

Social Security Committee

Social Security Support for Housing: Summary of Submissions

Introduction

This paper summarises key themes in the [32 submissions](#) received by 20 March for the Committee's inquiry on Social Security Support for Housing. It is not comprehensive, but gives an overview of the main points raised, including suggestions for improvements. The Committee also received further views in its informal event in Leith on 13 March when some Members heard from tenants and those who support tenants.

Respondents:

Responses were received from:

- 22 landlords, landlords' representatives, letting agents, local authorities
- 4 welfare rights/ homelessness charities
- 1 organisation representing tenants
- 2 academics and think tanks
- 3 other (including the Scottish Government)

The submissions are summarised according to the questions asked in the call for views. The final section summarises recommendations for both DWP and Scottish Government.

1: Local Housing Allowance:

How have changes to the local housing allowance impacted on the private rented sector particularly for the affordability of rents for young people?

Respondents commonly said that the freeze on LHA rates had resulted in a **gap between the LHA rates and local rents**.¹ Respondents said that this **restricted housing choices for low-income tenants**.

Some respondents cited **evidence of a mismatch between LHA rates and local markets**.² Crisis cited research which indicated that private rented properties in

¹ e.g. Shelter, Home group, CAS, East Lothian, Crisis, CPAG, ARLA propertymark, Marble Properties Ltd.

² e.g. CIH, Crisis, Sheffield Hallam University, South Lanarkshire Council

Lothian, West Lothian, Perth and East Dunbartonshire were particularly unaffordable for low income tenants.³ The Scottish Government referred to its publication *Housing and Social Security: follow-up paper on Welfare Reform* which contained detail about the impact of the LHA freeze (in Chp 3). Other respondents also referred to this report, for example, CIH (Scotland) noted that the research showed that there were only 10 Broad Market Rental areas where LHA will cover the cost of 30% of the market.

Some respondents talked about the **impact of inadequate LHA rates**. Crisis said that it increases the risk of homelessness. They are working with DWP to understand this and have commissioned analysis on the cost of investing in LHA rates and the impact of doing so on homelessness (e.g. savings on temporary accommodation). South Lanarkshire Council noted that increasing numbers of people are at risk of experiencing hardship as the gap between LHA rate and rents increases. East Lothian Council said, “changes to LHA have caused an increase in financial hardship and a resulting increase in respect of requests for Foodbank parcels”.

The Centre for Regional and Economic Research, at Sheffield Hallam University, said that **tenants affected by changes to LHA rates were more likely to reduce day to day spending to make up shortfalls on their rent rather than housing-related responses**. A research study on the impact of changes to LHA rates, published in 2014, found that, forty-six per cent of (tenant) respondents said they had spent less on household essentials; 38 per cent of respondents said they had spent less on non-essentials; 31 per cent of respondents said they had borrowed money from family or friends.⁴

In March 2019, ARLA PropertyMark surveyed members in Scotland. Sixty four percent of respondents thought that changes to the LHA had impacted the private rented sector. One respondent stated that as rent is not automatically paid directly to the landlord, it can be off putting for landlords to let to tenants in receipt of benefits and as a direct result, rents are being pushed up. This creates a cycle of LHA not covering private rents at current rates, but private rents are still increasing.

- *Impact on young people*

Single people under age under 35 with no dependants are limited to the ‘shared accommodation rate’, meaning that they can only claim enough to cover the average cost of a single room in a shared house, unless they are from a vulnerable group. In January 2012, the age to which the shared accommodation rate applies increased from age under 25 to age under 35.

Many respondents reported **particular problems for younger people finding affordable accommodation**.

³ Crisis submitted detailed evidence on LHA rates for people in work to the Committees inquiry into in-work poverty, based on joint analysis carried out by CIH and Crisis.

⁴ DWP (2014) The impact of recent reforms to Local Housing Allowances: Summary of key findings Research Report No 874, DWP

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/329902/rr874-lha-impact-of-recent-reforms-summary.pdf

The Centre for Housing and Regeneration Research at Sheffield Hallam University reported findings of their research into the impact of the shared accommodation rate. In relation to younger people, the Housing Benefit (HB) caseload for single 25 to 34 year olds with no dependent children increased in the two years leading up to the change in the Shared Accommodation Rate (SAR) age threshold (January 2012) but once the SAR age threshold was raised, the **caseload for the 25-34 Group began to fall steadily, both in 2012 and 2013.**

Citizens Advice Scotland, and the Joseph Rowntree Foundation referred to research carried out by the Social Security Advisory Committee which found that only **4 out of 587 rooms advertised in Edinburgh were at LHA SAR, and all the affordable rooms were listed as not open to HB claimants.** Renfrewshire Council's response also indicated that in its area there are **very few properties that have rents set at the Shared Accommodation Rate.** Crisis cited research that found 55% of the private rented market was unaffordable in Scotland at the shared accommodation rate.

- *Exemptions to the shared room rate*

There are some exemptions to the shared room rate. CPAG referred to the **impact of the shared room rate on separated parents.** Claimants are exempt from the shared-room rate if they have a child living with them. If the child's parents are separated, the child can only be included in one of their parent's households for the purpose of calculating the LHA. This means one parent may be subject to the SRR but regularly have their child or children staying with them.

