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Bob Doris MSP
Convener
Social Security Committee
Scottish Parliament
Edinburgh
EH99 1SP

20 March 2019

Dear Convener,

We are pleased to contribute to the Committee's housing inquiry and will look with interest at what the committee learns and recommends.

This inquiry comes at an opportune time - as the UK Government has indicated that the benefit freeze which includes Local Housing Allowance (LHA) will continue into its fourth year and will not end until 2020. However LHA has had changes that have negatively impacted on people outside of the hardship caused by the overall freeze.

Given the inquiry's emphasis on LHA rates and Universal Credit we wish to make our position clear that on LHA the UK Government should restore rates to the 30% percentile, a compromise in itself given that previously rates were set at the 50th percentile in order to give private tenants in receipt of housing benefit access to the bottom half of the market. On UC we have repeatedly called on the UK Government to reduce the in-built minimum five week wait for a first payment and to tackle the significant number of late payments which mean that some people wait several months before receiving a payment. However, we would also reiterate a number of other changes that we see as necessary in order to go some way towards undoing the damaging effects of UK welfare reforms:

- Scrapping the 2 child limit in UC
- Unfreezing benefits
- Lifting the benefit cap
- Conducting a full review of conditionality and sanctions

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Please note that in May 2018 we published “Housing and Social Security: follow-up paper on Welfare Reform”, and would urge the committee to look at that report in its entirety. Of particular relevance to the remit of this inquiry are the tables on Local Housing Allowance rates, which show how the freeze to LHA rates has squeezed the availability of accommodation over time in comparison to what would have happened had the link to the 30th percentile been retained, and the differential impact this has had across Scotland.

On that basis the attached contribution contains information additional to the content of that report that we hope you will find useful.

Yours Sincerely,



AILEEN CAMPBELL



SHIRLEY-ANNE SOMERVILLE

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Universal Credit

Despite the Scottish Government repeatedly calling for the roll out of Universal Credit (UC) to be halted due to the many flaws in the system that evidence shows is having a negative impact on people, UC is now available in all areas across Scotland, and indeed the rest of the UK. As at November 2018, Department for Work and Pensions (DWP) data shows that around 120,400 households in Scotland were in receipt of UC and, of those, around 75,100 households were receiving the housing entitlement in their UC award. According to Scottish Government estimates based on data provided by the DWP, around 600,000 households in Scotland are estimated to be in receipt of UC when it is fully rolled out in 2023.

UC is clearly failing the people of Scotland and is causing hardship and rent arrears. The latest information provided by COSLA suggests that by March 2018, rent arrears in UC full service areas rose by an average of 26%. In addition, Trussell Trust analysis has shown an increase in foodbank usage in full service UC areas of up to 52% in the year after full rollout. In order to cope with the extra pressures on meeting housing costs and the costs of daily living, local authorities have been investing their own money to support people in receipt of UC. Glasgow City Council, for example, has invested £2 million in creating UC support hubs.

The Scottish Government has repeatedly called on the UK Government to address the many problems with UC and firmly believes that no-one else should be moved on to UC until these fundamental flaws are fixed. There are a range of ways in which UC can affect people's ability to pay their rent in full and on time. These include: the five week waiting period, direct deductions and advances; the lack of transitional protection for people naturally migrating onto UC; the two child limit; punitive sanctions and conditionality requirements; and the benefit cap. We have continued to push the UKG to halt the natural migration of people to UC because of these issues and the lack of protection they have compared to those who will be migrated from legacy benefits. The Work and Pensions Secretary indicated in Parliament on 7 January that 1.6 million people are expected to move on to UC during the next 12 months as part of natural migration. Scottish Government analysts, using OBR forecasts, estimate that there will be close to 80,000 households that naturally migrate each year until 2023. Allowing this to continue in the face of the enormous flaws in the system is indefensible.

