



Prince's Trust

Written Evidence from The Prince's Trust

Work & Pensions Select Committee Inquiry:

Examining the feasibility of simplifying the UK benefit system

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a) Executive Summary:

1. In 2005/6 The Prince's Trust supported 40,805 disadvantaged young people; 75% of them moved into employment, education or training. Despite such successful outcomes, the young people we support continue to face problems with benefits and many young people may not even seek our support as they fear they may lose their benefits.
2. The Trust would support a simplification of the benefits system which encourages young people to take part in employment related training whilst remaining on benefits.
3. The Prince's Trust's experience is that communication between executive agencies and claimants is inconsistent. This will often result in young people not joining a programme as they feel they will lose their benefits.
4. Those on Hardship Allowances to help with food and shelter lose this allowance for the week they are on a residential programme (details below) – this can result in them losing their accommodation, finding themselves homeless on returning from their week away.
5. Some young people on residential are unable to sign-on when they are away, even though they should be excused due to employment related training. This can affect their ability to fully complete a course and receive qualifications.
6. There is inconsistency of advice given to those on New Deal about recommending them for The Trust's 12 week Team programme (details below). Some young people are asked to leave a Trust programme if, during the course of the programme, they are transferred from Job Seekers Allowance to the New Deal.
7. Many young people wanting to set up their own business with Prince's Trust support immediately have their benefits stopped, therefore causing problems in the first few months of business where income is often non-existent. In some cases it can result in business failure and further dependence by the individual on the benefits system.
8. The Test Trading model which allows new business starts to remain on benefit for the first few months of trading is extremely beneficial for disadvantaged young people and should be more widely available, flexible and better communicated.
9. The Trust has much to offer those on incapacity benefit, particularly those with mental health problems, and can help them with the transition to work through practical confidence-building programmes.

b) The Prince's Trust: An introduction:

The Prince's Trust is a charity that believes in young people who often don't believe in themselves. We seek out those young people that need our help the most and work with young people who struggle at school, are in or leaving care, are long-term unemployed or have been in trouble with the law. We work with young people aged 14-30 to help them get back into work, education and training. The charity has helped over 550,000 young people since 1976 and continues to support 100 more every day.

In 2005/6 The Prince's Trust supported 40,805 disadvantaged young people; 75% of them moved into employment, education or training. Young people on our programmes receive a variety of benefits including Job Seekers Allowance, Income Support, Incapacity Benefits and Severe Disablement Allowance. Many are also receiving Housing Benefits or a Hardship Allowance.

Many of the young people we work with are extremely vulnerable and often have low basic skills. The complexities and inconsistencies of the benefits system can cause serious distress at times of instability for young people, for example when they are leaving care or they are homeless. The Trust would support a simplification of the system which encourages young people to take part in programmes that help them towards employment, whilst remaining on benefits.

There are three core Trust programmes where young people's benefits are most likely to be affected during the course of receiving Trust support, these are:

The Team Programme: A 12 week personal development programme for 16-25 year olds, the majority unemployed, to develop their confidence, motivation and skills to help them find work. The programme is made up of various elements including a one-week residential, a community project and work experience. In 2005/6 8,802 took part in the programme in over 300 locations across the UK. 71% of unemployed participants find work or enter full time education or training after completing the programme.

Get Into..: Offers unemployed 16-25 year olds an intensive training programme in a specific sector so that they can develop practical skills and move into employment in that area. Courses have included: Get Into Construction; retail; customer care; cooking; rural trades and more. At the end of the course The Trust invites possible employers for young people to meet, then offers follow up support to enable participants to get into a job in that sector.

The Business Programme: Offers 18-30 year olds the opportunity to set up their own business with low interest loans, grants and mentoring support. Most are unemployed and have been refused funding by other sources. Since 1983 The Prince's Trust has helped over 63,000 young people set up in business.

