Dear Iain

Invitation to appear before the Welfare Reform Committee

As part of the Committees on-going scrutiny of the impact of welfare reform in Scotland it has been examining the demand for Discretionary Housing Payments and considering the issue of direct payments to tenants in the social rented sector.

At its meeting on the 19 November 2013 the Committee received alarming evidence from four local authorities- South Lanarkshire Council, City of Edinburgh Council, Aberdeenshire Council and Dumfries and Galloway Council- on the dramatic rise in the level of applications for DHPs since the introduction of welfare reform changes in April 2013.

The Committee heard that Dumfries and Galloway Council had seen an increase in applications of around 900%. South Lanarkshire Council explained that it had seen a 425% increase with 2,081 applications for DHP compared with 396 applications for the same period last year. The South Lanarkshire Council representative told the Committee that of the 3,868 council tenants currently affected by the ‘Bedroom Tax’ 2,688 owed rent arrears with 1,639 of those tenants’ arrears relating solely to the ‘Bedroom Tax’. The Committee also learnt of the pressures and strains the increase in applications for DHP was placing on local authorities’ resources, with a need for additional staff and reprioritising workloads. South Lanarkshire Council told the Committee that it had an additional 10 staff in its Benefits are Changing Team at a cost of almost £300,000 and an additional four members of staff in its DHP processing team, costing over £100,000.

A key concern expressed by local authorities was the difficulty in forward planning for service provision due to DHP funding for 2014-15 not yet having been announced by the DWP.

I am very concerned that if there is no guaranteed continuation of DHP funding at a similar level in the next financial year local authorities will not be equipped with the resources to meet the demand for DHP payments. I believe it is imperative that the DWP maintains its funding at 2013-14 levels and the announcement on DHP funding
for 2014-15 is made as soon as possible to enable local authorities to plan for the future support they need to provide to people affected by welfare reforms.

In relation to the Committee’s consideration of direct payments at its meeting on the 3 December 2013 it took evidence from representatives of Dunedin Canmore Housing Ltd on its outcomes and learning from the DWP Direct Payment Demonstration Project.

An area explored at the evidence session was the issue of tenants who fall into rent arrears. One issue raised was the intention for tenants not to be switched back to having their rent paid directly to their landlord on a permanent basis. The Committee heard that this could result in a cyclical issue for individuals being switched back, then forward and then back again if they fall back into rent arrears. Dunedin Canmore highlighted that they had had a number of cases of this situation having arisen during their Demonstration Project. Representatives of Dunedin Canmore told the Committee that the DWP had stated that the switch back process would be of benefit to Registered Social Landlords. Dunedin Canmore explained that the DWP had suggested it might take a deduction from Universal Credit to repay directly the landlord with who the tenant was in arrears. Details regarding these proposals have not yet been made clear by the DWP. I would be grateful if you could provide further information on how this would operate. It would also be useful to have information on the reasoning behind introducing such measures, particularly with regard to the impact this would have on the tenant if their Universal Credit was cut.

I, along with other members of the committee, remain very disappointed that to date you have refused to appear before the Committee in public. I feel the issue of DHP funding levels, the operation of direct payments and your recent announcement of the postponement of the implementation of Universal Credit are issues which would benefit from an open public discussion in Scotland. Therefore I wish to invite you once more to appear at a formal meeting of the Committee.

I look forward to your response to the concerns raised and hope that you will accept this invitation.

Yours sincerely,

MICHAEL MCMAHON MSP
CONVENER