

Consultation on Social Security in Scotland Shelter Scotland Policy Response

September 2016

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Key Points

- We urge the Scottish Government to carefully assess the impact of the previous system and work to provide a system that meets the needs of the individuals who use it while treating them with dignity and respect.
- In preparation for the Scottish Government to take responsibility of the full benefit administration in Scotland, we urge ministers to consider introducing a “start-off” payment to avoid financial hardship caused by the initial period of nil income experienced by many households directly after applying for social security.
- We recommend an end to immediate benefit stoppages which occur as a result of a change of circumstances. Individual cases should be investigated fully before any benefits are stopped so that households do not experience hardship.
- We support social security recipients having a choice over the way their money is paid to them, in terms of split payments and payment frequencies.
- We support greater use of alternative payment arrangements, especially in the private rented sector.
- We support the eventual abolition of the bedroom tax through use of flexibilities around universal credit.
- We strongly support benefit recipients having access to independent advice and advocacy to support them through the social security process, and that this right is embedded in a “Claimants’ Charter” type document or in legislation.
- We call for the improved administration of social security, including shorter waiting times and fairer assessments.

CHAPTER 1: INTRODUCTION & BACKGROUND

Shelter Scotland's main purpose is to ensure that people do not have to fight homelessness and bad housing alone. This means that we campaign to ensure that people are able to meet their housing costs, and are able to access all of the social security payments they are entitled to, which in turn will help them to sustain their home.

Shelter Scotland welcomes the opportunity to submit a response to the Scottish Social Security Consultation. With the imminent transfer of a number of new powers around welfare, the Scottish Government has a unique opportunity to re-design how welfare is understood and perceived as well as create a system which better serves the people who rely on it. We strongly encourage the Scottish Government to use the responses to this consultation to form the widest possible picture of the current system and innovate and simplify the future system as far as possible for the benefit of anyone who requires its assistance.

The Scottish Government has repeatedly iterated its main priority of ensuring a “safe and secure transfer” of powers so that service users are not negatively impacted by the change. Shelter Scotland very much supports this aim, as research by the Joseph Rowntree Foundation¹ has found that there has been a rise in the number of unemployed working age adults and an increase in poverty among those living in the private rented sector, as many struggle to meet their housing costs. Therefore, any loss of income can have a hugely detrimental impact on households’ (and especially vulnerable households) ability to maintain their home, which, as highlighted in the Commission on Housing and Wellbeing's report² from June 2015, is the cornerstone of individual and collective wellbeing and meaningful participation in society.

In this policy response paper, we will focus our response around devolved benefits relating directly to housing as well as general issues around benefit administration. We will respond to specific questions within the following sections:

- 1) Outcomes and the User Experience
- 2) Delivering social security in Scotland
- 3) Disability benefits
- 4) Discretionary Housing Payment
- 5) Universal Credit housing element
- 6) Universal Credit flexibilities
- 7) Advice, representation and advocacy

¹ Joseph Rowntree Foundation (2015) [Monitoring poverty and social exclusion in Scotland 2015](#)

² Commission on Housing and Wellbeing (2015) [A blueprint for Scotland's future](#)

As part of the Scotland Acts (2012 and 2016)³ and as a recommendation of the Smith Commission⁴, increasing fiscal powers are being devolved to the Scottish Government. The power to raise taxes introduced in the 2012 Act is now augmented by further tax powers and the power over the administration and design of several benefit areas, amounting to 15% of the total benefit bill in the Scotland. It is estimated that 1 in 10 people in Scotland will receive a social security payment such as Disability Living Allowance that is being devolved to Scotland and therefore a significant proportion of people will be affected by this first tranche of changes to the system.

Amid a backdrop of UK-wide welfare reform and ongoing cuts to services, a new social security system can help to pull people onto a more stable footing by ensuring that it meets the needs of people who are affected by changes the most. There are also opportunities to ensure that people affected by cuts to social security such as under 35s who are now subject to a shared room rate of LHA only and under 21s who are facing the removal of access to housing benefit entirely are protected from hardship.

