

Policy report

Young, employed and homeless: Homeless young people's experience of precarious employment



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point

give homeless
young people
a future



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With thanks to the young people and practitioners who took part in this research.

This report summarises Buzzeo, J., Morwenna, B., Martin, A. & Newton, B. (2019) Experiences of homeless young people in precarious employment.

Special thanks goes to Jonathan Buzzeo, Morwenna Byford, Alex Martin and Becci Newton at the Institute for Employment Studies for conducting this research on behalf of Centrepoint.

Introduction

Since 1969 Centrepoint has worked to support homeless young people into a job and a home.

As the housing market has changed beyond recognition over the last 50 years, so too has the world of work. The most common forms of employment – characterised by open-ended, full-time contracts – have steadily declined. They have been replaced by atypical employment relationships, including fixed-term contracts, part-time and on-call working, and temporary agency work.

Concerns have rightly been raised around the rights and income security of those working in these types of employment, particularly zero-hour contracts. However, these types of employment are not inherently precarious. For some members

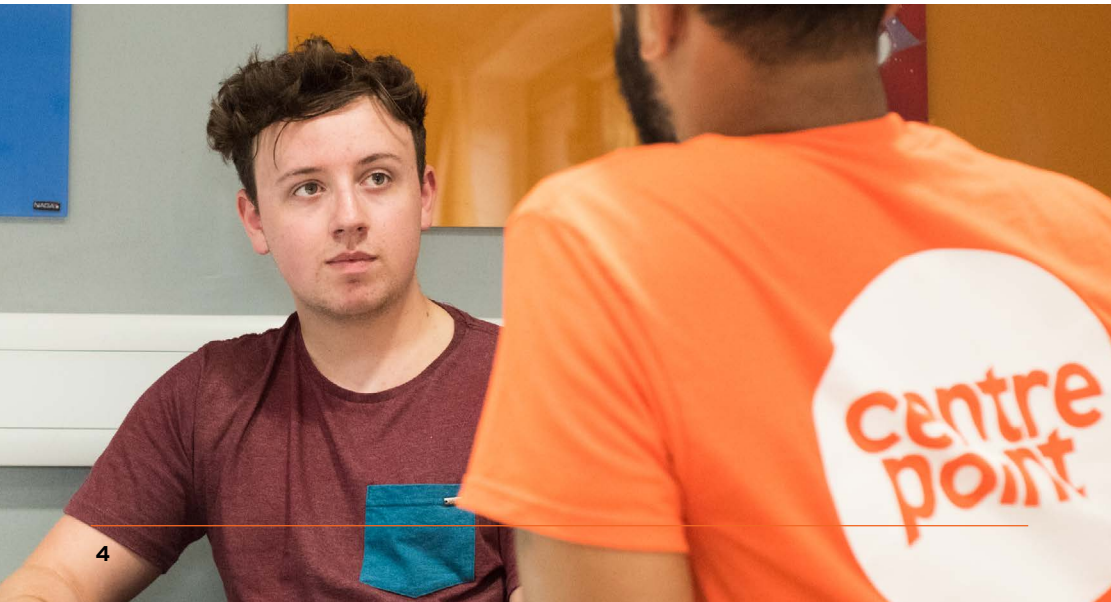
of the workforce, the flexibility that these jobs offer is positive, particularly in terms of balancing other responsibilities. However, some work becomes precarious because the people accessing it do not have the financial security of a supportive welfare system, financial savings or family networks on hand to help.

With these concerns in mind, it is unsurprising that the impact of this sort of employment on homeless young people can be hugely problematic. Centrepoint commissioned the Institute for Employment Studies (IES) to explore the experiences of homeless young people in non-standard forms of employment among groups they support, and establish whether precarious employment could enable them to leave homelessness behind.

