

# One day at a time

Examining the cumulative impact of welfare reform on benefit claimants in Wales



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## About Citizens Advice Cymru

Citizens Advice is an independent charity covering England and Wales operating as Citizens Advice Cymru in Wales with offices in Cardiff and Rhyl. There are 20 member Citizen Advice Bureaux in Wales, all of whom are members of Citizens Advice Cymru, delivering services from over 250 locations.

The twin aims of the Citizens Advice service are:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

The advice provided by the Citizens Advice service is free, independent, confidential and impartial, and available to everyone regardless of race, gender, disability, sexual orientation, religion, age or nationality.

The majority of Citizens Advice services staff are trained volunteers. All advice staff, whether paid or volunteer, are trained in advice giving skills and have regular updates on topic-specific training and access to topic-based specialist support.

Local bureaux, under the terms of membership of Citizens Advice provide core advice based on a certificate of quality standards on welfare benefits/tax credits, debt, housing, financial products and services, consumer issues, employment, health, immigration and asylum, legal issues, and relationships and family matters.

The Citizens Advice service now has responsibilities for consumer advice, representation and education as a result of the UK Government's changes to the consumer landscape. From 1 April 2014 this includes taking on statutory functions and responsibilities to represent post and energy consumers from Consumer Futures.

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## Acknowledgements

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## Executive summary

This report examines the cumulative impact of welfare reform on benefit claimants in Wales. It is based on evidence from across the Citizens Advice Bureaux network in Wales as well as bespoke qualitative research commissioned by Citizens Advice Cymru to explore the 'lived experience' of the recent benefit changes.

The latter research looks in detail at how the changes are affecting important areas of claimants' lives including their physical and mental health, living arrangements, work and job seeking behaviour, and personal relationships. It also investigates what coping mechanisms people have adopted to help them manage the changes; their knowledge and understanding of future changes, including the introduction of universal credit, and their perceived capacity to cope in the future. The findings of this research make up the main body of this report.

The Welfare Reform Act 2012 set out a whole series of reforms to the UK benefits system the like of which has not been seen for decades. Many of these reforms have already been implemented with substantial changes taking effect over the last fifteen months (since April 2013), such as the introduction of the under occupancy penalty for housing benefit claimants (referred to by some commentators as 'the bedroom tax'); the introduction of personal independence payments (PIP), which will eventually replace disability living allowance (DLA); and the abolition of council tax benefit and the discretionary social fund (namely crisis loans and community care grants). Universal credit, undoubtedly one of the biggest changes, is being introduced gradually over the next three years, and will bring six existing in and out of work benefits into one single payment.

### ***Bureaux evidence 2013/14***

The evidence from Citizens Advice Bureaux shows the extent to which the benefit changes are already impacting on many of our clients. Over the last couple of years the number of benefits and tax credit related problems dealt with by bureaux across Wales has increased dramatically. It is now the biggest problem area for which clients seek our help, accounting for over two-fifths (42 per cent) of all problems in Wales during 2013/14 (over 141,500 problems). Issues relating to employment and support allowance (ESA) continue to be the most commonly presented benefits-related problem with many clients seeking help with benefit appeals or issues relating to work capability assessments. However during the last 12 months we have also seen notable increases in people coming to us for advice on PIP problems (with many clients waiting months to receive a decision on their PIP claim); problems associated with the under-occupancy penalty, and people seeking help on jobseeker's allowance (JSA) sanctions.

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Our qualitative research builds on this evidence and confirms the detrimental impact welfare reform is having on the lives of many benefit claimants in Wales, particularly those who are living with a disability or long-term health condition. The overwhelming impression is that participants are merely surviving as opposed to living any kind of fulfilling life.

### ***Impact on day-to-day lives***

For the majority of people who took part in our research, the benefit changes have resulted in a reduction in their household income. Consequently many are struggling to maintain a minimum standard of living and are frequently going without basic essentials including food, adequate heating in their home and clothes so that they can keep up with rent payments and afford other essential household bills. Parents are often sacrificing themselves to feed and try to maintain some sense of normality for their children. Most participants have been affected by the under-occupancy penalty and are living in fear of losing their homes or having to move away from family and friends. The pressure this is all putting on their personal relationships is clear.

Constant financial difficulties mean many people have had no option but to go into debt, while others are struggling to maintain arrangements put in place to tackle previous financial problems. A tougher sanctions regime and delays in decision making processes mean some people have had no income at all for a period of time which has only added to the hardship they are facing.

Of real concern is the impact a combination of living on a reduced income and the constant worry for what the future holds is having on people's mental and physical health. Nearly all participants report that their mental health has deteriorated since they've been affected by the benefit changes, whether or not they had a pre-existing mental health problem. Many people who took part, especially those living with a disability or long-term health condition, feel ashamed and depressed by their situation but powerless to do anything about it. Such feelings have only been compounded by negative media portrayals of people on benefits. In addition eating poorly, living in insufficiently heated homes, a lack of socialising and being less active may all have long-term health implications, both physically and mentally, for many participants.

Those who are able to work want to find a job or work longer hours but their job searching is being hindered by costly childcare and an inability to afford transport and clothes for job interviews, or by not having the internet at home to search and apply for jobs.

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### ***Awareness of benefit changes***

The majority of the people we spoke to did not have any comprehensive understanding of the benefit changes and how they would be affected until they were being implemented. The distribution of incorrect or inaccessible information and a perceived lack of communication between key agencies, including the DWP, Jobcentre Plus, local authorities, housing associations and GPs, only served to exacerbate this situation leading to feelings of confusion and helplessness for many.

The DWP in particular came in for significant criticism in the manner they communicated with claimants, especially by some participants living with a disability or long-term health condition. A perceived lack of empathy from frontline staff and generic letters were amongst the issues raised. Many believed more could be done to ensure frontline staff have a better understanding of some of the issues people are facing.

Participants who are already linked in to existing support services generally felt their awareness of the benefit changes was good. They also tended to feel more confident about their capacity to manage changes in the future. Although very few had any real knowledge of universal credit and how it may affect them.

The overwhelming need for more information on how they will be affected as future changes are introduced and implemented was clear. Although for a few people we spoke to the thought of additional changes only made them worry more, particularly some of those living with a long term illness or disability who believed their financial situation is unlikely to improve.

We did hear about examples of positive intervention by social landlords to help their tenants manage the benefit changes however this was by no means consistent across Wales.

### ***Current and future support***

While a number of participants have benefited from the support available from their landlord and other agencies (including Citizens Advice and Shelter Cymru), many have received no support in helping them to manage the transition.

The method of engagement and the identity of the organisation delivering support and advice is important. People value independent, face-to-face advice – including options for home visits where necessary. While the option of telephone or online resources is desirable, a number of people who took part in our research expressed concern about the over-reliance of the internet and putting information on-line as for many people with particular conditions or disabilities this is not an accessible option.

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Both this research and the wider evidence from bureaux across Wales highlights that to date the benefit changes are having a predominantly negative impact on claimants' lives.

The level of change we are currently seeing within the UK welfare system is unprecedented in modern times. This makes it even more important that lessons are learnt by the DWP and across other agencies, whose residents, tenants and patients are already affected by the changes, in order that support can be improved in the future. This will be especially critical ahead of two of the biggest reforms still to be rolled out on any great scale – universal credit and the continued replacement of disability living allowance with personal independence payments.

Citizens Advice Cymru believe that targeted interventions are required by DWP and others to ensure claimants and potential claimants receive accurate and timely information on the changes, as well as access to the right support if and when they need it. Our findings also emphasise the importance of providing holistic support to claimants - linking information on benefit changes with advice to address financial capability needs/budgeting support; debt advice; income maximisation; housing advice and mental and physical health support.

The role of local authorities and housing associations in particular are vital in helping people to manage the changes. In such challenging financial times, learning from each other and sharing good practice will be beneficial for both those affected by the reforms and the appropriate authorities, particularly in cases of rent arrears.

Noting the major impact the reforms are having on people's health, health and social services also have an increasingly important role to play. A failure to better co-ordinate available support may only lead to increased costs to the NHS in Wales as people's health and well-being deteriorates.

Effectively managing and co-ordinating how different agencies in Wales and key UK agencies (including DWP and Jobcentre Plus) can work better together to help people affected by welfare reform in Wales will be fundamental if people's future support needs are going to be met. We believe the Welsh Government is well placed to provide the necessary strategic direction to achieve this as part of its Tackling Poverty Action Plan.

We acknowledge the work that has been done across Wales by Welsh Government and other agencies in helping the tens of thousands of people who have been affected by the welfare changes to date. In addition to benefit claimants, welfare reform will continue to have major implications for a range of organisations and services over the coming years, including advice providers, local government, social housing providers, and health and social care services.

With even bigger reforms around the corner the need for a multi-agency approach has never been greater. Working together to ensure claimants are informed and equipped to manage changes in the future should help to prevent people who depend on the security of benefit income from facing increasing poverty and hardship.

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## Recommendations

In light of our research we have made a series of recommendations.

### ***Promotion of good practice***

Welsh Government should:

- identify and share good practice by local authorities and housing associations across Wales in their work to help people affected by recent and future benefit changes. This should also include taking steps to address poor practice if applicable.

Local authorities and other social landlords in Wales should:

- focus more strongly on adopting best practice in this area including:
  - adopting a proactive approach to information-sharing, talking to people in their homes and holding open meetings
  - directing people to independent welfare benefits advice where appropriate to help them understand the changes and if necessary provide assistance in appealing benefit decisions
  - ensuring when needed people are referred to independent debt and money advice to ensure impartiality, as well as other forms of support including help with energy bills (eg. Warm Home Discount; advice on switching suppliers)
  - taking every opportunity to promote discretionary housing payments (DHPs).
  - ensuring that information is delivered face-to-face with other channels such as telephone and online resources available to those who need them
  - ensuring that all staff receive training so that information is timely and accurate
  - ensuring that information is written clearly and in accessible formats suitable for people's different needs.

Local authorities in Wales should:

- disregard disability benefits such as disability living allowance and personal independence payments when assessing a claimants income during the application process for a DHP, as is already the case for housing benefit and other means-tested benefits.

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## ***Role of health services***

Welsh Government and Local Health Boards should:

- work together to improve the integration of independent advice services within both primary and secondary healthcare settings to ensure benefit claimants and potential claimants using these services are able to access the range of support that may be available to them at the earliest opportunity.

Local Health Boards and the NHS Confederation in Wales should:

- work together to help raise awareness amongst health and social care professionals, particularly frontline staff, of the reforms and the impact they may be having on patients so that their condition can be managed accordingly
- GPs and other health service providers in Wales should
- improve systems for sharing information with the company(ies) undertaking Work Capability Assessments for ESA and PIP.

Health service providers in Wales should:

- support Citizens Advice's 'Fit for work' campaign which includes a call to the UK Government for all medical evidence required to progress ESA claims/appeals to be provided free of charge.

## ***Addressing digital exclusion***

As part of its Rural Development Plan 2014-20, the Welsh Government should ensure:

- digital access is a high priority for local interventions
- local development strategies explore innovative ways to achieve access such as using shops, community groups or mobile services, including mobile advice provision and
- identify and facilitate learning channels for developing people's IT skills.
- Local Action Groups should engage with the Superfast Cymru partnership and the Access Broadband Cymru scheme to maximise access to fibre broadband and play a role in ensuring that rural communities are made aware of the availability and potential of improved access at the earliest opportunity.

