of sting-taking out of the tail of some of this and it will progress because you have the Discretionary Housing Payment (DHP) at the moment; which, in effect, councils are using to try to soften the impact, but ultimately that is not going to be there, it is going to be reduced and will be stopped. You have that situation where DHP is dealing with some of this as a pot of money, but ultimately when that is no longer there, it will be difficult for authorities to find that money and to replace that money from their own pots. That is when you will start to see the impact. As I say, there is a bit of a veneer around it at the moment because of the DHP.

Darren Johnson AM (Chair): Thank you. That brings us nicely to the question that we have from Andrew on the future of DHP.

Andrew Boff AM: Councillor Adcock, you have almost answered what I was going to say, but could you add some detail? The question I had was about how you are using those Discretionary Housing Payments and what do you think the future of DHP should be in 2015/16.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): We are using DHP, particularly for those who we are trying to support into what is a more sustainable tenancy. It is at the point where they cannot cope with the rent that we are actually using the DHP; again as that buffer to keep them in their accommodation until they find a way, whether through work or through moving, to effectively right-size their budget but obviously DHP is going to reduce.

An interesting thing that will be a real issue as that funding starts to disappear is that I do not think tenants or residents understand the difference between the Housing Benefit and the DHP. Ultimately their rent is being paid so there is an issue about how people understand what has happened here. People do not understand the difference. The DHP is not the Housing Benefit (HB), the DHP is something that you can give and take away and ultimately it is not there in the same way that the Housing Benefit is. That will be an issue and it goes back to that point about that veneer that is around it at the moment, which is not going to be there forever.

Andrew Boff AM: That is quite interesting. To what extent are the tenants informed that that is a discretionary payment?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): They are.

Andrew Boff AM: They are, but they are missing it somehow?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes. It is fair to say that there are an awful lot of letters coming from an awful lot of government agencies and councillors. For the tenants I speak to, until they get that red letter saying, "We are one step away from taking court action", it is only then - and even then not always - when they actually realise this. The administration of government means that people are not necessarily picking up on the changes because there are so many changes coming in at the moment. It is hard for me to keep on top of it, let alone if you are trying to manage a limited budget and you have children and all the rest of it going on in your life. You are just trying to manage your day-to-day life.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): We have been using it in a similar way to try to maintain accommodation where necessary. For example there are a lot of the cases where there are children involved and they are affected by the social rent room restriction; but in a year's time their children will be of an age where it will be appropriate for them. So it is maintaining that, or people who are approaching retirement; they might have to downsize but then they will be ineligible once they retire, so it is those transitional arrangements as well, being quite a focus.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): It is essential that there is a DHP situation continuing. We have been using it principally in two areas: firstly, where it is the cheaper option. Sometimes, if people were to be evicted, we end up with a much greater cost. Secondly, where somebody is really trying to get themselves into a job situation, they are working with Jobcentre Plus and they are on some sort of course or other, we have certainly used it in those circumstances.

I would agree with my colleagues that tenants do not really understand the difference between DHP and Housing Benefit. I can relate very briefly a case where the ostrich syndrome comes in. While it is being covered, they leave it until the very last minute. I had a lady in my ward who came to me and said, "This is going to end in ten days' time", and I said, "You have been told for the last six or eight weeks. You were told a year ago that this would happen for one year only", and they do nothing about it. That is actually a problem. They wait until the very last minute instead of trying to reorganise their situation. It is certainly a great positive, but equally it does have that negative side and it puts some tenants into a false situation. They think this is going to continue when clearly it is not. It is for a fixed period, be it 3, 6, 9 or 12 months.

Andrew Boff AM: I am hearing - and correct me if I am wrong - that you would not want to see a reduction in that level of DHP.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): No.

