

# Social Insecurity? Welfare rights and welfare reform

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*A summary of a qualitative study into the impact on social tenants of welfare reforms carried out as part of an MA in Social Policy at the University of York (October 2017)*

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## 1. Introduction

Welfare reforms have been underway since 2010 which will reduce spending on social security by £27 billion per year by 2021<sup>1</sup>, and amount to a significant retrenchment of the UK welfare state<sup>2</sup>. Outcomes of welfare reforms include the rising demand for emergency food<sup>3</sup>, rapidly rising homelessness and rough sleeping<sup>4</sup> and predicted increases in child poverty<sup>5</sup>. It is therefore important that the experiences and voices of people directly affected contribute to debates about the future of social security.

The aim to reduce 'welfare dependency' continues a gradual trajectory towards a greater emphasis on claimants' responsibilities than their rights, with paid work central to entitlement. **Universal Credit (UC)**<sup>6</sup>, introduced in phases since 2013, is said to introduce 'ubiquitous conditionality' to people with health problems and disabilities, parents of very young children and even part-time workers<sup>7</sup>. In administering UC, Jobcentre Work Coaches have wide discretionary powers to appropriately reduce work requirements, an interaction of conditionality with discretion which is a 'radical departure' from the rules which previously protected these groups<sup>8</sup>. Moreover, there is growing evidence that excluding people from financial support does not help them into employment and causes significant harm<sup>9</sup>. UC aims to 'smooth' the transition into work by combining six means-tested benefits, however, its ability to 'make work pay' has been undermined by subsequent cuts to the work allowances, meaning that claimants keep less of their earnings.

The **Benefit Cap**<sup>10</sup>, first introduced in 2013 at £500 for families, but lowered to £385 (outside Greater London) in late 2016 introduces a blunt conditionality. For those not yet on UC, their Housing Benefit is cut, meaning rent must be paid from the household's subsistence benefits. This supposedly incentivises work, as those working sufficient hours (16 for lone parents and 24 for couples) can escape the Cap. However, it also affects people not expected by the benefit system to work, such as parents

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<sup>1</sup> Beatty, C. and Fothergill, S. (2016), *The Uneven Impact of Welfare Reform: The financial losses to places and people*, Centre for Regional Economic and Social Research, Sheffield Hallam University, JRF and Oxfam.

<sup>2</sup> Farnsworth, K. and Irving, Z (2015), 'Austerity: more than the sum of its parts' pp. 9-42 in Farnsworth, K. and Irving, Z. (Eds.), *Social Policy in Times of Austerity*, Bristol: Policy Press.

<sup>3</sup> Garthwaite, K. (2016) *Hunger pains: life inside food bank Britain*, Bristol: Policy Press.

<sup>4</sup> Fitzpatrick, S. et al (2017), *The Homelessness Monitor: England 2017*, London: Crisis.

<sup>5</sup> Hood, A. and Waters, T. (2017), *Living standards, poverty and inequality in the UK: 2017-18 to 2021-22*, London: The IFS

<sup>6</sup> Welfare Reform Act 2012

<sup>7</sup> Dwyer, P. and Wright, S. (2014), 'Universal Credit, ubiquitous conditionality and its implications for social citizenship', *The Journal of Poverty and Social Justice*, Vol 22(1), pp. 27-35.

<sup>8</sup> Work and Pensions Committee (2016a), *The future of Jobcentre Plus inquiry: second report of session 2016-17*, London: UK Government.

<sup>9</sup> Dwyer, P. and Bright, J. (2016), *Welfare Conditionality, Universal Credit First Wave Findings*, York: Welfare Conditionality,

<sup>10</sup> Welfare Reform and Work Act 2016

of young children. Temporary help with rent may be available through a **Discretionary Housing Payment (DHP)**<sup>11</sup> administered by the Local Authority.