A new social security system cannot be developed in isolation and so consideration must be made to how it will fit with existing systems, ongoing changes to welfare entitlement and possible moves to restrict benefits further to certain groups. Recipients of devolved Scottish benefits are also likely to receive reserved benefits and therefore the UK and Scottish systems must speak to each other and interweave to provide a seamless service for its service users.

Consultation has been carried out with our Community Hubs and Free National Helpline advisers around the potential impact of the changes on our service users, which forms the basis of our response.

Shelter Scotland received over 17,000 calls and over 4,000 online queries last year through our National Helpdesk and over 3,000 referrals through our Community Hubs for individuals with a range of housing issues.

Frontline staff have emphasised that the vast majority of service users who approached or were referred for assistance were either in receipt of benefits or in minimum wage jobs on zero hours contracts, meaning that their financial situation is already precarious and any delays or stoppages of income or social security payments would be of significant detriment.

It is vital that, at the same time as ensuring that people can afford to pay for housing costs, we also continue to focus on building affordable homes. This will greatly impact both those struggling with the cost of private accommodation, as well as those waiting in costly temporary accommodation for permanent housing.

³ United Kingdom Government (2012) [Scotland Act 2012](#) , [Scotland Act 2016](#)

⁴ Smith Commission (2014) [Report of the Smith Commission for further devolution of powers to the Scottish Parliament](#)

CHAPTER 2: WELFARE POWERS RELATING TO HOUSING

Discretionary Housing Payments

In 2014, the power to set the limit on Discretionary Housing Payments (DHP) spending was devolved to the Scottish Government, who then removed the limit and increased DHP funding by £15 million. In 2015/16, the funding for DHP was £48.3 million, rising to £50.2 million in 2016/17. Over 90% of DHP is used to mitigate the impact of welfare reform, most notably the bedroom tax, in Scotland. From April 2015 to March 2016, 115,752 awards of DHP were made to people living in Scotland, with an average award of £425⁵.

DHP is administered at a local level by local authorities, who are allocated an annual funding amount based on calculations of need carried out by the Scottish Government. The local authorities then have “relatively wide discretion as to how they are used”⁶ although guidance states that it must be used as financial support for “housing costs”, which can extend to also mean rent deposits, rent in advance or removal costs.

A number of our Hubs staff have informed us that despite the Scottish Government increasing funding for Discretionary Housing Payments, a shortfall remains and local authority funding pots often run out or are overspent before non-bedroom tax cases are considered. Many of these cases do not receive help as all DHP funding is used for bedroom tax cases although this is dependent on the local authority.

One of our Hubs reported that different councils that they interact with employ different approaches to dealing with DHP applications, such as some only considering bedroom tax cases, and there is also significant variance in the processing time, time taken to receive the payment and also the conditions attached to the payment, such as asking for proof of tenancy. This process ought to be made uniform across Scotland and take into consideration the day-to-day struggles many people who have to claim DHP may face and subsequently be simplified. Additionally, the necessity of having to reapply regularly (even when there is no material change in circumstance) for this payment is a difficulty for many households who either may not be aware of this requirement or who are mobility deprived and who then find themselves in financial difficulty as a result of not reapplying in time. Given that DHP is increasingly being used as a medium to long term stopgap for many households rather than short term as originally intended, we feel it is inappropriate that repeat applications are required.

⁵ Scottish Government (2016) [DHPs in Scotland as at 31 March 2016](#)

⁶ Scottish Parliament (2014) [SPICe Briefing: Discretionary Housing Payments](#)

We suggest that the Scottish Government investigates the potential merits of moving the administration of DHPs to a national rather than local authority level and consider topping up this funding pot to fully cover additional housing issues such as the shortfall between LHA and market rental. Central administration may lead to overall efficiencies in delivery and allow for greater insight into the demand and uptake of DHP, leading to better quality data collection and analysis of the real impact of the policy. However, we recognise that this approach may not be flexible enough to take local level needs and issues into account.

Universal Credit Flexibilities

According to research by the Scottish Parliament, 26,600 people in Scotland were in receipt of Universal Credit in April 2016.⁷ At the stage of full roll-out, this number is expected to be around 700,000. Universal Credit can currently only be paid into one bank account monthly in arrears to one member of the household. In May 2016, there were 448,185 housing benefit claimants, which will be replaced with the Universal Credit housing costs element once it is fully rolled out.

