
To: Communities, Housing and Planning Policy Board

On: 12 March 2019

Report by: Director of Communities, Housing and Planning Services

Heading: Call for Views – Social Security Committee

1 Summary

- 1.1 An inquiry was launched into Social Security Support for Housing on 5th February 2019 by the Scottish Parliament's Social Security Committee.
- 1.2 This inquiry will explore how social security support for housing costs is impacted by welfare reform, with a particular focus on the local housing allowance and Universal Credit housing costs.
- 1.3 Submissions are sought by 18 March 2019 and a response has been compiled on behalf of the Council which is attached to this report.

2 Recommendations

- 2.1 It is recommended that the Board:
- Agree the draft response attached at Appendix 1 to this report.

3 Background

- 3.1 The Scottish Social Security Committee has launched an inquiry into Social Security Support for Housing after hearing evidence that increasing numbers of people are experiencing hardship due to the rising cost of rent, with the gap between private sector rents and the amount provided by the social security system increasing.

- 3.2 In their inquiry the Committee will explore how social security support for housing costs is impacted by welfare reform, with a particular focus on the local housing allowance and Universal Credit housing costs. The Committee will consider how both reserved and devolved social security policy can address issues arising for tenants and landlords, particularly in the private rented sector.
- 3.3 The Committee are seeking input from organisations and individuals to inform their view and are asking for views, on any or all of the following questions:
- How have changes to the Local Housing Allowance impacted on the private rented sector, particularly for the affordability of rents for young people?
 - To what extent have UK welfare reform measures impacted on private landlords' willingness to let to those in receipt of social security benefits? (Including for example, the impact of Universal Credit, the benefit freeze and the benefit cap).
 - 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? (for example, the impact on rent arrears, communication between landlords and the DWP)
 - How do Universal Credit Scottish Choices and Discretionary Housing Payments impact on the way landlords and tenants handle Universal Credit housing costs?
 - In all of the above, what improvements could be made to reserved and devolved systems, including the way they interact with each other?
- 3.4 The Committee has requested submissions by email in the form accompanying the report by Monday 18 March 2019.

Implications of the Report

1. **Financial** – Should tenants issues with social security be addressed, this would have a positive impact on collection of rent and rent arrears.
2. **HR & Organisational Development** – none
3. **Community Planning** – none

4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights** - Should changes come from this inquiry that result in private landlords be encouraged to rent to those in receipt of Social Security benefits, this would have a positive impact on Equality and Human Rights considering the overrepresentation on equality groups within low-income households.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** - none
11. **Privacy Impact** – none

Author: Diane Dunn, Policy and Planning Development Officer, Ext 4842

SOCIAL SECURITY COMMITTEE

SOCIAL SECURITY SUPPORT FOR HOUSING

SUBMISSION FROM RENFREWSHIRE COUNCIL

How have changes to the Local Housing Allowance impacted on the private rented sector, particularly for the affordability of rents for young people?

Within Renfrewshire and Inverclyde the Local Housing Allowance (LHA) rates have not shown much fluctuation over the years based on the changes to how LHA rates are calculated. The way LHA rents are calculated does not necessarily mean that there is little fluctuation within rent charges in the area. There will always be types of properties (for instance 5 bedroom properties, detached houses), and certain locations (in areas of limited supply and within different school catchment areas) where rental charges can be determined by supply and demand economics rather than in line with LHA rates.

	Shared Accommodation Rate	1 Bedroom Rate	2 Bedroom Rate	3 Bedroom Rate	4 Bedroom Rate
2019/20	£60.00	£80.55	£101.54	£125.42	£190.80
2018/19	£60.00	£80.55	£101.54	£125.42	£190.80
2017/18	£60.00	£80.55	£101.54	£125.42	£190.80
2016/17	£60.00	£80.55	£101.26	£126.57	£190.80
2015/16	£60.00	£80.77	£101.54	£126.92	£190.80
2014/15	£60.00	£80.77	£101.54	£126.92	£183.46

There are very few properties within Renfrewshire that have rents set at the Shared Accommodation Rate, so single under 35 year olds are most at risk for finding rents unaffordable.

To what extent have UK welfare reform measures impacted on private landlords' willingness to let to those in receipt of social security benefits? (Including for example, the impact of Universal Credit, the benefit freeze and the benefit cap).

There has always been anecdotal evidence of private landlords not willing to let to those in receipt of social security benefits. There certainly were comments made when the LHA rates were first introduced in 2008, again when the LHA changes were made in 2011, and again with the advent of Universal Credit. Renfrewshire Council does not have any supporting evidence by way of facts and figures to substantiate any actual impact.

It may be that changes to tax relief for buy to let properties have had a more severe impact on private landlords withdrawing.

A number of private landlords will rely heavily on income from social security benefit recipients so there will be some private landlords that rely on those in receipt of benefits to fund their liabilities.

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? (for example, the impact on rent arrears, communication between landlords and the DWP)

The timescales in rent payments being received causes additional administrative work on behalf of the landlord to forecast payment dates. Forecasts are made based on the average of 6/8 weeks for tenants to receive their first payment or up to 8/9 weeks for managed payment schedules as these are received 4 weekly. Landlords must also consider the impact of DWP's internal administration on UC processing times. Any delays impact on income projection.

In particular, managed payment schedules versus monthly payment direct to tenants requires a dual system for landlords in managing rental payments due. Currently payment files are received in a format that does not allow electronic transfer of monies into the rent accounts – consequently creating additional administrative time and delay in identifying a “true” arrears figure.

With the removal of explicit consent additional difficulties have been encountered between the landlord and DWP in establishing individual circumstances of a tenant's claim. Additional challenges have also been encountered with long call waiting times when contacting DWP service centres. There have been examples of being kept on hold for 40/50 minutes before a call is answered, however DWP have advised that efforts are being made to address call waiting times.

How do Universal Credit Scottish Choices and Discretionary Housing Payments impact on the way landlords and tenants handle Universal Credit housing costs?

Scottish choices are still at too early a stage to develop a truly informed response. It would be beneficial for landlords to be directly informed of decisions regarding choices made from source, ie. DWP to advise which tenants have chosen this route, so landlords can be assured they have accurate, current information.

With regard to DHP's for a landlord there is an internal administrative process for Social Sector Size Criteria ('bedroom tax') cases where money is received less frequently than weekly. This is to prevent unnecessary arrears activity due to money not being received when due. For example, a tenant in receipt of £15 DHP per week, but paid monthly, would be £15 in arrears at the end of the first week, eventually reaching £60 in arrears at the end of the fourth week. Renfrewshire Council has an automatic escalation process in cases where the balance of arrears exceeds £15. For these cases there is a manual intervention carried out each month on the Rent Management System, in the knowledge that that DHP will be paid. The schedule of payments, however can cause difficulty in establishing the true arrears amount and requires this manual intervention from the landlord to prevent escalation of arrears activity.

In all of the above, what improvements could be made to reserved and devolved systems, including the way they interact with each other?

Appropriate sharing of information and better designed systems are essential for a joined-up approach to tackle any issues. This could include data sharing, with reports from DWP to advise progress of cases being an aid to landlords to help inform decision making when dealing with tenants. Transparent information with effective signposting would also be beneficial.