Thank you for sharing an embargoed copy of the above report and for the opportunity to comment. I have set out our response below under each area.

The Committee’s report covers a number of important issues relating to Universal Credit and Housing Benefit, which are reserved to the UK Parliament. We have sought to address each issue as fully as possible whilst taking care not to go beyond what would be appropriate on reserved matters.

For similar reasons, as you would expect, we have not provided comments on matters that are devolved to Scotland. You will be aware the Scottish Government now have a number of powers they can exercise in this area such as the flexibilities in Universal Credit to have payments made twice monthly rather than monthly and the housing element being paid directly to their landlords alongside the responsibility for Discretionary Housing Payments. Furthermore, the powers devolved under the Scotland Act 2016 include the ability to top-up reserved benefits and create new benefits in areas of devolved responsibility.

Rent arrears

“The five-week delay before receipt of the first Universal Credit payment is contributing to rent arrears. The Committee requests a detailed explanation of the steps being taken by the DWP to improve the payment process to reduce rent arrears, together with timescales and targets to achieve this.”

The Universal Credit assessment period (AP) and payment structure are fundamental parts of the design. The AP runs for a full calendar month from the date of entitlement and the Universal Credit pay date will be seven calendar days after the end of the initial assessment period. Subsequent pay dates will be the same each month.

It is not possible to award a Universal Credit payment as soon as a claim is made, as the assessment period must run its course before all the factors potentially affecting entitlement are known and hence the award of Universal Credit can be calculated.

To prevent hardship in the initial stages of a claim, up to 100% advance payments are available from day one of a Universal Credit claim, and budgeting support is available for
anyone who needs extra help. The repayment time for these advances has been extended to 12 months, and will be further extended to 16 months from October 2021.

We have also removed the 7-day waiting period, we continue to pay Housing Benefit for two weeks when people move onto Universal Credit and will be introducing the same two-week ‘run on’ for other legacy benefits, including elements of JSA, IS and ESA. We will shortly start testing how we can improve more frequent payments for new claimants.

“In the view of the Committee, more could have been done during the early roll-out phase of Universal Credit to ensure effective communication and the exchange of information between the DWP, tenants and landlords. Ineffective communication and poor exchange of information inevitably has a human cost”

The Committee recommends that the DWP acts on the concerns of social landlords to improve the landlord portal.

Furthermore, the Committee recommends that the DWP should implement the improvements outlined in paragraph 34 as soon as possible.”

The Committee recommends that the DWP works more closely with private landlords to ensure necessary improvements are made to address concerns raised.

“The Committee recognises the importance of data protection in safeguarding a tenant’s personal data but recommends that the DWP does more to find ways to improve secure data-sharing for both private and social landlords.”

Since the introduction of Universal Credit, we have focused on continually improving communication between the Department and external stakeholders in order to better relay information.

The Department currently oversees and manages the UC Strategic Scottish Landlord Forum. This quarterly engagement meeting is with the key social housing landlords in Scotland, including key Scottish Local Authorities who have retained their social housing stock. It offers a two-way communication channel, covering UC issues pertinent to social housing and Local Authority landlords. The forum provides stakeholders with the opportunity to ask questions and gain an up-to-date understanding of Universal Credit. The Forum has been in place for a number of years now and members work collaboratively to identify and tackle issues related to UC. The group also has an advocacy role going forward as key players within the Social Rented Sector, as a large majority of their tenants are currently claiming UC or will move to UC over time. The next meetings this year are on 4th July and 17th October.

We also work closely with the Scottish Association of Landlords (SAL), who cover private sector landlords throughout Scotland. We are planning a number of UC Engagement Events in partnership with SAL for this autumn. The events will be an opportunity to clarify how the system works, provide the latest UC information and encourage advocacy roles going forwards.

In addition, we develop and publish a quarterly newsletter for landlords on gov.uk. This enables us to share the latest UC news and keep the landlord community informed of UC
developments. The product is well received and also used by Partnership Managers within their local communities. This has been in place since late 2017.

Over the last few months, we have been developing a facility in the SRS landlord portal to allow landlords to provide us with information on rent changes. This is currently moving into the test phase.

Support for private landlords will also be increased. An on-line system for private landlords will be introduced this year so they can request, where necessary, that their tenants’ rent is paid directly to them when appropriate.

The Department takes the protection of claimant data very seriously and have always considered any possible risks when designing housing related features for the Universal Credit system. However, if the committee has any examples where they believe the security of the system has been compromised, we urge them to share the details of these cases without delay so that we can investigate further.

