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Y Gweinidog Cymunedau a Threchu Tlodi  
Minister for Communities and Tackling Poverty



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref P-04-675  
Ein cyf/Our ref LG/00038/16

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Dear Bill

Thank you for your letter of 11 January, regarding the petition received by your Committee concerning the Bedroom Tax in Wales.

The Bedroom Tax, also known more neutrally as the Housing Benefit Size Criteria, was introduced into the Social Rented Sector by the UK Government in April 2013. Since its inception, there have been calls for the Welsh Government to follow the example of Scotland to fully mitigate the impacts of the Bedroom Tax. They have achieved this by having the Discretionary Housing Payments cap removed and topping up that fund.

The Welsh Government does not agree with this reform. We have had to prioritise specific mitigating actions and policy changes to support those worst affected by the impacts of the UK Government's welfare reforms generally. This action forms part of The Welsh Government's wider strategy on tackling poverty.

The Bedroom Tax provisions are by no means the only aspect of welfare reform to impact negatively on people in Wales. Whilst the UK Government retained responsibility for changes to Housing Benefit, it transferred responsibility for the *Discretionary Social Fund* and the *Independent Living Fund* to the Welsh Government. It also abolished Council Tax Benefit in April 2013 and transferred responsibility for a new scheme to provide Council Tax Support to the Welsh Government, along with a 10 per cent reduction in funding. It was incumbent on us to give priority to addressing the impact of those schemes which had become its direct responsibility.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Department for Work and Pensions statistics for August 2015, demonstrate around 30,000 claimants in Wales were affected by the Bedroom Tax in the social rented sector, losing around £14 a week on average. Based on these statistics, intervention from the Welsh Government is estimated to cost around £22 million per annum. Making up this shortfall needs to be considered in light of the knock-on effects on our other mitigating actions. A long term view of the costs and benefits is needed since this constitutes an ongoing annual commitment.

We have already entered an annual commitment of the same magnitude on Council Tax Reduction, supporting over 300,000 households through maintaining entitlement to Council Tax support at an annual cost of £244 million from 2013-14 to 2016-17 (£222 million was transferred to The Welsh Government for 2013-14).

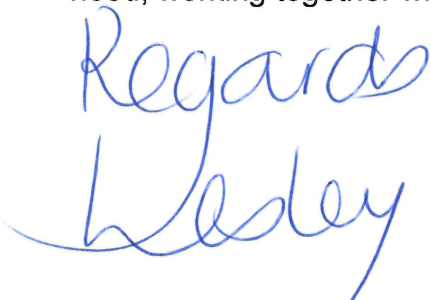
There would have been a significant opportunity cost in spending around £20 million per annum on making good the shortfall for Housing Benefit recipients. This would have been around £20 million per year not spent on independent advice services and investment to prevent homelessness. In 2014-15, the additional £2 million of funding provided to frontline advice services enabled organisations to respond to 30,000 requests for information and advice and secured almost £6.5 million in increased income gains for people.

We provided around £3 million to prevent homelessness through the Homeless Prevention Fund to support the work of Local Authorities and partners between April 2011 and March 2015. Monitoring data shows between April 2011 – March 2014, just under 5,100 private sector landlords and around 7,850 tenants have been provided with advice and services for the first time through this funding.

Furthermore, the Explanatory Memorandum to the Housing (Wales) Act 2014 demonstrates there is an additional cost of at least £2,000 for each household where prevention of homelessness is not successful, and other studies show the wider costs on the public purse including health, crime and social care costs can lead to additional costs of over £10,000. Funding of the order of £20 million per annum would have involved reductions in other programmes which prevent homelessness and promote independent living, including those who are most likely to be adversely affected by the UK Government's welfare reforms in general, such as lone parents and disabled people.

From our research programme and other evidence, I am well aware of the disproportionate impact of the UK Government's welfare reforms in Wales. The impacts of these reforms are not spread equally, with households already around the poverty line, families with children and disabled households expected to be amongst the hardest hit.

Unfortunately, we cannot fill all the gaps left by the UK Government's welfare benefit changes and reducing budgets. However, in spite of a £1.4 billion cut to the Welsh Government's budget since 2010, we continue to do all we can to support those most in need, working together with our partners to deliver our priorities.



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