

**Scottish Government consultation on new social security powers for Scotland**

**GWSF response, October 2016**

[GWSF note: we have limited our response to housing-specific aspects of the consultation, in the knowledge that a wide range of broader organisations in the social security and welfare rights fields will respond to other issues.]

**PART 2: THE DEVOLVED BENEFITS**

**11. Discretionary Housing Payment**

**Q: Could the way that Discretionary Housing Payments (DHPs) are currently used be improved?**

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| **Yes** | √ |
| **No** |  |

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| The understandable use of DHPs for bedroom tax mitigation has meant a move away from the originally envisaged purpose of using them to help people who had a shortfall in benefit for a temporary period, for example where:   * they were moving home and responsible for two rents for a brief period * they had just moved into work * a non-dependant had started work, resulting in a non-dependant charge   Support with supplementing Housing Benefit in these cases has made a real difference in enabling people to stay above water financially at a time of change in their circumstances.  Future UK cuts will place further pressure still on DHPs. With some exceptions, tenants aged between 18 and 21 will lose entitlement to support with housing costs in April 2017 and so are likely to need DHP assistance. And there will be a tenfold increase (from around 700 to 7,000) in the number of Scottish households hit by the benefit cap when it reduces later in 2016/17 from £26,000 to £20,000: households are likely to look to DHPs to help them pay their housing costs.  GWSF understands why DHPs have been prioritised for the bedroom tax but we would like to see a renewed ability to use them for other types of shortfall, or to see a new form of support introduced for this purpose.  It is worrying, though, that mitigation of the bedroom tax may last until as far as 2022, when the migration of all claimants to Universal Credit is due to be completed, unless the Scottish Government identifies a different way of dealing with mitigation prior to the very welcome ‘abolition’ of the bedroom tax. |

**Q: Could the administration of DHP applications be improved?**

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| **Yes** | **√** |
| **No** |  |

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| The level and quality of communication between the DWP and agency/agencies in Scotland dealing with DHPs will be key. DHP claims – particularly where they relate to a short-term shortfall – will need to be processed quickly, ensuring that underpayments or overpayments do not occur when there is a change of circumstances, or are treated fairly if they do occur.  There is also a need for a more consistent approach to DHPs across local authorities. A national framework with basic criteria for awarding DHPs, allowing flexibility to make additional awards, would be an essential element of creating the fairer system Ministers want to see through the use of Scotland’s new powers. |

**Q: Does the guidance for local authorities on DHPs need amending?**

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| **Yes** | **√** |
| **No** |  |

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| The guidance should be amended to reflect the new national DHP framework we have called for in the preceding point. |

**13. Universal Credit flexibilities**

**Q: Should the choice of managed payments of rent be extended to private sector landlords in the future?**

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| **Yes** | **√** |
| **No** |  |

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| In principle, yes. However, there may be different issues at play with private landlords, with some tenants perhaps less keen for their landlord to know that they are in receipt of benefit and therefore not keen to mandate payment direct to their landlord. But it is difficult to argue that private tenants should not be given that choice. |

**Q: Should payments of Universal Credit be split between members of a household?**

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| **Yes** | **√** |
| **No** |  |

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| Most social landlords will be able to cite cases where payment of benefit is made to a household member who is not best placed to manage the household/family budget, often because of vulnerability. Additionally, in cases of domestic abuse, having control over household finances can often be a key element of the abuse and so the opportunity must be taken to use split payments to address this.  In cases where payment is not being made to the social landlord, safeguards will be needed to ensure that the housing costs element of Universal Credit is being paid only to tenants and not to other household members – i.e. to joint tenants or to the sole tenant (landlords would generally encourage a joint tenancy to be adopted where any kind of couple is taking up a tenancy).  There will be practical challenges such as the need for anyone receiving payments to have a bank account, and we imagine that promoting financial capability will be an integral part of the Scottish Government’s approach to using its new powers. |

If Yes, please indicate if you think the default position should be:

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| a) automatic payments to individuals, with the option to choose a joint payment   |  |  | | --- | --- | | **Yes** | **√** | | **No** |  |   b) automatic household payments, with the option to choose individual payments?   |  |  | | --- | --- | | **Yes** |  | | **No** | **√** | |

**If Yes, how do you think payments should be split? For example 50/50 between members of a couple or weighted towards the person who is the main carer if the claim includes dependent children?**

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| Other bodies with social security expertise will be better placed to comment on the detail of how split payments might work, but a fair approach would seem to be to ensure that the part of the payment relating specifically to dependant children should go to the main carer where that person is identified as such. |

**Q: Do you have any other comments about how the Scottish Government’s powers over Universal Credit administrative flexibilities will be delivered?**

