

Additional evidence to the Equality and Social Justice Committee, Oct 2021

1. To what extent have levels of debt (including rent arrears and council tax) increased during the pandemic and what impact has this had on providers of public services such as social landlords and local authorities?

The economic impact of the coronavirus pandemic has manifested in an increased number of housing association tenants in serious levels of rent arrears. Between March 2020 and March 2021 there was a 22% increase in the number of tenants owing more than thirteen weeks worth of rent to their housing association, a concerning trend for both tenants and housing associations.

However, the total arrears owed to housing associations by all tenants has remained stable over the pandemic (according to the Business Continuity Survey).¹ This is due to the significant measures put in place by housing associations in supporting tenants to avoid and resolve debt.

2. To what extent does addiction impact on people who are in debt to local authorities and housing associations? How do you support people with addictions who are in debt?

The majority of housing associations in Wales provide supported accommodation for a diverse range of people with additional needs, and this includes those struggling with substance misuse and addiction.

For example, Clwyd Alyn housing association works with people who have experienced substance/alcohol misuse, in partnership with Flintshire Local Voluntary Council and Flintshire Supporting People. The Nacro Flintshire Doorstop project is a temporary supported housing scheme for people 18+ who are homeless and require both tenancy support and support to overcome their substance/alcohol misuse issues.

¹ <https://gov.wales/sites/default/files/publications/2021-08/registered-social-landlords-business-continuity-survey-june-2021.pdf>

3. How have Community Housing Cymru helped people with debt during the pandemic? How are people made aware of these services or signposted to specialist help, and what level of engagement is there?

Community Housing Cymru (CHC) coordinated a sector response to support tenants through the Covid-19 crisis, including the Financial Assistance Protocol and the #WithYou campaign.

Under the Financial Assistance Protocol, housing associations and local authorities signed up to key commitments:

- To keep tenants safe and secure in their home
- To help tenants get the financial support they need
- To support tenants and find solutions if they have difficulty paying rent
- To do everything they can to support tenants' wellbeing.²

To showcase the work housing associations do and raise awareness of the support available to tenants, CHC developed the #WithYou campaign.³ Examples of social media graphics are shown below.



Housing associations themselves have supported tenants throughout the pandemic:

- Wellbeing support
 - Urgent financial inclusion support for those affected by Covid-19
 - Support to residents to claim UC remotely, different methods (ongoing phone support, advice, info, guidance; produce step by step guide; using post more)
 - Wellbeing calls to elderly, vulnerable or disabled residents
 - Hints and tips to navigate the UC claim without needing to call the UC line
 - Proactive support to self-payers, in anticipation of decreased income
 - Contacting claimants re 20/21 change to rent and service charges
 - Increased resource for UC verification claims
- Financial support
 - Issued hardship fund grants

² <https://financialassistanceprotocol.wales/>

³ <https://financialassistanceprotocol.wales/with-you-campaign>

- Offering to defer or accept reduced rent payments for agreed period; accounts put on hold so arrears escalation is halted
- Flexibility given to housing officers to relax and tailor residents' rent/arrears agreements as necessary
- Making tenants aware of changes to the Universal Credit £20 uplift, and helping them prepare for this decrease in income
- Working with partners
 - Working and sharing good practice with local authorities and other housing associations
 - Developing a sector group to discuss the Debt Respite Scheme, working together to ensure they can support tenants regarding Breathing Space
 - Signposting tenants to community-based help groups and other agencies such as food banks
 - Embracing sector messaging, including the Financial Assistance Protocol and the #WithYou campaign

4. The WLGA evidence says that the key to success is the level of engagement with the debtor, however the Bevan Foundation consider that council tax collection practices can often deepen problem debt. In what ways do local authorities and housing associations engage with and assist residents who have council tax arrears. How do they promote and raise awareness of Council Tax Reduction Schemes to ensure all those eligible make a claim?

Housing associations provide a wide range of support around welfare, helping tenants to access benefits and maximise their income. Promoting the Council Tax Reduction Scheme, and making it clear that it must be applied for separately from Universal Credit, is a key part of this.

