

WELFARE REFORM COMMITTEE
THE FUTURE DELIVERY OF SOCIAL SECURITY IN SCOTLAND
WRITTEN SUBMISSION RECEIVED FROM SFHA

1. Introduction

1.1. As the national representative body for housing associations and co-operatives in Scotland, the SFHA welcomes the opportunity to respond to the Welfare Reform Committee's consultation on the future delivery of Social Security in Scotland.

1.2. Housing associations and housing co-operatives in Scotland own and manage 46% of the country's affordable rented housing stock. This represents 274,996 homes across Scotland, concentrated in some of the poorest communities in our country. Many are registered charities and our members have had first hand experience of advising and supporting tenants who have for one reason or another had to seek assistance from the benefits system and the challenges tenants face in order to survive.

1.3. Housing associations and housing co-operatives are:

- Independent businesses providing and managing high quality affordable accommodation and housing related services;
- Responsible for accessing and managing public and private resources for house building and reliant on rental income to cover operating costs;
- Able to demonstrate added value through care and support, wider role and financial inclusion activities;
- Managing businesses imaginatively and inventively to benefit housing and communities through their not-for-profit ethos;
- Regulated by the independent Scottish Housing Regulator.

1.4. Our sector is extremely diverse, with organisations formed from a variety of different circumstances and in varying shapes and sizes. They range from large ex-local authority stock transfer organisations with tens of thousands of properties to small community controlled organisations owning a couple of hundred homes. Whatever their shape or form, all have seen the effect of recent welfare reforms on a significant number of their tenants and anticipate further changes ahead as having material implications for their activities.

1.5. Rental income funds three principal activities: repayment of bank lending; repairs and maintenance of properties; employment of staff to provide management services.

1.6. We estimate that 61% of all rental income of all housing associations and cooperatives in Scotland currently comes from Housing Benefit (with about two thirds relating to people of working age). It is therefore vital to the financial stability and capacity of associations that this income stream is not undermined. Devolution of administration provides the opportunity to do that by making it possible for rent support payments (the housing costs of UC) to be made to landlords. But this requires a careful approach.

2. The Smith Agreement and SFHA engagement around further devolution

2.1. A principal concern of the SFHA concerns the reserved powers controlling policy and administration of Housing Benefit and latterly the housing costs element of Universal Credit. HB spending has grown in significance as rents have risen (particularly in the private sector), with the consequence that the balance of control over housing funding has shifted towards Westminster. The annual bill for rent support - Housing Benefit - is currently running at more than double the value of annual investment in building new homes. The system for rent support needs to be aligned with already devolved powers over housing policy and legal arrangements for housing in Scotland.

2.2. In our submission to the Smith Commission the SFHA argued for devolution of further powers to the Scottish Parliament, encompassing the social security system (excluding pensions) to enable the Scottish Parliament to fund and administer policies that could deliver a well-functioning housing system and operate coherently in relation to other benefits. Devolution would have been more straightforward if HB had not been part of Universal Credit. Since it is a part of UC, and earmarked for partial devolution or shared jurisdiction, we regard the devolution of administrative arrangements and the power to vary aspects of UC as useful and able to offer some benefits to claimants and landlords.

2.3. The SFHA has submitted two tranches of written evidence to the Scottish Parliament's Devolution (Further Powers) Committee, in January 2015 and in March 2015¹, outlining concerns about the proposed devolution of powers. The intervening months have allowed further deliberation on these points particularly now that we have seen the Scotland Bill on which we have also submitted evidence to the Devolution Committee. Although SFHA called for UC roll out to be suspended / deferred, we are in a position to learn from current administration problems.

3. The Future Delivery of Social Security in Scotland

3.1. In inviting evidence on how the Scottish Parliament can use the proposed powers to improve the delivery of benefits in Scotland, the Committee posed four specific questions about how the new welfare powers proposed by the Smith

¹ http://www.sfha.co.uk/index.php?option=com_docman&task=cat_view&qid=651&Itemid=340

Agreement should be used to improve or change. We address each in turn focussing particularly on the UC issues and housing costs element.

