

**Housing Committee – 12 February 2014**

**Transcript of Item 6: Welfare Reforms**

**Darren Johnson AM (Chair):** We will move on to the second part of our meeting today, so we welcome once again Richard Blakeway [Deputy Mayor for Housing, Land and Property, Greater London Authority] and Jamie Ratcliff [Assistant Director – Programme, Policy and Services, Housing and Land, GLA] to the meeting. Nicky is going to kick off on the questioning today.

**Nicky Gavron AM:** Thank you, Chair. Can I ask Jamie Ratcliff first what conclusions you have drawn from the GLA monitoring of the impacts of the welfare reform?

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** We have not been carrying out specific monitoring ourselves. We have been looking at the wealth of information that a range of other organisations have been carrying out. The main observation is that lots of these reforms have come in relatively recently and judging the impact of them is premature at the moment or to draw any firm conclusions from them. If you want to explore a specific one I could go into more detail around that, if you like.

**Nicky Gavron AM:** You do not have any evidence yet?

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** We do not have any evidence yet? Sorry. I am not sure I understand.

**Nicky Gavron AM:** No. Do you have anything to add to that?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** We have analysis being conducted by a whole range of organisations but, as Jamie says, at the moment you have a very complex picture of different reforms coming in at different times and different levels of data collected by different bodies, so it is actually quite hard to draw a firm conclusion on any of this at this stage because it is an evolving picture. Just because there is a lot of evidence being collected by a whole range of bodies and a number of bodies commissioning their own studies into one particular aspect, there is lots to draw on if you want to, but it still quite early stages really in the evolution of welfare reform.

**Nicky Gavron AM:** Right. Originally the Mayor said - it was in answer to a question I put to him in October 2010 - that he did not expect people to be driven out of their homes, certainly not in large numbers. He never quantified how large 'large' is. What is large? Actually, do you know what he meant by what large is?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** He has always been clear that some households will be affected by welfare reform, evidently, and that some

households would therefore move. I do not think he at any stage said that no one would move as a consequence of welfare reform. However, what he was keen to emphasise was that we should not see significant numbers of households leaving the capital. So far, the evidence would suggest that of those households who have moved, we have not seen significant numbers moving outside the capital.

**Nicky Gavron AM:** How do you quantify 'significant'?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** We have seen 95% of moves within the capital and 5% outside the capital, so I would say that 95% was significantly most moves in the capital. That is data which comes from the - it has a wonderful name - Inter-Borough Accommodation Agreement between the London boroughs.

**Nicky Gavron AM:** Right, OK. He also said more recently in November 2012 that he sees that, as an actual consequence, people will move out of London or will have to be moved out of London because of these reforms.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Sorry, just to repeat, some households will move, but we have never said we want to see significant numbers move outside London. At this stage, we are not seeing significant numbers move outside London.

**Nicky Gavron AM:** You are tracking that, are you?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** This is the London boroughs' Inter-Borough Agreement, something which we very much support and discussed with London Councils at the time. This looks at the moves around London. The data is available and it shows that a small proportion, 5% of moves, are outside London's boundary and of that 5% almost all of them are very close to the boundary itself, so they are moves to local authorities neighbouring Greater London.

**Nicky Gavron AM:** How does this affect your assumptions? Just looking forward, you are now in the middle of a consultation on further alterations to the London Plan in light of the census figures and a lot of that is about housing needs. What assumptions are you making about need in light of the welfare reforms?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I do not know which assumptions you are referring to.

**Nicky Gavron AM:** Assumptions for homes, for people on low incomes, the sort of people who --

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** There needs to be a significant increase. The London Strategic Housing Market Assessment (SHMA) work obviously underpins the work around the Further Alterations to the London Plan (FALP) and around the Housing Strategy. The reality is, as you know, that there is this historic undersupply

of low-cost accommodation in London and therefore there needs to be a significant increase in it. As you have seen, the targets both in the Housing Strategy and the further alterations seek to increase the proportion and the number of affordable homes.

