SUBMISSION TO THE uNITED NATIONS SPECIAL RAPPORTEUR ON EXTREME POVERTY AND HUMAN RIGHTS

**14TH September 2018**

1. Submission to the United Nations Special Rapporteur
   1. SFHA leads, represents and supports Scotland's housing associations and co-operatives. We want to see a thriving housing association and co-operative sector providing sustainable and affordable homes. Housing associations provide 281,000 of the 596,000 social rented homes in Scotland.
2. Executive summary
   1. Whilst the intention of Universal Credit (UC) was never to erode human rights, the manner of its implementation, together with decisions made as part of the UK Government’s austerity agenda have been inimical to their standards, in particular:
      * + The monthly payment of benefits that do not sit well with those claimants in precarious employment who are more likely than not to be paid weekly or fortnightly[[1]](#footnote-1)
        + The disconnect between the timing of payments to claimants and to third parties on the claimants’ behalf
        + The removal or limiting of entitlement to certain groups
        + The lack of support provided to help claimants maintain their claims
        + The cutting of allowances for those in work
   2. These problems have been exacerbated by failings in the DWP’s system processes, which have become evident even with the comparatively few households that claim UC: in March 2018 there were 42,276 households in Scotland claiming UC (both private and social rented sector), compared to 290,443 working age households claiming Housing Benefit. SFHA has consistently called for a pause to the rollout to allow time for fixes to the system to be applied and, together with the other housing federations in England, Wales and Northern Ireland, have called for five fixes in particular to be applied.[[2]](#footnote-2)
3. Response to the call for input
   1. The following paragraphs specifically address the Special Rapporteur’s call for input:

[UC’s] stated aims are to simplify and streamline the benefits system for claimants and administrators…… To what extent has the UC been able to achieve the goals identified above?

* 1. Around 40% of Scottish households in the social rented sector – roughly a quarter of a million - will rely on UC to help with their housing costs. It therefore has a huge impact not only on individuals and their families but also on social landlords who rely on their rental stream to provide good places to live.
  2. The principal argument for UC was to combine six working age benefits into one. In that respect it is simpler. There have also been other ‘simplifications’ that benefit the DWP but do nothing for claimants or for third parties that engage with claimants.
  3. The basis of assessment is a calendar month, with the assessment date dependent upon when the claimant applied. That means that claimants can receive their money on any day of the month. For landlords, this is problematic: unless they know what that day is, it becomes an administrative headache to know when the claimant will be in a position to pay their rent. For a landlord with several hundred tenants claiming UC, the problem becomes a nightmare.
  4. This problem is compounded if a managed payment to the landlord or a Scottish UC Choice direct landlord payment is in place[[3]](#footnote-3). The claimant is paid and the housing cost element is deducted for payment to a landlord. But this money is held by the DWP until its next third party payment run is executed, which is done every four weeks. A payment can be in excess of four weeks afterwards, and it comes in the form of a bulk payment to the landlord which then has to be broken down into the individual payments to each tenancy. All this time the tenant is in arrears and there is no sure way that the landlord knows whether or not a payment will come in – there have been far too many instances of payments going to the wrong landlord.
  5. The consequence of all this is that ‘savings’ to the DWP are counterbalanced by increased levels of administration of landlords in trying to sort out individual problems, andthe possibility of tenants losing their homes, even though UC was supposed to cover their housing costs. Although landlords do their best to take into account these shortcomings, it creates stress and anxiety for the individual.
  6. The monthly assessment is based upon the claimant’s individual circumstances on the day of assessment. If there has been a change of circumstance it can mean that the claimant can lose out substantially. The older ‘legacy’ payments are calculated on a daily basis and paid pro rata if there has been a change of circumstance. It is a great pity UC cannot do the same.
  7. The payment system can be a nightmare for claimants, especially for the substantial minority – 37% in July 2018[[4]](#footnote-4) - of claimants who are in work and are reliant on UC to supplement their income. The monthly payment regime of UC does not work for those whose wages are irregular, as highlighted in the Child Poverty Action Group (CPAG) *Rough Justice* report.[[5]](#footnote-5)

What has the impact of UC been on poverty and the lives of the poor in the United Kingdom until now? It would be helpful to also distinguish the specific impact of UC on specific groups, including for example children, persons with disabilities, women and other groups which may be more vulnerable on the basis of their identity and circumstances.