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### ***Foodbank provision***

Foodbank providers should, where possible:

- provide food to cater for different needs including people with specific dietary requirements
- provide more food that can be eaten cold
- ask for donations of basic cooking equipment and utensils.

### ***Financial capability needs of young people***

Welsh Government should:

- re-establish a dedicated co-ordinating unit (similar to the Welsh Financial Education Unit) to provide the necessary strategic direction for implementing the delivery of financial education across Wales, both in schools and within the wider community
- identify ways to ensure appropriate financial education opportunities are available to adults in community settings, particularly those who are more likely to face disadvantage such as young benefit claimants.

### ***Future of the Discretionary Assistance Fund***

Welsh Government should:

- Continue to fund the Discretionary Assistance Fund in Wales beyond March 2015 in order that people in Wales who find themselves in crisis situations or suffering particular hardship have a financial support system to turn to when they have nowhere else to go.

### ***Communication with the Department for Work and Pensions/Jobcentre Plus***

The Department for Work and Pensions (DWP) and Jobcentre Plus should:

- ensure that all advice provided to claimants is accurate, timely, accessible and personalised for those with additional support needs, avoiding generic letters where possible

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- improve communication between themselves and other organisations such as local authorities and housing associations in order that information is more joined up to prevent conflicting and confusing advice being given to claimants
  - provide better training for frontline staff dealing with claims to improve understanding of claimant needs and circumstances
  - undertake a review of existing schemes set-up to help people afford essential costs when attending job interviews to assess what more can be done to promote or extend such schemes.

### ***Improving Work Capability Assessments***

The DWP should:

- listen to the evidence from the health and social care professionals who know claimants best
- ensure the medical evidence required to make a claimants case is provided free of charge
- continue to pay people ESA while a second opinion is given on their application
- ensure the new company providing ESA work capability assessments is held accountable for poor reports and bad customer service.

### ***Rollout of universal credit***

The DWP should:

- ensure the Local Support Services Framework (LSSF) provides adequate funding to local partnerships to make sure claimants receive holistic support to manage the change to the way their benefits are paid and claimed under UC
- ensure under UC that severely disabled people who don't have a carer are entitled to a 'self-care element' as a partial replacement for the severe disability premium in the current system.

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## Introduction

The welfare system in the UK has undergone a series of changes since its inception. However the reforms set out in the Welfare Reform Act 2012 are undoubtedly some of the most radical since the proposals outlined in the 1942 'Beveridge Report'<sup>1</sup>.

Many of the latest reforms have already been implemented, including the introduction of the under-occupancy penalty for housing benefit (commonly known as the 'bedroom tax' or 'removal of the spare room subsidy'); restrictions on contribution-based employment and support allowance (ESA); the abolition of certain elements of the social fund (namely crisis loans and community care grants); the introduction of the 'benefit cap' and the abolition of council tax benefit.

Others such as the personal independence payment (PIP) and universal credit (UC) are in the process of being introduced and will be rolled out gradually over the next three years. The latter will undeniably be one of the biggest changes to the benefits system since its creation with many of the in and out of work benefits on which people currently rely for their income being rolled into one 'universal credit'<sup>2</sup>.

Evidence from Bureaux across Wales has led us to have serious concerns about the impact existing changes are having on many of our clients, as well as other benefit claimants who find themselves in similar circumstances. In addition, while Citizens Advice welcomes the key principles behind universal credit, to simplify the current system and make work pay, we are also concerned about how such a major change will affect millions of claimants if the right support systems are not in place to help them migrate to the new system.

There have been a number of studies to date on the impact, and predicted future impact of welfare reform on households both in Wales and across the UK. However, much of the research to date has been quantitative in nature – looking at both the financial and economic implications. There have been far fewer studies looking at the 'day-to-day experience' of welfare reform in Wales and how it's affecting people's lives.

Citizens Advice Cymru wanted to build on our existing evidence from bureaux to address this balance and gain a more detailed picture of the 'lived experience' of the changes. We therefore commissioned Shelter Cymru to undertake bespoke qualitative research to examine the cumulative impact of existing and future welfare reforms on benefit claimants in Wales. The research findings are detailed in this report.

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<sup>1</sup>The Beveridge proposals, which recommended a national system of benefits to provide 'social security' for the population from the 'cradle to the grave', were eventually taken forward by new Prime Minister Clement Attlee after the Second World War.

<sup>2</sup> A short summary of the changes to date and future changes is provided in the Appendix.

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## A review of Citizens Advice Bureaux evidence

During 2012/13 Bureaux in Wales saw a dramatic 30 per cent increase in client problems associated with benefits/tax credits and throughout 2013/14 it has remained the biggest problem area.

Problems associated with benefits/tax credits now account for 42 per cent of queries handled by bureaux across Wales. In 2013/14 they helped 47,133 clients deal with over 141,500 benefits-related problems. In addition Money Advisers working for the Face-to-Face Money Advice Service Project in Wales<sup>3</sup> helped over 1,800 people with benefits-related queries during 2013/14.

A breakdown of the top ten benefits-related issues where advice has been sought from bureaux over the last year is given in the table below:

**Table 1: Top ten benefits/tax credits issues (April 2013 – March 2014)**

Type of benefit:	No. of problems:	%
ESA	35,801	25%
DLA – care component (11,850) DLA – mobility component (9,552)	21,402	15%
Housing benefit	12,899	9%
PIP	11,029	8%
Working & child tax credits	9,117	6%
Localised support for council tax	7,239	5%
JSA	6,864	5%
Pension credit	3,941	3%
Income support	3,625	3%
Carer's allowance	3,443	2%

Looking into some of these issues in more detail:

- Problems relating to ESA continue to be the most common benefits-related problem presented by clients in Wales. The main problem areas include dealing with appeals; issues around eligibility/entitlements and problems associated with work capability assessments<sup>4</sup>.

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<sup>3</sup> Citizens Advice Cymru holds the prime-contract for the delivery of the Face-to-Face Money Advice Project in Wales funded by the Money Advice Service. The current contract is due to end in March 2015.

<sup>4</sup> To qualify for ESA most people will have to undergo a face-to-face medical assessment with a health professional to assess their capability for work. This is known as a work capability assessment (WCA). If people have certain conditions, receive certain treatments or have a severe disability, they will automatically be considered to have limited capability for work and will not need to undergo a WCA

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Due to the fact that Citizens Advice helps more people across England and Wales with ESA than any other issue and we regularly see firsthand how the current system is letting down many sick and disabled people, we are currently calling on the UK Government to make ESA 'Fit for work'<sup>5</sup>.

A client from North Wales who is married with two dependent children had been in receipt of incapacity benefit for 12 years due to a number of long-term health conditions. She has recently been moved to ESA and following the Work Capability Assessment was declared 'fit for work' in December 2013. She contested this decision and asked for a mandatory reconsideration (MR) in January 2014. Having been advised that the MR process could take up to 8 weeks she was given on-going conflicting information from different advisers within Jobcentre Plus (JCP) as to whether or not she would be eligible to claim JSA during the MR period. This left her very confused and without her ESA income for a number of weeks when she may have been able to claim additional benefit income while her case was being reviewed.

- Housing benefit problems were the third most reported issue during the last year. Problem areas include issues concerning eligibility/entitlements; discretionary payments and changes of circumstances. Enquiries relating to the under-occupancy penalty also increased throughout the year.

A client with mental health problems is facing possession action by her social landlord due to rent arrears. These have built up following the introduction of the under-occupancy penalty. She is an unemployed single parent living in a 3-bedroom property with her two daughters aged 12 and 8. She is in receipt of JSA and has direct deductions coming out of her benefit for a social fund loan and arrears on her water bill. Paying the weekly shortfall in her rent and her gas and electricity payments leaves her with less than £3 per week for other critical household expenses including food and a magistrates court fine. The changes to her housing benefit and the fact that children under 16 of the same sex are expected to share a room, had not been explained to her therefore she was unaware that she had to pay the shortfall in her rent (an additional £11.19 per week). She now faces losing her home.

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<sup>5</sup> [http://www.citizensadvice.org.uk/index/campaigns/current\\_campaigns/fitforwork.htm](http://www.citizensadvice.org.uk/index/campaigns/current_campaigns/fitforwork.htm)

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- Issues relating to PIP have been rising steadily since the second quarter of 2013/14 (as a result of new claims and some existing DLA claimants in Wales being asked by the DWP to apply for PIP). While problems with DLA continue (as Table 1 shows), PIP issues are currently the fourth most reported issue. The majority of issues relate to eligibility; form filling and checking and help with making or managing a claim. Anecdotal evidence from bureaux shows many clients are waiting a number of months before receiving a decision on their PIP claim. Current estimates from the DWP are it could take up to 26 weeks.

A client in South Wales lives with his wife and two young children aged under 2. They have a small mortgage and some debt. They are struggling financially and at the time of their visit to the bureau had no heating or hot water. The client is receiving the joint assessment rate of ESA (less deductions), child tax credit and child benefit. He applied for PIP on July 2013. He had a medical assessment at home in October 2013. Over a month later he was told that a report has been written and is waiting for 'sign off' by a senior health professional. When the bureau contacted Capita they were told that it is not possible to give any indication of how long this process could take. The client is becoming increasingly anxious about whether his claim will be accepted or not. He has become very frustrated with trying to get answers from both DWP and Capita. People are being told their claim will be backdated if they are granted an award but the delay in processing claims is causing many people financial hardship.

- Citizens Advice Bureaux across England and Wales have seen a 60 per cent increase in problems relating to JSA sanctions since changes to the system in October 2012<sup>6</sup>. Of the 100,000 food bank vouchers issued by Bureaux last year 16 per cent were needed because of benefit sanctions. In addition one in six clients in Wales seeking help for JSA sanctions had a debt problem (16 per cent); around one in four has dependent children (23 per cent), and a similar proportion describe themselves as being disabled or having a long-term health condition (24 per cent). According to DWP figures 9 per cent of all JSA claimants in Wales have been sanctioned<sup>7</sup>.

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<sup>6</sup> Emerging trend: JSA sanctions Barometer, Citizens Advice (April 2014)

<sup>7</sup> Figures obtained using DWP Stat-xplore tool

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Looking to the future a recent pilot study by Citizens Advice<sup>8</sup> sought to understand how 'universal credit relevant' clients<sup>9</sup> would be affected by universal credit, including their capability in the following key areas: managing monthly payments; budgeting; banking; staying informed and getting on-line.

The findings showed nine out of ten such clients would need support to manage the transition in at least one identified capability area. Almost two-fifths of clients (38 per cent) would need support across all five capability areas.

The research also helps to highlight the benefits of early intervention. After receiving advice and support from the CAB service over half of clients have improved skills in all five key areas.

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<sup>8</sup> 'Universal credit managing migration pilot' (December 2013)

<sup>9</sup> i.e. clients currently in receipt of one or more benefits that will come into universal credit.



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## Research purpose and methodology

The main reason for commissioning additional research is to build on the current evidence coming through bureaux to gain a more detailed picture of the 'day-to-day experience' of the benefit changes.

Since the Citizens Advice service now has responsibilities for consumer representation (as a result of the UK Government's changes to the consumer landscape), the research covered any benefit claimants and was not restricted to bureaux clients.