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** It is worth saying that the Strategic Housing Market Assessment has been updated using the same methodology that it was produced previously and it follows the National Government Practice Guidance and National Planning Policy Framework (NPPF) guidelines. It is a relatively technical document and it has lots of assumptions in it. I am more than happy to go through some of those now, if you want, or if you want to go through it in more detail at a later stage, I am equally happy to do that.

**Nicky Gavron AM:** The thing is it is very difficult from the social and affordable rent category to sort out what really is for people on low incomes.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Firstly, the need to build more affordable homes has preceded any of the changes to the welfare system. This is a historic issue but, as you can see, we are seeking to increase the numbers delivered. Insofar as the composition of that programme is concerned, both in the existing 2011-15 programme but particularly the 2015-18 programme, the new capital programme, we have been very sensitive in the way that we have configured that programme to ensure that it accommodates any changes to the welfare system coming through.

You can see that with the mix of discounted and capped product, for example. You can see that from the blend we have between discounted and capped product within the 60% rented product. We can talk about that in more detail, but we are seeking to configure the programme in such a way that it helps households who are looking to downsize to move into smaller one-bed or two-bed units. We are seeking to ensure that people who may be affected by the total Benefit Cap, that the product aligns to that. There is a whole range of different ways in which we can seek to address changes in the welfare system through our capital programme, that is what we are doing and that is what our 2015-18 prospectus does.

**Nicky Gavron AM:** It seems to me there is quite a gap or hole in the middle because, as you have just said, you are not tracking sufficiently to have proper evidence of what the need is going to be and you do not have a SHMA which truly reflects what the need is because it does not untangle the low-income, social rent from the affordable rent in terms of need.

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** I would reject that. The SHMA has been done on a very robust basis, following the process that it needs to follow and following national guidance, following the process that was followed last time and it is a robust part of the FALP evidence base. I strongly reject any suggestion that it is not following it properly. It divides the affordable housing need - the people who cannot meet their housing requirements on the open market - between an intermediate product and a social and affordable rent product. I am not sure that the fact that we are not producing exact data or carrying out our own detailed analysis on welfare reform impacts on that split at all.

**Nicky Gavron AM:** It is just that we have just been hearing about the unavailability of properties for people on low incomes and people who are benefit claimants, many of whom are in work. We have also heard over and over again how the answer has to be supply. Here you are talking about supply. You told me how you have done the 60:40 split between intermediate, which is part rent/part buy and affordable rent, but you have not said how much of that affordable rent is actually going to be truly affordable, ie social rent. You have not broken it down like that and you do not have the evidence of what the need will be. I will leave it there.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, Greater London Authority):** Except, Nicky, we do. Firstly, prior to any changes in the welfare programme, there was still a historic need and a backlog around affordable housing. Secondly, we have configured the programme in such a way that it does seek to accommodate a whole range of different circumstances that individuals may be in. It reflects the fact, for example, that some households will be in work but still dependent on Housing Benefit to fund some of their housing costs, so we sought to introduce products that address that. We are responding to it and the SHMA responds to it. Clearly, welfare reform is an evolving picture and we are still in a stage where there is a whole range of different pilots taking place, from the introduction of Universal Credit, direct payments and so on, so we are in an evolutionary stage with welfare reform at the moment.

**Nicky Gavron AM:** With a lack of evidence. Chair, I am going to leave it there because we can explore it in the Planning Committee which is coming up.

**Andrew Boff AM:** Mr Blakeway, the Mayor fought very hard in order to get the level of discretionary payments in London that we have achieved and I just wondered whether or not the Mayor's objective of avoiding a disproportionately negative impact on Londoners has actually been achieved as a result of that.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** You are right to say that we lobbied extremely hard to see an increase in Discretionary Housing Payment (DHP) as well as other transitional arrangements within London. Over the period 2010 - 2016, we have DHP of around £200 million coming into London for local authorities. We also worked closely with or lobbied the Department for Work and Pensions (DWP) around the guidance that they have alongside that to prioritise certain groups, for example disabled or kids in school and so on, so that the money was prioritised in such a way as to help those households for who we felt transitional arrangements should be prioritised.

