

WELFARE REFORM COMMITTEE

THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND

WRITTEN SUBMISSION FROM CRISIS

Crisis is the national charity for single homeless people. We work with politicians, policy makers and the Scottish and Westminster governments to bring about change and share good practice, using our expertise from working with single homeless people and our understanding of the issues they face to shape policy and practice. We provide learning and coaching support to people who are homeless or at risk of homelessness to enable people to move on with their lives. We work with local authorities across Scotland to improve access to the private rented sector for people threatened with homelessness.

Crisis welcomes the opportunity the Smith Commission and the Scotland Bill provide to tailor support for homeless people in Scotland more specifically to their circumstances.

Our response focuses on the areas of the social security of greatest relevance to the people we work with. These are Universal Credit, particularly the housing element, Discretionary Housing Payments, and employment support currently provided through the Work Programme and Work Choice.

Universal Credit: administrative arrangements

Crisis welcomes the administrative flexibilities that will be devolved to Scotland for Universal Credit. The ability to make Universal Credit payments more frequently than monthly could be a significant help to people who are having to manage scarce amounts of money very carefully, or who have struggled with addiction issues in the past and who may not find it helpful to have access to large amounts of money as they recover. The ability to split payments between members of a household will be useful particularly where there may be financial or other abuse taking place within a relationship. Under current Universal Credit arrangements, claimants can access these flexibilities through an Alternative Payment Arrangement if they meet certain criteria. The Scottish Government should extend these so that they are available to all who would benefit from them.

However we note that operating these flexibilities within the current Universal Credit system could become extremely complex. The Scottish Government have already highlighted the challenge of making an initial payment on a fortnightly basis, which could extend the time a claimant has to wait for their first payment. It will be important for the Scottish Government to work closely with the DWP to ensure that the flexibilities operate effectively for the people they are supposed to help.

Universal Credit: housing costs

While the powers over housing costs within the social security system are not as extensive as was first expected, the way that the legislation is currently framed could allow some flexibilities in how the housing costs element (HCE) of Universal Credit are managed. The basic rules, such as the structure of the benefit and eligibility criteria, will be reserved, but

there is power to vary aspects of the relevant regulations¹, which deal with more specific details of the operation of the benefit. Some of these areas are set out below.

Housing element rates

In the last Westminster Parliament the link was broken between actual rents and the support available for housing costs, with rate increases capped at one per cent. The current UK Work and Welfare Bill introduces a freeze on housing benefit paid to people living in the private rented sector, called Local Housing Allowance (LHA), for the next four years. Analysis by Crisis shows that there are already a number of areas of Scotland where LHA rates are below the 30th percentile of rent covered through LHA, meaning tenants will have to make up the difference.

The LHA reforms were intended to exert downward pressure on rents, however DWP research shows that tenants are shouldering most of the burden, with 94 per cent of the shortfall between LHA rates and local rents falling on new tenants and just 6 per cent being absorbed by landlords in rent reductions.²

Scottish ministers will have the power to set the rates of the Housing costs element of Universal Credit. We would like to see the Scottish Government use these powers to ensure that people are able to access accommodation in their area and are not forced into homelessness. The power could allow scope to vary rates across Scotland so that they are more responsive to local housing markets. By distributing funds proportionately, this would help ensure benefit claimants can access a range of property in high rent areas, and that public funds are protected in lower rent areas.

Shared Accommodation Rate

The Shared Accommodation Rate of Housing Benefit limits claimants to housing costs which cover the rent for sharing a property and not for a property to themselves. Prior to 2011 the Shared Accommodation Rate was restricted to people under the age of 25. This was then extended to the age of 35.

There is less of a culture of living in shared accommodation in many parts of Scotland, compared to other parts of the UK and particularly London so it is much more difficult to find accommodation. Where there is such a culture, it tends to be limited to students and young professionals and may not be accessible to people on Housing Benefit who only receive enough money to pay for accommodation in the bottom 30% of the market.