Andrew Boff AM: Do you think there is a role for the Mayor? The Mayor lobbied quite heavily for the allocation that London did get for the DHP. Do you think there is a role for him to continue that lobbying with Government?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): It is essential that the Mayor continues to lobby. It is very much his role. Everybody will say this, but London is a very special case where housing is concerned, simply by the sheer volume of the population and the price of it and, frankly, the lack of supply. If there is going to be a cake sliced in terms of Discretionary Housing Payments, we must have the largest slice.

Andrew Boff AM: It is likely that DHP are going to reduce at some point. Bearing in mind the nature of the DHP, should the call on that be reduced as well? Should it be reducing as a result of it being a discretionary and transitional arrangement?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Everybody wants to reduce these things, but I have to say if we are going to efficiently manage the situation in what is the largest London borough in terms of population, we have got to have some elbow room. To get us to a situation where there is not a DHP pot, then it would be extremely difficult. I do not think we have spent the whole amount in our borough. We use it with discretion and caution, frankly.

Andrew Boff AM: You do not want to go spreading that too far. You do not want to go telling people that, do you?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I am being frank. What you see is what you get. If you ask me a question, I will tell you a truthful answer as far as I see it. There might be another crisis three months away when I am in desperate shortage, but that is not the case at the moment.

Andrew Boff AM: How is it with regard to the other boroughs as well? It is supposed to be a transitional thing, the DHP. Are you seeing it as that or are you seeing it as an essential part of the actual funding stream?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): It is proving to be an essential part because some of the premises on which the reforms are based are incorrect. For example, for the LHA rates, we are seeing a huge difference between what the rates are set at and actual rents, 14% difference, so it is proving harder and harder for people to find properties that are affordable that they can live in. That is the problem, it is the affordability of properties in the private rented sector. Basing the reforms on the assumption that there are properties out there that people can afford is incorrect. They base it on a rate and say, "You can afford this amount", but if the properties are not there at that rate in London, the rents are increasing significantly. Unless we keep up with that increase, it is never going to be affordable for people. Either we have to accept that people are going to be moving out of London altogether, particularly low-paid workers, or we have to get the figures right in the first place and then it truly will be transitional.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I completely agree with my colleague, Jayne. One of the big problems with the LHA is it is set in stone; it does not react to the market. The market can move quite quickly and then you find it is completely out of kilter with the market and exactly what Jayne has just said happens. It needs to be reviewed much more quickly, more often and to reflect the market conditions.

Andrew Boff AM: How can that DHP be used for supporting people with long-term conditions? We understand the original logic behind the DHP as being a transitional arrangement, but of course they become quite important for the long-term disabled people, people who are very difficult to get into employment.

Are you finding you are using those DHP for those people? It is the attrition rate I am trying to look at for DHP. Are you paying the same people time and time again DHP when perhaps they should be moving on, or are you using it predominantly for people with longer-term conditions? Do you understand what I am saying?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): In the short-term, no. The DHP is a discretion to get somebody over a hurdle and some sort of change that is going to be a permanent sort of change, as far as I am aware.

Andrew Boff AM: Is that how you are using it, though?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): That is how we are using it.

Andrew Boff AM: It is just temporary arrangements? You are not using it for people with long-term conditions?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): No.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): No, not that I am aware of.

Stephen Knight AM: Clearly, the DHP is the biggest discretionary pot you have in terms of helping people, but there is also the Local Assistance Scheme and I know there has been some publicity around Local Assistance Scheme money either not being spent or very little of it having been spent. Secondly, the Government has said it is going to withdraw it completely.

I just wondered if you could tell us a little bit about your experience in your boroughs around the Local Assistance Scheme and whether or not that has been helpful or what the problems have been in getting it spent.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Are you talking about the Social Fund that was being managed by the DWP and has now been passed over to local authorities?