I would just point out that according to DWP figures, spend of DHP at the moment is lagging behind the amount allocated, so across London spend for the six-month period was about 24%. Halfway through this financial year about 24% of the DHP had been spent. There were only 4 out of 33 boroughs that had spent 50% of DHP at that six-month stage, so I would just highlight that.

**Andrew Boff AM:** Do you have a reason? Is there an explanation for that? The boroughs would tell us there is a desperate need for DHP.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Indeed, and certainly the feedback I have is that boroughs are thinking very intelligently about how the money is spent and how that money is prioritised. However, I am conscious equally that people have said, "You need more DHP", and that the increase is inadequate. I asked specifically to look at what the spend is and the spend is about 24% across London at the six-month period. We will have to see what happens at the end of the financial year, obviously, and how much was spent, but at current spend it was on course to underspend. All I am saying is we have secured a lot of money for local authorities. Not all of that money has been spent by all local authorities against where you would expect the trajectory to be. It is probably a question for local authorities though as to how they are using DHP.

**Andrew Boff AM:** Can you anticipate what the view of the Government might be if it sees a budget that is underspent?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** The good news is that we have certainty on DHP going forward. In the next two years we will see another £115 million come into London and the Government has already committed to that, so regardless of where spend is currently, we have a forward commitment from the Government on this.

**Andrew Boff AM:** For two years?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes, until 2016. Given that DHP does not roll over, it is important that funds are allocated in full.

**Andrew Boff AM:** As you have alluded to and our earlier guests indicated, the DHP is treated as a transitional pot of money.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Indeed.

**Andrew Boff AM:** Do you think actually there needs to be some kind of discretionary offer for those who have a more permanent need, such as disabled people or people who may not realistically be able to access work?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** This probably starts to bleed into the realms of welfare reform which is broader than the housing element. There will be certain configurations of the way in which exemptions work on welfare reform that account for individual circumstances. I know some households are exempt from some element of welfare reform if they are disabled.

**Andrew Boff AM:** There is that category of people because rules always create people who miss those rules. It is inevitable. As soon as you put in a rule, there is going to be an exception to it. What we are finding is that some councils are saying, "Much as these rules might be

reasonable ones, we are finding certain categories of people who do need that additional support". It is not transitional to move someone somewhere else. It is actually permanent, but requires a discretion because their particular circumstances may not have a rule to cover them or a reasonable rule to cover their circumstances. I am thinking particularly if we look at somebody who has got an additional bedroom, for example, and that additional bedroom may be used for something you cannot categorise. It might be used for an ad hoc carer, medical equipment, that kind of thing. There is no rule that covers it, but there is certainly a justification for a discretionary payment to be allowed to use that room.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes. On the housing element of welfare reform, probably the most significant change for London is obviously around - and I know it came up in the previous session - the Targeted Affordability Funding, the ability for local authorities to uprate Local Housing Allowance (LHA) ahead of what is currently inflation and up to 4% compared to 1%, and that applies to 35 of the 70 broad market rental areas in London. If you were to look at additional flexibilities, I would point to that as being the most significant additional flexibility for much of London and that allows you to account for individual circumstances, I imagine, as part of that.

**Andrew Boff AM:** There does not seem to be a great deal of knowledge about the Targeted Affordability Fund, does there?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** That may be the case. It is significant and obviously it applies to a large proportion of London in higher-value areas, so it is something which certainly local authorities should look to use.

**Andrew Boff AM:** Thank you.

**Darren Johnson AM (Chair):** Thank you. Before we move on, the Mayor told the Assembly several times that families with children in schools would not have to move boroughs, but information I obtained from a Freedom of Information (FOI) request show that over 2,500 moved out of the borough in this financial year and over 200 have been moved out of London. Did the Mayor get enough discretionary funding to actually deal with this situation?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** As I said, there was a significant increase in DHP and, if you look at this financial year's figures, councils are not on course to allocate all of that DHP, so it would be unreasonable to say that there was insufficient DHP when the current allocation would appear not to be on course to be fully spent.

