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The Scottish Parliament
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Dear Hugh,

Thank you for your welcoming me to the meeting of the Scottish Parliament Welfare Reform Committee on 1 October. It was a pleasure to meet you and the rest of the committee. Like you, I hope it will be the start of a productive and constructive relationship and ensure a smooth transfer of powers to the Scottish Government. I’d like to repeat my offer to share my officials’ help and insights into delivering welfare with the Scottish Government and look forward to hearing your plans for spending the devolved £2.7bn.

When we met I agreed to write to the committee with more details about a number of issues.

Universal Credit

As you’ll be aware we have been rolling out Universal Credit nationally since February this year and roll out in Scotland began last month. We are delivering Universal Credit in a controlled way to reduce the risk of disruption to claimants and ensure that it is landed safely and securely.

Universal Credit is designed to encourage people to work, and to help benefit claimants who find the existing system a barrier to work. We have found that households with single women and couple households are, on average, better off after the introduction of Universal Credit.

It will help those lone parents who want to work a small number of hours, through increased work allowances and the provision of childcare for the first time for those
working under 16 hours. Given that Universal Credit will improve work incentives for a wider range of working hours - especially lower hours below the Tax Credit thresholds - we expect more women to move into sustainable employment.

Housing

Universal Credit promotes personal responsibility and expects the majority of tenants to manage their finances, including their own housing costs, whether they are in or out of work. This is important in minimising the difference between paid employment and being on benefits and effectively removes a key barrier to moving back into work.

As you will be aware, most working age individuals receive their Housing Benefit (HB) directly and pay rent to their landlord. However we have a robust system of personal budgeting support (PBS) which is part of the work coach role and is offered to anyone claiming Universal Credit. It is designed to help people learn to manage their own finances successfully, whether they are in or out of work and adapt to the three key changes that Universal Credit will bring: a single household payment; paid monthly; and housing costs paid directly to the claimant.

PBS has two main elements:
1. Personal Budgeting Support (PBS): money advice to help claimants cope with managing their money on a monthly basis and paying their bills on time. This includes:
   - Online budgeting tools for claimants who are able to self-help;
   - Money advice services using a mix of face to face and telephony support – currently delivered by Local Authorities; and
   - A Universal Credit Personal Planner available on GOV.UK to help claimants understand the changes under Universal Credit and advice on what they might need to do to prepare.
2. Alternative payment arrangements (APAs) for some claimants who genuinely cannot manage. This might include rent paid directly to the landlord, a more frequent than monthly payment, or a split payment between partners. An important feature of APAs is the money advice provided through the PBS service. This is provided in conjunction with Local Authorities to address the causes or circumstances that have led to a claimant needing an APA. The aim is to build the claimant’s financial capability so that, in time, they can manage the Universal Credit single monthly payment.

We have worked particularly closely with the social rented sector supported by the National Housing Federation, enabling landlords with Universal Credit tenants to challenge and suggest improvements to the support services available. Consequently a new set of triggers has been implemented to identify and avoid repeated underpayment of rent to landlords. If a household reaches an equivalent of one month’s rent arrears, budgeting support will be offered and an APA considered. If arrears reach the equivalent of two months rent, a managed payment to the landlord will be put in place.
We have improved APA letters, including the introduction of a new monthly letter to landlords. This informs them of the amount of the managed payment of the housing costs element and the period it covers.

In January 2012, the Department for Work and Pensions (DWP) established a programme of Direct Payment Demonstration Projects (DPDPs) to pioneer the direct payment of HB to social rented tenants in six areas. These were: Oxford, Southwark, Shropshire, Torfaen, Wakefield and Edinburgh, which joined the programme in May 2012.

DWP commissioned an independent evaluation of the programme exploring the experiences of landlords and local authorities across the six Project Areas. The emphasis of the evaluation was on continued learning and feedback into UC design. By tracking progress, processes, experiences and outcomes, important lessons were learned about the implementation of the housing component of UC. Crucially, the evaluation also examined the experiences of tenants, mining qualitative data generated from more than 80 in-depth interviews with tenants in the Project Areas.

