

Maureen Watt

Convenor - Infrastructure and Capital Investment Committee

By email - ici.committee@scottish.parliament.uk

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Dear Maureen

Welfare Reform Bill Scrutiny – Impact of Housing Benefit Reforms

I am writing to you in advance of your Committee taking evidence on the impacts of the UK Government's Welfare Reform Bill. I thought it would be helpful to set out the Scottish Government, COSLA and our key stakeholders' position on the main issues arising from welfare reform, relating to housing benefit changes in Scotland.

As you may be aware, the Scottish Government in partnership with COSLA established the "Housing Benefit Reform Stakeholder Advisory Group" in November 2010. We have worked closely with key Scottish housing stakeholders through the Group to identify shared Scottish concerns. The numerous representations we have made to the UK Government jointly with COSLA reflect that input. The Group continues to meet regularly to discuss the impacts of the reforms and what can be done to mitigate the worst of the potential impacts.

Arising from that work, we have a number of concerns, which are summarised as follows:

- The pace of reform and lack of detail from DWP makes it difficult to prepare for the reforms; it also makes it difficult to adequately scrutinise them.
- Breaking the link between actual housing costs and the support which will be provided for housing costs under Universal Credit means that in real terms support for housing costs could lose its value, severely constraining the level of support the benefit was designed to provide.
- It is essential that appropriate safeguards are in place for vulnerable groups, particularly in relation to direct payments and under occupation restrictions in the social rented sector. The role local authorities might have, if any, in providing support to minimise the adverse impact of the cuts on vulnerable groups, is not yet clear.
- We have particular concerns that the cumulative effect of the proposed changes to housing benefit could increase the risk of homelessness for individuals and families on fixed incomes who are unable to absorb these cuts

- The changes also undermines our efforts to sustain momentum that ensures all unintentionally homeless people are entitled to settled accommodation by 2012.
- The impact of the benefits cap, and how it will be affected by varying housing costs across the country, is unknown.
- Whilst we support the principle of financial inclusion, there is potential for direct payments to claimants in the social rented sector to compromise social landlords' income streams and undermine lenders' willingness to invest in the sector or add to landlords' borrowing costs. Direct payments could also lead to more tenants in arrears, and ultimately more evictions.
- Although Universal Credit is for working age claimants only, there is a lack of clarity about how pensioner claimants - many of whom also receive housing benefit - will be supported as a result of changes to support for this age group.
- Many of these issues apply equally to DWP's proposals for changes to housing benefit rules for Temporary Accommodation and for Supported Accommodation, with the problems of the pace of reform and lack of detail being particularly acute.
- In addition to the combined reforms to housing benefit, we are concerned about the range of other Welfare Reform changes on vulnerable groups and disabled people, particularly the proposed changes Disabled Persons Allowance (DLA), to Carers Allowance.

I have attached an Annex to this letter a list of references to Scottish Government publications on the impact of the housing benefit reforms; both the reforms currently under way and planned as part of the existing regime, and the impacts of the new Universal Credit arrangements in 2013.

Clearly the issues of concern are wide ranging and numerous and I have no doubt that you will hear much more about detail about these complex benefit reforms as you gather evidence. However, if following your evidence sessions I can offer any assistance on this matter, please do not hesitate to contact me.



ALEX NEIL

ANNEX – POTENTIAL IMPACT OF HOUSING BENEFIT REFORM IN SCOTLAND

All of the documents below are accessible on the Scottish Government website, see <http://www.scotland.gov.uk/Topics/Built-Environment/Housing/supply-demand/chma/Benefitchanges>

Title	Description
<ul style="list-style-type: none"> • Housing Benefit Changes: Scottish Impact Assessment 	<p>This paper considers the impact of changes to housing benefit on households in Scotland who currently rely on housing benefit to meet their rent.</p>
<ul style="list-style-type: none"> • Evidence of Supply of Shared Accommodation 	<p>Evidence of Supply of Shared Accommodation in Scotland: Update June 2011.</p>
<ul style="list-style-type: none"> • Evidence of Impact of Increased Shared Accommodation 	<p>Evidence of the Impact in Scotland of Increasing Shared Accommodation Rate Age Threshold: Analysis Updated at June 2011.</p>
<ul style="list-style-type: none"> • Modelling Impact of Benefit Changes on 2012 Homelessness Commitment: Impact of the Changes Coming into Force in April 2011 	<p>This paper considers the impact on the 2012 homelessness commitment of the April 2011 changes to Housing Benefit.</p>
<ul style="list-style-type: none"> • Modelling Impact of Benefit Changes on those of Working Age Under Occupying a Socially Rented Property 	<p>This is the analysis of the issues raised by the planned penalty for under occupation.</p>
<ul style="list-style-type: none"> • Estimated Availability of Shared Accommodation 	<p>From April 2012 single people without dependants aged 25 to 34 entitled to Local Housing Allowance will have their benefit restricted to rent for a room in shared accommodation. At present single people in this age group are entitled to rent for 1 bedroom accommodation. This paper looks at the availability of shared accommodation to house those affected.</p>
<ul style="list-style-type: none"> • Assessing the Impact of the Benefit Changes on Councils' Capacity to Meet the 2012 Homelessness Commitment 	<p>This paper examines how the 2012 homelessness modelling may be adjusted to take account of the Housing Benefit Changes.</p>
<ul style="list-style-type: none"> • Proportion of Shared Private Rented Accommodation Occupied by Students 	<p>This paper considers the proportion of shared private rented accommodation occupied by students in order to allow a clearer picture of pressures in the sector.</p>
<ul style="list-style-type: none"> • Breakdown of PRS housing benefit claimants by passported benefit 	<p>These tables show the breakdown of housing benefit claimants in the PRS by passported benefit. This is based on the July 2010 HB Caseload.</p>