Many people will have been or will be experiencing more than one change to the benefits they receive. Their ability to cope with the cumulative impact of these changes will vary depending on individual circumstances. It is likely many will have seen their income reduced. Therefore we wanted to get a better understanding of how people are managing in this situation and what effect this is having on their lives.

The research aimed to explore:

- To what extent the changes are affecting their day-to-day lives (both positively and negatively), including the impact on their current and future living arrangements; their ability to meet general living costs (food; paying bills; clothes); personal relationships; mental and physical health; their ability to find work and/or enter education or training
- Current coping mechanisms for managing the changes
- People's knowledge and understanding of the changes to date, including how they found out about them
- General awareness of future changes, including the introduction of universal credit and potential changes to council tax reduction schemes<sup>10</sup>, and how they may affect them
- People's perceived capacity to deal with current and future changes
- Identifying what type of support, if any, people currently need/will need in the future.

The study, which was undertaken by Shelter Cymru, used a participatory approach. This included the use of Peer Researchers<sup>11</sup> alongside Research Officers, to undertake the interviews and advise on the methodology. This not only helped to encourage participation amongst benefit claimants but also helped to ensure the research was participant led.

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<sup>10</sup> This research was conducted before the recent announcement by the Welsh Local Government Minister regarding council tax support in Wales – further details can be found in Appendix 1.

<sup>11</sup> A Peer Research Officer is someone who is able to identify with the target population therefore those used in this study have themselves been affected by welfare reform changes.

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Target groups included:

- people living with a disability/long-term health condition;
- young single adults;
- non-working couples with children/lone parents, and
- working couples with children/lone parents.

A total of 49 benefit claimants took part in the research<sup>12</sup>. All participants were of working age. Most participants (69 per cent)<sup>13</sup> have already been affected by two or more changes to the benefits they receive. The most common combination related to changes to employment and support allowance and the under-occupancy penalty. All are likely to be affected by future reforms, most notably the introduction of universal credit, if their current situation doesn't change.

Evidence was gathered using a combination of 31 in-depth interviews (face-to-face and telephone) and five 'mini' focus groups involving 18 people. Participants were recruited using the help of a number of organisations and their networks, combined with the 'snowball' technique<sup>14</sup>.

In total the geographical spread of participants covered fifteen local authority areas across Wales. The focus groups were held in Cardiff, Carmarthenshire, Conwy, Merthyr Tydfil and Bridgend.

All interviews took place between February and March 2014.

Further details of the methodology and participant profiles can be found in Appendix 2.

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<sup>12</sup> This is a qualitative study therefore due to the small sample size the findings should be treated as indicative rather than definitive.

<sup>13</sup> Due to the nature of this study (see footnote 13) any proportions provided are an indication of the proportion of participants as opposed to being definitive figures for all benefit claimants.

<sup>14</sup> See Appendix 2 for details

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## Research findings

### Impact on day-to-day lives

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The welfare benefit system is currently undergoing some of the biggest changes in its history. A number of these changes have come into force since April 2013 meaning for many claimants the last twelve months have been a time of considerable adjustment and uncertainty.

One of the key aims of this research has been to explore the ‘lived experience’ of the recent reforms and to examine the impact multiple changes are having on people’s day-to-day lives. Most participants have already been affected by two or more changes to the benefits they receive. This has mainly been changes to ESA, the social housing under-occupancy penalty, the introduction of PIP and a tougher sanctions regime.

For the purpose of this report we have looked at the impacts across different life areas - these include the impact on participants current and future living arrangements; their ability to meet general living costs (food; paying bills; clothes); personal relationships; mental and physical health; their ability to find work and/or enter education or training - however strong interdependencies exist between each area.

#### ***Impact on finances***

Overwhelmingly one of the biggest impacts to date amongst those who took part in our research has been on household finances.

In the majority of cases the recent benefit changes have led to a drop in people’s income. For some participants the loss of income may have been temporary due to a sanction or while waiting for an appeal decision (for example during a mandatory reconsideration period for ESA) – times such as these can be especially hard as people are often left with no income at all. For others, particularly those affected by the under-occupancy penalty, the reduction in income is more permanent.

*“It has put extra pressure on us financially; it’s a knock on thing. Put us into the red.”*

Many participants are struggling to cope with their financial situation and are finding it increasingly difficult to maintain a minimum standard of living. It also leaves them with no financial capacity to deal with unexpected expenses. Reduced finances have often been the catalyst for difficulties they are experiencing in other areas of their lives.

*“It builds, as well, the longer you go on. My cooker bust then my washing machine went, water all over the place. When things like that go, that’s it. Now I ask have to ask my friend to take my washing to the launderette, which is more expensive.”*

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*“My money simply stopped. It was impossible to meet the cost of essentials with no money coming in. I have always been good at living on a tight budget but this is the worse it has ever been. I was trying to feed my two teenage children on child tax credits and child benefit. Things didn’t get paid on time and I was worried about facing homelessness again as I quickly got into arrears on my rent account. Because I had got into debt I had to make arrangements to repay arrears – this meant out of the basic rate of ESA that I was getting I had deductions coming out at source for council tax arrears. I still have the money coming out for the budgeting loan I had to take out to try to make ends meet.”*

Most worryingly this has resulted in more people getting into debt.

Seventy per cent of participants<sup>15</sup> told us they are in debt and many have accrued arrears on both their rent and utility bills. The former is particularly linked with the under-occupancy penalty. Those affected have been turning to credit cards and doorstep lenders in order to get by.

*“I have no money for food but thank god for Visa. I am a single person so I do not have the support of a partner. Before I managed and was ok but now it has all been cut and whatever the breadline is I am below it.”*

### **Impact on current and future living arrangements**

The financial difficulties many people are experiencing as a direct result of the benefit changes are placing considerable pressure on their ability to keep up with rent payments. As a result some are facing rent arrears or are living with the daily threat of being made homeless or having to move away from family and friends.

*“Well I had a letter saying [the Council] were going to get a possession order. I brought five kids up there, with my wife. She’s buried not far away – I can walk there. I wouldn’t be able to go if I was kicked out. The kids and grandkids all live around. Where would I go?”*

A lack of prior knowledge of the changes has meant that some people have accrued arrears unknowingly.

*“I may have to consider moving out of my bungalow and downsizing. That would be a terrible stress, packing up etc. Where would I go? Could I keep my guide dog? I may end up totally alone. Before all these changes started I was very happy. I can’t say that anymore.”*

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<sup>15</sup> 34 respondents

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Others are living with relatives, either unable to afford to move into their own property or due to a lack of suitable accommodation locally. Some young single people are being particularly affected by this following the changes to the shared accommodation rate (SAR)<sup>16</sup> which came into force in January 2012.

*“I couldn’t rent a room due to this rule [SAR] so my life was put on hold. Anyway trying to find a single room anywhere in the county is impossible and if you do it is nowhere near public transport to get to work so you end up spending your wage on buses...one thing after another really.”*

Due to the stigma surrounding the under-occupancy penalty and the media portrayal of all welfare recipients being ‘scroungers’, people are feeling guilty for living in the property they are in. This issue is explored further later in the report.

*‘I feel guilty living here and that’s the truth.’*

### **Ability to meet general living costs**

Over three-quarters of participants (76 per cent)<sup>17</sup> have had to cut back on food as a result of their reduced income following the benefit changes. Many are prioritising rent, bills and payment of debt over buying food for themselves.

*“If I can’t pay all the bills one month because these have increased then we can’t afford to eat.”*

To help them manage on a more limited budget people are buying less fresh food due to the cost and shelf-life of such items, replacing them with bulk items such as pasta and tinned food.

*“I have had to stock up more on pasta as it is cheap and lasts longer but is not the healthiest. For me to get fresh fruit and veg it costs loads so that has been cut back as well.”*

Across the UK the number of people turning to foodbanks in times of crisis has increased substantially over the last two years. Foodbank clients are generally restricted to three emergency food parcels a year. As mentioned previously last year Citizens Advice Bureaux in England and Wales handed out over 100,000 foodbank vouchers.

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<sup>16</sup> Since January 2012, if you are single (without dependents), in private rented housing and aged under 35, you are only entitled to housing benefit (also known as local housing allowance) at the same rate as you would get for renting a single room in a shared house. Previously the age limit was under 25.

<sup>17</sup> 37 respondents

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The Trussell Trust has reported a 163 per cent increase in foodbank use in 2013-14 compared to the previous year, with benefit changes and delays accounting for almost half of all referrals (48 per cent)<sup>18</sup>.

In Wales over 79,000 people were provided with three days' emergency food during 2013/14, including 27,901 children - a particularly shocking situation.

Our findings reflected this picture. A number of people we spoke to have used foodbanks over the last year. However while they are an important lifeline for many, some participants spoke of feeling stigmatised for having to use and 'rely' on them.

*"It makes you feel as though you're not worth anything - it's bad enough being on benefits."*

*"I have had to go to them in the past for vouchers. My benefits got suspended and I had no choice. It hurts your pride you know."*

In spite of such feelings there was also a view that they needed to be better advertised to those in need.

*"I have heard of things like the foodbank. I have no idea how to get to it or where it is. It would be nice to know as that would help me out, especially if things change again for the worse."*

*"If the food bank didn't exist then I don't know what I would have done to feed me and my son. I don't think many people know about the food banks or other things available – it's like things are kept a secret."*

Several participants identified reasons why foodbanks are not suitable for everyone – either due to health or financial reasons. In the case of the latter some people worried about the cost of cooking the food or had heard of cases where others were unable to afford cooking utensils.

*"I can't go to the food bank, I have a bowel problem, food affects me so I have to have certain products that help me manage it. Even if I could eat the food I couldn't use it as it is all dried food and I am struggling with the cost of gas as it is."*

The rise of the foodbank over the last couple of years is alarming in 21<sup>st</sup> Century Britain – one of the world's richest nations – but evidence from Citizens Advice Bureaux, along with this research, confirms the vital role they play in providing emergency food to people with nowhere else to turn. However our research also shows they are currently not meeting the needs of everyone who may be eligible to benefit from their services.

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<sup>18</sup> <http://www.trusselltrust.org/stats>

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## **Impact on physical health**

People living with disabilities and/or long-term health conditions are amongst those who have experienced multiple changes to the benefits they receive. Therefore the majority of the people who took part in our research (80 per cent) described themselves as living with a disability or long-term health condition.

Over two-fifths of participants (42 per cent)<sup>19</sup> believe their physical health has suffered as a result of the changes. This was predominantly linked to living on reduced incomes and the increased levels of stress they are experiencing.

Maintaining a healthy diet and a warm home are particularly important for a number of the people we spoke to in order to avoid the deterioration in their medical condition. However many spoke of struggling to afford healthier food or being able to heat their homes adequately.

*‘My doctor has told me to buy fresh food and eat plenty of fish but I can’t afford a piece of fish. It’s about £4 for that and I can get four meals out of that at [a well-known frozen food store].’*

*‘It’s a real struggle. I spend £40.00 a fortnight on food, but not on the food I’m supposed to eat [to manage diabetes]. I’ve got to go for the cheapest things I can get, reduced to clear, things like that.’*

Several people told us they are using their DLA to pay for rent, utilities and food instead of using it to help with their care and mobility needs which is what it is intended for. Some people are also struggling to afford travel costs for non-hospital medical appointments. One participant who has had a stroke has been affected by multiple benefit changes and a sanction. The worry and fear associated with this has left him fearing he will have another stroke.