DHP increased in importance after 2013 in order to mitigate the Benefit Cap and the 'bedroom tax' as well as reforms to benefit for private tenants. The '**bedroom tax**'<sup>12</sup> continues to significantly affect social tenants by reducing their housing benefit in respect of 'underoccupancy', but rather than freeing up housing through downsizing, the policy has caused rent arrears as well as negative effects on health and family relationships<sup>13,14</sup>. The legal challenges brought by disabled people and parents with shared care have highlighted the Government's view that DHP can appropriately protect the housing security of vulnerable groups<sup>15</sup>. However, the rationing of limited funds leads to localised behavioural conditionality; scrutiny of claimants' spending and their efforts to remedy their situation. The rise of local discretionary decision-making, where individual assessments of deservingness replace legal entitlements, represents a return to 'pre-welfare state values'<sup>16</sup>.

The research aimed to explore the impact of conditionality and discretion on social tenants focussing on four key welfare reforms: Universal Credit, the lowered Benefit Cap, the 'bedroom tax' and Discretionary Housing Payments. It also considered the cumulative impact of multiple reforms on the same people, an issue highlighted in 2014 by the *Social Security Advisory Committee*<sup>17</sup>. Benefit rates for adults and children have been 'frozen' at 2015 levels, and most people are also affected by the reform of Council Tax Support in 2013 which has led to 'minimum payments' they were previously considered 'too poor to pay'<sup>18</sup>. Claimants with disabilities are additionally affected by Work Capability Assessments, which extend conditionality by lowering the threshold at which people are considered fit for work and work-related activity, and are widely believed to be flawed and inaccurate<sup>19</sup>.

## 2. The study

The North-East, where the study took place, is a location disproportionately affected by welfare reform, with social tenants and lone parents among the 'hardest hit'<sup>20</sup>. In spring 2017, 11 social housing tenants from three local authorities agreed to take part in confidential audio-recorded interviews which explored the effects of the specific benefit changes on their financial and work situation, health and family relationships and housing security. They were not known to the researcher in her role as a social welfare practitioner, and they received a £10 voucher in return for their time. Pseudonyms are used to preserve their anonymity. Although not statistically representative, the sample was selected for

<sup>11</sup> Discretionary Financial Assistance Regs 2001

<sup>12</sup> Also known as the Reduction in the Spare Room Subsidy (RSRS), Welfare Reform Act 2012

<sup>13</sup> Moffatt, S. et al (2016), 'A qualitative study of the impact of the UK bedroom tax', *Journal of Public Health*, Vol 38, pp. 197

<sup>14</sup> Real London Lives (2016), Real London lives final report, London: G15 [Online] <http://reallondonlives.co.uk/>

<sup>15</sup> Meers, J. (2014) 'Shifting the place of social security': the 'Bedroom Tax', discrimination and discretionary housing payments', *Journal of Social Welfare and Family Law*, Vol 36, pp. 85-87.

<sup>16</sup> Lister, R. (2011), 'The age of responsibility: social policy and citizenship in the early 21st century', pp. 63-84 in Holden, C., Majella, K. & Ramia, G. (Eds.), *Social Policy Review 23*, Bristol: Policy Press/Social Policy Association.

<sup>17</sup> Social Security Advisory Committee (2014), *The cumulative impact of welfare reform: a commentary*, London: SSAC.

<sup>18</sup> Ashton, S., Francis, M. and Woudhuysen, A. (2016), *Still too poor to pay: three years of localised council tax support in London*, London: CPAG and Zacchaeus 2000 Trust.

<sup>19</sup> Baumberg, B., Warren, J., Garthwaite, K. and Bamba, C. (2015) "Incapacity needs to be assessed in the real world...": Rethinking the work capability assessment, London: Demos.

<sup>20</sup> Beatty, C. and Fothergill, S. (2016), *The Uneven Impact of Welfare Reform: The financial losses to places and people*, Centre for Regional Economic and Social Research, Sheffield Hallam University, JRF and Oxfam.

diversity in employment status, gender, family type and disability status, and the research therefore provides insightful and timely empirical evidence of the impacts of welfare reforms.

