

FEELING THE

BENEFITS?

# UNINFORMED AND UNDERPREPARED

An insight into vulnerable young people's perspectives on the planned reforms to the welfare system and the introduction of Universal Credit



## PREFACE

A lot has been said and written about the merits and flaws of the existing welfare system as well as the reforms currently being rolled out across the UK.

However, voices notable in their absence from this debate have been those of the thousands of vulnerable young people that rely on the welfare system in their times of need.

The purpose of this ongoing research series entitled - '***Feeling the Benefits?***' - is to gather vulnerable young people's experiences and viewpoints and give this often unheard and overlooked group a voice on this important issue.

Based on the findings from this research, the YMCA will be publishing a series of reports, each designed around the views expressed by the vulnerable young people.

This report - '***Uninformed and Underprepared***' - is focussed on vulnerable young people's views on the welfare reforms, in particular how they feel the introduction of Universal Credit would impact on them.

## THE YMCA

The YMCA was established in 1844 and is the largest and oldest youth charity in the world, helping over 58 million people in 119 countries.

In England, the YMCA are the largest voluntary sector provider of supported accommodation for young people, and the largest voluntary sector provider of activities and services that promote health and well-being.

There are 114 YMCAs in England, helping to transform over 530 different communities so that all young people can truly belong, contribute and thrive.

The YMCA strives to create inspiring environments where young people can develop confidence to choose their own path in life, find fulfilment and determine their own future.

## THE RESEARCH

To gather the views of vulnerable young people, a range of research methods were employed. This included undertaking detailed interviews with vulnerable young people living in YMCAs. These interviews that inform this report took place between August and September 2013 with residents at three YMCAs in the North West of England; Blackburn, Crewe and St Helens.

A total of 12 detailed interviews were carried out, each lasting between 45 and 90 minutes, during which the vulnerable young people were asked questions that focussed on the following areas; their background, their education and training, housing, employment, their current benefits and the planned changes to the welfare system.

The vulnerable young people interviewed were selected by the YMCAs and were all between 18-24 years old, living in supported housing and accessing benefits. Detailed interviews were also conducted with the key workers responsible for supporting these vulnerable young people at the YMCAs.

The qualitative evidence from these interviews is also supplemented by more quantitative information drawn from a survey of vulnerable young people accessing YMCA programmes and services. This survey was also conducted between August and September 2013 with 86 vulnerable young people, the majority of whom are also currently living in supported housing.

The questions in the survey focussed on the reforms to the support for housing costs, including the changes to the local housing allowance, payment of housing costs, localised council tax support, the benefit cap and the social sector size criteria (bedroom tax).

# THE WELFARE REFORMS

## Introduction

In March 2012, the Welfare Reform Act was given Royal Assent, paving the way for the most radical transformation of the welfare system in 60 years. At the heart of these reforms is the introduction of Universal Credit which seeks to combine six existing benefits into one new payment.



By bringing in Universal Credit, the Government hopes to: -

- Simplify the current benefits system
- Encourage more people into work
- Reduce the number of people who are in work but still living in poverty
- Smooth the transition into and out of work
- Reduce benefit fraud and error

The introduction of Universal Credit will not only mean bringing together existing benefits, but also establish a number of reforms to how these will be managed.

These changes will include, the way that claims are managed and paid, the expectations on the claimant, the penalties for not meeting these expectations, and the overall amount they will receive.

Given the failings identified with the current welfare system in the previous report in this series - *'Processed and Punished'* - plans of its reform were much welcomed by the vulnerable young people taking part in the research. However, whilst there was support in principle for what the Government is attempting to achieve with the introduction of Universal Credit, a number of serious concerns were raised regarding its implementation.

## Awareness of the reforms

Prior to discussing the reforms in detail, those taking part in the research were asked about their awareness and knowledge of the reforms currently being introduced by the Government. Worryingly, when questioned, the majority of the vulnerable young people interviewed had not heard about the reforms taking place to the benefits system, including the introduction of Universal Credit.

