



Is Welfare Reform Working?

Impacts on working age tenants

A study for SW HAILO

Researched by Eileen Herden, Anne Power, Bert Provan

Report Launch

 #SWHAILO

@LSEHousing @SWHAILO

 Housing and
Communities

 South West
HAILO

 CASE
CENTRE FOR ANALYSIS OF SOCIAL EXCLUSION

Is welfare reform working?

Findings from 400 interviews with social
housing tenants

Eileen Herden
e.herden@lse.ac.uk

What we set out to do

- Are welfare reforms encouraging tenants to work?
What are the barriers to work?
Why are so many tenants not working?
- Understand lived experiences of people in low paid work or unemployment
- Give a voice to people affected by cuts and caps to benefits

How we did it

- 5 geographic areas in the South West of England
- Semi-structured telephone interviews
- Two rounds of interviews - 2013 and again in 2014

Experience

- Desperate to talk
- Multiple events coming together
- High levels of anxiety
- Mental health

Experience

“[It’s] really helpful to have someone listening to you. Everything builds up and I was feeling like I was going to explode. When someone is listening to you and seems to care, it helps.”

Findings

1. Want to work
2. Want stability
3. Want to live in dignity
4. Need support

1. People want to work

Overview

- 49% of sample economically inactive
- 39% of sample working
- 12% of sample looking for work
- The vast majority of all three groups were claiming benefits

What's it like to look for work?

- Tough - zero hour, temporary contracts
- Coastal areas: seasonal work
- Urban areas: competition from students
- Suburban and rural: transport and limited options
- Age

In work

- Grateful to be employed
- Worried about job security
- Two thirds felt income not sufficient to cover costs
- Working Tax Credits makes work worth it

In work

My Working Tax Credit makes a hell of a difference. If I didn't get it I wouldn't be able to work. It boosts my salary. I use it to pay fo food and bills, and my salary to cover rent. Tax credits make work possible.

Looking for work

- Majority 40+
- Work history, but not skilled
- Health issues
- Really struggling financially
- Desperation

Looking for work

I've worked all my life, my parents have worked all their lives. From 1971 to 2010 I worked and paid taxes. I spent six years in the armed forces. Why am I being penalised? It's all well if you are fit and able! But we've all done hard jobs all our lives. It's a struggle when you're older and can't do physical work anymore. No one wants to hire me and I understand why.

Economically inactive

- Health
- Caring for family members
- Majority work history
- 70% actively contributing to society in some way

Economically inactive

My disability benefits are my lifeline, but I think it's still a hard life on benefits. I can't afford a lot of things. It's really difficult to pay for the things my son needs, especially over the holidays when he's always home. I'd rather work and earn proper money, but it's just not possible at the moment.

2. People want stability

Administrative delays

- Change in circumstances
- Long processing times
- Debt and insecurity
- In some cases endangered jobs

Moving into work

- Self employed
- Precarious
- Balancing the “boom and bust”
- Carrying a lot of risk

Moving into work

I couldn't handle claiming benefits anymore so I've just become self employed...I guess I'm a handy man now, I'll do anything for people. Gardening, housekeeping, I clean for some old folk. I'd rather have a decent, reliable job, but we don't have them round here anymore.

Universal Credit

- Fortnightly payments preferred
- Housing Benefit paid to residents
- Budgeting by benefit no longer possible

Bedroom Tax

- Affecting 40+
- Household with a disabled person
- Out of 40 people affected by Bedroom Tax only 8 moved to smaller properties

Bedroom Tax

We've got to have two bedrooms because of my disability. The way I see it is that we're paying a tax on my disability. We can't sleep in the same room. I need oxygen, which keeps my wife up at night. She needs her strength to care for me during the day. I also need a special mattress. We don't have a spare room and yet we're paying this money. It's been very difficult.

Making ends meet

- Two thirds of tenants significantly cut back on food
- Two thirds of tenants cut back on utilities
- 64% of tenants fell into arrears with their bills
- 65% regularly borrowed from friends or family

**3. People want to live in
dignity**

Jobcentre

- Universally described as bad experience
- Different advisers
- No interest in overall picture
- Focus on online application targets

Jobcentre

I think the Jobcentre is a dehumanizing place. For £65 per week, for a system I have paid into my whole life, I've been made to beg regularly...I appreciate that the people who work there are only doing what they have been told. It's not an easy job, I can see that. But when you're being treated as a "client", you're being processed through a system, and you see someone else every time you go there...people lose their sense of compassion.