### 3. Universal Credit Case Studies

Peter (46)	A single man with bedroom tax, as his three children only stay at weekends. Made redundant after 12 years with one company, now working irregularly.
Lisa (41)	Recently bereaved, working part-time 10 hours after her 16 hours were cut.
Jackie (54)	Single previously a full-time mother and then carer, seeking full-time work but has mental health problems. Sanctioned for 6 months.
Karen (48)	A single parent with a child aged 10, seeking part-time work, has a physical disability but has been found 'fit for work'. Sanctioned previously on Jobseekers Allowance.

A key finding was that Universal Credit had not 'made work pay' for the two people in work, and the support of the Jobcentre was entirely inadequate. **Peter** had to wait over two months for a payment of Universal Credit because of the '6 week wait' and also the way a late payment of earnings can affect the calculation. This had caused financial hardship and rent arrears of £1235 meaning he had received a Notice of Seeking Possession:

"This couple of weeks I went off the dole ...it's made it even worse than it was because it seems to be taking longer to get my money [UC]...a couple of weeks work doesn't go very far because I've got to pay loans, bills and everything."

"They sent me a letter saying that it would go further and you could be evicted from your house ...It was terrible, awful. I was nearly in tears to be honest 'cos of me kids, all I was thinking was me kids."

**Lisa** would have been £73 per month better off (taking account of the increased National Minimum Wage) had the 'work allowance' not been cut from UC in 2016. She earns £64 per week after bus-fares, and has to find £21 per week rent because of the rate of debt-repayment deductions from her UC. In spite of working she is living in poverty, because after other priority bills she has £23 left for food and fuel. UC provides few financial incentives and she wants full-time work. Lisa needs computer skills but the Jobcentre's digital training takes place during her work-hours. She has £880 rent arrears that arose during a 3 month delay in which her UC claim seemed to 'disappear' online due to a DWP technical issue, as well as an unexpected drop in her UC when she received some holiday pay. She is at risk of eviction and describes the impact:

"It's been very stressful. I've lost 4 stone in weight.... through the stress. I couldn't sleep. I've had to go and see a psychiatrist for sleeping tablets."

"I got told that if I did take another job of 10 hours, I'd only be £27 a week better off. So I'm going to be in the same boat again".

"I wanted to apply for a full-time job at the Tomato Factory, but ... he couldn't get through [online], because the computers [in the Jobcentre] are too old. So how are you supposed to get another job if the computer won't do it? I thought if I got that job, it was three 12-hour shifts, that would solve all me problems."

**Jackie** has been engaged in the precarious labour market, for example she was dismissed from a tele-sales job after two weeks because she ‘needed too much training’. In spite of her efforts to find work, including another agency-arranged job-trial in a factory which lasted only one day, Jackie had been sanctioned three times for a total of six months. As a result of the sanctions, she could not eat properly, wash her clothes, make a cup of tea or charge her mobile phone to receive essential calls. She was at risk of eviction, with court action ‘on hold’ while she got advice and support.

“The first one they said I wasn’t doing enough job search on the computers. The second one they’re trying to say I missed an appointment, which I’ve never missed an appointment in my life, never. I’m always early, really early. The last one they’re trying to say there was a doubt.... I put it [work search] all on the computers ...so there’s me waiting for a couple of jobs, people getting back to me, but my email wasn’t working ... I told my Work Coach but he wouldn’t believe it.”

"I’ve ended up in rent arrears, £800, well £900 to be honest. I’ve tried to take my own life three times ...the last time I tried it was about two weeks ago. I ended up in hospital, I took a couple of tablets ... And my doctor said you’ve lost a lot of weight. Believe it or not I used to weigh 10 stone, I’m just under 7½ now ...It’s the stress of an eviction order...all this not getting any money, it is terrible."

Jackie has a longstanding anxiety-condition and cannot travel by bus, but the Jobcentre Work Coach had dismissed her health problems: “You’re going to have to get used to working here and working there, and you’re going have to start going on buses aren’t you?” Even after her recent hospitalisation, her Work Coach compounded rather than relieved the pressure:

"He went ‘no it doesn’t matter if you’re on the sick, you still look for work ...I still want you to go in the library, do all your job search every day, and I’m going to send you on an IT course in two weeks’."

