

Shelter Scotland response to the Work and Pensions Committee's inquiry on the welfare safety net

December 2018

Summary

Shelter Scotland welcomes the opportunity to respond to this Work and Pensions Committee inquiry on the welfare safety net.

Shelter Scotland is Scotland's national housing and homelessness charity. We're here so no one has to fight bad housing or homelessness on their own. Along with our national helpline and local projects, we operate four community hubs across Scotland which offer clients support and advice in Scotland's major cities: Glasgow, Edinburgh, Dundee and Aberdeen. Last year we provided advice and support to over 21,000 people with their housing, and issues with affordability was the most common reason that people came to us for support.¹

- Over the past ten years, the welfare safety net in the United Kingdom has been increasingly broken down, to the detriment of some of the most vulnerable in our society. Changes to the welfare system – combined with high housing costs and a challenging labour market – are causing hardship on a greater scale than previously seen. **We recommend that the freezes on working age benefits and Local Housing Allowance are lifted, to ensure that payments correlate to current cost of living and allow people to live in dignity.**
- Universal Credit should be the safety net that alleviates deprivation, but our experiences suggest that it can actually exacerbate deprivation in Scotland, as well as threatening people's housing security. We anticipate this trend will continue if the issues highlighted during the roll-out of earlier stages of Universal Credit are not dealt with. This is a sure sign of the safety net failing if it cannot keep people out of poverty. **We recommend a halt to the rollout of Universal Credit while problems are fixed.**
- The benefit cap is causing particular difficulty for many of our clients. **We recommend the removal of the benefit cap.**
- The experience of our clients suggests a welfare safety net which can be overly punitive. This is reflected in the findings of the UN Special Rapporteur on extreme poverty and human rights.² **Any welfare safety net should treat people with respect and dignity, including an end to the punitive use of sanctions.**

1. How should hardship and chronic deprivation be measured?

¹ [Shelter Scotland \(2018\); Impact Report 2017/18](#)

² [Professor Philip Alston \(2018\); Statement on Visit to the United Kingdom](#)

Housing costs should always be taken into account when measuring hardship and deprivation.

Shelter Scotland monitors levels of poverty and hardship primarily through Scottish Government Poverty and Inequality statistics, as well as the evidence provided by our service users. We do not consider there to be a single definitive measure of poverty. Hardship can manifest in a number of ways, and indicators such as the Minimum Income Standard, destitution measures and material deprivation are all useful benchmarks which show different things.

However, we strongly believe that poverty should always be measured after housing costs. Housing costs differ greatly per household: for example, average rents and house prices are significantly higher in Edinburgh than in North Lanarkshire. Similarly, prices vary considerably across tenures (including temporary accommodation). Yet many households have little control over what tenure they live in and what their housing costs are, for instance, there are 137,000 households on council housing waiting lists.

Measuring poverty after housing costs is crucial at a time when changes to housing related benefits are not in line with changes to housing costs. The freeze on Local Housing Allowance (LHA) is now in its third year, and LHA is now further than ever from the true cost of renting. Furthermore, the first element that is removed when a household is affected by the benefit cap is help with their housing costs. Measuring poverty after housing costs therefore better reflects the impact of the gap between income and housing costs.

“Some people are slipping through the welfare safety net. Working, doing their best but not earning enough to pay rent and bills”.

A staff member in Shelter Scotland’s Dumfries & Galloway Support Service

Given the nature of our work, throughout this response we will primarily be using the following as indicators of hardship: struggling to pay housing costs, facing homelessness as a result of struggling to pay housing costs, and struggling to afford essentials such as food and heating costs.

2. What do we know about chronic deprivation and hardship in the UK? Is it changing? How?

At Shelter Scotland, our experience is that recent welfare reform is causing hardship on a greater scale than previously seen.

“Universal Credit is the biggest trauma our service’s clients are experiencing. No one in our service who is on Universal Credit has had a straightforward experience. It’s causing debt, and the worst poverty and hardship we have seen in 20 years.”

A staff member in Shelter Scotland’s South Lanarkshire Support Service

Our support workers have highlighted that some types of households are being affected who, prior to recent welfare reform, we would not have expected to experience housing insecurity.

