
**SUBMISSION TO HOUSE OF COMMONS WORK AND PENSIONS SELECT
COMMITTEE'S INQUIRY INTO THE WELFARE SAFETY NET**

December 14th, 2018

Submission to the Work and Pensions Select Committee Inquiry into the Welfare safety Net

1. Who we are

- 1.1.** The SFHA leads, represents and supports Scotland's housing associations and co-operatives. We want to see a thriving housing association and co-operative sector providing sustainable and affordable homes. Our ambition is that everyone has a good home in a successful community, with a range of high quality, affordable, safe and accessible homes that meet people's changing needs and aspirations throughout their lives.
- 1.2.** Housing associations and co-operatives are central to achieving this, going way beyond the bricks and mortar with social justice built in and delivering from generation to generation.
- 1.3.** We work with government and others to achieve the legislation, regulation and funding necessary for our members to be strong, resilient and independent social businesses housing Scotland.

2. Executive summary

- 2.1.** SFHA members have witnessed in recent years a worrying unravelling of the safety net for their tenants that threaten to undermine tenancy sustainment and often lead to the distress of claimants who are pushed into debt and further debt. This has manifested itself in three particular ways:
 - The overall reduction in the value of benefits by the freeze in working age benefits;
 - The restriction to the entitlement to benefits, such as the removal of the spare room subsidy (the 'bedroom tax'), the two child limit (the 'rape clause') and the benefit cap
 - The administrative processes that underpin the calculation of Universal Credit entitlement that work to the distress of claimants.
- 2.2.** These manifestations exist in a backdrop of an adversarial culture that claimants find themselves in, perpetrated by certain sections of the media, unchecked by government.
- 2.3.** The profile of tenants in crisis has changed. Previously welfare rights officers were seeing people entirely dependent on benefits who may have not claimed what they were entitled to; the challenge was therefore to maximise income and in many cases this was successful in averting the crisis. Now income maximisation is a thing of the past; advisers are seeing clients who, under Universal Credit, do have their full entitlement, but are in crisis because of delays and the inadequacy of their award and are pushed into debt. There are also more clients in crisis who are in work.

3. Main Report

- 3.1.** This submission endeavours to respond to a number of the questions posed by the Inquiry. It is based upon eliciting the views of SFHA member housing associations and cooperatives, formed from engagement with tenants. A selection of case studies is appended to this report. Many of our members have made considerable investment in providing resources to counter the negative aspects of welfare reform.
- 3.2.** Whilst investment in these services may have initially been funded through various initiatives such as those provided by the Scottish Government and Big Lottery, these sources have now largely dried up, meaning that their continued provision will either have to be funded through tenant rents or will have to be withdrawn.
- 3.3.** This submission does not cover questions in relation to how hardship and chronic deprivation should be measured – no doubt there will be other organisations better equipped to give views on this and will have well documented evidence of a range of experiences of stress, financial hardship, debt and reliance on food banks. This submission will confine itself to:

What do we know about chronic deprivation and hardship in the UK?

Is it changing? How?

- 3.4.** The most noticeable change that has been witnessed is the increasing number of tenants in crisis who are in work. This crisis is well documented with a range of experiences – stress, financial hardship, debt and reliance on foodbanks. The causes of this can be a combination of factors:

- The gig economy and job insecurity
- Erratic pay
- The incompatibility of a claimant's pay schedule from an employer and the benefit assessment regime used in Universal Credit.

Why do some households fall into poverty and deprivation?

What factors best explain the reported increases in indicators of deprivation like homelessness, rough sleeping and increased food bank use?

- 3.5.** Working age benefit levels have been frozen for the past 3 years and are due to be held at their current level until April 2020. During this time prices have been rising: the Consumer Prices Index stood at 106.7 in October 2018¹ compared to its 100 base in 2015 – so it is inevitable that claimants can only buy less with their benefits. Housing staff engaging with tenants in crisis report that tenants are self-disconnecting their electricity and gas as they cannot afford to run them (a problem exacerbated by the 'poverty premium' of more

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<https://www.ons.gov.uk/file?uri=/economy/inflationandpriceindices/datasets/consumerpriceinflation/current/consumerpriceinflationdetailedreferencetables.xls>

expensive tariffs, particularly for pre-payment meter supplies and for tenants living in rural areas); tenants are having to resort to foodbanks with organisations like the Trussell Trust reporting upsurges of demand².