Methodology

The research was conducted by the Institute for Employment Studies and consisted of interviews and a survey conducted between December 2018 and March 2019. It is based on:

- Nine in-depth interviews with young people who have experience of homelessness and of engaging in precarious employment. Young people were identified by Centrepoint staff and the organisation's partner services and were in three areas including London, the North West and North East of England. An additional case study was also developed from interviews with staff in Centrepoint's legal clinic.
- Eight in-depth interviews with staff working in third sector organisations that support homeless young people with issues related to employment, housing and the benefits system.
- An online survey of 50 young people currently living in homelessness services who have had recent experience of engaging in precarious employment.



Defining precarious employment

Precarious employment can include temporary work, part-time and on-call work, temporary agency work and other multi-party employment relationships, as well as dependent self-employment (e.g. 'gig' or 'platform' economies). This type of work is generally low cost to the employer compared to standard forms of work, and is often lower paid, subcontracted and variable in terms of hours. In short, it offers flexibility but is also often insecure.

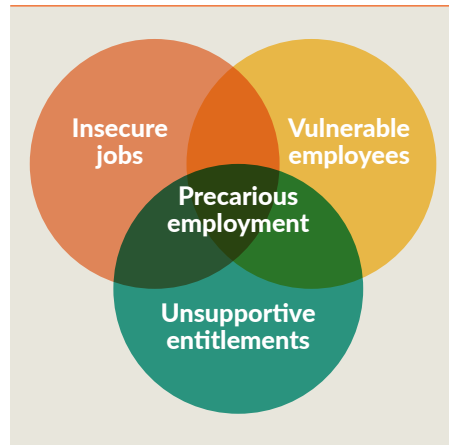
This type of employment is preferred by some people, for example those in full-time education who choose to earn money while managing their learning commitments.

“The key question in relation to atypical work is therefore whether vulnerable workers, or those with limited choice, are adequately protected in this type of employment”

- Taylor Review¹

In considering the precariousness of a particular type of employment, other factors have to be taken into account, such as the individual's own circumstances as well as the social protections offered by the society in which they live.

Conceptual framework of precarious employment



Source: Olsthoorn (2014)²

In Olsthoorn's model, precarious work is found at the intersection between a **non-standard employment** relationship, undertaken by a **vulnerable employee**, with few other means of subsistence and **limited entitlements to income support** from the benefits system.

For a homeless young person, this relates to recent changes to the UK benefits system and its interaction with non-standard forms of employment, as well as the social and economic risks that young people who are homeless or at risk of homelessness are exposed to.

¹ Taylor M (2017), *Good Work: The Taylor Review of Modern Working Practices*, Department for Business, Energy, and Industrial Strategy

² Olsthoorn, M. (2014), 'Measuring precarious employment: A proposal for two indicators of precarious employment based on set-theory and tested with Dutch labor market-data', *Social Indicators Research*, Vol. 119, No. 1

Homeless young people's experiences of precarious employment

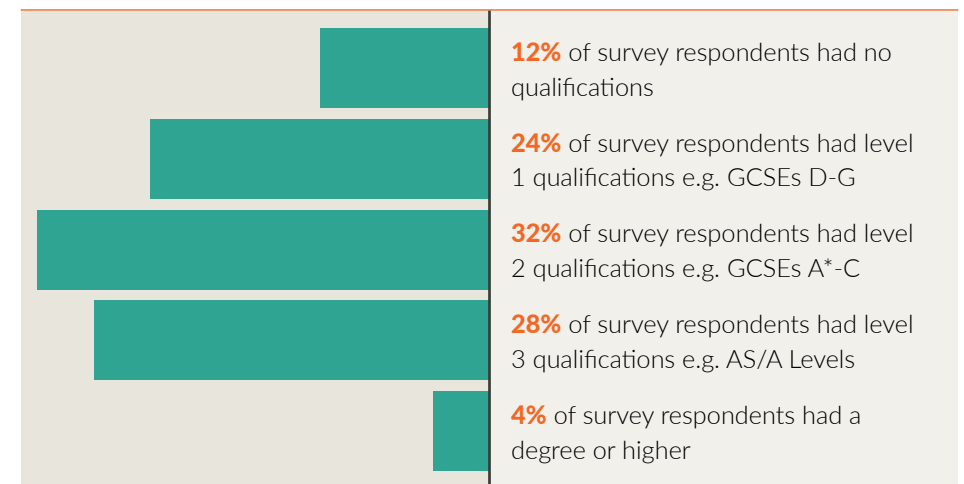
This research explores the experiences of some of the most vulnerable young people. The causes of youth homelessness are many and complex, though the main driver is family breakdown. The young people in this research described their own, often complex, experiences such as close family bereavements or family breakdown that

