

Welfare Reform and Working Families

*Survey results, conclusions &
recommendations*



**citizens
advice**

Rushmoor



The decision of Citizens Advice Rushmoor to undertake this research on Welfare Reform and Working Families arose from a national Citizens Advice initiative to understand the impact of planned changes to benefits. Our work has already identified widespread financial hardship locally, so we welcomed the opportunity to gain a deeper understanding of people's situations as well as the opportunity to influence policy through the national project.

The report combines results from local and national data, and sits within a larger body of work by Citizens Advice on income security. It highlights how working families receiving benefits will be affected by future reforms, and considers ways in which they can be supported.

Whilst unemployment levels are at record lows, working households are still facing a number of pressures. The lack of affordable housing locally contributes to dependency on benefit income, alongside insecure employment and caring responsibilities.

In December 2016 the Joseph Rowntree Foundation reported that 55 per cent of people in poverty live in a working household, including 2.6 million children. Working age benefit freezes and reductions in tax credits are affecting working families. Universal Credit is replacing six existing benefits in our welfare system and the IFS predicts that by 2020 families will be at least £1200 worse off. Although there is wide support for the principles of simplification and strengthening work incentives, there remain serious concerns about reductions in income, problems with claiming processes, budgeting challenges and conditionality rules.

We want to use this report to build understanding of the issues facing local families, and ensure structured support for them is embedded in local practice. We hope that this will help to reduce the real risks for working families affected by welfare benefits reductions, and support them through current planned changes to the system.

Alex Hughes, Chief Officer, Citizens Advice Rushmoor

Printed with the financial support of:

RUSHMOOR
BOROUGH COUNCIL

Results

Following is a summary of findings from our own local survey data, interviews and the national survey. Graphs and pie charts illustrate Rushmoor data.

The national results are taken from a much larger sample and are able to supplement or support our local findings.

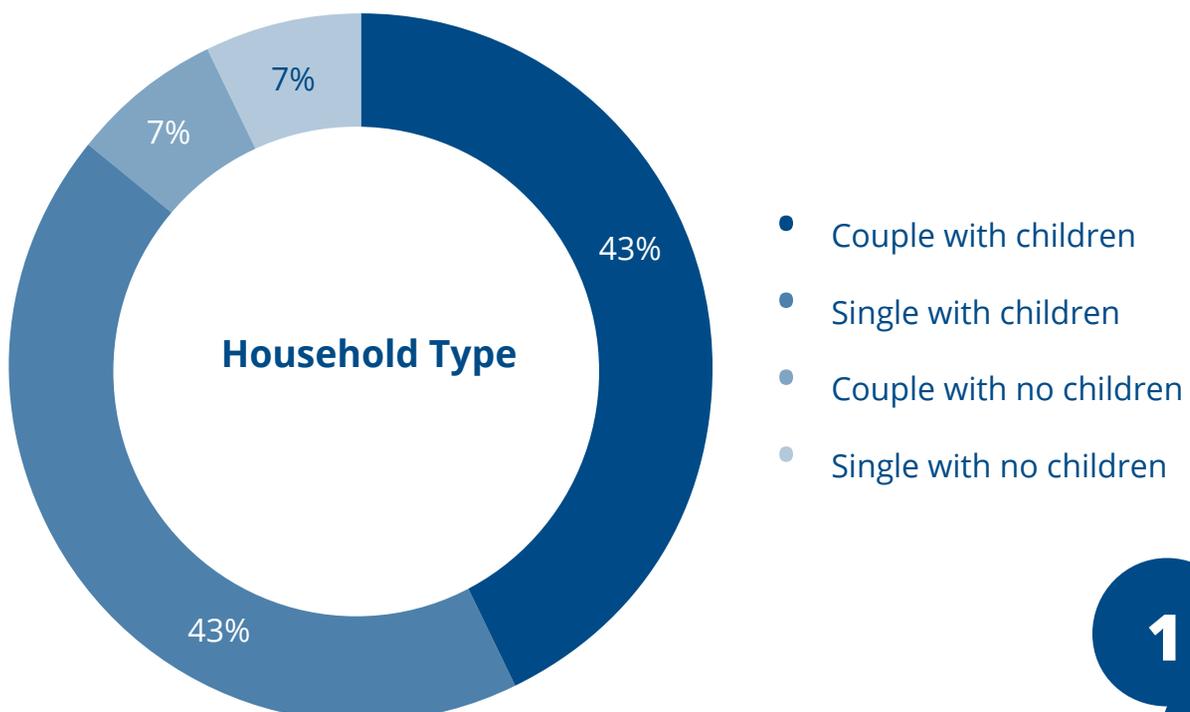
Who took part?

All participants surveyed in Rushmoor had someone in the household working and receiving tax credits, as full UC has not been rolled out in the area.

79% of Rushmoor respondents were women, 86% had children under 18 and half of those with children were single parent families.

Nationally 80% of respondents had children, with an average of 2 children in a family.

Nationally 20% of participants reported a disability or long-term health condition.