**Darren Johnson AM (Chair):** I also found that while most boroughs use the DHP money to keep people in their current homes, a handful have used it to actually move families out of London. Are you monitoring this in terms of how it is being used?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** There is the local authority Inter-Borough Agreement, which monitors movements of households across

borough boundaries, so that is the piece of work we would look to. That is the most comprehensive and accurate data that I am aware of.

**Darren Johnson AM (Chair):** Are you keeping a close eye on that?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes.

**Stephen Knight AM:** I want to return to the issue of housing supply that Nicky [Gavron AM] touched on earlier. Clearly, we have the draft London Housing Strategy that came out last year from the Mayor. I wonder if I can ask you some questions around that in terms of how it does or does not meet the affordable housing needs in London.

The broad target in there is for something like 42,000 homes a year to be built, of which 15,000 are to be - in the broad definition - affordable, about 9,000 of those affordable for rent, and between that and that 9,000 split half-and-half between these capped, ie 4,500 capped low rents, which I guess is the closest to the existing social rent model, and the other half, 4,500 discounted, in other words 80% market rental or Local Housing Allowance, whichever is lowest. Of those 42,000, really only the 9,000 rented are likely to be affordable for people on Housing Benefit because the private sector ones are largely unaffordable. Social rented homes make up something like a quarter of homes in London at the moment. Of the new houses in the strategy, only just around 20% will be affordable rent of either of the two types of affordable rent.

Is that a reduction in the affordability of London's housing stock and the proportion of London homes which are affordable? Is that what the plan is really envisaging because it is putting in, of the new homes, a lower proportion of affordable rent homes than currently exist within the existing housing stock?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I will start and Jamie [Ratcliff] can come in. It is hard to characterise it as a reduction because all the numbers are going up.

**Stephen Knight AM:** Proportionally of the housing stock, of the new homes being built, 20% will be affordable rent. With the existing homes in the housing stock, 25% are affordable rent. Can you not see that that reduces the proportion of the overall housing stock over the ten-year period of the plan? If you do not put in new homes in the proportion to the current homes, then the proportion of the housing stock that is affordable will reduce over that period, will it not?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** The aim is to increase the number of homes which are classified as affordable housing. That is clearly the aim. There are a number of things which you lumped together and it is important to try to separate some of this out. Probably the first and most important thing to separate out is obviously that the 42,000 relates to what we think at least should be delivered, but clearly through the process of the further alterations and so on this year, that will be examined --

**Stephen Knight AM:** You are going to up that target, yes.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** -- so it is important to note that that is work in progress, if you like.

You then refer to some elements within the funding prospectus. You are right. The 60:40 remains. There is 1.7% of London's housing stock which is classified as intermediate housing and there is 25% of London's housing stock which is classified as social housing, so it is right to invest in that. By investing in that, households who might otherwise live in the private rented sector - and we have seen what has happened with costs in the private rented sector and the additional pressure that brings - if they can find an alternative tenure, then that is useful. Then, within the 60% which is rented, we have been very clear setting out how we think this works. The only thing which I again would caution when trying to make comparisons between affordable rent and social rent is to recognise that on affordable rent, the service charge is included and in targeted rent it is excluded or on social rent it is excluded.

**Stephen Knight AM:** Service charges?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes, so you are not necessarily able to make a direct comparison between costs, but we have been very sensitive to configure that programme so it meets a whole range of households. I know that people have highlighted, for example, the number of working households who are now in receipt of Local Housing Allowance. The fact therefore that we have identified product aimed at working households who would otherwise be in the private rented sector and claiming benefit in the private rented sector is firstly a new feature, but entirely the right thing for us to be doing, so I would not discount it and try to present it as a cut in some way. It is exactly the right thing to be doing.

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** Building on that, I have three points. The first one: saying that social rent is the only form of affordable housing is just wrong. Two thirds of people who are currently in social rent need Housing Benefit support to pay their rent, so the Housing Benefit continues to support people in affordable rent on a range of rents and that is how people are paying it, not because they have independent incomes.

