

Housing and Social Security Group Meeting 4

Paper 2: SWF mitigation of changes to housing costs for 18-21 year olds

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Key Points

- An interim scheme is being put in place using SWF to provide support to 18-21 year olds affected by the changes to housing support for 18-21 year olds.
- The scheme is being put in place in cooperation with COSLA and local authorities, in the first instance those LAs already affected.
- The scheme will be reviewed and changed if necessary after the initial period.
- Long term options are still being discussed and developed.

SCOTTISH WELFARE FUND: HOUSING COSTS FOR 18-21 YEAR OLDS

Background

1. The UK Government laid regulations on 3 March to change entitlement for housing costs within Universal Credit (UC) for people aged 18-21 years which come into effect on 1 April 2017. The Scottish Government is committed to restoring housing benefit for 18-21 year olds. Despite extensive discussion with the UK Government we have, so far, been unable to agree a way forward to mitigate this policy in Scotland.
2. In the meantime we have agreed with CoSLA that we will extend the Scottish Welfare Fund (SWF), on an interim basis, to help 18-21 year olds adversely affected by the UK Government's changes and support landlords. We intend to use the provisions for Community Care Grant (CCGs) which enable us to help people establish or maintain a settled home where, without a grant, there is a risk that they would be unable to do so.
3. The qualifying condition which should be used is "To enable qualifying individuals to maintain a settled home in a situation where that individual, or another individual in the same household, is facing exceptional pressures". The revised SWF guidance, which was issued on 31 March, lists as an example of these circumstances, "a person affected by the UK Government's changes, from 1 April 2017, to entitlement to housing costs within Universal Credit for 18-21 year olds".

Numbers affected and location

4. Scottish Government analysis indicates that there are currently fewer than 1000 people on housing benefit who would be ineligible for the housing element of UC if the UK Government's policy was in place in their area at the time of their first application. This is based on DWP stat-xplore data on single 18-21 year olds in the Social or Private Rented Sector with no child dependents and not known to be exempt from the under 35 Shared accommodation Rate, in August 2016.
5. The final figure, taking into account all exemptions (<https://www.gov.uk/guidance/housing-costs-for-18-to-21-year-olds>) is likely to be substantially lower. The policy only applies to new claimants of full service UC, so the current recipients of support through housing benefit (or the live service of UC) will not be affected. Any numbers based on current caseload are indicative of the maximum likely scale of impact, once the policy is fully rolled out, and once all live cases are those which have commenced on the full service.
6. From the beginning of April, the full service of UC will be operational in five areas; the local authorities of East Lothian, Inverclyde, Midlothian and East Dunbartonshire, and the Inverness Job Centre area. These areas currently have fewer than 100 individuals who would potentially have been affected. A full list of local authorities with numbers potentially affected and the date that they become part of UC is on page 4.

7. Through the 2017/18 financial year the UC full service will be introduced into the majority of Scotland's remaining local authorities, but nonetheless the total number of cases that could potentially be affected will be around 400. Between April and September 2018 the remaining LAs will receive UC, this includes some of Scotland's larger local authority areas, with the highest likely caseload (such as Glasgow and North Lanarkshire), as well as Scotland's island authorities, on whom the impact is likely to be negligible. (Shetland, Orkney and WI had no relevant cases on housing benefit in August 2016.)

Funding for local authorities

Level of awards

8. We intend that councils will, via the SWF, pay an individual a sum equivalent to the housing benefit award that would have been payable over this period, with adjustments to account for integration with UC taper rates, and without applying the bedroom tax. In unusual cases where the SWF officer considers that payment of the HB equivalent alone would be manifestly insufficient, and might lead the individual into housing crisis, an SWF officer may choose to pay over this rate up to the full rent (noting that DHPs may not be available). Local authorities will retain discretion in all awards. There would be appropriate controls in place to ensure this is not overused.

9. The award will have to maximise support available for individuals whilst remaining within the scope of the SWF legislation and the Scotland Act. SWF teams can use to their discretion to determine the exact form of any payments, and whether it is paid in advance or in arrears.

Funding mechanism

10. For the first 6 months the Scottish Government intends to reimburse local authorities on a £ for £ basis. Local authorities would provide data to the SG on the actual cost of meeting Ministers ambitions and we would pay them based on actual spend.

11. This approach would enable the Scottish Government, in the intervening period, to do some statistical modelling and develop a more robust funding model based on the actual likely number of claimants. As part of this we would also collect further evidence on the impact of the UKG policy, and its exemptions, as well as on the efficacy of this mitigation. Decisions on longer term funding would be subject to the normal procedures for agreement between CoSLA and the Scottish Government.

12. The Scottish Government expects local authorities to provide some information on the number of individuals supported and the total cost to ensure that overall funding was appropriate. This is subject to discussion with local authorities on what they can provide and how often.

Additional support

13. The Scottish Government intends to provide stand-alone guidance for local authorities on housing costs for 18-21 year olds, which following a period of testing

and refining, would be incorporated into the statutory guidance underpinning the Scottish Welfare Fund (SWF).

14. We would ask LA's and third sector organisations to promote the assistance available through SWF to eligible young people aged 18-21 years olds who are adversely affected by the UK Government's changes.

Scottish Government
April 2017

Table: Local Authorities: Full Service Roll out and estimated impact of UKG regulations

Cohort	LA	Date on full service	Max predicted affected caseload	
Before April 2017	East Lothian	201603	20	
	Highland (Inverness)	201606	20	
	East Dunbartonshire	201611	6	
	Inverclyde	201611	8	
	Midlothian	201703	12	
Apr-Sep 17/18	Clackmannanshire	201706	13	
	Stirling	201706	9	
	Highland (Rest)	201707	0	
Oct-Mar 17/18	East Ayrshire	201710	30	
	South Lanarkshire	201710	32	
	Angus	201711	23	
	Dundee City	201711	33	
	North Ayrshire	201711	30	
	Fife	201712	65	
	Dumfries & Galloway	201802	14	
	South Ayrshire	201802	18	
	West Lothian	201802	19	
	Aberdeenshire	201803	20	
	Falkirk	201803	24	
	Scottish Borders	201803	11	
	After April 18	Moray	201804	14
		North Lanarkshire	201804	40
		Perth & Kinross	201804	12
Argyll & Bute		201805	14	
Na h-Eileanan Siar		201805	0	
Orkney Islands		201805	6	
Renfrewshire		201805	37	
Shetland Islands		201805	0	
Aberdeen City		201806	35	
East Renfrewshire		201806	7	
Edinburgh, City of		201806	39	
West Dunbartonshire		201806	35	
Glasgow City		201809	122	

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N.B: Based on current latest caseload data for HB/UC (UC where available/ appropriate). All PRS and SRS out of work 18-21 year olds not known to have child dependents, partners or be exempted from Shared Accommodation Rate. Actual impact likely to be lower taking into account wider exemptions.