A couple of respondents also raised the issue of **care leavers and the shared room rate.**⁵ In Scotland, the corporate parenting scope and focus for young people extends to 25 years of age⁶. Care leavers are exempt from the shared room rate until they are 22 (until that age they are entitled to a one-bedroom rate). The change to the shared room rate when the care leaver turns 22 may mean a loss of housing costs entitlement under DWP social security benefits which affects their housing affordability and sustainability and can potentially contribute to risks of homelessness (South Lanarkshire Council, Crisis)

Broad Market Rental Areas

The LHA rates are set for different sized properties in one of 18 Broad Market Rental Areas (BRMAs) in Scotland.⁷ A few respondents made comments about the BRMAs. **A key point was that the relatively large size of BRMAs may hide local variations in rent, for example in the Inverness area.** Shelter Scotland was also said that the use of the BRMAs as the administration levels for setting LHA rates is "flawed and outdated." Shelter Scotland gives the example of the Lothian BRMA:

⁵ South Lanarkshire Council, Crisis

⁶ A carer leaver aged between 19 and 26 can apply to the local authority for assistance. If the local authority assesses them as having 'eligible needs' which cannot be met in other ways, provide "such advice guidance and assistance as it considers necessary." A local authority may continue to provide such assistance for older care leavers. s.29 Children (Scotland) Act 1995

⁷ e.g. Shelter Scotland, Crisis

“Rent in Edinburgh is considerably higher than other areas included in the Lothians region, meaning that the LHA level is skewed by this mixture of data. This, in turn, means that many households in Edinburgh are not given adequate support towards their housing costs. We suggest that reviewing what administrative level LHA rates are set at would be a helpful exercise, and suggest that a local authority level may be a more appropriate alternative.”

Crisis also said that LHA rates are often set based on a very small sample of properties, so may not reflect real rent average rents.

Other concerns raised about the shared room rate included:

- The suitability of shared accommodation for those with mental health issues⁸
- Landlords unwilling to rent to young people who try to access the private rented sector, including shared accommodation⁹
- LHA cap compounded by under 25s having lower personal allowance in UC¹⁰

Targeted Affordability Funding

In recognition of the affordability issues likely to be caused by freezing LHA, the UK Government introduced Targeted Affordability Funding (TAF) in April 2014 to top up LHA rates in areas with the largest shortfalls. TAF only increases the LHA rate by a maximum of 3% regardless of how significant the gap is.

The CIH Scotland submission refers to the fact that in Scotland during 2018/19 only three BRMAs received the 3% TAF uplift. They argue that this funding has had little impact on closing the gap between LHA and actual rents in Scotland.

General rent levels

A few respondents mentioned rent levels in the private rented sector more generally. The Living Rent’s (Edinburgh branch) submission states that, “soaring PRS rents continue to outstrip both inflation and wage increases for a staggering number of tenants...”. It argues that more needs to be done to ensure that private rents are affordable in the first place. In turn, they argue, “there would be far less pressure on our mitigation funds.” They argue that this should be achieved through rent controls (as opposed to the ability for local authorities to apply to the Scottish Government for a rent pressure zone to be declared in their area).¹¹

On the other hand, East Ayrshire Council stated that private rents in their area were amongst the most affordable in Scotland and that the “Council’s own Housing Needs and Demand Assessment 2017 reports the private rented sector is currently aligned to the local housing allowance and is relatively affordable.” However, the Council did note that, “local focus group sessions have shown that there is a perception the

⁸ Fife Council

⁹ East Lothian Council

¹⁰ e.g. JRF

¹¹ If a rent pressure zone is declared rents can still increase by at least CPI+1%. A rent pressure zone would only apply to existing tenants with a private residential tenancy.

private rented sector is unaffordable and this may indicate perceptions differ from the actual private market price setting.”

2: Willingness to let to those claiming benefits

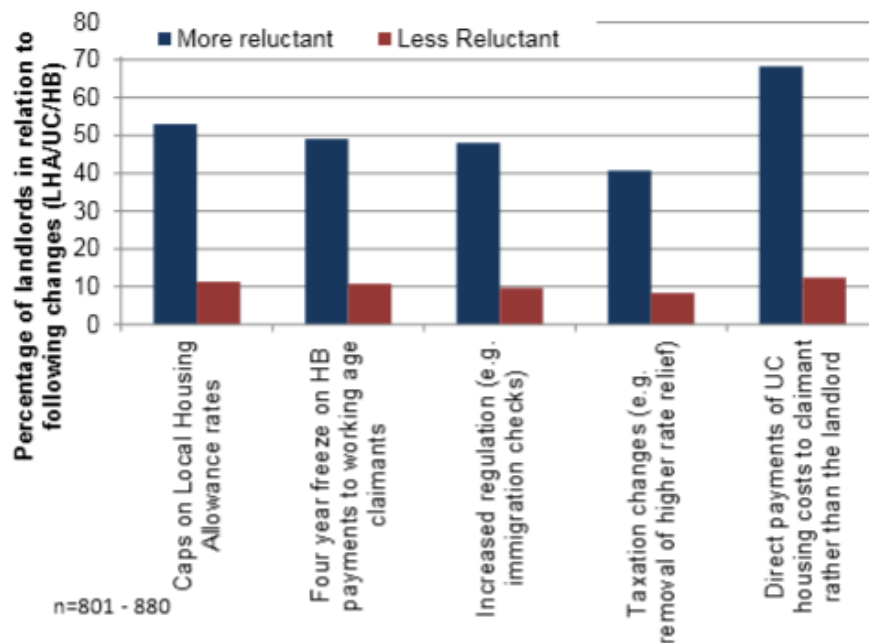
To what extent have UK welfare reform measures impacted on private landlords’ willingness to let to those in receipt of social security benefit?