* 1. UC is believed to have improved the financial situation of some claimants who are in work because the 16-hour rule that existed for legacy benefits does not apply to UC, though the effectiveness of taking individuals out of poverty was substantially diluted by the removal or reduction of in-work allowances in the Summer Budget of 2015. Although the taper rate was subsequently reduced from 65 pence to 63 pence, many UC claimants in work will still struggle.
  2. There is concern that disabled people will suffer when they move to UC – indeed the government had to revise its policy in June 2018, following the furore over former ESA claimants having their benefits substantially reduced when they moved to UC, thereby losing the Severe Disability Premium. Existing ESA claimants will get transitional protection when they are moved over to UC as part of a managed migration, but they will lose that once they have a change of circumstance that may not be related to their disability – such as moving house.
  3. It is also feared that disabled tenants who have adaptations to their home which incur service charges for maintenance – such as track and hoist systems and automatic door closers/openers - will lose out. These service charges have been deemed eligible under Housing Benefit and not eligible under UC housing costs. This in our opinion is discriminatory. If service charges for facilities to a non-adapted home, such as lift or door entry system maintenance are eligible, should not adaptations that similarly make a home habitable for the individual receive the same treatment?
  4. Universal Credit is paid as a single, monthly payment, though there is provision for splitting payments between couples if there may be an issue, such as one partner having an addiction problem or money being withheld by one partner as part of an abusive relationship. In June 2018, of the 880,000 households on Universal Credit, only 20 households received a split payment.

Claimants apply for UC online. What has been the impact of UC being a ‘digital-only benefit’ on the ability of potential claimants to apply for this benefit? How does this relate to broadband internet access in the UK and the so-called ‘digital divide’? What is the role of public libraries and Jobcentres in enabling access to broadband internet for those applying for UC and have these public services been adequate for the purpose?

* 1. The general move to having more services put online is something that all quarters need to embrace, social landlords included. That said, the DWP needs to understand it has a special responsibility to provide alternatives for those for whom online transaction is not an option. In the run up to the introduction of UC, there were a series of Direct Payment Demonstration Projects.[[6]](#footnote-6) 19% of those involved in the pilot at Dunedin Canmore Housing Association in Edinburgh had literacy or numeracy problems. Connectivity and cost of online access are also areas of concern in some areas.
  2. The DWP does provide alternatives such as telephone application and home visiting, but convincing the DWP of the necessity of an individual accessing these services may be an issue.[[7]](#footnote-7)
  3. The DWP made Assisted Digital Support (alongside Personal Budgeting Support) available through Universal Support Delivered Locally in arrangements with local authorities, but the extent and quality of the service has been inconsistent and variable. Furthermore the Assisted Digital support is very much aimed at individuals making a claim, rather than maintaining a claim. There needs to be substantial investment in Universal Support and greater involvement of the Third Sector in its delivery if it is to have any hope of meeting the needs of individuals to navigate the system.
  4. Being online is one thing, the functionality and reliability of the DWP applications is another. The DWP has developed a landlord portal to enhance communication between itself and social landlords, but as yet its functionality is severely limited and gives scant feedback that landlords need for their engagement with tenants. This move to online processing should lend itself to automation of processes that in turn generate more consistent, reliable results, but that does not appear to be the case – for example, housing associations inputting information online subsequently find that data items such as reference numbers have been transposed by the DWP, which indicates that behind the veneer of an online interface, there are still manual, clerical processes taking place behind the scenes, producing these errors.
  5. The online journal claimants use cannot take uploads other than their CV. Items such as medical evidence still have to take their chances in the post.

What has the impact been of various forms of ‘welfare conditionality’ in the context of UC in terms of incentivizing work?