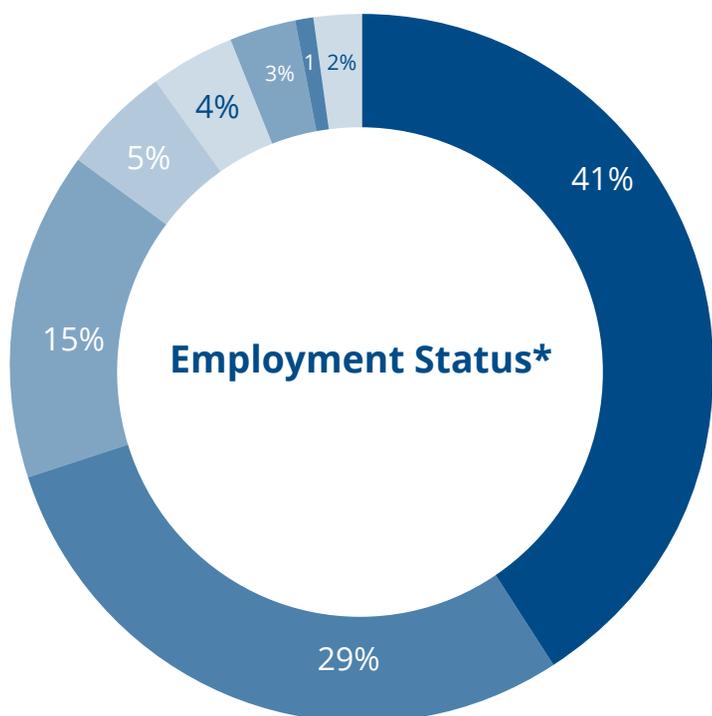


Employment

In Rushmoor 46% surveyed had an income from employment of less than £20k a year. Nationally survey participants earned on average between £5-9 an hour.

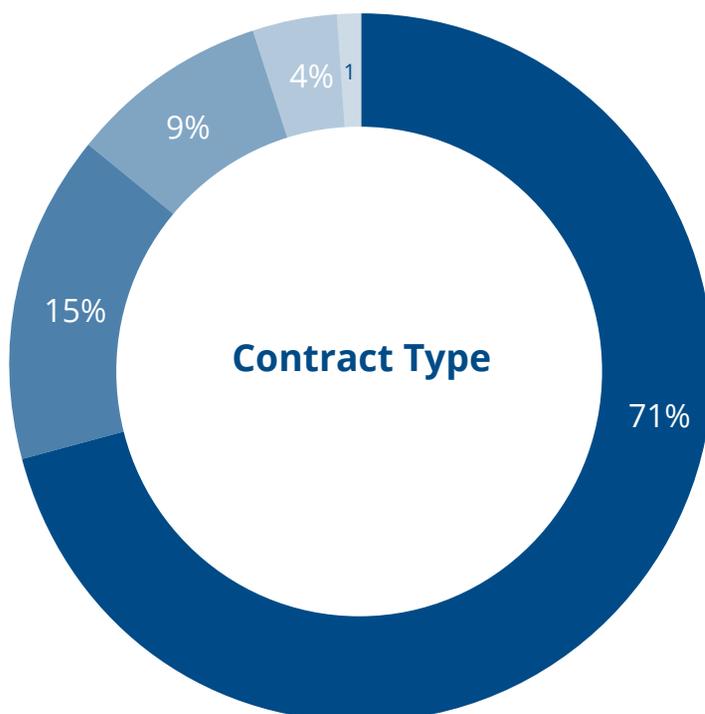
In Rushmoor 15% of respondents were on zero hour contracts and 9% defined themselves as self-employed. In the national survey, a third of respondents did not have a fixed income. Nationally, unstable employment was more common among older workers, disabled workers and those with a long-term health condition.

"Pay is LOW, that is the problem, it is not really good without overtime." Danielle 32



- Employed full time
- Employed part time
- Unable to Work
- Self employed full time
- Self employed part time
- Unemployed looking for work
- Unpaid Voluntary
- Other