- 3.6. A perhaps hidden aspect of deprivation is the social isolation it engenders – those who have no gas or electricity are inhibited from socialising. This in turn will aggravate any possible mental health issues.
- 3.7. Those who seek to help and support claimants are frustrated by the DWP's refusal to share information except in a restricted number of circumstances. Whilst it is appreciated that the DWP has a responsibility to preserve the integrity of claimant data, the NAO in its report on Universal Credit recommended that the DWP make it easier for third parties supporting claimants to access appropriate information.³
- 3.8. The restrictions in entitlement to benefit, namely the two child limit and the benefit cap will inevitably have an effect in particular on larger families and will increase child poverty, the effects of which will be properly felt in future years.

What about the local variations in these markers of deprivation?

Do Jobcentre Plus procedures and benefit delays play a role?

What role does Universal Credit play in relation to deprivation, or could it play in tackling it?

- 3.9. For claimants in work and whose payment frequency is not monthly, there is a likelihood that they will face erratic payments of benefit that make budgeting very challenging, thanks to the way Universal Credit has been set up.
- 3.10. Universal Credit works on a monthly assessment, which may take place on any day of the month. Unlike someone on monthly salary who is usually paid at the end of the month and is then able to pay regular outgoings that come at the beginning of the following month, a UC claimant can receive their payment midway through, which can cause confusion. This is compounded with claimants in work who are paid on a weekly, fortnightly or four weekly basis. As the DWP's own information shows, this can lead to claimants being ineligible for Universal Credit on certain months⁴. This may lead to other benefits being stopped, such as Discretionary Housing Payments, Council Tax Reduction and passported benefits such as free school meals. If this happens a claimant has to reactivate their claim the next month, but this can lead to delays in payment. Even if a claimant is paid monthly they can lose out, as was pointed out by CPAG in its publication *Rough Justice*⁵.
- 3.11. The Universal Credit system is predicated on the claimant taking responsibility

² <https://www.independent.co.uk/news/uk/home-news/food-bank-use-uk-christmas-poverty-universal-credit-benefits-austerity-trussell-trust-report-a8652666.html>

³ <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

⁴ <https://www.gov.uk/government/publications/universal-credit-different-earning-patterns-and-your-payments/universal-credit-different-earning-patterns-and-your-payments-payment-cycles#if-youre-paid-every-calendar-month>

⁵ <http://www.cpag.org.uk/sites/default/files/CPAG-2018-Rough-justice.pdf>

– reporting any changes via their online journal. Claimants in crisis may not have ready online access – they either cannot access the basic equipment or they may have connectivity problems; they may have more deep set problems such as literacy or numeracy issues. In theory the DWP can offer alternative means to access the system, but in practice getting such access is challenging. The DWP could accept information from third parties, such as the bulk transfer of data from landlords, for example, about the changes in rent, as was recommended in the National Audit Office report of June 2018⁶.

- 3.12.** Even when there are mechanisms in place, such as Alternative Payment Arrangements, they are not fit for purpose. The DWP has only set up a handful of split payments; the monthly managed payments to landlords (and Scottish UC choices direct payments) are reliant on an incompatible, four weekly payment system that only delivers payments several weeks after the money has been taken from the claimant, leaving them in arrears in the meantime.
- 3.13.** Where a person has support needs and uses housing support, the help needed to make and manage a claim for Universal Credit is intensive and detracts from other aspects of their lives that they need support with, such as addressing housing issues, reducing social isolation, building life and work related skills. Processes associated with Universal Credit could be improved and become more accurate to reduce the level of support required, e.g. processes to set up appointeeships; processes to recognise support workers and allow them access to the claim; deal with changes of address accurately; correctly identify Specified Accommodation, so that claims for Housing Benefit can be made in a timeous fashion.
- 3.14.** The Universal Credit could make a positive contribution to combatting deprivation if it was made to work in the interests of the claimant rather than the administrative convenience of the DWP.
 - The assessment period in particular needs to be adapted to reflect the real life of claimants: the claimant should not be penalised for having a weekly, fortnightly or four weekly payment cycle: assessment frequency and timing should be set to coordinate and complement the payment to in work claimants;
 - The DWP should make use of the information that third parties are willing to supply to smooth the administration process, such as landlords notifying rent changes; if claimants would prefer their rent paid direct to their landlord that should be allowed.
 - The process for claiming could be more accessible to people who have support needs or have difficulty reading or writing or hearing.
 - The swift recognition of mistakes made by DWP staff or as a result of the way the system works and immediate lifting of any penalty applied as a result.
 - Corporate appointees are currently obliged to have a separate email address for each person they are an appointee for: corporate appointees

⁶ <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf>

may have a caseload in excess of 50 individuals

- The DWP should have a duty of care to understand the capacities of claimants.

