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# The Impact of Welfare Reform in Scotland – Tracking Study

## Year 1 Report

Poverty



# **THE IMPACT OF WELFARE REFORM IN SCOTLAND – TRACKING STUDY**

## **Year 1 report**

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## GLOSSARY

| Acronym | Term   |
|---------|--|
| AA      | Attendance Allowance   |
| BT      | Bedroom Tax  |
| BL      | Budgeting Loans  |
| BC      | Benefit Cap  |
| CA      | Carer's Allowance  |
| CB      | Child Benefit  |
| CTC     | Child Tax Credit   |
| CAA     | Constant Attendance Allowance                                  |
| CB-ESA  | Contribution Based Employment and Support Allowance            |
| CB-JSA  | Contribution Based Jobseeker's Allowance                       |
| CTB     | Council Tax Benefit  |
| CTR     | Council Tax Reduction  |
| DLA     | Disability Living Allowance                                    |
| DP      | Disability Premium   |
| DHP     | Discretionary Housing Payment                                  |
| DWP     | Department for Work and Pensions                               |
| ESA     | Employment and Support Allowance                               |
| FP      | Funeral Payments   |
| GA      | Guardian's Allowance   |
| HB      | Housing Benefit  |
| HMRC    | Her Majesty's Revenue and Customs                              |
| IB      | Incapacity Benefit   |
| IB-ESA  | Income Based Employment and Support Allowance                  |
| IB-JSA  | Income Based Jobseeker's Allowance                             |
| IS      | Income Support   |
| JSA     | Jobseeker's Allowance  |
| LHA     | Local Housing Allowance  |
| MA      | Maternity Allowance  |
| PLA     | Parent's Learning Allowance                                    |
| PIP     | Personal Independence Payments                                 |
| SDP     | Severe Disability Premium                                      |
| SG      | Support Group (Employment and Support Allowance)               |
| SMP     | Statutory Maternity Pay  |
| SWF     | Scottish Welfare Fund  |
| SSMG    | Sure Start Maternity Grant                                     |
| UC      | Universal Credit   |
| WCA     | Work Capability Assessment                                     |
| WRAG    | Work Related Activity Group (Employment and Support Allowance) |
| WTC     | Working Tax Credit   |

## EXECUTIVE SUMMARY

This report presents the findings from the first year of a study that aims to explore the impact of ongoing changes to the welfare system on a range of households in Scotland over time. This report builds on the results of both the Sweep 1 interviews, which took place from September 2013 to January 2014, and the Sweep 2 interviews, which took place from April 2014 to July 2014. The study is being carried out for the Scottish Government by the Employment Research Institute at Edinburgh Napier University and the University of Stirling.

The study is concerned with those in receipt of working age benefits, and analyses the impact of the current benefit reforms and new rules. This includes changes to: the uprating of benefits and tax credits and the introduction of a benefit cap; Housing Benefit, e.g. the 'bedroom tax' (also known as the 'removal of the spare room subsidy') and the setting of rates for Local Housing Allowance; support for job seekers, including new requirements on lone parents to seek work; and the replacement of Incapacity Benefit (IB) with Employment and Support Allowance (ESA), and of Disability Living Allowance (DLA) with Personal Independence Payments (PIP). The study also addresses participants' opinions about the move to Universal Credit (UC) including a shift to monthly payments, and the move towards making all claims through an online system. At the time of writing, some changes to welfare benefits have been implemented while others are underway. All changes, including the transition to UC<sup>1</sup>, are expected to be implemented by 2017.

The study utilises a longitudinal qualitative methodology to explore participants' perspectives on the way in which welfare reform is having an impact on them, and to follow their experiences over time. Forty-three individuals took part in Sweep 1 of the study and 35 in Sweep 2, each with different reasons for claiming benefits. Participants were recruited to the study from across Scotland, including rural and urban areas and the major cities, and had a range of demographic and other characteristics. Baseline information on participants was collected in the Sweep 1 interviews. The Sweep 2 interviews explored changes in participants' circumstances, and also looked in greater depth at participants' barriers to entering or continuing in employment.

Other factors not directly related to welfare per se, but that impact on those receiving benefits, are also considered in this analysis; such as the availability of transport, childcare and suitable employment opportunities, which are relevant to people's ability to find, and maintain, employment.

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<sup>1</sup> [www.gov.uk/universal-credit/overview](http://www.gov.uk/universal-credit/overview)



## Findings

### Moving people into work

- A key aim of welfare reform has been to move people into work: by offering more personalised and intensive support to help individuals find work; by incentivising employment by ensuring that it pays more to be in work than claiming out of work benefits; and by intensifying the requirements upon certain groups of benefit recipients, including lone parents, and those out of work due to a health condition or disability.
- The lone parent participants stated that they wanted to work, but struggled to find suitable job opportunities that could be reconciled with their caring responsibilities, or to find and pay for suitable childcare that would allow them to take up work.
- Even participants with fairly debilitating conditions expressed a desire to work, but ill health and disability presented a huge barrier to work for many participants.
- The reassessment of Incapacity Benefit recipients for Employment and Support Allowance was relatively straightforward in some cases, but a considerable struggle in others. Several participants were initially found fit for work, or placed in the Work Related Activity Group (WRAG), and subsequently appealed the decision. Most did so successfully, although it was stressful to prepare and wait for, and some found the experience traumatic. Participants felt they benefited greatly where they had received support from advocacy organisations with the process of applying and appealing DWP decisions.
- Perspectives on the helpfulness of interactions with Jobcentre Plus with regard to helping to find work were lukewarm. Some had found the experience broadly positive, but noted that staff were limited in the assistance they could offer. Others had a more unpleasant experience, finding staff unhelpful or encountering negative or hostile attitudes from them. Even those receiving support from the Work Programme did not feel that it particularly helped them to find and move into work. Participants reported that some third sector organisations provided more useful and targeted support. Jobseeker's Allowance (JSA) and ESA recipients were sometimes signposted to this by Jobcentre Plus, but others were left to find out about these services for themselves.
- Participants who had moved into work between the two sweeps felt that they were slightly better off, although they still did not necessarily find it easy to

make ends meet. Those out of work were not always sure that they would be better off in work, partly because they found it difficult to envisage what their income would be due to the complexity of the system.

- However, the participants' accounts of their barriers to employment suggest that the decision to work is not purely monetary, and work is valued for a number of reasons. Those who had moved into work, despite not necessarily being much better off, nonetheless reported a substantial increase in well-being.

### **Managing expenditure on welfare**

- As well as moving people into work, a central aim of welfare reform has been to reduce overall expenditure on the welfare budget. Participants in the study were affected by a number of measures taken to limit expenditure: changes to disability benefits such as the replacement of DLA with PIP; the restriction in uprating of certain benefits and tax credits; and the changes to housing benefit for social housing tenants known as the 'bedroom tax'.
- Participants reported a lot of uncertainty regarding the transition to PIP, and many were worried that their entitlement would be lost or reduced.
- The main issue for participants with the time-limiting of contributory ESA seemed to be the way in which the transition to income-based ESA was managed. In some cases, a lack of information and support meant that the transition was not smooth, and this created financial problems.
- Benefit freezes or restricted increases have meant falling real-term incomes; many participants found it difficult to meet basic needs, and noted that costs were rising but their incomes were not.
- The 'bedroom tax' initially created hardship for some of those affected, but most successfully obtained a DHP to mitigate the negative effect. However, in some cases this was not straightforward and took several attempts.

### **Communication from government and agencies**

- Some participants felt that the way in which the UK Government has communicated its rationale for welfare reform has unfairly represented benefit recipients as not wanting to work. Participants also noted this kind of negative portrayal of benefit recipients in the media. They acknowledged that there are some who fit this description, but argued that this is a minority and did not represent them.
- The DWP were reported to be poor at communicating changes to entitlements. Their correspondence was described as long, confusing and

sometimes conflicting with previous correspondence. This made it more difficult for participants to understand the changes that were affecting them.

### **Differential impacts**

- Access to affordable basics such as food was found to vary geographically – although it did so along lines of whether the participant had access to a large, cheap supermarket or not, rather than along strictly urban-rural lines.
- Participants' experience with Jobcentre Plus varied according to which centre they attended and which advisor they got.
- The findings suggested local variations in other support services, such as social work or mental health services. Some felt very well supported by a social worker or other support worker, while others felt adrift.

### **Policy implications**

- The findings of this study show that, according to the views of participants, stronger conditionality is unlikely to get more people into work, due to a lack of suitable work, and barriers in the areas of education, skills, employability, childcare, and health. Positive experiences by some participants suggest that there are a number of interventions, such as targeted employability services, that can help address such barriers to work.
- Current plans to extend free childcare provision are a welcome development, but do not address the gap identified by participants in provision outside of standard hours. To meet these needs, childcare provision needs to evolve to reflect the widespread expectation that workers should be available to work non-standard hours in both the public and private sectors.
- Some of the reforms have changed the way in which recipients interact with the system, requiring them to give different information, or go through new procedures, in order to access support. However, this kind of change does not necessarily cause intractable problems – the findings show that in many cases, it can be navigated with appropriate support, whether this is helping those affected to understand confusing correspondence, fill in forms, locate specialist services or provide support for a benefit tribunal. Those who are affected by welfare reform can be supported in understanding and responding to changes. This feeds into the Scottish Government mitigation work in the area of providing advice and support, through advice services, third sector organisations, social landlords and Health Boards.
- The findings suggested that frontline services (such as health, social care and social work) could play a role in supporting those affected by welfare reform to access the support available to them, but that in places their involvement

could be stronger and more joined up. For example, health services could advise patients who might be entitled to ESA or DLA that these benefits exist, and how to apply for them. This practice already exists for Child Benefit; new mothers are given an application pack in hospital, and take-up of this benefit is over 95 per cent among those eligible for it.

- The impact of welfare reform appears to vary depending on service provision at the local level. This feeds into existing mitigation work with COSLA, the Improvement Service and NHS Health Scotland about how local authorities and Health Boards can best support people. Best practice should be shared and adopted, and local authorities should be made aware of instances where their activities are creating problems for benefit recipients (such as high care costs).
- The impact on benefit recipients who fall foul of new rules – or who are affected by a mistake on the part of a benefits agency that is not their fault – can be severe. When things go wrong, it is important that there is recourse to a well-funded crisis support service that can respond quickly to financial emergencies. The Scottish Welfare Fund will be crucial in mitigating the impacts of welfare reform.
- The experiences of participants in this study raise some questions regarding whether the Work Capability Assessment (WCA) is effective at determining who is fit for work. In particular, the assessment should be revised to take better account of the impact of conditions that fluctuate over time and/or are less visible.

## **The next stage of the study**

Sweep 3, which will commence in October 2014, will further explore the longitudinal impacts of benefit changes. It will also examine the role of organisations, social networks and sources of support in mediating the impact of welfare reform.

# 1 INTRODUCTION

- Chapter 1 presents the background and research objectives of the study ‘The Impact of Welfare Reform in Scotland’.
- The structure of the report and chapters are briefly described.

## Background

- 1.1. The aim of the study is to explore the impact of on-going welfare changes on a range of households in Scotland over a three year period (2013-16). The study is being carried out for the Scottish Government by the Employment Research Institute at Edinburgh Napier University and the University of Stirling.
- 1.2. The study will help to increase understanding of the impact of the welfare changes in Scotland as they occur over time, and will assist the Scottish Government in making decisions related to those areas within its devolved responsibility.
- 1.3. The main welfare changes explored in the study can be summarised as:
  - System-wide reforms, such as the introduction of Universal Credit, the introduction of a benefit cap for households, and the replacement of elements of the Department for Work and Pensions (DWP) Social Fund with the Scottish Welfare Fund (SWF); Changes to Local Housing Allowance<sup>2</sup> (LHA) and Housing Benefit (HB), including the changes to housing benefit known as the ‘bedroom tax’ (also known as the ‘removal of the spare room subsidy’);
  - Changes to disability benefits, such as the reassessment of Incapacity Benefit recipients for Employment and Support Allowance (ESA), the time limiting of contributory ESA, and the replacement of Disability Living Allowance (DLA) with Personal Independence Payment (PIP) for working-age recipients;
  - Changes in conditionality, such as the new sanctions regime for those claiming out of work benefits, and increased obligations upon lone parents to seek work;
  - The freezing and tapering of Child Benefit, and changes to tax credits, including the freezing or removal of some tax credit elements, and an increase in the number of hours of work required to claim Working Tax Credit (WTC).

---

<sup>2</sup> A description of this, and the other benefits and tax credits referred to in this report, can be found in Appendix 2.

- 1.4. A more comprehensive overview of the welfare reforms affecting working age people in Scotland can be found in Table A1.1 in Appendix 1.
- 1.5. The implementation of welfare reform is occurring as the UK economy is emerging from a recession. It is in this context, and in the more specific local labour market context in which each participant lives, that those receiving out of work benefits are attempting to move from benefits into employment.