**Karen** had been sanctioned six months earlier for missing a job interview when her son arrived late to collect her grandson. Not informed of hardship payments, she had been unable to eat properly for weeks, “because I couldn’t physically take the food out of the cupboard for myself, knowing my daughter needed it”. Karen’s daughter was also emotionally affected by witnessing this hardship. Karen described the shock of the sanction and the intervention of the social landlord about to pursue possession action for the £1,800 rent arrears which had resulted:

“I wasn’t prepared for it, and that’s when it *really* ... and that’s when it was *really, really* getting to me. And I could feel myself going down and down into a bog, and I can’t get out. I had to go to the doctors and literally cry for help. They put me on anti-depressants, they sent me to Mind for counselling.”

"She wasn’t nasty about anything, she was plain, she was honest, ...‘Karen, [Court] is the next thing, but I’m here to help you ...I was still going through a bad patch in my head ...and I was literally sobbing my heart out, like having a massive anxiety attack, and she was like ‘Karen, please calm down ...please go and get this sorted, this Universal Credit, everybody has to go on it.’"

Karen *feared* a further sanction, and although she described a positive relationship with her Work Coach, her narrative suggests the online UC 'journal' as an enhanced form of surveillance. No discretionary modifications had been made to Karen's work search requirements in respect of her physical disability:

"Four emails came through straight away ...so I checked my phone, and I had to go straight onto my Universal Credit [online]...'cos if you don't accept them straight away, you get sanctioned...That's what I'm saying, they've really got you."

"You've got to abide by their rules ... no matter which way you turn, they have actually got you ...if you don't look for work...Yeah, I'm able to work, if ...I grit my teeth and work through the pain, but at the same time ...it's not good for me. It's not good for my knee, because it does hurt, it literally is painful."

#### 4. Benefit Cap Case studies

Gary (33)	Couple with partner Suzy (29), four children the youngest aged one. Gary is looking for full-time work and Suzy for part-time.
Nicola (33)	Single parent with eight children, the youngest are two-year old twins attending nursery two hours per day.
Louise (35)	Single parent with six children, including a baby under one and a three year old attending half-days at nursery. Has previously fled domestic violence.
Mandy (31)	Single parent with five children the youngest aged three. Has recently started part-time work. Has previously fled domestic violence.

The four households had lost over £100 per week, leaving them to find the full rent from subsistence benefits. The increasing rent arrears caused anxiety, and there were barriers to employment; the main factor for single parents being their engagement in the hard work of looking after young children.

**Gary** was struggling to find unskilled work having been long-term unemployed. He was already subject to the conditionality of Jobseekers Allowance but had received no additional employment-related support since being 'benefit capped': "you just do it all online yourself". He had secured a DHP to cover all but £10 per week of his rent for three months, as well as backdating to clear the arrears of £1,220 which were putting him at risk, as a Starter Tenant, of eviction. However this was a temporary solution:

"Very stressful, it was all thinking are we gunna lose the house, with four kids, 'cause I know they can kick you out ...It's the last thing you want to hear isn't it ... you don't want to lose your house."

**Louise** was one of the *five* women who mentioned domestic violence. She and her children had two years earlier fled horrific abuse: "mind-games ... horrible names .... he beat me ... he raped me God knows how many times". Louise was not able to work with no family support, and had to find rent payments of around £113 per week from her Child Tax Credits. A lack of clear information from the Government about the policy caused confusion:

"They ring and say 'look you're in arrears' ... one minute it was £85 and next minute it was £50 odd ... and I said 'how much am I supposed to be paying, I don't want to be in arrears, I've got kids to look after, I don't want to end up losing the house'."