Stephen Knight AM: That is right.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes, we basically put in our own scheme in April last year and it is designed to cover for those emergencies and items that are difficult to budget for. It is fair to say I do not think it was not being particularly well used by the DWP. It was not particularly being managed in the way that as a local authority you would want to manage it in terms of thinking about how you give that assistance. There are a number of things that we are doing and it is around awareness of the scheme and making sure people understand what it is for. I do not want to give a ridiculous example, but there were examples of people losing their Oyster card and being given a new Oyster card when actually, if you register it, you do not lose your money. It was things like that and that money was being given out, so it is not for that sort of thing. It is for those emergency situations where you need it, rather than for just general white goods or whatever.

Stephen Knight AM: Did you design your own scheme in Hackney?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes.

Stephen Knight AM: You did not mirror what DWP had done?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): No, because the view from us as a council was that it was pretty badly managed, actually.

Stephen Knight AM: Hackney is one of the boroughs that managed to spend its allocation fairly well. I wonder if the other boroughs might comment on how they found the scheme.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): Like Hackney, we devised our own scheme. We have paid out 52% to date and we feel that we are managing it better than before. The majority of our scheme goes on furniture and white goods for people when their washing machine has broken down and they cannot afford to pay for it. We are giving out a lot in food vouchers, utility bill top-ups and sometimes travel and clothing for different purposes.

We might only have paid out 52%, but that is because we know there is a bigger hit coming down the road, so it is about managing it prudently. You do not give all your money away at the beginning and then be faced with somebody in a real crisis when you have no money left. It is just about managing it, in a way. We have already had a review a few months into the scheme to see how it is working and whether we needed to tweak it a bit, which we did, because certain

people were ineligible for things given we said that you could come back for food vouchers twice rather than just the once, so we think we have been managing it quite well.

The thought of it being cut is significant. We are seeing significant people coming for things like food vouchers and emergencies that they would not be able to have help with otherwise. We also refer them on to our Croydon and Sutton Credit Union schemes and we try to use that as an opportunity to give them more permanent help and support in budgeting and in managing their money longer term. If there are any other needs, if we can help them change accommodation, it is a way in for us to try to assist them. Just to be able to assist people in that first instance is important and we think it is going to get worse.

Stephen Knight AM: You see the impact of it being removed as quite significant?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): We would be very worried, yes, and we would probably have to think about whether we would be prepared as a local authority to offer that ourselves without funding. We have huge amounts of demands. As I say, if we do not do it this way, we might end up paying out for it through social care.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I have never been told that we have run out, so I expect you are going to tell me what percentage we have spent because I do not actually know that. I know we have a scheme. We devise what it spends on. As far as I am aware, it is working pretty well. In years gone by there were some difficulties, but we did have Lunar House down the road and that did cause us some difficulties.

Stephen Knight AM: Thank you.

Tom Copley AM (Deputy Chair): Yes. Could you tell us if you are aware of any impact on the rent levels following the LHA reforms and specifically whether rent levels have reduced as a result of welfare reforms in the way that the Government and the Mayor said they would?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): No, they have not. I do not think they have. We have seen a significant rise in Croydon of rent levels in the private rented sector. At one time I think it went up 20% in one year, but we were one of the lowest in London so that was to be expected. No, I have not seen any reduction at all and, in fact, I cannot see any on the horizon. I did actually think that with the mortgage situation easing it might improve, but it has not. To date, I have not seen any softening of the rental market.

Tom Copley AM (Deputy Chair): Thank you. Councillor McCoy?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): No, we have seen increases in rents and also a reduction in people prepared to rent their property, not the bigger ones but certainly the smaller private landlords.

They just do not want to seem to do it anymore. That makes the market smaller, which is going to push rents up.

Tom Copley AM (Deputy Chair): Thank you. Councillor Alcock, same story?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes, rents continue to rise in the borough due to the interest of people in the borough. Obviously, the LHA was meant to do something, it has done the complete opposite. You combine it with rising values of land and all the rest of it and you have a real issue in terms of the gap between rents - I have a figure of 6% in front of me, but that is probably wrong; I think it is higher than that - compared with what benefits will pay out. It is a huge, huge gulf that continues to grow and the impact of that we understand from the problems of housing people in the private rented sector. Why would you go to the LHA when you can get four young professionals paying £200 plus a week?

