

WELFARE REFORM COMMITTEE

THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND

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In making this response I do so as an individual and the views expressed here are thereby my own. However these views have been informed by my experience as a Local Government Service Manager involved in the frontline delivery of Housing Benefit, Council Tax Benefit over the course of the last 28 years. More recently I have been responsible for delivering Housing Benefit, Council Tax Reduction Scheme, Scottish Welfare Fund and Financial Assessments for Adult Wellbeing Services. In addition I have also been directly involved in the first phase of the accelerated roll out of Universal Credit in Scotland.

How should the new welfare powers proposed by the Smith Agreement be used to improve or change Universal Credit, (housing element and administrative arrangements) and Discretionary Housing Payments?

- 1) The transfer of housing costs for working age claimants from Housing Benefits to Universal Credit will inevitably create many challenges for tenants, landlords and Local Authorities alike. Whilst tenants will need to become more proficient in their budgeting skills both private sector and social sector landlords may face higher risk of rental loss through non or underpayment of rent and may only be able to counter this by incurring higher collection costs.
- 2) Under the paragraph 44 of the Smith Report's recommendations the Scottish Government may be given the administrative power to change the frequency of UC Housing Cost payments, vary payment plans and cause landlords to be paid direct. However, the mechanism to do these things is yet to be defined and as of yet has not been reflected in the DWP's plans for UC roll out. In creating these variations to the UK wide UC delivery model there is a real risk of introducing an additional layer of administration, process complexity and consequential further costs which may in turn have to be absorbed by the Scottish Government, (see paragraph 47). Short of having full control of the administration of housing costs it is doubtful what advantages control of frequency of UC Housing Costs will deliver. It may simply be more cost effective to work with Social Landlords and others to help change the frequency of their rent charges to match, (as closely as possible) the frequency of their individual tenant's UC payments.
- 3) The recent expansion in use of Discretionary Housing Payments, (DHPs) in Scotland to afford 100% mitigation of HB reductions due to under occupancy. (i.e. so called bedroom tax) has created a demand which both the Scottish Government and Scottish local authorities may now find difficult to service. Given that DHP assessments were not previously applied in such 'blanket' fashion it is clear that the scheme is no longer suitable for this 'altered' purpose and the

ongoing, overall reduction in funding means that it is rapidly becoming unsustainable.

- 4) Rather than continue with DHP mitigation for under occupancy it may be more cost effective for the Scottish Government to use any new powers under paragraph 45 of the Smith report's recommendations to vary the relevant elements of UC Housing Costs. Once again, given it is unlikely that this additional process complexity been factored in to DWP plans for developing UC, there could be a further consequential costs, (see paragraph 47). Inevitably the Scottish Government would also be obliged to fund this element of relief and therefore the true cost of it's policy objective. In following this course of action the Scottish Government could tackle the issue of under occupancy reductions to housing costs at source and develop closer working with the DWP in delivering welfare in Scotland in a 'post Smith' environment. In time closer working with the DWP should ensure that mitigation of the under occupancy reduction is administered more consistently leaving DHP to alleviate more traditional causes of housing related hardship being dealt with by local authorities.

How should the new welfare powers proposed by the Smith Agreement be used to improve or change the Regulated Social Fund, new benefits, top-ups and delivery of benefits overall.

- 1) In receiving more devolved elements of welfare benefits, (i.e. outside Universal Credit) the Scottish Government needs to carefully consider what the best delivery model for the administration of these benefits should be. The UK Government has previously devolved elements of the Social Fund to Scotland, (i.e. Crisis Grants and Community Care Grants) however this came with a 10% cut in funding for these schemes and inevitably this fed through to the level of funding available to Councils who since April 2013 have delivered these schemes under the Scottish Welfare Fund.
- 2) Whilst local authorities may still afford the Scottish Government the best channel for delivering an expanded range of benefits in a more holistic way it is imperative that any additional schemes are afforded the appropriate amount of administrative subsidy to deliver these services effectively without diminishing council services already dealing with the multiple impacts of welfare reform.
- 3) Having considered the options for delivering an expanded range of new benefits the Scottish Government may conclude that a centralised administration may prove more cost effective. Whilst in monetary terms this may be the case however such a service may be diminished without the involvement of local council services.