resulted in them having to leave home. Some also described the impact of mental health problems, substance misuse issues, and criminal activity.

Homelessness resulted in disruption to employment or education while they sought a stable housing situation and support for personal issues.

Prior experience in education and work

Most of the young people who took part in this research described poor experiences in mainstream education. Several reported being poorly behaved at school, sometimes due to the influence of their peers. This led to non-attendance and sometimes exclusion, causing young people to leave school with low attainment at GCSE level.

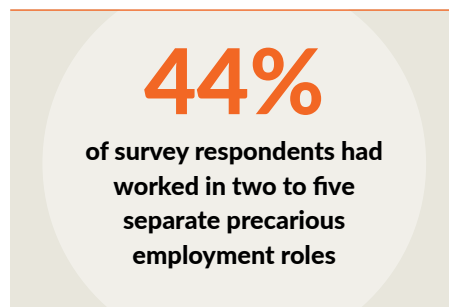


Some young people did progress to college, often studying vocational subjects such as Health and Social Care, Engineering or Plumbing. Their experiences tended to be more positive in this setting; they particularly enjoyed the practical focus of their course. Despite this, some young people felt that college had not significantly enhanced their chance of finding work because they were still without key qualifications in English and Maths.

All of the young people had early labour market experiences, usually work experience organised by their college (or key worker if they were in supported accommodation). This was generally seen as helpful in confirming which career they would like to pursue. Some had been in paid work around the time of leaving school. This was usually informal, cash-in-hand, and short-lived.

Entering precarious employment

Despite the potential drawbacks of precarious employment, it offers young people who are amongst those furthest from the job market the chance to earn an income. In weighing up different employment options, the fact that precarious employment often requires less previous experience or formal entry requirements is attractive to young people living on very little means.



Homeless young people described a range of reasons for taking on this sort of work:

32% said it paid enough money

Many young people said they only took on this type of precarious employment because they had been unable to obtain a permanent, secure job. This had been difficult for a range of reasons. For example, one young person with a criminal record felt she was more likely to obtain precarious work with agencies who may not conduct background checks as strictly as employers taking on permanent employees.

22% said it was easy to apply for

All young people found precarious employment either by word of mouth recommendations or searching online. None reported that it was difficult to find opportunities for precarious work.

Tony, who took an agency role working at a local factory, said the job was easy to get because 'not very many people want to do this work', and that the factory was known locally as a place people worked when 'times are getting hard'.

26% said it offered flexible working

Some homeless young people specifically sought the flexibility that this type of employment offers. This type of non-committal work was preferable over a permanent contract as they did not feel ready to take on a full-time role, due to the issues in their personal life that had led to them becoming homeless.

However, the unpredictability of flexible working led some young people to take on several jobs as they were not getting as many shifts or hours as they wanted. Other reasons commonly cited included: struggling to find a job that paid enough money; wanting to try different roles; or their previous employment being terminated.

22% said it was the job they most wanted to do

Some interviewees entered precarious employment in their chosen industry, hoping it would provide a 'route into' more permanent work in this area. Generally, such roles did not lead to permanent employment.