## Research objectives

- 1.6. The research objectives of the study are:
  - **To obtain baseline information about a sample of 30 Scottish households with direct experience of welfare changes:** The baseline stage of the study involved the selection and recruitment of an appropriate sample of households, and the collection of information from them. The sample selected was of households with common direct experience of welfare changes, but also reflecting some of their diversity with respect to characteristics such as family type, family circumstances, types of benefit received, geographic location and ethnicity.
  - **To obtain follow up evidence on the sample of households about relevant changes to their lives since the first interview:** This ongoing aspect of the study involves re-interviewing original participants about their family situation, with particular interest in any changes that have occurred, the impacts of these changes and their perception of the reasons for these changes. This information will be collected twice per year over three years.
  - **To analyse the differences between time points, and potential reasons for these differences, and the implications of the findings for understanding the impact of welfare reform and appropriate responses from the Scottish Government:** Reports will be produced for the Scottish Government bi-annually. The study will be used to inform the Scottish Government about significant or emerging problems encountered by households, to assist in them framing their response to these.
- 1.7. This report, covering Sweep 1 and Sweep 2 of the interviews, has been prepared for the Scottish Government to show continuity and change in

participants' experiences over the first year of the study. These findings open up further issues which will be explored in subsequent sweeps.

## **Structure of the Report**

- 1.8. Chapter 2 provides an overview of the current progress of welfare reform, and the number of recipients affected by changes to the different benefits and tax credits. It also reviews some of the literature on these reforms that has been published since the first interim report of this study (Lister et al., 2014).
- 1.9. Chapter 3 sets out the research methods used in the study, the selection of the interview sample, and the rationale behind the longitudinal qualitative approach used.
- 1.10. Chapter 4 presents the key themes the study has uncovered in the first year.
- 1.11. Chapter 5 presents the conclusions that have been reached in Year 1 of the study and issues for consideration in the next year.
- 1.12. A separate document contains appendices with supplementary information to the report. Appendix 1 provides an overview of the key welfare reforms and when they were, or are expected to be, implemented. Appendix 2 provides an overview of working-age benefits currently provided in the UK. Appendices 3 and 4 show the interview schedules used in Sweeps 1 and 2 respectively. Appendix 5 shows the consent form signed by all participants prior to participation at each sweep. Appendix 6 shows the information sheet about the study that was given to participants.

## 2 WELFARE REFORM AND IMPACT

- Chapter 2 presents a brief overview of the literature and data on the impact of welfare reform on working age benefit recipients in Scotland.
- Some aspects of welfare reform affect many people across Scotland; for example over 200,000 DLA recipients will be affected by the introduction of PIP.
- Other reforms are yet to have widespread effect – for example, in April 2014 there were only 300 recipients of Universal Credit.

2.1. The baseline report of this tracking study (Lister et al., 2014) discussed the background to welfare reform, and presented literature on impacts (which at this stage of the reforms were mostly predicted impacts). This chapter presents the policy situation at the time of writing this report, and relevant statistics on the number of welfare benefits recipients which illustrates how many working age people in Scotland are currently affected by the welfare reforms under consideration<sup>3</sup>. It also adds some more recent literature on the impact of these reforms than was presented in the previous report of this study.

### Benefit recipients in Scotland

2.2. Table 2.1 shows the number of working age individuals in Scotland claiming the DWP's 'key' benefits<sup>4</sup> in November 2013. Figures are also presented for May 2013, as presented in the previous report in this study (Lister et al., 2014). In total, in November 2013, 521,610 people claimed at least one of these 'key' benefits. This represents a slight decrease since May 2013, and seems to be driven predominantly by a decrease in the number of Jobseeker's Allowance (JSA) recipients (the reasons for this are discussed below), and the number of Income Support (IS) recipients, as Incapacity Benefit (IB) recipients continue to be migrated onto ESA.

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<sup>3</sup> All statistics presented are the most recent at time of writing.

<sup>4</sup> The DWP defines this subset as: Bereavement Allowance, Carer's Allowance, Disability Living Allowance, Employment and Support Allowance (from November 2008), Incapacity Benefit, Income Support, Jobseeker's Allowance and Widow's Benefit.



**Table 2.1: Number of claimants of selected 'key' benefits in Scotland, May and November 2013**

| Benefit   | Number of claimants |               |          |
|---|---------------------|---------------|----------|
|   | May 2013            | November 2013 | % change |
| Any 'key benefit'                                   | 546,490             | 521,610       | -4.6     |
| Jobseeker's Allowance                               | 130,360             | 106,800       | -18.1    |
| Employment and Support Allowance                    | 195,590             | 227,330       | 16.2     |
| - Assessment phase                                  | 47,510              | 46,480        | -2.2     |
| - Work Related Activity Group                       | 67,560              | 72,440        | 7.2      |
| - Support Group                                     | 73,410              | 102,320       | 39.4     |
| Incapacity Benefit                                  | 52,910              | 22,040        | -58.3    |
| Disability Living Allowance (working age claimants) | 205,000             | 200,310       | -2.3     |
| - Care, high rate                                   | 46,660              | 45,720        | -2.0     |
| - Care, middle rate                                 | 71,120              | 69,930        | -1.7     |
| - Care, low rate                                    | 63,400              | 61,870        | -2.4     |
| - Mobility, high rate                               | 95,850              | 93,020        | -3.0     |
| - Mobility, low rate                                | 89,260              | 88,350        | -1.0     |
| Income Support (claimants under 60)                 | 90,100              | 76,150        | -15.5    |
| - Incapacity benefit claimants                      | 32,060              | 19,410        | -39.5    |
| - Lone parents                                      | 39,770              | 38,350        | -3.6     |
| - Carers  | 14,710              | 15,180        | 3.2      |
| Carers allowance (working age claimants)            | 54,570              | 56,020        | 2.7      |
| Bereavement Allowance                               | 6,380               | 6,220         | -2.5     |
| Widow's Benefit                                     | 3,270               | 3,040         | -7.0     |

Note: numbers may not sum to total recipients, as some people claim more than one benefit.

Source: DWP Tabulation Tool, <http://tabulation-tool.dwp.gov.uk/100pc/tabtool.html>

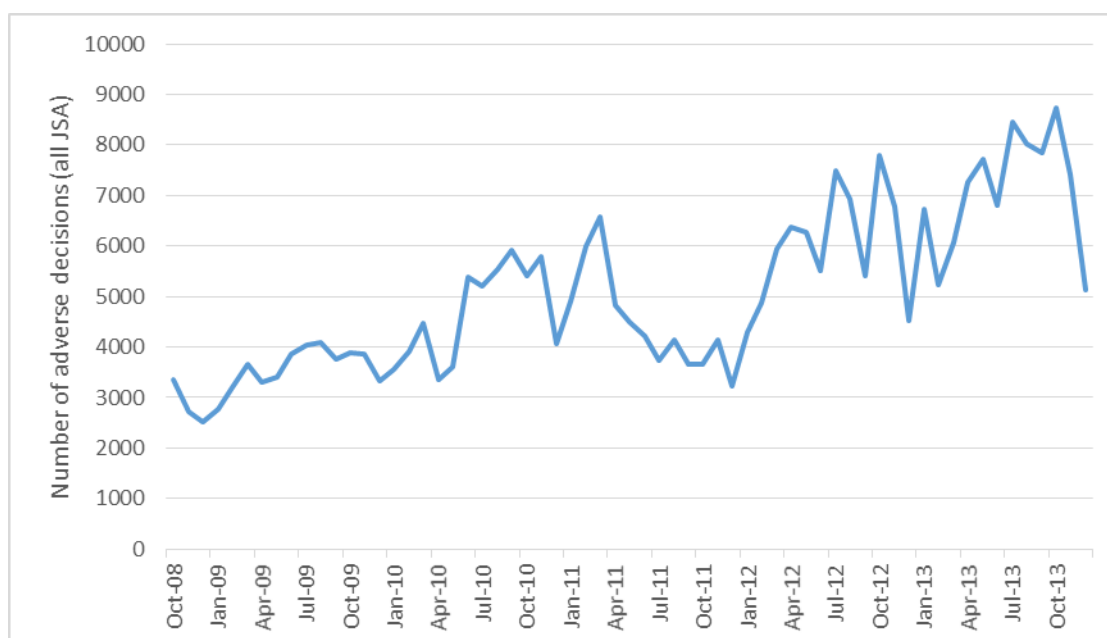
## The progress of welfare reform

2.3. The UK Government's welfare reforms revolve around two central, inter-related planks: getting people into work, and managing expenditure on the welfare system. This section will consider progress to date on the key measures introduced to achieve these aims, and how many working age people in Scotland are being affected by these measures.

## Conditionality and sanctions

2.4. The rationale for a sanctions regime for those claiming out of work benefits is that it enforces adherence to job seeking agreements – and therefore should have a positive impact on employment – as well as limiting expenditure by restricting it only to those who are meeting their agreed actions in looking for work. The current sanctions regime for JSA recipients was introduced in December 2012. The number of sanctions imposed on JSA recipients who fail to meet the requirements of claiming this benefit has seen an uneven but generally upward trend (Figure 2.1). The number of sanctions increased from 3,376 in October 2008 to a peak of 6,909 in October 2013, but fell to 4,730 in December 2013.

**Figure 2.1: Number of adverse sanction decisions applied to JSA claimants in Scotland, October 2008-December 2013**

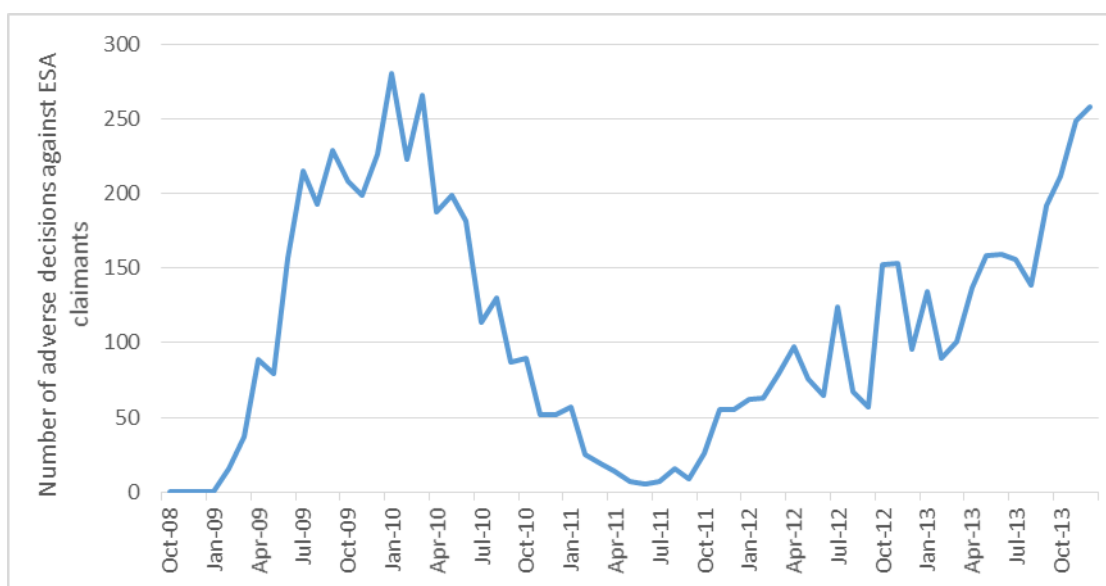


Source: StatXplore, <https://stat-xplore.dwp.gov.uk/>

2.5. An independent review of the sanctions regime for the Department for Work and Pensions concluded that there are a number of issues with the current regime that are causing unnecessary hardship for recipients (Oakley, 2014). It found that the way in which decisions and processes are communicated to recipients is not adequate, and recipients are too often not aware of why they have been sanctioned or how to appeal. Communications are too long, complex, and unclear, and recipients are left unsure why they have been sanctioned and unaware of how to appeal. Citizens Advice confirms that its clients often seek help for this reason, and report that those who receive sanctions can experience severe hardship as a result (Reid, 2014; Manchester CAB Service, 2013).

- 2.6. New ESA sanctions<sup>5</sup> were also introduced in December 2012. The number of sanctions imposed on ESA recipients has increased sharply, from a low of just 5 sanctions in May 2011 to a high of 258 in December 2013 (Figure 2.2). The current conditionality regime for ESA recipients has been in place since December 2012, and a definite increase can be seen after this point, although the numbers were already increasing prior to this.