Where they had heard something, their knowledge tended to be patchy and superficial, being able to identify only certain elements of the reforms such as the Benefit Cap and the move towards monthly payment of benefits.

*“I didn’t have a clue; I’m not going to lie to you”*

*“I’ve heard they are making changes, but what they are I don’t know”*

*“I have heard of Universal Credit, but isn’t that just for people on Job Seeker’s Allowance?”*

The vulnerable young people identified the information provided by YMCAs and the media as being the main source of their knowledge on the reforms, indicating a failure in the communication methods used by the Government, and bodies such as Jobcentre Plus, to directly reach vulnerable young people.

The views expressed by those interviewed were reinforced by their support workers who felt that, apart from what they were providing, there was a significant shortage in information being given to vulnerable young people on the reforms and how they would potentially impact upon them.

*“They are fairly unaware apart from the information we give them, although some are having their awareness raised by Job Centre sanctions”*

*“We endeavour to inform clients during our support sessions, but it seems they are not well informed by the Department for Work and Pensions”*

*“They are not very aware unless already affected and not so aware of the changes yet to come”*

This lack of awareness is depriving vulnerable young people of the opportunity to suitably prepare and respond to reforms. This is already evident in the changes that were made to the sanction regime in October 2012, where the vulnerable young people felt their lack of knowledge about the changes had been a contributing factor in the rise in the levels of sanctions being issued.

Of the reforms taking place within Universal Credit, the changes to how benefits will be paid are the most well-known amongst the vulnerable young people. In the recent survey undertaken with those accessing YMCA services, just under half (47%) of all the vulnerable young people responding had heard about the introduction of monthly benefit payments, while only around a third (35%) were aware of plans to introduce the direct payment of housing costs to claimants.

The YMCA found that even where there was a slightly improved awareness amongst those taking part in the research, their knowledge of the reforms was not necessarily focussed on those changes that are most likely to directly impact on their lives. The Social Sector Size Criteria (Bedroom Tax) was the most recognised of the reforms, despite this being much less likely to impact on vulnerable young people as compared to some of the

other reforms given the low numbers of young people living in the social rented sector. However, even in this case, less than half of those responding (49%) were aware of its introduction.

The low levels of awareness of the impending reforms are extremely worrying, especially given that at the time the Welfare Reform Act 2012 was passed, the changes were described by the Prime Minister as the “biggest welfare revolution in over 60 years” and that Universal Credit is already beginning to be rolled out across the UK.

This lack of knowledge amongst the vulnerable young people who will, and are, already being affected, indicates a significant failing by national and local government to effectively communicate these changes, denying them the opportunity to prepare and respond effectively to the reforms. Not only does this lack of awareness stop them being able to prepare and respond accordingly, it has prevented any chance that vulnerable young people have of being able to engage in the design and implementation of the reforms.

**1** The YMCA proposes that the Government work with relevant service providers to ensure that information regarding the welfare reforms is better communicated to young people.

### **Managing their claim**

In bringing in Universal Credit, the Government plans to apply the principle of ‘digital by default’, with the expectation that the majority of claimants will make and manage their claims online using a new system.

The vast majority of the vulnerable young people questioned felt confident using a computer and the internet, and so believed that they would not require a large amount of support to use any online system. Consequently, a significant proportion of the vulnerable young people believed that they would be comfortable in making the transition to managing their claims online as part of Universal Credit.

Despite this, if given the choice, a number of the vulnerable young people questioned would still prefer to make and manage their claim face-to-face, as they believed this would remove the chance of mistake or error. As set out in the previous report - *‘Processed and Punished’* - many vulnerable young people taking part in this research found the application process complex and lengthy.

*“I like talking face-to-face rather than dealing with a computer”*

*“For me it is easier doing things in person”*



Furthermore, whilst those taking part in the research felt broadly comfortable with the 'digital by default' approach being adopted for Universal Credit, some concerns were raised for those vulnerable young people who were less IT literate or had additional needs and how these vulnerable young people were going to be supported through this transition.