A recurring issue highlighted by our Hubs advisors and service users is that of the significant nil income period that immediately follows applications for universal credit. From the point of applying, applicants can face up to six weeks of receiving no income, which is hugely problematic and detrimental to their chances of sustaining a home, especially if they are privately renting. Applicants are sometimes advised to apply for a hardship or crisis grant while their claim is processed, however there is also a waiting period for this to be processed and administered. Our Hubs have also reported that individuals are being moved onto Universal Credit when they are not meant to be, leading to complications and delays in receiving the correct payments, often resulting in a period of financial hardship.

Assuming that it is the eventual intention for the Scottish Government to take responsibility for the administration of entire social security for Scotland, we would propose that the Scottish Government begin to consider the potential implications of introducing a “start-off” payment in preparation for full devolved responsibility. This payment would help towards reducing financial hardship often experienced by people during the waiting period after initially applying for benefits. It would also reduce administration due to the universality aspect and improve upon the current complex system of short term benefit advances.

Additionally, Shelter Scotland Community Hubs staff that work directly with individuals in prison are reporting problems whereby all benefits are stopped when the main claimant enters prison, leaving any spouse or children with nil

⁷ Scottish Parliament (2016) [SPICe Briefing: Scotland Act 2016 – Universal Credit](#)

income. According to our housing advisers, this leaves families with little option but to use food banks and apply for crisis grants. This presents another opportunity for the Scottish Government to improve the current system by designing a new system that does not “cut off” people instantly in the event of a significant change of circumstances such as the main claimant going into prison. Instead, we would encourage continuing the payments until investigation can be done and payments transferred to a spouse or remaining household member if they so qualify.

We would support consideration of a number of options to help to resolve these issues. Split payments is an option that should be considered further but we acknowledge that administrative difficulties would arise in dividing up payments between adults in a household. We recommend giving the household a choice in how these payments are made and would suggest that in the case of families, payments should be made to the person who provides primary care for children, to try to ensure that money is likely to be spent on the children.

We would also support tenant choice over frequency of payments as a default and recognise that there are advantages for landlords and tenants in changing payment frequency, including housing costs to fortnightly, and improving the system of alternative payment arrangements so that the process of re-directing housing costs to landlords is easier and quicker. We also support the introduction of the option to have rent payments paid directly to private landlords who are registered with their local authority. Additionally, there is a low awareness of alternative payment arrangements, which could be improved. However, further clarification on when flexibilities will come into force is needed and whether Universal Credit has to be fully rolled out in Scotland or just at a local authority level before the flexibilities can be applied.

Universal Credit Housing Element

We support the Scottish Government’s intention to eventually abolish the bedroom tax through use of flexibilities afforded around the housing element of Universal Credit, which we have been campaigning for⁸. This will in turn allow DHP to address other situations which require additional financial help to sustain a home and would encourage the Scottish Government to continue to top up the funding of DHPs to allow for vital transition to a new system and as a protection for tenants whose housing costs are not fully met by the level of benefit available to them. We would encourage the Scottish Government to use these housing flexibilities to respond especially to the challenges facing young people who are only eligible for the shared room rate of Local Housing Allowance and also the imminent funding changes for temporary and supported accommodation.

⁸ Shelter Scotland (2013) ['Banish the Bedroom Tax Monster' - Action Plan for Scotland](#)

CHAPTER 3: NON-HOUSING BENEFITS, NEW BENEFITS AND TOP-UPS

Over 309,000 people in Scotland were in receipt of Disability Living Allowance (DLA) in November 2015 and over 73,000 individuals received Personal Independence Allowance (PIP) in January 2016. PIP is gradually replacing DLA and applicants are currently subject to disability assessments carried out by a third party contracted company.

Our Community Hubs staff reported that in general, the application and processing stages of PIP take too long, leaving applicants isolated with very little income, which undermines the ethos behind PIP of enabling independence among people with disabilities. There is concern around how DLA and PIP assessments are carried out and that they are insufficient without the input of a trusted advocate or previously involved medical professional. For people who have mental health issues, the stress of applying and waiting for payment can exacerbate and worsen their situation. It has been suggested that introducing home or “mutual ground” assessments for Employment Support Allowance (ESA) and PIP specifically would be helpful and that repeat assessments should not be required, especially in cases of lifelong conditions.