**Figure 2.2: Number of adverse sanction decisions applied to ESA claimants in Scotland, October 2008-December 2013**



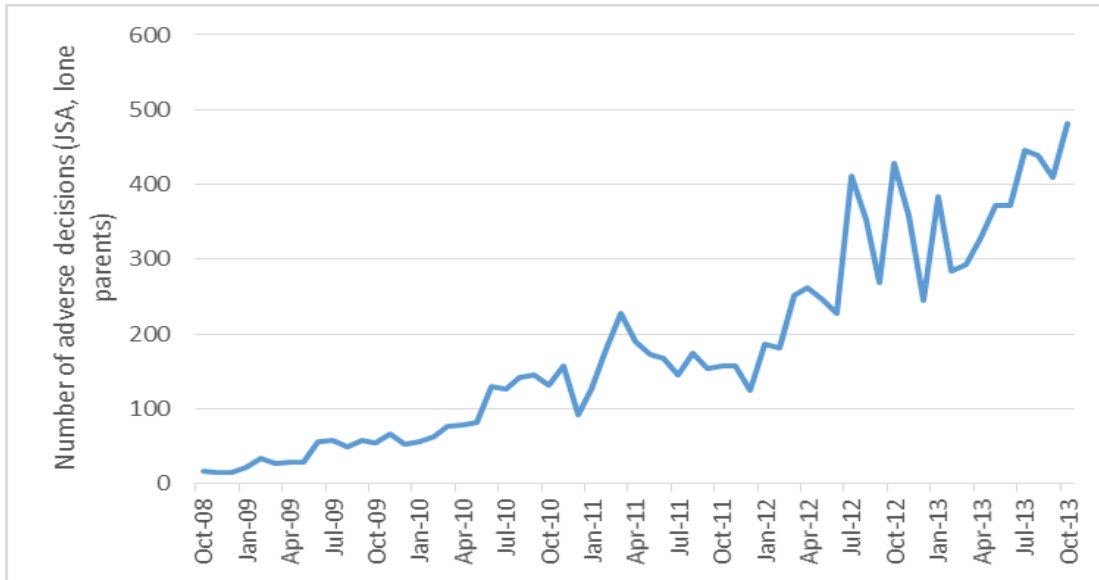
Source: StatXplore, <https://stat-xplore.dwp.gov.uk/>

- 2.7. The most recent independent review of the Work Capability Assessment (WCA) identified a need for recipients to be treated with greater dignity and respect, the need to simplify the process, and the difficulty in assessing the capacity of those with mental health issues within the current framework (Litchfield, 2013). Many of these findings reflect the experiences of the participants in our study.
- 2.8. The other notable reform in this area has been to bring forward the stage at which lone parents cease to be eligible for Income Support, which is now when their youngest child turns five. This has brought increasing numbers of lone parents in Scotland into the JSA conditionality regime; from 530 in October 2008 to a peak of 13,000 in February 2013, followed by a drop to 9,910 in November 2013. The number of sanctions imposed on lone parents

<sup>5</sup> Only those in the Work Related Activity Group are subject to sanctions; those in the Support Group are not.

(Figure 2.3) has seen a relatively steady increase over this period, from 17 in October 2008 to 481 in October 2013.

**Figure 2.3: Number of adverse sanction decisions applied to JSA lone parent claimants in Scotland, October 2008-December 2013**



Source: StatXplore, <https://stat-xplore.dwp.gov.uk/>

## Support to work

- 2.9. Since June 2011, those who have been on JSA for a year (or 9 months for those aged 18-24) have been required to attend the Work Programme. The programme provides additional personalised support for JSA recipients to find work, with the intention of moving more people into work. The exact nature of this support is up to the service provider delivering the programme (Fuentes et al., 2014).
- 2.10. The success of the Work Programme in helping recipients into work has been modest. Between June 2011 and March 2014, there were 150,250 referrals to the Work Programme in Scotland, of which 89.1 per cent were mandatory referrals.<sup>6</sup> Of these referrals, 26,740 (17.8 per cent) have resulted in what the programme defines as a 'Job Outcome', which is at least six months in employment, or three months for more disadvantaged participants.<sup>7</sup> Qualitative research on the delivery of the Work Programme has suggested that it does not always address participants' barriers to employment, and that participants are not always fully engaged in the process (Newton et al., 2012).

<sup>6</sup> Source: DWP tabulation tool, [http://tabulation-tool.dwp.gov.uk/WorkProg/wp\\_cuml\\_jo/tabtool\\_wp\\_cuml\\_jo.html](http://tabulation-tool.dwp.gov.uk/WorkProg/wp_cuml_jo/tabtool_wp_cuml_jo.html)

<sup>7</sup> Source: DWP tabulation tool, [http://tabulation-tool.dwp.gov.uk/WorkProg/wp\\_cuml\\_jo/tabtool\\_wp\\_cuml\\_jo.html](http://tabulation-tool.dwp.gov.uk/WorkProg/wp_cuml_jo/tabtool_wp_cuml_jo.html)

## Managing expenditure

### Changes to support for housing costs

- 2.11. Tenants in the private rented sector receiving LHA have seen a number of changes since April 2011. LHA rates are now based on the 30<sup>th</sup> (instead of 50<sup>th</sup>) percentile of local rents, and subject to national caps, and uprating is no longer in line with local rents, but with the Consumer Price Index, and has been further restricted to one per cent from April 2014 until April 2016 (Wilson, 2013). In February 2014 there were 98,744 recipients of LHA in Scotland.
- 2.12. The main reform affecting tenants in the social rented sector receiving Housing Benefit is the 'bedroom tax', introduced in April 2013. Those deemed to be over-occupying their property are subject to a reduction of 14 per cent of their rent for one additional bedroom, or 25 per cent for two or more. The rationale for this was to create parity with the way in which LHA is calculated for private sector tenants (who are already subject to these criteria), and to provide an economic incentive for those with additional bedrooms to downsize, thus making larger properties available for families living in smaller properties than they need (Wilson, 2014). Those affected by the reduction can apply to their local council for a Discretionary Housing Payment (DHP), which is assessed against household income. In May 2014, the UK Government agreed to transfer powers to the Scottish Government to set the cap on DHPs, although at the time of writing, this has yet to be formally approved in both parliaments.
- 2.13. In February 2014 there were 377,352 claimants in the social rented sector in receipt of Housing Benefit in Scotland, of whom 69,916 (18.5 per cent) had a reduction applied for over-occupancy.<sup>8</sup> Table 2.2 shows some characteristics of claimants affected by the bedroom tax. In the financial year 2013/14, Local Authorities in Scotland received 110,535 applications for DHPs, of which 87,362 (79 per cent) were granted, with an average award value of £335 and a total value across Scotland of £29m (Scottish Government, 2014b).

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<sup>8</sup> Source: Stat-Xplore, <https://stat-xplore.dwp.gov.uk/>

**Table 2.2: Characteristics of claimants affected by the ‘bedroom tax’ in Scotland, Feb 2014**

| Characteristic                              |                 | Claimants affected |      |
|---|-----------------|--------------------|------|
|   |                 | N                  | %    |
| Tenancy                                     | Local Authority | 40,991             | 58.6 |
|   | Social landlord | 28,923             | 41.4 |
| Number of additional bedrooms               | One             | 59,795             | 85.9 |
|   | Two or more     | 9,853              | 14.1 |
| Number of dependent children                | None            | 58,814             | 84.1 |
|   | One             | 6,027              | 8.6  |
|   | Two or more     | 5,081              | 7.3  |
| Weekly reduction in Housing Benefit payment | Up to £4.99     | 508                | 0.7  |
|   | £5 to £9.99     | 35,330             | 50.5 |
|   | £10 to £14.99   | 24,605             | 35.2 |
|   | £15 to £19.99   | 5,674              | 8.1  |
|   | £20 to £24.99   | 2,688              | 3.8  |
|   | £25 and above   | 1,116              | 1.6  |

Note: Figures may not sum to total claimants affected, due to missing data on characteristics in the database  
Source: DWP StatXplore, <https://stat-xplore.dwp.gov.uk/>

- 2.14. A review of evidence and survey of social and local authority landlords for the Joseph Rowntree Foundation found that, although arrears had increased, this was not leading to eviction in most cases. A substantial portion of the policy’s ‘savings’ seem to have been absorbed by social landlords, who are facing additional costs due to rent arrears, the management of arrears, and increased transfer requests (from those who did want to move) and turnover costs (Wilcox, 2014). In a longitudinal study of 15 housing associations, some reported that they and their tenants were managing the change reasonably well, while others reported struggling (Williams et al., 2014). A survey of 750 affected tenants and 252 who had not been affected by the change found that those who had were more likely to be concerned about rent arrears and eviction, although most did not intend to move, most commonly because they felt happy or settled where they were (National Housing Federation, 2014).
- 2.15. Housing Benefit recipients in the private and social rented sector, and those claiming Council Tax Reduction, have been affected by changes to the deductions for non-dependents. These deductions are made from the

Housing and Council Tax Benefit of a person claiming income-related benefits if there are any persons living in the household who are over the age of 18 and not a partner or lodger. The deduction rates were frozen in 2001, but have been increased between April 2011 and April 2014, to reach the level they would have been at had they not been frozen, and are now subject to rises in line with the Consumer Price Index. These changes affect those who have at least one non-dependent in the household; 7.0 per cent of LHA recipients and 11.2 per cent of Housing Benefit recipients in Scotland.<sup>9</sup>

### Transfer of the discretionary social fund to local authorities

- 2.16. Elements of the DWP's Social Fund have been replaced by local schemes, with the rationale of creating a more responsive and efficient mechanism for allocating funds to those in need. People in Scotland now have recourse to the Scottish Welfare Fund (SWF), to which they can apply for a Community Care Grant (CCG) or Crisis Grant (CG). Legislation to ensure a successful transition from interim to permanent arrangements is currently going through the Scottish Parliament (Lyall & Johnson, 2013).
- 2.17. In the first year of the interim scheme (from April 2013 until the most recent available statistics from March 2014), there were 166,582 applications to the SWF, from 104,222 households. Of these, 67 per cent of applications for CCGs and 72 per cent of applications for CGs were accepted, with an average award of £644 and £71 respectively (Scottish Government, 2014a). The largest category of recipients was those on income-based ESA (24 per cent of recipients), followed by those on income-based JSA (16 per cent) and Child Tax Credit (14 per cent).
- 2.18. Qualitative research on the operation of the interim SWF found that on the whole the scheme was perceived as working well by those using or supporting people to use it, although some areas were suggested for improvement (Sosenko et al., 2014).

### The replacement of DLA with PIP

- 2.19. Personal Independence Payment (PIP) replaced DLA for working-age new claimants from April 2013, and for those reapplying or reporting changes to their condition from October 2013; reassessment of the majority of existing recipients is not scheduled to begin until October 2015 (Kennedy, 2014).
- 2.20. The number of PIP claimants in Scotland has been slowly increasing, from 17 in June 2013 to 5,015 in February 2014, although the total still represents a

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<sup>9</sup> Source: Stat-Xplore, <https://stat-xplore.dwp.gov.uk/>

fraction of the total DLA caseload (see Table 2.1 above). Statistics on waiting times and the proportion of outcomes that are successful were still being compiled at the time of publication, but tentative estimates from the first few months suggest that the acceptance rate (for those not applying under special rules for terminally ill claimants) is around 37 per cent of applicants (Department for Work and Pensions, 2014a).

- 2.21. The Scottish Government has estimated that 66,000 fewer working-age DLA claimants will receive DLA/PIP by 2018, due to the introduction of PIP. This is forecast to lead to a total reduction in expenditure of £740 million over the period 2013/14 to 2017/18 (Scottish Government, 2014c).
- 2.22. An initial report from the National Audit Office (NAO) reported that early operational performance had been poor; by October 2013 there was a backlog of 92,000 claimants – 55 per cent of claims received up to this date – and the NAO concluded that this was because insufficient testing had been carried out to determine whether the system could handle a large volume of claims (National Audit Office, 2014). The NAO also found that the average waiting time for a claim decision was 107 days – compared with the DWP’s initial estimate of 74 days – and noted that the DWP was unable to tell claimants how long they were likely to wait, and that this could cause distress and financial difficulties for claimants (National Audit Office, 2014).

#### Benefit freezes and restrictions on uprating

- 2.23. Certain elements of the tax credits received by low income families have been frozen or uprated by less than inflation in recent years, in effect creating a fall in these entitlements in real terms. Table 2.3 shows the uprating of tax credit element for the year 2014-15, along with the number of families with children claiming these tax credits, and the number of children in these families. This table shows that apart from families with disabled children or disabled workers, households receiving tax credits have seen these rise more slowly than prices, therefore the purchasing power of the same tax credits is lower than it was the previous year. Over half a million children in Scotland live in families that receive tax credits.
- 2.24. Since January 2013, Child Benefit has been withdrawn from higher-rate taxpayers, with progressive tapering through the tax system at incomes over £50,000, until a zero entitlement is reached at incomes over £60,000 (Kennedy, 2012). The impact of this on families and Scotland has not been estimated to date. Prior to the introduction of the change, the Institute for Fiscal Studies estimated that 15 per cent of families claiming Child Benefit would be affected, although this was for the UK as a whole (Joyce, 2013). If



this has been the case in Scotland, this change would have affected around 93,000 families (HMRC, 2013).

**Table 2.3: Percentage uprating of tax credits in 2014-15, and number of claimant families in Scotland**

| Tax credit                                | Uprating 2013-14 to 2014-15 (%) | Number of claimants – families (2012) | Number of children in claimant families (2012) |
|---|---------------------------------|---------------------------------------|--|
| <b>All Child and Working Tax Credits</b>  |                                 | 367,000                               | 549,800  |
| <b>Child Tax Credit</b>                   |                                 | 315,800                               | 549,800  |
| Family element                            | +0.0                            |                                       |  |
| Child element                             | +1.1                            |                                       |  |
| Disabled child element                    | +2.8                            |                                       |  |
| Severely disabled child element           | +2.9                            |                                       |  |
| <b>Working Tax Credit</b>                 |                                 | 193,600                               | 231,700  |
| Basic element                             | +1.0                            |                                       |  |
| Couple and lone parent element            | +1.0                            |                                       |  |
| 30 hour element                           | +1.3                            |                                       |  |
| Disabled worker element                   | +2.8                            |                                       |  |
| Severely disabled worker element          | +2.9                            |                                       |  |
| <b>Childcare element</b>                  |                                 | 32,800                                | N/A  |
| - eligible costs for one child            | +0.0                            |                                       |  |
| - eligible costs for two or more children | +0.0                            |                                       |  |
| <b>Inflation</b>                          |                                 |                                       |  |
| RPI                                       | +3.2%                           |                                       |  |
| CPI                                       | +2.7%                           |                                       |  |
| Earnings                                  | +1.2%                           |                                       |  |

Note: Figures are not available for claimants of individual tax credit elements. 2012 is most recent data available for this particular breakdown of figures (geographical and tax credit type).