Tom Copley AM (Deputy Chair): The fact is it is basically a landlord's market at the moment and they are not having to stop around for tenants?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes. In fact, they flip their properties. They have them for six months and then they flip them because they can go back to the market and get a ridiculous amount of extra money, plus all the admin charges and things like that.

Tom Copley AM (Deputy Chair): You are seeing a higher turnover?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes.

Tom Copley AM (Deputy Chair): That seems pretty unanimous. That brings us on to the private rented sector, actually, Karen. Have the LHA reforms had any effect on the availability of private rented sector accommodation in your area?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): The LHA has meant that for those on low incomes who rely on benefits to help pay their rent, even when they are working, it is just a tenure that they relied on because they were not able to get council housing and they cannot afford to buy. Those people now are either moving out of the borough or moving into cheaper and smaller, lower-quality accommodation.

Tom Copley AM (Deputy Chair): Are you having conversations with landlords about trying to get people who are on benefits into properties? Are they notably more reluctant, particularly given that direct payments to landlords have now been abolished and the money goes direct to the tenants?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): It is a bit of a perfect storm in the rental market in London, I am sure that is true

in Hackney and I am sure that is true of a lot of London. You have less supply of affordable housing generally and obviously more people wanting to live in Hackney and London. The issue is, as you said, that it is a landlord's market. When you think about how the private rented sector was effectively our safety valve for dealing with our homelessness as well, you just have a situation which is not sustainable and is not tenable. The only way it is going to happen is people just have to move out of London on those sorts of incomes because they cannot compete and landlords are not interested because they have very good tenants queuing up. There are sealed bids in Hackney for rental properties now.

Tom Copley AM (Deputy Chair): Are you as a council now renting back your formal council properties at the higher rents?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes.

Tom Copley AM (Deputy Chair): Is that the same with other authorities as well in Croydon and Sutton?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I am not only renting them back, I am more actually buying them back.

Tom Copley AM (Deputy Chair): That is good to hear.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I was going to tell you about some of the things that we have done. I say we are innovative. I agree with what some of my colleagues have said. The LHA makes life difficult. It makes it increasingly difficult when the market rents rise.

One of the things we do - and it has been fairly successful because there were 100 attendees last time - is we have a quarterly conference with our landlords. We bring them in and we talk to them about problems. I am going to air it right now. I am very much against Housing Benefit being paid to the tenant. Hitherto we have always paid it to the landlord and that has been one of the great attractions for landlords to come to us. If the Mayor can lobby and perhaps make the Government think again, that would be a benefit to the housing situation.

Tom Copley AM (Deputy Chair): We shall put that to the Deputy Mayor for Housing, Land and Property in the next session, potentially.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I was going to actually say that we have currently bought and completed on 86 houses to assist the situation. They are not actually in the housing stock but just as a general fund investment. They are very successful. We bought them right in the market, so we are not going to lose a penny. The cost of so doing - because it is on borrowed money from the Public Works Loan Board - is that it is

washing its face handsomely. It is a jolly sight cheaper than many other options and I have authority to buy more, but I have certain caps on the price I will pay.

Tom Copley AM (Deputy Chair): Are you using these properties to discharge your statutory duties on homelessness? Are you using them to house people?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Yes, housing people off the waiting list. I have built 104 units and I have another 77 under construction. Frankly, you cannot just sit back and wait for the landlords to come. You actually have to get out there and I have not bought a single square inch of land. It is all on recycled land. There is plenty more to do. If that were done London-wide, I am not saying it is so easy in inner London but certainly the outer London boroughs can do it. If we can do it, they can do it.

Darren Johnson AM (Chair): You should have read our previous report on this, if you have not, about the right to build and council house building in London, so do have a look at it.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): We started four or five years ago.