Is our welfare safety net working to prevent people falling into deprivation?

If not, how could it better do so?

3.15. There is evidence aplenty that indicate that the welfare safety net is failing to prevent people falling into deprivation: the increase in rough sleepers and the surge in food bank use are clear warning that things are amiss. Seven case studies provided by SFHA members of tenants' real life experiences are attached as an appendix to illustrate the challenges that they have faced as a result of the lack of an effective safety net.

3.16. There is a concern that there is a lack of comprehension of the challenges facing those reliant on the safety net. The Social Security (Scotland) Act 2018 set up a series of experience panels of users in order to help shape the delivery of the services it is responsible for, to make them fit for their purpose. It is an approach the UK Government may wish to consider.

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Appendix – Case Studies

Case Study 1 – the Benefit Cap

Single parent in temporary accommodation with three dependants, aged 11, 7 and 1.

Affected by the benefit cap of £145.94 per week from 17/04/2017. A Discretionary Housing Payment was applied for and tenant was awarded £4.71 per week for the period 17/04/17 – 23/07/17.

A reconsideration was put together and sent off. The housing association's Income Officer had a conversation with tenant about her options and she advised that she would try to go back to work sooner despite her baby not even being 6 months old. The Discretionary Housing Payment award was partly reconsidered - £4.71 per week paid up to 31/05/17 and then £15.50 per week from 01/06/2017 – 31/03/2018. Tenant's rent shortfall was now £130.45 per week and she was required to pay £135.00 per week due to the level of her arrears. The tenant paid as much as she could but found it too difficult and eventually she was served with a Notice To Quit. She ended her tenancy due to affordability, she also did not want the stress of accruing more rent arrears or having to go court & face being evicted. She and her three children were placed back in temporary accommodation from 28/09/2017. Arrears totalled £2682.75.

A further reconsideration was sent to the Discretionary Housing Payment team in March 2018 when the association was advised that there was extra money in the budget, but again this was refused.

Case Study 2 – Personal Independence Payment (PIP)

A tenant with numerous serious health conditions, whose teenage daughter cares for her when she is not at college.

She was not in receipt of PIP as she had lost her Disability Living Allowance and had not felt able to challenge the decision. She had also recently been moved from the Employment Support Allowance support group to the work-related activity group. The housing association helped her to make a new PIP claim and requested a mandatory reconsideration for her ESA group change.

It was also realised that she and her daughter needed winter clothes and footwear, bedding and a new sofa but could not afford to buy these themselves. Applications were made to several charities, the results of which are awaited (Scottish Welfare Fund, Mary Strand Charitable Trust, Talisman Trust and Glasspool).

Case Study 3 – homelessness

The tenant is a single mother with son who is a year and a half old.

They had become homeless following a relationship breakdown and she had no items necessary for setting up a new home. The tenant works part time but could not afford to purchase items herself as they are on a tight budget. She is also suffering from mental health problems following the relationship breakdown and their period of homelessness. Help was given to apply to Scottish Welfare Fund, and they awarded white goods and other items of furniture. The award did not cover any storage such as cupboards or drawer units; flooring for her bedroom, the hall or the kitchen; or winter clothing and footwear which is desperately needed.

Further applications have been made charities (Mary Strand Charitable Trust, Grocery Aid, Hospitality Action and Talisman Trust) to request assistance with these items but have not yet heard back.

Case Study 4 – upheaval following a health crisis

A couple became tenants of the housing association October 2018.

The wife had suffered a stroke in June and was in hospital until the end of August. The stroke resulted in paralysis on her left-hand side leaving her needing full-time care. Her husband had to give up his job as a taxi driver to care for her.

Their previous property was unsuitable as she needed a fully adapted property – in their private let, she could not access most rooms due to steps and lack of wheelchair access. They were struggling financially due to this huge change of circumstances as previously they had both been working full time.

