SOCIAL SECURITY COMMITTEE

SOCIAL SECURITY AND IN-WORK POVERTY INQUIRY

SUBMISSION FROM SCOTTISH CAMPAIGN ON WELFARE REFORM (SCoWR)

About SCoWR

The Scottish Campaign on Welfare Reform (SCoWR) is a broad coalition of voluntary sector organisations, trade unions, faith groups and others established in 2006 out of a shared concern about the direction of ‘welfare reform’. Members have developed a shared vision for a new approach to social security. These are set out in the five principles of the SCoWR Manifesto for Change and in a Holyrood supplement to the Manifesto setting out priorities for the use of the new powers devolved by the Scotland Act 2016.

This submission has been developed by members of the SCoWR steering group. The views expressed in this submission are based on the general principles of the SCoWR manifesto, as agreed by our members. Individual organisations may have their own positions in relation to specific aspects of the issues concerned, which are reflected in their individual organisational submissions.

Q: What impact will Universal Credit have on in-work poverty in Scotland?

AND

Q: What is the experience so far in full-service areas in Scotland for those who are in work who are moving or have moved on to Universal Credit?

Scotland has seen a substantial increase in the number of people experiencing in-work poverty in recent years, with 59% of working age adults and 68% of children experiencing poverty in 2014-17 living in households with at least one person in work. The roll out of Universal Credit (UC) is projected to further reduce the incomes of a significant proportion of households in work, and SCoWR members have strong concerns that Universal Credit will lead to an increase in in-work poverty in Scotland.

At a broad level, problems reported with UC include but are not limited to:

- The five week delay before the first UC payment is made, which can push and trap people into poverty.
- Insufficient digital support for claimants, meaning they face barriers in making their initial claim and in managing their claim on an ongoing basis.
- Greater degrees of sanctioning, including more people in work being sanctioned (see Inclusion Scotland’s submission to the inquiry for further information).
- Direct deductions (to repay advances, historic debts or overpayments) being taken at levels that push people into poverty.

Specific problems related to individuals in work include:
• Cuts to work allowances, which mean that parents working full-time on the minimum wage are likely to have to work an extra month per year – and single parents an extra two months per year – to protect current income levels.ii

• For people who are paid weekly, fortnightly or four-weekly, there can be a lack of synchronicity with the monthly cycle of UC, meaning a higher likelihood of accruing rent arrears. This can be exacerbated if both individuals in a couple are in work but paid at different times, causing their UC entitlement to fluctuate and making budgeting more challenging.iii

• People on zero hours contracts and self-employed workers can be subject to fluctuating UC payments, thereby increasing the likelihood of accruing rent arrears.

• Challenges in making initial appointments at Jobcentres for people who are working during Jobcentre’s usual business hours.

Taken together these issues represent a serious threat to the initial stated aims of UC; which were to simplify the system, support more people in sustaining employment, and reduce poverty. Instead, the manner of implementation and changes to the policy’s design have created additional complexity and mean that many people, including people in work and families with children, will be more likely to experience poverty as a result.

Q: What is known about those experiencing in-work poverty in Scotland who do not claim or are not eligible for Universal Credit?

There are a number of groups identified by SCoWR members who are currently not claiming or are ineligible for UC. These include:

• Parents and carers who are unable to access affordable and flexible childcare that is responsive to their needs.
• People who are impacted by disproportionately high living costs, such as people living in rural and remote locations.
• People who were previously entitled to tax credits, but are not eligible for an equivalent amount of Universal Credit.
• People who are in work but who have become homeless. Working households are generally liable for the cost of temporary accommodation, which can represent an unaffordable cost.

For further information on these groups see the submissions of Citizens Advice Scotland and Shelter Scotland.

Q: What can or should the Scottish Government do to mitigate any detrimental impact?

*Increase benefit rates to a level where no one is left in poverty and all have sufficient income to lead a dignified life*

Given the new powers the Scottish Government has over social security, it is important that where the Scottish Government has the power to do so, levels of benefits are increased in order to - in the short term - lift people out of poverty and - in the longer term - ensure that
everyone accessing the social security system receives an adequate income that allows them to have a decent standard of living.

**Invest in the support needed to enable everyone to participate fully in society**

- **Invest in childcare support for parents**

  The Scottish Government’s commitment to delivering 600 hours per year of free childcare for 3–4 year olds is welcome, but SCoWR members have indicated that some parents are facing challenges in finding suitable flexible childcare in their area. Exploring options for further increasing free childcare provision would allow parents in work to stabilise and maximise their incomes, and help to prevent them from being trapped into poverty.

- **Provide support for independent advice, advocacy and wider support services**

  A well-resourced advice and advocacy sector is vital to ensuring that support is accessible to everyone and to ensuring an increase in the take-up of benefits. The Scottish Government’s obligation, as set out in the Social Security (Scotland) Act 2018, to develop a strategy to promote social security take-up is welcome, as is the commitment (made in the Child Poverty Delivery Plan) to deliver a new Financial Health Check Guarantee for families on low incomes. These actions should give consideration to support for in-work households, particularly those who are UC claimants.

**Strengthen and promote the Scottish Welfare Fund**

Foodbanks in areas of full Universal Credit rollout have seen a 16.85% average increase in referrals for emergency food, more than double the national average of 6.64%. It is reasonable to expect, therefore, a rise in incomes crises as the number of full service areas in Scotland increases. To prevent people from having to access emergency food providers when facing income crisis, action should be taken to strengthen the Scottish Welfare Fund and promote awareness of the support that it can provide (as well as other support mechanisms such as the Flexible Support Fund).

**Take action to reduce living costs**

Essential costs such as housing, transport and energy continue to rise at a time when wages are stagnating; something that can make it even more difficult for people – even those in work - to avoid being locked into poverty. Upcoming legislation such as the Fuel Poverty Bill and the Transport Bill offer opportunities to reduce the cost of living for households on low incomes.

**Provide additional support for local authorities**

Local authorities have a significant role to play in mitigating the detrimental impacts of UC. It is important that they are supported and resourced to play this role, including through providing additional digital support to those making and managing UC claims, and through ensuring local agencies are informed about UC and aware of how best to advise and support their service users.

**Ensure awareness of Scottish UC choices**
The additional UC flexibilities available in Scotland are a positive development, and provide welcome choice to and increased control for claimants, but there is more work to do. Recent research by the Equality and Human Rights Commission found a “drastic shift in income from women to men”\(^v\) as a result of UC, and it is therefore essential for the Scottish Government to now progress the introduction of the remaining UC flexibility of split payments of UC.

It is also important for the Scottish Government to not only continue to explore what steps can be taken to increase awareness of Scottish choices but also to continue to engage with the Department for Work and Pensions on what additional flexibilities can be afforded to claimants and how UC more broadly can be made more responsive to individual needs.

**Conclusion**

Members of SCoWR, like members of Social Security Committee, are deeply concerned about rising levels of in-work poverty. The rollout of UC – as it stands - has and will continue to push and lock more people into poverty, debt and crisis, including people in work.

As a result, the SCoWR steering group believe that UC must be urgently reviewed to ensure that, in line with the principles outlined in the SCoWR manifesto:

- Nobody in Scotland is left in poverty and all have a sufficient income to lead a dignified life
- Claimants are respected and dignity is made the cornerstone of UC’s delivery
- The system is radically simplified in line with the original intentions of UC
- Claimants can access the support they need to fully participate in society
- Where there are options to make UC work better for Scotland these options are pursued.

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