Darren Johnson AM (Chair): We have taken some good ideas from the boroughs.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): I agree with my colleague's description about the perfect storm in the private rented sector market. There are pressures and the pressures have increased. People cannot get loans or mortgages to buy, so they are relying more and more on the private rented sector. We can discharge our duty into the private rented sector and then, because there is a move from inner London to outer London, we are seeing pressure on the cheaper rents in the outer London boroughs. We find it harder and harder to get to use private rented sector landlords for temporary accommodation as well as just taking benefit claimants anyway. We are having to use our own void properties to try to mitigate the situation and we are working to do a conversion to provide our own temporary accommodation in the borough. We are having to do all those measures and of course we are doing a drive to try to increase the housing market in the borough anyway with inward investment. We are trying to build our own new council housing to try to mitigate it. Yes, it is a perfect storm.

Steve O'Connell AM: We talked about the mitigating activity to date, which is around the DHP. Now we are just turning to the proposed Targeted Affordability Fund (TAF), which is a part-recognition of the London housing crisis. This is where it is recognised that 51 out of 80 of our housing area rates are capped below the 30th percentile. I have the areas within your particular boroughs. You may already have them in your briefing notes. In Croydon, in the rental market areas, inner southeast and outer south London, which is the same for Sutton, certain accommodation types have been identified that may benefit from the TAF. It is recognition of the high rental prices within London. Do you recognise or appreciate or have any

view about the impact of the TAF across the boroughs? Is it something that is on your radar or is it something further down the line that you have not quite addressed yet?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): It must be in a very distant corner of my radar because, to be perfectly honest, Steve, I have not actually come across it yet. Any assistance in this area would be very gratefully received.

All I was going to say in relation to it was I thought you were talking about the ability of people to actually go away from rented accommodation and make their own way. The problem is always to get the deposit and I would have thought the Government's present scheme was quite helpful to assist in that, if that is what you are asking.

Steve O'Connell AM: The broader debate is that the Government has allocated £45 million in recognition of London's higher market, particularly in the private housing market, so that is your view. Whether you have been briefed on this or whether you are aware of this, it may be so far down the line that it is not on the radar of the boroughs yet, Chair. It seems to recognise London's higher housing costs.

Sitting that to one side, what other support would you want from the Government if you could wave your magic wand in recognition of our particular problems within Government on the assumption that, as Andrew [Boff AM] said, we are going to have a Cap for some considerable time? Are there any measures other than the DHP that you would like to see the Government come along with?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Perhaps more basically, we had a half-day conference in Croydon some weeks ago which Richard Blakeway [Deputy Mayor for Housing, Land and Property, GLA] came to and addressed. Bluntly, I threw the hand grenade in and said, "We could do an awful lot in London housing if we actually were a bit more relaxed about some of our planning controls". That is where the problem is. I would build a lot more houses in Croydon because there is a lot of land, but there are so many restrictions on it. I get a harder time from the planners than some of the developers get.

Steve O'Connell AM: You would build houses and then put people on the waiting list into those homes?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Yes, I would build houses and take people off the waiting list. It is all fairly standard stuff. It is not reinventing the wheel. It has been going on for generations.

Steve O'Connell AM: Do you have any other radical ideas across the other two boroughs, if you could wave your magic wand?

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): Could I talk about the affordability target? The increase is very welcome. It helps plug a gap. However, actually, when we are talking about a gap between LHA rates and actual rents of 14%, it does not plug it by very much. If we wanted to see some work around this which would help London boroughs, it would be looking at how the LHA rates are set. They are supposed to be in the 30th percentile, but we are finding that they are actually nothing like the 30th percentile. The way that they are calculated on the basic rental market areas we think is fundamentally flawed because they are based on secure, long-term tenants of private rented sector properties who are low-cost to maintain and do not have significant rent increases year-on-year. They are secure tenants, so positive tenants, less troublesome tenants you might say, whereas for people who are looking for new rental properties, often when there is a change in tenancy the rents are put up. If we are looking to house people temporarily, there are more problems with that and landlords are more concerned. We do not think the actual basis for the calculation of the LHA is correct. Then, as I say, we have the gap in Sutton. In Sutton, our rents are historically low at 14%, so goodness knows what it is like for the rest of London. It would help if we had some more realistic figures on which to base the actual benefit calculations in the first place.

