



community **links**

# Just about surviving

A qualitative study on the cumulative impact of Welfare reform in the London Borough of Newham. Wave 2 Report.



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## **Community Links**

Our purpose is to champion social change. We pioneer new ideas and new ways of working locally and share the learning nationally with practitioners and policy makers. As a result, we are recognised as national leaders in regeneration and social policy.



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This is the third report from a longitudinal project looking at the impacts of welfare reform on individuals and communities in the London Borough of Newham. By following the same set of individuals over time, this project allows us to see how people are affected by welfare reform. It gives a unique insight into how well the reforms are achieving their intended aims of behaviour change. We also look into potentially unintended knock-on effects in the medium- to long-term. In the absence of an official cumulative impact assessment, this report makes a crucial contribution to our understanding of the impacts of the coalition's welfare reforms.

This publication updates our previous report, *Tipping the Balance*, which we published in April 2014. It follows a cohort of respondents who were affected by multiple changes to the welfare system, and offers a valuable insight into how people are coping and reacting to these changes. It also sets out a set of practicable recommendations that, if taken forward, could help people to become more ready and resilient, able to seize opportunities and progress in life.

The report highlights how the reforms have continued to affect people's lives. Overwhelmingly, the reforms have made people feel insecure and vulnerable to even small changes in income or circumstance; continuing to erode resilience. Furthermore, by forcing people into stressful situations where day-to-day survival becomes a priority, they are eroding people's readiness. People are caught between trying to escape welfare reform through employment and feeling trapped in poverty. They move in and out of work - susceptible to shocks and unprepared for the future. Careful balancing of budgets and borrowing money from family and friends has enabled some to muddle through, but others are increasingly stuck in unsustainable situations, facing challenges which they cannot resolve.

The knock-on effects of welfare reform – which have exacerbated poverty for most of our sample - are likely to lead to considerable costs for the state in the long term. Some people have defaulted on paying bills and have consequently been threatened with eviction. Others are seeing elevated stress levels, leading to greater social impacts on families and individuals who are struggling to hold their lives together. It is clear that better support to help people become ready and resilient is needed. People want to make long-term, sustainable choices about what is best for them and not be derailed by surprise unmanageable changes to their income and benefits.

Our findings in selected areas are as follows:

### Finances:

The financial impacts of the reforms continue to push individuals and families to the edge, on the whole eroding their resilience and readiness to seize opportunities. The continued squeeze on incomes is forcing people into survival mode: having to deal with incredibly stressful situations daily and unable to focus on the longer-term. People feed their children and go without themselves; wash clothes by hand if their washing machine breaks; walk miles to work in the early hours of the morning; they just about get by. But only just. Individuals and families are living on the edge, drawing-on and draining sources of support where it is available to them; increasingly reliant on friends and family as official support is cut back.

The coping strategies people are forced to use are often harmful, such as reducing spend on food or risking debt by waiting until the last minute to pay bills. Variable and uncontrollable outgoings such as unexpected bills make this precarious existence even more stressful, as even small unforeseen costs can be a trigger into harmful debt.

Some people – particularly those in work or who have received Discretionary Housing Payments (DHP) sufficient to bring their income up to pre-reform levels – have been temporarily spared from some of the worse reductions in income that we found in the previous report. But it is clear that DHP is unsustainable and acting as a sticking plaster. It is unlikely that people will continue to manage when these payments are reduced or when other sources of financial support - such as that received by family and friends - are exhausted.

## Work:

People want to work for a variety of reasons: to gain financial security and a steady income, but also for the emotional and social benefits that employment brings, and to be a good role model for their children. They want to escape the perceived stigma of claiming benefits and to have a sense of pride over their work.

On the whole we found that people's motivation to work was not improved by the reforms or by the loss of income they had experienced due to these changes. The indiscriminate slicing of income instead prompted people to retreat and default to survival mode.

Although welfare reforms seriously affected people's finances, they did not make work seem like a viable or attractive option. In many cases having a job was viewed as equally precarious or simply not possible given people's circumstances. Everyone that we spoke to was aware of the poorly-paid and precarious nature of the labour market, and those in work were still dependent on financial assistance from the state. Several people we spoke to who were in work reported that they did not feel financially better off as a result.

There was also a group of people we spoke to who had insurmountable barriers to work, for whom employment was not an option. Many of these individuals suffered with serious, life-long health conditions and felt powerless to escape the reductions in income they faced as a result of changes to the welfare system. They could not offset the financial losses caused by the reforms by increasing the hours they worked or the amount they were paid. For those less able to make lifestyle changes, the reforms do not seem to have been implemented and delivered fairly or compassionately.

## Housing:

Having a home is important to everyone, but most people we spoke to did not feel secure in their current properties. This was largely because of the cost of rent payments, which had significantly increased for most people – often due to large reductions in Housing Benefit or Local Housing Allowance. Paying rent was one of the most expensive and difficult costs to meet, especially in the private rented sector. Due to the nature of the housing market and lack of suitable, affordable accommodation in the social sector, people said that they felt powerless to improve their housing situations, even though some would have been happy to move if the housing options available to them were reasonable. In most cases this meant staying close to vital social networks. Most people were worried about how they would continue to stay in their current homes, let alone move to better accommodation.

## Support:

Support from the state is reducing to the point where it barely enables people to survive and offers almost no flexibility to live with any comfort. Meanwhile third sector organisations, operating in a climate of significantly reduced resources, have found it difficult to properly meet the needs of all those affected. Support has mostly been via arms-length contact through telephone calls and letters and whilst this has been adequate for some, others clearly need more intensive wrap-around care especially in the short-term. We also found evidence that people who have been directly supported in this way, particularly by their Housing Associations, seem to be more ready to find workable solutions to their situations.

In the context of declining provision in the third sector and a perceived mistrust in formal agencies, we found that people sought support, information and advice from trusted individuals and organisations within their communities. It is unclear how sustainable these networks will continue to be as further reforms are introduced. Third sector organisations were worried about how people would continue to sustain and improve their financial situations in a climate on ongoing cuts.

Over two years have passed since the government's Welfare Reform Act was passed in April 2012. Intended to "simplify the system and make work pay" (DWP, 2013), the impact of reforms on individuals, families and communities are wide-ranging. Many of the coalition government's welfare reforms began to be implemented over a year ago, but arguably the most significant change, Universal Credit (which brings together six means-tested benefits and Tax Credits into one payment), remains largely undelivered.

Proponents of these welfare reforms claim they have succeeded in their policy goals. Iain Duncan Smith heralded the recent fall in unemployment to 6.2% - fewer than 1 million jobseekers - as evidence that the reforms are "*helping people off benefits and into work*" (DWP, 2014a). DWP reported that 10,000 people who have had their benefits capped have either moved into work or stopped claiming housing benefit (DWP, 2014b). However critics argue that several of the reforms are failing to meet their policy aims, and in fact, in some cases are doing more harm than good. DWP research shows that only 4% of Bedroom Tax claimants have downsized while over half are in arrears (DWP, 2014c). Research for Shelter shows that changes to Local Housing Allowance (LHA) have not increased work incentives, but similar to our primary findings have instead increased people's sense of insecurity. Recent research by the New Policy Institute has shown that the localisation of council tax benefit has led to an increase in rent arrears and in court cases (NPI, 2014).

The official policy context of welfare reform has remained somewhat static over the last six months and appears unlikely to change until the May 2015 General Election. The coalition government seems unwilling to change tack on its programme of welfare reforms. For example, the DWP has refused repeated calls for a full review of the new conditionality regime for jobseekers (WPSC, 2014), while government ministers have opposed motions to exempt groups of people from the removal of the spare

room subsidy (Syal, 2014). The government are undertaking and considering only minor changes to policies related to welfare reform – they have for example agreed to reconsider the decision to cease funding for local welfare provision (CPAG, 2014), and have exempted newly homeless people from being subject to jobseeker sanctions (Inside Housing, 2014). However, the government remain reluctant to make more fundamental alterations to their programme of change.

That said, some aspects of the direction of travel for welfare reform are clear. The overall budget for welfare is now constrained by a welfare cap which has cross-benefit support. In addition, both main political parties recently announced further cuts to benefits at their party conferences: Labour proposed cuts to Child Benefit and the Conservatives proposed a reduction in the Benefit Cap. Another likely trend is the extension and intensification of conditionality within the social security system: increasing conditions and restricting eligibility on receipt of both in and out of work benefits.

Reports that have been published over the past 18 months highlight some of the challenges to individuals and communities, as well as the scale of the cuts, these reforms have presented. Analysis commissioned by the TUC predicted that cuts to key benefits will reach £30.5bn by 2016/2017, most of which will fall on working families (TUC, 2014). Other research highlights some of the day-to-day struggles of those people who have been affected. For example, a recent Real Life Reform report showed that people were struggling to buy food and fuel to heat their homes and many were increasing their exposure to debt and reliance on informal support networks to try to make ends meet (Real Life Reform, 2014). Furthermore, it is clear from other evidence that welfare reforms have not achieved the intended behaviour changes - including encouraging people to move into smaller or more suitable accommodation (Wilcox, 2014). Finally it has been noted by several commentators that the cuts have disproportionately affected people

living in London, making it harder for people in the capital to find sustainable solutions to these challenges (Jarvie, 2014).