Young people tended to engage with four forms of precarious employment:

Temporary opportunities via recruitment agencies

A worker is contracted by an agency, instead of directly by the employer. They are assigned to undertake work temporarily under the agency's supervision. This was the most common experience as young people had typically registered with multiple agencies and had several short term roles across a range of sectors e.g. hospitality, warehouse and adult social care.

Cash-in-hand employment

Work undertaken on a short-term informal basis, without an employment contract or written agreement. Payment is made 'off the books' and the worker is responsible for declaring their earnings. The young people in the research described cash-in-hand instances of manual labour such as farm hands, roofing or plastering.

Zero-hour contracts

A worker has a contract with an employer but their employer is not obliged to provide any minimum working hours. Several young people had zero-hour contracts in the customer service and cleaning sectors. For some, this was short-term seasonal employment, over the summer holidays or Christmas period.

Gig economy

A small number of young people were accessing on-demand work opportunities through mobile applications in hospitality and transport roles. The staff supporting homeless young people reported young people had been offered zero-hour contracts but often had to buy equipment or uniforms upfront which was a barrier.

Can precarious employment be quality employment?

As highlighted by the Taylor review, it is important to consider the quality of work through the lens of the person undertaking it. A key consideration should be the extent to which precarious employment not only meets the needs of homeless young people now but also the extent to which it enables them to move forward and leave homelessness behind.

Level of pay

Level of pay is an important consideration for anyone in work but how happy someone is with their level of pay can depend on other factors such as job satisfaction, life stage or financial stability. It involves making

choices; weighing up level of pay alongside the importance of those other factors.

Both survey respondents and interviewees received pay on or around the minimum wage for their age group, usually between £7 and £9 per hour. They did tend to be satisfied with the level of pay, but only when they were receiving a high number of hours – which was something they had no control over. As they rarely received enough hours their pay would sometimes be just enough to cover rent and food costs, but not other basic items. One young person described themselves as 'living on the breadline.'

38%

Two fifths of survey respondents said their income was not enough to cover the cost of their rent

35%

Just over a third of survey respondents said their income was not enough to cover their basic needs such as food, bills and travel

In addition to concerns about levels of pay due to fluctuating hours, some young people had also experienced unreliable and inaccurate levels of pay whilst undertaking agency work.

"Sometimes I actually expected more but I got way, way less than what I was expecting. I had to try and work out my pay... I felt like I was being ripped off"

- Kelly

Job security, consistency and confidence

Many homeless young people were in a position where they needed to earn money and support themselves financially in order to avert their homelessness. In taking on precarious employment, they did not have the autonomy to weigh up the level of pay against job security and consistency as they needed money quickly.

None of the young people interviewed worked a 'typical' number of hours per week but instead worked greatly varying hours. The research also highlighted that homeless young people are subject to one-sided flexibility, where businesses transfer financial risk to the young person.

“Sometimes I got about 30 or even pushing 40 [hours a week]. But there was this time... it was so bad that I got five hours [in one week] and then they knocked it down to two. I mean imagine getting two hours a week, that's really bad”

- Kelly

45%

of survey respondents said their hours fluctuated each week

For some young people, the nature of their employment meant they were consistently working fewer hours than they would have liked.

Rachel was offered a role with a hospitality agency, who told her to prepare for a 'busy summer' and purchase a uniform. Despite taking these steps she was not called forward for any shifts.

Receiving fewer hours than they initially expected had a negative impact on their confidence. Some questioned whether they were the right kind of person for that job.

These feelings of stress were furthered by the lack of notice many interviewees received regarding their work schedules. Most young people were lucky to receive a week's notice of shift times and many were regularly given less than 24 hours.

Tony described receiving sporadic agency work in a food manufacturing factory. There were times when he was asked to come in and wait in the canteen to provide cover if other employees did not turn up for work. There were instances when he did this and, after waiting for two hours, he would be told that he was not needed and that he could go home. These hours were unpaid.