Source: HMRC (2013).

## Universal Credit

2.25. The national roll-out of UC, due to begin in October 2013, has now been delayed until 2016 (House of Commons Work and Pensions Committee,

2014). The scheme currently operates in ten 'pathfinder' areas including Inverness, and between April 2013 and 30<sup>th</sup> April 2014, 6,960 claimants across the UK started to claim UC (Department for Work and Pensions, 2014b). In April 2014 there were 5,880 claimants, of whom only 330 live in Scotland.<sup>10</sup>

## Estimating the overall impact of welfare reform

2.26. To summarise the figures presented above,<sup>11</sup> the number of working age recipients in Scotland subject to welfare reform are as follows:

- **106,800** claiming JSA, of whom **4,730** received a sanction in the month of December 2013
- **227,330** claiming ESA, of whom **258** received a sanction in the month of December 2013
- **200,310** claiming DLA and **5,015** claiming PIP
- **98,744** recipients of LHA, of whom **6,884** have at least one non-dependent in the household
- **377,352** recipients of Housing Benefit, of whom **69,916** have a reduction applied for having a 'spare room' and **42,701** have at least one non-dependent in the household
- **330** recipients of Universal Credit
- **93,000** higher-rate taxpayer recipients of Child Benefit
- **367,000** families in receipt of tax credits

2.27. These figures provide a rough guide to the extent to which different reforms are currently affecting the working age population in Scotland as a whole. Issues such as the household benefits cap and the introduction of UC affect relatively few, and even the transition to PIP is yet to have a widespread impact, while issues such as the ESA assessment process, changes to tax credits, and JSA sanctions affect a substantial proportion of claimants.

2.28. An update to the previous analysis of the impact of welfare reform conducted for the Scottish Parliament (Beatty & Fothergill, 2013) was presented to the Parliament in June 2014 (Beatty & Fothergill, 2014). These revised figures estimated the total impact in Scotland of all the reforms once they have come into effect, at a loss of £1.6 billion per year; very close to the previous estimate, but around £60 million less. This translates to £460 per adult of working age per year, £20 less than the previous estimate. The figures have

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<sup>10</sup> Source: DWP Stat-Xplore, <https://stat-xplore.dwp.gov.uk/>

<sup>11</sup> Note that these figures refer to the most recent data available, which varies from November 2013 to March 2014 depending on the benefit.

been revised down slightly due to the mitigation of the 'bedroom tax', and smaller than expected numbers being affected by the household benefit cap. The magnitude of the impact of other reforms, such as changes to incapacity benefits, changes to tax credits, and the move to one per cent uprating, remain the same.

- 2.29. The Scottish Government is required, under the Welfare Reform (Further Provisions) (Scotland) Act 2012, to produce an annual report on the impacts of the Welfare Reform Act on the people of Scotland. The most recent report, published in June 2014, suggests that the strongest impacts will be felt with the greatest reductions in 2014/15 and 2015/16, and when UC and PIP are rolled out more widely. The cumulative impact of all changes is predicted to be a £6 billion reduction in welfare expenditure in Scotland over the years 2010/11 to 2015/16, almost exclusively affecting those of working age.
- 2.30. The interim findings of this study (Lister et al., 2014) are echoed in the findings of other similar studies (Real Life Reform, 2013; Advice Leeds, 2014; Power et al., 2014). These researchers found, as we did, that respondents were: struggling on the low income provided by benefits; cutting back on basics such as food and heating; feeling the impact of the additional pressure on income from sanctions and the 'bedroom tax'; and experiencing high levels of stress and anxiety.

### 3 METHODOLOGY

- The study utilises a qualitative longitudinal approach in order to best track participants' experiences over time, as the welfare changes are introduced.
- All participants interviewed are currently in receipt of working age welfare benefits, and were selected using a purposive sampling strategy which was designed to reach those in receipt of benefits from across Scotland, and cover a diverse set of household circumstances.
- In-depth, semi-structured interviews were carried out with 43 participants in Sweep 1 and 35 participants in Sweep 2.
- The data was transcribed and analysed using the qualitative analysis computer software NVivo.

- 3.1. The study takes a qualitative longitudinal approach, which involves interviewing participants six times over three years to 2016, with the first two sweeps of interviews being started in September 2013 and April 2014.
- 3.2. Longitudinal qualitative research is particularly useful for exploring the impacts of welfare reform. By returning to participants, we are able to give them the opportunity to reflect on any changes in circumstances that might have occurred since their last interview. It also allows the researcher to tailor individual interviews in order to find out more about specific sets of circumstances (Farrall, 1996). This is especially useful when interviewing people who are in receipt of benefits for a number of different reasons such as disability or ill health, and/or because they are a jobseeker and/or lone parent.
- 3.3. The longitudinal nature of the study can also capture the experiences of participants at different stages of welfare reform as it is rolled out, and to identify other changes, including those in their labour market status and how these have affected them. Examining change over time can also help to distinguish between long- and short-term impacts, as the effect of a change or event may vary over time.

#### **Typical profile of participants**

- 3.4. Participants had a variety of different reasons for claiming benefits. Although the exact combination and amount received varied according to each household's individual circumstances, there are nonetheless a number of typical benefit combinations, and most participants fell into one of these categories.

- Those unable to work due to a health condition or disability. Most claiming DLA; some claiming ESA, and also receiving HB and CTR; others reliant on income from other household members and/or occupational pensions. The sample also included participants who had a health condition or disability but were in work, or claiming JSA.
- Lone parents. Those whose youngest child was under five years old typically claiming IS, HB and CTR, plus CB and CTC for their child(ren). Those whose youngest child had turned five years old, who were not in work, were typically in receipt of JSA as their wage replacement benefit, alongside HB and CTR, and CB and CTC for their children. Those in work in receipt of WTC, CTC, and HB and CTR depending on income.
- Single people and couples (with or without children) looking for work and claiming JSA, either contribution or income-based depending on their working history and the income of any partner present in the household. Some JSA recipients also entitled to HB and CTR.
- Full-time carers in receipt of Carer's Allowance (CA), which was deducted from any other income-related support received, such as IS, HB and CTR. The household income may also include DLA for the person they care for.

## Selecting and recruiting the sample

- 3.5. A purposive sampling strategy was used. The main criterion for inclusion in the sample was that the participant was of working age, and in receipt of at least one of the benefits subject to reform, such as JSA, ESA, DLA, IS, HB, LHA, WTC or CTC.
- 3.6. Within this, there is considerable scope for variation; for example, households affected by these changes may or may not have children, could be couple or single adult households, and be in or out of work. A sample framework of minimum estimated participant numbers for a range of different household characteristics guided recruitment. Data from the Labour Force Survey (Q1 2013) about the percentage of people in Scotland on JSA, ESA, IS and DLA provided guidance in the drafting of the sample framework. The sampling also sought to represent spatial (e.g. rural–urban) factors that could potentially affect the outcomes of interest (see Table 3.1 for details of the sample characteristics, both the target sample size and the actual sample size).

However, it should be acknowledged that this sample is not meant to be representative. This means that there are limitations in the conclusions that this study can provide in terms of the experiences of some groups of participants (e.g. lone parents, those living in rural areas). However, the study provides valuable insights into the experiences of those in receipt of benefits and highlights some of the issues faced by specific groups which could be followed up in more depth in other research.

- 3.7. Recruitment of participants primarily took place through gatekeeper organisations (i.e. approaching third sector and public agencies who deal with the relevant groups); additional recruitment also took place through snowball sampling (where participants recommended potential participants for a study). This strategy was used as it not only made it easier to recruit suitable participants, but also to keep in touch with them for the follow up interviews.
- 3.8. After this initial recruitment the sample was re-contacted prior to the Sweep 2 of fieldwork which began in April 2014. Maintaining the interest of the sample has been treated as an on-going process, rather than a one-off event. To help minimise sample attrition there was on-going contact, via the distribution of a newsletter to let participants and gatekeepers know about the publication of study reports. In order to reduce the risk of participants refusing to take part in subsequent interviews, the same researcher has been used where possible to conduct follow up interviews in order to provide consistency for participants.
- 3.9. There were 43 participants in Sweep 1 and 35 participants in Sweep 2. The target sample size at the end of the study is 30 households. However, the initial sample needed to be larger than this to allow for some attrition across the three years, as participants may be unwilling or unable to participate in future sweeps, or the research team may lose contact with them. Of the 43 participants interviewed in Sweep 1, eight did not participate in Sweep 2. Of these eight: two were not followed up because they did not meet the sample inclusion criteria; two were unable to participate in Sweep 2 but it is hoped that they will return for subsequent sweeps; and the remaining four could not be contacted.

**Table 3.1: Overview of sample characteristics**

| Household characteristic  | Requirements for diverse sample                       | Target Minimum Sample Framework for Sweep 1 | Actual Sample Sweep 1 | Actual Sample Sweep 2 |
|---------------------------|---|---|-----------------------|-----------------------|
| Children                  | with dependent children under the age of five years   | 3   | 5                     | 2                     |
|                           | with dependent children over the age of five years    | 3   | 16                    | 13                    |
|                           | with two or fewer dependent children                  | 4   | 16                    | 11                    |
|                           | with more than two dependent children                 | 2   | 3                     | 3                     |
|                           | without dependent children                            | 15  | 24                    | 21                    |
|                           | lone parent households                                | 5   | 10                    | 7                     |
|                           | where both parents/carers present                     | 6   | 9                     | 7                     |
| Employment                | where members are employed full-time                  | 2   | 2                     | 3                     |
|                           | where members are employed part-time                  | 4   | 2                     | 4                     |
|                           | where some members are employed and others unemployed | 4   | 6                     | 6                     |
|                           | where all adults are unemployed                       | 4   | 33                    | 22                    |
| Protected characteristics | households with disabled adults                       | 10  | 27                    | 24                    |
|                           | households with disabled children                     | 2   | 3                     | 2                     |
|                           | household with both men and women                     | 10  | 19                    | 16                    |
|                           | households with working age adults of different ages  | 10  | 19                    | 16                    |
|                           | households with ethnic minority adults                | 2   | 1                     | 1                     |
| Location                  | rural areas   | 6-8   | 6                     | 6                     |
|                           | urban areas (but not cities)                          | 15-16                                       | 18                    | 15                    |
|                           | cities  | 16  | 19                    | 14                    |
| Gender                    | Male  |   | 17                    | 15                    |
|                           | Female  |   | 26                    | 20                    |
| <b>Total sample</b>       |   |   | 43                    | 35                    |

Note: Overlapping categories mean that totals within categories may not sum to total sample.

## Data collection

- 3.10. In both Sweeps 1 and 2, in-depth, semi-structured interviews were carried out with participants. Interviews in Sweep 1 were longer (between 30 and 90 minutes) than those in Sweep 2 (between 25 and 45 minutes), as they were used to gather baseline information. In Sweep 2, the questions centred on the changes since the last interview and, with the background information collected in Sweep 1, could be more tailored to participants' circumstances, focussing on the areas most relevant to them.
- 3.11. In-depth interviews were chosen as they are particularly suited to gathering data on individuals' personal histories, perspectives, and experiences. The interviews are semi-structured, with a brief topic guide that gives a clear idea of the issues that should be covered, but with most questions focusing on open responses and the opportunity for the participant to raise other issues. This method allows participants to give rich, personal and in-depth accounts of their experiences, and also allowed the researchers to build a rapport with participants (this was especially important in helping to minimise sample attrition between sweeps). Interviews were conducted in a private setting in which participants felt comfortable, such as in their own home, or in a more neutral setting such as an advocacy organisation's offices or a café.
- 3.12. Participants were given an information sheet before participating in the study in Sweep 1 (see Appendix 6). Interviewers re-outlined this information prior to the Sweep 2 interviews and answered any questions that the participant had. Full consent was obtained before proceeding with both the Sweep 1 and 2 interviews (see Appendix 5 for the consent form). Interviews were audio recorded where permission was given, and partially transcribed (i.e. relevant content from interviews, such as the households' accounts of their experiences, but not incidental conversation or 'warm up' questions).
- 3.13. The content of the baseline interview covered a number of areas (see Appendix 3 for the interview schedule):
- Financial information – level and sources of current income (including some cross-checking against expected entitlements), household costs and expenditure, budgeting and debt;
  - Current employment and training/education;
  - Sources of support – the use of services and formal support (and any barriers to accessing these), and informal support networks including family and friends;



- Household members' self-reported physical, mental and emotional health, and any use of healthcare services;
  - Challenges people are currently facing, how they are coping and what is helping or hindering them;
  - Other areas for discussion on welfare changes identified by participants, including participants' perspectives on welfare changes as a whole; and
  - Retrospective evidence on income sources and employment over the previous two years.
- 3.14. Sweep 2 interviews sought to establish any changes to the participant's financial or employment situation, or their wellbeing. It also contained a set of questions asking for more in-depth details of their labour market experiences than covered previously (see Appendix 4 for the interview schedule), such as:
- Had the participant been involved in any training or education, or achieved any new qualifications, since the last interview?
  - Was the participant currently employed, and was this a new job since the previous interview?
  - For those who were currently employed: had there been any changes in their job since the previous interview; had the participant been offered any job related training opportunities; and had the participant been offered any promotions or looked for other job opportunities?
  - For those who were currently employed, did they face any constraints that affected their ability to keep working?
  - For those who were currently unemployed, were they seeking work and how confident were they that they would be able to find work? Did these participants face any constraints moving into work?
  - Did those who were currently unemployed think that they would be better off if they were working?
- 3.15. No payment for time provided by participants was given. However, participants were given a voucher to compensate for travel, and any other expenses (including childcare), at a rate of £10 per household per meeting.