Many respondents stated that private landlords are less likely to want to let to tenants on benefits.¹² Many respondents also stated that welfare reform had made private landlords less likely to let to those in receipt of social security benefits.

The Centre for Regional Economic and Social Research at Sheffield Hallam University referred to a survey of 949 private landlords in England and Scotland. The survey revealed that 52% of the landlords surveyed reported being unwilling to rent to benefit claimants and nearly half of these said the reduction in LHA rates was deterring them from doing so.¹³

Figure 1 below presents information about the impact of various policy changes on landlords' willingness to rent to claimants.

Figure 1. Have the following changes made you more reluctant or less reluctant to let to people receiving Housing Benefit/Local Housing Allowance/Universal Credit?¹ Source:



Source: Reeve, Kesia, Cole, Ian, Batty, Elaine, Foden, Michael, Green, Stephen and Pattison, Ben (2016). *Home : no less will do - homeless people's access to the private rented sector*. London, UK, Crisis

¹² e.g. Shelter Scotland, Citizens Advice Scotland, Fife Council, East Lothian Council

¹³ Reeve, Kesia, Cole, Ian, Batty, Elaine, Foden, Michael, Green, Stephen and Pattison, Ben (2016). *Home : no less will do - homeless people's access to the private rented sector*. London, UK, Crisis 949 https://www.crisis.org.uk/media/237166/home_no_less_will_do_crisis.pdf

ARLA PropertyMark cited evidence from a survey of its Scottish members in March 2019. That survey revealed that 100 per cent of participants stated that UK welfare reform measures had negatively impacted willingness to take on tenants receiving benefits.

A key concern appears to be the introduction of UC. As one letting agent respondent summarised:

“The introduction of UC has been received very poorly leaving them very wary of taking on UC tenants. The main reasons for this all appear to be centred on all stakeholders receiving an extremely poor level of support and service from the various channels offered coupled with a lack of control or enforcement.”¹⁴

An individual landlord also said, “I was a landlord that would always rent to people on HB, but now that universal credit has come in, there is absolutely no way this will happen.”¹⁵ The Scottish Association of Landlords highlighted problems with the administration of UC which deter private landlords (administrative issues are covered in more detail in Q3).

Crisis pointed to work it is carrying out in the wider Inverness area into the affordability and availability of private rented properties for those at risk of homelessness. In February and March 2019, Crisis carried out a survey of private landlords. At the time of writing, the survey had received responses from 160 landlords, 32% (51) of respondents said they were not willing to let to people on benefits. Of these, 43% (22) said that they used to let to people on benefits but do not do so any more. Of those reluctant to let to people on benefits, the top reasons were concern about rent arrears (55%), changes to private tenancy law (48%), and concerns about benefit administration issues and delays (42%). Another piece of work carried out by Crisis suggests that private sector access schemes and local authorities are finding it difficult to use the private rented sector due to concerns around welfare and affordability because of LHA rates.

Sheffield Hallam University’s submission refers to a survey of private landlords with regard to letting to under 35s. This change had only affected one-fifth of landlords (21 per cent). However, it appears to have had a notable impact on those affected. **Amongst respondents whose lettings practice had been influenced by the introduction of SAR, 68 per cent had reduced or stopped letting to under-35s on benefits and 15 per cent had reduced or stopped letting to under-35s regardless of benefit status.** In total, 26 per cent of all landlords surveyed had stopped letting to under 35s in the past three years.¹⁶

Perth and Kinross Council referred to the reluctance of landlords to let to people in receipt of UC being **partly due to the fact it is a relatively new benefit so there is**

¹⁴ Stuart Cadger from Lethomes.com

¹⁵ Graham Morris

¹⁶ Pattison, Ben and Reeve, Kesia (2017). Access to homes for under-35’s : The impact of welfare reform on private renting. Project Report. Sheffield Hallam University for the Residential Landlords Association <http://shura.shu.ac.uk/16400/>

an **'unknown' aspect to it**, although the Council did acknowledge that some private landlords did not have good experiences of UC.

A couple of other submissions made comments suggesting that **often private landlords did not have extensive knowledge and understanding of the benefit system and UC**.¹⁷ This may result in landlords negatively judging potential tenants and highlights that **clear and concise information needs to be available to landlords** to help them in their decision making.¹⁸

ARLA Propertymark, amongst others, **cited the payment of UC in arrears was a problem for private landlords as they are concerned that the tenant will automatically default in paying their rent**. They argued that:

“Rent arrears particularly cause issues where the landlord has an existing buy-to-let mortgage on their property. If the landlord relies on rent payments to pay the mortgage, this can leave the landlord vulnerable to defaulting whereby the property may be repossessed by the lender.”