Sanctions

- Distracts from job search
- Changes focus to survival
- Particularly bad if children in household
- Bad for confidence and self esteem

Sanctions

A sanction stops your ability to eat, to pay your rent. You end up relying on friends and really go through the mill. This went on for three months in the middle of winter. They apologised to me formally and I got paid in arrears afterwards, but the damage had been done. Getting benefits requires a huge amount of personal administration. People at DWP don't seem to understand the implications...

Learn Direct

- Valued and appreciated
- Useful training
- Qualifications and certificates
- Free

4. People need support

Family and friends

- Rarely just one individual affected by changes in income
- Wider support network - family and friends
- Support provided across generations

Family and friends

It's been difficult with all the changes. We've had to rely on my 20 year old son's income to cover this, which doesn't seem fair... We are struggling and I wish my son could save his money for college.

My grandparents had to help me with food, because I'm paying the [bedroom] tax... They really struggle to support me, they only have so much money to spare.

Support and the CAB

- Support described as a “life saver”
- Debt advice services
- Not enough information
- CAB widely appreciated and trusted
- Cuts to CAB viewed as loss for the community

Final thoughts

You have to have lived in poverty to understand the things people are going through. Many of us struggle to feed our children, to heat our homes, to pay the most basic bills. We want to work, but we're told we're not trying hard enough. Or we work long and anti-social hours, but the pay is bad and there's no security. Imagine living every day without knowing how much money you'll have at the end of the month. How can you make plans? How can you think about the future?

Is Welfare Working?

Anne Power

Thursday 26th March 2015

1. Social landlords and their tenants matter to government

- 4 million homes
- 10 million people
- Major societal function
- Solid track record
- Other sectors are costly
 - Private rents rising
 - Harder to access owner occupation

2. Tenants depend heavily on government

- Majority (two-thirds) receive housing benefit
- Two-fifths in work but low pay – so receive benefits too
- Nearly one third pensioners
- Nearly one third workless
- Large majority receive income top-ups
- ∴ de facto social landlords do too

3. Rents are vital to viability

- Tenants must pay or lose their home
- Benefits have covered rents for disabled, jobless, carers
- Government aims to end benefit dependency
- So cuts in support fulfil three purposes:
 - Push non-working tenants into work
 - Bring in more revenue to government by making tenants pay more
 - Increase social landlords' efficiency

4. In practise, government spending on benefits has risen

- Many new jobs are part-time, low-pay and many are casual
 - So most need top up (four fifths)
- Incomes have actually fallen so more housing benefit is needed
- Private rents have risen steeply too
- Many sanctions and reassessment cases overturned costing extra money

5. Some aspects of welfare reform seem wrong

- Reducing face-to-face support for tenants facing barriers to work
- Privatising assessments with incentives to speed, mechanise and over-simplify
 - Many non-professional judgements
- Taking income off poorest households and undermining their confidence
- Making people on minimum incomes contribute to council tax
- Cutting emergency loan system for unforeseen events
- Charging bedroom tax only in social housing
- Creating an atmosphere of uncertainty and fear

6. Some impacts of welfare reform may help

- Simplify benefits into single Universal Credit **and** reintroduce personal advice
- Social landlords respond to tenants needing help to manage payments
- Community-level support and advice through CABs, churches, etc
- Make training and job access more prominent
- Make clear the wider social role of housing associations

7. Poverty and exclusion

- Britain is one of the European countries most exposed to poverty and exclusion
- Much bigger issues are at stake than cuts
- Do we actually want to be in this position?

8. Alternative ways forward

- More emphasis on potential of social landlords
- More hand-holding into work
- More even treatment of sectors
- Reform of bedroom tax, council tax bands
- More recognition and regulation of private renting
- More long-term, low-return renting



Anne Power

Professor of Social Policy and Head of LSE Housing and Communities

Email: anne.power@lse.ac.uk

Twitter: @LSEHousing

Telephone: 020 7955 6330

Facebook: LSE Housing and Communities

Address:

LSE Housing and Communities,
London School of Economics,
Houghton Street,
London,
WC2A 2AE

Website:
<http://sticerd.lse.ac.uk/LSEHousing/>