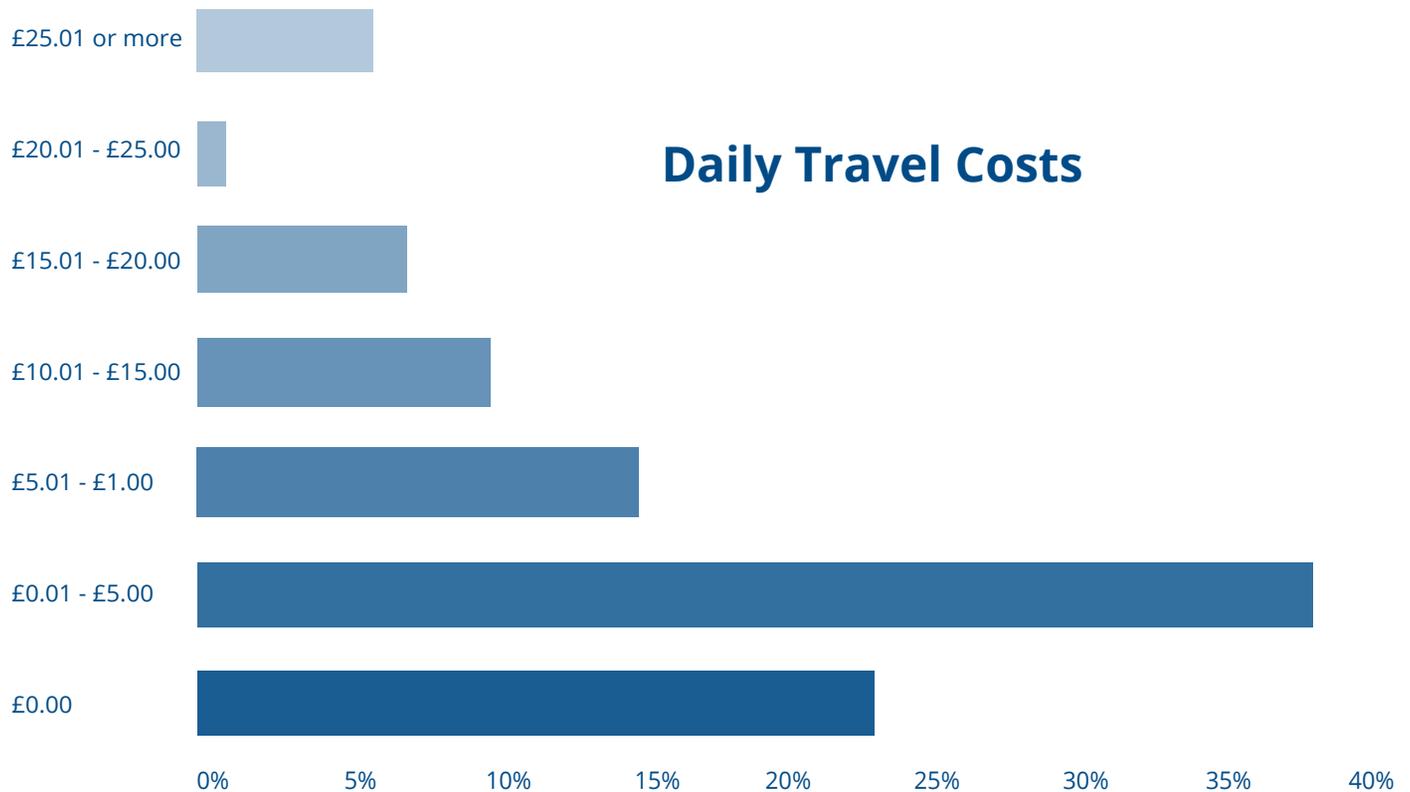
*Respondents not in paid employment would have had someone else in household working to meet the requirements of the survey.



- Fixed hour
- Zero hour
- Self employed
- Don't know
- Other

Travel costs

In Rushmoor 60% of participants had daily travel costs under £5, while 15% spent over £15 a day. National survey results found an average daily travel cost for respondents of £8.58.