In particular, there has been an increase in poverty levels among households with at least one adult in work. According to the most recent Scottish Government statistics,³ there were around 350,000 households with at least one adult in work who were classified as being in poverty after housing costs, and this figure is the highest in four years. In our experience, someone experiencing in-work poverty is more likely to accumulate rent arrears and risk eviction and subsequent homelessness through no fault of their own. Changes to social security mean that work can no longer be relied upon as a route out of poverty.⁴

3. Why do some households fall into poverty and deprivation?

The combination of changes to the welfare system, high housing costs and the challenges of the current labour market means that increasing numbers of households are facing poverty and deprivation.

- **Welfare reform**

A number of changes to the welfare system have contributed to increased hardship for our clients.

Universal Credit is a particular and increasing problem for our staff to support clients with. Issues with delayed or incorrect benefits are present in a significant and growing number of cases. Being paid the right amount of benefit on time is crucial to a household’s ability to maintain a home, especially for those in the private rented sector, and it is vital that we get this right.

“Universal Credit has had a huge impact on our caseload and impacts greatly on service users’ financial poverty and use of foodbanks. Service users are having problems accessing the benefits they are entitled to.”

A staff member in Shelter Scotland’s Dumfries & Galloway Support Service

The benefit cap has caused severe hardship, stress and anxiety for families, and has pushed many into arrears, eviction and even homelessness. Instead of encouraging and enabling work

³ Scottish Government (2018); Poverty and Income Inequality in Scotland: 2014-17

⁴ Shelter Scotland (2018); [Response to the Social Security Committee’s call for views on in-work poverty](#)

as it aims to do, the benefit cap has actually pushed some households further away from work.⁵ Those affected by the lowered level of the benefit cap have already been deemed eligible for support through the social security system, but the benefit cap fails to provide the safety net they need.

- **Zero-hours contracts**

The prevalence of zero-hours contracts has increased in the past five years,⁶ but such contracts appear to be fundamentally incompatible with the current welfare system. Currently, 780,000 people in the UK and around 63,000 Scots are employed on this basis according to recent labour market statistics.⁷ Zero-hours contracts mean that employees often do not know what hours they will be offered for the coming weeks and therefore it is extremely difficult for them to budget appropriately and be supported by Universal Credit when their wages fall below a level which they can live off. Most of the people we work with who are on zero-hours contracts are also on the minimum wage, which adds another level of difficulty because they are unable to build up their own savings. Universal Credit is simply not responsive enough to deal with these quickly changing circumstances: it relies on stable circumstances, whereas zero-hours contracts provide anything but a stable income.⁸

- **High housing costs**

Housing costs, particularly the high costs of temporary accommodation, can be unmanageable and can push many households into arrears and financial difficulty. Research conducted on behalf of Shelter Scotland showed temporary accommodation charges can be 282% higher than the local housing allowance rate.⁹ Those staying in temporary accommodation by their nature have extremely restricted housing choices and little or no control over their housing costs, so finding cheaper accommodation elsewhere is not an option. While many households have increased housing benefit to cover temporary accommodation, some are subject to the benefit cap as a result. Working households, meanwhile, are generally liable for the cost of temporary accommodation. Households will also be expected to make arrangements to pay off any arrears, which adds to the financial strain.

4. What factors best explain the reported increases in indicators of deprivation like homelessness, rough sleeping and increased food bank use?

Reduction in income as a result of welfare reform, a challenging labour market and high housing costs are compelling households to turn to services such as foodbanks.

⁵ [Shelter Scotland \(2018\); Response to the Work and Pensions Committee inquiry on the benefit cap](#)

⁶ Office for National Statistics (2018); People in employment on zero hours contracts

⁷ ONS (2018); Statistical bulletin: UK labour market: August 2018

⁸ Shelter Scotland (2018); [Response to the Social Security Committee's call for views on in-work poverty](#)

⁹ Shelter Scotland (2016), [Funding homelessness services in Scotland](#): policy response,

The increases in indicators of deprivation reflect our clients' experiences of late. We believe these demonstrate that more people are struggling to manage their ever-lower levels of income. Changes to the welfare safety net - such as the freeze to working age benefits and Local Housing Allowance, and the lowered benefit cap – combined with the high costs of housing and challenging labour market mean households are falling short of being able to afford basic necessities. As a result, increasing numbers are having to use foodbanks¹⁰ and homeless services. Shelter Scotland recently became authorised to refer people to foodbanks after need amongst our clients grew to such a level that it became necessary.