Studying the impacts of the reforms is a priority for Community Links because changes of this magnitude and scale have not been witnessed in the UK for many years. This makes it difficult to accurately predict outcomes, and the government has not committed to carry out research to examine the overall impacts of welfare reform. As the impacts on the community with whom we work are likely to be significant, we have committed to monitoring them ourselves.

We therefore designed a longitudinal study into the cumulative effects of welfare reform in Newham. Our first report, published in June 2013, drawing upon fieldwork conducted before many of the changes came into action, found that Newham residents were neither aware of, nor prepared for, any of the impending changes. In April 2014 the second report in the series, *Tipping the Balance*, outlined findings from in-depth qualitative research conducted six months after many of the major changes came into effect (Roberts & Price, 2014). It found that, rather than encouraging people to move into work or move house, the reforms had actually started to erode people's resilience and prevent them from making such decisions.

There were three fundamental reasons why the resilience of participants was undermined; the cumulative financial impact of the reforms, poor communication of the changes and a lack of compassion in their implementation. Furthermore, the speed and sheer scale of the reforms had a dramatic impact on people's finances, health, and families. Some of those we spoke to were barely surviving and often had to cut back on essentials such as food and fuel.

## Methodology

This report presents findings based on:

- Eighteen in-depth qualitative interviews with local people
- Two focus groups with Community Links employment and advice staff
- Seven qualitative interviews with local policy makers, advice staff and other stakeholders

Interviews were conducted face-to-face and included detailed discussions on a range of topics, including:

- Ongoing monitoring of the impact of the reforms on the individual and their family
- Finances and budgeting
- Experiences of and attitudes towards work
- Housing
- Information and support

The fieldwork was conducted between July and September 2014. As this is a longitudinal project, where possible we returned to participants we had previously interviewed. We also recruited an additional nine participants, four of whom were either in-work at the time or on maternity leave. New participants were mostly recruited through our advice services, and were sampled based upon the specific reforms or issues they had experienced.

Respondents were offered a £20 shopping voucher to thank them for taking part. They were also given information and contact details for our advice and support services. Where particular issues were identified, we were able to refer participants on to Community Links staff for additional support.

Focus groups with staff and stakeholder interviews were used to broaden the findings. Throughout the report it is clear where findings relate to stakeholders. Organisations and individuals are not named.

We will return to this group again in 2015 for the final stage of the research.

Due to the relatively low sample number we will not seek to make generalisations about groups, but rather aim to illustrate how the reforms have had an impact on a number of individuals and their families. Furthermore, as each of the respondents' experiences were shaped by multiple individual factors, it is important to note that key themes drawn out in the report were not necessarily experienced uniformly.

### Respondent characteristics

Each individual interviewed for this project had a unique set of personal and social circumstances relating to housing, family-size and benefits claimed. These characteristics dictated how much income individuals or households lost. Participants' capability to respond also differed based on factors such as family circumstances and health. It is important to bear this in mind when reading the rest of the report.

The sample for this report was made up as follows:

- All respondents lived within the London Borough of Newham
- 11 respondents were female, seven were male
- Nine respondents had one or more dependent child,
- Six respondents were lone parents
- Five respondents lived in housing association properties, five in the private rented sector, seven in council-owned properties and two in other living situations
- Eight respondents were in work, ten out of work

### How people were affected by the reforms

The table at figure 1 shows the number of people we interviewed affected by the various reforms. Most individuals had experience of being affected by more than one change.

**Figure 1: Numbers of respondents impacted by each reform**

<b>Bedroom Tax</b>	<b>5</b>
<b>Benefit Cap</b>	<b>2</b>
<b>Council Tax</b>	<b>11</b>
<b>ESA re-assessment</b>	<b>5</b>
<b>Tax credit reductions</b>	<b>6</b>

In total, seven respondents witnessed a reduction in Housing Benefit due to either the Bedroom Tax or the Benefit Cap. The amounts people lost through these reforms varied – several people lost around £80 per month and one individual who had been impacted by the cap saw her Housing Benefit disappear completely.<sup>1</sup>

Eleven people – the majority of our sample - were affected by council tax benefit changes.

Five respondents in the sample had undergone ESA re-assessments. Most of these individuals described challenging experiences of the actual assessment process which, similar to other research (Burgess et al, 2014), highlighted the shortcomings of the Work Capability Assessments (WCA) for building accurate pictures of what claimants can and cannot do.

Income within our sample mainly came from benefit payments (either JSA or ESA) or a mixture of wages and Tax Credits. Having a dependent child or a disability meant that respondent's incomes were topped-up with additional benefits, though of course this was offset by additional household and family costs. Almost everyone we spoke to claimed Housing Benefit. When added up, respondents' monthly household incomes ranged from £200 to £1,497. Particularly low incomes were related to the fact that the respondent may not have been receiving any benefits at the time of the interview; in one case because she had been sanctioned and made a decision not to re-claim.

## The reforms in Newham

A comprehensive study by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University calculated the estimated impact of welfare reform (not including Universal Credit) across Great Britain. It calculated that when the reforms had all come fully into effect, they would save around £19bn and affect millions of households<sup>2</sup>. Cumulatively, the London Borough of Newham stands to lose around £127m per year as a result of welfare reform, equating to £580 per year per working-age adult. With such stark losses especially for London and some of the east London boroughs, including Newham, the findings in this report help to build a deeper understanding of these figures and are key to exploring how people and communities are coping.

### Housing Benefit

The most recent data from the London Borough of Newham shows that the numbers of residents affected by the Benefit Cap have decreased, though not to the same degree as national off-flow figures which indicate that 41% of people who have been previously capped are no longer subject to the cap (DWP, 2014d). However, there is less fluctuation in numbers of residents affected by the Bedroom Tax, they remain similar to when the reforms were introduced, as the table at figure 2 shows. This indicates that most people affected by the Bedroom Tax have not resolved the issue of living in a property deemed larger than their needs demand. We look at these barriers in more detail later in the report.

London Borough of Newham data also shows that the average weekly loss of income through reductions in Housing Benefit for these reforms is £20.64 for the Bedroom Tax and £71 for the Benefit Cap. This correlates with data we collected, although averages conceal the upward range of losses and a few people in our sample lost significantly more due to the Benefit Cap.

In line with our qualitative findings, the data shows that the majority of the DHP budget is currently being used to support people who have been affected by these reforms - over £811,443 has been awarded to mitigate the Benefit Cap this year to date, representing 70% of the total spent thus far. These figures highlight how significant DHP has been at supporting those affected by the reforms.

**Figure 3: Percentage of DHP spend on Bedroom Tax and Benefit Cap<sup>3</sup>**

	2013/14	2014/15*
<b>Bedroom Tax</b>	<b>41.3%</b>	<b>21%</b>
<b>Benefit Cap</b>	<b>47.2%</b>	<b>71.3%</b>
<b>Other</b>	<b>11.5%</b>	<b>7.7%</b>

\*These figures represent total percentages of the budget spent to date.

The total DHP budget that LBN received from central government reduced in 2014/15 from £2.4m to £1.9m and it appears that those who faced bigger cuts through the Benefit Cap have been prioritised and sustained through this subsidy. Current figures suggest that the average claim for households impacted by the cap in Newham is £1,364.

**Figure 2: Numbers of households affected by Benefit Cap and Bedroom Tax<sup>3</sup>**

	Total number of households affected		Percentage Change
	2013	2014	
<b>Bedroom Tax</b> (one and two bedroom households)	<b>1,900</b> Q2 2013/14	<b>1,943</b> Q2 2014/15	<b>2.2%</b>
<b>Benefit Cap</b>	<b>598</b> October 2013	<b>463</b> September 2014	<b>-22.6%</b>

## Council Tax reforms

Data shows that 5,703 residents in Newham were affected by changes to Council Tax (Ashton, 2014). The majority of respondents we spoke to had been affected by this change, and those who were not in work paid on average £17 per month towards their Council Tax bills.

Findings from a recent report published by the Child Poverty Action Group (CPAG) indicate that Council Tax collection rates have been particularly high in Newham, as have the numbers of claimants summonsed and

charged additional costs. This is in contrast to other London boroughs, some of which had much lower rates of summons, charges, and claimants referred to bailiffs (see comparison with Waltham Forest in Figure 4). As the table also shows, other London boroughs (for example, Bromley) have taken more action to recover Council Tax charges. These figures highlight the different approaches taken by local authorities and consequently indicate the potentially differing effect on local communities. Negative impacts resulting from action taken by the council for non-payment of Council Tax is a finding new to this wave of the research.

**Figure 4: Council Tax support collection in three London boroughs, 2013/14<sup>4</sup>**

	Council Tax support claimants summonsed	Council Tax support claimants charged costs	Council Tax support claimants referred to bailiffs
<b>Newham</b>	<b>8,413</b>	<b>6,982</b>	<b>1,258</b>
Waltham Forest	1,304	503	198
Bromley	3,895	3,606	1,860

1. In the previous report, this respondent was not paying her rent and struggling to feed her family. She was scared that she would be evicted. When we re-interviewed this individual, her situation had dramatically improved due to a Discretionary Housing Payment (DHP) award which topped her rent up fully to pre-reform levels.