## **Analysis**

- 3.16. The content of the interviews was analysed (including using qualitative analysis computer software NVivo)<sup>12</sup> for important and/or recurring themes.
- 3.17. Although the sample in this research is small and qualitative, and generalisations that can be made from the findings are limited, it is still useful to observe whether patterns emerge in participants' experiences, not least to suggest avenues for future, larger scale research. However, this study also seeks to preserve narratives rather than reduce them to constituent parts, in order to understand people's individual experiences and the impact that policies will have on them.
- 3.18. This study also allows for the identification of key features of a participant's life as measured by established instruments (such as those used in national surveys to classify their type of accommodation or to measure of wellbeing), and to link these elements together, and situate the participant in their own unique context.

## **Research Ethics**

- 3.19. This study received research ethics approval from Edinburgh Napier Business School's Research Integrity Committee.

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<sup>12</sup> [www.qsrinternational.com/products\\_nvivo.aspx](http://www.qsrinternational.com/products_nvivo.aspx)

## 4 RESULTS

- Chapter 4 briefly presents the findings from the first year of the study.
- Participants with a health condition or a disability, and those who were lone parents, reported that they wanted to be in work, but faced considerable barriers to doing so, which were unlikely to be addressed by increasing conditionality.
- Those expected to seek work did not feel that they received sufficient support from their Jobcentre Plus or Work Programme advisors. Some have been helped by external organisations, but these services are not always signposted by Jobcentre Plus.
- DLA recipients had not yet been reassessed for PIP, but reported some concern about whether they would continue to be eligible for support under the new system.
- Participants noted the rising costs of essential items such as food and utilities, which added further pressure to already stretched household budgets.
- The bedroom tax had caused problems for some participants, but this has been effectively mitigated through DHPs in most cases.
- There was a lack of clarity regarding the way in which changes to benefits have been communicated to recipients, and this has created a great deal of confusion, anxiety, and in some cases financial difficulties.

- 4.1. This chapter presents the findings of the study as they relate to the key aims of welfare reform. It focuses on two major elements of welfare reform: getting people into work, and managing expenditure on welfare. There are also cross cutting themes presented in the chapter: the communication of the rationale and detail of the reforms by the UK Government and relevant agencies such as the DWP; and the differential impacts of the reforms on different groups and/or individuals in receipt of welfare benefits.

### **Getting people into work**

- 4.2. A central aim of the UK Government's welfare reforms is to get more people into work, and a number of measures have been introduced as a result. These include more personalised and intensive support to help individuals find work (especially the long-term unemployed), and adjustments to the benefits system that are designed to incentivise employment by ensuring that it pays more to be in work than claiming out of work benefits. New conditionality rules have also intensified the requirements upon certain

recipients of out of work benefits, including lone parents, and those out of work due to a health condition or disability.<sup>13</sup>

### **Tightening conditionality for lone parents**

- 4.3. Of the lone parents in this study who were not in employment, most claimed JSA as their income replacement benefit, and were therefore obliged to seek and be available for work as a condition of claiming this benefit. Lone parents are entitled to some flexibility with these conditions, such as the ability to restrict their search to part-time or term-time positions.<sup>14</sup> However, the lone parents in this study did not feel that there were many job opportunities that fitted such criteria:

“.....there are limited hours when I can work, I can't work evenings and weekends. And it is £25 a day for [out of school] childcare for both boys. There are not many jobs I can do around school hours.” Female, 32, lone parent, unemployed (Sweep 2).

“I search for [retail] jobs and they're all full-time positions. I can't do a full-time position because of the children, I can only work from 10 till 2, so even part-time I can only do it four days a week, it's practically impossible for me to get a job.” Male, 59, lone parent, unemployed (Sweep 2).

- 4.4. The interim report of this study (Lister et al., 2014) established that, in general, lone parents felt that their interactions with the Jobcentre were not particularly helpful, and created a punitive atmosphere that was not conducive to making them feel positive or confident about returning to work. Participants perceived that Jobcentre Plus advisors had little understanding of the difficulties of adhering to the JSA regime for those with childcare responsibilities.<sup>15</sup> For example, one female participant found it difficult attending appointments with her Jobcentre Plus advisor as she could not bring her children along with her:

“[I've tried] to get them to allow me to take my kids in, I've said to them this is the only way I can get to appointments, and they've said they will help me make up a CV and things but I'm not allowed to bring the kids in.” Female, 24, lone parent, unemployed (Sweep 1).

- 4.5. The perceived attitude of Jobcentre staff led to the lone parents feeling unfairly characterised as lazy, when in fact they wanted to be in work, so that

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<sup>13</sup> Although the sanctions regime would also come into this category, none of the participants in this study had received a sanction, therefore it is not possible to discuss the impact of sanctions.

<sup>14</sup> See for details:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/230961/Jobseekers\\_Allowance\\_for\\_lone\\_parents.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/230961/Jobseekers_Allowance_for_lone_parents.pdf) (Accessed 28 September 2014)

<sup>15</sup> Lone parents claiming Income Support attend Work-Focused Interviews at the Jobcentre with dedicated lone parent advisors, but those claiming JSA do not receive this specialised support.

they could be positive role models for their children, and because being in work increased their self-esteem:

“I have always worked, and I all I want to do is to be able to take care of my daughter and be a role model for her.” Female, 45, lone parent, unemployed (Sweep 1).

“The first thing people do...when you meet somebody, ‘what do you do?’ – and it’s not enough to say you’re a mother. I’ve never been about money, it’s always been about status – whatever your job is...you feel good about yourself... [when I was in work] I did have a status, I felt amazing. It’s degrading, I hate people asking me ‘what do you do?’” Female, 40, lone parent, unemployed (Sweep 1).

- 4.6. However, there was also a feeling amongst the lone parent participants that the rules they were subject to should take into account the traumatic events (such as domestic violence, substance abuse or ill health) that can precipitate, and continue into, lone parenthood, and the impact of these on the children. Some wanted to work, but felt that that being in work may not be the best thing for a family still in recovery:

“My youngest daughter is five but I am not emotionally ready to go back to work, I am not mentally fit to go back to work... it’s only now that we have got a full week of [younger daughter] going to school because she couldn’t cope with it, with me on courses and not always being there. Even my mum picking her up unsettled her. She wasn’t ready for me to not be there... Being a mother is the most important job and it’s really important for children to give them stability. The school was concerned about her not settling and she wouldn’t sleep at night, and I am expected to job search then. I think how am I going to hold down a job?” Female, 43, lone parent, unemployed (Sweep 1).

“[I can’t get a job] unless I put the children into some kind of after school club or childcare, and I’ve told them I’m not prepared to do that because they’ve been through enough. They’re only six and five, and this is the fourth house we’ve lived in.” Male, 59, lone parent, unemployed (Sweep 2).

- 4.7. Three of the lone parents in the study had moved into work between the two sweeps of data collection; two moved into part-time positions and one into a full-time (30 hour) position. All three had previously been claiming JSA, and expressed considerable relief at no longer being subject to the JSA regime, which had been a source of stress when they were unemployed:

“It’s just such a relief [to be off JSA], a huge, huge relief, that you don’t need to fill in a diary, you don’t need to explain yourself, you don’t need to explain your whereabouts, what you’re doing for job searching. Having a child’s quite full on as well, and having to do everything at night time, then worrying that you’ve not done enough, not sleeping the night before because you’re

thinking about sanctions, just being on edge about it all the time. So that's the biggest relief, that it's gone." Female, 31, lone parent, employed (Sweep 2).

- 4.8. Those who had moved into work had found that the impact on household finances was modest (see section below on making work pay), but reported a huge improvement in well-being:

"My self-esteem has just soared. I never thought I could feel this good." Female, 45, lone parent, employed (Sweep 2).

"I was really depressed and down about things a few months back, but now I've got so much going on, a busier head, just thinking about new things... I'm in a wee happy bubble at the moment!" Female, 31, lone parent, employed (Sweep 2).

- 4.9. All of the lone parents in employment relied on some form of childcare; either formal childcare, informal care from relatives or friends, or a mixture. The issue of childcare was particularly pertinent during school holidays, when more childcare is required. These arrangements often relied on intense organisation and co-operation between family members:

"I juggled [during the Easter holidays]. My mum and dad had her, my sister had her, nan and papa, one of her school friends as well." Female, 40, lone parent, employed (Sweep 2).

- 4.10. It was not just lone parents who reported difficulties in finding suitable childcare. One participant, who had no recourse to informal support, found it difficult to make suitable arrangements if she or her husband were required to work outside standard hours:

"Holidays are a nightmare, and bank holidays are worse because everything's shut, and [employer is] not... Basically if I'm at work and she's not at school, [husband] has to be off work, and vice versa. So we very seldom have the three of us together as a family. Trying to find childcare on standard nine to five days off is just about impossible, nobody did Christmas week last year, and [husband] had to close [small business]." Female, 37, married with one child in the household, employed (Sweep 2).

### **Moving those with a health condition or disability into work**

- 4.11. One objective of welfare reform has been to improve the way that people are assessed for disability benefits<sup>16</sup>, so that this assessment is better at distinguishing between people who cannot work due to a health condition or

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<sup>16</sup> After an initial 13 week period of claiming ESA, claimants are required to attend a WCA, which assesses the impact of the claimant's condition on their ability to work. The results of this assessment are passed to the DWP to determine eligibility for ESA.

disability, and those that can work (or might be able to at some point in the future). This latter group can then be kept closer to the labour market and given more support to move into employment.

- 4.12. The interim report of this study suggested that the WCA for ESA placed a considerable strain on participants. There was a general feeling among participants that the process was neither dignified nor fair, and that the criteria used in the assessment failed to truly encapsulate a person's ability to work, particularly for those with fluctuating or 'invisible' conditions. The process itself, and the time spent waiting for assessments, judgements and tribunals, was also considered very stressful.
- 4.13. The reassessment of IB recipients for ESA was a relatively straightforward process in some cases, but more of a struggle in others. Several of the study participants were placed in the Work Related Activity Group (WRAG), despite what they perceived as their clear unfitness for work. Some participants were puzzled by the positive prognosis of the WCA, which was at odds with the views of their own health care professionals:

"Atos assessed me in absentia because I couldn't get to their office and they decided I should be working in 18 months. They used GP reports, but I wasn't there, I wasn't fit enough to get there. I have thirty years of psychiatric reports. But Atos said there has been some psychiatric improvement in the past and so they decided I could work in 18 months." Male, 42, mental health condition (Sweep 1).

"I went to Atos [because I had a long-term nervous system condition] and got an orthopaedic examination... They said I would get better in a year." Female, 61, nervous system condition (Sweep 1).

- 4.14. One participant was placed in the WRAG by the DWP decision maker, despite the conclusion of the WCA that he was unlikely to be able to work:

"I looked at my medical report...from Atos and I was quite shocked because she had stated 'work unlikely' and 'improvement unlikely'. So the nurse had said to the decision maker that I'm not fit for work, but the decision maker is saying no we'll put him into the WRAG." Male, 43, sight disorder (Sweep 1).

- 4.15. One participant with a mental health condition was initially awarded no points after a distressing WCA that she did not feel adequately took on board the impact that her condition has on her:

"For the medical for the ESA they should offer support to go with you because going alone is really quite horrible and some of them have no sympathy and they look down on you...I thought it was an invasion of

privacy. And you can't see panic attacks." Female, 24, mental health condition (Sweep 1).

- 4.16. This idea of the WCA failing to account for the impact of 'hidden' conditions arose in other participants' accounts of their experiences:

"[I lost my entitlement] because I have mental health illness. It's not recognised. [Mental health condition] doesn't come under their points schedule. No matter how much you say I might be fine, I might be articulate but you don't see me in the house. You get your year, they review you and that is that unless you are in [psychiatric unit]." Male, 38, mental health condition (Sweep 1).

"I think [not being placed in Support Group] has got a lot to do with the invisibility of the condition." Female, 60, nervous system condition (Sweep 2).

- 4.17. Several of those who had initially been declared fit for work, or placed in the ESA WRAG, subsequently appealed these decisions, and in the majority of cases this was successful. In some cases the process was relatively straightforward:

"[I appealed] and to be fair the DWP were absolutely great and out of the blue they said they had reconsidered it and I was in the Support Group and that I wasn't to be bothered for another two years." Male, 42, mental health condition (Sweep 1).