The Home Group cited evidence about **changing landlord practice with the introduction of UC**. They said that, “We have been approached twice in the last six months by private landlords trying to dispose of stock before Universal Credit rollout has hit their area, which highlights their concerns and reluctance to let to social security claimants.” The Home Group also said there was some evidence of private landlords refocusing their property portfolios to target a different consumer. This was more common amongst smaller private landlords that that may be using income from their tenants' rent to pay mortgage costs.

Some other respondents, mainly local authorities¹⁹said that they **could not evidence landlords leaving the market because of welfare reforms**. Renfrewshire Council said that it may be that tax relief changes for buy-to-let properties have had a more severe impact on private landlords withdrawing from the market and that some landlords will rely on those in receipt of benefits to fund their liabilities. South Lanarkshire Council recognised that welfare reforms could be seen as a potential risk to private landlords, but, “there are no current signs of the PRS sector contracting in South Lanarkshire which would indicate that there continues to be demand, including from households in receipt of social security payments, which is met by the existing supply.”

East Lothian Council also said that demand for private renting was high in its area and landlords seem to be able to let at rents above LHA without a drop in demand. However, the council indicated that East Lothian Rent Deposit Guarantee Scheme – used by the councils' housing options team, has seen a significant reduction in willing and available landlords as a direct result in UC. So, landlords now ask for larger deposit/ rent in advance due to risks associated with UC, which impacts on the rent deposit guarantee scheme.

- New private residential tenancy

¹⁷ East Ayrshire Council, North Lanarkshire Council

¹⁸ North Lanarkshire Council

¹⁹ Renfrewshire Council and South Lanarkshire Council

The Scottish Association of Landlords response highlighted concerns said about how long it takes to evict a tenant in arrears under the new private residential tenancy, despite Scottish Government promises that the new regime would speed this up.²⁰ SAL said that it takes at least 7 months to evict a tenant who is not paying their rent, and that “this compounds the impact on landlords where one or more of the above deficiencies with the social security system result in a tenant getting into arrears with their rent.”

To evict a tenant with a private residential tenancy, a landlord must make an application to the First-Tier Tribunal (Housing and Property) Chamber. One of the grounds for eviction is rent arrears. North Lanarkshire Council pointed out that this is a mandatory ground, if at the date of notice and hearing of possession tenants have at least one month rent arrears and the arrears have persisted for three months. The council argues that tenants cannot successfully prevent the repossession of their home in such circumstances.

This is problematic when it is taken into account that UC is paid more than one month in arrears.²¹ Citizens Housing Advice Network has several clients who are in the position of being threatened with the loss of their home primarily or solely because they are UC claimants.

3: Administration of universal credit

How does the administration of universal credit housing costs impact on the ability of tenants to pay their rent and landlords to administer rent payments?

This question generated the most responses. In general, submissions referred to increased rent arrears largely driven by the design and poor administration of UC and difficulty communicating with DWP.²² This wasn't universal. For example, East Ayrshire Council referred to good communication, at least at a local level.

Communication with DWP

The DWP has [guidance for landlords for tenants on UC](#). There is a 'landlord portal' for social sector landlords and plans for a portal for private sector landlords²³. It also has a Universal Credit [engagement newsletter](#) for landlords.

²⁰ A new private rented sector tenancy, the private residential tenancy, applies to new tenancies from 1 December 2017.

²¹Note that the Tribunal can only grant an eviction order if it is satisfied that the tenant's being in arrears of rent over that period is not wholly or partly a consequence of a delay or failure in the payment of a relevant benefit.

²² For example, SAL, SFHA, Home Group, Fife, CAS, Grampian Housing Association, Clydesdale Housing Association, Crisis

²³ Amber Rudd recently announced a 'landlord portal' for the private sector so that: "private sector landlords can ask for payments to be made directly to them.

<https://www.housingsystems.co.uk/Universal-Credit/How-it-Works/Communication/Landlords/Landlord-Portal>

The limitations of the **Landlord Portal** are discussed in a number of submissions.²⁴ It is described by SFHA as having “severe limitations”. It is currently limited to: DWP asking for verification of housing costs and landlords requesting an Alternative Payment Arrangement (APA). SFHA point out that it does not: allow the landlord to alert DWP that a tenant has moved; find out how much payment will be made for each tenant; tell the landlord that a UC claim has stopped; or allow rent increases to be notified to DWP.²⁵ JRF consider that it should be feasible to make initial housing element payments faster and make administrative systems clearer:

“If progress is not made, the risks of mounting rent arrears, potential evictions and severely restricted housing options for tenants – especially with private landlords and smaller housing associations – are significant, and very likely to undermine the core objectives of UC (making work pay, reducing poverty, promoting financial independence).”

However, East Ayrshire referred to how the landlord portal and trusted partner status²⁶ had helped the administration of UC.

The need for **explicit consent** is causing difficulties for landlords and local authorities wishing to discuss a claimant’s case with the DWP, in contrast to the previous system of implicit consent²⁷. Marble Properties consider that the DWP is:

“taking GDPR to extremes to the point where most things cannot function or operate.”

Some of the issues raised as causing rent arrears relate to the landlord not having information about the tenant’s benefit claim. For example, Grampian Housing Association point out that landlords are not always aware that a tenant is getting universal credit, or if a claim has stopped.

