

# Local Government and Housing Committee Response

The Bevan Foundation is Wales' most influential think-tank. We aim to end poverty and inequality by working with people to find effective solutions and by inspiring governments, organisations and communities to take action. We are grateful for the opportunity to respond to the Local Government and Housing Committee's consultation on the Committee's priorities. Our submission draws on our extensive work on housing, poverty and inequality. We have limited our response to three suggestions given that we believe that these are the most pressing issues facing local government and housing from a poverty and inequality perspective today.

## 1. Better housing for people on low incomes

Everyone in Wales deserves to live in a warm and secure home, but for too many people on low incomes this is not possible.

A lack of affordable housing pushes thousands of Welsh households into poverty, whilst others are pushed into homelessness. Many people on low incomes are forced to live in poor quality housing, increasing their risk of living in fuel poverty and having an impact on their health. Those who live in the private rented sector often lack housing security, with others forced to move from their community to find an affordable home. There are major challenges facing both the social and private rented sector.

In the private rented sector, new research, soon to be published by the Bevan Foundation highlights that the LHA rate only covered the full, advertised rent of 4.8 per cent of properties on the market across 10 Welsh local authorities over the summer of 2021.<sup>1</sup> Research published by the Joseph Rowntree Foundation on the other hand has highlighted how increases to social rent have pushed 40,000 social renters into poverty.<sup>2</sup>

The impact of the pandemic is likely to have worsened this situation. The Bevan Foundation's *A snapshot of poverty in spring 2021* report highlighted that 80,000 Welsh households have either already lost their home or have been notified that they will lose their home.<sup>3</sup> With protections from eviction having come to an end, alongside the unwinding of furlough and the cut to Universal Credit there are concerns that this situation could worsen further.

We believe that the committee should undertake an inquiry into how the housing system in Wales could be improved to ensure that low income households have access to warm, secure and affordable housing in both the social and private rental sectors.

## 2. Review progress of work on Welsh Benefits

The *Benefits in Wales: options for better delivery* report published by the Equality, Local Government and Communities Committee during the last Senedd demonstrated the significant role that local authorities can play in solving poverty. We were delighted to see

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<sup>1</sup> See copy attached

<sup>2</sup> Joseph Rowntree Foundation, *Briefing: Poverty in Wales 2020* (2 November 2021) available at - <https://www.jrf.org.uk/report/poverty-wales-2020>

<sup>3</sup> Bevan Foundation, *A snapshot of poverty in spring 2021* (July 2021) available at - <https://www.bevanfoundation.org/resources/poverty-in-spring-2021/>

the recommendations made to develop a Welsh Benefits System and understand that the Welsh Government are making some progress in this work.

Given the significant role we believe the implementation of a Welsh Benefits System could play in solving poverty, we believe that the time is right for an updated inquiry into the role of benefits in Wales. We believe that this inquiry should focus on what progress has been made in implementing the recommendations of the Equality, Local Government and Communities Committee, and what further action may now be necessary given the economic impact of the pandemic.

### 3. Council Tax and the Council Tax Reduction Scheme

Council Tax is a major additional cost for households. Our estimates suggest that Council Tax typically adds 33 – 50 per cent of rent to a household's housing costs. This cost has increased significantly over recent years due to changes in local government finance, squeezing families who were already finding money tight. The challenges faced by low-income households are exacerbated by the limitations of the Council Tax Reduction Scheme (CTRS).

As you will know CTRS provides people from low-income households with a discount on their Council Tax, or exempts some households from having to pay any Council Tax at all. Strict eligibility criteria mean that thousands of low-income households are not eligible for CTRS, however, despite living in poverty as their income is not deemed low enough. On top of this, even where households are eligible for CTRS, take-up is substantially below expected levels and is decreasing as households receiving Universal Credit are not 'passported' to CTRS. This leaves families in real hardship and sometimes in arrears.

This issue has been exacerbated by the pandemic. Council Tax arrears have increased by 42.1 per cent between 2019/20 and 2020/21 to £160 million.<sup>4</sup> Council Tax arrears do not only present a challenge for local authorities but also has a detrimental impact on those who have fallen into arrears. Seven in ten people who have fallen behind on their Council Tax report that they have fallen behind on another bill whilst one in three report not having enough money to afford to buy food and other day to day essentials.<sup>5</sup>

We believe that an inquiry undertaken by your committee could allow us to gain a better understanding of the issues within the current system and to develop solutions that could have a positive impact on people's lives and improve local government financing.

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<sup>4</sup> Welsh Government, *Council Tax Collection Rates in Wales: 2020-21* (July 2021) available at - <https://gov.wales/sites/default/files/statistics-and-research/2021-07/council-tax-collection-rates-april-2020-march-2021-928.pdf>

<sup>5</sup> Citizens Advice, *Helping to ensure a fairer Council Tax system in Wales* (March 2021) available at [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Wales/Wales%20Policy%20and%20Campaigns/Council%20Tax%20Briefing%20Manifesto%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Wales/Wales%20Policy%20and%20Campaigns/Council%20Tax%20Briefing%20Manifesto%20(1).pdf)