The under-occupancy penalty is hitting many of the participants particularly hard. A number of them live in specially adapted properties and they have been told by their landlord that they will have to leave their home if they’re unable to pay the shortfall in their rent following a reduction in their housing benefit entitlements. There is also no guarantee that if they did move there would be an equally suitable property available for them. Landlords may therefore have to pay the additional costs of adapting other smaller properties. In order to ensure they can stay in their adapted home many participants are choosing to go without food or heating.

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<sup>19</sup> 21 respondents

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## **Impact on well-being and mental health**

A consistent theme throughout the research was the degree to which people feel their pride and dignity have been eroded since the benefit changes have come into force, particularly those with disabilities or long-term health conditions. A number of people described feeling ashamed of their situation. There is also a general sense of powerlessness in being able to do anything about it.

*“I am 50 years old not five, yet I need help with dressing and showering. I have no money now because of PIP and because of that my friends have to help me; they shouldn’t have to do that. So you ask me what has changed? I have lost my dignity and pride.”*

*“I am a 63 year old ex-solicitor and I was cadging money off my 80 year old father to survive. You wouldn’t do that unless you absolutely had to.”*

*“Physically I lost weight as I couldn’t afford to eat. On several occasions I went several days without food. On one occasion I had to send my daughter to her father’s to stay as we had no food in the house – I had to tell him why I needed her to go there which was even more embarrassing.”*

Nearly all the participants (94 per cent)<sup>20</sup> feel their mental health had been negatively affected by the recent changes. A combination of financial hardship and the fear of action being taken against them has led to increased stress, anxiety and depression for many. Some people directly attributed their condition to the changes they’d experienced while others believe the changes have led to a deterioration of an existing mental health condition.

One respondent who’d recently been diagnosed with a particular physical condition spoke of the added difficulty of managing constrained finances and family life while they are still coming to terms with their illness.

Uncertainty about the future and the impact of changes to come only adds to stress levels.

*“We have found all this very stressful. My wife is on medication for her nerves and has had to up her dosage a number of times.”*

*“My mental health was severely affected by what was going on with my finances. I was struggling to cope with the new diagnosis but not being able to feed my family just made everything seem beyond bleak. My GP was very supportive, she said it wasn’t good for me to be so stressed but there was no answer.”*

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<sup>20</sup> 46 respondents

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*“It is the not knowing that is causing the stress, it’s like waiting for the sword of Damocles to fall, there is nothing we can do, and we are powerless.”*

There were also worrying signs about how people are dealing with the added stress. A couple of people spoke of drinking more to help them cope.

*“It doesn’t help with my depression but I’d rather drink than not these days. It helps me cope.”*

### ***Impact on personal relationships***

Many people told us that the pressure of living with the recent changes to the benefits system is having a significant impact on their personal relationships.

Almost two-thirds of participants (64 per cent)<sup>21</sup> feel that the reforms have had a negative impact on their relationships with family and friends. Several reasons were given for this including relationships becoming strained when people have had to turn to family members for financial support. Others put it down to the deterioration in their mental health; their inability to socialise with friends leaving them feeling isolated and alone, and feelings of embarrassment by their situation resulting in them distancing themselves from family and friends.

*“I am embarrassed now. I have pulled away from my friends and family. I go to charity shops now, I don’t mind but I would like to do it differently. I am ashamed of myself. I have cut myself off from my family because of my shame.”*

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<sup>21</sup> 31 respondents

### Case study one\*

Sandra has been affected by the under-occupancy penalty and also changes to PIP (she has an application currently pending). She has two children with autism.

Two years ago the local authority extended her home downstairs to include a room for her daughter to stay in and a downstairs bathroom. This meant that she had a spare bedroom upstairs and, following the introduction of the under-occupancy penalty Sandra took in a lodger who was a family friend to act as a carer to her during periods when she was bed-bound.

On declaring the arrangement to the DWP at a face-to-face interview, she faced additional issues:

*“I had my disabled daughter in a wheelchair, my friend for support and they kept asking us the same questions as the form. I left there and a few weeks later I had a letter through saying my benefits had stopped because I was co habiting! I found a lawyer who helped me out pro bono and persuaded me to lodge an appeal. The appeal was very lengthy and I had to go through it all again. This appeal lasted over four weeks until a decision was made. Basically they tell you to take a lodger, you do and then they accuse you of co-habiting!”*

This has affected Sandra both physically and mentally:

*“This affected my mental health significantly and added to my physical illness. I pretty much live in fear every day that they are going to come knocking. My mental health has degenerated significantly. Last week I was diagnosed with post-traumatic stress disorder, I have been suicidal on three occasions and I am on medication for depression. All this has come about since this nonsense started.”*

The impact of welfare reform has been cumulative for Sandra. She was without money for the nine weeks in total. Following a decision on co-habitation all her means-tested benefits were stopped. Sandra has become more housebound and dependent on friends as she is now using her DLA for utilities and rent.

Her current situation has also been devastating for her children:

*“Both my children suffered as well. They couldn’t go anywhere or do anything, they barely existed. How can you tell a disabled, autistic child no when it is part of their structure and their coping mechanism.”*

\*names have been changed for the case study examples to protect anonymity

Several participants spoke of the impact their current situation is having on their relationships with their children and grandchildren.

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*“I didn’t want my family to know. But my daughters noticed. Two of them come for tea every Tuesday night and they said ‘What are you eating that for?’ and I said I can’t afford anything else. Birthdays and Christmas, that’s another thing – when I was working, I gave them £100 each for Christmas. I’d save up for it. Now I can’t give them anything .. they said don’t worry but when they give loads of Christmas presents to you and you can’t give back it’s heart-breaking.”*

One participant spoke of having to downsize from a two bed property with a garden to a one bed flat due to the under-occupancy penalty. Having a much smaller property has meant they have been unable to have their grandchildren to stay as there’s no longer a spare room. Family visits are also less frequent as there’s no space to entertain.

*“I can only have one person visit as a time. I don’t feel part of the family anymore.”*

One mother told us of how she gets upset because she can no longer afford transport to take her children to school. As she doesn’t live on a bus route she has to walk them to school and back in all weathers. The journey is over 30 minutes each way.

Another lone parent experienced problems with her benefits while living at a Woman’s Aid shared house as she was unable to give out the address or attend some set appointments. As a result she was sanctioned and left with no money. She had to turn to her mother for financial support to enable her to maintain her relationship with her daughter.

*“My mother would transfer £10 into my bank now and then so I could occasionally see my daughter.”*

As the above example shows several participants spoke of the additional strain being put on their relationships with family members and close friends when they’ve had to run to them for money in times of hardship.

*“I sometimes have to go round to my friend’s house to borrow food, and you feel like you are becoming a bit of a burden on people.”*

### ***Impact on work, job seeking behaviour and education***

One of the key aims of the welfare changes is to support and enable people to get into work. We were therefore interested in exploring to what extent the welfare changes are helping or hindering people’s ability to find work. All of the people who took part in this research are of working age, although only a handful are currently in employment.

For those who are able to work our research highlights how for some the changes are hampering their ability to look for work rather than helping them. In particular having less income is only increasing the barriers to their job searching. Travel costs in particular can be a significant barrier.

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Additional research recently commissioned by Citizens Advice Cymru<sup>22</sup> into work travel costs found over two-fifths of respondents (43 per cent)<sup>23</sup> who are currently unemployed but looking for work believe they will struggle at least occasionally to manage their travel costs to work. Just over one in ten (11 per cent) are struggling to find a job within an affordable distance from their home or believe they may have to move in order to find a job.

Such concerns are reflected in this research. A number of participants reported struggling to afford transport to enable them to travel to work or job interviews. The latter included difficulties associated with the cost of public transport or the cost of keeping a car on the road.

Other participants spoke of not being able to afford new clothing for job interviews or having to get rid of their landline at home to save on phone bills. This left them with no internet access at home which they see as a further hindrance to looking for a job.

*“I have had to sacrifice my car – I couldn’t afford to run it. This means it is difficult to get out of the house, especially on the days when my legs are bad. It will also impact on me finding work in the future if I feel well enough to work again.”*

*“It’s not very nice. I find it hard to go for interviews and meetings, things like that. I can’t afford to buy the kind of clothes I need to wear for those kinds of occasions.”*

Those living in rural areas felt they are especially disadvantaged in their quest to find work. The cost of travelling to the nearest Job Centre is often a major expense for them. For example one participant said it cost them £7.50 a trip.

Another participant who had been sanctioned and was struggling to find work felt he had no choice but to become self-employed. While this isn’t a problem in itself, as his income varies so much from month to month it is a constant source of worry for him and his wife. The variation in his income also causes problems with his housing benefit and he lives in fear of this being cut.

The cost of childcare is also a big issue for some people who took part in our research. Both single parents who work part-time and parents who are out of work spoke of the troubles associated with paying rent and covering childcare costs, particularly those who’ve been affected by the under-occupancy penalty. Unable to afford both they feel trapped in a cycle of either not being able to return to work or work longer hours.

Other parents living with long-term health conditions feel pressured into working.

*“In one sense I am made to feel like a scrounger. I know I am better off working, I don’t need anyone telling me that but with childcare costs I just can’t afford it, £10 an hour when I am struggling to feed my family as it is.”*

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<sup>22</sup> A total of 1,012 face-to-face interviews were completed with a representative sample of adults aged 16 and over, as part of the Beaufort Research Quarterly Wales Omnibus Survey. Fieldwork took place between 3<sup>rd</sup> and 14<sup>th</sup> March 2014.

<sup>23</sup> Due to the small sample size (66 respondents) these findings should be treated as indicative rather than definitive.

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*“I don’t think they take into consideration your circumstances. They see me as a single parent, assume I don’t want to work and so force me to do it. I am not like that. I want to work, earn my own money and pay my way, and feel proud. I can’t physically work. If I had a choice I would, every day, but I can’t, I have no choice..”*

One disabled participant who volunteers twice a week now feels penalised for taking on this voluntary work as it’s being used as an example of how she is ‘fit for work’.

Some young people felt they have to choose between paying their rent and their education. One young participant told us that he would like to return to education to become better qualified and help him get a job. However, as this may impact on his benefit entitlement he didn’t see this as an option.

### **Impact on recreation activities and hobbies**

Taking part in recreation activities and hobbies have been some of the first areas sacrificed as people’s incomes have been reduced. Almost three-quarters of participants (73 per cent)<sup>24</sup> said they can no longer afford to socialise or continue with their hobbies or interests; this included swimming, going to the cinema or meeting with friends. This has resulted in many feeling more isolated which is also having a knock-on effect on their mental health.

*“Leaving the house becomes a luxury, getting on a bus becomes a luxury. A treat for us is sharing a bag of chips.”*

*“I can’t go out, I am virtually housebound. I have a partner and I can’t do anything with him. When I do have spare money I try and just cook something nice for my children.”*

*“As human beings we do need to socialise and unfortunately that is getting more and more expensive and so it goes by the wayside.”*

Other participants told us they were leaving the house more often. Not for pleasure but to help save money.