Personal Independence Payments, Disability Living Allowance, Attendance Allowance and Carer's Allowance

3.2. The devolved powers should be used to afford both dignity and respect to the claimant. This could be achieved by broadening the evidence base for assessment. The current system has an over-reliance on GP assessments and attendance at assessment centres.

3.3. The PIP claims procedure is too complex. Time is consumed attempting to reinstate PIP claims where the claimant has failed to attend their scheduled face to face assessments, more often than not the reason for which is that their disability prevented them from being able to attend. This is a particular problem for claimants with mental health and/or addiction issues. Even the process for simply obtaining a PIP application form is overly complex in which the claimant is subject to a scripted phone call during which long passages from social security legislation are read out by the call handler. Again claimants with mental health and/or addiction problems can find all this difficult to cope with.

3.4. PIP claimants should be given a say about where medical assessments take place and there should be capacity for home visits where a proper evaluation can take place of how an individual functions in their day to day routine. The IT system for managing needs to be improved – for example Link Housing association reported one case where available SALUS appointments in Stirling were not on the ATOS appointment system, which meant an individual having their assessment delayed or having to have an appointment further from home than was necessary. Dunedin Canmore Housing Association report that their tenants in Edinburgh are being asked to attend interviews 25 miles away in North Berwick.

3.5. GP reports are costly and not necessarily the best placed to give a view of an individual's daily life; it should be possible to consider corroborative evidence from the individual's own testimony and other trusted individuals such as a carer or support worker who may have first hand knowledge of their daily living condition.

3.6. Conversely, evidence supplied by senior medical staff who have had direct contact with the individual should be accepted without the need for face to face assessments by the DWP's contractors with a more limited expertise.

Universal Credit - housing costs element, (power to vary and administrative arrangements) and Discretionary Housing Payments

3.7. In recent years the administration of Housing Benefit by local authorities has facilitated tasks such as administration of Council Tax Reduction and Discretionary Housing Payments (DHPs), especially where these functions are carried out by the same department. Universal Credit breaks that synergy. Already housing

associations are faced with having to manage and reconcile rent charges with various rent payments for any given tenant based on different sources, from

- the local authority for HB entitlement for tenants outwith UC;
- the local authority for any DHP due whether for HB or UC cases;
- the tenant, who needs to understand clearly which element of the rent charge they may be liable for and what support they may be receiving;
- DWP for Alternative Payment Arrangements (APA) for UC cases, where there is an arrear or vulnerability. UC regulations which apply to all for new cases following roll- out in February 2015 permit payment to landlords (known as ‘managed’ payments or APAs) to be granted only where
 - the claimant / tenant is deemed by a DWP decision-maker to be ‘vulnerable’ and therefore unable to manage payments to the landlord, or
 - the tenant/claimant has already accrued arrears in excess of two months’ rent.

3.8. Under the current system of Housing Benefit administered by councils on behalf of DWP, tenants of housing associations can (and generally do) mandate payments direct to their landlord. When asked their preference, the overwhelming majority of tenants state they would prefer Housing Benefit to go straight to the landlord². Council tenants currently have their Housing Benefit (or ‘rebates’) calculated by the council on behalf of DWP and automatically paid to the council as landlord.

3.9. It is unquestionably the legal responsibility of a tenant to pay rent to the landlord. And most tenants want to have any rent support - the housing cost element of UC - paid direct to the landlord. That is what devolved powers could be used to achieve and the system the SFHA would welcome, but subject to the express agreement of the tenant (as is the case with HB at present for housing association tenants).

3.10. A particular concern is also around eligible costs under the housing element of UC. Under current HB rules, the maintenance charges for adaptations to properties to enable their use by disabled people, such as special baths, Clos-o-mat toilets, stair lifts, auto-doors and tracking systems are eligible for Housing Benefit. These adaptations are as essential to a tenant with a disability as the provision of water, gas and electricity are to tenants without a disability. A landlord is obliged to ensure that these services are safe to use and appropriately maintained. They should therefore be eligible as service charges for the housing element of UC.

