

**WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
WRITTEN SUBMISSION FROM CIH**

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse and growing membership of people who work in both the public and private sectors, in 20 countries on five continents across the world including 2,500 in Scotland. Further information is available at: www.cih.org

1. General Comments

1.1 CIH Scotland welcomes the opportunity to submit our views on how the new powers to be devolved to the Scottish Government through the Scotland Bill should be used to create a better social security system in Scotland.

1.2 We have been involved in discussions around the devolution of powers to Scotland throughout the process of the Smith commission, the publication of legislative clauses and now the introduction of the Scotland Bill. Our aim throughout the process has been to ensure that the powers transferred to the Scottish Government will support our vision of creating a housing system that works for everyone. This includes the provision of a social security system that supports people to live in a home that meets their needs. This vision is outlined in the diagram below.



1.3 CIH has previously expressed support for the principles behind the development of UC and we still agree that there are benefits in a simplified system with a single taper rate allowing claimants to more easily understand the impacts of returning to work or increasing their working hours. However, it is not difficult to see that there have been issues with the implementation of UC to date. We hope that the devolution of powers to the Scottish Government will help to iron out some of the problems being reported by our members and the wider housing sector across the UK.

1.4 In developing this response, we consulted with our members on two specific areas:

- Universal Credit (UC) housing element and administrative arrangements; and
- The use of Discretionary Housing Payments (DHPs).

The views we gathered have been used to form the basis of this response.

2. Cost and Practicalities of Implementing Changes

2.1 We have voiced concerns before about how changes to the social security system in Scotland, including administrative costs and the cost of increasing benefits, will be funded. Our evidence to the Devolution Committee on the Scotland Bill¹ points out that it is still unclear how changes will impact on Scotland's block grant and how the principle of 'no detriment' will be determined and costed.

2.2 We welcome the Scottish Government's ambitions to mitigate UK Government welfare reform measures and the additional funding that has been made available to cover the cost of the 'bedroom tax' has benefitted many households. However, it is not clear how sustainable this will be going forward and how further changes will be funded given the current financial climate. Some members have questioned the fairness of fully mitigating this welfare reform measure in isolation while those affected by other measures receive less assistance.

2.3 We would welcome a full financial impact assessment from the Scottish Government setting out the anticipated costs of any administrative changes and top ups to benefits planned. In addition, we would urge the Scottish Government to carry out a full Equalities Impact Assessment to ensure that financial support is targeted effectively and that no group of people affected by welfare reform measures is overlooked. When limited funding is available, it is essential to ensure that it is spent fairly.

2.4 In order to create a balanced housing system, we must consider the system as a whole. Additional investment in creating a better social security system must work alongside continued investment in the supply of new affordable housing to meet the needs of our population.

2.5 The following sections outline how we would like to see the Scottish Government make use of new powers assuming that it would be financially viable to do so.

¹ http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Scotland/CIH_Scotland_Response_to_call_for_evidence_on_The_UK_Governments_Scotland_Bill

3. Universal Credit – Direct Payments

3.1 One of the strongest concerns expressed by our members throughout the process of welfare reform has been the increased risk of rent arrears and the impact that this will have on landlords' ability to continue to provide good quality housing and services and the impact on tenants in terms of increased financial pressure and the possibility of court action and even eviction.

3.2 Over 480,000 households in Scotland receive help to cover their housing costs making up 78% of social housing tenants and 20% of private tenants². Non-payment therefore constitutes a significant risk to both social and private landlords.

3.3 Many of our members who responded to our call for views ahead of this evidence stated that it was too early in the rollout to be able to tell what the final impacts would be for themselves, their tenants or their organisations.

3.4 Others stated that while arrears rates under UC are currently manageable, they have only been dealing with a small number of 'simple' cases and even these were requiring significant resources. We have heard concerns that landlords will struggle to maintain the same levels of support for people when caseloads start to increase and when more complex claims start to be accepted.

3.5 None of our members who contacted us in relation to this topic think that payments should be made directly to tenants as standard. Many highlighted concerns for households who may find it difficult to cope with budgeting. Forcing this responsibility onto people could exacerbate mental health problems and could put children at risk. There were also strong feelings that wherever possible, tenants should be given the choice as to whether they receive their housing costs rather than receiving them as standard.

3.6 We recommend that housing element payments should be made to landlords as standard in cases involving tenants who are known to have difficulty managing money. All other UC claimants should be given the choice as to whether they want to receive the payments directly or if they would like housing costs to be paid to their landlord.

3.7 This option will protect tenants who are unlikely to be able to cope with managing a household budget while ensuring that others are encouraged to take responsibility for their finances even if their decision ultimately results in payments being made directly to the landlord. Landlords will still have the security of being able to request an alternative payment arrangement for tenants who decide to receive their housing costs but subsequently fall into arrears.

4. Universal Credit – Frequency of Payments

4.1 Our members have informed us that the vast majority of tenants will find it easier to budget with more frequent payments and would prefer to see UC paid twice monthly as standard or for tenants to be given the choice.

4.2 We understand that it is the intention of the Scottish Government to offer UC claimants

² <http://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/KeyInfoTables>

the option of receiving two payments per month rather than one. While discussion with our members suggests this would help the majority of tenants with their budgeting, this may contribute to financial difficulties due to waiting time for UC to be paid.