2. See Annex 1 for table compiled by SHU showing the numbers of households affected and total amounts lost through each reform.

3. Data provided by London Borough of Newham.

4. Figures taken from table 5.1 in CPAG report(Ashton, 2014).: [www.cpag.org.uk/sites/default/files/A%20new%20poll%20tax\\_0.pdf](http://www.cpag.org.uk/sites/default/files/A%20new%20poll%20tax_0.pdf)

Generally people were not happy with their financial situations. They talked about how making ends meet was a struggle. They felt powerless and trapped in a perpetual cycle of poverty, even if they were working. Additionally, respondents had noticed the rising cost of living which added further pressures to already squeezed incomes.

### Income

Multiple welfare reforms have clearly affected people's incomes, leading to cumulative reductions in total income. For example, one individual lost around £20 per week due to the Bedroom Tax and had to pay a further £12 a month towards her Council Tax. She had also been re-assessed for ESA and, in between her previous and most recent interviews, was waiting for a decision on whether she was fit for work. This process took several months, during which time she received a reduced ESA benefit. People who were working had also seen their incomes reduce due to the freezing of Tax Credits. This, combined with rising living costs, has made it difficult for people to manage their budget effectively.

Respondents reported very different financial situations which were shaped by a number of variables and factors including for example whether the respondent had dependent children, their housing situations and cost of housing and debt repayments. The amounts of money people had available to them therefore varied significantly in relation to these factors and meant that respondents employed a range

of different spending and coping strategies to enable them to pay for the things they needed.

Income mainly came from benefit payments (either JSA or ESA) or a mixture of wages and Tax Credits. Having a dependent child or a disability meant that respondent's incomes were topped-up with additional benefits, though of course this was offset by additional household and family costs. Almost everyone we spoke to claimed Housing Benefit, though many were required to use other income to top-up housing costs. Around a third of the sample reported that they received regular financial support from family or friends. When added up, respondents' monthly household incomes ranged from £200 to £1,497. Particularly low incomes were related to the fact that the respondent may not have been receiving any benefits at the time of the interview; in one case because she had been sanctioned and made a decision not to re-claim.

Within our sample, higher incomes were typically associated with receiving child-related benefits or being employed and receiving Tax Credits. However it is worth noting that work was not a clear indicator of being better-off, and income seemed to be more negatively affected if the respondent was working more than 16 hours.

*"It's been a struggle. I've got extra money [since moving into work] but it's not really helping me. As soon as you get your wages they're gone because you have to pay for things like [Council Tax] bills you never had to before."* (WR20)

## Betty

Betty lives by herself in a one bedroom privately rented flat that costs £800 a month. She contributes 34% of her total disposable income to this (£136). She currently claims Local Housing Allowance and Council Tax Benefit, but has fallen into both rent and Council Tax arrears due to welfare reform.

Betty currently works 16 hours a week at a supermarket that is not very close to where she lives; this makes travel costs quite high. Although she likes her job, “[it] keeps you motivated, keeps you busy”, it can be a struggle to manage financially and she feels as though she is “just about surviving”. Betty was also told she cannot claim Tax Credits as she is not working enough hours. Unfortunately, even though she is keen to increase her hours, her employer is reluctant to increase them beyond occasional overtime. When overtime is available she is happy to do it as it helps with her finances, but this results in her benefit levels fluctuating making planning her money very difficult.

Betty has also received conflicting information about her situation and finds it all very confusing, especially as when she “went to see them at the Housing Benefit office” she “came out with [her] head spinning, totally confused... even the [Housing Benefit] lady was [confused]!”

She has been in receipt of DHP to help with her regular costs. This has been “a lifesaver”, but not an experience she particularly enjoys as “it’s humbling and humiliating, but if I have to fill out a DHP form then I’ll fill it out. I need the help... the fact that I am working, I’m making the effort that makes it worse”. Even with DHP, Betty still has to be very careful about what she spends her money on. When her hours change she has to “ease back on the shopping”, and whenever she knows that bills are due (on which she spends 31% of her total disposable income) she spends less and less, only ever eating very simple meals:

*“I’m a frugal person. I don’t live it up. My idea of a meal would be a can of soup. I don’t have roast dinners and all that. I just live simply to keep all my bills down.”*

Betty does not feel optimistic about the future, particularly as her regularly fluctuating income makes her feel very insecure; she’d be happy to “just... keep going really... manage to maintain a roof over my head and pay the bills without going into debt.”

## Outgoings

Welfare reform, lower wages and price increases are combining to cause significant strain on budgets. The three necessary areas of spend that were highlighted by almost everyone were rent, bills and food. Disabled people and those with health conditions have to spend more money on outgoings such as bills to heat their homes. Single people and those without children spent particularly little on food, often below the amount required for a healthy diet. Fluctuating outgoings, in particular bills which were unpredictable from month-to-month, cause particular stress.

Rent was highlighted as a necessity and one of the main areas of spend, although the range of spend on housing costs fluctuated significantly. For example, one respondent spent 34% of her total disposable income on housing costs, whilst others whose rent was fully covered by Housing Benefit, or who received DHP to cover shortfalls generated by welfare reforms, spent far less (between 0-7%). As the table below highlights, in line with other research, the amount of disposable income that respondents spent on rent differed according to housing tenure: those living in the private rented sector paid significantly more (Crisis, 2010).

**Figure 5: Average spend of disposable income on housing costs by sector**

Private rented sector	Council accomodation	Housing Association
21%	17%	15%

Though our sample is relatively small, our data illustrates that living in the private rented sector (PRS) can negatively affect income and budgeting. This was felt strongly by those we spoke to, some of whom thought that paying rent in the PRS was neither affordable nor sustainable. Whilst we will discuss housing and attitudes to their housing situations in more detail later in the report, the quote below highlights the distinct financial pressure and feelings of inflexibility that those living in insecure PRS tenancies can experience.

*'The rent is very high. I went to the estate agent to ask for a reduction in the rent because I still have to pay Council Tax too. I tried to explain this but they couldn't do anything to make it easier.'* (WR12)

Betty's case study above highlights how low-income, combined with high rent, can lead to a real squeeze on finances. It can be incredibly difficult to keep on top of bills and other outgoings when paid the minimum wage and living alone in the PRS. In Betty's case, planning income and spend was more complicated because her hours of work and thus benefit entitlements fluctuated when she worked overtime.

The two other major outgoings for respondents were bills and food. On average respondents reported that bills took up around 28% of disposable incomes with everyone estimating that they spent over 10% on bills – though in several cases, this rose to over 40%. Those with health conditions and those who were unemployed were more likely to spend more of their income on bills, either because they needed to use more fuel to manage health conditions or because they spent more time in their homes. Whilst these figures may be high, they are not in themselves surprising. Fuel poverty is a well-documented and understood social problem that some would argue has not yet been effectively tackled (Marmot Review Team, 2011). Certainly stakeholders noticed an increase in supporting clients with fuel debt.

*'In the winter, let me tell you, I sit here and freeze. Because when we first moved here, in March, it was alright but when it started getting a bit cold we were doing £10 every other day... When Paul wasn't around I say here was a quilt around me because I couldn't afford to put the heating on.'* (WR21)

One of the main reasons that people worried about fuel bills was because they perceived them as costs that were difficult to predict and control. Moreover people reported that they were scared about receiving bills (especially the larger quarterly bills) which were hard to save for. Whilst meters have been shown to be expensive methods of payment (Lunn, 2013), several respondents who had meters installed for fuel highlighted that they were useful in helping them manage and spread costs. Though they were aware that they might be paying a higher rate per unit of fuel, some were glad of the opportunity to monitor and regulate spend in accordance with their needs and cash available, which could of course change from week-to-week. When necessary, respondents using meters would reduce or adjust what they spent on fuel, but this flexibility was not an option for those paying regular bills.

It seems that Council Tax bills were sometimes forgotten or ignored. In the previous wave of research we found that some respondents did not understand why they now had to pay Council Tax, and this was reinforced by the data most recently collected from both respondents and stakeholders. The latter reported a marked increase in the numbers of people receiving court summons and bailiff action for not paying their Council Tax bills. Indeed several respondents we spoke to had been taken to

court or were in the process of being taken to court for not having paid Council Tax. They had, or were likely to incur, additional (and fairly substantial) expenditure of around £105 to meet the costs of such proceedings. Stakeholders also highlighted difficulties in negotiating with the council to overturn the court charges, something that support organisations reported they have had more success with in the past.

*‘People say they don’t know, or didn’t take it seriously and it escalates, incurring debt. Especially once court charges come into the picture. This has increased recently. We are also finding it more difficult to negotiate with councils on the behalf of clients.’ (Stakeholder)*

*‘Sometimes there’s so little you can do to help people on this issue, particularly when the local authority is so unwilling to compromise’ (Stakeholder)*

As Diana’s case study below highlights, being taken to court or threatened with legal action had detrimental impacts on people’s wellbeing and sense of security. Furthermore, it seems that messaging about Council Tax and the serious consequences of not paying are only just filtering through.

