

Shelter Scotland's response to the Welfare Reform Committee's call for written evidence on the future delivery of social security in Scotland

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Introduction

Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

Shelter Scotland welcomes the Welfare Reform Committee's call for written evidence on the future delivery of social security in Scotland. We have focused our comments on the aspects of the new social security powers which relate to housing – powers over Universal Credit (housing element and administrative arrangements) and Discretionary Housing Payments – as these have the potential to have the biggest impact upon people in Scotland who are homeless or badly housed.

For Shelter Scotland the key test of any future powers over social security is how these are used to address poverty and inequality generally, and poor housing and homelessness specifically.

How should new powers over Universal Credit and Discretionary Housing Payments be used in Scotland?

New powers over Universal Credit and Discretionary Housing Payments have the potential to enable the Scottish Government to ensure that the principles of dignity, respect, support, equality and common sense are more firmly embedded in Scotland's housing system. Below we outline how the Scottish Government should act to improve the housing situation of thousands of people across Scotland.

Recommendation 1: abolish the 'bedroom tax'

The Scottish Government should prioritise the permanent abolition of the 'bedroom tax' – or under occupancy deduction – in Scotland. Currently the Scottish Government mitigates this UK Government policy by providing local authorities with sufficient funding

to top-up Discretionary Housing Payment pots to make up the difference between what tenants affected by the 'bedroom tax' receive in housing benefit and their rent. This comes at a cost to the Scottish Government of around £35m per year.¹ Administratively this is complicated as claimants themselves must make a Discretionary Housing Payment claim, and this cannot be done on tenants' behalf by a local authority or their landlord. Therefore, the situation is currently that a UK-wide benefit is reduced by Scottish local authorities in their capacity as housing benefit administrators only for this to be topped-up again by local authorities, using Scottish Government money, through their discretionary housing payment pot. This complicated system of mitigation has the potential to be made much, much simpler using the power to vary the housing element of Universal Credit. This would also return Discretionary Housing Payments to their original purpose: providing targeted help to a small group of individuals who are facing particular difficulty in paying their housing costs.

Recommendation 2: allow Universal Credit to be paid to individuals in a household
Payments of Universal Credit are to be made to a household rather than to individuals in a household under current Universal Credit regulations. Concerns have been raised that this rigidity could expose vulnerable members of a household to greater financial abuse by reducing financial autonomy within relationships. This is particularly the case for individuals who are in abusive relationships. Consequently the Scottish Government should enable Universal Credit payments to be made to individuals where appropriate.

Recommendation 3: allow for direct payments of the housing costs element of Universal Credit to be made to landlords

Another aspect of current Universal Credit payment arrangements is the payment of the full amount of Universal Credit – including housing costs – direct to the claimant in most circumstances. In most cases social landlords in Scotland receive housing benefit directly. Private tenants can also arrange for local housing allowance payments to be made directly to their landlord if they have been in arrears for eight weeks. Concerns have been raised about the suitability of the arrangement to pay housing costs via Universal Credit directly to tenants as part of the monthly lump sum, rather than landlords, particularly where tenants may have a vulnerability or have limited money management skills. Shelter Scotland recommends that the Scottish Government works closely with landlords and tenants representatives to evaluate the current payment arrangements and modify them to ensure that vulnerable tenants are not disadvantaged. If a tenant wishes to have the housing element of Universal Credit paid directly to

¹ Scottish Government budget, 2015-16

themselves then this should be an option, with appropriate safeguards where tenants fall into arrears.

Recommendation 4: review the affordability of the private rented sector

The cuts to housing benefit since 2012 have gradually chipped away at the support given to private renters if they need help to pay their housing costs. This is set to continue with a four year freeze on local housing allowance as outlined in the UK Chancellor's Summer Budget.² The Scottish Government should carry out detailed modelling of how this will affect Scottish private renters and consider whether it is in a position to roll back the changes to local housing allowance introduced from 2012 or increase discretionary housing payments pots. This would increase the percentage of the private rented sector that is affordable to people claiming local housing allowance.

Ensuring new powers over social security are used effectively

It is, of course, vital that any devolution of power in relation to social security is effective and makes a real difference to the lives of people who need help to pay their housing costs. Shelter Scotland recognise that there are potential risks in devolving parts of Universal Credit to the Scottish Parliament: both the Scottish Government and the UK Government will need to interact with the Department of Work and Pensions to ensure that any adjustments to claimants' Universal Credit claims are applied quickly and effectively, and do not lead to delays or incorrect payments. Given this context there are three considerations that we would like the Scottish Government to prioritise in deciding how to use these powers:

1. We know from our clients' experience of the social security system that administrative errors can have a devastating impact on individuals and families. It is vital that in using these powers, the Scottish Government avoids creating an unwieldy and overly complicated system of social security beset with administrative delays and mistakes. In any action pursued by the Scottish Government the ease of administering the social security system in Scotland should be made a priority. The Scottish Government should work closely with stakeholders and partners – including the Department of Work and Pensions – to ensure that simplification of administrative arrangements can be made to work in practice.

² Para. 1.137, UK Government, Summer Budget

2. In determining how best to use the new powers to create a fairer system of support for housing costs, the Scottish Government should work closely with landlords and the third sector to evaluate the options and consider issues of implementation. A clear set of principles should be established that would govern the use of the powers and make it possible to evaluate the success of any variation in the UK system of support.
3. The Scottish Government should factor in the risk that the roll-out of Universal Credit is subject to delay and administrative difficulty when working to implement changes to the delivery of the Scottish system of Universal Credit. The Scottish Government should work closely with Scottish local authorities and registered social landlords, who are already investing significant resources in preparing for the roll-out of Universal Credit.

Conclusion

The new powers over social security will provide the Scottish Parliament with ability to embed the principles of dignity, respect, support, equality and common sense more firmly in Scotland's housing system. The Scottish Government should prioritise the permanent abolition of the 'bedroom tax' as well as reviewing the affordability of the private rented sector in light of recent reductions to local housing allowance. Working closely with Scottish local authorities and social landlords the Scottish Government can also make important administrative changes to the delivery of Universal Credit. However, simplicity and effectiveness should be at the heart of any changes to ensure that any new form of social security is not beset with administrative mistakes and delays, given the adverse impact this can have on people who are homeless or badly housed. This should be given high priority as administrative issues are currently a significant problem in the social security system and this has the potential to undermine the Scottish Government's efforts to put fairness and equality at the heart of an adjusted social security system.

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