

Specialist Briefing

What does the Queen's Speech mean for Welsh Housing Associations?

1 Introduction

On 27 May, the Queen outlined the UK Government's legislative programme for the year ahead. The 26-bill package is based on a clear commitment to support working people and a political ambition for full-employment across the UK.

Wales has devolved powers over areas such as education, health and housing. However, if passed, the Bills linked to welfare reform, energy, national security, defence and immigration will also apply to Wales.

This briefing explores the main impacts of the proposals for Welsh housing associations and their tenants and residents.

2 Key Bills

Full Employment and Welfare Benefits Bill

The four main elements of the bill are:

- A reduction in the household benefit cap from £26,000 to £23,000.
- A two-year freeze on the majority of working-age benefits, including unemployment benefit, child benefit and tax credits, from 2016-17.
- The removal of automatic entitlement to housing support for 18 to 21 year olds.
- The creation of duties to report on the progress of government policies such as the Troubled Families Initiative, full employment and apprenticeships.

The reduced cap level will mean that unemployed households' total benefits income would be capped at a sum far less than median earnings. Given that low-paid working household income is inflated beyond £26,000 by tax credits, the income gap between households in work, and those which are not, will widen.

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Despite suggestions that this will primarily affect tenants in London and the South East of England, we know that the cap will also adversely affect the ability of tenants living in Wales to pay their rent, with 300 households in Cardiff affected.

Maintain the freeze in working-age benefits for two years

In-work poverty is a growing problem and freezing statutory pay rises for working families who are raising children will increase poverty levels. While we know that housing benefit won't be protected from the freeze/cut, there has been no indication of how this will be achieved and what, if any, implications there will be for housing association rent levels.

Removal of automatic entitlement for 18-21 year olds

There are 17,718 under 25 year olds claiming HB in Wales (including the private rented sector). Of these:

- 9,204 are in the social housing sector.
- 6,083 are tenants of our members.
- 3,324 have parental responsibility / families.
- 1,127 are claiming ESA (so too sick or disabled to work).
- 199 are working (low pay or apprenticeships).

This measure is likely to have a devastating impact with scheme closures and sharp rises in homelessness amongst this group.

CHC is particularly concerned about the Full Employment and Welfare Benefits Bill as welfare reforms have already had a disproportionate impact in Wales. The statistics below show that more Welsh social housing tenants who claim Housing Benefit are affected by the 'bedroom tax' than other UK regions:

UK region	% of housing benefit claimants affected by the 'bedroom tax'
Scotland	15.3
England	19
Wales	20.4

In 2013, the Welsh Affairs Select Committee also published evidence highlighting how the 'bedroom tax' had been a "policy failure" in the Welsh Valleys where, effectively, a social housing tenant moving to a smaller property in the private rented sector would cost the tax payer more money.

In the first six months of the 'bedroom tax', housing association tenancies in arrears rose from £12.406m to £15.643m. Since Universal Credit has been introduced, tenancy arrears have

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increased by 0.6% and those in arrears of 13 weeks or more (serious arrears) increased to 2.2%, having previously stood at 1.6%. There are also reported increases in stress and poor mental health amongst tenants.

We also know that the impacts of the £21bn cuts are only just starting to bite and that there will be an additional £12bn of additional cuts. However, the proposals in this Full Employment and Welfare Benefits Bill only amount to a tiny chunk – around £1.5bn.

CHC is currently working with the other UK Federations to develop policy and practice that alleviates the worst effects of the cuts.

Immigration Bill

The Immigration Bill will create a new enforcement agency to tackle the worst cases of exploitation as well as creating an offence of illegal working and enabling wages to be seized as the proceeds of crime. Ministers promise to consult on the introduction of a new visa levy on businesses that recruit overseas labour to fund extra apprenticeships for British and EU workers. We also anticipate further benefit cuts for immigrants. Last year, housing benefit cuts resulted in difficult decisions for some housing associations about whether they should house immigrants as they now failed to meet the affordability criteria.

Housing associations in some areas are also being asked to check the immigration status of their tenants and we anticipate that this will continue.

Wales Bill

This bill will devolve new powers to the National Assembly for Wales and the Welsh Government, including areas of energy policy and transport policy. It will give the National Assembly control over what it is called, its size, its electoral system and voting age. Consequently, the Assembly will be given permanence and will now work under the reserved powers model.

CHC welcomes the news that the UK Government will create a Wales Bill to bring forward legislation to secure a strong and lasting constitutional settlement for Wales. We will also be re-stating our call for a fairer funding settlement for Wales.

Housing Bill

The UK Government's decision to extend the Right to Buy to 1.3 million housing association tenants in England will not have a direct effect in Wales as housing is devolved. However, we

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are concerned that there might be some indirect impacts. The effect on housing associations' business plans in England could be devastating and lenders may react by raising borrowing costs across the piece. This again will affect capacity to increase affordable housing supply.

Since Right to Buy legislation was introduced in 1980, 138,548 homes have been sold off and lost to the social housing sector in Wales. It is estimated that an additional 14,200 homes are needed in Wales per annum between now and 2026 to alleviate housing pressures.

We are pleased that Welsh Government has recently consulted on the proposal of scrapping the Right to Buy, and the Legislative Competence Order 2009 already allows councils to refuse Right to Buy requests in areas where there is high demand for affordable housing. The Welsh Government will shortly announce the outcomes of this consultation.

Trade Unions Bill

The Trade Unions Bill will create more hurdles for public sector workers to jump over before they can call a strike. Firstly, more than 50% of a union's members must vote in order for the ballot to be valid. Secondly, at least 40% of those entitled to vote must be in favour of the strike. There is to be a new time limit on the ballot for industrial action and a promise to tackle intimidation of non-striking workers, without specifying how this would be done. The government said the point of the bill was to "ensure that disruption to essential public services has a democratic mandate". The bill would also force trade union members to opt in if they want to pay a political levy in a move that could hit the funding of the Labour party.

3 Further Information

CHC will be providing further updates on the UK legislative programme as events unfold.

Community Housing Cymru June 2015

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