



Is Welfare Reform Working?

Impacts on working age tenants

A study for SW HAILO

Summary Report-March 2015

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SW HAILO

The Housing Associations Influence and Leadership Organisation (HAILO) is a group of chief executives of the largest South West-focused housing associations. The member organisations own and build homes across the region and collectively have a turnover of £700m, with 188,000 homes in management and 11,000 new homes in development to 2015. Members are committed to working with other housing associations, other organisations and partnerships in the South West. They collaborate on shared agendas, contributing their knowledge, expertise and resources to make the case for investment, research, innovation and the sharing of best practice in housing. Members work to make a significant impact on outcomes for residents and their communities, and the effectiveness and resilience of their respective organisations, through the development of a culture of trust, sharing and collaboration.



LSE Housing and Communities

LSE Housing and Communities is a research unit within the Centre for the Analysis of Social Exclusion (CASE) at the London School of Economics led by Professor Anne Power. CASE is a multi-disciplinary research centre which focuses on the exploration of different dimensions of social disadvantage, particularly from longitudinal and neighbourhood perspectives, examining the impact of public policy. We aim to understand the social dynamics of disadvantaged neighbourhoods; promote models of housing and neighbourhood management; develop ways to support community and resident self-help action, especially in social housing; and shape government policy.

The overview version of this report is available here:

http://sticerd.lse.ac.uk/dps/case/cr/casereport90_overview.pdf

The full version of this report is available here:

http://sticerd.lse.ac.uk/dps/case/cr/casereport90_extended.pdf



The Study

In 2010 the Coalition Government introduced a plan for radical overhaul of the welfare system. This research, commissioned by SW HAILO and carried out by LSE Housing & Communities, examines the aim of moving people who are dependent on benefits into work and how it is being achieved.

Between 2013 and 2014 the London School of Economics conducted two rounds of interviews of 200 representative, working age, social housing tenants from nine housing associations in the South West of England that rent homes to over 200,000 households. The purpose was to find out how welfare reforms are affecting the work status and day-to-day lives of social housing tenants.

The first round of interviews was conducted with 200 tenants in the spring of 2013 after a major wave of welfare reforms was introduced. The reforms included the introduction of a Council Tax charge for people on benefits, the benefits cap and the Spare Room Subsidy (colloquially referred to as “the bedroom tax”),

as well as Social Fund localisation. Residents were asked about their employment status, work history, experience of claiming benefits, reasons for working or not working, health, the services they use and rely on, and their communities. Interviewers also asked how they were managing as Housing Benefit and other supports shrank; how work was changing; how the area they lived in and the services they used affected their lives; and what helped or hindered their families’ progress.

The interviews were repeated one year later in 2014, with 123 of the original 200 residents (62%) and a further 77 new residents.

Key Findings

- Two years after the introduction of major welfare reforms many tenants are coping with the transition to new payments and reduced budgets. A majority – 126 out of 200 or 63% – said they were managing financially by reducing expenditure, in some cases on food, getting into debt to pay large bills or borrowing from family and friends. Some ways of coping, such as cutting back on spending, are more viable than others, such as borrowing. One third were struggling financially. The vast majority of tenants are strongly opposed to resorting to payday loans, and only five per cent have done so.
- Between 2013 and 2014, one in six tenants either found work or increased their hours. Tenants who found work most commonly worked for family members or became self-employed. The majority of new jobs are part-time and flexible hours.
- Tenants face many persistent barriers to work. These include ill health or disability, caring responsibilities for family members, high childcare costs, poor skill levels, low confidence, inconsistent work histories, lack of suitable jobs and unaffordable transport costs.
- While the majority of tenants find their links with the Jobcentre unhelpful, they are generally positive about free training opportunities, particularly those provided through Learndirect. Job seeking tenants are eager to increase their qualifications and improve their employment prospects. Jobseekers value this kind of constructive support and wish there was more “handholding” and face-to-face support.
- Sanctions and reassessments of tenants’ benefits have the potential to destabilise households and have negative consequences not just for the jobseeker, but for all members of the household. Tenants told us how sanctions, the immediate suspension of payments, shift the jobseekers’ focus away from work, and redirect their attention to finding alternative ways to cover basic living costs. Sanctions cause debt and arrears that increase household vulnerability and decrease their capacity to go out into the job market. They also affect other low-income family members who “help out”. Often sanctions arise from administrative mistakes, wrong judgements and decisions that are subsequently deemed unfair.
- The majority of tenants commonly go for advice to Citizens Advice and other support agencies. These service providers are highly valued by tenants, and have helped resolve problems with benefits and arrears – including restoring benefits where mistakes, wrong assessments or unfair sanctions have been imposed.
- Three quarters of the 101 tenants who were economically inactive in 2014 had a disability, slightly above the average for social housing tenants UK-wide. Despite this, 74% of economically inactive tenants contribute actively to their community and society in other ways. They care for disabled family members, volunteer in their communities or take care of young children.
- Housing association landlords have a direct interest in helping tenants manage and have already taken many steps to ensure they remain viable as businesses by not only enforcing rent payments, but increasing front-line staff, offering more training, providing more advice and participating in pilots to test the real impact of the reforms.

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Recommendations

What will help tenants manage?

The tenants' responses in both rounds of the survey highlight that they need:

- supportive frontline staff and more access to help services, such as Citizens Advice;
- capacity-building so they are better informed, more confident and more able to deal with unexpected difficulties and hurdles, particularly around benefits;
- more accessible links into work and training.

Tenants rely on their landlords for their home and sense of security. This spills over into the areas where they live, meaning that it is worthwhile for landlords to promote support beyond the direct housing service if this helps communities work better and be more cohesive and resilient, and therefore easier to manage.