*“I don’t go out now for myself anymore. We go out to save on the heating.”*

*“I spend some of my days in a café as buying two cups of coffee in five hours is cheaper than my heating.”*

Our findings highlight that to date the benefit changes are having a predominantly negative impact on many aspects of people’s lives. Hardly any of the participants were able to provide examples of anything positive that had happened as a result of the changes. For those who tried, the examples given tended to be more of a testament to the coping mechanisms they have had to employ to help them manage the transition as opposed to being a truly ‘positive’ impact.

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<sup>24</sup> 36 respondents

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Of particular concern is the notable impact the changes are having on participants' health, both mentally and physically. Increased stress and anxiety, eating poorly, living in inadequately heated homes, strained personal relationships, as well as a lack of socialising and being less active, may all have long-term health implications for many of the people we spoke to. Unless people receive the support they need earlier in the process this is only likely to lead to more costly interventions down the line, putting additional pressures on health and social services which are already under considerable strain.

## Coping mechanisms for managing the changes

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People's ability to manage the cumulative impact of welfare reform will vary depending on their individual circumstances and also to what extent they are receiving support to help them manage the transition.

As we have seen, the changes, particularly having to live on a reduced income, have affected people on multiple levels.

In terms of how they are coping the overwhelming impression given during this study is one of 'merely surviving' as opposed to 'living a life': There is a feeling it is literally just about coping because they have no choice.

*"By people's natures they are survivors aren't they? The Government is taking advantage of that – 'oh if we take £10 off them, it won't matter, they'll survive.' They will survive because humans do survive, but who wants to live in the gutter?"*

All participants were asked to rate their own confidence in terms of coping with the current benefit changes - where '0' was no confidence at all and '10' was total confidence. **The average score was 3.6** - indicating more people lack confidence in their ability to cope with the changes than those who feel they are coping well.

People who took part have employed a wide range of coping mechanisms to help them manage the changes. The main action people are taking is to cut back spending in other life areas such as food, heating their homes and buying essential items such as clothing.

*"It is hard when money doesn't even cover the essentials. I was in [a well-known supermarket] earlier this week and saw a nightie 50% off for my daughter but even though I knew she needed new sleepwear as she has had a recent growth spurt, and even though it was only a couple of pounds I knew I couldn't afford to buy it. That really hit home to me how bad things are."*

Almost half of participants (48 per cent)<sup>25</sup> had cut back on fuel to lower their energy bills. This included going without heating and hot water, heating only one room or using the heating for only a short period of time. For those with particular medical conditions actions such as these could potentially put their health at risk.

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<sup>25</sup> 24 respondents

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*“We do not have the heating on any more because we can’t afford to. We have an open fire and we collect scraps of wood from people we know. We only boil the electric kettle once a day in the morning and the rest of the time boil a kettle on the gas hob to save electricity. We have looked at all our bills and got them as low as possible, apart from water, which we can’t put on a meter so can’t get any cheaper.”*

Tellingly, people are often sacrificing themselves in order to feed their children and maintain an element of normality for dependents despite the additional financial pressures – this is especially important for people whose children have additional support needs.

*“Our heating is put on for only a few hours a day, even through the winter. We have cut back as much as possible but we are not like other families, our son (with severe autism) doesn’t understand things so we have tried to maintain his lifestyle by allowing ours to get worse.”*

*“I have to watch everything. When the children are not in I don’t have the heating on. I spend most of my time cold to be honest .. most of their friends get to go out or have treats mine don’t as I just can’t find the money for it. It is horrible to admit but at the end of the month, most months, I have to skip meals just so my children can be fed.”*

As we have heard previously in spite of the life sacrifices people are making, many are still getting into debt.

*“I have cut back so much and am still going into debt .. I have come to realise that there is nothing I can do about this. I am trying to think about my health but they don’t care about that. I tell you what, it would be better that I was dead then they wouldn’t have to pay me and I would be off their stats.”*

Some people who are disabled or who are living with long-term illnesses are being forced into using their DLA to pay rent which is leading to additional unexpected consequences:

*“The council are now turning around and saying because I declared this and I am using it [DLA] for things like the ‘bedroom tax’, I am not using it for the purposes it is meant to be, then it is income. I would prefer to spend it on taxis to get around as that is what I need most but if I don’t pay this ‘bedroom tax’ I will be evicted, no two ways about it.”*

A few participants believe the abolition of crisis loans and community care grants (from April 2013) has exacerbated their situation. Similar forms of grant-based assistance are available for people in crisis situations or suffering particular hardship via the Welsh Government’s Discretionary Assistance Fund (DAF)<sup>26</sup>, however the scheme does operate differently. None of the participants who took part in this research had received an award from this fund.

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<sup>26</sup> See Appendix 1 for details

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However, additional research undertaken by Citizens Advice Cymru at the start of 2014 (yet to be published), with both potential users of DAF and advisers who work with potential users of the fund, highlighted the huge importance and value the majority of respondents place on having a Wales-wide emergency support system, such as the DAF.

Throughout this study we consistently heard how people are cutting back on other essential needs such as food and heating, in order to pay rent and reduce other bills. The potential consequences this could be having on participants' health is clear and highlights the importance of ensuring all those affected by welfare changes are aware of the range of financial support that may be available to help them manage costs, including advice on reducing energy bills through improved energy efficiency, the Warm Home Discount<sup>27</sup> or by switching energy suppliers.

### Case study two

Hannah is a non-working lone parent living with a long term health condition. She has been affected by multiple changes to ESA, the social fund and the introduction of the under-occupancy penalty. Her experience highlights the problems faced by those suffering with long term health conditions who may not be equipped to deal with complex benefit problems.

The under-occupancy penalty was brought in whilst Hannah was coming to terms with a new diagnosis of multiple sclerosis. Due to her health problems she had to give up her job as physically she was unable to continue working. However, despite her GP and hospital specialists advising her that she was not fit to work, the ATOS medical found her 'fit for work'. This decision was later overturned at tribunal but the additional stress of going to appeal was so extreme that she claimed she "no longer wanted to be here." The financial impact of her ESA stopping during the mandatory reconsideration process was made worse as she was no longer able to access a crisis loan. The reduction in her housing benefit due to the under-occupancy penalty put her at risk of homelessness when she was particularly vulnerable.

The increase in the deductions for non-dependants from housing benefit also meant that a solution to her problem could not be found by her daughter returning to the property and contributing to the household income.

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<sup>27</sup> The Warm Home Discount is a scheme funded by energy suppliers set up to provide direct and indirect financial support to energy consumers in vulnerable situations. For the current year (2014/15) those eligible for help receive an annual rebate of £140 on their electricity bill. Only suppliers with a customer base of 250,000 and above are required to offer the WHD.

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## Sanctions and delays in the system

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Some of the most common problems people seek help for from Citizens Advice Bureaux across Wales relate to appeals on benefit decisions, difficulties associated with benefits being stopped or changed, and problems when applying for new benefits. During such times many clients are left trying to get by on little or no income.

As detailed in the previous chapter in the last 18 months bureaux across England and Wales have seen enquiries about sanctions rise dramatically (up 60 per cent).

The increase in the minimum sanction period from one to four weeks is likely to be a key factor in this rise.

Common reasons given for sanctions include a failure to comply with a Jobseeker's Direction<sup>28</sup> and missed appointments. Claimants are not meant to be sanctioned if they can show a good reason why they did not or could not, undertake a particular activity. Bureaux frequently have to check whether the correct procedures have been followed.

We have already seen for some participants in this research their ability to look for work is being severely compromised as a result of their reduced income following the benefit changes. Our latest research and evidence from bureaux advisers shows the situation is even more pronounced for people who've been sanctioned. In such cases people are spending a significant amount of time having to look for alternative means to pay for essentials, such as food and heating, leaving them little time to look for work.

*"It took them 24 hours to stop my money and four months to start it up again. They don't think about that. It's your only income they just cut it off and expect you to get on. You are treated like rubbish."*

Reflecting the problems seen by bureaux delays in benefit decisions, for example following an appeal or when new benefits such as the PIP are introduced, have also compounded the hardship of many claimants who took part in our research.

Several people spoke of their experiences of having no income due to delays to their benefit application. This has subsequently had a big impact on both their personal relationships and their own health.

One participant has been waiting several months for a decision on her PIP application following a stroke. Having no income during these interim months has left her unable to care for her elderly father, living in rented accommodation unsuitable for her needs, and reliant on food hand-outs.

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<sup>28</sup> This is a formal instruction for JSA claimants to take certain action to help them find work, for example, attending a particular course, responding to a particular advertisement or taking part in a 'back to work session'.

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*“As soon as I came out [of hospital] I applied for PIP but we are still waiting. I have not heard anything since October. I should hear something in six weeks and we are five months later. I am renting privately but the property is not adequate as there are lots of steps. If there was a fire I would burn to death.”*

Other participants spoke of no longer being able to afford to pay their carer (who is now refusing to help due to unpaid wages) or access subsidised dental treatment (which has had a knock-on effect on their physical health).

Following delays in welfare decisions or a sanction a number of people spoke of having their money backdated on the successful resolution of their case. While this has been very welcome they often felt they’ve been left without any support to help with problems that have mounted during the time they’ve had no income, such as spiralling debt. This highlights the importance of providing more holistic advice to people affected by benefit delays and sanctions including the offer of debt advice if needed.

When asked what they believe has been the main reason for the delays in benefit decisions most people living with a disability or long-term health condition feel it’s due to a lack of communication between key services – most notably GPs and the company/companies responsible for doing work capability assessments (WCAs)<sup>29</sup>.

*“They say I am fit for work, my doctor is saying different but they don’t care. I am in the grey area at the moment and I am terrified of going onto jobseeker’s as I struggle to walk around, how am I going to go to interviews? I had my money stopped for two months last year as they changed over and I struggled so much then but they don’t care, they say it will be back dated but that is no comfort.”*

*“They are ignoring GPs, top spinal surgeons. Surely they have more knowledge of medical conditions. The DWP phoned me up to tell me that I was ‘fit for work’ and said, ‘we’ve all got a little bit of pain, so I would advise you to claim jobseeker’s allowance as soon as possible’- , it was demeaning and patronising, when I was in agony and could hardly walk some days.”*

The evidence from bureaux confirms the current system for undertaking WCAs is failing thousands of people living with a disability or long-term health condition. This is corroborated further by official figures from the DWP which show since 2010 around 40 per cent of appeals against WCAs have been upheld. Citizens Advice believes more needs to be done to make sure assessments are fair, consistent and right first time. Our ‘Fit for work’ campaign is currently calling for a series of changes to the process<sup>30</sup>.

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<sup>29</sup> Until recently ATOS Healthcare has held the contract for ESA WCAs. Capita has the contract to undertake WCAs for PIP.

<sup>30</sup> [http://www.citizensadvice.org.uk/index/campaigns/current\\_campaigns/fitforwork.htm](http://www.citizensadvice.org.uk/index/campaigns/current_campaigns/fitforwork.htm)

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## Media perceptions of benefit claimants

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In recent times there has been a notable increase in negative media coverage of people receiving benefits. Claimants have frequently been described as ‘scroungers’, ‘skivers’, ‘idle’ and ‘workshy’. Our experience shows this is totally unrepresentative of the tens of thousands of clients Citizens Advice Bureaux across England and Wales support every day.