*"Think how much money it is going to cost to put people on computer courses"*

*"It is a preposterous idea, because if everything is done online, you don't have the help required"*

*"People I know can't even read or write, on the phone that's okay they can just say what they need to say"*

However, by far the most significant concern raised by those taking part in the research with regard to the 'digital by default' approach was being able to access a computer and the internet on a regular basis, not only to manage their claim, but also for searching and applying for jobs.

For vulnerable young people living in supported housing accessing the internet is often more challenging as they tend to be more dependent on shared computers, either within their housing or at public locations such as the local Jobcentre Plus or library. Whilst some were able to access the internet using their mobile phones and felt this could be used for making a claim if a suitable mobile friendly platform was available, this wasn't considered by them to be suitable for looking for and applying for jobs.

Having to rely upon shared computers restricts the time that they are able spend on the internet each day, due to the computers often having time limits and the narrow opening hours of the locations in which they are situated.

*"Everyone doesn't have access to the internet 24/7"*

*"It is impossible for me to get on the internet every day"*

*"What happens when the library and college are shut?"*

*"Providing that everyone can access it, it is much better"*

*"Are they going to pay for my internet?"*

It is therefore critical that the Government supports approaches that broaden access to computers and the internet for vulnerable young people who are not able to afford their own equipment; not only focussing on the number of computers available in different settings, but also extending the times when they are available for use.

Furthermore, the Government needs to recognise that the choice to opt-out of the online system within Universal Credit will be essential for some vulnerable young people who have greater support needs or continue to have difficulties regularly accessing a computer and the internet, while providing them with the support and training they need to eventually move across to this new approach for managing their claim.

**2** The YMCA proposes that vulnerable young people or those without regular access to a computer should have the opportunity to opt-out while they receive a tailored package of relevant training and support or access to a computer.

**3** The YMCA proposes that the Government increase the supply and availability of computers within communities, particularly targeting the most vulnerable young people.

### **Receiving their benefits**

By far the biggest concern amongst the vulnerable young people regarding the introduction of Universal Credit is the change to the way that benefit payments will be made.

As part of the reforms being introduced with Universal Credit, the way benefits are paid will change in three key ways. Firstly, claimants will get paid monthly, which differs from the current system where benefits such as Job Seeker's Allowance are paid every two weeks.

The second key change is that in most cases, the support they receive for housing costs, along with all their other benefits, will be paid directly to the claimant as part of one payment. However, the Government's intention is currently for this not to be the case for individuals living in supported housing, where the housing element of the Universal Credit payment would continue to go directly to their landlord.

The third change in how claimants will receive their benefit payments is that partners living together will be assessed jointly and will receive one payment based on their combined circumstances.

The vulnerable young people participating in the research had serious reservations at the prospect of receiving their benefit payments monthly and that this could potentially include their housing costs.

These anxieties were due to difficulties the vulnerable young people felt they had in managing their finances and the potential for the reforms to put this already vulnerable group at a much greater risk of falling into debt and rent arrears.

*“Every two weeks is difficult enough for me, if it was once a month, it would go in the first few days”*

*“It’s like throwing people in the deep end of the pool and saying swim”*

*“I wouldn’t feel comfortable with that”*

*“For younger people that is just absolutely stupid...it will tempt them just to blow it and they will work themselves into huge debts quicker than what they currently would”*

*“I’d probably spend it all in two weeks and not realise”*

Those interviewed felt that the consequences of these reforms for the most vulnerable young people could be severe, including increasing levels of homelessness, substance misuse and crime.

*“There are heroin addicts and alcoholics out there who are just going to spend it...then they are going to have to go out and shoplift to be able to pay their rent”*

*“I wouldn’t give them the opportunity (of receiving their housing benefit) as they’d end up homeless”*

*“You’re guaranteed you are going to get overdoses and increased hospital admissions...some people cannot help themselves”*

The findings from the interviews are supported by the findings of the survey. Only 15% of the vulnerable young people responding felt monthly payments would be beneficial to them, while only 11% thought that directly receiving their housing costs would be positive.