The Scottish Government's 2018 Welfare Reform¹ report found that by 2020/21 social security spending in Scotland is expected to have reduced by £3.7 billion as a result of UK Government welfare changes and cuts since 2010. In the face of this massive reduction, we've done what we can to mitigate and the Scottish Government expects to spend £127 million in 2018/19 on welfare mitigation and

¹ <https://www.gov.scot/publications/2018-annual-report-welfare-reform-9781787812628/>

measures to help protect those on low incomes, including the money we allocate to councils for Discretionary Housing Payments - around £50m to mitigate the bedroom tax in full and a further £10.9m to help tenants affected by UK Government welfare changes including the benefit cap benefit freeze including the freeze to Local Housing Allowance (LHA) rates.

Whilst UC is entirely reserved as a benefit the Scottish Government does have some very limited powers over the delivery of UC which we use to better suit to the needs of those who claim it through our UC Scottish choices programme. Since 4 October 2017, people in Scotland have been given the choice to receive their UC award either monthly or twice monthly and have their housing costs paid directly to their landlord, in order to help people on low incomes in Scotland to better manage their budget. Direct payment of UC housing costs to landlords can provide peace of mind and reassurance to the tenant that all (or most) of their rent is being paid. It also provides a more assured rental income to landlords and may also help to prevent or reduce rent arrears, which will ultimately safeguard tenancies. In our opinion this should be made available to all UC recipients in the UK by the DWP so that everyone can make a choice that suits their circumstances.

The Scottish Government pays DWP to deliver these flexibilities. To implement the UC Scottish choices, the Scottish Government paid £529,785.58 to the DWP in April 2018 for one-off costs, which included changes to the UC IT system and updates to DWP staff guidance and training. On-going operational costs, based on the actual number of choices offered and taken up, were £38,467.26 for the period 4 October 2017 to 31 May 2018. Costs beyond May 18 are being finalised.

Scottish Government data² shows that take up of the UC Scottish choices has been high. Over the period 11 November 2017 to end August 2018, 66,700 people had been offered the UC Scottish choices, and around 32,000 people (almost 50%) took up one or both of the choices. Of those, 26,910 people had chosen to implement twice monthly payments, 11,430 had chosen to have the housing element of UC paid directly to their landlords, and 6,380 chose both.

We are aware of the concerns raised by some housing associations about the DWP's existing payment scheduling process for direct payments to landlords, whereby landlords are being paid the housing costs owed to them by the DWP every four weeks, as opposed to payments being synchronised with the calendar monthly or twice monthly date their tenant receives their UC award. This can result in landlords being paid up to four weeks later than the UC payment date, which may be after the date the tenant's rent is due and, therefore, also cause rent arrears. This can lead to inappropriate action being taken against tenants. This issue is not unique to the UC Scottish choices – it similarly affects landlords and tenants across the United Kingdom through the DWP's administration of Alternative Payment Arrangements. The Scottish Government has raised this issue directly with the UK Government and understands that the issue will be resolved in the course of this year, although this will not tackle the in-built problem that by design the waiting period means that tenants will be pushed into arrears through no fault of their own.

²<https://www2.gov.scot/Topics/Statistics/Browse/SocialWelfare/SocialSecurityforScotland/UCMIAug2018>

The Scottish Government does not hold any current data on the impact of direct payments of UC to landlords on rent arrears. We are currently considering the best approach to evaluate the UC Scottish choices and intend to explore the impact on rent arrears as part of that evaluation. We are also monitoring data on landlord experience from a variety of sources, including local government and housing associations, although the recording of UC as factor in rent arrears is variable.

Bedroom Tax

As mentioned above the Scottish Government mitigates the bedroom tax in full. This year we are spending around £50m through DHPs to achieve this, helping more than 70,000 households. We remain committed to abolishing the bedroom tax at source (i.e. through UC) in Scotland, and it is regrettable that the UK Government who ultimately have responsibility for timetabling changes to UC, have delayed this piece of work and have not committed to an implementation timetable other than to say this cannot be delivered “before May 2020”. We remain of the view that the bedroom tax should be abolished across the UK.

The UK Government’s own research³ shows that tenants affected by the bedroom tax pay rent by: using up savings; borrowing from family or friends or accruing debt.