As outlined above, in addition to the power to administer specified benefits, the Scottish Government now has the power to create new benefits as well as top-ups for existing benefits with certain restrictions. Further clarification is needed on the impact of top-ups and what will happen if a top-up brings a person or family over the welfare cap as set by the UK Government.

CHAPTER 4: DELIVERING SOCIAL SECURITY IN SCOTLAND

The core element of most concern to Shelter Scotland here is that the administration and delivery of social security in Scotland meets the needs of service users. Shelter Scotland believes that social security should be managed and administered nationally, to ensure a national standard of delivery, a single accountable body and to relieve pressure on local authorities, who should not take the burden of social security administration against a backdrop of ongoing significant funding cuts. It is also helpful for individuals to have one point of contact to maintain continuity and limit confusion and errors, rather than several organisations dealing with varying elements of the system.

Additionally, we would support the principle of devolved social security to potentially be delivered through already available public services such as co-location with the Department of Work and Pensions (DWP) in existing job centres, to minimise the practical impact of the change on benefit recipients, as well as introducing active outreach services in rural and isolated areas. While systems have been moving towards greater dependence on online and telephone services, individuals must be able to reasonably access in-person assistance if required.

Our Community Hubs staff have highlighted a number of general issues which should be taken into account when designing a social security system, which fall into the following themes:

Upskilling of benefit agency staff and provision of advice

Our service users and staff have found there to be significant variation in staff knowledge, attitude and approach when they contact the current benefit agency. This should not be the case and all benefit agency staff should have up to date knowledge of benefit entitlement and processes. Staff should be equipped with the time, patience and knowledge to describe to individuals, especially first time approaches, the specifics of the payment they are claiming and also any other payments that they may be entitled to.

Shelter Scotland are keen that provision of benefit advice is continued and extended, especially in a proactive outreach basis for those leaving institutional settings such as prison and care. These groups are most at risk of financial difficulty which will impact on their ability to find and sustain a home. Provision should be made so that they are made aware of their entitlements and helped to access them to mitigate some of this vulnerability.

It has been reported that DWP staff often do not take the time to explain all that a person may be entitled to due to workload. With this in mind, we would suggest that there may be scope for a third sector advice agency who specialise in social

security to be contracted in to provide specific welfare and benefits advice in Jobcentre Plus locations.

Sanctions and Arrears

Staff should also always be compassionate, humane and reasonable and take into account personal circumstances and potential detrimental impacts when considering whether to impose benefit sanctions on an individual. Although sanctions will remain reserved, work programmes are being devolved and there is therefore scope to limit the number of sanctions applied through work programmes. We welcome the news that the cabinet secretary has stated her intentions to withhold work programme-related information that may lead to sanctions in Scotland⁹.

Based on information from staff in our Community Hubs, we are aware that the DWP are setting arrears and clawback levels at an unreasonably high level – a repayment level of 20% appears to be standard compared with the 5 or 10% suggested by housing associations. There should be a case-by-case consideration process for when arrears or clawbacks arise in conjunction with involved agencies if possible, to assess what the individual can afford to pay back and at what rate without putting themselves into financial difficulty.

Waiting Times

The waiting times associated with claiming social security benefits is a significant difficulty for our service users. There can be waiting periods of several weeks for Universal Credit for new claimants, as well as a minimum delay of a week before the first payment is made.

Waiting times are also an issue when contacting benefit agencies, and our staff have reported phone queue times of up to 40 minutes, which is especially unfeasible for many of our service users who have Pay As You Go phone tariffs. We would suggest introducing a simple phone queue system whereby the caller can request to be called back and retain their place in the queue. We would also suggest ensuring that helplines are well staffed to reduce waiting times.