In general, submissions described **communication with DWP as poor**. For example; Fife Council said that DWP is unwilling to engage with councils. East Lothian Council consider its more difficult for private sector landlords to engage with DWP than social sector landlords. The difficulties of private landlords engaging with the DWP was highlighted by a “socially responsible landlord operating in some of the poorest parts of the country”. The agency seeks to support tenants navigating the benefits system, but:

“Our staff have found possibly the capability and definitely the willingness of DWP call centre staff to offer assistance varies wildly from going above and beyond to try and help all involved to flat out insolent obstructiveness. Furthermore, we have

²⁴ For example, Casiltoun Housing Association, Perth and Kinross, Home Group, Clydesdale Housing Association, Grampian Housing Association, Marble Properties, JRF

²⁵ Clydesdale and Grampian Housing Associations

²⁶ trusted partner status is intended to speed up the process of getting an APA
<http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Practical%20implications%20of%20universal%20credit%20-%20payment%20methods.pdf>

²⁷ For example, Renfrewshire Council, Clydesdale Housing Association, Home Group, Marble Properties, Perth and Kinross Council,

found hour+ long call queues and massive inconsistency in information from one DWP call centre staff to the other. This has resulted in an inability to provide satisfactory and consistent updates to our landlords when handling UC tenant”²⁸

Others referred to difficulties communicating with UC service centres, including long telephone waits, not replying to emails and receiving conflicting or incorrect advice.²⁹ On the other hand, ARLA Propertymark describe communication as ‘adequate’ and East Ayrshire say local level communication is excellent but national level communication is more problematic.

Rent arrears

The administration of UC can create arrears from the start and this was a common theme in submissions.³⁰ UC can impact on rents arrears by: the wait for the first payment, payment of UC as monthly in arrears and the mismatch between when claimants and paid UC and local authorities are paid housing costs (see below under ‘direct payments’). For example, Grampian Housing Association said: “UC is creating technical arrears which social landlords have to pursue to satisfy internal governance processes.”

The SFHA state that: “the design of universal credit causes systemic debt and arrears for new claimants”

The submissions include examples of rent arrears, commonly attributable to the **wait for the first UC payment**.³¹ These include:

- A CAS example of a client left with £30 to last the next four weeks being called ‘constantly’ by the housing association regarding a week’s rent arrears
- Another CAS example of a private tenant moved from HB to UC and due to the waiting period and administrative delays it was 12 weeks before she received any housing payment. As a result she was evicted and moved into temporary homeless accommodation. She is being pursued for around £3,500 rent arrears.
- In East Ayrshire a rise in rent arrears for 46% has coincided with the roll out of UC.
- In Fife the total value of arrears increased from £716,777 in June 2018 (when there were 3132 council tenants on UC) to £1,537,579 (when there were 6,226 council tenants on UC).

The Scottish Government note that **rent arrears are increasing but that attributing cause is not straightforward**.

Difficulties can also arise where a tenant and/or a landlord wants to secure a tenancy quickly in advance of the payment of UC housing costs being confirmed. In addition,

²⁸ Stuart Cadger

²⁹ One or more mentioned by, for example, SFHA, Paisley Housing Association, CIH, Marble Properties, Graham Morris

³⁰ For example, SFHA, Casiltoun Housing Association, CAS, East Lothian Council, Crisis, Perth and Kinross Council, CIH, ARLA Propertymark.

³¹ For example, Shelter, SFHA, Home Group, CAS, Fife, East Ayrshire, Scottish Government

CPAG note that UC won't cover additional rent if a notice period for leaving an old tenancy overlaps with the start of a new tenancy.

Crisis's response indicated that some **people with fluctuating incomes keep crossing the benefit cap threshold, as a result their benefit payments are erratic leading to difficulties paying rent**. Crisis also refer to survey for the 'homelessness monitor Scotland 2019' that local authorities are finding increases in homelessness from tenants in the private rented sector largely thought to be due to benefit cap.

East Ayrshire and SFHA noted that it is difficult to identify tenants in need of support as it is the DWP not the local authority administering the benefit.

A number of submissions referred to the DWP making **incorrect payments** of housing costs.³² Crisis refer to DWP not putting in place direct payments when asked. CPAG refer to tenants being both underpaid and overpaid housing costs. For example:

- Housing costs not being included because the claimant has not produced a tenancy agreement
- Only half of housing costs being awarded to joint tenants where one tenant has left, despite the remaining partner being liable for the full rent
- Incorrect applications of rent restrictions such as bedroom tax, or failure to apply LHA resulting in overpayment

There is also reference **incorrect and /or inconsistent information** from DWP and job centres to both landlords and tenants. For example, CPAG refer to people being moved onto UC unnecessarily such as when they move house within the same local authority area and to people in shared ownership properties being told they cannot have housing costs paid directly to the landlord.

The way that **deductions are made from UC** in order to recover arrears was also criticised. In particular the level of these deductions. Currently capped at 40% of the standard allowance, the November budget 2018 announced that this would be reduced to 30%³³. However, CAS considers this is still too high. Crisis gave an example of a client who has half her UC money deducted for a range of payments. She is living on £170 per month, reliant on foodbanks, has no gas or electricity and has used up all her entitlement from the Scottish Welfare Fund. CPAG point out that deductions are being made in UC at a much higher rate than in legacy benefits.