Those who had to make cut backs as a result of the bedroom tax cut back on energy (46 per cent of those who had cut back on spending), travel (33 per cent), food (76 per cent) and leisure costs (42 per cent).

“A qualitative study of the impact of the UK ‘bedroom tax’⁴ which looked at the impact of the bedroom tax in an urban neighbourhood in North East England concluded that the bedroom tax “affected purchasing power for essentials, particularly food and utilities. Participants recounted negative impacts on mental health, family relationships and community networks. The hardship and debt that people experienced adversely affected their social relationships and ability to carry out normal social roles. Residents and service providers highlighted negative impacts on the neighbourhood, as well as added pressure on already strained local services.”

And

“The bedroom tax has increased poverty and had broad-ranging adverse effects on health, wellbeing and social relationships within this community. These findings strengthen the arguments for revoking this tax.”

It seems clear then that without Scottish Government mitigation the impact on people of UK Government welfare changes on housing would be much more, in terms of

³ “Evaluation of Removal of the Spare Room Subsidy”, DWP
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/506407/rsrcs-evaluation.pdf

⁴ Journal of Public Health, Volume 38, Issue 2, 1 June 2016, Pages 197–205,
<https://doi.org/10.1093/pubmed/fdv031>

individual impacts but also on wider community and social impacts, and would cut across the Scottish Government’s devolved responsibilities for housing.

Benefit Cap

The Scottish Government remains concerned about the damaging impact of the benefit cap on families already on low incomes. For tenants in receipt of housing benefit, the cap is applied by reducing their housing benefit, for tenants in receipt of UC the cap is applied to the overall award. Either way, the cap can have a severe impact on the ability of a household to pay their rent and that is why approximately £8m of the DHP allocation that we provide to local authorities each year is allocated on the basis of an analytical assessment of the impact of the cap in each local authority area.

In Scotland ,among families to whom the cap is applied through Housing Benefit (as opposed to UC), 89% contain children (77% have three or more), while 64% are lone parent households. Both lone parents families and those with three or more children are priority groups outlined in the Tackling Child Poverty Delivery Plan.

Nearly all (93%) households affected by the benefit cap contain children, with a significant proportion from larger families. From the table below it can be seen that the majority of households affected are in the social rented sector with around one third in the private rented sector.

The Scottish Government has collated some of the available DWP data on the benefit cap in Scotland:

Selected Benefit Cap statistics as of November 2018

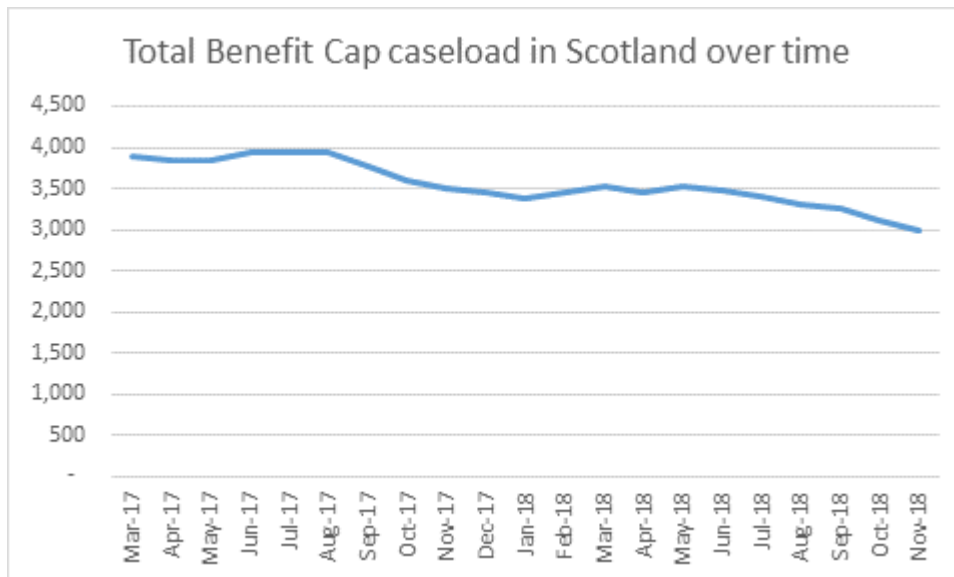
Source: [StatXplore](#) and [DWP Benefit Cap Statistics 7 February 2019](#). Shares of caseload with x number of children, and share living in the PRS have been omitted for Local Authorities with total Benefit Cap caseloads of less than 100, due to data quality issues.