For the young people interviewed, there was also a lack of clarity about the nature of their contract and little consideration was given to entitlements such as holiday and sick pay. The priority was getting money in the immediate term. It was common for young people to have had their contracts terminated at short notice, or casual contracts 'fading out' over time.

The research highlighted that often homeless young people simply do not know their employment rights. Many young people are able to ask their parents for advice and information about the world of work, but homeless young people rarely have this option. They may not have a trusted adult that they can go to for help, or know where else to find information.

80%

of survey respondents were not aware of receiving any entitlements such as sick pay, paid leave or pensions contributions as part of their employment

Kelly described the impact that her unpredictable work as an agency care worker had on her mental health and wellbeing. The role was very stressful as she had to adhere to a tight schedule in which to complete home visits and

travel from one location to the next. She was reliant on public transport, and sometimes had to pay for expensive taxis out of her own money if she was running late between appointments. She commented that she left this job partly due to these travel difficulties and the stresses it caused.

“They tell you to be in one person's house from 9 to 9.30, and from 9.30 to 10 you have to be in the next person's house. You can't do that, it's really hard. So you're in this position where you're running late for every call because you don't have enough travelling time. And they'll blame you for it”

- Kelly



Learning and progression

Access to learning and training opportunities are vital in enabling young people to progress in the workplace. However, precarious employment rarely offers this. While several young people had been hoping to convert a temporary opportunity into a more permanent position, this was rarely realised. A key reason for this was a lack of work-related training.

Where training was offered it was usually a short induction and the quality varied.

Sam obtained factory work via an agency and described the induction he received as 'very basic'. His health and safety training consisted of being given several pieces of paper that detailed the meaning of various hazard symbols. The forms he had to complete to demonstrate that he understood this content were all self-completion and there were no external checks to this process.

Some young people felt their jobs gave them the opportunity to deploy previously learnt skills, particularly those from a vocational course such as health and social care if they entered related employment.

"You want to go there, you want to do the best you can and you want to try and get a contract with the main people. But if you only have a short period of time and a limited skillset then you don't really have the tools that you need to get yourself into that position. It's something that's too far out of your reach but because you need money you still go and do it, but you can't hold it down"

- Sam

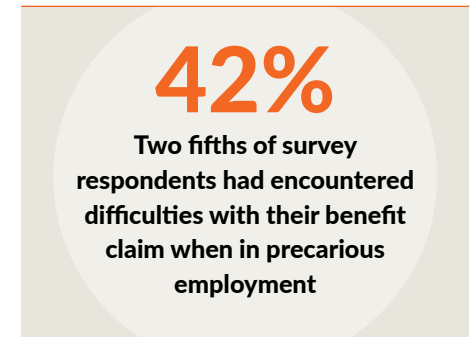
Where new skills were learnt on the job, there was no formal accreditation which young people felt was a barrier to acquiring further employment opportunities in that area.

What became clear through the research was the impact of a lack of choice. Being in work involves making trade-offs. For example, flexibility in hours may lead to lower pay or less development. This is a choice that some people actively make in order to maintain a work-life balance. However, when the choice element is removed the right trade-offs for that individual cannot be made.

Precarious employment and the benefits system

It is not uncommon for those engaged in precarious employment to also claim benefits, in order to top up wages or help to cover housing costs.

All of the young people interviewed had received welfare support at some point since becoming homeless. Most were on Universal Credit through some were, or had been, in receipt of Jobseeker's Allowance.