* 1. There is evidence that the level of sanctions under UC are higher than on other legacy benefits.[[8]](#footnote-8)
  2. One of the measures introduced by the Government was the Benefit Cap which has been lowered from its original level of £26,000 to £20,000. This has resulted in may more households, particularly those with larger families of three children or more, being very close to the benefit cap limit before housing costs are taken into account. Under the legacy benefit system, any excess beyond the cap would be deducted from housing benefit payments up to 50 pence of the benefit amount. Under UC the full amount is taken. So, for example an individual on housing benefit with a rent of £100 whose benefits were £120 in excess of the benefit cap would find their entitlement reduced by £99.50. If they were on Universal Credit, they would find their entitlement reduced by the full £120.
  3. Under UC, claimants can have 40% of the equivalent of their personal allowance deducted from their UC payment for fines, third party deductions and overpayments, which only serves to create problem debt which has negative consequences both for the individual and the public purse.[[9]](#footnote-9) As part of the deal struck with the Cabinet for the introduction of UC, the then Secretary of State Iain Duncan Smith[[10]](#footnote-10) agreed that the DWP would inherit tax credit overpayments from HMRC which it had in many cases not bothered to pursue. As a result, many new claimants to UC were surprised to find that deductions were being made to repay overpayments that in some cases were over a decade old, which forced many into debt.
  4. The report of the Welfare Conditionality Project[[11]](#footnote-11) (a collaboration between six UK Universities) concluded that “Benefit sanctions do little to enhance people’s motivation …. They routinely trigger profoundly negative personal, financial, health and behavioural outcomes.”

To what extent has the introduction of UC reduced the incidence of fraud and error in the welfare system?

* 1. The DWPs own report on fraud and error for 2017/18 point to there being no improvement in the rate of fraud and error between UC and the benefits reported by the DWP that it replaces. The estimated fraud and error rates[[12]](#footnote-12) were:
     + - UC: 4.7%
       - JSA: 4.3%
       - ESA:2.2%
       - Income Support: 2.4%
       - Housing benefit: 4.6%

1. Conclusion
   1. UC is here to stay; as the recent National Audit Office (NAO) report[[13]](#footnote-13) on the rollout noted, there is no practical alternative to continuing. SFHA would argue that for the sake all who rely on it, there should be a pause to give the DWP an opportunity to develop more robust and reliable processes so that it can deliver what it is supposed to do.
   2. Aside from process issues, some policies underpinning UC need to be revisited, as in its current manifestation it is not lifting all people out of poverty, but creating conditions that will perpetuate and may even exacerbate poverty for some: a rigid and inflexible monthly payment regime, excessive clawback for overpayments and third party deductions, unreasonable conditionality, and unreliable systems processes. All these can be fixed.

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1. The anomalies that the monthly payment system can produce are vividly illustration in the CPAG report [*Rough Justice*](http://www.cpag.org.uk/sites/default/files/CPAG-2018-Rough-justice.pdf) [↑](#footnote-ref-1)
2. <https://www.sfha.co.uk/mediaLibrary/other/english/26109.pdf> [↑](#footnote-ref-2)
3. As part of the devolution settlement, the Scottish Government was allowed certain Universal Credit flexibilities, known as Scottish UC Choices. These were direct payment to landlords; twice monthly payment and payments split between couples. [↑](#footnote-ref-3)
4. DWP Stat-Xplore: in July 2018 there were 1,041,943 UC claimants, of whom 382,361 were in employment. [↑](#footnote-ref-4)
5. <http://www.cpag.org.uk/sites/default/files/CPAG-2018-Rough-justice.pdf> [↑](#footnote-ref-5)
6. <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/265257/direct-payment-demo-figures-dec-2013.pdf> [↑](#footnote-ref-6)
7. <https://www.theguardian.com/society/2018/jul/22/universal-credit-it-system-broken-service-centre-whistleblowers-say> [↑](#footnote-ref-7)
8. <http://www.cpag.org.uk/sites/default/files/uploads/18-08%20Sanctions%20Stats%20Briefing%20-%20D.Webster.docx> [↑](#footnote-ref-8)
9. See the NAO report on problem debt: <https://www.nao.org.uk/wp-content/uploads/2018/09/Tackling-problem-debt-Summary.pdf> [↑](#footnote-ref-9)
10. *“*One of the arrangements was that the DWP would have to restore non-reconciled debt when it came over to UC” [Iain Duncan Smith, Work and Pensions Select Committee, May 23rd, 2018](http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit-rollout/oral/83489.html) [↑](#footnote-ref-10)
11. <http://www.welfareconditionality.ac.uk/wp-content/uploads/2018/06/40475_Welfare-Conditionality_Report_complete-v3.pdf> [↑](#footnote-ref-11)
12. <https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707831/fraud-and-error-preliminary-estimates-2017-2018.pdf> [↑](#footnote-ref-12)
13. <https://www.nao.org.uk/wp-content/uploads/2018/06/Rolling-out-Universal-Credit.pdf> [↑](#footnote-ref-13)