In terms of the split between capped and discounted, what we have tried to do is optimise the number of homes that we can deliver with the funding that we have, and everyone is agreed - several of you have said - that the key thing that we need to address for the housing challenge in London is building more homes and building as many more homes as we can. That is what we are trying to do. The discounted rent product is not for people not in receipt of Housing Benefit. We think the vast majority of people who go into it will be receiving some form of Housing Benefit support. What we have tried to do is balance the two different products. We have one which is targeted at a lower rent and then, in order to deliver the numbers we are committed to and maintain the 65% average that we have in the current programme, delivering some at higher rents which need to be to people who are not going to be affected by the total household Benefit Cap. The most straightforward way of doing that is nominating to

low-income working households, of which there are lots of people on borough waiting lists at the moment. They will still need support from Housing Benefit or Universal Credit when it comes in to top up their income to get to the rents and these are the people that they are helping.

My third point was around supply in the totality. Just focusing in on the affordable rent element of the programme misses out 40% of it, which is really important in terms of delivering home ownership and access to housing to a range of people where there is not an established housing offer for them. The strategy is really bold in saying that we want to see a massive expansion in the Mayor's First Steps programme, and we think that this is going to be an important part in terms of bringing forward increased numbers of homes on sites. One of the really big challenges that we have in supply are large sites, which are taking a long time to build out because of the market absorption rate of the traditional house-builder model. There is some analysis we have seen which suggests that if you deliver shared ownership you could increase your market by seven times, which means you can deliver the homes much, much quicker. Delivering homes as quickly as possible is what we want to see.

**Stephen Knight AM:** I do not think anybody is arguing that the shared ownership model is not a suitable product for a number of Londoners, but clearly it is not going to be a suitable product for people on Housing Benefit. Given that we have a social housing stock at the moment of about 25% of Londoners who live in social housing, if you are not building 25% of the new homes in London over the next ten years at affordable rent levels, then you are going to see an overall reduction in the number of homes available for low-income Londoners.

I wondered if I can ask Richard. You said that the 42,000 target in the initial plan is going to be increased in the alterations that are coming forward. Within that increase to the 42,000 target, is the number of affordable rent units going to rise or is the overall target going to increase merely by increasing the open market private sector assumptions?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** No. Insofar as the strategy in the London Plan is concerned, it has obviously set a target of around 60:40, which is the split between intermediate, ie to buy and rent within that.

**Stephen Knight AM:** No, my question is whether or not within that 42,000 the 15,000 affordable housing target, which covers all forms of affordable housing is going to increase as a result of the alterations you spoke about or whether lifting the 42,000 target is merely going to be achieved by increasing the number of private homes being built.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** In terms of the quantum of affordable housing, potentially the 2015-18 does. There is potential around that. In terms of the product mix, that is something separate and is clearly something we deal with in the Housing Strategy and, so far as the London Plan is concerned, we are looking at a 60:40 split and then, in terms of the mix of products within that, that is something for the prospectus.

**Stephen Knight AM:** You are looking at increasing the 15,000 target?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes. That will run its course through this year.

**Stephen Knight AM:** Sorry, you said you are looking to increase the 42,000 overall target. My question is: are you going to increase the affordable housing target within that?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** If that 42,000 goes up - and that will be a discussion for this year - then clearly the quantum of affordable housing in that we would expect to increase as well, but that is a subject which will be discussed throughout this year. There are more fundamental issues, if you like, around how you seek to meet that, looking at the house-builder model and looking at additional things that can be brought into the market which are as important as the actual figure itself.

**Tom Copley AM (Deputy Chair):** Given we know from the evidence we have about the impact of the Housing Benefits cap that it is pushing people from inner London to outer London - and we heard that again from our representatives in the two outer London boroughs earlier who said they had an influx and the inner London borough said that they had been losing poorer families - do you think that the Mayor's affordable housing programme ought to focus affordable housing on inner London?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** You have a significantly greater proportion of social housing in inner London than outer London. About 33% of inner London's housing stock is social housing compared to 18% in outer London, so you have a larger quantum within inner London already.