## Diana

Diana lives in a two bedroom housing association property. She claims ESA and Housing Benefit and is unable to work due to a range of health issues including diabetes, respiratory problems, and depression. Diana has been hit particularly hard by welfare reforms such as the 'Spare Room Subsidy', Council Tax Localisation, and ESA re-assessment. She has also applied for PIP, which she thinks would be very beneficial but has been waiting several months for a decision.

Diana views the loss of her 'Spare Room Subsidy' as particularly unjust as she recently moved into a two bedroom house following a fire in her previous home. The fire caused a spiral of decline in which she was moved in and out of temporary accommodation and spent some time without any benefits at all.

*"For the first six months I didn't get a penny. My Housing Benefit was stopped. I had to go to court. I had over £2,000 rent arrears. I was frightened that I was going to lose my house."*

She managed to get her Housing Benefit reinstated with support from her local MP. This enabled her to repay some of her rent arrears, but there was still a significant amount outstanding due to not having paid any of the 'Spare Room Subsidy' for the one additional bedroom in her new property during this period.

During the time when she had no money she could not afford to eat properly or heat her house, which exacerbated her health problems.

*"I'm diabetic so I am supposed to eat three times a day which I can't afford to do, I was supposed to take my medication with meals*

*but I couldn't do that... So my son was coming at about 9 o'clock with chicken and chips from up the road - just £2 for those - and I ended up in hospital... it was total hell."*

Diana is also in Council Tax arrears as she does not have enough money to pay this bill. As a result she frequently feels very insecure and anxious, particularly as she has had a court summons which has incurred her additional costs.

*"They're taking the money out and I've got to go to court or something... I know it sounds stupid but I am past the stage of caring, because every time I pay my rent I think, there's another week with a roof over my head. I just don't feel secure at all... when I went to court they make me pay even more! I feel like I'm just living here week-by-week."*

She has not received any DHP but knows friends who have, so she is going to try and make a claim. She worries regularly about her income and expenditure and feels she can no longer enjoy the good things she has in her life like her grandchildren. "When you get a new grandchild... I felt so rotten I couldn't even buy a present."

Diana does not feel very hopeful about the future:

*"I feel absolutely devastated I really do... sometimes I just sit and cry when I do think of my life and where it's gone. I can't see no hope... It's a struggle when you are living hand to mouth. There's no real quality, nothing to look forward to."*

Single people living by themselves spent far less than families on food, with several reporting that they spent less than £10 a week on all of their groceries. This is £2 less than the £12 weekly budget that is considered enough to sustain a healthy balanced diet (BBC 2013), and some single people admitted to unhealthy eating patterns such as eating only one meal a day or 'living off beans on toast and sandwiches'. As our previous report highlighted, impacts on health can negatively affect people's resilience and their ability to cope with other pressing or stressful situations.

People with larger families and equally larger disposable incomes reported that they spent more on food to feed themselves and their families – between £650 and £800 for families with four children and above. This spend included providing packed lunches or lunch money for children. Having dependent children is a critical factor in high food expenditure as parents understandably did not want their children to go hungry.

Though food was a priority, buying food was one of the main areas of spend that respondents reported they flexed in line with how much money they had available on a short-term basis. Generally this meant that people would spend more money on food and groceries if they had more disposable income available to them that day or week. Likewise spend on food appeared to be the first thing which people reduced if they were struggling, as one respondent described she would 'ease back on the shopping' if necessary. So, similar to the wave one findings, people reported that they would go without meat, shop in cheaper stores and buy value goods in order to make ends meet.

Other areas of spend that we spoke to respondents about included:

- Clothing
- Travel
- Childcare
- Household goods and services
- Personal goods and services
- Social and cultural activities
- Luxury items

Similar to the findings on food expenditure, respondents with children were the main group of people who reported high spend in some of these areas, particularly on clothes and social and cultural activities. Parents were really worried that their children might miss out on key experiences if they didn't find ways to stretch their disposable incomes to include a few outings or treats, adamant that they did not want their financial limitations to extend to their children wherever possible. Respondents struggling to put money aside for their children felt understandably upset and guilty.

*'It's difficult... because now after going through everything I just feel guilty about my kids because there's no money at all... and you look at a summer day like this and you think oh god, I wish I had an extra £10 to spend on them... At the end of the day, they need somewhere to go and forget whatever is happening in the house.'*  
(WR 21)

The two other main groups of people who spent money on some of the goods and services listed above were people in work and people with health conditions. As already outlined, respondents who were in work were not necessarily better-off than their unemployed peers. This can therefore make any additional costs, incurred by or related to working, difficult to meet. This was certainly the case for several respondents; one of whom was spending £37 a week on a travel card to travel to central London and another who had stopped using her car and was instead walking to work as she couldn't afford to run the vehicle. This individual sometimes worked very late or early shifts which meant that she walked to work during unsociable hours. She explained that walking to and from work in the dark worried her and she would much rather use her car if she could afford to.

Similarly some of the people that we spoke to with health conditions reported that they had to travel often to doctor or hospital appointments. One respondent explained that she mostly used taxis rather than public transport to travel to several appointments each week because of her immobility. As none

of the respondents we spoke to received any DLA or PIP, these transport costs had to be taken from respondents' disposable incomes which put additional strains on their financial situations. If respondents were not in work or did not have an urgent need to travel frequently, the high cost of travel meant that most did not use public transport regularly. This could have knock-on impacts on peoples' isolation and connectedness to communities and networks, as well as their access to opportunities as the quote below highlights.

*'There's definitely been a change in the way I spend my money since I've been in this situation... even with my career. I'm trying to go to network events but I'm having to make choices about which ones I go and which ones I'm going to benefit more from because to travel to central London, it's really expensive... I'm constantly trying to make my money go as far as possible.'* (WR01)

Only a few respondents spent money on personal or luxury items or services such as cigarettes, haircuts, birthday presents or the 'occasional trip to the pub'. Expenditure on such goods was talked about on the rare occasion that people had money spare, rather than something people budgeted for on a regular basis.

## Money management, coping strategies and impacts

When people did not have spare money, they cut back on less essential goods and services to ensure that they could meet rent and bill payments. Overall, there was very little change from the previous report in terms of participants being able to deal with tightened financial circumstances. Many were still relying on unsustainable coping strategies, such as cutting back on food or not turning on lights and heating. In the previous report we spoke about the phrase 'eating or heating', which has come to represent the survival mode that people are

faced with as a result of welfare reform. Six months on, people still have to choose which goods and services they go without each month.

*'So, I've got a roof over my head... the thing is that sometimes I miss a week from the rent because something else has come up. Like I'm saying, I'm robbing Peter to pay Paul.'* (WR22)

Most of the people we spoke to knew that they were living on a cliff-edge, and were worried about what might happen to them if they failed to hold on. In this group were a mixture of people who struggled to cope for a range of reasons, often because of illness. It is unlikely that many of these individuals will work out practical and sustainable responses and solutions to these reforms. The fact that some were on the verge of eviction, or ignoring bills they could not meet, not only highlights their undermined resilience, but illustrates significant barriers to them seizing opportunities.

Though it is clear that people who have been affected by welfare reform do not have much money to distribute, we found that most people were good at managing and overseeing what came in and paid money out according to changing priorities. They found innovative ways to spread costs, ensuring that they did not spend too much on certain things. This included for example buying some food products in bulk, using pre-payment meters and delaying the payment of bills until enough money had been saved to pay in full. Many had developed habits and strategies which enabled them to keep check of their bank balances and this seemed to have become more important since individuals were affected by welfare reform.

*'I only take out what I need at a time. Before I used to take it all out and divvy it up straight away and there was nothing left. I think that's one way I've coped, you know – just getting out what I really need.'* (WR06)

Whilst people employed certain management strategies, spreading money and meeting the rising cost of living was clearly challenging as few had much room to flex their disposable incomes. Furthermore people in this group, especially those in work, felt disappointed that they did not have much peace of mind over their finances.

*'When the money's not there, it's not there. It's very hard... some months it's bearable and some months aren't. Especially when the electricity bill goes up, the gas bill goes up. Nothing goes down, everything goes up. Nobody has asked you to have children, but they need to eat too. It is so hard.'* (WR21)

*'I find budgeting difficult at the moment because the cost of living is just so high'* (WR20)

A small minority of people were actually more ready to mitigate the changes and their associated impacts. For some of these participants the financial impact of welfare reform was proportionately less, and they were often in work or close to finding employment. On the whole these people were slightly more positive about finding ways to cope financially.

## Borrowing, debt and savings

Many respondents reported that meeting an unexpected cost, for example a freezer breaking, would be very difficult. Even the more ready and resilient respondents were scared about something breaking or their circumstances changing, again highlighting the precarious finances that people were working hard to finely balance. Mostly people said that they would have to wait, or go without and potentially suffer hardship, if they were to find themselves in a situation where they had to meet an unforeseen cost.

*'If there was an urgent situation we would have to be patient and wait. Usually we don't have the money to just go away and spend it on something, we'd have to wait – it would be hard to solve on the spot.'* (WR03)

Overwhelmingly respondents reported that they would not want to take out credit or get a loan to cover themselves. Generally we found that people had negative and restrictive attitudes to taking on debt, which seemed to have been shaped by their own bad past experiences or those of family and friends. Taking on debt with formal creditors (including payday lenders) was not seen as a desirable as respondents were worried about how they would manage repayments and what would happen to them if they defaulted. Feelings of fear were particularly resonant when people talked about payday lenders and loan sharks but were also relevant to banks.

