

CALL FOR EVIDENCE – SMITH AGREEMENT INQUIRY – WELFARE REFORM COMMITTEE

How should the new welfare powers proposed by the Smith Agreement be used to improve or change:

a) PIP, DLA, Attendance Allowance and Carer's Allowance.

The Smith Agreement can be used to improve or change a number of factors in relation to PIP/DLA, attendance allowance and carer's allowance. In principle we wouldn't want anyone to be worse off under the Scottish system. There should be national criteria for eligibility for benefits underpinned by legislation and appeal rights should continue.

The current system does not treat people with dignity and people's human rights should be the focal point of any changes to these benefits in Scotland. In the current system delays and poor assessments appear to be the norm and we must ensure that this sort of experience is not replicated in Scotland for claimants after devolution of these powers. There is an opportunity to focus on the experience of the customer, make delivery channels more accessible and flexible particularly to meet the needs of disabled people in rural areas who can't always easily make appointments.

Information has to be accessible to all and transparent regarding the rights and entitlements a citizen has. This will require investment to ensure that these principles can be delivered.

When looking at the ways in which these benefits are administered in Scotland consideration needs to be given to the whole portfolio of benefits that will be available and the measures that affect the claimants abilities to come off of the benefits i.e.: the state of the local labour market, the claimants ability/opportunity to commute to find work and any cultural differences between areas. This should be used to help decide if one body in Scotland can deliver these benefits or if they should be delivered by local authorities or similar local agencies.

b) Universal Credit (housing element and administrative arrangements) and DHP

There is an opportunity with devolution to make big improvements in Scotland in relation to the proposals for Universal Credit. The flexibility to vary the frequency of payments is very much welcomed as monthly payments will undoubtedly cause significant challenges in personal budgeting for many. Argyll and Bute Council has been carrying out one of the national Local Support Services Framework trials in preparation for the implementation of Universal Credit, and we have found it a considerable challenge to get people to accept support in this area before they are burdened with a significant amount of debt. Options should also be reviewed for direct payments of housing costs to landlords in the social rented sector. This will mean that Registered Social Landlords could have more certainty of rental income for a proportion of their properties which will make them more financially secure and give them an ability to borrow against that income in the future. This should help to ensure the future growth of housing supply in Scotland, reducing homelessness.

The Scottish Government will have the power to make changes to the non-dependant deductions in relation to Universal Credit thereby increasing the entitlement levels of claimants. This would be a positive action but any changes will have to be weighed against the funding available to support this.

The under-occupancy charge could be reduced or scrapped all together. Removing the charge would make sense given the allocation of monies to local authorities to fund Discretionary Housing Payments (DHPs) for all such cases, and this would reduce unnecessary administration and ensure that all such cases are assisted. Currently a minority of people in receipt of under-occupancy charges do not apply for DHPs.

There will be flexibility to set Local Housing Allowance (LHA) rates and these directly affect the calculation of eligible rent for assessing Universal Credit housing costs element. LHA rates are set at the 30th percentile which means that a housing benefit claimant will only be able to afford the cheapest 30% of properties. As more than 30% of all private sector rented properties are rented by people in receipt of housing benefit, this puts pressures on this rental market and on housing benefit claimants who will always struggle to find affordable properties. The cost of any increases in the LHA rate will present significant challenges for the government in respect of finding the resources to fund it.

We understand that there are no proposals to supply details of housing costs elements within Universal Credit to local authorities. Local authorities administer DHP. Without this information, this means that claims for DHP could be for amounts in excess of the rent. This has the potential to allow much higher values to be claimed from DHP. The funding for DHP for non-bedroom tax cases has been reduced, and this puts much more pressure on the limited funding provided by DWP. Some thought needs to be taken with regards to how best to operate DHP effectively in the future under Universal Credit.

c) The Work Programme and Work Choice

Devolution provides a real opportunity to improve the employability support programmes that are a feature of the current system. There has to be some sort of understanding of local labour markets and cultures when looking at localised work programmes which tie into punitive conditionality measures of the current system. Many jobs are insecure, being based on zero hours contracts, or being seasonal. Addressing these aspects of the labour market will do more to improve the outcomes for people out of work than the work programme has done. Employability support programmes like the work programme do not work. They don't integrate well with the Scottish Employability Pathway and the profit motive doesn't sit well with the rest of Scotland's institutional landscape.

Adequate and affordable childcare is vital to the participation of women and lone parents in society and these issues should be addressed when looking at the overall umbrella of services and support that can be offered to those seeking work. The doubling of free childcare from 15 to 30 hours a week for working parents of 3 and 4 year olds from September 2017 announced in the Summer Budget is welcomed. However more could be done to assist, especially as not all that many jobs tie in nicely with school hours.

For the Work Programme (WP) and other mandatory contracts, we believe that locally designed interventions suit best. For example there is no allowance for providers to reclaim travel payments, which in our part of the world can be substantial and subsequently takes away from the pot of money that could be used for training etc. WP also does not best suit Employment Support Allowance participants with multiple barriers and these currently make up the bulk of our out of work caseload.

If elements of Welfare Support were to be devolved to Local Authorities, there is good local knowledge on how best to deliver in our areas and this would give the flexibility to mould such support best to meet local demand.

d) The Regulated Social Fund, new benefits, top-ups and delivery of benefits overall.

The proposed flexibility is welcome and any expenditure incurred by the provision of new benefits, top-ups and the delivery of benefits overall could be covered by income generated from taxes under the agreement.

The power to supplement benefit rates or to introduce new benefits creates an opportunity to improve entitlements, but only if whatever is introduced is disregarded when calculating entitlement to benefits reserved by the UK government. The interaction of such benefits needs to be carefully examined otherwise they could potentially just increase the complexity of the current system whilst providing little net benefit. This should be avoided.

Specifically on the Regulated Social Fund, the amount paid for Funeral Payments should be reviewed and increased. These payments are already restricted to those on the lowest incomes but are inadequate and don't cover the cost of a basic funeral and can lead to debt and distress for the bereaved. This would help to meet the principles of dignity and fairness across benefits.