5. Do Jobcentre Plus procedures and benefit delays play a role?

Our experiences indicate that the work of local Jobcentres has a huge impact, which can be both positive and negative, on people's experience of accessing benefits. Benefit delays, however, are one of the main problems for our clients and regularly cause untold hardship.

- **Inflexible and unreasonable expectations**

The ultimate premise of Jobcentres and work coaches is to support and encourage people to find work. There are often unreasonable and inflexible expectations put on our clients to search for and take up jobs that are low-paid, insecure and often a long distance away from their home.

Case study

Alan* was expected to look for and accept work anywhere in a 50-mile radius of his home, despite being on low pay and struggling to afford travel costs.

*Name has been changed

Some of people we work with have found it difficult, because of childcare responsibilities or shift patterns, to attend appointments and their experience has been that work coaches can be inflexible and punitive in their response to people who require flexibility.

- **Sanctions**

We cannot overstate the devastating impact that sanctions have on people and how severely they can put people into poverty and deprivation. We are aware of clients who have had sanctions threatened or imposed for as little as missing one appointment with their job coach, which has often been for reasons outwith the person's control.

¹⁰ Trussell Trust (2018); [Foodbank Statistics for previous Financial Years with Regional Breakdown](#)

- **Benefit delays and administrative errors**

Benefit delays are a huge problem for our clients. Aside from the in-built delays to Universal Credit, research found that fewer than 80% of people receive the right payment on time,¹¹ which means that some people are waiting for months without the income they are entitled to. Whilst advance payments are offered as an option while the first payment is processed, the high repayment rate means it is not feasible for many people to use this option, as in our experience they often have other debts to pay. This is despite deductions for advance payments recently being reduced from 40% of a person's personal allowance to 30% - for many of our clients this is still unaffordable, and the repayments often leave people with very little money to live off month to month.

Delays also mean it could become increasingly difficult for households in receipt of Universal Credit to find housing in the private rented sector. Many landlords already refuse to let to households who receive benefits.¹² The in-built delays in Universal Credit could dissuade more landlords from taking on tenants on Universal Credit. This is particularly worrying at a time when, due to shortages in social housing, growing numbers of households are looking to the private rented sector for their housing needs.

6. What role does Universal Credit play in relation to deprivation, or could it play in tackling it?

Universal Credit should be the safety net that alleviates deprivation, but our experiences suggest that it can actually exacerbate deprivation in Scotland, as well as threatening people's housing security.

- **Working age benefits**

Working age benefits are currently frozen and are not being updated. This undermines what should be the core tenet of a working safety net: that it gives the people who require it a decent standard of living. The freezing of working age benefits over the past three years – while the cost of living has risen – means that benefits are worth progressively less in real terms year on year. Keeping people on poverty-level payments does nothing to lift people out of the cycle of deprivation.

- **Digital exclusion**

The way that Universal Credit is applied for and administered does not help to alleviate deprivation. The digital by default approach of Universal Credit needs to be reviewed: people experiencing deprivation and poverty are often excluded from digital access and have low digital skills. We know of clients who have opted to not apply for or cease their claim to

¹¹ National Audit Office (2018); [Rolling out Universal Credit](#)

¹² Shelter Scotland (2017); [No DSS Report](#)

Universal Credit due to being put off by the digital method of application, thus leaving themselves worse off.

We acknowledge that there have been some concessions in this area, but we know that other local services, local authorities and charities are plugging the gaps in the welfare safety net and helping people to access funds, grants and services to keep them afloat. Libraries in particular are picking up the load in terms of assisting people to apply via their public computers, and we know that people are often directed there by their local Jobcentre.

- **Costing the system**

Bearing in mind the money that has been allocated to aid the rollout of Universal Credit, transitional funds earmarked for managed migration and funding given to organisations to support people onto Universal Credit, we must question whether the new system is value for money or saving any meaningful amount of money, which it was intended to do. Despite the plan to create a flexible, agile and simplified system, in practice our experience is that a huge and unresponsive monolith has been produced, which is reliant on the third sector, local authorities and the good will of the public to prop it up while it fails the people it was meant to help.

7. Is our welfare safety net working to prevent people falling into deprivation? If not, how could it better do so?

To prevent people falling into deprivation, the welfare safety net needs to better understand the causes of poverty and deprivation and take more preventative action to address it. This includes setting benefit payments at a level that meets people's needs, and ensuring that holistic, person-centred advice is available, e.g. complementary money and budgeting advice.