A number of participants feel stigmatised by this portrayal of benefit claimants. They believe it is an unfairly negative view and doesn't reflect the daily struggles the majority of people on benefits face just to get by. They also feel it's creating a bigger divide between people who work and those who aren't working.

*“.....I don't think the media should be allowed to portray people like that. They are not reporting on the impact on people, they are just looking at the fact you shouldn't have more money on welfare than others can earn and then they make us all the same. It doesn't make us sound good; they don't understand the individual cases. People don't go out and purposely catch motor neurone disease, or multiple sclerosis to be a scrounger. This is put upon them, they do not choose it.”*

Negative media coverage has only served to compound the impact of the recent benefit changes and has affected people's mental and physical health. Many people who took part feel humiliated and ashamed to find themselves in their current situation. Some have even been at the receiving end of physical abuse.

*“It has got worse since the Government propaganda about strivers and skivers. I have been abused in the street and in shops, told I am a waste of space, even spat at. I don't go out like that now; I just attend the meetings with the various committees and groups that I belong to.”*

To counteract all the recent negative coverage participants believe the media should do more to show the truth of what it's like for people living on benefits. They want an honest portrayal which demonstrates the efforts people are making to look for a job, the struggles of those who are working but on low incomes and the reality of life for those who are disabled and unable to work. People want the stigma stopped:

*“I have the hardest job in the world looking after my son. If they came here to look after him they would change their policies the next day. I have a TV that is 26 years old, we have no Sky TV, we have nothing flash and our life is just looking after him. We are then lumped together with everyone and called a scrounger! What am I scrounging? I am saving the Government money yearly and then they cut the money we need, it is not fair.”*

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## Awareness of benefit changes

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The majority of people we spoke to had little or no previous understanding of the changes. In many cases people hadn't found out about the changes until they'd received a letter informing them of action being taken. Being 'kept in the dark' had given them little time to prepare for what was to come. Others still do not totally understand the myriad of changes they are experiencing.

*"You are waiting and waiting for that brown envelope. It's a life of fear."*

Even those who are aware of the changes sometimes struggle to comprehend the impact this is having on their lives.

*"Although I was aware of the changes that were coming in I was still shocked by just how much the changes had an impact on my life."*

A number of people feel that their awareness of the current changes has been good. These are generally people who are already linked in to existing support services or community groups which they say enables them to keep up-to-date with welfare changes and options for support. Other participants had learned of the changes through neighbours or media coverage. Being aware of what is happening or is due to happen isn't always regarded positively. Sometimes people feel such knowledge only adds to or provokes feelings of anxiety for the future.

We discovered examples of good practice where social landlords have proactively visited tenants at home to explain the benefit changes, assist with applications and give advice on options. For example, one housing association held open meetings and invited speakers to talk about Credit Unions and other forms of support to assist tenants. Initiatives such as this are generally regarded as very helpful and supportive.

However, there were also cases where landlords and other agencies such as DWP have been less helpful. Some participants had been given conflicting information leading to confusion and less time to make contingency plans. Others had not been made aware of the potential help that is available to them such as discretionary housing payments (DHPs)<sup>31</sup>. Many people have had to be proactive and seek out information about the benefit changes and available support for themselves.

*"We had an awareness that the bedroom tax was coming in because a lady from the housing association rang us up to inform us .. She told us that we wouldn't be affected by the bedroom tax because we were living in an adapted house so we left it and didn't worry. It wasn't until May or June when we rang housing benefit about another issue that we were advised that we had had our benefit reduced by 25% for two spare bedrooms. We complained to the housing association about the bad advice that we had received but they denied all knowledge of this."*

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<sup>31</sup> Discretionary housing payments are available from local authorities to provide extra help to housing benefit claimants who are having trouble paying their rent, including if this is due to the under-occupancy penalty. They are intended as a short-term solution and decisions on how much can be claimed and how often are made by each local authority.

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*“I was not informed of any of the changes or told about any help that was available, I had to do it all myself. My local authority didn’t tell me about DHPs that I could have claimed to ease things.”*

One young person with mental health problems had put in a claim for jobseeker’s allowance unaware that due to his condition he could have applied for ESA. After being regularly sanctioned he sought advice and successfully applied for ESA in January of this year. He believes if he had been given more information or advice initially he would have been able to apply for ESA sooner thereby saving him a lot of worry and from being sanctioned.

*“I was constantly getting sanctioned. They said I wasn’t looking hard enough or not putting enough detail down. I really was looking for a job.”*

### *Future changes*

The research also sought to establish participants’ awareness of future changes to the benefits system. Very few have a good knowledge of universal credit.

Having briefed participants on what the changes will involve, in terms of the introduction of universal credit, and *may* involve, in relation to future council tax support in Wales, they were asked to rate their confidence in being able to cope/manage these changes (where ‘0’ was no confidence at all and ‘10’ was total confidence). **The average rating was 3.2.**

As had been the case previously (when they were asked to rate their ability to cope with the existing changes) people who are currently involved in support groups or have a support worker generally feel more aware and able to cope with the benefit changes that are due to introduced in the future than those who are not currently receiving support.

The need for more information on what they can expect in the future was very evident. Some feel they already have enough to cope with and the thought of more change in the future only adds to their worries.

*“I need to know what is going on for me and my children. To be honest I am petrified of the changes, petrified. It is just me and my children. I am not confident of the changes. What I have been doing is buying extra food and storing it, that won’t last forever though.”*

*“The future is bleak and I just try to live one day at a time and shut it out.”*

Several people hope to be back in work by the time the changes came in. Others, especially people with disabilities or living with a long-term health condition, are very concerned about their ability to cope in the future as they believe their economic situation is very unlikely to improve.

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*“No matter what I do I cannot win. When I failed my appeal I was so shocked. I have a number of conditions, can barely walk and they want me to work. When the decision came through I had a panic attack. The stress is killing me and now I have more worries, worries about money, about having to work when I can’t, about making myself homeless.”*

Younger participants in particular expressed concern about the introduction of universal credit, especially the switch to monthly payments. Some young people feel they lack the budgeting skills to effectively manage their money over a month. They fear having one larger monthly payment could lead to them easily overspending leaving them with no money towards the end of the month.

*“My main worry is with the rent – I’ve been at risk of being evicted and know that this would be the main risk in me dealing with money.”*

*“I’m really worried that my overdraft will just swallow it up, and I won’t have anything to live on .. Let’s face it, you are permanently miserable and if someone gives you all that money, you’ll think it’s Christmas, you’ll forget the rent this week and go and cheer yourself up.”*

This indicates there may be a specific need to offer personal budgeting support to younger benefit claimants ahead of the transition to universal credit, particularly those who may not have had the opportunity to develop money management skills at home or school.

While we did find examples of positive intervention by social landlords to help their tenants manage the benefit changes this was by no means consistent across Wales. The scale of the welfare reforms are such that both local authorities and housing associations are having to adapt to huge change in many of their tenants and residents circumstances, the like of which they’ve never seen before. Their role is vital in helping people manage the changes.

It is therefore imperative that lessons are learnt from each other and good practice is shared in order to ensure fairness and equity in support provision both now and in the future. The Citizens Advice ‘Making Welfare Work Locally’ project is currently looking to help this process by identifying and showcasing examples of good practice by local authorities and housing associations in a number of key areas of welfare reform<sup>32</sup>.

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## Communication from DWP and other agencies

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Effective communication is essential to any major change programme. In spite of the fact that we’re currently experiencing some of the biggest ever changes to the UK welfare system throughout this study it became clear that the majority of participants knew very little of the recent changes to their benefits ahead of them being implemented. People also knew even less of the changes to come.

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<sup>32</sup> Further details can be found at <http://www.citizensadvice.org.uk/index/policy/welfareproject.htm>

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Coping with any kind of significant change in our lives can be difficult. However, where possible, having prior knowledge that something is going to happen helps us to prepare, giving us time to seek support and make plans for what that change is going to mean to our lives.

As this research shows, if the change is unexpected and information is unclear or disjointed making the transition is even harder and can lead to further problems later on. A number of participants reported receiving conflicting or confusing information from the DWP.

*“Communication needs to be improved and simplified. On one occasion I received five different letters from the DWP in one day, all with conflicting information on them. As they were all dated the same day it was impossible to know which was the most correct.”*

*“I want more information that is correct. It is the fear of the unknown and trying to cope with this, and all these changes will they affect us because I am a terrible worrier.”*

When asked how they would like to see information provided in the future understandably people want information on future changes to be personal, accurate, timely and in plain language. They also feel more needs to be done to improve communication between different agencies and services including Jobcentre Plus, local authorities, landlords and GPs.

*“I ask for a breakdown of my benefits and what I am entitled to and you get some generic letter. I just want to know what I am entitled to, what I am getting and then I can make plans.”*

*“I want better links .. at the moment no one is talking to each other and it is down to us to join up the dots. Life would be easier if they worked together and then spoke to you in one voice instead of hearing different things from different people all the time.”*

Those living with a disability or long-term illness/condition also feel their circumstances aren't often fully understood by certain agencies and little regard is given to their own situation, particularly within DWP. One participant who is blind had received a letter from the DWP informing her of changes to ESA. The letter was not in an accessible format so she was unable to read the information provided.

Many of these participants feel more could be done to ensure claimants are treated with empathy and that all staff have a better understanding of some of the issues people are facing. This includes taking any additional support needs they may have into consideration.

*“There seems to be no understanding of mental health issues and how these confusing things can make people feel. I have found the attitude of DWP staff to be awful; they don't deal with issues sensitively. When I have been at my lowest I was absolutely terrified of what was happening and tried to explain this to the member of staff who had phoned me about my money stopping due to failing the medical. I asked him what I was supposed to do next and he replied ‘Not my problem.’ I can't even tell you how that made me feel.”*

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*“I feel like I am stuck in a rut and I need some help to get out of it, because of my illness it is not as simple as just get a job and go out to work every day. I need that extra help to find a job that can accommodate my illness.”*

This research has highlighted significant failings in communication between some participants and key agencies, particularly the DWP. With one of the biggest reforms, universal credit, yet to be introduced it is vital that the mechanisms being developed to support the transition to UC, most notably the Local Support Services Framework (LSSF)<sup>33</sup>, is adequately resourced and takes full account of claimants needs.

## Current and future support

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The provision of advice has known positive impacts on people’s health and well-being, by reducing stress and anxiety, preventing relationship breakdown, promoting employment and empowering people to make wider positive changes to their life<sup>34</sup>. In particular early intervention at critical times in people’s lives helps to prevent problems developing or stop existing problems escalating and the consequences becoming more serious.

Advice can also deliver significant financial gains for people. In 2012/13 the financial benefit for clients following welfare and tax credits advice provided by Citizens Advice Bureaux across England and Wales was £280m<sup>35</sup>. Such advice includes helping people to claim what they are entitled to, appeal benefit decisions or correct errors. This can result in ongoing or lump sum benefit gains and other types of increased income.

This research highlights the value of receiving advice and support at an appropriate time. Those who are currently receiving support generally feel better able to cope with the existing benefit changes and are more confident in their ability to manage future changes, when compared to those who’ve had no support.

Although there were exceptions, on the whole people have found the advice given helpful. Some said they do not know how they would have coped with it.