All of the lone mothers in the study talked, like **Nicola**, about the competition for local jobs, lack of school holiday childcare, not having their own transport and the ability to collect children in emergencies:

"My mam and dad, they work full time. My sister works full-time... at the minute I look after her kids for her while she goes to work... I don't mind paying the childcare but where you getting a job that's 9 till 3 ... especially when you've had no experience of working? ... When they're in full time school it'll be a bit different."

The study purposely included one affected claimant who had entered work. **Mandy** had searched desperately for a job, with rent arrears rising rapidly at £110 per week and reaching £1,010. Having secured 16 hours cleaning at her local pub, she appears to offer a text-book example of the work incentive. However, the job had clear advantages of close proximity to her home, predictable shifts which fitted the free school breakfast club and her brother's availability to look after her three-year old.

## 5. Bedroom Tax case studies

Marie (53)	Lives alone in her three-bedroom home of 31 years, unable to work because of physical and mental health problems and receives Employment Support Allowance and Disability Living Allowance.
Caroline (39)	Single and has multiple chronic deteriorating health conditions. Worked until 8 years ago, now receives Employment Support Allowance and Disability Living Allowance.
Sandra (59)	Lives alone in her three-bedroom home of 30 years, a Carer for her mother.

All three interviewees had the same pattern of several six-month DHP awards over four years and had been told that their current DHP would be their last. DHP had averted eviction action on several occasions, for example through a lump sum reducing Marie's arrears from over £800 to £325, but had not adequately mitigated the effect of the reform, as the future remained uncertain and she was still subject to a Suspended Possession Order. Marie describes how the experience of rent arrears exacerbated her mental ill health, which was a common theme:

"Every night I was going to bed thinking, are they just going to come and put the shutters on, what about all my stuff 'cos my Mam bought me it all, so now it's even more precious because she died suddenly. And when you watch on programmes where they just shot everything on the road ...and that proper got in my head...where would I go, and who'd be able to cope with me and my moods. Sometimes I felt suicidal ...and last year, when I was really poorly with my pains and everything else ...I took an overdose because I couldn't cope."

The additional welfare reforms affecting people with disabilities caused further pressure. Marie was expecting a reassessment of her Employment Support Allowance and feared being reduced to "bare dole" and having to pay bedroom tax of £23 out of only £73 per week. Fear of reassessment under the Work Capability Assessment is justified. **Caroline** had twice already been found 'fit for work' each time winning her benefit back at appeal tribunal with welfare rights representation. During her periods of reduced benefit, she had been unable to pay the 'bedroom tax', illustrating the complex interaction of conditionality, sickness benefit reform and housing security.

Caroline's two-bedroom ground-floor flat had been allocated on disability grounds so it was not appropriate for her to move, yet she had not been afforded the security of a longer term DHP award as suggested in Government guidance for people whose circumstances are unlikely to change<sup>21</sup>. Additionally, the social landlord's policy did not allow people with rent arrears to move, and Marie and Sandra were also trapped in this same catch-22 situation, unable to escape the bedroom tax by downsizing. The behavioural conditionality of welfare reform clashed with the behavioural conditionality of social tenancy, which felt to Marie like a 'noose' around her neck. **Sandra** had arrears of £710 and debt recovery action had been on hold while she underwent cancer treatment, but she had just been contacted about a missed payment. She responded defiantly although clearly distressed: "I didn't have it so I couldn't pay it ...they can put me out, I'm not bothered."

## 6. Cumulative Impact

The incomes of all interviewees were insufficient to meet their basic needs, to which they responded with a range of strategies. Council Tax competed with rent, with minimum payments of £2 to £3.50 per week often increased to £10 to repay debt. Sometimes it was prioritised over rent through fear of prison, sometimes ignored as unaffordable:

"I phoned them up, but she didn't seem to understand. I said, 'I can't pay it!' and she said, 'Oh well, it's going to the Magistrates Court'. So that's more stress." (Lisa)

"Don't go there, I haven't paid none. I haven't paid water rates since I've been on [UC]... Nope, Council Tax, never paid that. I can't, so I don't." (Jackie)

Nicola had started to pay rent after attending Court, but to pay for her daughter's school trip and for Christmas had taken out additional doorstep loans of £105 per week. Now unable to save up for next year, she was trapped in "a big vicious circle 'cos I'll get [loans] back out again and ... I'll be exactly the same". Marie had used illegal money lenders to pay the 'bedroom tax', as she also had high fuel costs of around £60 per week because of her disability and debt on her meter: She discovered the potential consequences of non-payment from her son's frightening experience:

"£100 loan off the loan-sharks, where you have to pay £200 back ...because you're desperate ...then you've got the likes of that worry at your door. What if I can't pay them, what will they do?"

