

Evidence submitted by CIH Scotland 09 October 2020

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world including over 2,000 in Scotland.

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CIH contact:

Ashley Campbell
Policy and practice manager
ashley.campbell@cih.org

1. What will the economic downturn look like for different people in Scotland and how should Scottish social security support people through it? In the context of UK social security and of other ways of providing support, what role should Scottish social security have in an economic recession?

The Covid-19 pandemic has meant that many more people have had to rely on some form of financial support, many of whom will never have had to claim a benefit before. We have significant concerns about people's ability to afford to cover essential bills, including rent, especially as additional restrictions are being implemented across the UK and as the UK Government's job retention scheme is wound down by the end of October.

People's circumstances vary significantly and therefore the Scottish Government's response must provide as much flexibility as possible to support people in different ways.

Universal Credit claims in Scotland

The Scottish Government publishes monthly analysis of Universal Credit caseloads in Scotland based on UK Government statistics (<https://bit.ly/30JTN1r>). The analysis is useful in understanding how different groups of people have been impacted by Covid-19 restrictions.

The analysis shows that as of July 2020, around 470,000 people in Scotland were claiming Universal Credit (UC). This is almost double the number of claimants compared to January 2020 when 243,000 were in receipt of the benefit. Many more may not have been able to claim UC due to savings or the income of a partner.

New claims for UC were not uniform across all groups with a higher proportion of 16-24 year olds starting on UC than at any other point over the last few years. This may be attributable to the fact that younger people are less likely to have stable employment that could be supported by the Job retention scheme.

Young people are further disadvantaged by inequalities built into the benefit system. Up to the age of 35, the majority of single people who need help with housing costs are only entitled to the cost of a room in a shared flat rather than their own self-contained accommodation. Young people also receive a lower standard allowance through jobseekers allowance and UC. A single claimant on jobseekers allowance under the age of 25 receives 26 percent less than someone aged 25 or over (<https://bit.ly/2SAzBKL>). For UC claimants the difference is just under 20 percent (<https://bit.ly/34FEPuo>) because of the temporary £20 increase to the standard allowance.

The increase in claimants is not spread uniformly across Scotland with certain local authorities experiencing significantly greater increases than others. When comparing the number of people claiming UC during two months of lockdown (March to May) to the subsequent two months (May to July)

Edinburg saw the most significant rise with a 123 percent increase in claimants followed by East Renfrewshire which experienced 108 percent increase. These increases compare to a national average of 66 percent.

The number of households in Scotland affected by the overall benefit cap has also increased significantly as UC claims increased and in part because of the £20 increase to the standard allowance. As of May just over 6,000 households had their income capped compared to 3,700 in March. The vast majority of those affected are households with children, around 97 percent and 66 percent of these are lone parent families. The average amount that a household's income is capped by is just over £50 per week or £2,600 per year. This is a significant amount for households with children.

Ending the job retention scheme

UK Government statistics published 18 September showed 366,700 people in Scotland were 'furloughed' equal to 15 percent of the eligible working population (<https://bit.ly/3jH0sAN>). A significant number of these people may face reduced income or redundancy as the job retention scheme is wound down at the end of October.

The UK Government's new job support scheme (<https://bit.ly/3jFWuZq>) may go some way to prevent redundancies but the scheme is less generous, ensuring employees receive up to 77 percent of normal wages compared to 80 percent under the job retention scheme, relies on greater contributions from employers and is only available to employees who are able to work for at least a third of their normal hours meaning some will not be eligible for any financial support at all.

Increased risk of eviction and homelessness

There is a real risk of increased eviction action and homelessness if people cannot afford to cover rent payments, particularly in the private rented sector where landlords have less capacity to provide support for their tenants compared to social landlords.

Scottish Housing Regulator statistics show that evictions from the social sector remain low with only 34 homes recovered between June and August (<https://bit.ly/3jI9v4F>) compared to a total of 2,301 evictions carried out in 2018/19 (<https://bit.ly/30IjLT6>). While social landlords will continue to support tenants as far as possible, the number of evictions will inevitably increase as protections such as the job retention scheme are withdrawn if alternative support is not available.

The Covid-19 pandemic has also highlighted that existing benefits were not generous enough to meet basic needs for the majority of the population, evidenced by the fact that the UK Government has increased standard allowances for UC by £20 for 2020/21 and reinstated local housing allowance (LHA) at the 30th percentile. These welcome measures should not be

reversed as we recover from the pandemic and we would also like to see additional measures introduced permanently.

Support through the Scottish Social Security system

The Scottish Social Security system should continue to ensure that people are aware of the support that is available to them from the UK and Scottish Government and how to access that support.

Additional funding for discretionary housing payments (DHPs) and the Scottish welfare fund (SWF) has been welcome but there are issues with eligibility and access to these funds.