The Prince's Trust has had a longstanding relationship with Job centres, particularly in relation to our Team programme (formerly called the Volunteers Programme). When New Deal was run contractually, The Prince's Trust delivered New Deal contracts in certain regions of the UK. The Prince's Trust and Jobcentre Plus are currently developing a more formal relationship, which we hope will enable more young people to take part in our programmes without their benefits being affected.

c) The Issues:

1. The Prince's Trust's experience is that communication between executive agencies, such as Jobcentre Plus, and claimants is inconsistent. This will often result in young people not joining a Trust programme as they feel they will lose their benefits.
2. Problems arise when Jobcentre Plus employees, including Personal Advisers, are not aware that young people's benefits should not be affected when they participate in **employment related training programmes**, such as those run by The Prince's Trust. There is inconsistent information available to Personal Advisers, for example some Jobcentres do not have The Prince's Trust listed on their systems as employment related training.
3. There have been cases where young people are advised that they will **lose their benefits** by taking part in our Team programme. This can be rectified if the young person raises this with their Prince's Trust Team Leader who can then issue a letter referring Personal Advisers to the relevant section of their Labour Market Conditions Guide. In some cases Team Leaders will also visit the Personal Advisers at the Jobcentre to argue the young person's case. However, many young people may not have the confidence to discuss these issues and as a consequence never take up their place on the Team programme. This is clearly an unsatisfactory conclusion and a missed opportunity for them to move towards finding work.
4. **The Hardship Allowance** is stopped when a young person takes part in a **residential** (e.g. the second week of the Team programme). Young people receiving the Hardship Allowance lose their entitlement for the week they are away from home as their food and shelter is paid for by The Trust. This can be extremely unsettling for many young people, particularly those living in temporary accommodation, such as hostels, as it means they may lose their accommodation place and return from their week away to find themselves homeless. In addition, the process required to qualify for Hardship Allowance is lengthy and many young people may wish to avoid having to repeat the process on return from a residential. The potential to lose their Hardship Allowance will often put young people off signing up to a Trust programme and is once again a missed opportunity to take part in a course which will help them into education, training or employment.
5. Another problem that occurs whilst a young person is on a residential is their **inability to sign-on** as they are often miles away from home. The correct process is for the Jobcentre to excuse attendance because of employment related training when they can be treated as available and actively seeking work. Alternatively, some Jobcentres will allow the young person to sign-on by post. In reality, there is inconsistency in advice given to young people wanting to sign-on when they are away which often causes problems for individual claimants.

On one particular Trust course - 'Get Into Construction' - young people need to attend all aspects of the course in order to gain the nationally recognised qualification – Construction Site Certification Scheme. Where young people leave the course to sign-on they are unable to complete the full course and therefore may not gain the qualification. This clearly acts as a disincentive for young people wanting to improve their skills and qualifications.

6. There is currently inconsistency around recommending young people on **New Deal** for The Trust's Team programme. In some areas young people on New Deal are actively encouraged to join the programme as an employment related training opportunity, and in other areas they are advised not to.

7. Young people often experience difficulties whilst taking part in the Team programme if they are **transferring from Job Seekers Allowance to the New Deal**. There is inconsistency of advice from Personal Advisers about continuing on The Trust's Team programme where some young people are encouraged to complete the 12 week programme and others are asked to leave. The current agreement between Jobcentre Plus and The Prince's Trust is that Team members who have reached the end of week 7 will be allowed to finish Team, however, this is often not applied and there are examples where young people have already completed 10 weeks of the Team programme but are still asked to withdraw.
8. Young people wanting to **set up a business** with Prince's Trust support often lose their benefits when they start setting up their business. The first few months of starting a business can be a particularly difficult period when they may be receiving no income from the start-up to cover living costs. As a result of losing their benefit, many young people are forced to take up a different job in order to survive, thereby risking the success of their own enterprise. This can result in business failure, thereby lengthening the young person's dependence on the benefits system.

In some circumstances personal advisers are putting pressure on young people to find work, even when they are aware that the individual is already working with The Prince's Trust on starting up their own business.

9. There is however a **Test Trading model** where entrepreneurs are permitted to stay on benefits for the first six months to 'test trade' their business. This is clearly of great benefit to disadvantaged young people and gives them enough time to assess the viability of running their own business.

There are however complications with this system which affect families, including **lone parents**, who are on Income Support. In many cases they are advised to move from **Income Support onto Working Tax Credits and Child Tax Credits**. Due to the complexities of the system and reporting mechanisms, there is a perception that they will be worse off by starting up a new business. There clearly needs to be better communication of how the test trading model works to would-be entrepreneurs.

Businesses who are still claiming benefit are also not entitled to other start-up support so their business could be under-funded. There are also strict time limits on writing a business plan and starting to test trade. In some cases young people are not ready to start trading but are forced to do so in order to claim this benefit. This can sometimes lead to business failure.