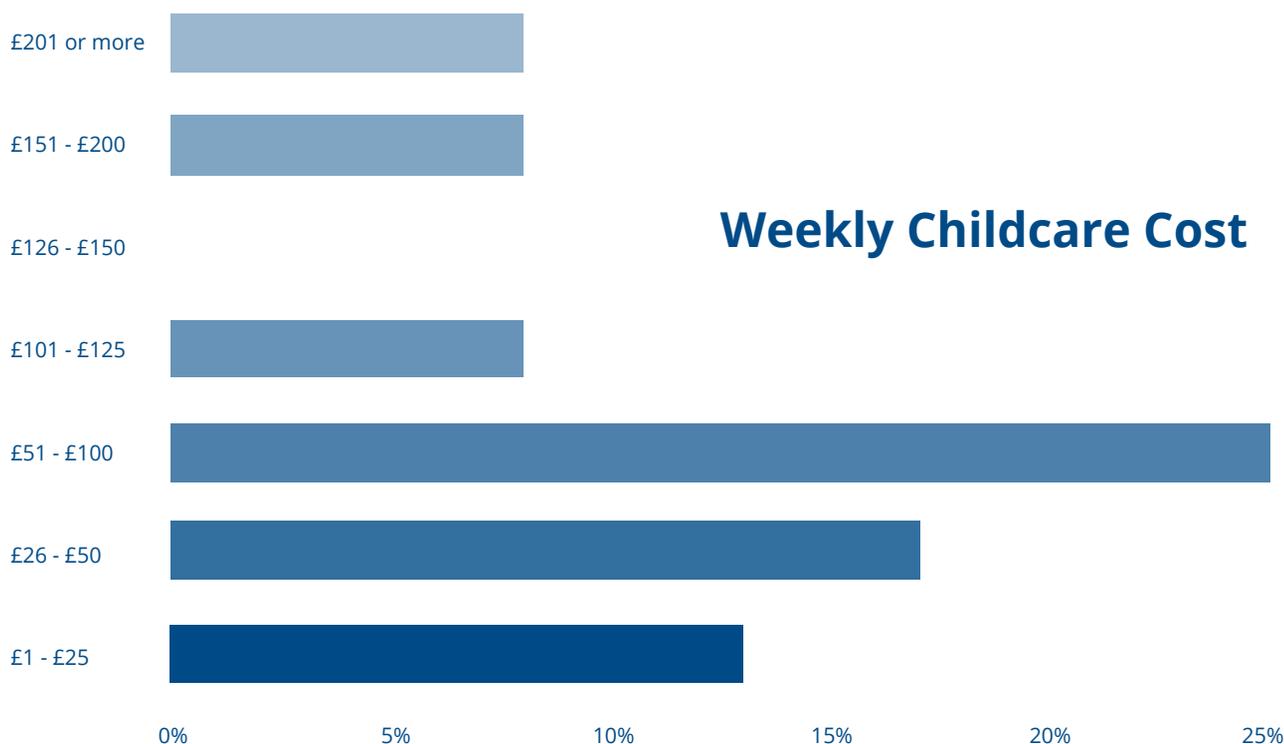
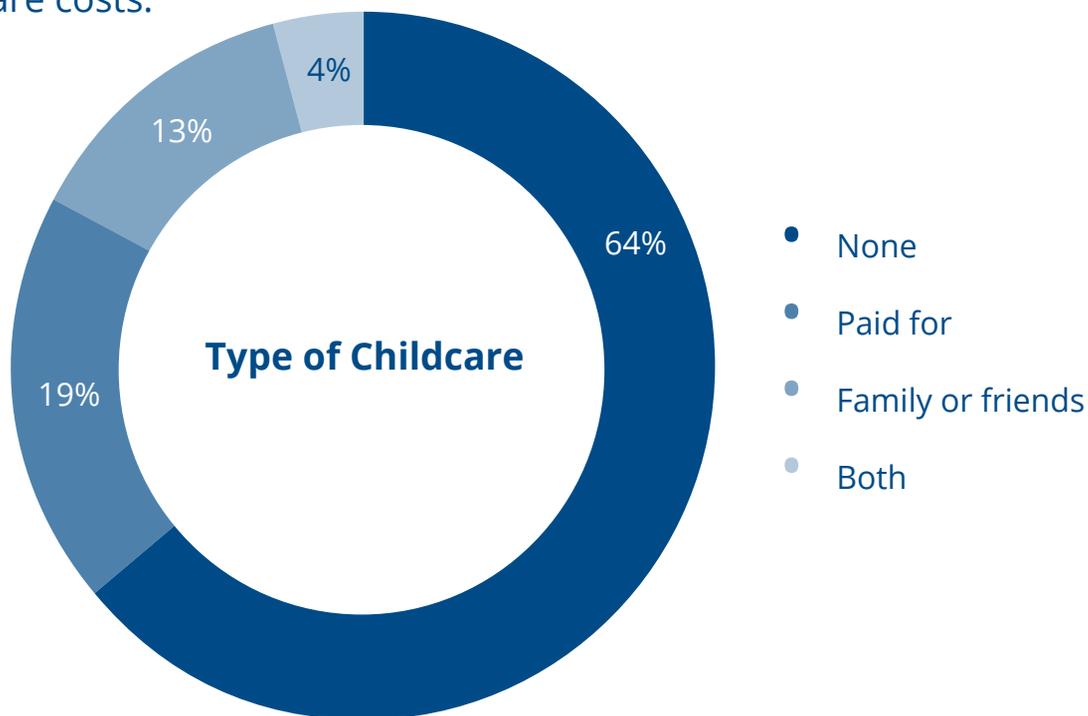


"We've lost a lot recently. My husband changed jobs and now has an expensive commute. Tax credits don't take into account travelling costs, it has got very hard for us." Jess 34

"The bus fare is expensive, £17.80 a week. I'm going to collect a push-bike from my parents this weekend. It will be 40 minutes each way cycling but will be a big weekly saving for us." Gareth 29

Childcare costs

19% of households in Rushmoor with children had formally paid for childcare. A high percentage of those households were single parents, who had among the highest childcare costs.

