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

8 August 2019

Dear Convener

We welcome the Committee's final report on Social Security Support for Housing and the recommendations therein and we'd like to take this opportunity to update you on the actions we are taking within the Scottish Government in support of these recommendations.

We also note the recommendations outwith the Scottish Government's scope and we encourage the Department for Work and Pensions (DWP) and Local Authorities to take these forward and offer our support to do so.

In response to the Committee's view that the default for Scottish Choices should be payment directly to landlord with the option for a tenant to opt out rather than opt in we would highlight that the Scottish Government worked directly with people in receipt of Universal Credit (UC) in Scotland as we developed the UC Scottish choices, and we used their feedback to inform how, and when, the choices are offered. They told us that it made most sense for people to be offered the choices after the first assessment period because only at that point did they know how much their UC award was going to be.

Offering the choices in the second assessment period also allows the DWP to consider and put in place an Alternative Payment Arrangement if appropriate, for people who have complex needs. This offers protection to those people who meet the criteria as there is no ability to opt out.

In addition, those with lived experience told us that they wished to have a choice about whether or not to have the housing costs in their UC award paid directly to their landlord.

The Scottish Government is aware that administrative problems within the delivery of UC can alter how people and landlords experience the choices, and we are working closely with the DWP to ensure delivery of the choices remains accurate. For housing costs, the DWP intends to develop a replacement method of payment to social landlords by the end of 2019. This will ensure that social landlords are paid on the same day as their tenant.

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However, the Scottish Government will take account of evidence gathered as part of our intended evaluation of the UC Scottish choices policy. We are open to making changes to the delivery of the choices, especially if sought by those with lived experience of UC. It should be noted that the Scottish Government's ability to do this is entirely dependent on the DWP's ability to make the required changes to the UC system. Also, making direct landlord payments by default (with opt out) would require a change to legislation – the Universal Credit (Claims and Payments) (Scotland) Regulations 2017.

We fully support the recommendation that the DWP should review the Local Housing Allowance rates and agree that in many parts of Scotland, the Local Housing Allowance does not serve its intended purpose as is evidenced in the Scottish Government's [Housing and Social Security follow-up paper](#) and we agree with the Committee's recommendation that the Shared Accommodation Rate (SAR) for under 35s is fundamentally discriminatory and should be abolished.

The Scotland Act powers do allow us some flexibility in how the Universal Credit housing costs element is calculated. Using these powers and laying regulations to change the way in which the housing element of Universal Credit is calculated for tenants in the private sector subject to LHA rates in Scotland is an area in which we have looked at. Any changes would be costly and most likely time consuming. Furthermore, costs and impacts could fluctuate depending on changes made by UK Government, to the rates that they set, to the Broad Rental Market Areas, or to the criteria that are used to calculate entitlements. Any further analysis would also need to take account of behavioural responses. Using these powers in practice to change the means by which the UC housing costs element is calculated to include the recalculation of LHA rates would be very challenging and as we have no power over Housing Benefit this would create a three-tier system, with some tenants receiving Universal Credit, some working age tenants still receiving Housing Benefit until UC is fully rolled out, and pension age tenants receiving Housing Benefit indefinitely.

Any change would have to be delivered by the DWP, and as we are currently working with DWP to abolish the bedroom tax at source, and are committed to introducing split payments in UC, changes to support for Private Rented Sector (PRS) will not be feasible in the short term. We still continue to consider whether, in the long term, there will be any steps we can take, but we are clear that the focus has to be on pressing the UK Government to take a more sustainable approach overall.

We believe that everyone is entitled to affordable accommodation that suits their needs, the use of the term "no DSS" in some adverts for PRS properties is something which we disapprove of strongly. While equality legislation is a reserved matter, it is within the powers of the Scottish Parliament and Ministers to encourage equal opportunities. In developing the regulatory regime for letting agents discussions were held with the industry on preventing use of this blanket term. The new regime includes a statutory code of practice, with an overarching standard which requires that all letting agents must not unlawfully discriminate against a landlord, tenant or applicant, and compulsory training on equality issues before letting agents can be added to the Scottish Register of Letting Agents. Our hope is that these measures will strengthen the regulation of the letting agent industry. The Committee has recommended that the UK Government, Scottish Government and local authorities consider what further action they can take to encourage private landlords to let to those in receipt of benefits and we will continue to work with our stakeholders to ensure we are doing all that we can.

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The Committee has made recommendations relating to Temporary Accommodation (TA) and we are happy to take this opportunity to provide an update on where we are with our ambitious work in this area.

In May last year, the Homelessness and Rough Sleeping Action Group (HARSAG) published the third of their four reports which contained recommendations on transforming the use of temporary accommodation (TA) in Scotland. While accepting 15 of the recommendations, Scottish Ministers gave a qualified acceptance to the 6 financial recommendations on the basis that we needed to undertake further financial analysis in conjunction with local government and other stakeholders to understand their full implications and overall impact.

We followed our appearance at Committee with a letter which provided information on the work we undertook in partnership with COSLA and a small group of local authority experts in order to fully understand the impact of reducing rents in temporary accommodation. Local authorities have highlighted to us a wide range of costs associated with the provision of TA on top of what can be claimed through Housing Benefit. These include the costs of the wide range of support services provided to people staying in TA, repairs, maintenance and furnishing costs, storage costs and costs associated with voids such as energy costs and council tax loss. In addition, there are costs associated with bad debts and local authorities have reported to us that these figures are on the rise as a result of the UK Government's welfare reform changes. We are currently conducting robust analysis of the existing funding model based on data supplied by local authorities. We will work in partnership to design a revised funding model and determine whether devolution of Housing Benefit funding would assist us in achieving our aim to transform Temporary Accommodation.

We have also written jointly with COSLA to the UK Government to highlight areas of the Action Plan where powers remain reserved. This includes changes to the welfare system and people with no recourse to public funds and we have sought their agreement in principle to consider the case for the devolution of funding based on the evidence we collate from our analysis.

On 22 May we launched a consultation on improving Temporary Accommodation Standards. This consultation includes seeking views on new standards for TA. We are also looking to introduce advisory standards into the revised Code of Guidance and longer term work with the Scottish Housing Regulator to introduce the means to enforce and monitor temporary accommodation standards.

We are pleased to note the Committee's recommendations on Discretionary Housing payments (DHPs). We believe that DHPs are a lifeline for a range of households affected by UK Government cuts or who struggle to meet rent or other housing costs. Over £50 million of DHP funding ensures no one has to pay the bedroom tax helping over 70,000 households in Scotland to sustain their tenancies and an additional budget of £10.9 million is made available to mitigate against the damaging impacts of other UK Government welfare cuts including the Benefit Cap and changes to the Local Housing Allowance rates.

We continue to work with the Scottish Fiscal Commission in forecasting DHP spend and the budget will remain under review. Although DHPs are devolved the existing (DWP) DHP legislation remains in place. This will be superseded by the provisions in the Social Security (Scotland) Act 2018, when they are commenced. Full statutory guidance, which the Scottish Government is currently drawing up in conjunction with stakeholders, will be available once

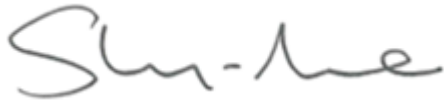
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we have carried out a consultation. It is too early to say how this might differ from the current DWP guidance as it is still in the development stages however the legislation will place a duty on Local Authorities to share information their DHP schemes with the public. Our commitment to mitigating the Bedroom Tax will remain.

We hope that you find this information useful.

Yours sincerely



SHIRLEY-ANNE SOMERVILLE



KEVIN STEWART

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