5. Should the flexibilities that the Welsh Government introduced for the Discretionary Assistance Fund be made available for longer than until the end of March 2022, or on a permanent basis?

Alongside the Wales Anti-Poverty Alliance, CHC has welcomed the flexibilities to the Discretionary Assistance Fund (DAF) that the Welsh Government brought in as a response to the COVID-19 pandemic.

The Bevan Foundation and Child Poverty Action Group recently raised concerns that the number of DAF applications sharply decreased in the run-up to the end of a period of flexibility. Financial hardship will not come to an end for people in Wales in 2022. We recommend that the Welsh Government builds on the recent success of the DAF in the short term, by taking the following steps:

- Allocating additional funding to the DAF to meet the anticipated additional demands on the scheme as a result of the cut to Universal Credit and Tax Credits, particularly for Emergency Assistance Payments.
- Promoting the DAF widely in the coming months, particularly amongst people most likely to face extreme hardship as a result of benefits cuts and the economic disruption of the pandemic, making eligibility criteria clear before the application stage.
- Extending the Tenancy Support Grant, currently only available to those in the private rented sector, to social housing tenants.

In the longer term, we would encourage the Welsh government to take a strategic look at how to support people in financial difficulties. A permanent extension to DAF flexibilities is one part of the picture, but this is still a very crisis-based approach. We would welcome consideration of how the Welsh government might contribute to the financial resilience of people in Wales on a more sustainable basis.

In addition, we fully support the Welsh government's income maximisation and benefit take-up activity. We note that this has been successful in ensuring people who are at risk of not claiming benefits get access to vital support. We welcome the continued investment that the Welsh government is making in this work in the final months of 2021, and we hope that this will continue going forward.

6. Given the steps that were taken during the pandemic such as the moratorium on evictions, pausing debt collection, payment holidays and the furlough scheme, what concern is there that as these Covid measures end, debt levels will increase? What pressures might this put on public service providers?

Many people in Wales will be facing hardship this winter, with multiple challenges compounding tenants' already low financial resilience.

A key challenge is the end of the Universal Credit £20 uplift. Our report 'A lot to lose' draws together data and testimony from housing association tenants across Wales and shows that the £20 per week that was added to Universal Credit during the Covid-19 pandemic has been transformational for many households, and fundamental to the ability of many tenants to manage their finances, find work and stay out of debt.⁴ Tenant testimony revealed fears that, without the extra £20 per week, they would fall into debt with utilities and other financial commitments.

Food banks are braced for decreased donations and increased demand for food packages as low-income households are forced to prioritise bills over grocery shopping. Our report found that social housing tenants had been able to afford healthier, more nutritious food as a result of the uplift and that, given the overall increase in prices, they would now only be able to get 'the

⁴ <https://chcymru.org.uk/our-work/publications/chc-universal-credit-uplift-report-a-lot-to-lose>

basics'. This lack of regular, nutritious meals has obvious implications for a person's mental and physical health, and their reliance on public services as their health deteriorates.

It is common for energy costs to increase in the winter when people are required to spend more time inside. With energy prices having risen dramatically this autumn, many households are anticipating a long, cold winter and the consequent negative impact on their health and wellbeing.

Our report 'A lot to lose' highlighted the impact of the cost of transport on those with low incomes. We were told that without enough money to afford the bus to regular hospital appointments, tenants worried that their health would deteriorate and they would require urgent medical attention and care. This has obvious implications for the NHS and social services, with crisis care being so much more expensive than prevention.

The Covid measures introduced at the start of the pandemic were very welcome and were anticipated to be temporary. Unfortunately, the challenges to people's financial resilience are continuing, and the need for support is ever more acute. Wales has been attempting to shift from crisis care to preventative services for some time, and we hope to see this trend continue at pace. With the support measures disappearing, however, it is inevitable that more people will fall (or fall further) into debt, rely on food banks and require more urgent intervention to their health and wellbeing.