The evaluation showed that:
- At month 18, 99% of all rent owed was paid.
- 87% of participants said they were coping well with direct payment.
- 79% of people who received advice/support from a work coach said it helped them to manage their rent payments.

The Government is also listening to feedback from landlords. We have regular meetings with social landlords in UC live areas, have developed a new and faster process for handling APA requests and established dedicated lines for escalating housing queries. We also engage regularly with private landlords’ organisations, attending quarterly meetings with private rented sector representative bodies.

In addition we have published a Landlord Support Pack on gov.uk in Nov 2014 to help them manage the transition, and doubled the rate of rent arrears deductions from benefits (to up to 20 per cent) – ensuring a secure income stream for landlords.

**Support for refugees**

From 1 April 2012, we have been working with officials in the Home Office and UK Border Agency to ensure migrant spouse victims of domestic violence who have been granted leave to remain outside the immigration rules under the ‘destitute domestic violence concession’ are able to access eligible income-related benefits.

DWP has been working in conjunction with refugee stakeholder groups to reduce the time taken between the initial grant of status and receipt of payment of benefit. We have since undertaken a full review of our internal guidance to staff with regards to refugee issues, making it more user friendly, and we have also produced a leaflet explaining fully the role of the refugee themselves in this process. This leaflet is given to all those granted status as part of the pack they receive from Home Office. The information contained in the leaflet is also available on gov.uk which makes it accessible to refugee support workers etc.
Regarding the point about refugee women making claims to benefit in their own right, our current benefit system only allows for one claim to be made per household unit. This will be awarded at “couple rate” if it is for the principal applicant and a partner, with either member of the couple the principal applicant. There is no requirement for the principal applicant to be the male partner. This is because in most households, it is up to the couple to decide how to allocate the family income – this should also be the case for those on benefits.

In addition Universal Credit payments may be split between members of a couple in certain circumstances. There is provision for people to receive Universal Credit directly where there is proven abuse of money that is affecting the rest of the family, or other more fundamental problems such as domestic violence, or addiction.

**Domestic Violence**

This Government is committed to ensuring there is a strong system to support victims of domestic violence. The Budget Statement announced a total additional funding of £3.2 million for victims of domestic abuse, made up of: £3.07 million for the Innovation Fund in 2015 to 2016 and £131,000 in 2015 to 2016 for additional workers for UK Refuges Online.

Last year the coalition government announced a new £10 million government fund to help support refugees across the country and boost provision for vulnerable victims of domestic violence.

This built on steps taken by the government to end domestic violence, support victims and ensure offenders are prosecuted. These include:

- £40 million for Violence Against Women and Girls support services and specialist helplines.
- New laws and powers - including a new domestic abuse offence to capture coercive and controlling behaviour, the criminalisation of forced marriage, and the introduction of new stalking laws.
- The national roll-out of domestic violence protection orders and the domestic violence disclosure scheme.

DWP is committed to constantly improving the support we provide for victims of domestic violence, and have introduced a specific easement from job seeking conditions for JSA claimants who are victims of actual or threatened domestic violence. This includes:

- An exemption from jobseeking /actively seeking conditions for initial 4 week period (with potential to extend to a total of 13 weeks); and
- Providing those who have been affected by domestic violence with time to focus on priorities like organising new accommodation or arranging alternative schooling for dependent children.

We have already ensured that claimants living in supported exempt accommodation, which includes some but not all refuges, have any Housing Benefit paid in respect of that accommodation excluded from the benefit cap calculation. In addition Discretionary Housing Payments are available to claimants receiving help with
housing costs for another property where they require further financial assistance towards meeting those housing costs. We believe this is a better way to provide targeted help rather than provide a blanket exemption.

In addition there is a grace period whereby the benefit cap will not be applied for 39 weeks to those who have been in work continuously for the previous 12 months. This applies to either the claimant or their partner. The grace period is intended to provide a fixed period of protection for those with a consistent work history whose employment has ended or those who have been forced to leave work due to a change in their circumstances. This includes those fleeing domestic violence.