Accessibility Issues

Shelter Scotland housing advisors have identified a number of issues and trends among individuals who experience difficulty in accessing their entitlement. This includes literacy issues, learning disabilities such as dyslexia and lack of IT literacy or access to the internet. As outlined above, waiting times are a significant barrier as many people simply cannot afford to make expensive phone calls and are having their payments stopped as a result. Our service users are reporting that the DWP is requesting that evidence is faxed to them, which is outdated, inaccessible and expensive for many people.

⁹ Third Force News (September 2016) [The end is in sight for the hated sanctions system](#)

The Scottish Government could undertake a number of simple steps to improve accessibility and the customer experience for people, such as spreading awareness of literacy issues and simplifying paperwork accordingly, using coloured paper on request for those with dyslexia and having computers onsite which service users can use to complete online forms. The requirement of faxing evidence should be removed and replaced with secure email systems that can receive and safely store sensitive evidence documents.

Many individuals will be in receipt of payments from both the new Scottish system and the existing UK system. It is therefore imperative that these systems work effectively together and do not further complicate matters. A typical example of this is the experience of a service user in Paisley as reported by our Foundations First project staff:

Case Study

Client A approached Shelter Scotland in April 2016 for advice after waiting four months for a reinstatement of housing benefit. She had no money for food or utilities as her husband was out of work and only recently found a job. She has two young children and was expecting another.

Client A had made a number of calls to the Housing Benefit department, HMRC and Concentrix and was subject to being on hold for long periods. She was only able to make these calls with her support worker as she was unable to afford the call charges. Additionally, she received a number of letters from these agencies with conflicting information, which was highly confusing for her and resulted in her being scared to open official letters due to their complexity.

Advice, Representation and Advocacy

Anecdotal reports from Shelter Scotland staff and support workers from other organisations have highlighted concerning reports of individuals not being allowed to have an advocate accompany them to appointments with local authorities and benefit agencies. This is particularly concerning for Shelter Scotland as this often results in the individual being unaware of their rights and therefore not accessing their full entitlement.

We suggest that Shelter Scotland and other independent partners in the third sector are given appropriate recognition so that we can support our service users at any point. Being a recognised agency for advocacy would allow us to assist immediately and limit any detriment especially in instances of reviews and appeals.

We therefore suggest that access to free, independent advice and the right to an advocate is enshrined in either a robust customer charter or in legislation to support individuals to access the correct benefits. We also strongly suggest that

independent advice is repeatedly offered in a variety of formats at a number of points along the customer journey, such as attached to all correspondence sent out by benefit agencies, advertised in key locations and verbally offered at the point of a claim that is subject to review and appeal.

As mentioned previously alongside flexibilities to Universal Credit, the current standard practice is to suspend the payment in question while a review is being carried out. This has a huge negative impact on our service users who rely on these payments, and we strongly favour the option of payments continuing until the full review and appeal process has been completed. This change would also encourage the reviews and appeals process to happen more efficiently and timeously.

CHAPTER 5: CONCLUSION

As stated before, the Scottish Government must use this opportunity to build a system that is progressive, free of stigma, works well and is accessible to and meets the needs of anyone who requires it. As a member of the Scottish Campaign on Welfare Reform (SCoWR), we support the idea that any changes to the social security system and transfer of powers must give dignity and respect to the claimants and that payments are logically calculated and must meet their needs.

We particularly welcome the shift in phraseology towards “social security” which invokes a sense of universality and moves away from notions of benefit “scroungers and skivers”. We also believe that moving towards language of “payments” and “entitlements” in place of “benefits” and “allowances” would be helpful. We believe that this simple change in approach will contribute towards removing the stigma around this area and perhaps encourage people who are entitled to financial help but did not claim it, to now seek it without shame or fear of being negatively labelled.

We are hopeful that the new system seeks to address the problems we have identified above and take into account our recommendations. Social security is the safety net that any of us may find ourselves relying on at certain points in our lives and we must ensure that this system is responsive, fit for purpose and fills any gap in provision appropriately to prevent individual situations becoming worse through lack of financial means.

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.

We're here so no one has to fight bad housing or homelessness on their own.

Please support us at shelterscotland.org

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Shelter Scotland
Scotiabank House
6 South Charlotte Street
Edinburgh EH2 4AW

shelterscotland.org