**Tom Copley AM (Deputy Chair):** Of course rents anyway are lower in outer London than they are in inner London.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Sure, but we will continue to seek to deliver a programme that works across the whole of the capital as an invitation to local authorities for them to bid, and indeed use new Housing Revenue Account (HRA) flexibilities as well as part of the current prospectus and additional work which will come forward particularly around the HRA, and that is open to all local authorities. We will have to confirm this because I do not have it off the top of my head, but my suspicion is that the majority of local authorities that currently have a programme with the GLA are probably inner London local authorities.

**Tom Copley AM (Deputy Chair):** Given now with family-sized housing you are going to be having a proportion of it let out at the 80% level, are you worried that is going to make it more difficult to build in inner London, given the higher level of that, and people are not going to be able to afford larger family housing let out in inner London at 80% of market rents?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** We have always been careful to configure that product in a way that ensures that households can afford

it and that is the whole purpose of the frameworks we are agreeing with boroughs and the current prospectus.

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** There are two different things: what is affordable to the household and what is affordable to the developer within our constraints. What we are doing actually helps with both. By having an identified proportion of larger homes set at the discounted rent product, that means you are getting a higher rental stream for those properties and it means you need less subsidy in order to deliver them, and in higher value areas, although it obviously depends on there being land opportunities and the costs, that should make that work better.

In terms of affordability to the household, as long as they are not affected by the household Benefit Cap, and as I said, the most straightforward way of that is if they are working, then they can get a large level of support with that rent and it will take it up to an affordable level. The thing that a lot of people miss in looking at the overall household benefit cap is that once you are working 16 hours a week it does not apply to you at all and you can get far in excess of £500 in a week in assistance, so the best way to help anybody is to help them into employment and avoid that household benefit cap and then homes there can be affordable both to developers and to the household.

**Darren Johnson AM (Chair):** OK, thank you.

**Andrew Boff AM:** You almost asked it. Is one of the contributions ensuring that there are more people in better-paid jobs?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes.

**Andrew Boff AM:** We are doing quite well on that at the moment, are we not?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** The number of jobs created in London last year was more than the rest of the UK combined, so obviously the opportunity for employment is strong in London. I know the DWP have figures which it has published which looks at the number of households affected by the total benefit cap at the outset, the proportion that are no longer affected and the number of those that are no longer affected because they are now in work. Those are figures the DWP has published.

**Andrew Boff AM:** Do you think that the Mayor's enthusiastic lobbying for the London Living Wage is also having an effect on making properties more affordable?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I would hope it is helping increase household budget to afford housing in London.

**Andrew Boff AM:** Thank you.

**Darren Johnson AM (Chair):** Thank you. We will then move on to rent levels.

**Tom Copley AM (Deputy Chair):** We had a completely unanimous response from the boroughs that were here earlier about their view of the impact of the Housing Benefit cap on rent levels, which was that it has not reduced rent levels. Is that your view?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** My view is that there is a whole range of reasons why rents in recent years have gone up in London, so you can single out welfare reform as either contributing or not contributing to that, but there is a whole range of reasons why rents change in London. What we have seen very recently according to the data published by [Office for] National Statistics is a slowing in the rate of rent increases in London to below inflation, but that is in the last year so we will have to see what happens going forward.

**Tom Copley AM (Deputy Chair):** It depends what figures you look at. The figures from the Valuation Office Agency still show very large increases in rents, so I am not sure that rent increases have dropped below the rate of inflation. It is only anecdotally the case.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** What the Valuation Office collects is not comprehensive, so it is important not to solely rely on it.

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** The key thing on the Valuation Office Agency is that it does not include anyone who is in receipt of Housing Benefit, so clearly any changes in the Valuation Office index cannot be attributed to any changes in benefit levels, they are entirely separate. Other statistics are showing rent increases below inflation and the causal link anyone could produce conjecture on.

**Tom Copley AM (Deputy Chair):** OK, but as far as you are concerned, you cannot pinpoint specifically the effect that the welfare reforms have had on rent levels?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** As Jamie rightly says, unfortunately the Valuation Office data, which is what people are using, actually does not include claimants on Housing Benefit, so unfortunately that data is not applicable in this instance. Insofar as rent increases, the very recent data suggests it is below inflation. It was 1.9%, so it increased less in real terms, but there will be a whole range of factors in that. I am not arguing that it is or is not. It is one element, but there is a whole range of different factors which will affect rents in London.