Support was given to apply for Universal Credit, Carer's Allowance and PIP. They couldn't afford white goods, but were sourced from the Scottish Welfare Fund. She also needed winter clothes and footwear as she wears a splint and needs to buy two different pairs of shoes each time as her feet are different sizes. A grant of £150 was received from the League of Helping Hands for this.

Case Study 5 – Benefit Cap

Single parent with 4 children aged 16, 12, 11 and 3 years old.

Fell into rent arrears due to Benefit Cap, as her Housing Benefit award was reduced from £74.24 per week to just £0.65p. An application was made for a Discretionary Housing Payment, which met only some of the shortfall. The client still had to pay £16 per week to cover the shortfall of HB and DHP and something to arrears.

Client was referred to Financial Inclusion Officer for assistance with budgeting and debts. An income and expenditure was completed, which showed that due to reduction in her income she now had a large deficit income. Client had numerous deductions from her benefit due to Social Fund loans, fuel direct and arrears direct for rent and council tax. Budgeting advice was given and the only areas identified to reduce expenditure was food, clothing and kids clubs. Client had advised of health issues, that she was agoraphobic and struggled to leave her home. A referral was made to Welfare Rights Officer to look at a Personal Independence Payment.

Client struggled to meet rent and arrears continued to increase, she suffered from various health problems and became isolated and was not engaging with any staff. Client missed her appointment with Welfare Rights Officer to complete her PIP and was engaging with no one. Due to non-contact the Housing Association had no option but to raise court action against her as arrears were increasing. Eventually client engaged with Financial Inclusion Officer; a further DHP application was submitted and further assistance was awarded from DHP which meant that client had only arrears to pay which, was being covered by arrears direct. Client also met with Welfare Rights Officer and PIP was applied for.

This all started in January 2017 and after a long process client was eventually awarded PIP in May 2018, allowing her then to be exempt from benefit cap. During this time client and her children became more isolated - the latter because she had to stop their clubs as she couldn't afford the cost and taxis to get the children there as she couldn't leave the house herself.

Case Study 6 – Universal Credit

Single adult living alone was found fit for work after failing a medical for Employment and Support Allowance and had to claim Universal Credit.

He was also a carer for his mum and although his carers allowance was being paid weekly he was struggling to manage food, fuel etc. Client waited over 7 weeks for his first payment and during this time was reliant on food banks. He applied for an advance payment, so as soon as he got paid deductions commenced with the advance being recovered over 12 months.

He fell into rent arrears and due to addiction issues was not engaging with his housing association. His landlord applied for a Managed Payment to Landlord (MPTL), as he was getting further into debt.

He took a budgeting advance and Social Fund then stated making deductions; with all these deductions client was receiving £108.91 per month from Universal Credit as well as his carer's allowance. Client was being asked to pay something to arrears by his housing association as they did not want to apply for arrears from his Universal Credit as they knew he was struggling. When we met with him he had not been crediting his gas and electric, meaning he had no gas or electric for over 6 months. We managed to get his meters reset and applied for assistance from British Gas Energy Trust to help with fuel debt.

He was only sleeping in his own home, using his mother's for washing and cooking as he was her carer; this caused their relationship to breakdown. With the assistance from the team getting his meters reset and being able to top up his meters meant he could live in his own home and we provided budgeting advice to assist in ensuring he met all his priority expenditure.

Case Study 7 – Universal Credit

Single adult was assigned this mother's tenancy and was an existing Universal Credit claimant.

Client only aged 19 years old with multiple health issues had not been engaging with his work coach at Job Centre and had been sanctioned; with no income his rent arrears were increasing. Due to health problems client became isolated and was not answering his door, phone or going out at all; as he was not going to Job Centre he was not getting paid. His mum eventually managed to get him to office as he had been served with Notice of Proceedings for his rent. Financial Inclusion Officer met with and he advised he had no income for over 3 months since taking on tenancy.

We contacted work coach and client had 11 failures to attend - an open ended sanction had been placed on him. We managed to get him to go to his GP for a diagnosis and made a further appointment with his work coach, to get him to re-engage to try and get sanction lifted. Also trying to relax his commitment with UC to prevent any further sanctions. Whilst this was all ongoing and we were in contact with Universal Credit regarding housing costs. We applied to Scottish Welfare Fund for crisis grants and referred to food bank for food and fuel. Sanction was removed but client was still not paid as he owed for a period he had been paid whilst sanctioned, therefore we applied for hardship and continued to support with food bank until his Universal Credit was paid.