	Total caseload	Average amount lost due to the cap each week	Share of caseload with children	Share of caseload with more than 2 children	Share of caseload with more than 3 children	Share of caseload living in the Private Rented Sector
Scotland	2,982	£56.76	93%	81%	40%	32%
Aberdeen City	93	£69.37				
Aberdeenshire	93	£48.08				
Angus	50	£42.44				
Argyll and Bute	18	£32.24				
City of Edinburgh	428	£88.76	71%	46%	16%	23%
Clackmannanshire	57	£56.07				
Dumfries and Galloway	55	£41.06				

Dundee City	116	£51.83	99%	91%	49%	41%
East Ayrshire	78	£45.46				
East Dunbartonshire	27	£72.47				
East Lothian	59	£49.28				
East Renfrewshire	25	£40.38				
Falkirk	50	£43.34				
Fife	202	£47.05	98%	93%	50%	34%
Glasgow City	509	£53.89	95%	88%	47%	29%
Highland	90	£57.76				
Inverclyde	52	£42.57				
Midlothian	76	£53.44				
Moray	21	£38.48				
Na h-Eileanan Siar	-	-				
North Ayrshire	113	£40.14	98%	88%	42%	40%
North Lanarkshire	169	£48.81	95%	83%	44%	41%
Orkney Islands	-	-				
Perth and Kinross	33	£53.01				
Renfrewshire	74	£50.05				
Scottish Borders	36	£54.91				
Shetland Islands	8	£57.58				
South Ayrshire	50	£53.64				
South Lanarkshire	124	£55.66	95%	90%	44%	38%
Stirling	14	£43.28				
West Dunbartonshire	79	£57.46				
West Lothian	89	£44.80				

The average amount capped, and these caseload shares refer to the proportion of households with capped Housing Benefit, as data is unavailable for households with capped UC. The most recent November 2018 data shows that 94% of capped households were capped through Housing Benefit, so these figures should be broadly representative of the total (HB + UC-capped) caseload.

Although the number of households Benefit Capped has slightly declined over time (see graph below) the average amount capped has remained at around £57 per week.



When considering other aspects of UKG welfare changes it is important to include consideration of the cap with those. If the UK government were to increase benefits such as the LHA rates without a commensurate increase to the cap, the number of households affected could increase, and many more households could fail to benefit from increased rates and allowances if their net UC award were capped. Therefore the benefit cap must be addressed and lifted.

On this point, we note with interest the Work and Pensions Committee report on the Benefit Cap⁵.

The Committee points out that in terms of restoring fairness between people who are out of work and people who are working, the cap fails to account for the benefits that in-work families can receive. This means that, when the cap is in place, differences in income between capped claimants and similar families in-work earning the cap limit can amount to tens of thousands of pounds. The greater the number of children in a family, the more pronounced these differences become - from a difference of £12,000 for a single parent with 3 children (a third of capped households), rising to £22,000 for a single parent with five children (5% of capped households).

While a small percentage of claimants (4.7%) move into work because of the cap, the vast majority do not. The Committee note that this is not surprising since 82% of households affected by the cap have been assessed by DWP as not being required to look for work - often because they have an illness or disability or are caring for very young children.

The Committee makes a range of recommendations, including exempting people in temporary accommodation from the cap, and which overall would have the effect of taking the 82% of households that can't escape the cap out of its scope.

There are also a number of personal testimonies from people affected by the cap⁶, demonstrating devastating effects on mental health, levels of debt and hardship.