"The doctor just asked me three questions about my eyesight and then he just looked at the judge as if to say 'he shouldn't be here' and the judge was really nice, he calmed me down a wee bit. He said if there is anything you can't understand we'll help you understand it. That took three minutes and I was out the door again. And then it took two minutes and my representative went back in [to get the verdict]... and he looked at me and started laughing and said 'You've won! You're in the Support Group'." Male, 43, sight disorder (Sweep 1).

- 4.18. However, even those who had found the appeal itself relatively straightforward noted the stress created by the initial decision, and the time spent waiting to see whether it would be overturned. Some participants found the appeal experience more daunting. One participant was asked to describe her symptoms, some of which she found extremely embarrassing to talk about, in great detail, but the judge ruled that she was lying about them, and her appeal was unsuccessful. Another participant had a successful outcome, but found the process to be a traumatic experience:

"It was a nightmare, a total nightmare... going to [appeal venue], sitting in front of two people, feeling that low. Luckily I had someone from welfare rights with me... it was like being back at school, two people bombard you



with question after question... it lasted about 40 minutes, [the decision took] about five minutes... and I passed it, I don't know how." Male, 49, mental health condition (Sweep 2).

- 4.19. Many participants who have been through this process expressed anger at the DWP's approach to assessing and awarding ESA; they felt disbelieved, under attack, and that it had put them through unnecessary stress. And those who had a negative experience were apprehensive about having to repeat the experience when they are reassessed:

"People should not have to be constantly reassessed if your condition is not going to improve... People should not be constantly put through this cycle. It's more taxpayer's money. When you are in the support group you get three years... I think it should be seven or eight years. But the way they do it is brutal, as if they don't believe you." Male, 43, sight disorder (Sweep 2).

"I don't want to think about going through that process again." Male, 49, mental health condition (Sweep 2).

- 4.20. There was little evidence that those with a health condition or disability needed reforms to the system to encourage them into work. Participants were in general very frustrated about not being able to work, but felt that it simply was not possible. As one participant said:

"I still feel that work would be doable, and I'd want to do it, but it'd have to be really flexible... Sometimes I just think, stuff it, come off all these benefits and don't fight anymore and just try and get a job, almost going into it out of sheer pig-headedness. But I know I'd probably end up quite ill if I did that... But I don't like it, and I don't like the way people treat me." Female, 26, nervous system condition (Sweep 2).

- 4.21. Similar sentiments were expressed by participants who were not disabled themselves, but were carers for disabled children:

"You are judged by other people, they think 'oh well we are working to take care of you lot'. Some people would say you are parents to these kids so you should look after them anyway. But we would love to work. We were doing alright when we were younger and we were both working but I had no other option [but to give up work]." Female, 39, full-time carer (Sweep 2).

- 4.22. However, despite wanting to work, most saw their health condition or disability as the main, and in some cases only, barrier to employment. They did not see themselves as a suitable target for being encouraged into employment, because of the constraints that their condition placed upon their ability to work. The nature of these constraints depended on the particular condition or disability. For some, pain and fatigue (as a result of the condition itself, or due

to the condition causing a lack of sleep) interfered with the ability to carry out tasks:

“I couldn’t cope with work now. My sleep pattern is difficult, I just don’t sleep well. I’m still up during the night just to go to the toilet I mean I’m not in a situation where I feel I am capable of going back to work.” Male, 60, nervous system disorder (Sweep 2).

“Pain and fatigue [are the main barriers]...I have to have a nap when [daughter] is at nursery.” Female, 34, musculoskeletal disorder (Sweep 2).

- 4.23. Some conditions necessitated frequent and/or urgent visits to the toilet, and needing to be near a toilet at all times. Although the Equality Act (2010) would forbid discrimination against an employee who had issues with incontinence, and an employer would be required to make reasonable adjustments to the workplace for this,<sup>17</sup> not all occupations could be suitably adjusted. One participant felt that this would pose a significant barrier to her employment opportunities:

“I think part of what my illness does to me causes problems, there’s toileting problems, and there’s times when I have to go to the toilet. If I’m sitting on a till, and I have to go to the toilet, I have to go instantly, I can’t hang on five minutes.” Female, 52, nervous system disorder (Sweep 2).

- 4.24. Issues with sight or mobility can make it impossible to get around, and to use standard equipment, and even adapted equipment is not suitable for all sight conditions. One participant who was able to manage in her own home with the help of adapted equipment and a guide dog expressed concern that the DWP would expect her to be able to do these tasks in the context of employment:

“I am worried that they might think because I can cook in my kitchen I could also cook in a hotel. But I have scales that talk in my kitchen, it is within my own limitations.” Female, 58, sight disorder (Sweep 2).

- 4.25. Even for those who might be capable of work on a ‘good’ day, they felt that the fluctuating nature of their condition made it impossible to be a reliable employee:

“It’s really quite difficult, because you’re expected to be there certain days, on a regular basis, and I can’t guarantee how I am from day to day. I can have good spells, for a good few weeks, when there’s nothing wrong at all,

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<sup>17</sup> The Equality Act (2010) and guidance explicitly considers difficulty carrying out activities associated with toileting, or caused by frequent minor incontinence, when defining a person covered by the Act and hence employer responsibilities.

and then I'm hellish again. It drives me nuts!" Female, 52, nervous system disorder (Sweep 2).

### **More support to move into work**

- 4.26. Overall, study participants who were on JSA or in the ESA WRAG reported that they did not find their interactions with Jobcentre Plus particularly helpful in finding work. None of those who had moved into work between the two sweeps of data collection cited these interactions as being helpful in getting them into work. The role of the Jobcentre Plus advisor was perceived as limited:

"When I was unemployed I went to [the Jobcentre]...the girl that looked after me was lovely, and there was another chap, they were both really nice, quite understanding, but at the end of the day there's only so much they can do." Female, 45, lone parent (Sweep 2)

- 4.27. Those with a health condition or disability felt that Jobcentre staff lacked knowledge about what these conditions or disabilities were, and how they might impact a person's life and ability to work. As a result, participants felt that the staff did not know how to help them, and saw them primarily in terms of their disability:

"They didn't ask me what jobs I would want to do, they didn't ask me what my skills were, they didn't even ask me what I had done at uni. All they focused on was my disability and how it affected me." Female, 26, nervous system condition (Sweep 1).

- 4.28. A visually impaired participant struggled to explain the impact of his condition to Jobcentre staff:

"The Jobcentre said we have people who are visually impaired who work, they have these adaptations...but none of these are any use to me [because they don't work for people with my specific condition]. There's a lot of people with visual impairments who can't adapt to these adaptations. But it's as if they don't want to hear it." Male, 43 sight disorder (Sweep 1).

- 4.29. The UK Government's flagship policy on increasing support, particularly for the long term unemployed, to find work is the Work Programme, which is mandated for those who have been on JSA for a certain period of time (usually a year, or nine months for those under 25), and also for some ESA recipients who are deemed to be close to work. A few of the study participants had been on the Work Programme, but did not find it particularly helpful:

"I go along, and I tell them what I've told you, and they nod their heads and say yes we understand, and they ask what you've been doing, which is the

same as at the Jobcentre, so I describe all that and they say very good...it wasn't that they were bad or lazy, there were some very nice people there and I had some very interesting interviews and conversations, I just didn't know what they could do. They don't have any more of a magic key than I do!" Male, 56, unemployed (Sweep 1).

- 4.30. One participant on the Work Programme said that one useful thing their Work Programme provider had done was to facilitate some voluntary work, which was in a similar area to the kind of job she would like. Voluntary work had also played a role in helping two of the participants who had moved into work between the two sweeps, by helping them to gain relevant skills and knowledge. One participant also felt that it gave her a boost in confidence, which had been lacking while she was unemployed. However, she stressed that this volunteering was useful particularly because it was something she had done of her own volition – because it was of interest to her – in contrast to activities that had been mandated as part of her JSA agreement:

"I think even just doing the volunteering was a huge leap towards getting back into the workplace, and changing my focus, getting up earlier, getting out, just doing stuff. Before it was all very humdrum and same old... It's one thing the Jobcentre sending you for voluntary work, but it's on their terms. If you get into something that you're interested in and you want to do, that was the way forward for me definitely." Female, 31, lone parent, employed (Sweep 2).

- 4.31. One participant had found a job through the Universal Jobmatch website, but most participants who had used this site complained that it was unreliable, and that the adverts were often for jobs that did not exist, or were possibly a 'scam' (for example bogus adverts posted with the intent of harvesting applicants' details). Those who had moved into work had found out about the job opportunity either through other internet sites, or through their own networks. Other employability services run by third sector organisations were also highlighted as playing a key role in helping participants to move into work. One participant highlighted the role of a confidence-building course she had done through a third sector organisation in helping her to stay positive whilst looking for work:

"It was very non-judgemental, they were great listeners, but at the same time they would give you food for thought... made you realise a lot of things about yourself... 'cause I was getting to that point, that downward spiral that would have been pretty hard to crawl out of if that hadn't come along at that point." Female, 43, lone parent, employed. (Sweep 2).

- 4.32. As well as supporting the search for work, third sector organisations were also cited as useful sources of advice on the transition to work; specifically the financial implications and the process of applying for tax credits and finding

childcare. In some cases, participants had been referred to relevant external organisations by the Jobcentre, but this was very ad hoc, and most had found out about relevant support elsewhere:

“The Jobcentre didn’t even mention Remploy.” Female, 26, nervous system condition (Sweep 1).

“The Jobcentre say they are there to help but they don’t disclose anything unless you already know about it, they don’t tell you what you are entitled to so I don’t know where you would go. I found this course on my own, the Jobcentre didn’t tell me about it.” Female, 24, lone parent (Sweep 1).

### **The incentive: making work pay**

4.33. Part of helping those out of work to escape the ‘benefits trap’ is ensuring that they are financially better off in work than on out of work benefits. For those who had moved into work between the two sweeps, it was too early to say whether the household was better off; participants generally had a sense that they were, but only slightly. However their recent experiences of being on JSA and living on a very low income meant that they were still extremely cautious about money. In some cases this anxiety was in part because they had moved into a temporary contract; only one of the participants had moved into a job on a permanent contract, and for those on temporary contracts, their relief was tempered by concern about the future. There was also an element of their previous mindset of caution with regard to money requiring some time to shift:

“It’s just weird, you can get a taxi and think ‘oh my God I’ve just spent on that and I’m not skint’, it’s great. Don’t get me wrong, you can’t just blow it here there and everywhere...I’m still being dead careful. I want another mobile phone but I’m keeping to my £7 a month contract. I’m being so thrifty and that’s just not me, I’ve always tried to help people out but being skint is always on the back of my mind. I have to be careful.” Female, 40, lone parent, employed (Sweep 2).

“In my head I’m still on Jobseeker’s, I’m just keeping that mentality of living on nothing, and anything else is a bonus.” Female, 31, lone parent, employed (Sweep 2).

4.34. Those not in work did not necessarily perceive that they would be better off if they found employment. One participant questioned if being in work (particularly at around the National Minimum Wage) would make him better off than remaining on benefits:

“If I do 16 hours, it’s going to be at minimum wage, and it means I’d be working for 16 hours, 16 hours of my time that I use to maintain the house, do the shopping, stuff like that, at the end of it I’d only be £20 richer than if I was on benefits. So where’s the incentive?” Male, 49, lone parent, unemployed (Sweep 2).

4.35. However, the same participant also stressed his desire to be in work, and the negative impact of not being in work on his well-being and self-esteem. It is important to take these financial considerations about the benefits of work in the context of a general desire to be in work, as outlined above. Despite a limited improvement in household finances, those who had moved into work reported a large improvement in household well-being.

4.36. The impact on benefit or other entitlements of moving into work was a concern for some out of work participants. For example, one participant wanted to be in work, but was worried how this might affect her entitlement to legal aid, which she was receiving as she was going through divorce proceedings. Another participant, who was a carer for several people and also a part-time student, also questioned whether she would be able to find employment that would make her better off, given the high rate at which any earnings would be deducted from her benefits, and the knock-on impact on her entitlement to housing support:

“Because I’m on a combination of Carer’s Allowance and Income Support, you’re allowed to earn £20 a week before your money is affected. Even dropping the Income Support, which is £45, you’d have to be earning quite a bit to make up that loss, but you can’t go over the £100 [earnings limit for Carers Allowance]...and it could affect the Housing Benefit and the Council Tax Benefit.” Female, 56, carer (Sweep 2).

4.37. The income of those in low-paid jobs is enhanced through the tax credit system, so that even taking a relatively poorly paid job should be more financially rewarding than out of work benefits. This was certainly the case for one of the participants who had moved into work, who found it easier to manage financially as a result of working 16 hours a week and receiving tax credits. This put her in a better financial situation than she was in Sweep 1, when she was in receipt of JSA:

“I did feel that the Jobseeker’s Allowance was a bit of an unfair system. It was a very difficult situation, I’d never been unemployed before, and to be given £140 a fortnight, how is a person meant to survive on that with a child? It’s impossible. I’m lucky to have parents that could buy me food... [now] I get [amount], I couldn’t ask for any better than that, I think that amount for one person and a child is enough.” Female, 43, lone parent, employed (Sweep 2).

- 4.38. However, the transition period from out of work benefits to an income of wages supplemented by tax credits caused difficulty for some:

“[Moving from JSA to WTC was] hellish, it was a month [before any money was received]. Before that it was Christmas time and I was lucky, I got some money back from [selling] my couch and I got £200 for something else so I exhausted those savings and I struggled like mad, and then [I got a Crisis Grant] to tide me over till I got paid.”

