

## Shelter Scotland briefing for the Scottish Parliament Social Security Committee debate on in-work poverty

April 2019

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.

### The problem

Shelter Scotland welcomes this debate on in-work poverty, following our written submission to the Committee's inquiry in August 2018.<sup>1</sup> We particularly welcome the Committee's recognition that:

- in-work poverty is driven by many factors including the cost of housing
- the freeze on benefits must be lifted
- design issues with Universal Credit (UC), especially the waiting period, must be addressed

In 2015-18, there were 560,000 people in households with at least one adult in employment in relative poverty,<sup>2</sup> and every day at Shelter Scotland we support people with experience of in-work poverty. Last year, more people than ever before came to us for help, and affordability was the most common issue we were approached about. We anticipate this trend to continue if issues highlighted during the roll-out of earlier stages of Universal Credit are not dealt with. Other issues include:

- The cost of housing in the private and social rented sectors is increasing faster than wages, this is likely to lead to affordability problems and the risk of rent arrears or becoming homeless. Between 2013/14 and 2016/17, rents in the private rented sector increased by 7.7% and in the social sector by 9.5%, but average earnings only grew by 6.6% in the same period.<sup>3</sup>
- The high cost of temporary accommodation in some areas is putting working people further into debt. While most households who are experiencing homelessness have the cost of temporary accommodation covered by housing benefit for the duration of their stay, working households are generally liable for the cost of temporary accommodation, which in some local authority areas can be as high as £250 per week. For working people already on low incomes, this is an unmanageable cost and puts them into arrears and financial difficulty. Households will also be expected to make arrangements to pay off any arrears, which adds to the financial strain.

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<sup>1</sup> Shelter Scotland (2018), [Shelter Scotland Response to the Social Security Committee's Call for Views on In-Work Poverty](#)

<sup>2</sup> Scottish Government (2019), [Poverty and income inequality in Scotland: 2015-2018](#)

<sup>3</sup> Scottish Government (2017), [Private sector rent statistics: 2010 - 2017](#), Scottish Government (2018), [Social tenants in Scotland 2016](#), Scottish Government (2018), [Annual Survey of Hours and Earnings - SCOTLAND -2018](#)

**Case study:** Joe\* is working fulltime on minimum wage and is living in temporary accommodation. The charge for his temporary accommodation is nearly half of his monthly take home pay and he is having to use foodbanks and free food places as a result. He has seriously considered whether to give up work so that housing benefit covers his temporary accommodation and he may be financially better off overall but has decided to continue to work in the hope that he will soon move out of temporary accommodation.

*\*the client's name has been changed*

- The growth of zero-hour contracts and low-paid jobs are making it difficult for people to afford essential goods and pay their rent, and Universal Credit is not responsive enough to stop people in these situations falling into hardship.

**Case study:** Ian\* is a single male and lives in a rural area in a socially rented flat. He works seasonally on agency short term contracts; the agency posts vacancies daily on social media and he has to apply for them with no guarantee of success. The vacancies may be some distance from his home and he depends on public transport, which is expensive and does not always coincide with shift patterns. He has no reliable income as it changes weekly and is therefore unable to budget.

He has claimed UC, which should be helpful but adds stress to his life. He has literacy problems and struggles to keep on top of paperwork involved in work and finds that getting documentation to the DWP to prove hours worked is difficult. He does not know or understand how his UC payment is calculated and it rarely seems to add up with his wages to an amount reflecting a basic wage. He is always behind in his rent and once he's in arrears, it is virtually impossible for him to budget for, and pay off his arrears. He is likely to lose his home.

*\*the client's name has been changed*

## The solution

In order to address some of the issues above, the Scottish Government should:

- continue to engage with and apply pressure on the Department of Work and Pensions (DWP) to amend Universal Credit to be more responsive and meet the needs of people who use it. Shelter Scotland has backed the call for a halt to Universal Credit while problems are fixed and believe that this will have a particularly significant impact on people in experiencing in-work poverty.
- consider the impact of the rising costs of goods on in-work poverty and explore ways of using new social security and taxation powers to address these.
- continue to invest in a house building programme which is sustainably affordable for low-income households.

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