*'Even if you get a loan from a bank you have to pay back so much more. It's scary. If you really needed it maybe you would, [take a loan] but I try and stay away.'* (WR07)

When finances are tight it is easy to understand why people did not want to enter into new financial commitments, and therefore why they viewed getting credit as a last resort. Reluctance to take on debt may also have been influenced by the terms and conditions on offer to them. It is likely, given the financial histories and stability generally of those on low incomes, that more affordable and desirable credit may not be as readily available. Also, at least one person that we spoke to stated they were bankrupt which can of course affect access to affordable credit.

Whilst there was a general reluctance to taking-on formal debt, there was a small group of people who had debt, only some of which was being re-paid. Debts were typically taken-on to cover shortfalls in income where respondents had been required to meet an unexpected cost; in one case for example, because the respondent had moved house and needed to buy new white goods for the kitchen. Others had debts from utility companies that had accrued during periods when they were unable to meet costs.

One individual owed over £1,000 to a water company and another over £2,000 for electricity bills in a debt from her former home. Repaying debt was having an adverse affect on households' disposable incomes as well as peoples' levels of stress and emotional wellbeing. This was heightened by the fact that many knew they would be repaying debts and accruing interest for many years to come. Unfortunately several of the less ready and resilient respondents were not making repayments on debt.

The main reason for distinguishing between formal and informal debt is because respondents were much more likely to enter into more informal arrangements with family and friends than they were to borrow money from a lending provider. In fact, over half of our sample reported they had borrowed money from family and friends. For most people this lending was irregular to cover a one-off cost or temporary shortfall and most people were not particularly comfortable with seeking financial support from people in their networks. Reluctance seemed to be related to feelings of shame and the fear that they might not be able to make regular repayments. Respondents were understandably worried about the impact this could have on their relationships as the quote below highlights.

*'It's a very bad feeling owing him so much... because you know you will have difficulty paying it back. You will struggle and that would be difficult for our friendship. But they know my situation and they are not forcing me or anything. If I can pay I will pay, otherwise they will be patient.'* (WR26)

In contrast, several people reported that they were not worried about relying on their networks for financial support. These individuals saw borrowing from family and friends as far more appealing and beneficial to their individual situations and it is likely that in some cases these attitudes were closely linked to cultural norms and values; as one respondent commented:

*'I borrowed money off my brother and he's alright with it because we're Indian and he knows I'm looking after our mum. If I didn't have my brother it would be really hard. He said I could have as much as I wanted.'* (WR27)

It is in fact quite likely that without access to this form of financial support that some of these families may have been struggling much more. It was also noticeable that those without access to networks, and those who were unwilling to use networks for financial support, found it much more difficult to cope with any changes in income, and were more worried about a financial emergency arising.

Almost nobody that we spoke to had any savings which is a clear sign that people could not necessarily prepare for the future. Very tight financial circumstances made saving anything substantial almost impossible and in particular, those with children, were sad that they were not able to put anything aside for their futures.

## Life on a low income

Although most participants experienced a drastic reduction in income, some experienced a smaller and more marginal decrease in the value of their benefits. This was largely linked to changes such as the 1% uprating on Tax Credits. These individuals found it difficult to pinpoint the precise impacts of receiving slightly less money in Tax Credits, but were starkly aware of a reduction in their income. Both families and single people, employed or not, found it difficult to make ends meet. For some this felt very unfair, especially if they were working or trying to improve their situations by looking for work.

*'I think something needs to change because it's a struggle isn't it? I want them to put up the wages and to be a bit more comfortable. If prices are going to keep going up you aren't going to cope are you?'* (WR20)

Some were more content with their situation, or they had become resigned to surviving on less. This possibly indicates an internalisation of their feelings of powerlessness, illustrated by comments such as *'I'm not worrying'* and *'it's uncomfortable but it's just life, you get used to it'*. Stakeholders also highlighted these feelings of powerlessness.

*'We see more acceptance of the changes... people realise now there is nothing they can do about it. If you can't fight it, what can you do but accept it and try and deal with it as best you can?'*  
(Stakeholder)

As was well documented in the previous report, not having enough money can have significant knock-on effects on other aspects of people's lives. The data we collected for this wave of research highlighted that the reforms have particularly affected how secure people feel about maintaining their current situations, let alone improve them. People were really worried about the possibility of losing their homes, being separated from their social networks and losing their jobs; as a result it was clear people felt they were only just coping. Stakeholders also highlighted that a culture of fear seems to have been created with the recent waves of reform which are impacting even on people who have not been affected.

*'A lot of people say they do feel constantly anxious. That's a major impact... Even people who are relatively okay are unnerved by the fact that they may be giving food to a food bank whilst wondering what's the gap between me and needing their help... and the answer is not a lot'* (Stakeholder)

*'I'm in more stress... I'm shouting too much at my wife because I just can't afford everything. It's very hard.'* (WR26)

We also found evidence of knock-on impacts on children; stakeholders often highlighted that not having enough money could have a range of effects, including, for example, not being able to afford new school uniforms which sometimes meant that parents felt they could not send their children to school. Likewise, stakeholders reported that they had knowledge of families who have been moved out of the borough after housing costs became unaffordable due to the reforms. This can have significant impacts on how settled and happy children feel, especially if school is disrupted.

Similar to findings in the previous report, we also found evidence that the reforms had affected people's health, particularly mental health. The stress caused by worrying about how to pay the next bill made people feel like they are not ready and ultimately that they are not coping.

*'People do say to me, 'I'm going to kill myself' and I say 'Oh don't be silly, it's not worth it, we'll sort it out.' But people do get that stressed and upset.'* (Stakeholder)

Stakeholders predicted that whilst direct correlations cannot be made, it is likely that primary care services have seen an increase in the number of residents they support with mental health conditions. Whether this is true or not, it is clear that the changes are not supporting the growth of healthy, happy communities, ready to seize opportunities and financially support themselves.

## Key findings: finances, budgeting and benefits

- Most people felt disempowered by their low incomes and did not see many opportunities to improve their situation, regardless of whether they were in work or not.
- Uncontrollable costs such as rent and bills were hard for people to manage. Incomes have decreased and cost of living has risen, but people did not have much flexibility in their budgets to make savings elsewhere.
- The cumulative impact of the reforms has made it harder for people to cope with, and respond positively to, the reforms.
- Parents tried to shield their children from negative impacts of not having enough money; they did not think it was fair that they should suffer too.
- People with additional issues such as health conditions sometimes had additional costs to deal with which disadvantaged them further. Furthermore, people had limited success applying for additional disability benefits such as PIP and were faced with long delays.
- Most respondents did not want to get into debt and, if it was unavoidable, would rather rely on family and friends for financial support. There is a question over how sustainable these sources of support will continue to be, especially as more people are affected by further welfare reform and networks are stretched to breaking point.
- Most people felt stressed by their experiences of life on tight and ever reducing budgets. This often exacerbated already existing health conditions and sometimes created new problems, particularly in relation to mental health.

Recent employment figures show that unemployment rates fell to below two million for the first time since 2008 in the three months to August 2014<sup>5</sup>. Whilst this is positive, our research found that the changes brought about by welfare reform did not have a considerable impact on respondent's attitudes to work, or indeed the likelihood of them finding work. This was primarily because people are aware that poor working conditions, and additional costs associated with employment (like travel), meant that workers were not necessarily better-off. Work did not seem to enable people to escape the negative impacts of welfare reform or poverty.

We found evidence of three groups of respondents whose relationship to the labour market differed slightly:

- The first group were in work and, though many enjoyed their jobs, were often no better-off than they had been when they were claiming out-of-work benefits.
- The second group were trying to overcome barriers and looking for work. People in this group had surmountable barriers and could have benefited from support to make the step into employment truly viable.
- The final group were not in work had insurmountable, mostly health-related, barriers to work.

### In work

Research shows that welfare reforms have disproportionately affected people in work. Indeed analysis commissioned by the TUC highlights that 58.6% of the overall cuts hit working people in paid employment (TUC, 2014). This includes almost everyone affected by reforms to Tax Credits, and 32% of reforms which have impacted Housing Benefits.

Just under half of our respondents were in work at the time of the interview. People were in a range of roles and sectors, but the jobs were almost all very low-paid and mostly part-time, temporary contracts. Regardless of the working arrangements, most people in work reported that they enjoyed their jobs and had established work as an important part of their daily routines. They seemed to benefit from spending time in a working environment. In one case getting a job had been life changing and life affirming for the individual. Furthermore, her decision to move into work had been strongly influenced by the threat of the Benefit Cap (although it should be noted that she was the only person in our cohort whose work-related behaviour had been changed as a result of welfare reform).