For many young people sharing is simply an unsuitable option because of their personal circumstances. As a minimum, Crisis wants to see the list of exemptions to be extended to cover:

- People who have been homeless. The current exemption only covers people who have been in a hostel for a minimum of three months.
- High risk ex-offenders under the age of 25 (high risk ex-offenders over this age are currently exempt from having to share accommodation)

¹ These include Schedule 4 of the Universal Credit regulations 2013
<http://www.legislation.gov.uk/ukdsi/2013/9780111531938/schedule/4>

² Department for Work and Pensions (2014), *The impact of recent reforms to Local Housing Allowances*

- Care leavers over the age of 22 (care leavers aged 22 or under are currently exempt, meaning that they will have to move as soon as they reach 22)
- Disabled people (only those receiving Severe Disability Payments are exempt currently)
- People fleeing domestic abuse
- People with dependency issues
- Pregnant women
- Parents with non-resident children

The Shared Accommodation Rate is part of the structure of the HCE and therefore Scotland will not gain the powers to alter or remove the rate itself. However, details including age group affected and exemptions to the rules are set out in regulations and so there will be scope for altering these. Scottish Government should consider lowering the age of the SAR once again, and ensure that the above groups are exempt from the SAR.

Removal of Housing Costs support for 18-21 year olds

Housing Costs support for 18-21 year olds will be removed from Universal Credit, not Housing Benefit, as is being commonly referred to. It is not yet clear how the UK Government intends to implement the removal of automatic entitlement to the Housing Costs Element for claimants aged 18 to 21. It is likely to be a part of the basic eligibility for the benefit and therefore reserved to Westminster.

However it is possible that exemptions to this new policy will be set out in regulations. Depending on what primary legislation is used to give force to the regulations, they may then come within the power of the Scottish Parliament. Crisis is currently working with the DWP to develop a list of exemptions that will ensure Housing Cost support remains targeted at vulnerable young people to prevent homelessness.

These include:

- Those currently living in homeless accommodation or who have formerly been homeless as young adults
- Those without family or who have experienced relationship breakdown with their parents
- Those who cannot live with their families because the accommodation is unsuitable, for example due to overcrowding
- Care leavers and those known to children's services due to child protection concerns
- Those leaving custody
- Those with dependent children or pregnant women
- Those with a disability or mental health problem
- Those who have previously been in work and / or already live independently

Direct payments to landlords

The Scottish Government has stated that it wishes to use devolved powers to allow direct payments of the HCE to social landlords. Crisis would welcome this policy, recognising the benefits it would bring to tenants with budgeting support needs, or for those who are not

experienced in paying rent themselves, especially as they get used to a different benefit with monthly payments as the default.

This power should be extended so that tenants in the private sector can choose to have payments made directly to their landlord if they wish. Those who currently have a direct payment of Local Housing Allowance should automatically be put on a direct payment to their landlord when they are migrated across to Universal Credit.

Crisis supports local authorities across Scotland to run Rent Deposit Guarantee Schemes, which support people who are at risk of homelessness to access accommodation in the private rented sector. For some of these tenants direct payment of housing costs to the landlord would be appropriate while they establish themselves in their new tenancy, or if they have previously built up rent arrears. Such arrangements might also encourage landlords to consider letting to a group which might otherwise be considered too high risk as tenants.

Bedroom tax

The Scottish Government has fully mitigated the bedroom tax (underoccupancy charge) for the last two years. The devolved powers give scope to vary or remove the bedroom tax. We believe that the bedroom tax should be scrapped. However, if that is not considered financially viable, then the Scottish Government should look at extending exemptions. These exemptions should cover particular groups, including those who need a carer staying overnight and parents who have non-resident children staying with them sometimes, and parts of the country where there are no suitable alternatives available.

Linking housing payments to housing standards

The devolution of housing costs provides the Scottish Government with an opportunity to think creatively about the use of public subsidy of housing costs. One way of doing this could be to ensure that housing subsidised through the benefits system meets minimum standards. In England Rent Repayment Orders can be used by tenants to reclaim rent where a property does not meet certain criteria, such as Houses of Multiple Occupation licensing criteria. Most often they are used by local authorities to reclaim housing benefit. A similar system could be developed in Scotland where properties fail to meet minimum criteria, such as the Repairing Standard, other licensing requirements or minimum energy efficiency standards.

Rent arrears under Universal Credit and private tenancies

We note that under current arrangements, unless a tenant is initially identified as vulnerable, they will only be put forward for an alternative payment arrangement, where the rent is paid directly to the landlord, after two months of rent arrears. The Scottish Government's proposals for the new tenancy regime in the private rented sector currently state that a landlord should be able to issue a Notice to Leave after two months of rent arrears. This means that a tenant on Universal Credit who is struggling to pay their rent could be served a Notice to Leave before the Universal Credit system triggers additional support. The interaction of alternative payment arrangements with the system of dealing with rent arrears in the new tenancy system needs to be carefully thought through as the Scottish Government develops the two policies.