The Department published some small scale qualitative research “Jobseeker’s Allowance Domestic Violence (DV) Easement and Destitute Domestic Violence (DDV) Concession” in June 2013. As a result we refreshed and re-introduced both policies via communication products aimed at raising awareness and improving understanding amongst our internal staff and external stakeholders and updated our JSA regulations with the new cross government definition of domestic violence and abuse in October 2013.

We have also added a domestic violence page on our national District Provision Tool (DPT). This tool is available to staff to access information on national DVA organisations and allows users to input information regarding local support organisations. We have developed a poster and stakeholder leaflet to encourage disclosure from domestic violence and abuse victims. Both of these are available on the DPT.

Barriers to women working

The UK Government is committed to tackling the barriers which prevent women from working and increasing their earnings. To this end, we have introduced shared parental leave to give parents greater flexibility in how they share the care of their child. The free childcare entitlement is a devolved matter, but we have increased childcare support within Universal Credit by a further additional £200m, to provide 85% of childcare costs for a lone parent or both parents in a couple paying income tax from April 2016 across the whole of Great Britain. This improves work incentives and ensures that it is worthwhile to work up to full-time hours for low and middle income parents.

Universal Credit will improve work incentives at a wide range of working hours - especially those at lower hours below the Tax Credit thresholds. This reform will help lone parents, who are mostly women, work a part-time, through an increased earnings disregards and childcare for the first time for those working under 16 hours. Part-time jobs will be important in helping individuals who have spent long periods in unemployment, take steps into the labour market, including lone parents and others with caring responsibilities.

In addition we are committed to ensuring that women have the opportunity to fulfil their potential especially in Science, Technology, Engineering and Maths (STEM). We want the workforce to be diverse, reflect wider society and make use of all the talents available to it. All of our programmes aimed at inspiring young scientists and engineers are designed to ensure they appeal to girls as well as boys and aim to
avoid any kind of gender bias or use of stereotypes. We also monitor the age, gender and ethnicity of our STEM Ambassadors to ensure they reflect the population.

Finally, being self-employed can offer flexible working hours. Since the introduction of the New Enterprise Allowance in 2011, 52,000 mentor starts were made by women, of which 4,830 were made in Scotland. More than half of these mentor starts, both in Scotland and nationally, have been progressed to start a business.

**Complexity of benefit forms and the interaction with fraud and error**

The committee also expressed concern about the complexity of benefit claim forms and the impact on fraud and error. Our benefits require us to gather, confirm and assess a wide range of information about people's circumstances. This ensures that we correctly determine their entitlement, which is essential for protecting the taxpayer from fraud and error.

We are however committed to removing any unnecessary complexity within the benefit claim process. As we develop new digital services we are seeking the views of service users. These are helping us to create online claims portals that route people to relevant screens, avoiding the need for them to navigate a complex form. Our carers allowance claim facility is an excellent example of this in action. We are also systematically improving our claimant communications products as part of a planned and prioritised programme of work.

Thank you for the enclosed reports from the committee’s fact finding trip to the Highlands, the Scottish Refugee Council and Women’s Aid. I would like to take more time to examine the concerns expressed and I will provide a more detailed response later this year.

I'd like to repeat my offer to examine any cases of sanctions MSPs believe to be unfair. I would appreciate the opportunity to ensure that DWP procedures were properly followed, but I am unable to do that without the details of the case. If the committee supplies us with the information I will ensure that my officials make an investigation a priority.

If members of the Welfare Reform Committee or Scottish Ministers would find it helpful I’d like to extend an invitation to you to meet the UK Parliament’s Work and Pensions Select Committee. As you are aware they perform a similar scrutiny and accountability role to yours in Scotland for the whole UK and you may find it helpful to share knowledge and experience.

Finally, thank you for your invitation to come and give evidence to the Welfare Reform Committee. I’d be pleased to attend; however I think it would be more appropriate for me to do so after the Fiscal Framework is complete and the Scotland Bill has finished passing through Parliament. I will ask my office to liaise with the clerk to arrange a date once this is finalised. I look forward to meeting the committee again next year.
I am copying this letter to the Secretary of State for Scotland, the Secretary of State for Work and Pensions and Richard Cornish, Devolution Director for the Department for Work and Pensions.

Rt Hon Priti Patel MP
Minister for Employment