

# Universal Credit Scottish Choices

# Social Security in Scotland –

Scotland Act 2016 gives powers:

- over eleven benefit areas
- to create new benefits, and to top up reserved benefits
- affects some 1.4 million people, and potential funding transfer is estimated to be over £3.3 billion.

# So far.....

- Scottish Ministers top priority is the safe and secure transition of eleven benefits by the end of this Parliamentary term
- Dignity and respect at heart of the new social security system – Experience Panels
- Social Security Agency – located in Dundee and Glasgow and strong local presence across the country
- First wave of benefits to be delivered by the Agency – Carers Allowance Supplement (by summer 2018), and Early Years Assistance and Funeral Expense Assistance (by summer 2019)
- Social Security (Scotland) Act 2018 (Royal Assent on 1 June)

# Universal Credit Flexibilities – Scotland Act 2016

- Gives Scottish Ministers powers over to whom and when UC is paid
- Gives Scottish Ministers powers over support for costs of rented accommodation
- Sets out requirements for Scottish Ministers to consult the Secretary of State on implementation practicalities
- But UC remains reserved to the UK Government, although the Scottish Government/DWP are working very closely together to implement the new Scottish UC choices

# Universal Credit Flexibilities – Scotland Act 2016

- The Scottish Government's priority has been to implement:
  - payment of the housing costs element directly to landlords (social and private)
  - more frequent payments to the claimant (twice monthly as opposed to monthly)

# Universal Credit Scottish Choices – Why?

Aim to provide Scottish claimants with more choice in how they manage their UC account

- To make the changeover to the UC regime easier for individuals claiming UC in Scotland
- To protect tenancies and prevent homelessness
- To help with budgeting and reduce build-up of rent arrears

# Universal Credit Scottish Choices – Where are we now?

- From 31 January this year, the choices were made available to everyone receiving Universal Credit in full service areas across Scotland.
- Eligible people will be offered the Universal Credit Scottish choices through their Universal Credit online account.
- Offered in the second assessment period; interaction with Alternative Payment Arrangements (APAs).
- Twice monthly payments and direct payment to landlords in practice.
- The DWP deliver the Universal Credit Scottish choices on behalf of the Scottish Government.

# Scottish Flexibilities – Where are we now?

- Awareness raising through leaflets, Scottish Government website and social media for Universal Credit clients; local authorities; landlords, third sector and others.
- Over 2,500 people have taken up one or both of the choices.
- Publish official statistics in the future.
- Expect between 650,000 and 700,000 households to benefit from the Universal Credit Scottish choices by the end of the planned Universal Credit rollout by the UK Government in 2023.



# Universal Credit Scottish Choices – next steps

- Split payments – working with stakeholders to seek views on how it could work in practice
- Abolishing ‘bedroom tax’ at source through UC

# Scottish Flexibilities – Split Payments

- As part of the consultation on social security, 88% of people supported payments of UC to be split between members of a household.
- The overarching aim of the split payments policy in Scotland is to provide an independent income to all UC claimants and to promote equality, dignity and respect in the social security system.
- We committed through to deliver **automatic split payments**

# Scottish Flexibilities – Split Payments

- We have been engaging with a wide range of stakeholders to develop policy options for delivering split payments of the UC award.
- So far, we have found that there is strong support for automatic split payments, but views vary on how it might work in practice, for example, whether payments should be split 50/50 or based on individual circumstances.
- We are in regular discussion discussions with the DWP on the feasibility, operational and cost implications of delivering split payments in Scotland.
- Announcement in due course on how and when split payments can be delivered.

# Housing & Welfare Reform

# 18-21 Year Olds

- An interim scheme is in place to allow those affected to approach LAs for advice, and payments to meet their housing costs.
- It was expected that a long term scheme would be provided for under Housing Assistance and the Scottish Government had made provision for this in the Social Security Bill.
- DWP announcement - 29 March 2018.
- Stage 3 amendment.
- DWP have not yet provided a date or any details.

# Bedroom Tax

- The Scottish Government has committed to abolishing the bedroom tax using devolved powers on social security.
- Scottish Ministers have the power to vary the under occupancy deductions, using the universal credit flexibilities.

# Mitigation & Abolition

- Budgeted £50m to mitigate the bedroom tax in 2018/19. onto notes below
- UK Government has delayed the ability to abolish the bedroom tax at source – May 2020 earliest.
- Mitigation will continue until abolition in place and full migration of existing UC caseload – 2023 (UC statement 7 June).

# Discretionary Housing Payments

- Responsibility for DHPs devolved on 1 April 2017.
- DHP funding in 2018/19:
  - Bedroom Tax Mitigation: Estimated £50m
  - Other DHPs: £10.9m
  - Admin: £1.2m
- Play a role in preventing homelessness.
- The Social Security (Scotland) Act 2018 gives Local Authorities the power to run DHP schemes, and Ministers the power to issue guidance on those schemes.
- The SG Guidance will be published to coincide with the commencement of the relevant section of the Act.



# Benefit Cap

- Since Nov 2016:
  - £13,400 for single households (c. £1,117 pcm)
  - £20,000 for couples (c. £1,667 pcm)
- As of Feb 2018:
  - c. 3,500 households affected (>10,000 since introduction)
  - c. 160 capped in UC
  - c. 130 more capped by more than £200

# Ministerial Letters

24 November

- **Household wellbeing/ risk of destitution**

Dear Chief Executive

- **Child poverty**

- **Homelessness AND**

- **Risk to discharge of homelessness duty**

- **Impact on SRS revenue streams**

# Responses

24 November

- Access to work

Dear Chief Executive

- Welfare Rights

- Housing Options

- DHPs

- Wider advice / access to SWF, food banks etc

I am writing to you to follow up my letter sent in November about the impact of the UK Government's Benefit Cap. I am grateful to those councils who replied to my letter, but I would like to give those that did not reply a further opportunity to share any examples of good practice in this area.

As you know it is for couples

I continue to be concerned about the impact that the Benefit Cap can have, especially the impact it may have on households with children or on the effective discharge of homelessness duties. I continue to monitor the impact of the benefit cap and will keep under consideration any steps the Scottish Government can take to support local authorities and the households affected. Since my letter, I have confirmed that the funding for non-bedroom tax related DHPs will be protected in 2018/19 with the same amount (£8.1m) as in 2017/18. The decision to keep overall levels of funding stable was partly informed by the feedback received that DHPs remained an important tool in supporting those affected. I was also pleased that the allocations for 2018/19 was based on a more robust evidence base, taking better account of the impact of the cap especially for Universal Credit caseload.

# DHPs

- DHPs: £8.1m allocated on this basis in 17/18 and 18/19
- BUT broadly underspent in 17/18
- Letters highlight challenges especially for UC caseload (but less than 5% of capped households on UC?) we are now working with local authorities to understand the reasons behind this and to promote best practice.

# Questions



# Contact Details

- Laura Carmichael – Universal Credit Flexibilities – [laura.carmichael@gov.scot](mailto:laura.carmichael@gov.scot)
- Owen D. Griffiths – Housing and Welfare Reform – [owen.griffiths@gov.scot](mailto:owen.griffiths@gov.scot)