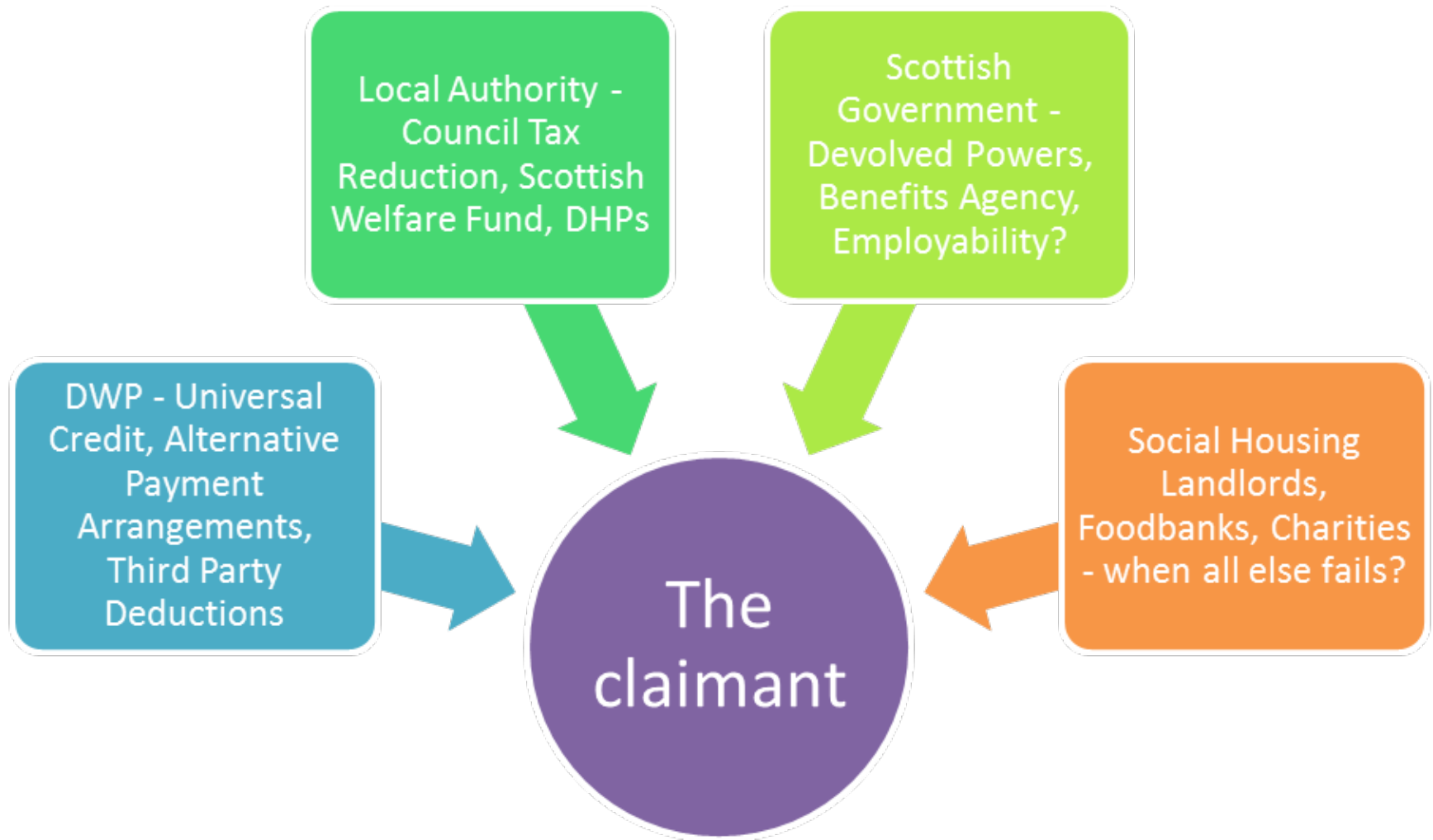


Glasgow Housing Strategy Event

April 19th 2016

Universal Credit and Welfare Reform

A Simplified System???