⁵ <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2017/benefit-cap-17-19/>

Local Housing Allowance

The Scottish Government published information on the impact of the freeze to LHA rates in May 2018 in the paper “Housing and Social Security: follow-up paper on Welfare Reform.”⁷

That report highlights the impact of the freeze on LHA rates on affordability of accommodation in the private sector showing that the freeze on rates has substantially limited the availability of affordable accommodation in a number of areas. For the purposes of their inquiry, the committee may find of particular interest the tables contained in chapter 3 which set this out in further detail, including the impact across different sizes of property and geographical areas.

It notes that the actual level of support available in the private sector has fallen substantially short of the 30th percentile and concludes that if it is not the intention of the UK Government to increase rent arrears, then it would appear to be incumbent on them to address the consequences of these changes.

£1.3m of the DHP allocation we make to local authorities each year is allocated according to the best available evidence we have on the impact of the LHA freeze in each local authority area.

Rental Arrears and Evictions Statistics

Rent arrears are increasing, but attributing cause is not straightforward. UC has been widely singled out as a cause of increased rent arrears. However other causes can be behind this, such as tenant incomes, rent rises and landlord approaches to accounting and debt recovery. We do not have systematic evidence in the form of recorded reasons for arrears on a case-by-case basis and which tenants are on UC. UC is also being rolled out in stages, so the full impact nationally is not yet.

That said, individual landlords (local authorities and housing associations) in the social rental sector have reported a perceived relationship between increasing rent arrears (and evictions) and the continued roll-out of UC. National Housing Federation/SFHA surveys of 118 housing associations in England, Wales, and Scotland in 2018 suggest that tenants on UC are more than twice as likely to be in debt compared to other tenants. Indeed, in Scottish housing associations, two thirds (65%) of UC tenants are in arrears, compared to less than a third (32%) for all other tenants⁸.

Evidence from Highland, East Lothian, Inverclyde and East Dunbartonshire councils revealed that debts were 2.5 times higher for those on UC than for those on Housing Benefit. East Lothian experienced a 30% increase in rent arrears in the first year after migrating to full-service UC⁹.

⁶ <https://houseofcommons.shorthandstories.com/benefitcapstories/index.html>

⁷ <https://www.gov.scot/publications/annual-report-welfare-reform-follow-up-paper-housing-social-security/>

⁸ [SFHA Press Release - Housing Federations across the UK say "flawed" UC is causing debt and hardship for families in social housing](#)

⁹ [Annual Report on Welfare Reform Follow Up Paper Housing and Social Security 2017](#)

SG Statistics on local authority rent arrears (from SG Housing Revenue Account Statistics¹⁰) show:

- As at March 2018, rent arrears on all council dwellings was £66m, up £2.4m (3.8%) on last year, representing 5.7% of Standard Rental Income from these dwellings. These arrears have been rising steadily year on year since March 2013.
- During the same period, the number of council tenants in arrears has increased by around 3,130 tenants to 99,760 and the number of former tenants in arrears also increase by 440 to 32,580 as at March 2018.

There is an SG Housing and Regeneration Outcome Indicator on “Evictions & Abandonments in the Social Sector”, which uses data from SG and SHR¹¹. Statistics on social sector eviction actions show that since 2013/14, there has been an increase of 697 (41%) overall, reaching 2,405 in 2017/18, with a greater increase for Local Authorities (+539 or 59%) compared to Housing Associations (+158 or 20%) over this period.

Further detailed statistics on local authority evictions actions (but not on housing association eviction actions) are published by SG in the Annual Housing Statistics Key Trends¹².

Evidence on the impact in the private sector is harder to come by. However we are aware of cases that have been reported in the media, and a House of Commons report¹³ which stated that “reported landlord survey evidence suggests that there has been an increase in the proportion of private landlords who are unwilling to let to HB claimants.”