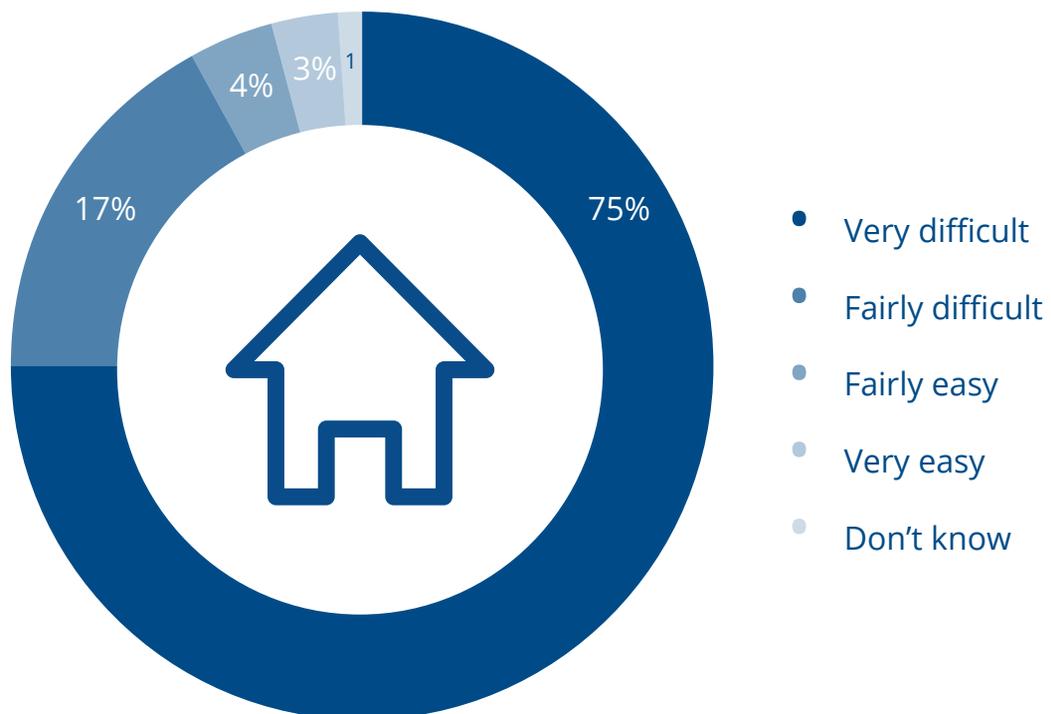


"As a single parent, when you are working, you are not really in a better position... the main thing is the childcare costs. It is so EXPENSIVE, they then even make you take in snacks". Danielle 32

Financial situation

90% of those surveyed in Rushmoor said they would face difficulty coping with a £100 reduction in their monthly income. 75% said they would find it “very difficult”. In interviews, participants spoke of how important tax credits were to their family’s income.

How easy or difficult would it be for you to deal with £100 reduction in your monthly household budget?



"Losing £100 a month would be difficult. Ever since I started getting tax credits it has taken off a lot of pressure. It's a really, really, really big help and I've been able to save up a little." Zac 46

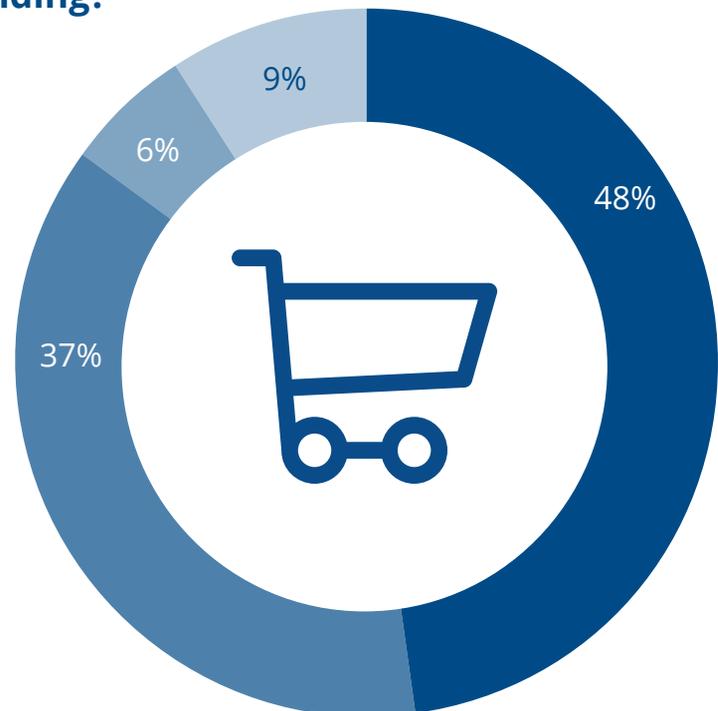
"It is already not enough. It would be hard."

"Tax credits help and I don't know how I would live without it. Families need it, because their children really need it. It is not just about food. You cannot just keep kids in the house." Danielle 32

Household spending

To deal with a £100 reduction in your monthly budget do you think you would cut back on household spending?

- Yes
- No - I have already reduced my household spending as far as possible
- No - I would not need to do this
- Dont know



Nationally 39% and in Rushmoor 48% of respondents said they would have to cut their household spending to cope with a £100 reduction in income. Rushmoor respondents most commonly said they would have to look to cut back on clothes, socialising, phone, internet, food, and toiletries.

"I would probably have to cut going out with the kids and the little extras." Zac 46

37% of households in Rushmoor said that they had already cut their household spending back as far as they could.