We recognise that the Scottish Government has committed to introducing a £10 million tenant hardship loan fund for those who are unable to access other forms of support (most likely those renting in the private sector) but we share concerns that the provision of a loan to households already experiencing financial difficulties may not be the best solution. If a tenant takes out a loan and their circumstances do not change, there is a risk that they may become homeless and will also be in debt.

We are yet to see detailed plans of how the loans will be administered and possible implications if repayments are missed. The implementation of the loan fund must be closely monitored and longer term alternatives considered if Covid-19 restrictions continue to impact the economy.

Improvements to the UK Government benefit system

The Scottish Government should continue to seek improvements to the social security system from the UK Government.

- Continue to provide to £20 increase to the standard UC rate and introduce additional improvements:
 - End the five week wait for first payment of UC.
 - Temporarily suspend the benefit cap and two child limit pending an independent enquiry into the general adequacy of UC levels.
- Reverse the removal of the spare room subsidy (or 'bedroom tax'). While this has been mitigated by the Scottish Government, abolition will benefit people across the UK and free up around £60 million Scottish Government resources each year (<https://bit.ly/3jFYbGg>).
- Permanently reinstate LHA at the 30th percentile and return to annual uprating. In order to address immediate hardship, LHA should be temporarily increased to the 50th percentile for tenants directly affected by Covid-19.
- Remove the shared accommodation rate of LHA with all claimants entitled to a one bedroom home, except those who choose to share who should then be entitled to full LHA for their household size.
- Align benefit rates for those under the age of 25 with standard allowances.

- One-year lifting of no recourse to public funds (NRPF) and other restrictions on claiming benefits.

2. Can, and should, Social Security Scotland do more than meet the expected increased demand for benefits and deliver on existing policy commitments? What should its ambitions be? Within the social security and borrowing powers available to Scottish Ministers what could be achieved and delivered?

Thousands of people have already had to deal with a reduction in their income or have been made redundant due to Covid-19 and we are concerned that many more will be affected by the withdrawal of the UK Government Job Retention scheme. Many have never had to apply for benefits and many will not be eligible to claim because of savings or the income of a partner. These people are at risk of homelessness if they cannot afford to cover their housing costs.

We recognise that the Scottish Government's new £10 million tenant hardship loan fund has been established to help people who are struggling to cover their rent but are not eligible for other forms of assistance. However, we have raised concerns about the effectiveness of a loan for those already in financial difficulty.

The Scottish Government should consider extending eligibility for other forms of support. For example, the SWF guidance states that a crisis grant can be used to cover a gap in income because of redundancy or a change at work. It states that grants are usually only available for low income households but there is no requirement for the applicant to be in receipt of other benefits (<https://bit.ly/3iIMHR1>). Clarification of the rules could open up the SWF to a wider range of people but would need to be underpinned with additional funding.

3. If we look to do more, or differently, what are the relatively easier changes that could be made to Scottish benefits that would not require significant additional capacity in Social Security Scotland?

The Scottish Government can easily top up existing support funds such as DHPs and the SWF although this would require additional financial capacity. Local authorities may also require additional resources to process applications but implementation would be relatively simple.

4. What changes could be made that would not require significant input from the Department for Work and Pensions (UK)?

As set out above, the Scottish Government can easily provide additional funding for existing discretionary funds, revise criteria for accessing assistance and proactively communicate different forms of support so that people know what help is available to them.

5. What are the constraints and barriers to doing more in Scotland?

The biggest barrier for the Scottish Government in providing short term support is funding. The Scottish Government has already increased discretionary funds and is establishing a new tenant hardship loan fund. These could easily be extended with further funding.

Changes to benefits which are partially devolved such as UC are far more difficult and require consent and joint working with the UK Government which may not always prioritise Scottish Government requests. This has been evident in the Scottish Government's use of UC flexibilities.

Complications can also arise if the Scottish Government uses its powers to 'top up' reserved benefits if this would increase the claimant's income above the overall benefit cap. This scenario has been encountered as the Scottish Government has sought to mitigate the 'bedroom tax' directly through increasing the housing element of UC for those affected rather than having to cover the costs through a separate DHP.

6. Should the main focus be on discretionary funds or on entitlements? In terms of recovery from Covid-19, is it more effective to provide support through discretionary funds allocated to local authorities or through demand led benefits delivered through Social Security Scotland?

Discretionary funds will help to provide simple, quick access to support to deal with immediate issues relating to Covid-19. Discretionary schemes also allow local authorities to target assistance to those most in need in local areas which is useful as Covid-19 is impacting different people in different ways. This would also allow assistance to be tailored to deal with local measures which could impact people's income e.g. the two week closure of hospitality in the central belt and significant restrictions in other areas we have seen during October.

However, we think that longer term solutions are also needed and should be based on entitlement. We have set out above how the UK Government welfare system needs to be amended to better support households across the UK.