Due to their concerns around budgeting and the implications they felt these reforms could have in exploiting this weakness, if given the choice, the overwhelming preference of the vulnerable young people accessing YMCA services would be for their housing benefit to be paid directly to their landlord.

*“I like the fact that it is paid direct to the YMCA; otherwise I wouldn’t have a home”*

*“Straight to my landlord, then I can’t spend”*

*“The option should be there for people to have their benefits go directly to their landlord. It is not fair on people who can’t help themselves”*

*“I would definitely prefer for it to go directly to the YMCA”*

This preference is demonstrated by 86% of those surveyed saying that if given the choice they would choose to have their housing benefit paid directly to their landlord.

Alongside these concerns, some of the vulnerable young people taking part in the research also raised some unease regarding the implications of introducing a single payment per household.

Their worries here focussed on the instability of young relationships and the consequences that break-ups could regularly have on one partner in the relationship accessing their benefits. The vulnerable young people questioned also felt that the benefit payment going into a bank account that the other partner could not access had the potential to exacerbate existing power relationships within a couple.

*“It’s stupid because people are always falling out”*

*“There are so many flaws...what if they split up and a partner has got a month’s money and is refusing to give it to the other one...also say you’ve got a woman being abused by her boyfriend or visa-versa and they’re withholding money”*

*“Obviously you take each of them into consideration, but you should get two separate payments because at any moment you could split up, and whoever gets it paid direct can just take the money”*

As well as highlighting their significant reluctance and anxiety with these reforms, the findings demonstrate a high-level of self-awareness amongst the vulnerable young people with regard to their weaknesses when it comes to managing their finances and the support they think they will need before they are ready and confident to deal with the changes being proposed to the way in which their benefit payments are made.

The Government therefore needs to exercise caution in the reforms it is making to the way benefits are paid, in particular to its desire to pay housing benefit direct to the claimants. It needs to respond to the views being expressed, providing vulnerable young people with appropriate support and giving them a say in how their benefit payments are made.

This should begin from the very start of their claim, and apply equally when they are within and once they have left supported housing.

Without this, rather than encouraging their transition to independence, vulnerable young people felt that the Government's reforms could have the opposite effect of increasing the likelihood of indebtedness and potentially leading to greater levels of homelessness and dependence on supported housing.

- 4** The YMCA proposes that people living in supported housing remain exempt from directly receiving their housing benefit payments and are given the option of receiving more frequent benefit payments.
- 5** The YMCA proposes that the Government introduce a pathway for people leaving supported accommodation, whereby they can choose to continue to receive more frequent payments and to have the housing element of Universal Credit paid direct to their landlord. This could be for an agreed period of time while they receive a tailored package of relevant training and support.
- 6** The YMCA proposes that the Government works with relevant organisations to develop and promote financial education and products targeted at vulnerable young people.
- 7** The YMCA proposes that where a single Universal Credit payment is made to a household, it should only go into a bank account which both partners in the relationship can access.

### **Increased requirements**

As of October 2013, a new Universal Credit Claimant Commitment is being rolled out nationally, which sets out increased expectations of what people need to do in order to receive their benefit.

For those people out of work, this could mean spending up to 35 hours each week doing things to find and get themselves ready for employment. For those people in low-paid or part-time work, they will still need to demonstrate that they are looking for more or better paid work.

The majority of the vulnerable young people taking part in the research understood the need for the Government to set down job search requirements and believed that this did help in motivating them to look for work. However, some felt that in order for this to act as a greater motivation, more effective checks needed to be put in place by Jobcentre

Plus to ensure people were doing what they claimed to be doing in the job searches they produced.

*“They need to put in a system where people have to prove they’ve been looking for jobs, rather than just write it down”*

*“People will just lie and say they are looking for work”*

Despite understanding the need to set down requirements for people on benefit and feeling that better checks needed to be put in place, significant concerns were raised by those questioned regarding the amount of time that they would be expected to spend searching for jobs.