Universal Credit

Universal Credit has now been rolled out across the country and brings legacy benefits, including Jobseeker's Allowance and Housing Benefit, into one monthly payment. While the streamlining of the benefits system and the improvement of work incentives are broadly welcomed, concerns have been raised about the way in which Universal Credit works for those in precarious employment. The homeless young people interviewed were confused about Universal Credit's interaction with employment and experienced a variety of problems including:

- Benefits stopping without anyone explaining why
- Receiving an incorrect amount of benefit because the system is not responsive to fluctuating hours. Benefit payments could reflect their previous, rather than current, circumstances
- The amount of benefit received changing because their employer paid them irregularly, making it difficult to manage their money
- DWP staff updating a claimant commitment because the young person had been offered precarious employment but had not actually been given any shifts yet

The timing of the monthly assessment period for in-work benefits is based on when the initial claim is made, rather than inline with the claimant's pay cycles. This can create difficulties for those paid weekly, fortnightly, or every four weeks, as well as those who have fluctuating pay. For example, if two pay cycles fall within a given assessment period, claimants may receive less in the subsequent month. However, if their working hours also fall, then levels of income variability can be exacerbated rather than smoothed by this policy. This can lead to difficulties in budgeting and finding financial security in work.

These problems led many young people to accrue debts, mostly in rent arrears. A Centrepont key worker described how the tendency for young people's Universal Credit payments to be stopped following short periods of non-standard employment locked them into a '*never ending cycle of debt*'. Key workers also highlighted that young people were often unprepared for the responsibility of managing debt.

Housing Benefit for supported accommodation residents

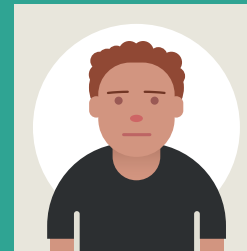
Problems also arose in terms of the interaction between Universal Credit and legacy Housing Benefit. Homeless young people living in supported accommodation claim Housing Benefit to cover the cost of their rent, but also claim Universal Credit standard allowance to cover other living costs. Being in receipt of Universal Credit usually means the young person in supported accommodation is entitled to full Housing Benefit which covers the total amount of their rent. However, the way in which the Universal Credit and Housing Benefit systems interact effectively disincentives work and prevents young people moving on from homelessness.

The problems arise when the young person enters work and their Universal Credit standard allowance tapers away. It tapers off by 63p for every pound a young person earns, and once they earn more than £92.50 a week, it is

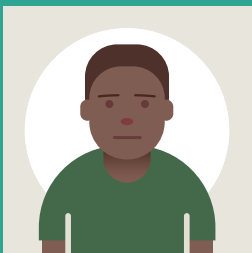
likely their Universal Credit award will be reduced to zero. At this point they are no longer in receipt of Universal Credit for their living costs as they are earning, but they are still receiving support through Housing Benefit for their rent.

When just in receipt of Housing Benefit, their entitlement is recalculated under different rules. Under Housing Benefit, a young person's benefit entitlement is tapered off at the higher rate of 65p in every pound. Therefore someone in supported accommodation sees their income withdrawn at a higher rate than somebody not in supported accommodation just because they are still in the legacy benefits system.

Housing costs quickly become unaffordable due to the higher support costs of quality supported housing. By entering work and earning more than £96.30 per week, young people fall into rent arrears which pushes them into debt and prevents them being able to move on from supported accommodation. This system effectively disincentives young people from taking on more hours work in an attempt to save towards living independently.



Mitchell's Universal Credit payments stopped after informing the Jobcentre that he had signed a zero-hour contract. As it took approximately one month for him to receive any shifts under this contract, he was left without any money during this period. Mitchell expressed frustration at the situation and felt that Jobcentre Plus staff were being unreasonable in demanding that he 'prove' he had not worked, 'which is an impossible task'. Eventually he was able to make a new claim and get an advance payment, having been without money for over 40 days. This left him with debt and means that any future Universal Credit payments he receives will have £20 deducted from them until he has cleared his arrears.