Female, 40, lone parent, employed (Sweep 2).

“It’s quite daunting [moving from JSA to WTC] to be honest, I can understand people who get to that stage and just go ‘no it’s too much to take that leap’, because trying to figure it all out is quite a minefield of where you’re at and what you’re entitled to, so it can be difficult to take that leap... I signed off JSA and that’s it, you’re just sort of left in limbo, you just have to wait for your first wage and the tax credits will kick in.” Female, 32, lone parent, employed (Sweep 2).

- 4.39. One participant found that the way in which tax credits respond to changes in income – i.e. the changes are made for the following tax year – makes it difficult to budget:

“It’s odd, you phone them and say they’re not going to drop it until the new tax year, when they claw it back...so I’ll be getting less this tax year than I would otherwise have got, and I’m still not quite sure how all that works, and I’m good at maths!” Female, 37, married with one child in the household, employed (Sweep 2).

- 4.40. The complexity of tax credits, and negative experiences in the past, put some off applying altogether:

“I probably should [apply for Working Tax Credits], but my experience of Working Tax Credits [in the past] has not been a good one. Some years ago I worked for six months part-time and got Working Tax Credit, and then I received a letter telling me I have to pay it all back again, without explanation. When I phoned them up I was told there was an error and they’d sort it, but then I got another demand. I phoned them again, they said it hadn’t been passed to the right team, and then about two years later I got a letter from a debt collector company demanding I pay the full amount.” Male, 58, self-employed (Sweep 2).

- 4.41. Many of these issues are intended to be addressed through the move to Universal Credit. People should always be better off in work, and the move to one single payment rather than multiple benefits and tax credits is supposed to make this clearer. The monthly payment is also supposed to reduce the difference between being in work or not. None of the participants in this study had been moved onto Universal Credit. In Sweep 1 there was a high degree of uncertainty among participants about what the changes will mean for them,

and there was some trepidation about the move to a monthly payment and a fully online system. Sweep 2 found similar uncertainty about what Universal Credit entails:

“I think the Universal Credit thing is getting closer – that worries me, I think they are going to change it so you have to look for work all the time.”  
Female, 32, JSA recipient (Sweep 2).

## **Managing expenditure on welfare**

4.42. As well as moving people into work, a central aim of welfare reform has been to reduce overall expenditure on the welfare budget. Participants in the study were affected by a number of measures taken to limit expenditure: changes to disability benefits such as the replacement of DLA with PIP; the restriction in uprating of certain benefits and tax credits; and the removal of the spare room subsidy for social housing tenants.

### **The replacement of DLA with PIP**

4.43. PIP has been introduced with the objective of better focusing support for disabled people on the basis of how a disability or condition affects a person's life. However, there is an explicit target of a 20 per cent cut in expenditure included in this reform, which suggests that some current DLA recipients will experience a loss or reduction of entitlement when they are reassessed for PIP. This was a source of concern for DLA recipients in this study. None had been reassessed yet, although one participant was in the process of applying as a new claimant. Participants expressed a great deal of uncertainty about how the move to PIP would affect them:

“I don't know how PIP is going to work, what the criteria and rates will be....don't know where to go for advice on this, and advice lines are expensive, a lot of these phone numbers are quite high rates, which I think is terrible, people who haven't got a lot of money and they have to phone them, and they have you on the phone for ages.” Female, 39, carer for disabled child (Sweep 2).

“From what I heard on the news last night, it seems like everything's so shambolic that the timetable [for PIP reassessment] might not work.”  
Female, 58, DLA recipient (Sweep 2).

“At the moment people who are called up to PIP, their DLA is being stopped and they don't get any money until that is sorted out...they are saying it is not going to be rolled up here till October [2015] so I don't know what's happening with it but that is a bit of a worry.” Male, 43, DLA recipient (Sweep 2).



- 4.44. Poor health also makes it harder to seek answers and resolve issues around benefits and impending changes. As one participant put it:

“Someone who is relatively well can focus on the issues ahead, PIP for example, I would probably have been more proactive but I feel that currently my focus is on my health rather than benefits which I will hopefully continue to receive but may not.” Male, 60, nervous system condition (Sweep 2).

### **The limiting of contributory ESA for those in the WRAG to one year**

- 4.45. Greater means testing of ESA was introduced with the intention of reducing expenditure on the benefit. However, the findings of this study suggested that the difference between contributory and income based was poorly understood, and a poorly managed transition between the two could be chaotic.
- 4.46. One participant found that her benefits were stopped in the transition between contribution and income based ESA, and she struggled to get any explanation as to why this had happened:

“[My benefits] were stopped between changing from income related to contribution based. And I phoned up and asked DWP what’s the difference and they said they didn’t know, so why did they stop the money?” Female, 26, nervous system condition (Sweep 1).

- 4.47. Another participant found the transition from contributory to income-based ESA hugely complicated. The household had a number of income streams, including Incapacity Benefit for the participant’s husband (who was himself currently undergoing reassessment for ESA), a small pension, and Carer’s Allowance, which had been suddenly stopped without explanation. She received many conflicting letters from the DWP informing her of changes to her entitlements, but was unable to obtain a definitive answer from the DWP – via telephone or in person at the Jobcentre – regarding what she should be receiving. The delay and uncertainty left the household in an extremely difficult financial situation.

### **Benefit freezes**

- 4.48. The freezing of benefit rates, or a restriction in their increase below the rate of inflation, implies a drop in their value in real terms, making it potentially more difficult to meet household expenses. Most participants in the study reported struggling financially, with the majority reporting that they found it difficult to meet basic living expenses (Table 4.1).

**Table 4.1: How easy participants find it to pay for basic living expenses (e.g. rent, food, bills)**

|                 | <b>N</b> |
|-----------------|----------|
| Very easy       | 0        |
| Easy            | 2        |
| OK              | 12       |
| Quite difficult | 13       |
| Very difficult  | 7        |

- 4.49. Many participants were concerned about the rising costs of living, and felt that the annual increments in benefit rates did not adequately reflect this rise:

“I would say things are actually getting harder...The costs of living are rising and the benefit rates aren’t, and it is becoming more difficult.” Female, 39, full-time carer, rural (Sweep 2).

“Everything gets more expensive. It doesn’t sound like much, but [supermarket] have put their milk up by 10p, and it all adds up.” Female, 37, employed, urban (Sweep 2).

“[My household income is] the same, it’s just harder to make the money stretch.” Female, 43, unemployed, urban (Sweep 2).

- 4.50. One participant noted that the small annual increment in his disability benefits was more than negated by the much larger increase in the amount that his local authority required him to contribute towards his personal care, leaving him much worse off.
- 4.51. At the second sweep of interviews, participants were asked about the impact of additional costs imposed over winter by greater heating requirements and Christmas. The cost of utility bills was something that came up as a particular source of rising costs:

“Well you’re not getting as much as you used to for your gas and electricity. £10 could have done me well over a week, whereas now it’s not lasting, so the fuel charges have definitely affected [me]...I’ve seen a definite increase in monies outgoing for that...” Female, 56, full-time carer (Sweep 2).

“The prices going up, it’s so frustrating. I was reading this morning about the ‘big six’ energy companies, and their cost of gas have gone down, but they’ve not passed any of that along to the customer.” Male, 58, ESA Work Related Activity Group (Sweep 2).

4.52. However, several remarked that the costs over the colder months had not been as high as they had expected, due to the mild winter in 2013/14. One participant noted that she coped well with winter fuel bills because her Housing Association accommodation was well insulated. This, she argued, was the reason the family were able to escape high energy bills:

“I’m in a new build flat, I didn’t have to turn the heating on once, which is a good thing because it’s electric and it costs a bloody fortune. Basically that made the difference, we made it through the winter, otherwise we’d just have been very, very, cold like we were last year.” Female, 37, employed, urban (Sweep 2).

4.53. Additional costs during the winter months could also be incurred due to the festive period. Attitudes towards present buying varied, with some participants choosing to spend very little, while others felt it was important that their children received the gifts they wanted. A popular strategy employed was to buy items throughout the year, in order to spread the cost. One participant took out a loan in order to enable her to provide Christmas gifts, and another was still paying off loans from the previous Christmas:

“[Personal credit provider] loan. It’s what you do, you’ve got to when you’ve got kids, you can’t say Santa’s not coming this year, can you?” Female, 42 full-time carer (Sweep 2).

“There probably wasn’t as much under the tree, but I chose to buy the things [daughter] really, really wanted... all the wee silly stocking fillers that end up in a drawer, I didn’t do any of that, and she had a great time.” Female, 45, employed (Sweep 2).

“What I do is from January onwards I see things, and I think... that’ll do somebody for such and such... so when it comes to December there’s not a great big issue of let’s go out and spend a fortune on presents that we can’t afford.” Female, 52, ESA Support Group (Sweep 2).

4.54. A point made by some of those on out of work benefits was the high cost of transport, relative to their income, particularly for those with children. This made family trips prohibitively expensive in some cases:

“It’s so hard to find the money for bus fares, it’s almost impossible, the amount of money it costs if you’re having to do different things, it’s a huge chunk out of the money available to you.” Female, 43, lone parent (Sweep 2).

“If the Scottish Government want children to be healthier, we need to get them out... but for [self and two children] to go on an away day it would cost £7.50, that’s like 10 per cent of my benefits for that week.” Male, 49, lone parent (Sweep 2).

## Removal of the spare room subsidy

- 4.55. Those affected by the removal of the spare room subsidy generally found this to have a noticeable negative impact on household budgets. One participant accrued £200 of rent arrears. Another reported that the amount payable, at £60 per month, was more than the household was currently paying in Council Tax. One participant felt that the charge added to an already stretched household budget:

“The bedroom tax is just horrendous. You do not have any spare money at all. And council tax as well... you feel as if it's just one thing after another, hitting you constantly...you just have to really cut down on everything.” Female, 40, lone parent, JSA (Sweep 1).

- 4.56. Most (but not all) of those who had been affected by the policy eventually had managed to obtain a DHP, although in some cases this took several attempts. One participant was turned down twice on income grounds, but accepted on a third attempt, on the grounds that the property was adapted. He had been eligible on this basis from the start, but the relevant information was not collected in the first two applications. One participant remarked on the intrusiveness of the DHP application process, and felt that the required information should be known to the authorities already:

“It's really intrusive, you've got to write down everything...I think it's a bit much, basically they want to know everything about your life...exactly how much you've got in the bank, if you've got any shares, any savings...how much I pay for electricity, how much I pay for everything...you should just be able to put down that you're on Income Support, they know how much you're getting...I even had to put down [daughter's] DLA...that's got nothing to do with it.” Female, 42, full-time carer (Sweep 1).

- 4.57. One participant, who uses a second bedroom for overnight assistance from time to time, has an understanding social landlord, but feels some insecurity at relying on their good will;

“I did get billed [for the surcharge] but [Housing Association] said ignore the bill, we're not going to evict you, you have put a letter into the council... and going on what you said you will be fine. I didn't hear any more... I haven't had another bill, but I've had nothing to say I am exempt, so I could get a massive bill.” Female, 26, ESA Support Group (Sweep 1).

## Cross-cutting themes

### Communication by government and agencies

4.58. Across the various welfare reforms affecting the study participants, there was a recurring issue around the way in which the rationale for, and details of, these changes have been communicated, by both the UK Government and the agencies implementing the policies. Our findings in the interim report suggested that participants find some of the changes complex, and are not always getting the necessary information, in a sensitive and appropriate way, and this has led to fear, uncertainty, financial problems, and stigma.

4.59. At the level of public discourse, some participants felt that the way in which the UK Government talks about the need for welfare reform plays upon what they perceive as widespread ignorance among the general public, to create a negative feeling towards benefit recipients in order to justify reducing benefits:

“I think there is disinformation coming from the government, and they paint a negative picture which reflects badly for all disabled people, not just a very small minority. The majority of the public don’t understand that. They look cynically on disabled people that they don’t want to work, which is wrong.”  
Male, 60, ESA Support Group (Sweep 1).

“This whole universal credit thing, cutting benefits, capping Housing Benefit – the government know...that most people support this, but that opinion is from folk who are working and are okay, and have this idea that everyone else is scrounging. [The government] know they can get support from these people, a lot of people never come across areas of deprivation or disability.”  
Male, 60, self-employed, DLA recipient (Sweep 1).

4.60. Most participants found this negative attitude to be prevalent in the media; as recounted in the interim report, most feel stigmatised in their status as benefit recipients, and for some this has a negative impact on mental well-being.

4.61. At the level of policy implementation, participants often described correspondence about benefit changes from the DWP as complicated and unclear, and this was a source of stress:

“[Husband] used to really panic when these brown letters come from the DWP, trying to work out what they’re trying to say...two or three pages and you’ve got to get to the end of it to find out its fine, but all of that is stress added to already quite severely disabled people.” Female, 48, full-time carer (Sweep 1).

“They sent me this generic letter, as far as I know I could be taken back out of it [Support Group]. I don’t know if it’s indefinite, I don’t know if it’s for a set

period, I don't even think the Jobcentre know how it works. And it's always in the back of your mind that you could get a letter through the door and it could all start again, which has affected my mental health." Female, 26, ESA Support Group (Sweep 2).