The vulnerable young people felt that the Government should not simply view ‘telling them to look for more jobs’ as the answer to getting more of them into work and off benefits.

*“People are just going to lose motivation as they’ll be going for jobs just for the sake of it”*

*“You’ll run out of jobs to look for”*

*“If you go on the web every day, it will just be the same jobs”*

*“There is only a certain amount of jobs you can apply for...there are not that many jobs out there”*

As set out in the - **‘Processed and Punished’** - report, there is already a desire amongst vulnerable young people to find work and get off benefits. What the vulnerable young people felt was the biggest failing of the current welfare system was the lack of support and advice provided to help them fulfil this ambition.

To be successful, the increased requirements need to be matched and supplemented with increased levels and quality of support, and advice that is built around overcoming the barriers that each individual faces.

For some vulnerable young people, it might be appropriate for the Government to help them focus more of their time on increasing their skills and gaining work experience through finding relevant training and placements. For others, with confidence issues, it may be appropriate to offer counselling or mentoring to help overcome these.

**8** The YMCA proposes that increases in the obligations placed on claimants be matched by increased levels of support for vulnerable young people tailored around helping to overcome the barriers that prevent them from finding sustained employment.

As with the requirements proposed for those who find themselves out of work, there was broad support for the introduction of in-work conditionality and the principle of requiring people to continue to look for more or better paid work if they are receiving benefits.

However, some anxieties were also raised around how quickly after finding work people would be expected to begin looking for longer hours or better paid jobs and what support would be available to help with this.

*“For people going from Job Seeker’s Allowance, which can get you down, into work, mentally you’ve got to rebuild yourself up”*

*“If they implement it in little injections it could work”*

The vulnerable young people participating in the research felt that the Government needed to allow claimants a certain period of time in a new job or role, before requiring them to begin looking for more or better paid work.

### **Tougher sanctions**

For those people not doing what is set out in the new Universal Credit Claimant Commitment, a range of tougher sanctions are going to be imposed. This could mean cutting an individual’s benefits from 1 week up to 156 weeks depending on the level of offence.

Despite the impact sanctions are already having as set out in the previous report - *‘Processed and Punished’* - the research found that there was support in principle amongst around two thirds of the vulnerable young people questioned for some form of sanctions, with a number of those taking part in the research seeing an advantage of imposing a tougher sanction regime in making people meet their Claimant Commitment.

*“I think it’s a good thing...because if they did that then they would have to look for work, they’d have no choice”*

*“Sanctions would motivate me”*

*“It does make you think twice”*

*“Increasing how severe sanctions are could scare people in to thinking that they might need to start doing what they want them to do”*

*“It’s reality. It’s not all a bed of roses”*

However for some, they felt that any moves to increase sanctions would only act to further demotivate and marginalise those vulnerable young people who are already suffering most. It was also recognised that for some vulnerable young people, stopping their benefit payments may not be the best approach to either motivate or penalise and that alternative approaches should be considered.

*“They are already harsh. I don’t think they will motivate people, I think it will just annoy people and make them angry with the Jobcentre”*

*“I don’t think it motivates you...they say that sanctions are trying to recreate working environments, but if you miss a day at work you don’t get docked a month’s pay”*

*“For people that are already on benefits, it will just make things a hell of a lot harder”*

*“You’ve got to look at the person’s situation...if you sanction a family whose only income is benefits; you’re taking away from their children. In these cases it may be better to force them to do community work*

Although this measure does have general support in principle, as previously highlighted, there are significant concerns amongst the vulnerable young people with the way sanctions are currently being implemented.

The vulnerable young people questioned felt that if tougher sanctions are being brought in, the Government needs first to examine the way that they are being administered to ensure Jobcentre Plus are considering fully the circumstances of the individual, rather than continuing to take an approach which seems to be punishing those most vulnerable people in society.

As with the increased requirements, there was also a feeling amongst the vulnerable young people that increased sanctions need to be matched with increased levels and quality of support and advice that is built around overcoming the barriers that each individual faces.