*'Yeah that time [when she was about to be affected by the Benefit Cap] definitely pushed me to do something because I was a bit slow and maybe relying on other people to do things for me... I think my position pushed me a little bit and I looked at my children and I wanted to make their lives better too.'* (WR07)

Most people reported that they were keen to push themselves to move on, up-skill or progress, rather than return to out-of-work benefits. This indicates that their experiences of work have been positive and beneficial beyond the financial aspects. Whilst affording everyday expenses was still difficult, people felt proud, respected and valued for the contribution they made through work. Though some highlighted the need for more support, many talked passionately about goals and ambitions that they hoped they would ultimately achieve.

5. [www.bbc.co.uk/news/10604117](http://www.bbc.co.uk/news/10604117)

*'You feel confident being in work. You don't have to tell people you're unemployed. I can provide for my son and my son feels proud of me. Being in work has saved me.'* (WR25)

Whilst everyone who was employed seemed to benefit emotionally from their jobs, some people were struggling to make ends meet and reported that they felt worse off than when they were claiming out-of-work benefits. In fact, most of these individuals were still reliant on state benefits (mostly in the form of Tax Credits) and were feeling the effects of other reforms such as changes to Tax Credits. People in this group were surprised that their financial situations had not improved through being in work.

*'It's been a struggle. I've got extra money [since moving into work] but it's not really helping me. As soon as you get your wages they're gone because you have to pay for things like [Council Tax] bills you never had to before.'* (WR20)

One respondent in particular was struggling to stay on top of her housing costs because her rent was high and the combination of Local Housing Allowance and wages were not enough to afford both rent and food. On top of this she sometimes worked extra hours which meant that her Housing Benefit fluctuated. Though she loved work and seemed to get a lot from it, her minimum wage salary and unpredictable hours were challenging. Furthermore she was not on a permanent contract so did not feel secure and often felt anxious about staying in her job. She was told by her employer; 'you're fortunate that you even have a job'. This particular respondent would have felt far more secure and ready to seize new opportunities had she had some clarity on her hours and job security.

Others also spoke about the pressures of working long and sometimes unsociable hours on undesirable contracts. In some cases this made themselves and their families feel insecure. Parents were understandably concerned about this lack of security and wanted to have more predictable levels of income. Indeed, Bradley's case study opposite highlights some of the difficulties of working in insecure, temporary work and keeping his family well looked after. It is likely that Universal Credit will go some way to improving income predictability and 'smoothing out' income in cases where contracted hours often change.

Stakeholders were also concerned about the quality of work available to people who may have been affected by welfare reform. They reported that they still supported a large number of people who were in-work, many of whom were not any better off or in more sustainable situations than those who were unemployed. In order for work to be viable, it is clear that high quality jobs should be available and that people are supported to obtain and progress within these jobs. Otherwise, people will never be ready to seize any new opportunities that come their way.

*'We push people into work, which by itself I don't have a problem with. But we see people in very vulnerable situations. We see people working for very small wages without contracts having to work seven days a week and being told – you have to do this or you'll lose your job. It makes them and their families very vulnerable.'* (Stakeholder)

## Bradley

Bradley lives in a one bedroom council-owned property in Stratford. He currently works full-time as a Traffic Marshall, earns minimum wage and claims Working Tax Credits to top up his income. He has a young son who does not live with him, but who visits regularly. Bradley works 52 hours every week but finds it difficult to make ends meet.

*'It's been a struggle [the past six months]. I've got extra money [since finding a job], but it's not helping me really. As soon as you get your wages they're gone in a few hours.'*

Bradley feels frustrated by the fact that he has to rely on Tax Credits even though he works long hours. He believes strongly that employers 'should give people a decent wage to live on so there's no need for Tax Credits'. He does not understand why his labour cannot afford him a basic standard of living.

Bradley's concerns about his earnings extend to the stability of his job. He feels insecure as his contract is through an agency and worries about his ability to keep on top of his bills and rent if he were to lose his job; he does not have any savings to fall back on. He thinks it is unfair that his employer cannot offer him any assurances and accepts that he has a distinct lack of control over this situation. Furthermore,

he finds the long hours stressful and they also seem to be having an impact on his relationship with his son because he does not have much spare time or energy.

*'It could stop at any time and there's no way to complain if you do lose your job. You don't know where you are going to be. You have to take one day at a time.'*

Bradley prioritises his rent, food, and his child. Providing for his son is particularly important but he finds it hard to juggle commitments.

*'You can't just say 'I've got bills to pay', you've got to treat him... but you've also got to keep a roof over your head, you got to eat but it's [just] one of those things, like I said, you just got to keep going''.*

Even with these problems work is still very important to Bradley; he argues that without it 'you can't move on in life, can you?' But he also finds it annoying that he receives no support to get into permanent work, to progress and to earn more. His frustration with being stuck on low pay is clear.

*'If you work for the minimum wage, how to you pay your rent?'*

## Out of work

As indicated, individuals were at varying stages of being ready to find employment; some were just waiting for the right opportunity to come along whilst others were working on overcoming barriers. There was also a group who had severe health problems that prevented them from taking work.

Those who were actively looking for work had a range of barriers that they had to overcome by utilising available support and by taking opportunities to study, volunteer or gain confidence. Generally people in this group viewed work as a way to escape the hardships of living on out-of-work benefits that had been, in some cases, severely reduced since the introduction of the reforms. Our research highlights how elusive this imagined 'escape from poverty' can really be, as well as some of the harsh realities of taking an entry level job.

*'I just need to get into work to avoid the situation I'm in and I don't want hand-outs here and there... I always wanted to work and I always thought that working would enable me to be much better off than on benefits. So yes, I suppose this situation has made me see that more clearly.'*  
(WR01)

Though this group were aware that getting what they wanted in terms of work might be a challenge, they were mostly hopeful and optimistic about their futures. When asked about what they thought were desirable types of work and working conditions, several reported that they would not be happy to accept temporary contracts, zero-hours work or below minimum-wage pay as they knew there was a real chance that they may not be better off. It is clear, that more support needs to be put in place to enable people to be ready to take opportunities; whether that is moving into high quality, well paid and secure employment or progressing within their current job.

The final group of respondents had insurmountable barriers to employment, (many were repeat respondents) and were not considering work, often due to disability or illness. In fact over half of our sample reported health conditions that affected their day-to-day lives, and a significant proportion of these individuals reported that they did not feel able to work at all. These people were not actively engaged with job-seeking and similar to findings in the previous report, some did not even want to engage in a conversation about working. Some of these individuals were sad about their inability to work and knew that their poor health would leave them subject to being financially immobile and dependent on the state – in some cases for life.

*'I used to love going to work, I can't now. I used to do two jobs, as a school cook and cleaner and I used to meet pals and things like that. But because I was taking so much time out you know... I think they are trying to get everyone they can to work, even if they are wearing an oxygen mark... I've been told I've only got three years left. Do I really have to spend that working?'*  
(WR22)

As traditional employment was not a real option for these individuals, a solution needs to be found to offer people who cannot work security and protection from reforms which are intended to prompt unrealistic behaviour change. Understandably, people were distraught by the lack of control they had over such situations and the ways in which they had been subjected to reforms with very few avenues to make life better for themselves and their families.

## Key findings: Getting a job and making it work

- Half of the sample were in work. The work that people had taken was mostly low-paid, in the service sector and often temporary. Thus work was not necessarily viewed as a sustainable route out of poverty.
- Work did not necessarily alleviate financial pressures created by welfare reform. In fact people found that they struggled with new welfare challenges when they moved into work such as changes to Tax Credits.
- Welfare reform had forced some people into 'survival mode' which made finding and keeping a job harder and less of a priority. Furthermore, people's survival techniques have over the years taught them that work is not always a good way to maintain a steady income, especially if it is temporary.
- There was a sense of resignation and feelings of powerlessness amongst those for whom work was not an option. This was specifically related to escaping some of the negative impacts of the reforms.

Almost everyone we spoke to explained that they had become increasingly worried about staying in their properties over recent years. This was attributable to several factors, including the rising cost of living and housing costs, as well as changes to the welfare system which have had the effect of reducing the value of financial support available towards housing costs for those on low incomes. Nervousness about the security of their housing situations could also be related to awareness respondents had of the pressures on housing markets.

In line with other research (Crisis, 2010) our findings highlighted that living in the private rented sector (PRS) could have a detrimental impact on people feeling that their homes were secure and affordable. Private sector tenants spent proportionately more of their disposable incomes on housing costs. This was in contrast to people living in other sectors who overall described much higher levels of satisfaction and paid less towards housing costs.

Most respondents found themselves somewhere in the middle with very little security. Feelings of insecurity were compounded by the effects of welfare reform. Some of these individuals were keen to move to improve their financial situations and lifestyles more generally, but unfortunately experienced a range of barriers stopping them from doing so. We identified three common housing experiences of respondents:

- The first group were happy with their housing situations, largely due to receiving DHP which meant that their housing costs were mostly affordable;
- The second group were the main group and were struggling to meet housing costs which meant that some were looking to move;
- The final group were living in highly unsustainable accommodation, either because it was unaffordable or unsuitable.

### Settled in receipt of DHP

The financial and housing situations of those in receipt of DHP had significantly improved as a result of this support. All four respondents had been affected by either the Spare Room Subsidy or the Benefit Cap in the previous wave of research, losing up to £199 a week of Housing Benefit. Before claiming DHP, the reforms seriously challenged these respondents' abilities to meet basic day-to-day costs, and all had got into rent arrears or defaulted on other bills (like Council Tax) because their budgets were so tight. In these cases DHP has enabled households to cope much better, since for almost all respondents the payments covered the shortfalls in rent created by the reforms. This has had the effect of lifting overall incomes to levels similar to those before April 2013, when these reforms started to be introduced. Understandably people were relieved that they had been afforded some respite.