UC – put into practice

- National rollout to new single claimants
- Due for completion by April (Perth and Kinross, Angus the last to go live).
- Restricted service, with gateway criteria
 - Only Inverness has been taking wider range of claimants (couples and families).
 - But ‘lobster pot’ has meant other areas will have some more complex cases through change of circumstances of claimant

UC - put into practice

- Up to now, UC on “live” system
 - Has never worked well
 - Long and difficult claim application process
 - Dependent on manual intervention, so lots of mistakes
 - Already at capacity
 - Decision not to invest further
 - Being replaced by digital solution, referred to as “full service”

UC – put into practice

- “Full Service”
 - Trials in small number of jobcentres, to be extended to 6 more including Musselburgh
 - Claimed to be much more user friendly
 - Decision to start National rollout in May 2016
 - Inverness in June
 - Rest of Highland in November
 - Pace to pick up in 2017 with completion in 2018
- All new claims will be UC – no gateway criteria

Welfare Cuts 2016/17

- Benefit Cap
 - Currently £26,000
 - To be cut to £20,000 from autumn 2016
- Removal of Housing Benefit of family premium for new claims and new births.
- Cutting of Universal Credit in-work allowances
- Backdating of claims reduced to 4 weeks
- Most working age benefits frozen for 4 years

UC Work Allowances

		BEFORE SUMMER BUDGET		AFTER SUMMER BUDGET	
		WITHOUT HOUSING COSTS	WITH HOUSING COSTS	WITHOUT HOUSING COSTS	WITH HOUSING COSTS
Single	NO DEPENDENT	£111	£111	ABOLISHED	
	WITH DEPENDENT	£734	£263	£397	£192
	WITH DISABILITY	£647	£192	£397	£192
Couple	NO DEPENDENT	£111	£111	ABOLISHED	
	WITH DEPENDENT	£536	£222	£397	£192
	ONE OR BOTH WITH DISABILITY	£647	£192	£397	£192

Welfare Cuts 2017/18 onwards

- Removal of entitlement to Housing Benefit for the under 22s
 - Coupled with “Youth Obligation”
- Removal of Child Element of tax Credit and Universal Credit awards for third and subsequent children born after 06/04/2017
- Lone parents on UC will need to prepare for work when child 2, find work when 3.

LHA maxima

- Chancellor's Autumn statement
 - Social Housing HB/UC capped at LHA maxima
 - Shared accommodation rate for under 35s
- Two stage process
 - Affects general tenancies created after 01/04/2016 (and for supported accommodation tenancies from 01/04/2017)
 - Implemented from April 1st 2018

- Generally, housing association rents are below LHA levels, BUT
 - Shared accommodation rate for under 35s will not cover rent costs
 - Supported accommodation rents can be lot higher than LHA maxima
- DHPs are not the antidote! (Neither for claimants nor for housing associations)

The Cost (pre 2015)

- Series of Reports for the Welfare Reform Committee by Sheffield Hallam's Centre for Regional Economic and Social Research.
- Loss to Economy:
 - Scotland £1,520 million p.a.
 - Glasgow £239 million p.a.
- Loss per working age adult:
 - Scotland £440 p.a.
 - Glasgow £580 p.a. (c.f. Shetland at £270 p.a.)

The Cost (pre 2015)

- 12 of the 20 hardest hit wards were in Glasgow:

Calton £880	Southside Central £730	Govan £690
Springburn £780	Shettleston £720	Ballieston £680
North East £750	Canal £700	East Centre £680
Drumchapel/ Anniesland £740	Garscadden/ Scotstounhill £690	Linn £670

Interventions

- Discretionary Housing Payments
 - Being used to mitigate the ‘bedroom tax’.
 - Scottish Government boosting funds by £35million to fully mitigate ‘bedroom tax’
 - Being used for something it was never designed for.
- Scottish Welfare Fund
 - £38 million budget

Interventions

- Council tax reduction
 - 100% reduction possible
 - Disconnect with Universal Credit
- Devolution - Scotland Bill
 - New powers to vary rate of housing costs
 - Can make direct payment to landlord a default
 - Can vary frequency of payment and split payment
 - But can do nothing about first payment

Potential Ideas?

- Rental Exchange Project
 - Run by Experian and Big Issue Invest Scotland
 - Opportunity for tenants to get a credit history
 - Better chances of access to affordable credit
 - Need to tie in with Credit Unions?
- Fee free bank accounts
 - Agreement between government and banking industry
 - Launched December 2015

Thank you

Jeremy Hewer

jhewer@sfha.co.uk

@JeremySFHA