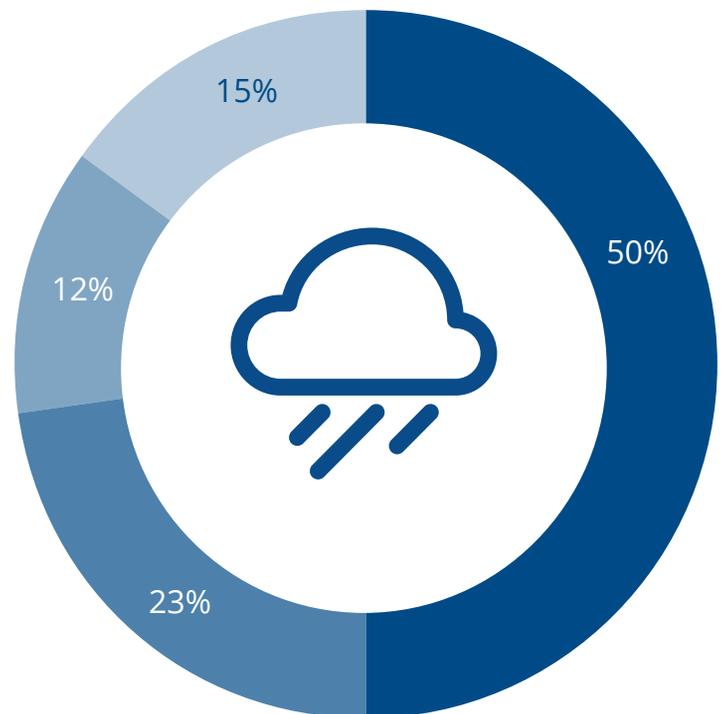
"We haven't been on holiday for years. We shop in budget shops, get the cheapest eggs, bread and milk, no new clothes, all charity shops. It's already bare minimum." Keith 56

"We are really, really struggling, with only me working...it just goes. Gas and electric are pay as you go, but we are not even always ok with that. We are having to pay bills with the kids money, they are going with nothing really. We have even used food banks sometimes, that has helped." Gareth 29

Debt

To deal with a £100 reduction in your monthly budget would you have to borrow money or get into debt?

- Yes
- No - I would not need this
- No - I cannot take on more credit
- Don't know



Nationally 53% of respondents said they would need to borrow or get into debt to deal with a £100 reduction, 27% felt they could not take on more debt due to existing repayments. In Rushmoor 50% said they would have to borrow money or get into debt to cope. Of those over half answered that they would borrow from family and friends, while others indicated they would look to bank overdrafts, loans or have to skip bills.

"Sometimes I do have to borrow money. I have to pay council tax, I have to top up my house rent, pay the TV licence. Sometimes you have nothing in the bank. When you just live on what you have. When there are no savings, you just live week by week. And to avoid an overdraft, sometimes you have to ask someone. Even if it's a neighbour and just say I will pay you back next week. That is why weekly tax credits help, because I can then pay someone back, and sometimes yes, I have to borrow money." Danielle 32.

"We both have Provident loans. My wife she has to pay £59 a week. My loan was for £200, I borrowed it to give my mum and dad back the money they gave us for a cooker. My wife has had loan after loan. The money helped us buy our son a bike for his 4th birthday. We could never have saved enough." Gareth 29.