4.3 It is our understanding that if a tenant does choose to receive payments twice monthly, they will face a waiting period of around six weeks after which they will only receive half of their payment, the other half being made the following fortnight. This will obviously cause significant difficulties for some claimants from the outset creating further conflict for tenants having to juggle rent payments with other essentials such as food and fuel bills. We know around half of all working age people living in poverty in Scotland are in working households³. It is not realistic to expect households who are already struggling to get by in work to be saving money to tide them over in case they ever need to claim UC.

4.4 We agree that all UC claimants should be offered the choice of payment frequency but it is essential that they fully understand how long they will have to wait for payments, how much they will receive and where they can access support if they need it. We would also welcome clarity on the forms of financial support that could be made to available to claimants during the transition to UC.

5. Universal Credit – Split Payments

5.1 The issue of whether UC payments should be split between joint applicants is complex. As the Committee is no doubt aware, paying the full UC entitlement into one bank account has the potential to facilitate financial dominance as a control mechanism in cases involving domestic abuse.

5.2 The majority of our members who gave a view on this subject support the right of joint applicants to choose whether to have their payment split or to receive one lump sum. However, some also pointed out that this could result in unintended consequences. For example, joint tenants are equally liable for the entire rent. If one partner pays their share of the rent, or more, and the other partner does not, they could both face court action.

5.3 One solution offered to prevent this scenario was that where joint applicants opt to have their payment split, the housing element should be paid directly to the landlord with the remainder split between the two parties. This would ensure that the housing element would be used for its intended purpose.

5.4 Given the infancy of UC and the fact that split payments are not commonly used, we do not feel that there is enough evidence of how well the system for splitting payments is currently working and whether it would be practical to give people the choice to receive separate payments. This option could potentially lead to the creation of a more complex system which would have to calculate total awards for some applicants and separate awards for others.

5.5 We feel that where payments are split, protection against potential court action for rent arrears being taken against a tenant who is not at fault should take priority over the right of tenants to choose to receive their housing costs. Therefore, we propose that if joint applicants were to be given the option to have their payments split and they choose to do

³ <http://www.gov.scot/Publications/2015/06/3637/downloads>

so, the housing cost should be paid directly to their landlord with the other elements being split between the parties. The splitting of the remaining amount must be carried out as per DWP guidance⁴ taking into account factors such as whether the claim includes an element for a child or dependent or an element for the care of a disabled person.

6. Universal Credit – Variation of the Housing Element

6.1 The vast majority of our members would like to see the housing element of UC increased for those affected by the ‘bedroom tax’ and we feel that the desire for this welfare reform measure in particular to be reversed is reflected across the housing sector in Scotland.

6.2 Mitigating the ‘bedroom tax’ through the housing element of UC would have several potential benefits.

6.3 Firstly, it would negate the need to apply for assistance through DHPs. While most housing providers agree that this system is working as well as it can, there can be complications in that an application has to be submitted even though the understanding is that a payment will definitely be made. This is seen as unnecessary and bureaucratic. There can also be complications if a person’s housing benefit claim stops and then restarts meaning another DHP application has to be submitted.

6.4 Secondly, removing ‘bedroom tax’ mitigation funding from the DHP pot would make it more clear how much funding is available to support households affected by other circumstances.

6.5 We believe that the housing element of UC would be a better vehicle to mitigate the ‘bedroom tax’ than DHPs.

6.6 When asked whether the housing element should be used to mitigate other welfare reform measures, our members suggested that tenants who have had their housing benefit or LHA reduced should be supported in the same way, particularly young people under 35 who are only entitled to the shared accommodation rate and 18-21 year olds who would not be automatically entitled to help with their housing costs under new rules announced by the UK Government during the Summer Budget. However, concerns were also raised around how further mitigation work could be funded. (See section 2, Cost and Practicalities of Implementing Changes)

6.7 Concerns have also been raised with the eligibility of costs relating to the maintenance of adaptations. We recommend that the housing cost element of UC should cover maintenance of adaptations which can be essential in supporting a person to remain in their home. This would presumably also allow these costs to be covered by DHPs. (See section 7, Discretionary Housing Payments)

7. Discretionary Housing Payments

7.1 While the majority of our members feel that the current system for DHPs is working well, some greater flexibility around how they can be awarded would be welcome, particularly

⁴ Chapter B1 <https://www.gov.uk/government/publications/advice-for-decision-making-staff-guide>

with regards to ineligible service charges. We note that the drafting of the Scotland Bill has relaxed some of the limitations around how DHPs can be awarded in Scotland and this is welcome but limitations still remain in terms of eligibility, specifically existing entitlement to HB or the housing element of UC.

7.2 Members have, for example, described situations where DHPs cannot be awarded to cover the cost of a service which is essential to helping a person remain in their home such as low level support services or maintenance of adaptations.

7.3 We would encourage the Scottish Government to explore options of increasing the flexibility around how DHPs can be awarded in Scotland especially where payments could help to support people to live independently in their own homes.

7.4 While we agree that the element of discretion is useful and allows support to be tailored to deal with local needs, members have stated that it would be useful for standardisation of some elements of the process and clearer guidance for local authorities.

7.5 We recommend that the Scottish Government takes the opportunity presented by the devolution of new powers to issue new guidance on DHPs and develop a standard application process. This would be of particular benefit to housing providers operating across more than one local authority area.