Casiltoun Housing Association pointed out that, particularly as arrears can be systemic in Universal Credit, "the administration of UC is outwith the tenant's control and they could be unfairly put through a recovery process". Crisis stated that UC deductions are more common due to the design of UC, and can lead to

³² CAS, Fife Council, Crisis, Home Group, CPAG, Scottish Borders Council

³³ From October 2019, the maximum rate at which deductions can be made from a Universal Credit award are to be reduced from 40% to 30% of the standard allowance and from October 2021, the period over which advances will be recovered will be increased from 12 to 16 months. ([Revenue Benefits](#))

homelessness. CAS noted that in some cases the landlord's response to rent arrears in the first month of UC has, "caused further problems for the client, such as charging additional advance rent."

The **administrative burden on landlords** was raised, or implied, in many submissions.³⁴ The SFHA referred to the amount of manual processing generated by UC and are concerned that, "there is a real risk that the administrative burden on housing associations, co-operatives and local authorities will increase substantially" as UC is rolled out³⁵.

Vulnerable claimants Some submissions, including DeafScotland, referred to more general issues with UC administration including the need for inclusive communication and difficulties with online claims.

Direct payments

Issues relating to direct payments are discussed under 'Scottish choices' below, as many of the issues relate to the processing system and transfer of information between DWP and landlords.

³⁴ For example, SFHA, Home group, Fife, Marble Properties, JRF, ARLA PropertyMark, South Lanarkshire Council and others

³⁵ The DWP is working on improving data sharing between UC and local authorities. See: [LA Welfare Direct Bulletin 12/2018](#) and recent update '[Local Authority Welfare Direct lite 3/2019](#)',

4: Universal Credit Scottish choices and discretionary housing payments

How do Universal Credit Scottish choices and DHPs impact on the way landlords and tenants handle universal credit housing costs?

Scottish choices and direct payments

Direct payments can be made to a landlord where: a tenant chooses this (Scottish choices), a vulnerable tenant has the arrangement made (APA) or where there are rent arrears deducted from the UC payment (third party deductions). All are currently paid on a 28-day cycle in arrears and appear as a single transaction on the landlord's bank statement.³⁶

The DWP has issued [guidance on processing Scottish choices](#)³⁷, and there is a [working level agreement between the UK and Scottish Governments](#).

The most common comment about direct payments was the **mismatch between the tenant's UC payment date and the date the landlord receives payment**. Several submissions refer to the DWP planning to fix this by the end of the year.³⁸ The DWP told '[inside housing](#)' in January 2019 that:

“We have heard the concerns of social landlords and have moved social landlord payments to a monthly cycle in 2019 as a result.”

The four week payment cycle to landlords is out of sync with the UC monthly assessment period, leading to technical arrears for tenants and additional administration for landlords.³⁹ A landlord may not know whether rent is due to come through direct payment or direct from the tenant until they get a payment. Submissions also referred to **errors in the schedule**. Fife Council referred to some payments they get that are for other landlords. Crisis noted instances of rent being paid to the tenant despite repeated requests for it to be paid to the landlord.

JRF consider that the typical six week wait for the housing cost element of UC to appear in their rental account is a: “stark example of the state passing a significant financial risk to landlords which is then passed to the UC claimants.”

The DWP send a 'schedule' of payments to landlords and it can be **difficult to identify which tenants the payments relate to**.⁴⁰ Fife Council referred to “numerous” letters from DWP requesting repayment of housing cost overpayments. However, Fife Council stated that as DWP do not provide enough information to link these with individual rent accounts, they are now appealing all such notices. “Despite sending hundreds of letters of appeal, we have not received any acknowledgement from the DWP regarding the status of appeals.” A private landlord

³⁶ DWP [Universal Credit and rented housing: Guidance for landlords para 91](#).

³⁷ See ADM memo [5/18](#) and [26/17](#).

³⁸ Scottish Government, North Lanarkshire Council. See also [Inside Housing, January 2019](#).

³⁹ SFHA, SAL, CAS, East Ayrshire Council, Clydesdale Housing Association, Fife Council, Casiltoun Housing Association, South Lanarkshire Council, Perth and Kinross Council

⁴⁰ For example, SAL, SFHA, Fife Council, Marble Properties, ARLA Propertymark, Home Group

also cited problems with requests for an APA (made on a UC 47 form)⁴¹. The landlord said, “When you do a UC 47 form, the communication ends with UC. They do not tell you if they are paying you or paying the tenant, it’s a mystery.”

In some cases, the design of UC can make direct payments difficult. For example, SAL note that housing costs can’t be split between landlords, so if a tenant with a direct payment moves ‘mid month’, then one landlord will have to recover payment from the other.⁴²

SAL also note that tenants can avoid direct payments by cancelling and restarting their UC claim.

For these reasons, some submissions recommend that the ‘batch processing’ system could be improved and some also question whether tenants should have the choice to receive housing cost payments themselves (see recommendations).

Paisley Housing Association, “recognise that the cost of issuing individual payments may be prohibitive and recognise that its sensible to issue bulk payments. However, this has to be balanced against the needs of landlords and tenants”.