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| The power to revert to direct payment of housing costs support to landlords, subject to a tenant mandate, is widely welcomed by landlords and tenant bodies alike. Whilst the timetable for exercising this and other new powers is not yet clear, the sector will very much hope that it can be introduced before a high level of arrears has been generated by a large number of tenants in receipt of Universal Credit as the rollout of UC progresses.  The use of this power will not be without complication. The level of information provided to landlords about how the block payment is made up will be critically important.  There may be a lack of clarity over issues such as whether there are any circumstances in which deductions may be made from the block payment to landlords. Whilst it is claimed by DWP that the ‘real time’ operation of the Universal Credit system should make overpayments to people rare, in cases where someone’s overall Universal Credit is indeed deemed by DWP to have been overpaid, does this lead to any deduction specifically in the housing cost element paid to the landlord? We assume that the rate of repayment, and whether any deduction is made specifically from the housing costs element, will remain as matters reserved to DWP, but this appears to be one example of where a new Scottish Government administrative power may raise issues which do not exist in the same way elsewhere in the UK.  The power to make payments twice monthly will be helpful, though we are not clear at this stage whether this will be the default approach in all cases or done just for cases where it is requested.  The greater challenge relates to the long period which Universal Credit claimants wait before they get their first payment. We already know that this can commonly exceed 5-6 weeks and could be as much as 7 weeks in some cases. This causes immense hardship to tenants and creates debt/arrears from the outset which can be difficult to escape from, and this obviously has implications for social landlords too.  There may be different approaches to how this problem can be tackled, including the potential for a system of advance payments, and we look forward to contributing to the subsequent debate around this. |

**Q: Do you have any comments about the Scottish Government’s powers over the housing element of Universal Credit?**

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| This is clearly a welcome power, but the increasingly punitive nature of the UK welfare ‘reforms’ mean there are myriad ways in which this power could, theoretically at least, be used to mitigate the worst impacts. On top of using this power to effectively abolish the bedroom tax – a move already promised by Ministers – other potential uses are in relation to tenants aged 18-21 who (with some exceptions) will lose entitlement to help with housing costs from April 2017.  Most significantly of all for the social rented sector, the power to vary the level of the housing element of Universal Credit may offer options for mitigating the impact of the proposed limitation of the UC housing element to LHA rates, including the shared accommodation rate for people under 35. This will apply in April 2018, for tenants whose tenancy began from April 2016 onwards.  Apart from bringing misery and debt to tenants and hugely difficult dilemmas for landlords, the cuts are a significant threat to the success of Scotland’s 50,000 social/affordable homes programme.  Tenants in housing with higher rent and service charges – most notably in supported housing – will face significant cuts, though it looks like there will be at least some degree of protection for specialist stock.  But the biggest group affected will be single people under 35, whose help will be limited not to the one-bed LHA rate but to the shared accommodation rate. Some current examples of the rate are £68.28 in Glasgow, £61.36 in Argyll and Bute and £60 in Renfrewshire and Inverclyde, and these rates are frozen at least until April 2020.  In existing stock, the impact, whilst bad enough, will be gradual, because it affects only tenants new from April 2016. Allocations issues already exist now, as landlords who rightly advise prospective new tenants about the likely position in April 2018 run the risk of deterring people from taking up the tenancy they have been offered.  In new build schemes being allocated from April 2018, the impact is dramatic. One of our member associations contacted us recently to highlight that a proposed new build project would have around a third of lets allocated to homeless applicants, the majority of whom would be single people under 35, with a number of further allocations through the housing list also likely to be to people under 35. Realistically, a good proportion of these lets will be to people reliant on support with their housing costs.  The association’s current estimate is that rents for one-bed homes will be around £15 per week above the LHA shared accommodation rate. That blows a hole in the association’s efforts to make the development’s funding package stack up, and clearly has Scotland-wide implications for the success of an effective 50,000 homes programme.  It is perhaps unlikely that this cut will attract the same public profile as the bedroom tax did, even though it is effectively another form of bedroom tax, this time particularly discriminating against younger people. |

**PART 3: OPERATIONAL POLICY**

**14. Advice, representation and advocacy**

**Q: What role[s] should publicly funded advice providers play in the development of a new Scottish social security system?**

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| A wide range of advice providers will already be seeking to influence the development of a new social security system for Scotland, not least through their responses to this consultation. GWSF’s response is informed by the views of its members, many of whom provide welfare rights and money advice to tenants, with that advice partly based on years of experience of liaising with council Housing Benefit departments and DWP agencies. As detailed plans are developed for taking forward specific new powers, our members will be keen to input their expertise as both advice providers and landlords.  Whilst the long term aim is for a fairer system for claimants in Scotland, the particular challenges, including the potential for confusion among claimants, thrown up by a dual system of Scottish powers alongside a system still largely reserved to Westminster will place significantly increased pressure on advice providers in Scotland. It will be very important for the Scottish Government to do all it can to ensure that everyone who needs to access advice can do so as easily and locally as possible. |