Homelessness

National Audit Office Report

In its report on Homelessness published in 2017, the National Audit office concluded that:

*Changes to Local Housing Allowance are likely to have contributed to the affordability of tenancies for those on benefits, and are an element of the increase in homelessness.*¹⁴
and

¹⁰ <https://www2.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/HSfS/HRMainpage/Housingrevenueaccountstatistics1819>

¹¹ <https://www2.gov.scot/About/Performance/scotPerforms/partnerstories/HARO/Indicators>

¹² <https://www.gov.scot/publications/housing-statistics-scotland-2018-key-trends-summary/pages/12/>

¹³ <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07008>

¹⁴ <https://www.nao.org.uk/wp-content/uploads/2017/09/Homelessness.pdf>

The [UK] government has not fully assessed the impact of its welfare reforms on homelessness.

It goes on to recommend that:

The government, led by the Department and the Department for Work & Pensions, should develop a much better understanding of the interactions between local housing markets and welfare reform in order to evaluate fully the causes of homelessness.

We agree with this conclusion and recognise the role that the impacts of UK welfare reforms set out above have in driving homelessness and making it more difficult for people to get back to a settled home.

Scottish Government work on Homelessness and Rough Sleeping

The Programme for Government announced by the First Minister on 5 September 2017 set out a new commitment to eradicate rough sleeping, transform the use of temporary accommodation in Scotland and end homelessness. This ambition was backed up with a £50m Ending Homelessness Together Fund. Ministers subsequently established the Homelessness and Rough Sleeping Action Group (HARSAG) to make recommendations on how these transformational changes can be achieved.

In June 2018, HARSAG completed their work, producing a comprehensive set of 70 recommendations¹⁵ aiming to secure strategic changes at both the national and local level which would help support delivery on the front-line. All 70 recommendations have been translated into the Ending Homelessness Together High Level Action Plan¹⁶ which was published by the Scottish Government and COSLA on 27 November 2018. This plan sets out the actions we will take in partnership with others to realise our shared ambitions to end rough sleeping and homelessness.

On welfare reform, the HARSAG final report said:

Housing and welfare policies can exacerbate (or ameliorate) the impact of these risk factors [of homelessness] and can cause (or prevent) homelessness.

Decisions about social security have a direct impact on homelessness. The poverty resulting from benefit caps and freezes, the impact of sanctions on people who are homeless or at risk of homelessness, the limits on the housing element of benefits, and waiting times for Universal Credit, and other aspects of welfare reform all act to increase the pressure on people living on the edge of homelessness.

Later it goes on to say:

¹⁵ <https://www.gov.scot/binaries/content/documents/govscot/publications/factsheet/2018/06/homelessness-and-rough-sleeping-action-group-final-report/documents/c98c5965-cabf-4933-9aae-26d9ff8f0d12/c98c5965-cabf-4933-9aae-26d9ff8f0d12/govscot%3Adocument>

¹⁶ <https://www.gov.scot/publications/ending-homelessness-together-high-level-action-plan/pages/1/>

The social security offer for housing needs to be sufficient so that people at risk of homelessness can afford somewhere to live – whether in the private, public or social sector. This is a fundamental element of preventing homelessness in the first place and ensuring that episodes of homelessness are brief, and non-recurrent, where it does happen.

It then makes the following recommendation:

Recommendation 3: to ensure the social security offer supports households to avoid homelessness and to exit homelessness as quickly as possible when it does occur. As key elements of this, we recommend Scottish Government examine the case and pursue changes for the following:

- *The way Local Housing Allowance is calculated needs to be reformed, raised to the 30th percentile everywhere, as well as being uprated on a regular basis*
- *The overall Benefit Cap needs to be raised and the benefit freeze ended so that households are not forced into destitution – this is especially true for single people in younger age groups who are particularly vulnerable to homelessness and destitution as a group*
- *With the introduction of Universal Credit, deduction rates for advances, arrears, overpayments and all other third party deductions should be reduced; exemptions for the Shared Accommodation Rate need to be extended; and the 5-week waiting time needs to be removed as this creates arrears right from the start*
- *There should be independent Housing/Homelessness specialists in Job Centre Plus with funding available to be made available to existing advice providers rather than directed by the Department for Work & Pensions (DWP)*
- *Work Capability Assessment to include homelessness as a ‘supplementary descriptor’.*
- *DWP to assess the likely impact of a benefit or social security sanction before issuing and sanctions should not be issued unless the DWP can satisfy itself that it will not cause homelessness*