We know that people often need help to navigate the complicated benefits system, along with the concurrent system of discretionary payments and grants which are available through local authorities. Our clients have told us that clear information is hard to find and as such they require more practical support to access the financial help that they are entitled to.

Temporary homeless accommodation use continues to rise, which is a likely consequence of the welfare safety net failing.¹³ As of 31st March 2018¹⁴, there were 10,933 households in temporary homeless accommodation, of which 3,349 were families and 6,615 were children. Respectively, these represents increases of 60 households, 118 families and 557 children compared to the same time in 2017. The sharp increase in the number of children is

¹³ Scottish Government (2018); [Homelessness in Scotland: 2017-18](#)

¹⁴ Shelter Scotland (2018); [Time in temporary accommodation](#)

particularly worrying, and echoes anecdotal evidence from our front-line staff about more and more families losing their housing as a result of the impact of the benefit cap.

8. What progress has been made on addressing the issues identified in the Committee's 2016 Report?

The Committee identified that reforms such as the benefit cap should not inadvertently penalise groups who cannot actually adapt to it or offset its effects. Our evidence shows that this has not been put into practice.

Top-line analysis of our own national helpline data¹⁵ showed that between November 2016 and May 2018, more than 80 households who approached us for assistance with their housing situation were affected by the benefit cap and this directly threatened their housing security.

Case study

Last year, we worked with a group of families in Edinburgh who were affected by the benefit cap and were made homeless from their private rented home as a result. These families, all of which were headed by single women and contained three or more children, faced significant upheaval and negative impacts to their physical and emotional health, despite the fact that their homelessness could have been avoided and at the time of writing continued to live in temporary accommodation provided by the local authority.

Edinburgh in particular has an extremely pressurised housing market, and there is a growing gap between rents and the Local Housing Allowance level (which has been frozen for four years), and this is widened even further by the benefit cap. Given the shortages of socially rented accommodation we know that increasing numbers of families have no option but to rely on the private sector for housing. Yet because of the high demand for properties, we know it is a struggle for families to find private rented properties which are both affordable and that will accept tenants in receipt of housing benefit. We therefore do not believe that these families realistically have any power to adapt to or offset the effects of their lowered level of benefits – particularly given that most of the families contain one sole carer for their children and therefore for any additional hours at work it will be necessary to spend more on expensive childcare.

We appreciate that the UK Government and the DWP have made some concessions¹⁶ after sustained pressure from the third sector and housing providers including the reduction of the initial wait for Universal Credit from six weeks to five and decreasing the maximum repayments

¹⁵ Shelter Scotland (2018); [Response to the Work and Pensions Committee inquiry on the benefit cap](#)

¹⁶ House of Commons Library (2018); [Autumn Budget 2018; 5.1 Universal Credit](#)

from 40% to 30% of a person's personal allowance. However, we feel these do not go far enough and do not protect many people from poverty and deprivation.

9. What are the remaining weaknesses, how should these now be addressed?

There are several significant “weaknesses” with the welfare safety net, fundamentally that it does not provide adequate support to the people who need it most.

There is vast independent evidence regarding the elements necessary to ensure that the welfare safety net provides an adequate standard of living, but we do not believe this evidence is being sufficiently acted upon. The welfare safety net should help to ensure a safe, secure and affordable home for everyone, be it in the private or social rented sector, but we know that despite various mitigation efforts this is simply and increasingly not the case.

We therefore recommend that the UK Government:

- **Remove the benefit cap.** The benefit cap is a hugely arbitrary and punitive aspect of welfare reform and we believe that the removal of this policy is the first step to a welfare net that works for people who need it.
- **Lift the freeze on working age benefits and Local Housing Allowance.** Local Housing Allowance has been frozen for four years, and is further than ever from the true cost of renting. This is risking the housing security of many households.
- **Ensure the level of benefits is adequate for a person to live in dignity and afford what they need.** We do not believe that ministers have adequately considered widely-accepted measures of income standards (such as the Joseph Rowntree Foundation's Minimum Income Standard) when calculating what a person should receive.

Contact:

Aoife Deery, Campaigns and Policy Officer, Aoife_deery@shelter.org.uk

Jess Husbands, Campaigns and Policy Coordinator, Jessica_husbands@shelter.org.uk