Issues specific to Scottish choices include:

- **It’s a choice, and can be cancelled by the tenant**⁴³
- **Scottish choices isn’t available until the second assessment period**⁴⁴. Grampian HA state that it isn’t available on the UC online application, but reliant on work coaches to mention
- Ongoing housing costs being paid to the landlord but arrears of housing costs being paid to the tenant⁴⁵

There is reference in the submissions to tenants being **advised against Scottish choices**. For example:

- Shelter refer to anecdotal evidence that DWP are urging claimants to opt for an APA, as these are quicker to arrange.
- The four weekly APA payment cycle (used for Scottish choices) has, according to CAS: “led to some reluctance to recommend tenants to take up the Scottish Choice”.
- JRF note that: “We believe that some landlords are seeking to encourage tenants to move away from more frequent payments”

⁴¹ Graham Morris

⁴² UC is calculated based on the circumstances at the end of the assessment period. This means that if circumstances change during the month, such as a change in rent, the UC payment will not reflect liabilities for the whole month.

⁴³ East Lothian Council, East Ayrshire Council, Clydesdale Housing Association,

⁴⁴ SFHA, SAL, Scottish Borders Council, ARLA Propertymark

⁴⁵ CPAG

However, others were more positive.⁴⁶ East Ayrshire Council promotes Scottish choices and consider it has led to a significant reduction in court proceedings and evictions. Perth and Kinross Council said it is good in principle and should work if the DWP amend their payment system.

The other Scottish choice is twice monthly payments. Issues raised include:

- After waiting five weeks for their first payment claimants will get half of a month's payment.⁴⁷
- Their rent is paid twice monthly, which can be out of sync with actual rental payment date⁴⁸

The Scottish Government's submission acknowledges concerns raised about Scottish choices, noting that these are broader issues with the way APAs are administered. They state that:

“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.”

The Scottish Government issues [management information](#) on Scottish choices and statistics are also available on the DWP's [StatXplore](#). JRF point out that the Scottish statistics only show cumulative count but not those who currently have a Scottish choice in payment.⁴⁹ The Scottish Government submission states that it is currently considering its approach to evaluating Scottish choices.

Discretionary Housing Payments

DHPs were referred to in positive terms as a means of preventing rent arrears.⁵⁰ However, there was concern that they are **discretionary, and intended for temporary need**.⁵¹ Their use for the bedroom tax and benefit cap mitigation led to concern about their availability to meet housing need caused by other reasons⁵²

Most DHPs are issued in the social rented sector in order to mitigate the bedroom tax. However South Lanarkshire Council referred to increasing demand from the private sector:

“Over the past two years, there has been a significant increase (over 200%) in total DHP payments per year to PRS tenants facing hardship.”

⁴⁶ For example, ARLA Propertymark, UK Finance, East Ayrshire Council

⁴⁷ SFHA, East Ayrshire council, Comhairle nan Eilean Siar

⁴⁸ Crisis

⁴⁹ The statxplore figures show Scottish choices in payment at a point in time, whereas Scottish Government information is cumulative. The two sources are therefore not comparable.

⁵⁰ For example, CAS, ARLA Propertymark, Shelter,

⁵¹ For example, Shelter, Fife Council, Scottish Borders Council, ARLA Propertymark,

⁵² For example, Shelter, CAS,

The communication issues referred to above are also relevant to DHPs. Local authorities may not know that a tenant is affected by the bedroom tax, benefit cap or other issues because they are no longer processing their housing benefit. It is reliant on tenants to know about DHPs and apply for them.⁵³ CPAG point out that if a tenant has a direct payment, and this doesn't meet the whole rent, then this may alert the local authority that a DHP may be needed. On the other hand, if a direct payment covers the whole of the rent it will not be apparent whether the rest of the UC award has been reduced.

In the same way that manual intervention is necessary for administering direct to landlord payments, some submissions raised the administrative burden of DHPs.⁵⁴

Council Tax Reduction

Another devolved scheme that helps pay housing costs (through reducing council tax bills) is the council tax reduction scheme. The Scottish Government plans to redesign the current scheme. Its submission acknowledges that the current scheme:

“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.”

5: Recommendations for improvement:

The following gives a very brief summary of the themes in recommendations and suggestions made in the submissions. Recommendations are divided into reserved and devolved areas and those that would require work by both Scottish and UK governments.

Reserved

Improvements to DWP communication and administrative processes⁵⁵

- Enhance the landlord portal to give access to more information about the tenant's claim to be shared⁵⁶
- Improve information sharing⁵⁷ and reduce delays in payments (and/or speed up processing times)⁵⁸
- The landlord portal should be available to private sector landlords⁵⁹

⁵³ For example, SFHA, CAS, East Ayrshire, Grampian Housing Association

⁵⁴ For example, ARLA Propertymark, Renfrewshire Council, East Ayrshire Council

⁵⁵ Mentioned by: SFHA, Casiltoun Housing Association East Ayrshire Council, Clydesdale Housing Association, Grampian Housing Association, East Lothian Council, Fife Council, Home Group, Perth and Kinross Council,

⁵⁶ SFHA, Grampian Housing Association, Perth and Kinross Council

⁵⁷ Home Group, CPAG,

⁵⁸ ARLA Propertymark, CAS, Home Group, Casiltoun Housing Association, Clydesdale Housing Association, Renfrewshire Council, Crisis

⁵⁹ Scottish Borders Council (N.B. the DWP is working on this).