*“I am getting support, my GP helps me with all my health stuff .. I have had support to get a Debt Relief Order to sort out my finances, and have had budgeting advice and help with welfare benefits .. I don’t know how I would have coped on my own .. home visits have been perfect for me as I know I wouldn’t have been able to get out to appointments when I was feeling so low.”*

Several different sources of help were named including unofficial support from family and/or friends to more formal help from advice agencies (including Citizens Advice Bureaux and Shelter Cymru), GPs/health workers, and direct support provided by their local authority or housing association.

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<sup>33</sup> See Appendix 1 for details

<sup>34</sup> ‘Making the case: the value to society of the Citizens Advice service’ Citizens Advice (April 2014)

<sup>35</sup> See footnote 34

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This support has been in the form of:

- ✓ Budgeting support
- ✓ Help to complete forms
- ✓ Providing general advice and advocacy
- ✓ More specialist support in appealing decisions

Particular examples included:

- A participant with dyslexia whose Support Worker has helped him to complete application forms for benefits which he'd struggled with in the past. He believes the forms are designed to *'trick you with the questions and make it difficult to understand on purpose'*. Without the help he currently receives he wouldn't have been able to manage;
- A couple have received help from their Support Worker to access a discretionary housing payment (DHP) which has prevented them from becoming homeless;
- Another participant said a Tenancy Support Officer had helped them to find suitable accommodation, provided budgeting support as well as helping them to complete appeal forms for ESA. Without this help he would have been *'lost.'*

Our findings show how the method of engagement as well as the identity of the organisation providing the support are both important factors in encouraging people to seek the help they may need.

*"There is no use emailing me or writing to me, I need someone to sit with me and go through it all. My stroke has affected me. I am not the same person and I need help by someone here with me and saying do this do that. I am not confident anymore."*

Some people told us that they are too proud to ask for help or they are wary of people in authority.

*"I don't know where to go for help. I want to steer clear of the authorities in case it affects any benefits or the wellbeing of my daughter and grandson."*

*"On the rare occasions I have spoken to someone about the changes, I get so anxious and worried and confused about what the hell they mean, it just puts me off talking about it."*

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It is also clear from our study that not everyone who wanted support was able to access it. Reaching people who do not engage with traditional support services can be a challenge. In recent years Citizens Advice has tried to meet this challenge by expanding our outreach services - locating advisers in community venues and health settings - as well as improving our telephone and digital services. It will be vital that resources for this type of work continue.

### Case study three

Iris is a young single adult (aged 16-25) who has mental health issues and is physically disabled. She currently lives in a supported hostel for the homeless having been evicted from her former accommodation for rent arrears. She claims ESA and housing benefit. She had no understanding of the benefit changes and didn't know she'd be subject to the under-occupancy penalty until she discovered she was in arrears with her rent. She was in college at the time and couldn't afford to make the extra rent payments as she had bought materials for her college course. The arrears eventually resulted in her becoming homeless.

Iris is currently paying off an overpayment on her housing benefit which is being deducted from her benefits and is finding it a real struggle. She goes without food and socialising with friends due to her financial situation:

*"I don't eat much. Clothes and shoes have to wait. I make do with what I've got. I don't socialise. Not really."*

She feels unfairly stigmatised by the media portrayal of people on benefits.

*"They make it look as if everyone is taking the mick. I've had people have a go at me about being on benefits. They think I'm lazy. It's not nice. They need to show how bad it is for people. Politicians don't have a clue. They should spend time living on the money that we live on and see how they cope."*

Iris is concerned about future changes, including the introduction of universal credit. She feels young people without budgeting skills might struggle to manage their money when they receive it directly on a monthly basis:

*"The monthly thing does worry me as I will have to try and make my money last a month which would be very difficult. I'm struggling on two payments a month as it is. I don't want to go in to my bank. I might get confused about the amount they've given me and overspend. Or if I'm stuck I might be tempted to dip into it. I don't want to be able to do that."*

At the hostel where she lives Iris has access to key workers who are able to support her with maintaining her current tenancy. She finds this support invaluable:

*"I would definitely be in a worse situation without them. They have helped me a lot to organise my money and to budget."*

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### *Future support*

Our findings show how the benefit changes are having multiple impacts on people's lives and highlight the importance of providing holistic advice to claimants. Even before the changes people would have been living on low incomes. It is therefore not surprising that having their income further reduced has led to many participants going into debt or deeper into debt and struggling to afford rent and basic essentials.

It is critical that everyone affected by the existing and future welfare reforms is able to access the right support if they need it.

Participants were asked what type of support they currently need or would like to have to help them deal with changes in the future.

The most frequently cited included:

- ✓ Help with budgeting and money management
- ✓ Independent living skills for young people including cooking, shopping on a budget, managing bills and a tenancy
- ✓ Debt advice
- ✓ Advocacy and someone to help them fight their case
- ✓ Help to complete complicated forms
- ✓ Practical assistance such as getting back to work, applying for benefits they're entitled to, and getting the cheapest energy tariffs.

*"I was brought up in care so I never had the mother figure to teach me how to deal with things. I didn't have guidance on bills etc. My leaving care worker helped me to set up home but I didn't have any help to manage things from then on. People should learn this stuff from their parents but if parents don't know themselves, or are not around, then it means their children won't know. Financial responsibility classes would be good. I would go if I knew of any available."*

Generally people prefer face-to-face support where possible as this allows for information to be provided in an appropriate format and for direct assistance, if needed, to complete application forms or talk through options. Home sessions are also valued by some, particularly those who find it difficult to travel elsewhere. Sensitive issues can also be discussed more openly in familiar and safe surroundings.

While participants appreciate information/support being provided in a range of formats that allow flexibility and choice (eg. on-line; telephone; written information or multi-channel) digital exclusion is an issue for many participants.

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Recent research exploring internet use in Wales commissioned by Citizens Advice Cymru<sup>36</sup> found that almost a quarter of adults (23 per cent) don't use the internet. This rose to just over two-fifths of those living with a disability/long-term health condition (41 per cent). The main reasons given for not using it are a perceived lack of need (57 per cent) or because people didn't know how to use it (42 per cent).

Many people who took part in this research expressed concern about the increased reliance on providing services on-line and feel that some people with particular disabilities or conditions are being unduly penalised as more and more services are delivered via the internet. Further barriers cited included poor broadband connections in rural areas.

The rollout of universal credit will see the majority of claimants being expected to make and manage their claim on-line. The main aim being to help simplify the process and reduce administration costs. A major study of 'universal credit relevant' clients undertaken by Citizens Advice in 2013 found two-thirds of participants (66 per cent) were unable to get on-line to manage a claim at the initial assessment stage. Following support from the bureaux over six in ten (62 per cent) had improved their skills and abilities in this area.

Therefore to be successful the 'digital by default' approach will need to be supported by additional resources for advice agencies and others to help claimants develop the skills needed to manage an on-line claim. Such skills are very different to using social media or other internet services.

The availability of independent advice was viewed as important by participants regardless of the channel used.

*"I think it would be nice to have some true advice on what you can do in the situation I am in. I do not know what my rights are, what else is out there to help .. support in that would be great. Not just letters saying this and that and there is nothing else you can do about it."*

It was also felt that information on the range of support available needs to be better promoted. Discretionary housing payments and the Warm Home Discount were given as specific examples.

*"Sometimes you find out about things by accident from other people through word of mouth, for instance, I didn't know that there was a £130 warm home payment. I hadn't been told about that, it was only because my neighbour told me. How many people don't know about it? I used to go without my heating before I knew about this."*

Importantly, people feel that as well as short-term advice and support there also needs to be a focus on long-term solutions to help resolve people's situations. This includes the provision of affordable accessible accommodation.

*"It is pointless (getting support); they all say the same things. They don't help you they just tell you what I already know. I need a smaller place but there are none, what can anyone tell me?"*

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<sup>36</sup> See footnote 22

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Some people who took part would also like more opportunities to meet and discuss their experiences of the reforms with other claimants going through the same thing. A number of participants formed a Peer Support Group after taking part in one of the focus groups for this research.

*“We are all dealing with different things, but we could help each other, we could say... ‘have you tried this?’ When you are on benefits you lose your confidence and you don’t want to take a step out into the world. A meeting once a month would be an opportunity to meet up and talk and know that you are not the only one in that boat. You could swap ideas and information. You could then go away and try and stuff and come back and say how you got on.”*

Advice agencies across Wales have already experienced a huge rise in demand for their services over the last few years due to a combination of a tough economic climate and existing benefit changes. This is putting increasing pressure on their services at a time of significant funding cuts.

Bureaux in Wales have experienced a 50 per cent reduction in funding for specialist advice and casework (including welfare benefits and debt advice) following the end of Legal Services Commission contracts in March 2013. Shrinking local government finances have also resulted in some bureaux facing a reduction in their core funding this year, with many facing an increasingly uncertain future.

Citizens Advice Cymru welcomes the continued support the Welsh Government is providing to advice services in Wales to help alleviate funding shortfalls in times of rising demand. Future benefit changes, particularly the introduction of universal credit and the continued rollout of PIP, are going to have significant implications for Citizens Advice Bureaux and other advice services across Wales over the coming years. It is therefore vital that advice agencies, Welsh and local Government continue to work together to ensure the right support is available to meet the expected level of future demand.

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## Conclusion

This research highlights the detrimental impact welfare reform is having on the lives of many benefit claimants in Wales, particularly those who are living with a disability or long-term health condition. The resilience many people have shown in coping with this major transition in their lives is admirable.

The over-riding impression is one of people surviving and 'just about coping' as opposed to living any kind of happy and fulfilling life. A combination of reduced incomes, and increasing levels of stress and anxiety caused by the benefit changes is negatively affecting important areas of people's lives including their health, personal relationships and their sense of security as many fear they may lose their home.

Financial difficulties are also being exacerbated by a tougher sanctions regime and delays in the appeals and decision-making process which are leaving people struggling on no or little income when benefits are stopped or new claims are being assessed.

In such difficult times the value people placed on having the right support at the right time was very evident. While the majority of participants felt ill-prepared for the reality of the changes they have been experiencing to date, those who are already linked in to existing support networks feel more confident in their ability to manage the current changes and deal with changes that are still to be introduced.

The findings also emphasise the importance of providing people with holistic advice and support, linking advice on benefit changes with advice on debt (particularly for those who have lost their benefit income for a time due to benefit appeals or sanctions); how to reduce energy bills (and still maintain a comfortable warm home) ; advice on budgeting, and mental and physical health support.

While we did find evidence of positive interventions by local authorities and housing associations we also heard examples of poor practice and conflicting or confusing information being passed on by different agencies, including DWP, social landlords and GPs. Therefore as well as managing the changes to existing benefits better, it is also critical that lessons are learnt and acted upon by DWP and others ahead of one of the biggest reforms to come – the introduction of universal credit. There are also likely to be continued pressures on advice services as more DLA claimants in Wales are asked to apply for PIPs.

The Welsh Government's Tackling Poverty Action Plan aims to ensure action across government is better integrated and co-ordinated to help alleviate poverty in Wales. Evidence from across Citizens Advice, including this research, highlights the extent recent welfare reforms are already negatively impacting on many households potentially threatening Welsh Government's progress in reducing poverty in Wales.