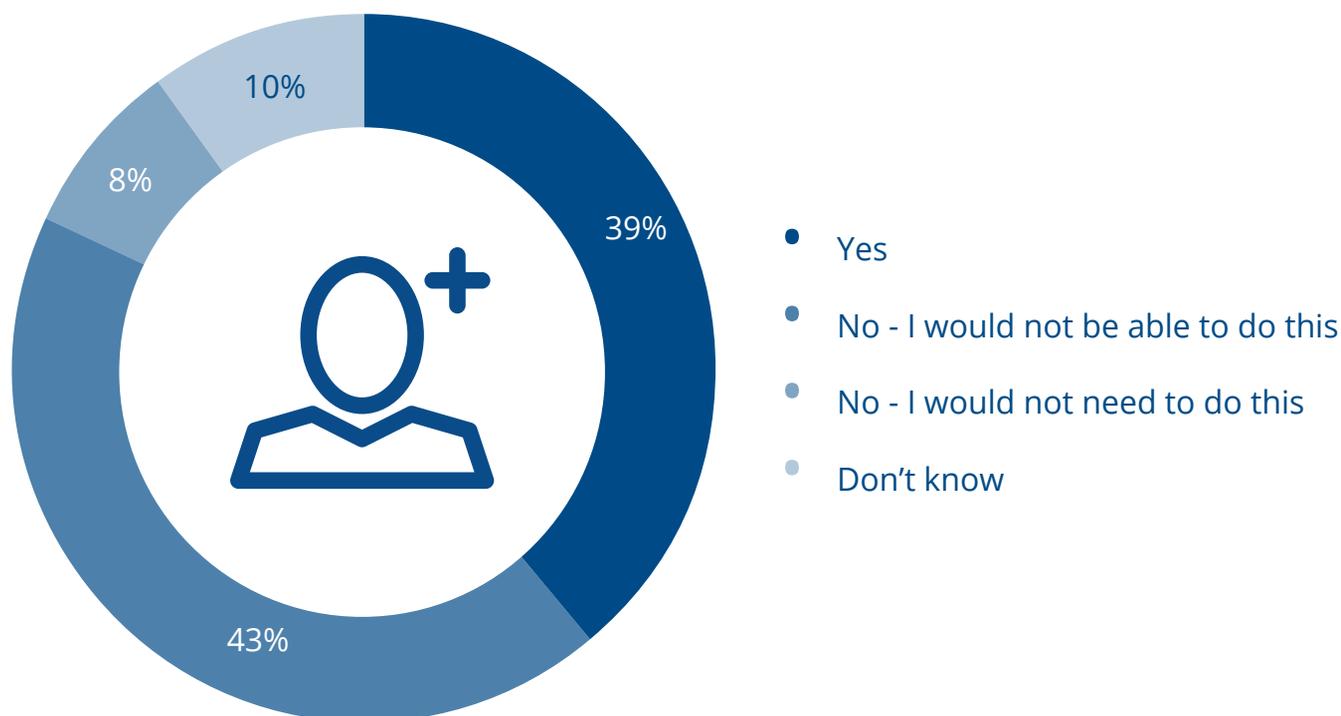
Employment options

Nationally 1 in 3 participants said they could increase their income through employment. In Rushmoor 39% of participants said this was an option. In interviews, participants discussed the impact extra hours would have on family life.

"I might have to work extra. It would mean I wouldn't practically have time off anymore, I would have to work 7 days a week."
Zac 46.

"It is not enough money already, if it is less, I will just have to work more. But when am I going to spend time with the children? The kids need to learn, I need to teach them things for school, when am I going to be able to do that?" Danielle 32.

To deal with a £100 reduction in your monthly budget would you, or anyone in your household, look to increase your income through employment?



43% of respondents in Rushmoor said they could not increase their income through employment.

Most frequently, participants identified reasons that “already working full time”, “their employer would be unwilling or unable to increase hours” or that “their working arrangements were not flexible enough to fit increased hours around other duties”. 38% of the sample identified personal circumstances preventing them from increasing their income through employment. Three quarters had caring responsibilities for children.

"There have been opportunities. Back in February, I had a chance to join the police force. But when I went to the recruitment evening I found out they wanted me to go to different areas of the country for training, without a car I said I can't get to any of them.

"My wife, bless her, she is really, really trying to get a job but she just isn't being accepted. We don't understand what is wrong... maybe it's the hours, I guess they want her to be flexible and she is trying to fit around me and the children." Gareth 29.

The national study highlighted how some groups were more likely to struggle financially and feel less confident about their employment options. Nationally 3 in 5 lone parents felt they would not be able to increase their income from employment. 2 in 3 of respondents nationally with a disability or long-term health condition also felt they would not be able to increase their income from employment. This compared to less than half of those without a health condition or disability. These themes also appeared within in depth interviews.

"The reason my wife works 3 days is that I need looking after... I need help dressing and cooking... I have had to phone her a couple of times now at work and say I need you, you need to come home". Keith, 57

"I have been offered promotion, as a supervisor but I knew a supervisor needed to be depended on, and be there to open up. I said I am not going to be a supervisor... I have kids so I am not able to open up at 7am on weekdays, I can only do a few weekends. They offered me assistant supervisor." Danielle, Single Parent, 32

Experience of benefits system and feelings about the future....

In qualitative interviews, participants were asked about their experience of the benefit system and their feelings about the future.

Participants described feeling confused by the benefit system and often spoke of how they had relied on help from Citizen's Advice.

When talking about their futures, on the whole participants were positive about their hopes and work plans but all expressed fears about what benefit change could mean for them.

"My outgoings are more than my incomings.. I am having nightmares now thinking what if they decline my benefits, do I go to the woods and hang myself? What if through no fault of my own, it is declined, due to a clerical error. It makes you seriously consider suicide, I haven't got to that point yet, but I could see me considering it. I can see how it could happen. People getting into debt and poverty, you can understand it." Keith 56

"Work is not a problem that is stable, it is more hoping that we can get this flat and that we can afford to live in it. I think that is my main concern. Not getting help in the future from the council or from tax credits, what would happen if they are cut back even more?" Amanda 27.

"You look at your wages and plan things and then all of a sudden the money goes down and you think what will I do now. I am just hoping this government will not change tax credits, because they help...

I know I will finish my course and I will be able to earn more money.

But I really need the tax credit boost now. It is just this opportunity, everyone has their starting point in life, I will not be here forever." Danielle 32.

Other observations

Digital challenges – “Phone and internet” was a frequently selected category to cut household spending and to skip bills. During in-depth interviews participants spoke of giving up contract phones and not having internet access on mobiles or at home.

Importance of family subsidised activities – Families really valued free or low cost activities for their children, such as reduced bus tickets during the holidays and movie afternoons at the local library.

