



## EQUALITY IMPACT ASSESSMENT - RESULTS

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| <b>Title of Policy</b>                                | Universal Credit (UC)<br>Flexibilities   |
| <b>Summary of aims and desired outcomes of Policy</b> | <p>The flexibilities are being progressed to make it easier for people to manage their UC payments.</p> <ul style="list-style-type: none"><li>- Having the option of being paid UC twice a month rather than monthly; and</li><li>- Having the option of any UC housing element being paid direct to landlords.</li></ul> <p>These changes are intended to give people more choice and control over their UC payments.</p> |
| <b>Directorate: Division: team</b>                    | Social Security Directorate:<br>Social Security Policy Division:<br>Low Income Benefits Team   |

### Executive summary

The Scotland Act 2016 extends administrative powers relating to the housing element of UC to Scottish Ministers, specifically: 1) the option of claimants being paid UC twice a month rather than monthly and, 2) the option of the UC housing element being paid direct to landlords (UK Government default is for it to be paid to claimants). Scottish Ministers have voiced concerns about current UK Government policy around these administrative aspects of UC since their inception. Concerns primarily relate to impacts on household budgeting and the potential for rent arrears to increase in number and value.

The evidence gathered from a number of sources suggests that the policy represents a small but important change. No negative impacts of the policy have been identified for any of the protected characteristics. The evidence has identified potential positive impacts concerning: age, disability, sex and religion/belief. The majority of anticipated impacts relate to advancing equality of opportunity by mitigating against budgeting and rent arrears risks, which are expected to arise from UK Government policy.

Evidence gathering and analysis since the beginning of the phased UC rollout and the evaluation of the Department for Work and Pensions (DWP) Direct Payment Demonstration Projects (DPDP), served to highlight the number of affected claimants and potential impacts on equality dimensions. Thus, the Equality Impact Assessment (EQIA) process has not altered the policy intention but it has identified evidence gaps and potential data needs going forward, to allow for policy implementation to be monitored.

During the process of policy elaboration in advance of implementation, the information in the EQIA will be used to inform decisions on implementation and on the policy's interaction with other policy. It will also inform the future consideration of related policy matters.

## **Background**

The Scotland Act 2016 extends administrative powers relating to the housing element of UC to Scottish Ministers, specifically powers regarding:

1. The option of claimants being paid UC twice a month rather than monthly.
2. The option of the UC housing element being paid directly to landlords.

These are now briefly discussed.

## 1. Option of twice a month payments

Under current UK Government policy, UC will be assessed and paid to claimants on a calendar monthly basis. In certain circumstances, an Alternative Payment Arrangement (APA) can be implemented which will see a claimant's UC award paid twice monthly or in exceptional cases four times a month.

It is Scottish Ministers' intention to use the powers in the Scotland Act to provide all Scottish UC claimants with the option to have their UC award paid twice monthly. The choice of monthly or twice-monthly payments will be built into the UC system.

A claimant will be able to request to opt-out of more frequent payments, unless the DWP Jobcentre work-coach deems more frequent payments necessary. Where a claimant has been receiving monthly payments, they may request a move to more frequent payments if that will assist their budgeting.

The Scottish Government does not have any powers in relation to the assessment period for UC. Thus UC awards will still be assessed monthly, irrespective of the claimant's choice of payment frequency.

It is intended that this flexibility will assist claimants in managing their household budgets.

## 2. Option of the housing element paid direct to landlords

The current UK Government default is for UC claimants with a housing element to have this paid to themselves, along with the rest of their UC award (where applicable). Claimants will then be responsible for paying their rent to their landlord.

However, DWP recognises that this might not be appropriate or feasible for some claimants, namely those with rent arrears

(either pre-existing or those who reach the arrears 'trigger' whilst on UC) or those identified as being in need of budgeting support. In such instances, UC claimants may be placed on an APA, which would see their housing costs paid directly to their landlord.

It is Scottish Ministers' intention to use the powers in the Scotland Act to provide all Scottish UC claimants, who are in receipt of the housing element, with the option to have this paid directly to their landlord. It is intended that this flexibility will help safeguard tenancies for claimants and assist them in managing their household budgets.