Given the impact that sanctions are currently having on vulnerable young people, this topic along with recommendations is dealt with in a separate report in the series entitled - '*Signed on and Sanctioned*'.

## CONCLUSIONS AND RECOMMENDATIONS

Given the failings identified with the current welfare system as part of this research, plans for its reform were much welcomed by the vulnerable young people questioned. However, whilst there was support in principle for what the Government is attempting to achieve with the introduction of Universal Credit, a number of serious concerns were raised regarding its implementation.

The biggest concern raised by the vulnerable young people taking part in the research was the planned changes to the way that benefits payments will be made, with the vast majority having serious reservations at the prospect of both receiving their payments monthly and this potentially including their housing benefit.

If given the choice, the overwhelming preference amongst the vulnerable young people taking part in the research would be to continue to have more frequent benefit payments and for their housing costs to go direct to their landlord, as they recognise that rather than encouraging their transition to independence, these reforms have the potential to increase the likelihood of indebtedness and lead to greater levels of homelessness and long-term dependence on supported housing.

Significant concerns were also raised by the vulnerable young people on the increased obligations being placed on claimants in order to receive their benefits. While the majority of those taking part in the research understood the need to set down requirements for people on benefits, as well as imposing sanctions for those not meeting these, the vulnerable young people questioned felt that the Government should not simply see telling them to do more and punishing them if they don't as being the answer to getting more people into work and off benefits.

What the vulnerable young people felt was biggest failing of the current welfare system and most notable in its absence in the Government's reforms, was matching these increased obligations and sanctions with increased support and advice to help them overcome the barriers they face in accessing training, finding work and getting off benefits.

Even with the introduction of elements such as the Youth Contract, those taking part in the research felt that the reforms have the potential to fail as a result of not doing enough to focus on the main barriers that prevent vulnerable young people from finding work and getting off benefits.

Whilst these concerns were raised about how Universal Credit will work in practice, prior to informing them through the research, there was an alarming lack of awareness of the reforms amongst the vulnerable young people interviewed, and even for those who had heard something, their knowledge tended to be patchy and superficial. This lack of knowledge amongst those who will and are already being affected indicates a significant failing by the Government to effectively communicate these changes and is denying these vulnerable young people the opportunity to prepare and respond effectively to the reforms.

But not only does this lack of awareness stop them from being able to prepare and respond accordingly, it is preventing vulnerable young people from being able to engage in the design and implementation of the reforms. By giving them a voice, this report hopes to change this situation so that they are no longer uninformed and underprepared.

Based on the views expressed by those questioned, a series of recommendations are set out below for how the welfare reforms could best support vulnerable young people in England.

- 1** The YMCA proposes that the Government work with relevant service providers to ensure that information regarding the welfare reforms is better communicated to young people.
- 2** The YMCA proposes that vulnerable young people or those without regular access to a computer should have the opportunity to opt-out of the 'digital by default' approach for an agreed period of time while they receive a tailored package of relevant training and support as well as access to a computer.
- 3** The YMCA proposes that the Government increase the supply and availability of computers within communities, particularly targeting the most vulnerable young people.
- 4** The YMCA proposes that people living in supported housing remain exempt from directly receiving their housing benefit payments and are given the option of receiving more frequent benefit payments.
- 5** The YMCA proposes that the Government introduce a pathway for people leaving supported accommodation, whereby they can choose to continue to receive more frequent payments and to have the housing element of Universal Credit paid direct to their landlord. This could be for an agreed period of time while they receive a tailored package of relevant training and support.
- 6** The YMCA proposes that the Government works with relevant organisations to develop and promote financial education and products targeted at vulnerable young people.

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- 8** The YMCA proposes that increases in the obligations placed on claimants be matched by increased levels of support for vulnerable young people tailored around helping to overcome the barriers that prevent them from finding sustained employment.





29-35 Farringdon Road

London

EC1M 3JF

020 7186 9500

[www.ymca.org.uk](http://www.ymca.org.uk)

Charity number 212810