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Effectively managing and co-ordinating how different agencies in Wales and key UK agencies (including DWP and Jobcentre Plus) can work better together to help people affected by welfare reform in Wales will be fundamental if people's future support needs are going to be met. Mitigating the impact of welfare reform is already a key component of the Tackling Poverty Action Plan however we believe the Welsh Government has an important role to play in providing further strategic direction to key players in Wales who come into daily contact with benefit claimants and potential benefit claimants. This includes local authorities, housing associations, and all health and social care services.

We recognise that both Welsh Government and Local Government finances are under considerable pressure and that this is likely to continue for many years to come. We also acknowledge the work that has been done to date by Welsh Government and others in helping the tens of thousands of people in Wales who have been affected by the welfare changes. However with even bigger reforms around the corner the need for a multi-agency approach has never been greater in order to ensure claimants feel able to confidently manage changes in the future, and to prevent further poverty and hardship.



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## Appendix 1: Setting the context - a summary of recent changes to benefits

In July 2010 the UK Government published a consultation document ‘21<sup>st</sup> Century Welfare’ which set out a range of options for reform of the UK welfare system. Following the consultation and subsequent White Paper the resulting Welfare Reform Act 2012 received Royal Assent on 8 March 2012.

The biggest reform enabled by the Act is the introduction of universal credit however it also contains a series of changes to many other benefits including replacing disability living allowance with a new personal independence payment, placing restrictions on housing benefit entitlements for working age people in the social housing sector, changes to employment and support allowance, and the abolition of council tax benefit and the discretionary social fund (ie. crisis loans and community care grants). The main aim of the reforms is to simplify the benefit system, improve work incentives and make it less costly to administer.

To help provide a context to our research a short summary of some of these changes is provided below.

Many people are likely to be affected by more than one of these changes.

### *Employment and support allowance (ESA)*

- ESA was initially introduced in October 2008 to replace incapacity benefit. People who are unable to work because of an illness or disability are entitled to claim ESA either because they have paid sufficient national insurance contributions (known as contribution-based ESA) or because they are on a low income (income-based ESA);
- From April 2012, the UK Government has restricted the payment of contribution-based ESA to a year for all but the most severely disabled people. If their income is low enough, people are able to claim income-based (or means-tested) ESA instead (some people may be able to claim both depending on their circumstances). However many people are finding themselves just the wrong side of the income line<sup>37</sup>.

### *Housing benefit (HB)*

- From April 2013 social housing tenants of working age deemed to have an ‘extra’ bedroom(s) have had their housing benefit reduced. For households under occupying by one room the rent which is used to calculate their HB is reduced by 14 per cent. For those under occupying by two or more rooms the rent for HB is reduced by 25 per cent;

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<sup>37</sup> *Time limiting contributory employment and support allowance to one year for those in the work-related activity group: Equality impact assessment*, DWP, 2011.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220156/eia-esa-time-limit-wr2011.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220156/eia-esa-time-limit-wr2011.pdf)

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- As of August 2013 around 34,000 households in Wales have been affected by the under occupancy penalty (also referred to as ‘the bedroom tax’ by some commentators), equivalent to 21 per cent of all housing benefit recipients in social housing in Wales. This compares to 16 per cent across Great Britain<sup>38</sup>;
  - It is estimated around two-thirds of affected households have someone with a disability or long-term health condition living in the household.

#### *Disability living allowance (DLA) & personal independence payment (PIP)*

- Disability living allowance (DLA) provides support for children and people of working age living with a disability or long-term health condition who have care, supervision or mobility needs (it is not means-tested);
- From April 2013 the personal independence payment (PIP) has started to be phased in to replace DLA by 2017. Since 10 June 2013 people living in England, Wales and Scotland have been unable to make a new claim for DLA unless they are under 16;
- As with DLA, PIP has two components – ‘daily living’, for help participating in everyday life and ‘mobility’, for help with getting around. There are also only two rates of ‘daily living’ component available under PIP, compared to three rates of care component for DLA. There is no automatic transfer from DLA to PIP;
- Many people currently on DLA will not be affected by the change until October 2015. However in certain areas, including Wales, as of 28 October 2013 the Department for Work and Pensions (DWP) has started to ask some existing DLA claimants to make a new claim for PIP. This reassessment process could result in payments being increased, decreased or remaining the same.

#### *Mandatory reconsideration (MR)*

- If people don’t agree with a decision made by the DWP on their benefit claim they are able to challenge it.
- Following the reforms if a decision on a benefit claim was made on or after 28 October 2013 people must now request DWP to conduct a ‘mandatory reconsideration’ before they are able to lodge an appeal. They have to do this within one month from the date of notification of a decision. This applies to all DWP benefits.

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<sup>38</sup> <http://assemblyinbrief.wordpress.com/2013/12/04/figures-on-the-impact-of-housing-benefit-social-housing-size-criteriaavailable-for-the-first-time/>

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- If someone on ESA has failed a work capability assessment and has been deemed 'fit for work' they will not be paid ESA during the mandatory reconsideration process. Although they may be able to claim jobseeker's allowance. No time limit has been set for how long the MR process will take. They will only be paid ESA from the start of the appeal stage following an unsuccessful mandatory reconsideration.

### *Conditionality and sanctions regime*

- Recent years have also seen changes to the conditions and requirements for receiving particular benefits, the main aim being to encourage behaviours that are likely to lead to employment e.g. looking for a certain number of jobs each week. A failure to comply with these rules may result in a 'sanction', which usually means benefit payments are stopped for a period of time.
- In October 2012 the minimum sanction period for jobseeker's allowance (JSA) claimants changed from one week to four weeks.

### *Localised social welfare*

- The Discretionary Assistance Fund (DAF) is a Wales-wide scheme that was established by the Welsh Government in April 2013 following the devolution of responsibility and funding for assistance to replace crisis loans and community care grants.
- The fund is designed to be a system of financial support to people in crisis situations or suffering particular hardship. Grants are available in the form of emergency assistance payments (EAPs) - to help in an emergency or when there is an immediate threat to health or wellbeing; and individual assistance payments (IAPs) - to help people to remain, or begin, living independently in the community.

### *Other changes*

- Since April 2011 annual increases to benefits have been based on the Consumer Price Index (CPI) as opposed to the Retail Price Index (RPI). From April 2013 most benefits will be uprated by a maximum of 1 per cent for the next three years;
- The introduction of a benefits cap which sets an upper limit on the amount of benefit a household can receive: £350 per week for a single adult with no children and £500 per week for a couple or lone parent, regardless of the number of children they have. Benefits that are exempt from the cap include DLA, PIP, attendance allowance, ESA (support group only) and working tax credit.

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## *Universal credit*

Looking to the future, universal credit will bring six existing benefits into one single payment: income-based jobseeker's allowance, income-based ESA, income support, working tax credit, child tax credit and housing benefit.

The way the benefit is claimed and paid is also changing which will mean major adaptations for many people. These include:

- One single monthly payment paid in arrears, instead of two or three payments at different times of the month;
- One payment per household into one bank account, instead of ensuring payments for children are being made to the main carer;
- Claimant being responsible for paying their rent directly to their landlord, instead of housing benefit being paid directly to the landlord;
- 'Digital by default' – claimants will be expected to make and manage their claim on-line.

This new benefit is being rolled out very gradually. The UK Government expect that UC will cover all benefit claims by 2017. In a limited number of 'pathfinder' Jobcentre Plus (JCP) areas certain groups of claimants (eg. some single, unemployed people who are capable of working) have been asked to apply for UC since April 2013. In April 2014 Shotton in North Wales became the latest JCP area to become a pathfinder area.

The UC Local Support Services Framework (LSSF) provides a current rationale on how the DWP will fund local support for claimants with complex needs (e.g. people with mental health needs, learning disability, homeless or who have addictions) who will need extra help when making the transition to UC.

DWP will allocate funding for UC advice and support through the LSSF. Some claimants are likely to need support with understanding the new system, making claims online and managing their monthly payments. The framework also covers how current partnerships work, and how a partnership approach might work in the future. It proposes that DWP and local authorities should identify and commission local delivery partnerships to provide these services.

## *Council tax reduction (also known as council tax support)*

At the end of March 2013 council tax benefit (CTB) was abolished by the UK Government accompanied by a 10 per cent reduction in funding for council tax support. Since April 2013 local authorities in Wales have been responsible for running their own council tax reduction schemes.

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For the last and current financial years (2013/14 and 2014/15), the Welsh Government has provided additional funding to local authorities in Wales to return the council tax support budget to the level it was before the cuts. This means to date people previously in receipt of CTB have seen little change in their payments. Following a recent review of council tax support in Wales on 5 June 2014 the Local Government Minister announced the Welsh Government would continue with this arrangement for at least another two years<sup>39</sup>. This means that until 2017, and possibly beyond, around 320,000 households in Wales will continue to receive maximum entitlements to council tax support. Over 200,000 will pay no council tax at all. Unlike in England where in many areas claimants now have to make a contribution to their council tax bill.

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<sup>39</sup> <http://wales.gov.uk/about/cabinet/cabinetstatements/2014/counciltaxsupport/?lang=en>

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## Appendix 2: Research methodology

Citizens Advice Cymru commissioned Shelter Cymru to undertake bespoke qualitative research to examine the cumulative impact of existing and future welfare reforms on benefit claimants in Wales.

A total of 49 benefit claimants took part in the research. Evidence was gathered using a combination of 31 in-depth interviews (face-to-face and telephone) and five 'mini' focus groups involving 18 people.

Participants were recruited using the help of a number of organisations and their networks, combined with the 'snowball' technique. The 'snowball' technique is often used by researchers when members of a target population are difficult to locate. It uses the help of existing participants to identify and locate other people who may be living in similar circumstances.

The study used a participatory approach. This included the use of Peer Researchers alongside Research Officers, to undertake the interviews and advise on the methodology. This not only helped to encourage participation amongst benefit claimants but also helped to ensure the research was participant led.

All interviews took place between February and March 2014.

This is a qualitative study therefore due to the small sample size the findings should be treated as *indicative* rather than definitive. The findings are not representative of all benefit claimants in Wales.

In total the geographical spread of participants covered fifteen local authority areas – as detailed in the table below.

Local authority areas:		
Bridgend	Conwy	Monmouthshire
Caerphilly	Flintshire	Powys
Cardiff	Merthyr Tydfil	Swansea
Carmarthenshire	Newport	Torfaen
Ceredigion	Neath Port Talbot	Ynys Mon

The focus groups were held in Cardiff, Carmarthenshire, Conwy, Merthyr Tydfil and Bridgend.

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All participants were of working age. Almost two-fifths of participants were aged between 40 and 55 (19 people) just over a quarter were 55 and over (13 people); around one in six were aged 25-39 (8 people) and just under a fifth were 16-24 (9 people).

Target groups and the number of participants in each were as follows:

- people living with a disability/long-term health condition (39 people);
- young single adults (9 people);
- non-working couples with children/lone parents (11 people), and
- working couples with children/lone parents (4 people).

As people were able to self-identify which category best described their situation some people identified more than one category.

Most participants (69 per cent) have already been affected by two or more changes to the benefits they receive. The most common combination related to changes to ESA and the under-occupancy penalty. A number of participants have also been affected by the tougher sanctions regime, particularly when coupled with another benefit change, such as the changes to the social fund. All are likely to be affected by future reforms if their current situation doesn't change, most notably the introduction of universal credit. While a few have already had to apply for PIP, many more of the participants are likely to be asked to apply for PIP in the future as it gradually replaces DLA.



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