Steve O'Connell AM: Karen, anything else you want to throw in the mix?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): It has been asked in other forums but one of the key things, bearing in mind that Hackney has built as much as we possibly can within our borrowing cap, would be to give councils more freedoms when they demonstrate they can build and build well to deliver the type of homes we need in the borough.

Darren Johnson AM (Chair): That was the number one recommendation from our previous report and we will very much press the case for that.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): I know it has been up, yes, but they need to listen and do it.

Steve O'Connell AM: Increase your capacity to borrow and, in essence, to build.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Yes.

Valerie Shawcross CBE AM: Dudley threw his hand grenade back in and it would be helpful if he said a little bit more about that. What kind of land would you like to be seen to be made available for housing? The comment you made could be interpreted mischievously as talking about building on greenbelt land.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): No, quite the opposite.

Valerie Shawcross CBE AM: Tell us exactly what kind of land you think --

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): You know Croydon not quite as well as I do, but almost as well as I do.

Valerie Shawcross CBE AM: I do. I declare an interest as a resident of Croydon.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): If you could mentally - and we share the benefit - take yourself to the Shrublands Estate in the Shirley ward, it was set up in the 1960s as a very adequate estate, but they laid it out in such a way that the use of the land was so wasteful. I get tenants coming to me and saying, "For goodness sake, please build on that piece of land", because it is either for dog-walking or for undesirable things like fly-tipping and things like that. We have a category of land called RO8, which is amenity-space land and it is not giving anybody an amenity. It is doing the complete opposite of that.

We are actually in the course of reviewing some of these things, so we need to look and review this. Croydon is blessed with vast tracts of open space, far more than other boroughs, perhaps with the exception of Bromley, but we do have that ability if we think laterally to perhaps rethink some of the categorisation of some of these pieces of land. I am beginning to run out of all the bits of brown land that the borough has not used, so I am having to say we are going to take this a stage further and raise the numbers significantly. That is what we have to look at. Those are the sorts of things.

I would not touch the greenbelt, no. I am not being mischievous but I do radically think that perhaps, in light of what has been going on in the last four weeks - I was musing this the other day - instead of on a planning questionnaire asking if it is a flood plain being the last question, perhaps it should be the first question. Maybe we should be thinking in terms of swapping some of the land that is inner flood plains being greenbelt and some of the things that are perhaps greenbelt and not of very good quality. We all have greenbelt land which is not of good quality and which might be better to be built on. As long as you keep the areas similar, the proportionality might be there. I can think of places in Croydon where it is, "No, that is sacrilege. You cannot touch that", but it is not appropriate. For 30, 40 or 45 years this has been going on and perhaps it is time to think about it again.

Valerie Shawcross CBE AM: You are talking about low-grade amenity land?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Yes, I am.

Darren Johnson AM (Chair): These are interesting questions for the future work of the Committee and we need to wrap up on the impacts of the welfare reforms before we bring the Mayor's team in.

Valerie Shawcross CBE AM: A couple of you said during your evidence that you were finding it harder to access temporary accommodation. Can you tell us a bit more about that? How has

the use of temporary accommodation been changing recently and what are the challenges you are finding in accessing temporary accommodation?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I know the price is going up. That is one thing.

