

SCVO Brief for the House of Commons Opposition Day Debate on 17 October 2018: The Rollout of Universal Credit

15 October 2018

Our position

The Scottish Council for Voluntary Organisations (SCVO), our members, and the wider third sector welcome the House of Commons Opposition Day Debate on the Rollout of Universal Credit.

SCVO, many of our members, and the wider Scottish third sector believe that Universal Credit is deeply flawed, pushing people into poverty, debt, and crisis and undermining their rights.

It is clear that as a result of austerity the roll out of Universal Credit has been underfunded and flawed. As a result, Universal Credit, as currently administered, is not fit for purpose and should be halted.

Social Security poverty and rights

SCVO and the wider third sector, welcomed the Scottish Government's aspiration to take a rights-based approach to social security. The majority of entitlements, however, remain reserved to Westminster where a culture of cuts and sanctions, driven by the UK Government's austerity agenda, dominates. As a result, without a culture change at a UK level, the levels of poverty experienced by those reliant upon their right to social security is unlikely to improve significantly. Therefore, despite being among the most economically developed nations in the world, both the UK and Scotland will fail to fulfil the rights of their citizens and commitment to the [Sustainable Development Goals](#) (SDGs). In Scotland, in 2014/17 for example [19%](#), or almost one million, people in Scotland lived in poverty after housing costs. Similarly, [58%](#) of working-age adults in working households lived in relative poverty before housing costs. It is [predicted that poverty in the UK will increase](#) in the next few years and towards 2030 as social protections are reduced.

As currently administered, Universal Credit (UC), once seen as important tool for the realisation of socio-economic rights, will contribute to increasing poverty for people and communities across the UK.

Universal Credit

In the UK, [1.1 million](#) people were on Universal Credit (UC) in August 2018, of whom 410,000 (37%), were in employment. In Scotland, UC Full Service will be fully available by the end of 2018, with a migration from older entitlements between July 2019 and March

2023. It is anticipated that when Full Service rollout is complete 652,500 people in Scotland will claim UC.

SCVO, the Scottish Federation of Housing Associations (SFHA), Scottish Women's Aid, members of the Scottish Campaign for Welfare Reform (SCoWR), and others across the third sector and civil society believe, that for many, UC worsens poverty. To protect people from poverty and its consequences there is a need to listen to those claiming UC and redesign elements that simply aren't working. For example:

- The five week wait for the first payment pushes people into poverty, debt and crisis. In addition, up to a fifth of new claimants do not get their first payment in full.
- While the DWP offers advances, these must be paid back, often worsening indebtedness.
- The DWP can reduce a UC payment by up to 40% of a claimant's personal allowance; outstanding tax credit payments previously not pursued by HMRC are being deducted. Many individuals face deductions for overpayments they were unaware of.
- Assessments are based on the individual's circumstances on the day of assessment rather than considering their circumstances over a month. This is particularly problematic for individuals who are not paid monthly. Depending upon their assessment date, two claimants in the same job on the same salary and paid the same day can receive different levels of UC. As a result, individuals are unsure of what they will receive each month.
- The limitation of UC to the first two children in each family will put a further [200,000](#) children into poverty.
- Household payments of UC by default are bad for gender equality. Women are twice as dependent on social security as men, [are disproportionately affected by austerity](#), and have a right to an independent income. Automatic split-payments would encourage the financial independence of women. In June 2018, of the 880,000 households on UC, just 20 received a split-payment. Reducing the economic inequality faced by women is essential to both realise their rights and achieve the Sustainable Development Goals (SDGs). SCVO, Scottish Women's Aid and others believe a timescale for realising this commitment should be introduced, encouraging the UK and Scottish Governments' to engage positively and quickly to cost and negotiate the IT changes needed to roll out automatic split-payments.
- Similarly there is a need to [revisit the sanctions and conditionality regime that accompanies Universal Credit](#) which puts pressure on individuals to participate in employability activities incompatible with caring roles or to take on low-paid work below their skill level. Insufficient childcare provision also guarantees that some parents will be subject to sanctions, resulting in financial insecurity. SCVO recognise that paid employment is not always the best way for people to contribute to society. At particular points in their lives they may make a bigger contribution by being supported as carers, volunteers, learners, or activists. Support would ensure more people are willing, engaged and confident to take on paid employment when it suits their circumstances.

Urgent action is needed improve these shortcomings. As a result, SCVO, the Scottish Federation of Housing Associations (SFHA), members of the Scottish Campaign for Welfare Reform (SCoWR), and organisations across the Scottish third sector and civil society believe that Universal Credit, as currently administrated, is not fit for purpose and should be halted.

Universal Credit and the digital divide

The ability to make and maintain claims online is central to Universal Credit. Individuals with limited access to online facilities or who find new technology challenging are at a significant disadvantage. UC can also provide help with housing costs and a landlord portal is being distributed to social landlords. Evidence suggests that the current DWP systems are not adequately developed. In particular, there is no alignment between deductions from UC and housing costs. This can lead to arrears and threaten tenancy sustainment.

In 2016 the UN declared access to broadband to be a basic right. Despite this, home internet access varies considerably by household income. In 2016, 63% of households in Scotland with an income of £15,000 or less had home internet access rising to 98% in households with incomes over £40,000 (Scottish Household Survey, 2016). Additionally, only 65% of social housing tenants have home internet access, compared to 88% of home owners or private rented tenants. Older people, those with disabilities, and those in social housing or on low incomes are all more likely to be digitally excluded.

The digitalisation of public services can simplify and integrate services. However, the people most likely to be supported by public services are also those most likely to be digitally excluded. Online public services must be accessible to all. The varied needs of public services users must be considered with [supported by initiatives](#) to ensure that everyone can use and access digital services. Equal access to digital services is essential to reducing inequalities, poverty, meeting the SDGs and fulfilling rights.

Conclusion

The causes of poverty are diverse and multifaceted. However, currently in both the UK and Scotland inadequate and flawed social protections and unequal access to the internet and digital devices undermine rights and economic security. A co-ordinated vision to tackle poverty and inequality, realise rights and achieve the Sustainable Development Goals (SDGs) is urgently needed. Central to this vision is a rights-based social security system in both Scotland and the UK. To realise this the many shortcomings of Universal Credit must be urgently addressed.

About us

The Scottish Council for Voluntary Organisations (SCVO) is the national body representing the third sector. There are over 45,000 voluntary organisations in Scotland involving around 138,000 paid staff and approximately 1.3 million volunteers. The sector manages an income of £5.3 billion.

SCVO works in partnership with the third sector in Scotland to advance our shared values and interests. We have over 1,900 members who range from individuals and grassroots groups, to Scotland-wide organisations and intermediary bodies.

As the only inclusive representative umbrella organisation for the sector SCVO:

- has the largest Scotland-wide membership from the sector – our 1,900 members include charities, community groups, social enterprises and voluntary organisations of all shapes and sizes
- our governance and membership structures are democratic and accountable - with an elected board and policy committee from the sector, we are managed by the sector, for the sector
- brings together organisations and networks connecting across the whole of Scotland
- SCVO works to support people to take voluntary action to help themselves and others, and to bring about social change.

Further details about SCVO can be found at www.scvo.org.uk.

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