**Tom Copley AM (Deputy Chair):** There was the unanimous view earlier that it had not had an impact particularly because it is a landlords' market and if landlords have tenants on Housing Benefit who cannot afford to pay their rent, the landlord can kick them out. They can get - as Councillor Alcock said - four graduates in and it makes no difference to them because it is a landlords' market.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes, and given that you see more claims, therefore people are obviously accessing property. You have seen an increase in claims which would suggest that there are clearly lots of landlords letting into this sector. Insofar as assured shorthold tenancies (ASTs) being terminated, it will be cited

in some instances, but the vast majority of reasons for people ending up in temporary accommodation is not because of ASTs being terminated.

**Tom Copley AM (Deputy Chair):** Although there has been a significant rise in that as a reason.

Can I move on to availability of property? We heard again some of the issues around a lack of private rented sector property now being available, partly because of the cap, but also because of getting the direct payment of Housing Benefit to landlords. When the Mayor was lobbying the Government over welfare reforms, what was he saying about direct payment?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Firstly, he was saying that it is important that the vulnerability criteria remained and the regulations do still include the vulnerability criteria, which allows discretion on the part of whether the payment is to the landlord or the claimant. It is really, really important that that continues and we are pleased the Government has continued that. Insofar as housing associations are concerned, there is clearly the pilot, which is ongoing. One of the things which we were very clear about was that if there was not going to be direct payments to housing associations, then there should be some indemnity provided for them. That is something which Government has introduced called the Alternative Payment Agreement (APA).

**Tom Copley AM (Deputy Chair):** What about the private rented sector?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Insofar as the private rented sector is concerned, I do think the vulnerability criteria are important there.

**Tom Copley AM (Deputy Chair):** Is it the Mayor's view that the old system should have continued?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I am attracted, we are attracted and the Mayor is attracted to the idea that if you could link direct payments to something like the London Rental Standard, for example - so if you are an accredited landlord, there may be an incentive there to both take tenants on who claim LHA but also have the payment direct to the landlord, but in return we expect the landlord to be accredited and so on - there might be an attractive link there. It is something which we have raised with DWP and will continue to do so.

**Tom Copley AM (Deputy Chair):** When he was lobbying the DWP about this, he was not saying to the DWP, "We want direct payment to continue as was the previous case". Was he saying that or was he not?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** He was saying very clearly that the vulnerability criteria should remain and it does.

**Tom Copley AM (Deputy Chair):** Thank you.

**Darren Johnson AM (Chair):** We will then move on to the final area of questioning, which is on temporary accommodation and homelessness.

**Valerie Shawcross CBE AM:** Yes, thanks very much, Rick. You were in here and you heard the three different types of boroughs, three different political colours of borough, say quite how intense the pressure is now on temporary accommodation and it is growing. What is your analysis of the rise in homelessness and use of temporary accommodation in London at the moment?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes, the level of household in temporary accommodation is below the level it was in 2006. It is about 20,000 households lower than it was in 2006, so it is important to recognise that over a long period there have been fluctuations in the number of households in temporary accommodation. Clearly it is a challenge for local authorities and one which they are working hard around to address. There has been additional assistance allocated to local authorities to help with this. £35 million was allocated - but we will confirm that - to London local authorities to help with the officer side of it and to increase the number of officers who can go out and find and secure temporary accommodation, so some revenue support there. Whilst there has clearly been an increase in the number of households in temporary accommodation (TA), it is important to say that it is below the level in 2006, which was just before the economic downturn, so it does show that again TA is a very complex area in London.

**Valerie Shawcross CBE AM:** Surely some of that is because the duty to house homeless people has changed, has it not, across boroughs, so there has been some legal change that has affected the situation as well?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Do you mean around discharge direct into private rented sector?

**Valerie Shawcross CBE AM:** Yes.

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** Yes. That is something that has been introduced very recently.