*'It [DHP] has been really helpful, yeah. It's meant that I can pay off my rent arrears, because I wasn't paying much of my rent before. It was backdated so I got a big lump sum that I used to pay back most of that... I haven't got any worries no more. I don't live a flash lifestyle but I've not had to borrow money since. It's 100 times better than it was before.'* (WR06)

It also helped one individual make some steps towards supporting herself through employment. Support from her housing officer was pivotal to her receiving DHP and getting the wrap-around advice and guidance she needed to move forward as the following case study highlights.

## Aziza

Last time we spoke to Aziza she was living in a four bedroom housing association property in Stratford with her seven children. The Benefit Cap had restricted her to just 50p Housing Benefit, requiring her to contribute £147 a week towards her rent. This led to rent arrears and due to language and health barriers, the latter exacerbated by welfare reform, she was not ready to move into work.

Aziza is still living in the same house but two of her children have gone back to Somalia and her fifteen year old niece now lives with her. Her youngest child is three years old and so she spends the majority of her time looking after her, except between 8:30am and 11am every morning when she is at nursery.

Aziza is now receiving DHP, which has had a beneficial effect on her circumstances. Previously she was suffering from very high stress levels due to the changes, but now

things are much calmer. This is in part due to the financial help received through DHP, as now she must only contribute very small amounts to her rent each month. Budgeting can still be difficult, particularly as her food bill is high due to her large family, but she is just about coping.

The most radical change in Aziza's situation results from her being assigned a caseworker by her housing association. She stated in the interview that she has now reached the point in her life where she would rather work than claim benefits, which she largely attributes to DHP and her caseworker. Reduced stress levels from a more manageable income have made her physical health improve and the caseworker has encouraged her to take ESOL classes two days a week. She is benefitting a lot from this and has made a lot of progress; she is hoping to take her level one test very soon.

Whilst people were clearly benefiting, and in some cases flourishing with DHP unfortunately the benefit is time-limited and discretionary. It is highly likely that as Local Authority budgets reduce and thus become naturally more restrictive, that many people who have been temporarily protected from hardship will find themselves suffering again, and as we will explore in more detail in the next chapter, stakeholders were understandably worried about the impact this would have on those who might lose their entitlements, especially if options to move or work are limited.

*'They won't be able to cover their rent and might end up homeless if they take DHP away... it's kind of the last method of people supporting themselves.'*  
(Stakeholder)

Though people knew they had to re-apply for DHP, several people did not know that their entitlement could end at short notice and may not be renewed. It is therefore likely that some of the people who have been temporarily lifted out of highly precarious living situations by DHP may find themselves back in similar circumstances in forthcoming months.

## Struggling to stay

The majority of respondents reported that they were relatively settled in their homes, but that housing costs were high across all housing tenures. This was particularly the case in the private rented sector (PRS) as a result of market pressures and changes to Local Housing Allowance which see less support available to those living in the PRS. Respondents who were not receiving DHP found making higher contributions difficult. In the PRS, people had very little control over housing costs that seemed to be ever increasing, and they explained that they felt disempowered by these market forces.

*'I tried to look up how to move because the rent is too expensive... because it's private rent it works out to be a whole load more compared to if I was accommodated by the council. It's just not really working out for me.'* (WR25)

Others explained that they were struggling because their income had decreased due to other (non- housing benefit) reforms such as changes to Tax Credits. Though people in this group found budgeting difficult due to higher costs, overall, they were mostly managing. Equally where people had got into arrears, they found ways to repay the debt, even if only minimal payments were made. Overwhelmingly people in this group wanted to stay in their current accommodation and this motivation drove respondents to make sacrifices elsewhere in their budgets. The factor that sets these individuals apart from others in the group is that they had some flexibility to make choices over what to prioritise, and they chose to pay rent.

*'I'm coping because I have to and rent is my first priority. I live in a street of three bedroom houses where people tend to live for a long time and I want to stay. I feel like I should be able to stay – I've given a lot to the community'* (WR24)

Whilst some people had found ways to cope with their current housing situations, several people were not happy, did not feel their situations were sustainable and were looking for other accommodation. Though the main reason that people wanted to move was to find cheaper accommodation, respondents cited other push factors. For example, one respondent who was near retirement wanted to move out of London to the countryside, and several others were keen to move away from overcrowding or disruptive living situations.

*'I'm old now. I want to move to the countryside. The fresh air there would be good for me.'* (WR05)

## Unstable and on the brink of eviction

Respondents were really worried about the knock-on impacts of losing their homes or living in unstable conditions on themselves and their families. For example, a respondent in temporary accommodation had been moved outside of Newham to a neighbouring borough and was concerned that her son would not be able to continue to attend his school. Another was worried about what would happen to her mental health if she were to be evicted and end up homeless. Living in the PRS, even when in-work, seemed to make finding a solution much more challenging as the case study opposite highlights.

## Naveed

Naveed is married with two children, one of whom is under the age of one. The family of four live in a one bedroom flat in the private rented sector. Overcrowding is a big problem for them. Naveed works part-time for minimum wage in a chicken shop. The family's income is topped up with Tax Credits.

Due to a complicated family situation involving his wife moving to the UK from their home country, Naveed was unable to fulfil the requirements of his jobseekers agreement and was sanctioned three times. During this time, it was not possible for Naveed to pay his rent and he accrued over £4k worth of debt in rent arrears. He started paying the rent in full plus the arrears but his landlord took him to court to start eviction proceedings. Though he accepted the landlord has a right to do this, he did not feel that his circumstances with a young family or his willingness to pay the rent and arrears now that he can afford to have been taken into account.

Naveed moved into work after his difficult family experience and several reforms that led to a reduction in his income. He did not feel

that he was given much support to resolve his situation, and did not know where to go for advice about how to stay in his house and minimise disruption to his young family. At the time of the interview he was looking for other accommodation, but was struggling to find something suitable. He was also worried that he might not be accepted for housing in the private sector due to the complications with paying the rent in his current tenancy.

*'I'm looking for a two bedroom now because that would be better for us but I didn't find anything I guess. It's all very expensive.'*

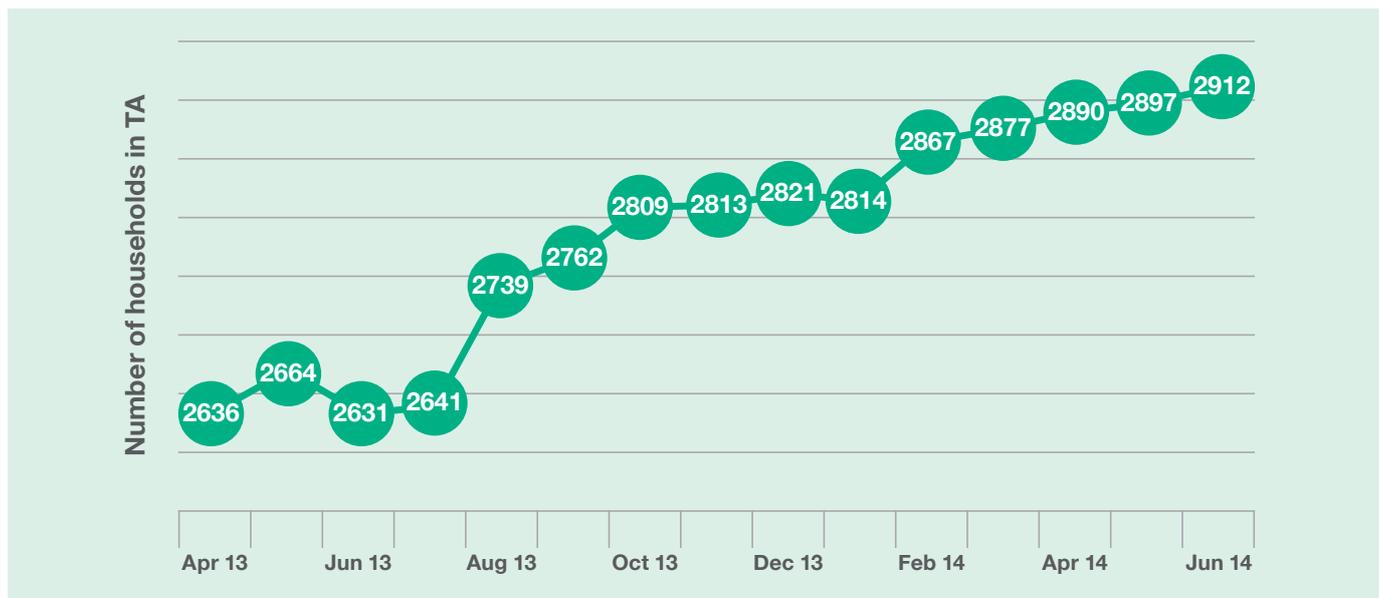
Naveed was surprised to discover that work has not made things easier for him and his family. He liked his job, and he felt proud that he was doing something to bring in an income for his family, but he could not understand why he did not benefit more.

