August 2018

**Social Security and In-work Poverty**

**Scottish Parliament: Social Security Committee**

**Age Scotland welcomes the opportunity to respond to the Social Security Committee’s call for evidence about the impact Universal Credit will have on in-work poverty. Our submission focuses on the impact of mixed-aged couple rules due to be introduced later this year.**

***What Impact will Universal Credit have on in-work poverty in Scotland?***

As Universal Credit (UC) is further rolled-out across Scotland, Age Scotland is particularly concerned about the unjust rules due to be introduced facing mixed aged couples regarding UC and Pension Credit (PC). This means that in the future, low income pensioners in Scotland with a younger partner could receive much lower financial support than those currently claiming benefits. If this does indeed go ahead, an older person could be better off living alone and claiming PC than living with a partner who is under the State Pension age, and claiming UC.

Our freephone helpline which provides information, friendship and advice to people over the age of 50, have encountered such a scenario, where a couple who were on UC, were told (inaccurately) by the Department for Work and Pensions (DWP) that they could not claim PC when the eldest partner reached pension credit age, and instead were told that they would have remain on UC. This was over £500 per calendar month less than what they would have received under PC. Fortunately this couple were able to claim PC as the DWP addressed their mistake, but this case highlights the difference in income that mixed age couples will face when they are unable to claim PC under the new rules.

Mixed-age couples may have to rely on the younger partner to top up their income by claiming UC which has strict conditionality requirements around seeking work, such as signing on at the jobcentre, qualifying as an unpaid carer, or proving they are not well enough to work. This can be a particularly stressful set of circumstances for older people, who under the current eligibility measures would have been assessed as on a low income and in need of extra financial support.

Our helpline heard from a woman, who had cared for her husband for several years until his health deteriorated to the point that she could no longer care for him at home and was moved into a care home. This meant she lost entitlement to PC as she had not yet reached her state pension age and was no longer living with her husband. This was an extremely stressful transition for her made worse by the fact she would now have to meet the stringent eligibility criteria to receive UC.

Mixed-age couple rules can also discourage some people to seek work, Age Scotland believe the Scottish Government should ensure that pensioners do not face a financial penalty simply because their partner has not reached the State Pension Age. This is particularly relevant to couples who receive PC under the current rules, who may rightly fear that if the younger partner took temporary work they would lose entitlement to PC when that work ended.

The below hypothetical example demonstrates how mixed age couple rules can act as a real disincentive to seek work, and the financial penalties mixed age couples face if these rules are introduced as planned by the UK Government later this year.

**Hypothetical Example**

Cathy is 56 and her husband Richard is 66. Richard receives the new State Pension of £164.35 a week. Two months ago Cathy was made redundant from her full-time job, so they now receive PC top up, making their income £248.80 a week, they also receive Housing Benefit and Council Tax Reduction and are passported to cold weather payments, help with health costs and eligibility to apply to the Scottish Welfare Fund.

Cathy would like to go back to work again, however, the only jobs she can find are short-term contracts. She is also concerned that she may need to spend more time at home to support Richard if his health deteriorates.

The couple must seriously consider whether Cathy should look for work as if she takes up a new job and has to later leave, they will not be able to reclaim Pension Credit. Ricahrd’s pension income is above the UC criteria threshold meaning they cannot claim UC, and are likely to have to contribute towards their rent and council tax as they will be classed as a working age couple despite Richard being 66.

They will not be able to claim the higher level of support through PC for another 11 years when Cathy reaches her State Pension age of 67.

So they would lose around £340 a month for 11 years – approximately £44,590

As the State Pension Age increases there will be a greater number of older people surviving on working age benefits for longer, instead of benefits such as PC that they would otherwise have been entitled to.

We urge the Committee to seriously consider the impact UC will have on older people and how in-work poverty will lead to further pensioner poverty.

***For more information:***

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**Want to find out more?**

As Scotland’s national charity supporting people over the age of 50, Age Scotland works to improve older people’s lives and promote their rights and interests. We aim to help people love later life, whatever their circumstances. We want Scotland to be the best place in the world to grow older.

Our Policy, Communications and Campaigns team research, analyse and comment on a wide range of public policy issues affecting older people in Scotland.

Our work is guided by the views and needs of older people themselves.

**Further information**

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