The Scottish Government has accepted this recommendation and in our *Ending homelessness and rough sleeping: action plan* we have committed to continue to push the UK Government to reverse the changes to the welfare system they have introduced that put people at risk of homelessness, and we will underpin this with a full analysis of the HARSAG recommendations on changes to the UK welfare system policy and delivery this year

Council Tax Reduction

UK Government welfare changes have the potential to have knock on effects in various devolved areas, and the interactions between Council Tax Reduction (CTR) and UC offer an example of this.

Although not part of the social security system, the CTR scheme plays an important role in reducing the council tax liabilities of those on lower incomes or on specific benefits. The establishment of the CTR scheme was one of the Scottish Government’s first responses to welfare reform, being established in April 2013 in response to the UK Government’s abolition of Council Tax Benefit.

The CTR scheme is defined in Scottish legislation and operated by each local authority. It is not a benefit, rather it reduces households' council tax liabilities, depending in their income, need and wider circumstances.

The Scottish Government will have provided over £1.4 billion in funding for the CTR scheme by the end of 2018/19, assisting almost half a million households each year to meet their council tax liabilities. 79% of households who receive CTR are entitled to the maximum reduction, meaning they pay no council tax. On average, CTR recipients saved over £685 per year.

To streamline application and administration, local authorities are able to utilise information captured and verified as part of the wider social security system. In other words, the CTR scheme is designed so that information needed by DWP to determine entitlement to particular benefits can be used by a local authority to determine entitlement to CTR with many of the elements used to determine entitlement to a council tax reduction corresponding to elements within the benefits Universal Credit (UC) is replacing (known as 'legacy benefits').

However, the present CTR scheme does not have the same relationship with UC which, as a wholly new system, does feature a number of the elements and definitions of the benefits it is intended to replace. In turn, the present scheme calculates CTR entitlement for UC cases differently, reflecting that the availability of information about the applicant for such cases is different. However, this approach, conceived as a stop gap in 2013, potentially results in households with identical circumstances being entitled to different levels of CTR, depending which DWP benefit they receive. We are therefore in the process of revising the scheme with the objective of using information captured by DWP for UC cases to deliver the same level of CTR as would be the case if they were on legacy benefits.

Conclusion

It is clear that the UK Government's welfare reform agenda has increased hardship, poverty and puts at risk many Scottish Government policies in areas such as ending homelessness, tackling poverty and improving mental health.

We estimate that the welfare reform policies of successive UK governments since 2010 mean that social security spending in Scotland in 2020/21 will be £3.7 billion lower than had they not been introduced. The Equalities and Human Rights Commission estimated that the combined effect of UK tax and welfare reforms since 2010 will bring an additional 80,000 Scottish children into relative poverty after housing costs by 2021/22.

UC conditionality has demonstrably negative impacts on the risk of destitution, food insecurity and poor mental health. Within its limited powers, the Scottish Government has taken action to reduce the impact of UK Government welfare reforms. However the enduring effects of reductions in benefit generosity make Scotland's child poverty targets more challenging than they would otherwise be.

In 2018/19, the Scottish Government will spend over £125 million on policies to mitigate the impacts of welfare reform and support people on low incomes, including around £50m in DHPs to mitigate the bedroom tax, and £10.9m in other DHPs to help mitigate the effects of other welfare cuts including the benefit cap and the LHA rates freeze. Over £350 million has been allocated to Council Tax Reduction for 2018/19, which reduced Council Tax liabilities for around 485,000 people with lower incomes. It has put an ambitious range of targets in place to reduce child poverty.

A different approach needs to be taken, one that is more compatible with the Scottish Government's principles of dignity and respect. Implementing the changes we have already called for would be a good first step for example:

- Scrapping the 2 child limit in UC
- Unfreezing benefits
- Restoring Local Housing Allowance Rates to the 30th percentile
- Lifting the benefit cap
- Conducting a full review of conditionality and sanctions