

## Poverty

### The Impact of Welfare Reform in Scotland Tracking Study: Year 1 Findings

Dr Helen Graham\*, Dr Billie Lister\*\*\*, Dr Valerie Egdell\*, Professor Ronald McQuaid\*\*,  
Professor Robert Raeside\*

\*Employment Research Institute, Edinburgh Napier University

\*\*Stirling Management School, University of Stirling

\*\*\*Leeds Beckett University

October 2014

The aim of this qualitative longitudinal study is to explore the impact of ongoing welfare changes on a range of working age households in Scotland over time. This document reports on the findings from the first year of the study.

### Main Findings

- A key rationale of welfare reform has been to encourage people into work including attempts to activate recipients of out of work benefits, including lone parents and those with a health condition or disability. However, participants in both of these groups reported they wanted to work, but faced considerable barriers to doing so.
- The experience of the transition from Incapacity Benefit to Employment and Support Allowance was stressful for some participants, particularly those who subsequently appealed the initial verdict. Sources of stress included: finding the process itself confusing; the waiting time involved; and unpleasant experiences of the medical or tribunal.
- There was limited support on offer to help recipients of out of work benefits move into work. Even those participating in the Work Programme did not report that it was particularly helpful. Some respondents, including those who had moved into work since the first interview, reported receiving more intensive, personalised and targeted assistance from third sector organisations, which they found more useful.
- Welfare reform has also aimed to manage public expenditure, through measures such as the 'bedroom tax' (also known as the 'removal of the spare room subsidy'), and through limited or no uprating of benefits. Participants reported struggling to make ends meet, particularly in a context of prices of essential items rising faster than benefits. The bedroom tax created temporary hardship for some participants, although for most this impact was mitigated through Discretionary Housing Payments.
- The way in which the UK Government has communicated the rationale for welfare reform had a negative impact on participants, who felt unfairly tarnished by stigmatising messages about benefit claimants not wanting to work.
- Communication of the detail of benefit changes by relevant agencies such as the Department for Work and Pensions was also cited as poor. Official correspondence was described as long, confusing, and sometimes conflicting with previous correspondence. This made it difficult for participants to understand the changes and their potential impact.
- There was some geographical variation in access to affordable basic items, which was particularly poor in rural areas. However, this was also an issue for those in urban areas who were not within walking distance of larger and cheaper shops, due to the high expense of bus fares relative to benefit income.

## Background

This qualitative longitudinal study aims to increase understanding of the impact of 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.

The welfare changes explored are:

- Changes to the uprating of benefits and tax credits, and the introduction of a benefit Cap;
- Changes to Housing Benefit, such as the removal of the spare room subsidy and changes to the setting of Local Housing Allowance rates;
- The loss of Income Support eligibility for lone parents when their youngest child turns five;
- The reassessment of Incapacity Benefit recipients for Employment and Support Allowance, and the replacement of Disability Living Allowance with Personal Independence Payment;
- The introduction of Universal Credit, including the move to monthly payments and a fully online system.

The changes to welfare benefits are currently underway. All changes are currently expected to be implemented by 2017.

## Research Objectives

- 1. To obtain baseline information about a sample of 30 Scottish households with direct experience of welfare changes:** The baseline stage of the research involves the selection and recruitment of an appropriate sample of households, and the collection of information from them.
- 2. To obtain follow up evidence on the sample of households, and whether any changes have occurred to the aspects of their lives explored in the first interview:** This 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.
- 3. To analyse and report the differences between time points, potential reasons for these differences, and the implications of these findings for understanding the impact of welfare reform and the appropriate response from the Scottish Government:** Reports will be produced for the Scottish Government bi-annually. This research 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.

## Methods

The study takes a qualitative longitudinal approach, which allows the research to capture the experiences of participants at different stages of welfare reform as it is rolled out, and to capture both short-term and longer-term impacts.