The preparation of the EQIA involved Scottish Government analytical and policy officials. Officials were aware, via formal and informal consultation, of stakeholder views.

## **The Scope of the EQIA**

The EQIA has been informed by detailed analysis of existing evidence and data (both qualitative and quantitative) in order to draw out the potential impacts of the policy for the eight protected characteristics:

- Age
- Disability
- Sex
- Pregnancy and maternity
- Gender reassignment
- Sexual orientation
- Race
- Religion/belief

The evidence for this EQIA was taken from the Scottish Government's welfare reform and housing evidence portal published on the Centre for Housing Market Analysis (CHMA) section of Scottish Government website. The portal collates evidence (both quantitative and qualitative) on all aspects of

social security which are of relevance to the Scottish Government's Housing and Regeneration Outcomes.

An evidence review undertaken by the Communities Analysis Division in January 2015 and DWP administrative data have also been utilised during this assessment.

The Scottish Government has used both formal and informal stakeholder feedback to inform its policy, including through the Fairer Scotland and Social Security consultations.

### **Key Findings**

DWP administrative data shows at November 2016 there were 42,207 UC claimants in Scotland, including 24,930 unemployed claimants. At August 2016 there were 313,880 working-age Housing Benefit claimants in Scotland (includes social and private tenants).

Scottish Government analysis estimate that the total UC caseload at full roll-out (expected in March 2022) in Scotland will be between 650,000 and 700,000 households (Scottish Government 2016).

Our assessment of the likely impact of the policy upon those within the protected characteristics identified the following potential positive impacts:

#### **1. Advancing equality of opportunity**

\*Age- Under current UK Government policy, only working age claimants will have their housing element paid directly to them. The option of having the housing element paid to landlords will mitigate against the suspected negative impacts (stemming from the UK Government policy) for working-age claimants.

Providing the flexibility to have the housing element paid to landlords will mitigate against budgeting and rent arrears risks associated with direct payments to claimants. These risks would

likely disproportionately impact on younger age groups (under 30s), as they are over-represented amongst the current UC caseload. Further, available evidence suggests Housing Benefit claimants aged under 25, for whom the system is much less generous, may be more susceptible to underpaying or not paying their rent once housing costs are paid to them.

\*Disability- The policy intention will likely promote equality of opportunity for disabled people. Those within this protected characteristic would be disproportionately at risk from the anticipated negative impacts of UK Government policy on budgeting and rent arrears, due to their over-representation amongst social renters and the increased likelihood of them being on low incomes, when compared to those without a disability.

\*Sex- The option of the housing element being paid to landlords will likely mitigate against possible risks stemming from UK Government policy which would disproportionately impact women, who are overrepresented amongst working-age Housing Benefit claimants.

Evidence indicates that women in low income households tend to be responsible for budgeting. Giving claimants the choice over the frequency of their UC payment should help combat the negative consequences for women who are in charge of household budgets, which are expected to arise from monthly UC payments.

The choice over frequency of UC payments is expected to help counter potential negative impacts of monthly payments, which men would be disproportionately at risk of, as they are over-represented amongst UC and Jobseeker's Allowance (one of the six UC legacy benefits) claimants.

\*Religion or belief- It is probable that the policy intention will mitigate against risks which would likely disproportionately impact on people identifying as Roman Catholic, as they are

over-represented amongst deprived areas (SIMD) and social renters.

## 2.Promoting good relations

\*Age- Under current UK Government policy, only working age claimants will have their housing element paid directly to them. The option of having the housing element paid to landlords may promote good relations by erasing distinctions between working-age and Pension Credit age claimants for this purpose.

No negative impacts of the policy have been identified for any of the protected characteristics.

## **Recommendations and Conclusion**

The evidence suggests that this policy represents a small but important change, which will either have no effects or potential positive effects on particular protected characteristics, specifically: age, disability, sex and religion/belief.

The EQIA process has not altered the policy intention but it has identified evidence gaps and likely data needs going forward to allow for policy implementation to be monitored.

During the process of policy elaboration in advance of implementation, the EQIA will be used to inform decisions on implementation and on the policy's interaction with other policy. It will also inform the future consideration of related policy matters