10. **Incapacity benefit reform:** With Government targets to move one million people off incapacity benefit (there are currently twice as many under-25s on incapacity benefits as on New Deal – 159,000 compared with 70,850¹) The Trust is well positioned to assist with this target. 39% of those on incapacity benefit have mental health or behavioural problems, reflecting many of the young people The Trust supports. Young people with mental health problems need in-depth, multi-agency support, including practical personal development programmes. Recent Prince's Trust research showed that two in five unemployed young people were unhappy or depressed with half citing stress, boredom and depression as the main reason for drug misuse or drinking alcohol. Those on Prince's Trust courses, designed to improve confidence and practical skills, were 40 per cent more likely to be motivated for work and, in turn, feel

¹ Department for Work and Pensions Statistics 2005

more responsible for their health². The Trust clearly has a key role to play as part of the package of support for those with mental health problems.

Better understanding about how The Trust can prepare those with mental health problems and other disabilities for work through confidence-building and motivation is required by Jobcentre staff. One solution would be for The Trust to be listed as an option under Pathways to Work.

11. There are **ad hoc bridging benefits and discretionary funds** to help with housing for 16 and 17 year olds first starting work. However, this is not widely available and some young people find it very difficult to accept a job offer when for the first month they will have no money coming in at all. This immediate pressure and lack of income can be a disincentive to employment.
12. With such positive outcomes on Trust programmes (75% of all the young people we supported in 2005-6 moved into employment, education or training) it is a shame that so many young people do not feel able to join programmes as they are concerned about the effect it will have on their benefits. The Trust is clearly supporting Government welfare reform targets through its work with disadvantaged young people, including lone parents and those with disabilities, and a simplification of the benefits system could help more young people with the transition from benefit to work.
13. All Prince's Trust programmes can help move young people towards work. The current communication problems and inconsistencies outlined above often result in a disincentive in getting disadvantaged young people into work.

Case Studies: *NB: Names have been changed*

John - aged 23

John was referred onto The Trust's Team Programme by his JSA Adviser. John has learning difficulties, is dyslexic and has no qualifications. He received a letter in Week 5 of the Team Programme, telling him to attend an initial interview with his New Deal Adviser, who told him he would need to leave Team to take up a New Deal option.

John got very upset as Team is the first thing he has done that has worked for him. He has tried New Deal courses in the past, but due to his learning difficulties had really struggled. Team had offered him a chance to succeed and he was doing well.

The Trust's Team Leader intervened and spoke to the New Deal Manager, who insisted that John must leave Team and get a job - otherwise his benefit would be stopped. The Team Leader felt that the Jobcentre staff hadn't picked up that John's learning difficulties were a potential barrier to him moving forward.

Following further intervention by the Team Leader, John has now been referred to a Disability Adviser who has a far more flexible approach, and John has been allowed to stay on Team. Without the persistence of The Trust's Team Leader, John would not have had such a positive outcome.

² Fit for the Future? Exploring the health and well-being of disadvantaged young people: The Prince's Trust, November 2006

Lucy - aged 19

Lucy was referred onto The Trust's Team Programme by her JSA Adviser. During week 6 of the programme she was invited to a New Deal interview where she was told that she needed to leave Team and take up a New Deal option or get a job.

The Trust's Team Leader explained that she was doing really well on Team and that a work placement had been arranged with a local newspaper. Lucy's hobby is photography and she is doing evening classes to improve her skills and gain qualifications. The local paper had never offered placements previously, but were so impressed by Lucy's work folder, and the fact that she is serious about making photography her future career, they agreed for her to spend 2 weeks with their photographers, going out on assignments.

The Jobcentre had put Lucy's career options down as retail only. The case continues.

d) Recommendations to Committee for inclusion in its report:

1. All agency workers should have access to a consistent up-to-date system providing information on opportunities available to claimants, particularly those run by the voluntary sector, which help young people move into work. This will ensure consistent advice is given
2. Young people taking part in employment related training, such as The Trust's Team programme, should not have their benefits taken away from them during the course
3. Agency workers should be better trained on how Trust programmes can help those with mental health problems on incapacity benefit move into work. Voluntary organisations working in this area should be considered for signposting under Pathways to Work.
4. Hardship Allowances should not be stopped for young people taking part in one week residential which are part of employment related training
5. Agency workers should be consistently trained to allow young people to be excused from signing on when they go on a residential as part of employment related training
6. Benefits should continue to be available in the first six months for business start-ups. The test trading model is a step in the right direction but needs to be better communicated and more flexible

More information is available at: www.princes-trust.org.uk