3.11. Paragraph 45 of the Smith Commission report stated: “The Scottish Parliament will have the power to vary the housing cost elements of UC, including

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/193327/rrep822.pdf

varying the under-occupancy charge and local housing allowance rates, eligible rent, and deductions for non-dependents.”

3.12. The Scotland Bill currently provides for such powers, and it will be important to tenants and social landlords for the Scottish Parliament to use those powers in due course, and make appropriate budget decisions, to vary the housing costs element of UC so that the ‘bedroom tax’ can in effect be abolished. While DHPs are a welcome expedient, they are only a temporary measure; their use to mitigate the ‘bedroom tax’ has tended to obscure other existing and potential uses. For example, following the Chancellor’s Summer Budget, further restrictions on the eligibility for Housing Benefit will exclude many such as 18-21 year olds from assistance, as only Housing Benefit recipients are eligible, making the need for Scottish Parliament to have the necessary power to vary all the more pressing.

The Work Programme and Work Choice

3.13. As Dr David Webster has pointed out in his sanctions briefing in May³, almost twice as many JSA claimants are sanctioned as had job outcomes; up to December 2014 there were 734,774 sanctions compared to 376,020 job outcomes. There were 596,022 Work Programme sanctions after challenges.

3.14. The devolution of work programme and work choice can only be an improvement. There is not enough emphasis on giving the opportunity for claimants to acquire the necessary skills to acquire and sustain employment and too much emphasis on punishing those who fail to comply.

3.15. The current practice of big firms sub-contracting on a diminishing return model of agreement does not work – it presupposes that there are up-front costs that have to be covered, ignoring the on-going overheads of providing support.

3.16. The time prescribed nature of the work programme is flawed. It only starts after the claimant has been unemployed a prescribed time and then lasts for a set period with no reference to the progress of the claimant. There should instead be early intervention, with a view to what the market is, building skills and building confidence of the claimant and suitability.

3.17. There are age barriers with focus on under 21s – so graduates can lose out, for example, as do over 50s. A preferred option would be a single door of entry involving a range of providers including third sector organisations and housing associations with wider role initiatives that can specialise to match capacities of client.

³ <http://www.cpag.org.uk/sites/default/files/uploads/15-05%20Sanctions%20Stats%20Briefing%20-%20D.Webster%20May%202015.docx>

The Regulated Social Fund, New Benefits, Top-ups and Delivery of Benefits Overall

3.18. The SFHA welcomes a commitment to the stronger intergovernmental working recommended by the Smith Commission, which should help to improve the delivery of benefits. The establishment of the Scottish Welfare Fund has been a welcome innovation, and is submitting a response to the Welfare Reform Committee's consultation on regulations.

3.19. It should be borne in mind that many devolved or reserved benefits can act as passports to other devolved or reserved benefits. It is therefore of critical importance that governments work closely together for this transition, and continue with close partnership.

3.20. Concern remains over the harm caused by delays in the delivery of benefits; as the Trussell Trust has pointed out, the majority of the referrals to their food banks are as a consequence of benefit delays and sanctions. In a recent submission to the Welfare Reform Committee's request for case studies on food bank use the SFHA survey of its members found that 47% of the referrals they were aware of was due to benefit delays. As Dr Webster highlighted in his May report, mandatory reconsiderations, even if successful, leave claimants and their budgets in a parlous state: "Although a successful challenge should result in a refund, this is only after weeks or months by which time serious damage is often done."

4. Conclusion

4.1. The delivery of social security needs to be fair, efficient and promptly delivered. The best way to do this is through locally based systems and expertise that already exist, that are better placed to engage with claimants and stakeholders and to coordinate and account for benefit delivery to the whole community.

4.2. This concludes the submission by the SFHA.