Shaun, who had been working as a self-employed taxi driver via an online platform, had his housing benefit claim terminated due to a delay in notifying the council that he was working. The council also determined that he had been overpaid housing benefit since he had started working and invoiced for the full amount (over £5,000). Shaun did not have the finances available to repay the council or to pay his rent without housing benefit support due to the fluctuating nature of his income and consequently fell into rent arrears. Following referral to a legal charity, he eventually had his housing benefit reinstated and his debt halved. However, this process was protracted and compounded by the non-standard nature of his employment. In order to resolve the problem, the council had requested multiple profit and loss statements along with other supporting evidence which Shaun struggled to provide due to the irregular and online nature of his work.

Views on support available from the Jobcentre

Negative experiences with the benefits system meant that some homeless young people had chosen not to disclose short periods of work to Jobcentre Plus staff or had declined employment opportunities unless they were permanent.

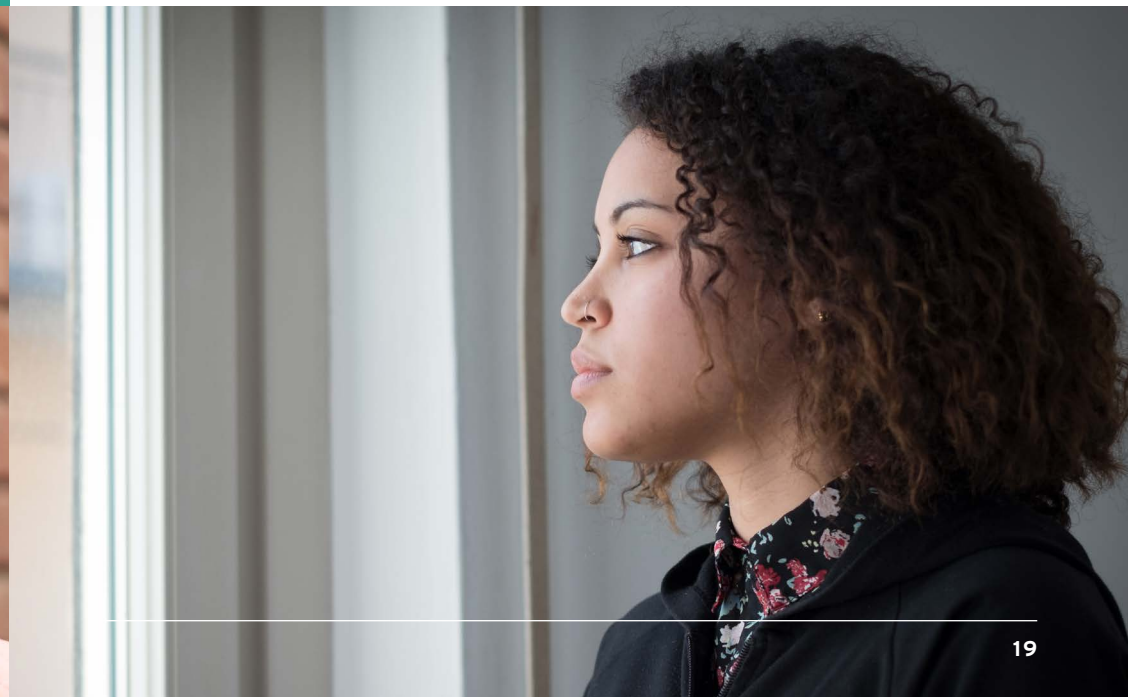
There was a strong desire among participants to find sustainable employment. However many felt Jobcentre Plus expressed little care as to job quality or suitability. Instead, young people experienced a strict regime of conditionality, with a focus on entering employment regardless of whether it was the right job for that young person. This approach was not sustainable. The

young people who had gone through this process ended up applying for agency work and/or accepting zero-hour contracts, but often found themselves re-entering the benefits system.

“They didn’t really encourage me, just whatever I could get, just get it, whatever it is. They don’t really bother about what kind of job it is, they don’t really care as long as you get a job, that’s it”

- Kelly

Some participants also expressed wholly negative experiences when dealing with Jobcentre Plus, including because of their interactions with staff, the number of jobs they were expected to apply for, and difficulties in making benefits claims.