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** It just gives boroughs greater flexibility in terms of discharging their homelessness duties and different boroughs are choosing to use that in different ways.

**Valerie Shawcross CBE AM:** Clearly the boroughs were saying they are finding it harder and harder to access temporary accommodation to use. They talked about being in competition with each other. Is this an issue that you find to be of concern and that you want to help with at City Hall?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I do not understate that it is a challenge for local authorities. In recent years we have had higher levels of TA in London than we do today, but it is still a challenge. We have talked to London

Councils about it. The leadership that London Councils has shown, particularly around arrangements between local authorities when they are putting households in TA outside their borough and having a proper way of working around that and the things they have done around conditions and standards, specifically around bed-and-breakfasts, has been important. London Councils has done a lot of work on that, which we have been supportive of. It is clearly good work that they have done. They are the right vehicle on this to do that through their housing directors' group.

**Valerie Shawcross CBE AM:** There are some particular blockages in terms of moving people on who are in temporary accommodation, particularly supported accommodation, because it is quite difficult to place people in affordable accommodation now. What is the GLA doing about that?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** It is a very fair comment. Move-on again historically has been a real challenge for everyone involved in housing and this has been a problem that precedes welfare reform. Again, in terms of how our investment programme works, we have sought to try to and configure the funding to help increase the amount of move-on accommodation and move-on accommodation specifically for single homeless people or other people. We are funding some schemes at the moment on that and it is something which we highlight in our funding prospectus, which Jamie can talk about.

**Jamie Ratcliff (Assistant Director - Programme, Policy and Services, Housing and Land, GLA):** Probably the other thing that is worth saying about move-on is that there was historically an attitude that all move-on from supporting vulnerable people had to be into the affordable housing sector and obviously with a constraint on the number of homes that were available. That was not possible and so there was an increased reliance on people moving to the private rented sector and looking at other options that could happen there and lots of agencies have engaged well and developed good pathways to help people move on there. We have funded a number of schemes recently working in partnership, particularly with a number of Young Men's Christian Associations (YMCAs), of targeted move-on accommodation to help people move from quite intensive supported housing into semi-independent living and they can then move on somewhere else, into probably the private rented sector. We are certainly strongly encouraging that in the 2015-18 funding prospectus, with a specific focus on types of supported housing which could help to prevent or relieve homelessness.

**Valerie Shawcross CBE AM:** I am told that Housing for Women are reporting that there is a particular difficulty about women who have been victims of domestic violence abuse, women who are trafficked, women who are extremely vulnerable basically being forced to stay longer in temporary accommodation than would be desirable and that the reforms have been making this worse. Is this something you are particularly looking at?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** That is the first time that Housing for Women has been raised with me, but it is something we are happy to look into.

**Valerie Shawcross CBE AM:** Do you think the reforms could impact on innovations in addressing homelessness such as Housing First, which tries to place people directly into private tenancies? Is that happening?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** It has led to some innovation and creativity. Jamie is absolutely right to talk particularly about the YMCA work that they are doing. Housing First, if it is the same scheme we are talking about, is actually something we funded, so I do think the sector has really thought creatively about how they address this, which has been a historic problem. Move-on has been a problem for many years.

**Valerie Shawcross CBE AM:** Is it not making it worse and is there not something that you should be doing to help with that?

**Richard Blakeway (Deputy Mayor for Housing, Land and Property, GLA):** I would like to think that we are. We fund Housing First. We are funding the YMCA for a whole range of schemes. I am going to see one of their schemes tomorrow, for example, which they are doing around modular construction, so there is a whole range of different things which we are funding to try to address what has been historically a very, very challenging problem.

The other area which I have been concerned about for a while is around the use of bed-and-breakfasts and families staying in bed-and-breakfasts. Again, we welcome the money the Department for Communities and Local Government has made available to London authorities and elsewhere to try to address that because for me that is a particular concern.

**Darren Johnson AM (Chair):** OK, thank you very much. That concludes our questions today, so thank you both for coming along. If we agree to do a report, which is our next item, we will obviously want you to look closely at that, but thank you for coming in this morning.