The DWP will continue to work with our partners to find secure ways of sharing relevant data, that will protect the rights of the tenants, complies with data protection and allows sharing of relevant information in a secure way.

Local Housing Allowance

*The Committee is of the view that the current rate of Local Housing Allowance (LHA) is insufficient to provide adequate support to those in private rented accommodation.*

*Furthermore, the shared accommodation rate (SAR) is having a disproportionately adverse impact on those under 35.*

*In many parts of Scotland, the Local Housing Allowance does not serve its intended purpose. The Committee recommends that the DWP should review the Local Housing Allowance rates with a view to increasing them as required to support those in housing need access more of the private rental market.*

Local Housing Allowance rates are not intended to meet all rents in all areas. The intention behind the welfare reform programme is that the same considerations and choices faced by people not in receipt of benefits should also face those claiming benefits and the LHA policy is designed to achieve this.

At Summer Budget 2015, the Government announced its intention to freeze Local Housing Allowance (LHA) rates for 4 years from April 2016. This formed part of the £12 billion of welfare savings to meet the manifesto commitment. There was provision to support areas where there are affordability issues – a proportion of the savings from the freeze has been recycled to create more Targeted Affordability Funding (TAF). The funding is being used to increase LHA rates in areas where local rents have diverged the most from their rate. In 19/20 this has enabled us to increase 361 LHA rates by 3% including 16 rates in Scotland.

There are no current plans to extend or maintain the freeze to LHA beyond March 2020. Specific decisions on how to uprate LHA rates from April 2020 will form part of the discussions in support of fiscal events later this year.
The Committee believes the shared accommodation rate (SAR) for under 35's is inequitable for separated parents who have shared responsibility for children. However, separated parents are not the only group adversely impacted by the SAR and it is the view of the Committee that the under 35 SAR policy is fundamentally discriminatory and should be abolished.

The principle that young, single people in the private rented sector should have their Housing Benefit limited to the rate appropriate for shared accommodation, was introduced as early as 1996.

The important principle behind this policy is that the taxpayer should not be expected to pay rents that ordinary working people not on benefits could not afford. Housing Benefit and Universal Credit rules should reflect the housing expectations of people of a similar age not in receipt of benefits. Many young people not in receipt of benefits cannot afford to rent by themselves. Therefore, we think it is reasonable to expect young Housing Benefit or Universal Credit tenants to also share accommodation. We want work to be people's first choice and have limited housing support for these single, working-age individuals who have recourse to public funds.

For other individuals who may require more support and whose circumstances may make it difficult for them to share accommodation, devolved Discretionary Housing Payments are available. Discretionary Housing Payment funding, from 2011 over £1bn (including funding devolved to Scotland), enables local authorities to consider individual circumstances and provide longer-term support for more vulnerable claimants.

Access to housing for those on benefits

The Committee is concerned about unlawful restrictions being placed on people looking for housing in the private rented sector. This, combined with high rental prices, is leading to a lack of affordable housing for people in receipt of benefits.

The Committee recommends that the UK Government, Scottish Government and local authorities consider what further action they can take to encourage private landlords to let to those in receipt of benefits.

The Department agrees with the Committee that this is an important issue. In February this year Housing Minister Heather Wheeler announced a Government campaign to end No DSS practices.

We are working with stakeholders to find a satisfactory resolution. Everyone deserves a safe and secure home, regardless of whether they are in receipt of benefits. Blanket bans which do not take account of the individual and their circumstances should be discouraged.

We strongly encourage landlords and agents to consider all potential and existing tenants in receipt of Housing Benefit and UC on an individual basis. We have already seen positive changes from property sites who have committed to removing adverts with ‘No DSS’ wording. Lenders have also changed their policies to remove mortgage restrictions that would prevent landlords from renting to tenants in receipt of housing support. Work is ongoing and we will continue to bring the sector together to tackle such practices.

We welcome any assistance the Scottish Government, the Scottish Parliament and Local Authorities can provide to meet this aim.
The Committee is concerned that the quantum of Housing Benefit being used to support individuals and families in temporary accommodation remains unclear and welcomes the efforts to establish the figure. Given the evidence we have heard about expense and poor quality of temporary accommodation, we support the devolution of Housing Benefit in this area so that, as COSLA puts it ‘public expenditure can be more effectively targeted to support shared ambitions to address homelessness and rough sleeping.

There are currently no plans to devolve Temporary Accommodation funding paid through the Housing Benefit system to Scotland.

I trust this is helpful.

Yours sincerely

[Signature]

Pete Searle
Universal Credit Working Age Policy Director