- Align the four weekly payments to landlords with the monthly payments to tenants and make it easier to match individual payments.⁶⁰
- Allow landlords to discuss a tenant's case under implicit consent⁶¹
- DWP should publish evidence, in time for the 2019 UK Spending Review, on the affordability and availability of housing for both young people and other households, in every Broad Market Rental Area, and act where affordability is too low⁶²

Universal Credit Design⁶³

- Introduce a non-repayable "assessment period payment"⁶⁴
- Remove housing costs from UC⁶⁵
- Increase flexibility to lift the benefit cap in certain circumstances relating to homelessness⁶⁶
- No-one else should be moved onto UC until fundamental flaws are fixed⁶⁷

Universal Credit deductions

- Reduce the permitted deduction⁶⁸
- Allow a 3-month delay in applying deductions to those who are homeless or at risk of homelessness⁶⁹

Benefit cap

- The UK Government increase flexibility to lift the benefit cap in specified circumstances related to homelessness⁷⁰

Homelessness

- DWP Scotland establish a network of housing and homelessness leads in Jobcentre Plus to embed partnership working with local organisations to prevent and end homelessness⁷¹
- DWP Scotland incorporate homelessness and housing need into the Jobcentre Plus work coach assessment framework⁷²

⁶⁰ SFHA, CAS, Fife Council, East Ayrshire Council, Paisley Housing Association, Perth and Kinross Council, CPAG, North Lanarkshire Council. NB The DWP announced in January that this was being addressed.

⁶¹ For example Fife Council, East Ayrshire Council

⁶² JRF, as recommended in the Social Security Advisory Committee report

⁶³ Many submissions referred to more general changes they would like in UC, but the suggestions referenced here were those with particular relevance to housing.

⁶⁴ CAS, and similar from Crisis

⁶⁵ Fife Council

⁶⁶ Crisis

⁶⁷ Scottish Government

⁶⁸ CAS, East Ayrshire, SPSO

⁶⁹ Crisis

⁷⁰ Crisis

⁷¹ Crisis

⁷² Crisis

General

- Reform, the conditionality and sanctions regime to ensure it does not cause homelessness and drive operational performance of the application of existing safeguards within UC, and test further policy changes needed.⁷³

Devolved

- Scottish Government should consider all options, including legislation, to prevent landlords excluding benefit recipients⁷⁴
- Introduce rent controls for private sector rents⁷⁵
- Landlords should follow the good practice guidelines from Shelter and SFHA for dealing with first month arrears
- Ensure local authorities have sufficient funding for DHPs⁷⁶
- Use social security 'top up' powers to cover gaps in support⁷⁷
- Consider how SWF, DHPs and support to access the private sector can best be used as part of a wider strategy to prevent homelessness⁷⁸
- Require all private landlords and lettings agencies, through the Scottish Landlord Register, to submit annual data on the size (number of bedrooms) of their rental property and the level of rent they are charging. This data should inform the setting of LHA rates across Scotland by the DWP.⁷⁹ Scottish Government should explore the possibilities for improved intelligence about the private rented sectors, including market rent levels in practice.
- Scottish Government should reconsider the procedures landlords must follow to evict tenants who are in rent arrears to ensure the timeframe is reduced as much as possible.⁸⁰
- Scottish Government should give a commitment to large and affordable social housing sector must be maintained and strengthened to ensure that those for whom the PRS isn't the most appropriate option, have genuine and affordable choices.⁸¹

Mixed

Local Housing Allowance

- Reform the shared accommodation rate (abolish it/reduce age limit eg in line with Scotland corporate parenting age duties/ exempt certain groups)⁸²
- Review the LHA freeze⁸³

⁷³ Crisis

⁷⁴ CAS, living rent

⁷⁵ Living rent

⁷⁶ Comhairle nan Eilean Siar

⁷⁷ East Lothian

⁷⁸ Crisis

⁷⁹ Crisis

⁸⁰ SAL

⁸¹ JRF

⁸² e.g. Fife Council, Crisis, Living Rent, Perth and Kinross Council

⁸³ e.g. CAS, East Lothian Crisis, Sheffield Hallam University

- Scottish Government should require all landlords and letting agencies through the Scottish landlords register to submit annual data on their rental property which should be used by DWP to set LHA rates⁸⁴
- Improve information for private landlords on the benefit system

Housing costs administration

- DWP, Scottish Government and landlords work together to improve payment processes and communication⁸⁵
- Improve training support and communication for DWP and local authority staff on: what triggers a new claim to UC, which benefit is appropriate in relation to housing costs and the housing costs element of UC⁸⁶

Scottish choices

- Allow Scottish choices from the start of a claim⁸⁷
- Council should be told when a tenant cancels a Scottish choice⁸⁸
- Pay housing costs direct to landlord for all⁸⁹
- Raise awareness of Scottish choices⁹⁰
- Improve Scottish choices management information to show 'on' and 'off' flows as well as cumulative count⁹¹

Kate Berry
Camilla Kidner
SPICe Research
21 March 2019

⁸⁴ Crisis

⁸⁵ JRF

⁸⁶ CPAG?

⁸⁷ SFHA, Paisley Housing Association, Scottish Borders Council

⁸⁸ East Ayrshire Council

⁸⁹ SAL

⁹⁰ CAS

⁹¹ JRF