- 4.62. Some participants received multiple communications, which contained conflicting information;

"There are days where we have gotten two or three big brown envelopes all in the same day. All from DWP, all from the same department, all saying different things." Female, 60, ESA WRAG (Sweep 2).

- 4.63. The study findings also suggested that participants found that information is not always forthcoming from the Jobcentre or the DWP; that they are not proactive in advising those claiming benefits about their entitlements, or other sources of help:

"I don't know if there's anything else out there because they tell you nothing. You've got to find these things out for yourself. At the beginning I didn't have a clue where I was going to get money from, and a friend of mine, fortunately she worked for the DWP and said 'apply for that, and that'." Female, 58, ESA WRAG (Sweep 1).

"They don't give you enough information about stuff. They don't offer it to you. If you don't have the mental capability to go and source something or find something out then you are screwed." Male, 49, lone parent, JSA (Sweep 2).

"I kept getting phone calls from [money advice service] and they kept asking have you received your backdated money, and I said I wasn't due any backdated money... [but the man at the money advice service said] they owe you more money...He says when you are put into the support group you get a premium. But the DWP don't tell people this. They should notice that and send you the ES3 form automatically... So you should be getting more, but they are not going to tell you that. They assume that you are going to find that out. But they don't want you to know that because they don't want to give you more money!" Male, 43, ESA Support Group (Sweep 2).

- 4.64. As noted in previous report, external sources of advice can provide a lifeline, but not all feel that they have access to this. Some participants, particularly those in more remote areas, do not have an advice service nearby. Others live near one, but struggle to access it:

"Now it is absolutely hellish, we have nobody... It is terrible, there is no one who can help us. We could maybe go to CAB but that takes a huge chunk out of your day when you have all this stuff going on, there is no

personalised advice. There seems to be no one who will answer questions.” Female, 61, disabled, carer (Sweep 2).

“There is a Citizen’s Advice here in [town] but you are waiting about five weeks in order to get a meeting with somebody.” Female, 44, lone parent (Sweep 1).

### **Differential impacts of the reforms on groups and individuals**

4.65. The study findings suggest that welfare reforms have affected different people in different ways. Experiences vary depending on whether the participant lives in a rural or urban area, which local authority they live in, or even by which Jobcentre advisor or other service provider a person is in contact with.

4.66. Participants in rural areas felt particularly affected by the issue of rising living costs, because they felt that goods were more expensive for them than those in urban areas. The advantage of being able to buy cheaper goods in larger and less remote supermarkets was eliminated by the cost of transport for rural participants:

“You’ve just got to prioritise what comes first. Food, living in [rural area], it’s not cheap... but if you were to add in fuel costs, by the time you’ve driven to [nearby urban area] it’s much the same.” Female, 42, full-time carer, rural (Sweep 2).

4.67. However this is not just an urban-rural issue; not everyone in a city had access to cheaper goods either:

“That [high street sized supermarket] there...the Government should price cap things, because it’s absolutely shocking what they charge, £2 for six eggs when you can get them at [larger supermarket down the road] for £1.39. And again it’s back to the bus fare thing, you maybe can’t afford to go to the big supermarkets to save money, because it’s going to cost you that extra money.” Male, 49, unemployed, urban (Sweep 2).

4.68. The interim report noted some variation in participants’ interactions with the Jobcentre. Some participants had extremely negative experiences at the Jobcentre, while others came into contact with helpful advisors. While specific circumstances and expectations may influence their perceptions, it appeared that a participant’s experience was sometimes down to the particular advisor they had dealings with.

4.69. There also seemed to be some variation in participants’ ability to navigate changes to benefits according to how well supported they were by other services such as social work or mental health services. Some felt very well supported by a social worker or other support worker, while others felt adrift. There seemed to be some inconsistency in participants’ experiences of assistance from social work even within the same local authority; two

participants in relatively similar situations reported a considerable difference in the extent to which their social worker provided information and support and helped to resolve queries. Another participant reported that he no longer received social work support as his condition had improved enough that it was no longer considered sufficiently severe or critical, but this meant that he had lost what he felt was his only source of help and advice about benefits issues.

- 4.70. Support for those with mental health issues seemed to vary. One participant cited the invaluable assistance of a support worker in helping her to understand the benefits system and fill in the necessary paperwork. However, not all of those in need of such help received it.
- 4.71. One participant cited the high cost of social care as a key issue he faced; he was liable for a considerable contribution towards this each month, and this amount was more than twice the amount he would pay in the neighbouring local authority.



## 5. CONCLUSIONS

- This chapter presents some conclusions from Sweep 2 of the study and considers the next stage of the research.
- As this is a qualitative study, great care needs to be taken about generalising from the results, but they can be used to inform the development of policy, by showing where welfare reform is having a negative impact, and how this might be mitigated.

### Key findings

#### Lone parent conditionality

- 5.1. The lone parent participants in this study stated that they did want to work, but struggled to find suitable job opportunities that could be reconciled with their caring responsibilities, or to find and pay for suitable childcare that would allow them to take up work.
- 5.2. For lone parents, being ready to work was not solely determined by the age of their children. In some cases, lone parenthood was precipitated by traumatic events, from which they felt they and their children needed time to recover before they were capable of returning to work.
- 5.3. Lone parents' interactions with Jobcentre Plus were generally perceived as unhelpful and negative. It was felt that a punitive atmosphere created stress and eroded confidence, and this was not conducive to successfully moving into work. There was often a lack of knowledgeable support from Jobcentre Plus staff, which contrasts with the support they received from specialist lone parent advisors whilst on Income Support.
- 5.4. Lone parents who had moved into work cited examples of services provided by third sector organisations that had been helpful in getting them into work. These services had helped in a variety of ways: by making them feel more confident about moving into work; by helping them to find job opportunities and childcare; and by offering advice on the financial implications of the transition to work.

## **Moving those with a health condition or disability into work**

- 5.5. As with lone parents, it was not clear from the views of the participants that reforms were necessary to encourage greater labour market participation among those who are out of work due to a health condition or disability. Even participants with fairly debilitating conditions expressed a desire to work, but ill health and disability presented a huge barrier to work for many participants.
- 5.6. The reassessment of Incapacity Benefit recipients for Employment and Support Allowance was relatively straightforward in some cases, but a considerable struggle in others. Several participants were initially found fit for work, or placed in the Work Related Activity Group (WRAG), and subsequently appealed the decision. Most did so successfully, although it was stressful to prepare and wait for, and some found the experience quite traumatic.
- 5.7. Participants who had received support from advocacy organisations in the ESA application and appeals process found this extremely useful. They appreciated help with aspects such as filling in complex forms, gathering the required evidence, and having someone to accompany them to tribunals. Having access to this type of support made a difference to how effectively they were able to respond to changes in the benefits they received and to challenge decision makers.
- 5.8. Participants reported that knowledge about support available to those with a health condition or disability varied among the health, social care and social work professionals they had contact with. Where they were well-informed and proactive, these professionals were a valuable source of support and knowledge.

## **Support to move into work**

- 5.9. Perspectives on the helpfulness of interactions with Jobcentre Plus with regard to helping to find work were lukewarm. Even those receiving support of the Work Programme did not find it particularly helpful.
- 5.10. Participants reported that some third sector organisations provided more useful and targeted support. JSA and ESA recipients were sometimes signposted to this by Jobcentre Plus, but often left to find out about these services for themselves.

- 5.11. Participants who were involved in volunteering found this to be helpful in developing skills and knowledge, and improving confidence and job readiness. It was most useful when it was something that the volunteer saw as positive and worthwhile, and preferably related to future employment ambitions.
- 5.12. Participants reported a need for help not just to find a job, but to be able to move into a job; for example help with finding suitable childcare, and minimising instability to household income during the transition from benefits.

### **Making work pay**

- 5.13. Participants who had moved into work between the two sweeps felt that they were slightly better off, although they still did not necessarily find it easy to make ends meet. Over time, if they get pay increases or as they rebuild their finances, this may improve slightly. Those out of work were not always sure that they would be better off in work, partly because they found it difficult to envisage what their income would be due to the complexity of the system.
- 5.14. However, the participants' accounts of their barriers to employment suggest that the decision to work is not purely monetary, and work is valued for a number of reasons. Those who had moved into work, despite not necessarily being much better off, nonetheless reported a substantial increase in well-being.

### **Managing expenditure on welfare**

- 5.15. Participants reported a lot of uncertainty regarding the transition to PIP, and many were worried that their entitlement would be lost or reduced.
- 5.16. The main issue with the time-limiting of contributory ESA seemed to be the way in which the transition to income-based ESA was managed. In some cases, a lack of information and support meant that the transition was not smooth, and this created financial problems.
- 5.17. Benefit freezes or restricted increases have meant falling real-term incomes; many participants found it difficult to meet basic needs, and noted that costs were rising but their incomes were not.
- 5.18. The removal of the spare room subsidy initially created hardship for some of those affected, but most successfully obtained a DHP, although in some cases this was not straightforward and took several attempts.

## **Communication from government and agencies**

- 5.19. Some participants felt that the way in which the UK Government has communicated its rationale for welfare reform has unfairly represented benefit recipients as not wanting to work. They acknowledged that there are some who fit this description, but argued that this is a minority and did not represent them.
- 5.20. The DWP were reported to be poor at communicating changes to entitlements. Their correspondence was described as long, confusing and sometimes conflicting with previous correspondence. This made it more difficult for participants to understand the changes that were affecting them.

## **Differential impacts**

- 5.21. Access to affordable basics such as food was found to vary geographically – although it did so along lines of whether the participant had access to a large, cheap supermarket or not, rather than along strictly urban-rural lines.
- 5.22. Participants' experience with Jobcentre Plus depended on which centre they attended and which advisor they got. Some advisors were more knowledgeable and helpful than others, and this affected things such as the tone of their interactions, and whether recipients were referred to useful services or not.
- 5.23. The findings suggested local variations in other support services. Participants with support workers or other advocates were better able to understand and respond to benefit changes than those without such support. If disabled working age people are subject to widely differing contributions towards their social care, but receive the same amount of benefits, then this potentially creates a substantial inequality in the standard of living of disabled people across Scotland.

## **Policy implications**

- 5.24. The findings of this study show that, according to the views of participants, stronger conditionality is unlikely to get more people into work, but there are a number of interventions that can help, by addressing barriers to work, in the areas of education, skills, employability services, childcare, and health.
- 5.25. Current plans to extend free childcare provision are a welcome development, but do not address the gap identified by participants in provision outside of standard hours. To meet these needs, childcare provision needs to evolve to reflect the widespread expectation of non-standard hours in both the public and private sectors.

- 5.26. Some of the reforms have changed the way in which recipients interact with the system, requiring them to give different information, or go through new procedures, in order to access support. However, this kind of change does not necessarily cause intractable problems – the findings show that in many cases, it can be navigated with appropriate support, whether this is helping those affected to understand confusing correspondence, fill in forms, locate specialist services or provide support for a benefit tribunal. Those who are affected by welfare reform can be supported in understanding and responding to changes. This feeds into the Scottish Government mitigation work in the area of providing advice and support, through advice services, third sector organisations, social landlords and Health Boards.
- 5.27. The findings suggested that frontline services (such as health, social care and social work) could play a role in supporting those affected by welfare reform to access the support available to them, but that in places their involvement could be stronger and more joined up. For example, health services could advise patients who might be entitled to ESA or DLA that these benefits exist, and how to apply for them. This practice already exists for Child Benefit; new mothers are given an application pack in hospital, and take-up of this benefit is over 95 per cent among those eligible for it.
- 5.28. The impact of welfare reform appears to vary depending on service provision at the local level. This feeds into current mitigation work with COSLA and the Improvement Service about how local authorities can best support people. Best practice should be shared and adopted, and local authorities should be made aware of instances where their activities are creating problems for benefit recipients (such as high care costs).
- 5.29. The impact on benefit recipients who fall foul of new rules – or who are affected by a mistake on the part of a benefits agency that is not their fault – can be severe. When things go wrong, it is important that there is recourse to a well-funded crisis support service that can respond quickly to financial emergencies. The Scottish Welfare Fund will be crucial in mitigating the impacts of welfare reform.
- 5.30. The experiences of participants in this study raise some questions regarding whether the WCA is effective at determining who is fit for work. The assignment of several cases here to the WRAG or fit for work categories – and their subsequent successful appeal – suggested that the assessment process has a high risk of ‘false positives’ with respect to assessing people’s capability for work. In particular, the assessment should be revised to take better account of the impact of conditions that fluctuate over time and/or are less visible.

## **The next stage of the study**

5.31. The study will continue to interview participants every six months for the next two years. The next round of interviews (Sweep 3) will take place from October to December 2014. These would cover the following topics:

- The ongoing impact of welfare reforms (and associated uncertainty) that have already affected participants, and whether participants have been affected by any changes to the welfare system that have occurred, or started to affect them, since the previous sweep;
- Any changes in household composition or tenure;
- Any changes in the employment status of the participant or other household members, and changes to the sources or amount of household income;
- The physical and mental/emotional wellbeing of the participant and other household members, and whether this is different to the previous sweep;
- A detailed module on social networks and sources of support, and the impact of having (or not having) this support on mediating the impact of welfare reform.

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