Participants will be interviewed six times over three years to 2016. The first two interview sweeps started in September 2013 and April 2014. Forty-three individuals took part in the first sweep, and thirty-five took part in the second. The participants represent a variety of household circumstances and reasons for claiming benefits, and were recruited from across Scotland, including rural and urban areas and the major cities.

In-depth, semi-structured interviews lasting between 30 and 90 minutes were carried out with participants. The first interview was designed to gather initial baseline data about the participants and their households, and their experiences of welfare reform to date. The second interview established any changes in circumstances. Subsequent sweeps will continue to explore changes, as well as investigating key areas in greater depth.

Although the sample in this research is small, and it is difficult to generalise from the results, the participants' accounts of their experiences provide useful insight into the impact of welfare reform on individuals and households, for the purposes of policy development. The qualitative approach taken here seeks to preserve participants' narratives, and situate them within their wider context, to gain a holistic understanding of impact. However, it is also useful to observe whether patterns emerge in participants' experiences, not least to suggest avenues for future, larger scale research. The content of the interviews was analysed for important and/or recurring themes (partly using the qualitative analysis computer software NVivo).

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

## Main Findings

In the findings, so far, the participants raise a number of key issues that affect them.

### Moving people into work

A number of measures have been introduced as part of welfare reform aimed at encouraging people into work: more personalised and intensive support; addressing financial incentives to work; and intensifying conditionality upon recipients, including lone parents and those with 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, 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 benefited greatly where they had received support from advocacy organisations with the process of applying and appealing.

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 it unhelpful or encountering negative or hostile attitudes from staff. Even those receiving support through 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. Job Seeker's Allowance and Employment and Support Allowance recipients were sometimes signposted to third sector organisations 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 benefits 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 benefits

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 Disability Living Allowance with Personal Independence Payment; the restriction in uprating of certain benefits and tax credits; and the removal of the spare room subsidy for social housing tenants.

Participants reported a lot of uncertainty regarding the transition to Personal Independence Payment, and many were worried that their entitlement would be lost or reduced.

The main issue for participants with the time-limiting of contributory Employment and Support Allowance seemed to be the way in which the transition to income-based Employment and Support Allowance 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 removal of the spare room subsidy initially created hardship for some of those affected, but most successfully obtained a Discretionary Housing Payment 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 Department for Work and Pensions 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.

### **Welfare reform has 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 feel left adrift.

## **Policy implications**

These findings suggest a number of ways in which policy could be reformed/used to mitigate impact:

- 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.
- The provision of childcare should be examined to see how it could be better aligned with the working hours (as well as quality and costs) expected from parents moving into 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 of 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 maintain or access support. Many of the changes accompanying welfare reform do not cause intractable problems – the findings show that in many cases, they can be navigated with appropriate support, such as helping those affected to decipher confusing correspondence, fill in forms, locate specialist services or provide support for a benefit tribunal. Hence, 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 suggest 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 that they could take a more joined up role in helping service users access the support that is available to them. For example, health services could advise patients who might be entitled to Employment and Support Allowance or Disability Living Allowance 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 amongst those eligible for it.
- The impact of welfare reform appears to vary depending on service provision at the local level. This feeds into mitigation work being undertaken by 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).
- The impact on 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 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.

## Issues to be explored in the next phase of the research

Sweep 3, commencing in October 2014, will establish the new and ongoing impacts of changes experienced by recipients, as well as taking a specific focus on the role of formal and informal support networks in mitigating the impact of welfare reform. The following topics will be explored in the interviews:

- 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.

This document, along with full research report of the project, and further information about social and policy research commissioned and published on behalf of the Scottish Government, can be viewed on the Internet at: <http://www.scotland.gov.uk/socialresearch>. If you have any further queries about social research, please contact us at [socialresearch@scotland.gsi.gov.uk](mailto:socialresearch@scotland.gsi.gov.uk) or on 0131-244 2111.

ISBN: 978-1-78412-921-7

APS Group Scotland  
PPDAS39667 (11/14)



Social Science in Government