Overall there are urgent needs among tenants and there are many possible avenues to helping:

- Supporting Citizens Advice and keeping their doors open – many are being threatened with further cuts due to reductions in local authority grants
- Sustaining the supportive and job-related services provided by housing associations, included to help tenants pay their way
- Making Jobcentres more people-centred so staff hear the truth about tenants' problems and can help practically
- Avoiding benefit suspension and sanctioning without notice, except in cases of proven and extreme abuse
- Reforming the withdrawal of the spare room subsidy to be more flexible
- Supporting housing mobility support schemes to make it easier for under-occupiers to down-size

What can social landlords and government do to help?

There are real barriers to tenants accessing work, training and advice, especially in rural areas, semi-rural towns and villages as well as suburban areas where tenants

feel more cut off. Innovative ways of bridging these gaps need to be found, such as mobile multi-service vans, car sharing, projects to bridge the digital divide, and greater use of small grants or starter grants to ease the transition to work.

Government and social landlords can support local services that have a proven track record in helping low-income, low-skill tenants to cope with changes and uncertainties, e.g. Citizens Advice, public libraries, free internet access, credit unions. They can also help find transport solutions for isolated tenants in rural and semi-rural areas and provide low-interest, slow payback emergency loans for crisis situations.

Social landlords can train front-line staff in handling difficult and sensitive issues and train tenant representatives in welfare reform, finances, work and benefit advice – so that both become a valuable resource for communities.

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What tenants told us

One in eight of the tenants interviewed are actively looking for work; two-thirds of these are over 45

1. At a glance: has anything changed?

During the first round of interviews, the overwhelming majority of residents expressed high anxiety about benefit changes, and their direct impact on tenants' ability to manage. Many were struggling to adjust to reduced benefits and higher costs due to changes in their benefit receipts, rent payments, Council Tax, fuel bills and other essential costs.

All tenants continue to juggle their finances and enlist a variety of coping strategies, including cutting back on basic household purchases, "to make ends meet". However, tenants now say they are more able to manage on less income compared to a year ago, and are finding it less of a struggle to cope. Many tenants have grown

more accustomed to a new status quo after the initial disruptions caused by early welfare reform. Nevertheless many continue to feel vulnerable, are unable to save, and feel insecure about the future.

While the majority of tenants continue to be out of work, one in six households have either gained jobs or increased the hours they work. In contrast about one in twenty households have seen reductions in income from earnings either because a working household member (adult child or partner) left, due to poorer health, or because fewer hours are available.

2. Working tenants

Working tenants are universally proud to be in a job and value their work. However, one third of working tenants feel concerned about their job security and 42% feel their pay is too low to live adequately.

Over four fifths of working tenants rely on in-work benefits to get by and balance the household budget; and a third have consulted advice agencies in the last year to help them cope. A third of all working tenants reported problems with the administration of their benefits, including mistakes, delays and unexpected changes.

Only a third of working tenants manage to save, and half have borrowed money in the last year, mainly from family or friends. The majority of working tenants say they are just managing financially, but worry that emergency expenses could push them into arrears.

3. Tenants looking for work

One in eight of the tenants interviewed are actively looking for work, two-thirds of these are over 45, and the majority have been unemployed for over a year. All tenants looking for work are receiving benefits.

The main barriers tenants have in finding work are poor health; being over 45 years old; facing competition from younger people; the high cost of local transport; low qualifications; low pay; and low confidence. An unstable work history and limited work experience are also factors.

Tenants value the training offered through the Jobcentre, particularly Learndirect, an online basic work readiness training programme. Well over half work as volunteers

to increase their job prospects. Many described difficulties with the administration of their benefits. Those who were "sanctioned", i.e. had their benefit payment suspended, experienced real hardship, which reduced their ability to find work. A recent report from Oxford University¹ gives alarming evidence of the scale of error, and also the widespread failure of sanctions to get people into work. Two thirds of tenants had consulted Citizens Advice or other agencies to obtain advice and assistance.



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4. Economically inactive tenants

Four out of five economically inactive tenants – not in work and not looking for work – have a disability, and the remaining fifth are looking after small children. Half of all economically inactive tenants say they have spent the majority of their working lives in employment.

Despite being economically inactive, 74% are active in other ways as carers, volunteers in their communities, or looking after young children.

Ninety-six per cent of economically inactive tenants receive benefits, which for the most part constitutes their only source of income. Disabled tenants are especially

grateful for their disability benefits, which help them pay for carers and mobility vehicles.

Nevertheless more than half report difficulties with the administration or management of their benefits, including a third who have been reassessed and had to appeal the decision in order to secure their entitlement. Half of this group report they are managing financially, though with little room for manoeuvre. Around four in ten have used advice agencies like Citizens Advice.

5. Work transitions

Out of 123 tenants who participated in both rounds of interviews, 20 tenants increased their working hours in 2014, including 12 who moved out of unemployment into jobs and eight who increased their hours. Consequently, one in six tenants improved their work status in the period of one year. Seven residents stopped working over the same period (2013-2014). 96 tenants, over three quarters, did not change their work status at all.

6. Tenants' views of welfare reform

None of the tenants interviewed had been moved onto Universal Credit, although a majority had heard of it. The transition to this new benefit was worrying tenants, as was direct payment of rent to tenants rather than the landlord. Two thirds think direct payment is a bad idea.

The main change already affecting tenants was the withdrawal of the spare room subsidy, which was affecting the 'empty nesters' and people with disabilities most.

Although nearly nine out of ten tenants use the internet, some worry about the security of administering benefits on the web, and about whether it will work for the most vulnerable tenants.

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Nine out of ten tenants use the internet

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