"The girl's husband went to my son's house, where his kids were, and he was going to put him in the boot of a car...And my son stood and pissed himself in front of his kids."

People found acceptance of food bank vouchers degrading, as was 'putting on' relatives "I'm used to having me own [money] 'cos I've been working for that long ... bloody hell, I used to box, that was my living!" (Peter). There was palpable discomfort in depending on adult children which felt outside societal norms. Jackie's washing machine was broken but she was ashamed to take laundry to her son's house: "It's awful...I said you're not looking at my knickers, you know what I mean [laughing]." Sandra felt similarly about being supported by her son:

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<sup>21</sup> DWP (2016), Discretionary Housing Payments Guidance Manual and Good Practice Guide Updated December 2016, London: UK Government.

“He'll phone me, ‘Mam I'm doing a lasagne, do you want to come over?’ I think ‘No’, even though I'm hungry. ‘Nah, I'm busy today son’...but sometimes he'll bring it over... I've lost 2½ stone, I don't know if that was my worry with the cancer or what.”

Several people said that the impossible choices they faced were not understood by people in authority. The impact on children of the benefit cuts included shortages of food during the school holidays and their pocket money, hobbies and sports clubs being stopped:

"I didn't like her attitude: she said keeping a roof over the kids' heads is the most important. I said ‘We need to feed the kids an'all’... If I've got to have £75 for rent and that's all I've got and I've got no food in the cupboards, what're you going to do, let the kids starve?" (Gary)

“I'm really struggling with clothes for them, I used to be able to go down every week and go [child's name] needs some new tights, needs some new shoes, and just pick them up. But the past couple of weeks I haven't been able to” (Nicola)

"Letters home [from school], fivers here, fivers there ... If you don't pay the contribution they won't be able to go. The oldest wanted to go to London ...£250 ...couldn't do it” (Gary)

## 7. Conclusions

The complex interactions of welfare reforms with people's lives illustrate the changing nature of social security. Peoples' deepening poverty was not due to poor money management skills or benefit 'delays', but because welfare reforms had, by design, reduced their entitlements below subsistence-level income. Although housed, they belonged to 'the new destitute' identified in recent research for JRF<sup>22</sup>; citizens who until very recently were protected by the welfare state. If they can no longer afford social housing, where will poor people live? The possession actions by the social landlord aimed to re-establish payments rather than end tenancies, but the fear of eviction had a negative impact on mental health, highlighting the importance of support and an awareness of policies that trap people in poverty.

Fear of sanctions creates anxiety rather than work incentives, and wide discretion carries the risk of unreasonable work-related requirements being imposed on vulnerable groups previously safeguarded by clear rules; a key emerging policy concern. The Benefit Cap, sold as fair to 'the tax payer', is not fair to the children with no influence on their parents' fortunes in the labour market. Discretionary and charitable forms of welfare add a layer of bureaucracy to the system rather than simplifying it, offer temporary crisis prevention but not security, and are highly stigmatising. As Marie said, “Never in your life do you think you're going to go as low as that”. Housing, food and health should be rights<sup>23</sup>, but these welfare rights have been eroded by welfare reforms, causing unacceptable and damaging social insecurity.

## 8. Acknowledgements and Contact

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<sup>22</sup> Fitzpatrick, S. et al (2016), *Destitution in the UK*, York: Joseph Rowntree Foundation.

<sup>23</sup> Lister, R. (1990), *The exclusive society: citizenship and the poor*, London: CPAG.