Precarious employment is insufficient to enable young people to leave homelessness behind

“It’s hard. I mean, how can you plan for the future when you don’t even know where you are right now? It was really, really difficult and I was panicking. I cried a lot because I thought I was going to get kicked out. It’s just that feeling; it’s not a nice feeling. I was just terrified; I thought I haven’t got anywhere to go to, that I’m going to get kicked out”

- Kelly

The young people interviewed aspired to work in jobs which were characterised by 9 to 5 working hours, 40 hours per week, on a permanent basis. They wanted a regular and guaranteed income in order to plan for their future.

“I just want a stable job where I’m busy and then a weekend to myself, and a decent wage to go do something on a weekend. [...] I don’t want to worry about whether I’m working next week or not”

- Tony

Interviewees spoke of how the stress of their financial and housing situation impacted upon their efforts to plan for

the future. That so many young people described a ‘stable and reliable’ job as a future aspiration highlights how their current circumstances make them feel out of control.

As the majority of interviewees were struggling to meet their immediate living costs, it is unsurprising that all but one of the young people interviewed were unable to save anything for the future. Being unable to save keeps young people trapped in supported accommodation for much longer than they need to be, preventing others from entering the supported housing system.

“I’d love to have a job and get off benefits because I wouldn’t have to come to places like this [food bank]. I’d like to be able to buy my own food and have a decent house”

- Daniel

Interviewees noted that they had received support from other organisations to find work and improve their employment prospects, which they generally found more helpful and felt positive about. This support

tended to be better tailored to their individual aspirations and needs. Those living in supported accommodation were supported by a key worker who also took a mentoring and coaching approach, for example meeting weekly to work towards specific employment-related targets.

They could offer more intensive support and also incorporate activities to develop the young person's skills into their wider support package.



Recommendations

1. The Government should review the way Universal Credit interacts with Housing Benefit for residents in supported exempt accommodation to prevent young people from falling into rent arrears.

Supported accommodation residents continue to pay their rent with Housing Benefit, while claiming the standard allowance of Universal Credit for their living costs. However the way the two benefits interact means that claimants lose their entitlement to full Housing Benefit as soon as they earn enough to take them off Universal Credit standard allowance. This cliff edge pushes young people into rent arrears.

2. The Government should provide grants to apprentices and those on traineeships aged 16 to 25 who cannot live at home to help cover the costs of travel, other work-related expenses as well as their living costs.

For young people who cannot live at home, such as those in supported accommodation, the low minimum wage rates for apprenticeships are not sufficient to cover the costs of independent living and traineeships are completely unpaid. Additional financial support is required to ensure that apprenticeship and traineeship programmes, which can have positive, long-term labour market returns, are accessible to these groups.

3. The Government should extend eligibility for the lower rate work allowance within Universal Credit to young people living in supported accommodation.

This would allow young people in supported accommodation to keep more of what they earn; enabling them to take on more hours and helping them to save up for the costs of moving out.

4. Jobcentre Plus partnership managers should develop and publish a local young person's skills pathway.

The offer should outline services offered by local education and training providers, and third sector organisations, which can assist young people to achieve key qualifications such as Functional Skills or work-related training courses.

5. The Government should invest in further promoting traineeships and recognise that participation in one is a positive outcome.

Traineeships are a vital stepping stone for those young people who are ready to enter the workplace but need to build skills and experience. Supporting young people to complete qualifications would provide them with an earnings premium in later life and increase their chances of finding better paid, stable employment.

6. The Government should ensure that measures to address the issue of 'one-sided flexibility' between workers and their employer should also apply to those employed via recruitment agencies.

Measures proposed by the Low Pay Commission include a right to reasonable notice of work schedules and providing workers with compensation for shifts cancelled without reasonable notice. These measures could limit the unpredictability of agency workers schedules and help them to better manage their finances.



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Charity Number 292411
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