

Coronavirus: Social Security Asks

Context

The proportion of households in the Private Rented Sector in Scotland has grown over the past ten years, from 5% of households (120,000) in 1999, to 14% (340,000) in 2018¹. Measures need to be put in place to protect these renters from losing their homes should their incomes become affected by the coronavirus pandemic. The current emergency is causing high levels of uncertainty and fear for people all over Scotland, and for people that rent this uncertainty extend to the security of their home. Many households are experiencing loss of work and/or earnings and are turning to the social security safety net for support. This can be evidenced by the fact there has been nearly a million new applications for Universal Credit in the last two weeks.

Both the Scottish and UK governments have legislated to prevent the majority of tenants from being evicted during this pandemic. However, Shelter Scotland fears that many households are at risk of falling into rent arrears over the next few months and facing eviction when emergency measures are lifted. In order to prevent mass evictions and an overwhelmed homelessness system at the end of the pandemic, the UK Government must make changes to social security system to relieve the financial pressures renters are facing.

Shelter Scotland welcomes the announcement from the UK government that Local Housing Allowance will be raised to cover the lowest 30% of rents in an area, and that the standard rate of Universal Credit and Tax Credits will be increased by £20 a week². However, these measures do not do enough. Further steps need to be taken to ensure that renters whose incomes are reduced during this emergency can stay in their home, without building up arrears and risking eviction further down the line.

What we are calling for and why

Local Housing Allowance to be raised to cover the average rent.

The Local Housing Allowance (LHA) 'rate' is the maximum amount of housing benefit that a private renter can claim to help pay their rent³. In theory, LHA is designed so that a claimant will get enough housing benefit to cover the cost of renting a typical home in their area, that is large enough for their needs. The cost of renting a typical home varies depending on location and size. There are 18 different areas in Scotland (known as Broad Rental Market Areas), each with differing LHA rates.

While Shelter Scotland welcomes the fact LHA has been raised to cover the lowest 30% of rents in an area, the UK Government needs to do more. LHA will now only cover the rents of up to 3 in every 10 homes in an area, this means that it will not cover the rents of 7 in 10 homes.

This pandemic is expected to affect a large proportion of the Scottish population. Many people will suffer a loss of income either due to the lockdown, or because of illness. These will be people living in homes that under normal circumstances they can afford to rent comfortably, however now will need support to pay their rent due to this loss of income.

We are therefore joining our colleagues in England to launch a Shelter wide campaign calling on the UK Government to raise LHA to cover the average cost of renting in an area (or the 50th percentile). This is to ensure that more people throughout the UK whose incomes are reduced as a result of the pandemic, can continue to pay their rent and are able to stay in their homes without building up arrears.

¹ Scottish Government (2019) [Scottish Household Survey](#)

² UK Government (2020) [Chancellor announces workers support package](#)

³ UK Government (2020) [Local Housing Allowance](#)

The Benefit Cap to be lifted

Introduced in 2013, the benefit cap sets a limit on the amount of welfare payments a claimant can receive. This means that the total amount of benefits that can be received by any individual or family is capped at a maximum amount. From 2016, benefits have been capped at £20,000 a year (£13,400 for single adults with no children). When a household meets the benefit cap threshold, money is taken from their housing benefit, or housing costs element if they are on Universal Credit⁴

A total of 3,320 Scottish households were benefit capped as of May 2019. Among Housing Benefit-capped families, the average amount capped each week was £64, equivalent to around £3,320 per year⁵. If the benefit cap remains in place, the changes made to Universal Credit and LHA will not reach many of the households in most financial need as a result of these unprecedented times.

We are therefore joining our colleagues in England to launch a Shelter wide campaign calling on the UK Government to remove the benefit cap. This is to ensure that more people throughout the UK who find themselves struggling to pay their rent during this pandemic do not build up arrears, and are able to rely on the welfare safety net to support them to remain in their homes and pay for essential items.

⁴ UK Government (2020) [Benefit Cap](#)

⁵ Scottish Government (2020). [Welfare reform – housing and social security](#)