“We are so lucky sometimes because in the holidays, if I buy a bus Golden Ticket, for the children you only pay 10p each. I don't travel on train because there are no offers. But on the bus we can go to Guildford and Blackwater. I can take them around and not keep them indoors.” Danielle 32



More to working than just income – In interviews participants spoke of how they valued the social aspect of their work, interacting with colleagues, meeting customers and the camaraderie of the workplace. Conversely, the most frequent challenge identified by participants was managing working relationships, dealing with co-workers and management styles. Participants also spoke of the difficulty of dealing with stress and illness at work and appreciated supervisors and managers who were understanding and supportive.

New National Living Wage – In April 2016 the New National Living Wage was introduced, starting at £7.20 an hour for workers aged 25 and above, and due to rise to £9.00 an hour by 2020.

“We have just been given a pay rise because of the government raising wages to £7.20. The company has actually gone 45p above it. Which is good... but we used to get unsociable hours and they have reduced that bit now. It does work out as £10 a week extra, but if they had kept my old wage and the unsociable hours bit in, it would have been a lot more. But like I said to my wife, £10 a week, it is still a bonus.” Gareth 29



Conclusions &

- Working families living in Rushmoor receiving Tax Credits face hardships, can struggle to meet the everyday essentials and often have debts.
- Further reductions in income for working families receiving tax credits in Rushmoor would be difficult for most to accommodate. This difficulty is heightened for single parents and those with a long-term health issue or disability.
- Further reductions in working families' benefits could lead to increased problems associated with debt, arrears, poverty, child poverty and increased need for hardship loans, food banks and welfare assistance schemes.
- Income instability from benefit reform as well as real drops in income could have significant impacts on the mental health and well-being of families and children in Rushmoor.
- Barriers to increasing income through employment exist for working families, particularly single parents and those with a disability or health condition. With the introduction of in work conditionality, barriers such as travel costs, caring responsibilities and child commitments, need to be fully taken into account and handled sensitively by job centres.
- The stability offered by a flexible and understanding employer should not be undervalued in claimant's lives.
- Further reductions to working families' income could increase the digital divide. Families who are reducing their household spending, falling behind with payments and working long hours may struggle to access the digital services necessary to make and manage Universal Credit claims.
- Monthly budgeting and a single payment for Universal Credit is likely to increase debt and the challenge of affording large one off purchases. Many households are very good at budgeting, while others struggle. It may become increasingly difficult for many households to recover from unexpected costs and cope with pressures such as a baby, moving home, illness, losing a family member or children starting school.

Recommendations

Citizens Advice:

The Families, Welfare and Work Policy Research Team are working to regularly share evidence with Department for Work and Pensions (DWP) and are able to highlight risks associated with cuts to work allowances and financial sanctions to those already working. They are also identifying the need for training and support for Jobcentre Plus staff who are beginning to work with an entirely new client group and the importance of engaging with employers, who also need to consider how best to support working people receiving benefits as changes take effect.

Citizens Advice Rushmoor:

- Support campaigns calling to reverse reductions to Universal Credit Work Allowances and to end the freeze on working-age benefits
- Support campaigns working to reduce poverty and child poverty
- Digital Inclusion Work with local agencies, RBC and HCC to develop digital inclusion strategies that include working households
- Financial Inclusion Target appropriate support for working families with debt, budgeting and benefit issues based on evidence and best practice
- Housing Work with relevant agencies to mitigate impact of Universal Credit on rent and possible rent arrears
- Job Centres In advance of Universal Credit, share with local job centre staff and management information on the pressures and factors this new claimant group faces, and influence improvements in support provided
- Monitor continue to track Universal Credit enquiries to pick up trends, difficulties, and feedback issues to Job Centres and central Citizens Advice for future research and campaigns activities.

Our Partners and Local Agencies:

- Local Agencies, Hampshire County Council (HCC) and Rushmoor Borough Council (RBC) prioritise and protect services that support low-income working families. This would include initiatives such as subsidies on travel, holiday activities, library provision, child care
- Strategic Planning RBC and HCC maintain focus and monitoring of child poverty levels so that increasing pressures from planned welfare reforms are taken account of in the Hampshire Children and Young People Plan (CYPP)
- Education and Schools local schools and education providers ensure policies are sensitive to increasing pressures on working families for example: when requesting parental contributions to school funds, setting uniforms requirements, not making assumptions about digital access and resources at home.
- Health and Fitness Leisure Activity Subsidies continue to support working families on low incomes to access health and fitness facilities e.g. with the £1 swim scheme.

Free, confidential advice. Whoever you are.

We help people find a way forward with their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality and challenge discrimination and harassment.

We're here for everyone.



Please visit our website to download the full report including context, appendices & bibliography:

citizensadvicerrushmoor.org.uk

Citizens Advice Rushmoor is an operating name of Rushmoor Citizens Advice Bureaux. Charity registration number 1090669.
Company limited by guarantee. Registered number 4354628 England.
Registered office: Elles Hall, Meudon Avenue, Farnborough, Hants, GU14 7LE