Valerie Shawcross CBE AM: How difficult is it?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): Again, it goes back to a number of different factors with the wider benefits caps as people start to migrate out. For temporary accommodation we always entered into very good, long-term relationships with landlords and I have talked about the PRS and how that is no longer something that people want to do with councils anymore. It is fair to say that local authorities are, if I can use the phrase, taking things that were in your borough and it is not a party political thing but neighbouring boroughs are doing it to each other. There is actually no overview in London about how temporary accommodation is being used. It works very well for landlords because effectively each council - and there are a number of them and London Councils will be able to give you, I am sure, a bit more information on it - are effectively gazumping each other, if that is the right phrase.

Valerie Shawcross CBE AM: That is interesting.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Yes, that is quite true.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): That is the biggest issue in terms of supply because effectively we are all chasing an ever-diminishing amount of temporary accommodation (TA) --

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Fair comment.

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): -- and, again, it is a market that works very well for those. Again, that is why we are alternatively looking at how we create our own TA stock, which is a ridiculous concept in itself. By definition it is temporary, but effectively we have created that stock that we have more control over because otherwise we are in a market which is not working for the need that we have.

Valerie Shawcross CBE AM: That is very helpful.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): We are seeing increased numbers of homelessness applications, which puts increased demand on temporary accommodation. That is across London. In areas where the rents are lower, which is outer London, we are seeing boroughs block-book our temporary

accommodation that we used to rely on so there is less supply there, which then forces us to rely on things like bed-and-breakfast, which is a completely unsuitable accommodation for many. Also, the instances we are seeing are more and more families and it is harder to get them out of the temporary accommodation into family homes because there is a shortage of family homes, so it is just a cumulative impact.

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): I would just add we have to chase the London boroughs out of Croydon, so you stop them trying to, frankly, nick the accommodation that we would expect to take. I had a dogfight with Westminster over a block of flats, but we won.

Valerie Shawcross CBE AM: Do you see there needs to be some big changes for the future? Are you going to cope into the future?

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Our future is very difficult to predict. The key to all these things is just to get this increase in supply. That is far and away the most important thing.

Valerie Shawcross CBE AM: Deal with the cause, rather than the --

Cllr Dudley Mead (Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing, London Borough of Croydon): Dealing with the cause and not the consequence. The cause is a lack of supply. Get building. The Mayor's policy he is pushing absolutely fine, but we just have to get on with it and not let the planners or anybody else get in the way of it.

Cllr Jayne McCoy (Chair of the Housing, Economy and Business Committee, London Borough of Sutton): Could I just add to that? I agree that the solution really is to increase the supply and increase supply across all tenures, but particularly those that are affordable. That is the key thing.

I would disagree with my colleague about planning. I do not think planning is the problem. There is a lot of pressure being put on that. Planning is not the problem. We aim to be facilitative with planning in the borough because it is around what is right for an area and if you give too much freedom, you get the wrong kind of accommodation that does not meet the need that you want. You have to work with developers and we have proved we can do it quite successfully, so I reject the idea that planning is the problem. In fact, some of the increased freedoms we have, for example the relaxation of office to residential, can be more problematic and the assumption that it was a blockage, it can be allowed anyway, so that is just one thing.

One of the solutions would be to give more freedoms to local authorities to help to deliver the employment programmes, things like that. We are working very hard in Sutton to do that sort of thing and we think it could be done better by local authorities, and just generally more

freedom to local authorities because we can drive both in planning: house-building, development and employment.

Valerie Shawcross CBE AM: Anything else? Fixes for the future?

Cllr Karen Alcock (Cabinet Member for Property & Housing Services, London Borough of Hackney): It is repeating the obvious, but it is about supply. We have talked a lot about firefighting, how local government is firefighting, and ultimately that is the position for the next few years.

Valerie Shawcross CBE AM: OK, thank you.

Darren Johnson AM (Chair): Thank you, the three of you, for coming along this morning. We appreciate the huge challenges that the welfare reforms have been throwing up for the boroughs and will continue to do so, but we also appreciate many of the creative ways in which boroughs are working to try to actually deal with that, so we really appreciate you coming in this morning, so thank you very much.