Discretionary Housing Payments

The devolved powers over a Discretionary Housing Payment (DHP) scheme appear to be relatively narrow. The Scottish Government should co-ordinate a national framework for the operation of DHPs across Scotland to create parity between different areas.

Employment support

There is an opportunity to significantly improve the design and delivery of employment support for some of the most vulnerable jobseekers, including people who are homeless or at risk of homelessness, when this is devolved.

The following factors are crucial to providing the most appropriate support for jobseekers' needs in order to successfully move them into the labour market.

Initial assessment process

Stable and secure housing is critical to a jobseeker being able to engage in employment support provision and successfully gain and sustain employment. Therefore the initial upfront assessment should identify people who are homeless or at risk of homelessness by incorporating homelessness into the official assessment framework and by ensuring advisers have specific training to identify housing support requirements. The assessment criteria should reflect all forms of homelessness, including living in hostels and B&Bs, supported housing projects and those sleeping on friends' or family's floors or sofas.

Commissioning

A recent evaluation of the Work Programme suggests that stable housing can underpin (re)entry into work³³. Whilst mainstream provision supports some jobseekers with housing needs, those that have more acute housing needs require more intensive support.

Commissioning of a Scottish employment support programme should recognise housing support as a key component of mainstream employment support provision. People who are homeless or at risk of homelessness may require support around tenancy sustainment, resettlement into secure accommodation, disclosing housing circumstances to potential employers, securing documents to prove identity and to claim in work benefits.

Such support should be reflected within the commissioning process so that housing support organisations are present in future delivery models. The outcomes framework should include identifying and supporting homeless people, and minimum service standards should require providers to address individual needs.

Specialist provision for jobseekers with multiple, complex barriers to employment should be commissioned and better integrated with housing agencies to best support homeless people and those with acute housing needs. Often called the 'hardest to help', those requiring a more intensive support programme will face a multitude of more complex barriers to work alongside their housing needs; including addiction, severe mental health conditions and having a criminal record. The new powers also provide an opportunity to pool budgets through joint commissioning, which in turn will strengthen multi-agency working for people with the most complex needs.

³³ Work Programme evaluation: the participant experience report, December 2014

To enable a multiagency approach between the employment support sector and specialist services, data sharing policies should be established and work targets and cultures between providers and local authority housing departments should be aligned.

Additional support to address jobseekers' housing needs must be adequately funded. The pricing structures of employment support programmes should reflect the additional resource required to address the often high support needs of people who are homeless or at risk of homelessness. Financial models should be introduced that facilitate longer term support and recognise 'distance travelled' for people with acute housing needs, including greater upfront payments to those working with people furthest from the labour market.

Conditionality

Although the Scottish Parliament will not gain powers over conditionality and sanctions, employment support providers currently play a role in the sanctions system as they are required to refer clients for a sanction decision if the claimant fails to meet the mandatory conditions associated with employment support, such as attending certain meetings. With new commissioning powers for programmes, there may be an opportunity to commission a non-mandatory programme similar to the current Work Choice programme for disabled job seekers.

From Crisis' delivery experience, a voluntary programme has proved particularly effective at engaging our client group, often considered the harder to help jobseekers. Commissioning of a new programme should take an evidence based approach on the use of conditionality and financial sanctions within contracted out employment support and ensure that the design of programmes actively moves jobseekers closer to the labour market.

As the new employment support programme is developed it will be important that the activities and support that homeless people are required to take part in is meaningful and tailored to their individual circumstances. It should take into account the impact of someone's housing situation on their ability to seek or prepare for work and recognise the activities taken to address this significant barrier to employment.

Sanctions should never be imposed if they are likely to put people at risk of homelessness or destitution. Employment support advisers should have greater discretion about when to refer a jobseeker for a sanction. Claimants must be fully informed of the importance of disclosing any changes in their housing circumstances to prevent sanctions being issued unfairly.

About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help people to transform their lives.

As well as delivering services, we are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience. We work with politicians, policy makers and the Scottish and Westminster governments to bring about change and share good practice, using expertise from working

with single homeless people and our understanding of the issues they face to shape policy and practice.

Crisis has ambitious plans for the future and we are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own but we take a lead, collaborate with others and, together, make change happen.