This case study highlights the precarious nature of living in the PRS, even when people are working hard and trying to find and engage with new opportunities.

Stakeholders were also worried about the sustainability of residents' housing following welfare reform, particularly as the impacts of current and future reforms continue. Several stakeholders highlighted the difficulties of such a challenging housing market, with shortages meaning that there simply are not enough suitable options for everyone to remain in the area. Some predicted future increases in homelessness and movement outside of the borough. Restrictions on DHP budgets and allocations will also have a significant impact on the housing of people who have been temporarily sustained through receipt of the subsidy.

Figures from the London Borough of Newham show a slow but steady increase in the number of households in temporary accommodation affected by welfare reform and correlate with national trends (Fitzpatrick et al, 2013). Though the rise cannot be correlated uniquely with welfare reform, it is interesting to note this gradual increase as the policy landscape and housing market shift.

**Figure 6: Number of households in temporary accommodation impacted by welfare reform<sup>6</sup>**



## Attitudes to housing

Overwhelmingly and in line with findings from the previous report, most people prioritised staying in their homes because they wanted to stay close to family, friends and schools. Several talked about how they felt attached to their homes and communities; seeking alternative accommodation would most likely mean moving away from these areas. In a few cases this meant that people had decided to accept high housing costs, often unaffordable due to the reforms. As the quote below highlights, they were aware of the financial implications of making decisions to stay, but the social costs of leaving were, in some cases too high.

*'We know about these [options like downsizing or taking a lodger] and the reduction it could bring because we were sent a letter but for now we're intent on staying where we are. It's mainly because we've been living here for 20 years, it's a long time. It's about being settled and used to where you are. We're naturalised here and we don't want to change that all of a sudden. We feel it's more beneficial to stay where we are.'* (WR03)

Whilst some were adamant that they wanted to stay, others were more open to moving, especially people in the PRS who were seeking a move to the social-rented sector. There were a number of significant barriers to respondents making such moves such as the shortage of suitable housing stock. Stakeholders reported that they found it difficult to support people who they worked with to change their attitudes to housing, (often by encouraging them to move) but then their clients did not have suitable, alternative options open to them.

People talked passionately about the challenges of using the council's online system to bid for council property and felt it was unfair that their needs and situations had not been prioritised. Again, these individuals felt trapped by a set of systems and market forces that they perceived to be working against them, as they did not feel that they had the purchasing power to move to property in the PRS that met their needs.

6. Figures from London Borough of Newham

## Key findings: The importance of home

- Welfare reform has caused people to worry about affording their housing costs and thus their ability to stay in their homes. People often felt powerless to improve their living situations.
- Living in the private rented sector was felt to be particularly insecure, expensive and unsuitable for some individuals and families,
- There was a small group of people who were in receipt of Discretionary Housing Payment (DHP); a financial subsidy which temporarily sustained their situations. It is unclear what will happen when DHP is no longer awarded to some households.
- Those without DHP had to meet higher housing which, compounded with other reforms like the removal of Council Tax Benefit, made paying rent challenging. Some simply were not coping and were on the brink of being evicted from their properties.
- Most people wanted to stay in their homes, often places they had lived in for many years. This was because they wanted stability and also did not want to move away from vital support networks such as family and friends.
- Others were more flexible about moving but experienced significant barriers in doing so due to housing shortages and associated costs. Again this made people feel powerless to change their situations.

## The changing role of support

Overall, we found that people relied heavily on family and friends for advice and support, including financial support. Due to past negative experiences, respondents did not seem to trust formal organisations to give them the help they needed, even when they tried to proactively seek it in times of need. The exception to this was where respondents received holistic support from Housing Officers when they lived in Housing Association accommodation.

### Shift from formal to informal support

Help to cover shortfalls in income was the main form of support that people wanted access to. Most respondents reported that their main source of financial support was from friends and family. Friends and family helped people manage short-term shortfalls; for example lending £10 here and there, as well as supporting some respondents on a more long-term basis. One respondent for example was almost totally reliant on a monthly allowance of £200 that she received from her family.

Whilst it was common for people to borrow from others in their networks, most respondents were not happy about relying on those close to them for financial support (though we found evidence of some cultural differences in relation to attitudes around informal lending). Most however found the process of being supported by friends and family embarrassing, and said that they tried not to call-in favours too often so as not to upset or unbalance relationships. They were also concerned about not being able to reciprocate favours or pay back money they had borrowed quickly.

*‘I was hungry some days and there was nothing there to eat... a couple of people helped me out to a certain extent, but they can’t give me money every week – they were saying to me like ‘when are you going to give me that money back?’ Because obviously they’ve got debts too. I didn’t even open the door after a time and that’s rude to do that to people who helped me.’ (WR11)*

Respondents also appeared to rely on their social networks for much more than just financial support. Friends and family were important for emotional and practical support, for example help moving house and help to look after children. They also provided much needed friendship and care for those who were isolated or struggled to get out of their houses due to ill health. Understandably those who relied heavily on their networks were concerned about how they would cope without them, and those who did not have social networks to call on seemed to struggle more. Similarly, stakeholders worried that the support received through social networks was likely to be unsustainable if people’s financial situations worsened. Respondents were also worried about unforeseen emergencies, particularly as tight budgets make any response to these difficult.

*‘They’re my support network and I need that even more than the money – their emotional support... I don’t know what I would have done if I didn’t have these people around me.’ (WR01)*

One of the main reasons that friends and family were so important to the people we spoke to was because people did not feel that they had many other organisations or places to turn to in times of need. Over recent years we have seen a decline in the amount of funding available to the third sector, which may previously have delivered much needed services and support to many of the people we spoke to. The cuts that have been made to the public sector, including to some of the more universal and primary services like the NHS, have meant that people did not feel able to seek the support they needed. Instead they were turning to people they loved and trusted to survive periods of hardship. In this way, social networks were seen as critical to surviving the impacts of reforms and life on a low income.

Concerns about the extent to which support provided by the third and public sector has been reduced were also reflected in the interviews with stakeholders. Many were worried about the levels of reduced services they were able to provide and the impacts that might be incurred by those unable to access support, with one respondent commenting that ‘demand outstrips capacity tenfold’. They reported that people felt confused about the best places to go for help and this might mean that some end up, for example getting evicted when it might have been avoidable. Several predicted that the impacts of cuts and reforms will continue to worsen unless action is taken soon to limit disruption, partly through ensuring adequate support via these organisations is in place. There was an acknowledgement from stakeholders that the support received through social networks is likely to be unsustainable if people’s financial situations worsen.

*‘We can be nothing more than a small sticking plaster. The amount of people affected is so huge and we can signpost some people but it needs a much bigger job done. Some sort of wrap-around service, some outreach, people being talked to rather than written at and an approach that puts the person in the centre rather than regarding them as an inanimate object.’ (Stakeholder)*

People who lived in housing association accommodation seemed to benefit from increased and targeted support delivered through their registered social landlord (RSL) by housing officers. This was a new finding, as in the previous report we did not find much evidence for respondents receiving this kind of help. Housing officers helped respondents check they were receiving the benefits they were entitled to, fill in forms (especially DHP forms) and offered a range of additional guidance and wrap-around support, including support to look for work. Participants were particularly satisfied with the ways in which housing officers dealt with them both professionally and kindly, and several reported that they felt reassured by the approaches their officers had taken with them.

## Information, communication and support from authorities

Those who had recent experience highlighted several key barriers with both the way and format in which information was communicated to them. These included:

- **Communications difficult to understand** – often not written in plain English, people received conflicting information in different letters, sometimes from the same authority.
- **Difficult to get in touch with somebody to help** either face-to-face or via the phone if needed – sometimes had to wait a long time on the phone and navigate complicated telephone systems, and sometimes hard to contact the correct department in the first place.
- **Cannot always get the advice or information required** – people were transferred to advisors that were not informed enough to help with their query.

*‘Sometimes it’s very difficult to solve problems over the phone –like the Council Tax – and get the right information from the right person. For example, last week, the person I was speaking to about this had insufficient knowledge and because you can only speak via the phone it was really hard. At one point she hung up on me.’ (WR03)*

As such people found communicating with authorities challenging and exhausting. In some cases they felt let down by the levels of services provided and seemed to have lost trust in a system that was unable to give them the answers they needed, sometimes to take steps that might have enabled them to cope better – like sorting Housing Benefit or Tax Credit entitlements out before getting into arrears or moving out of employment. This coincides with findings from the latest Newham Household Panel Survey which show a decline in satisfaction ratings across all Newham Council (NHPS 2014).

Compared with the previous wave, (which took place in 2011) significantly fewer residents gave a positive rating about local housing services and the percentage of residents satisfied with advice services fell from 50% to 37%. Stakeholders also reflected on the lack of trust local people had in for example the Local Authority.

*'The reality is that actually local authorities now are seen as enforcement... they are seen as the people who tell me I can't be housed, the people who send the bailiffs because I haven't paid my Council Tax, the people who reprimand me for litter or whatever. They don't see them as a place to go for help now.'* (Stakeholder)

In addition some people reported that they found communications from these authorities threatening, especially if they had, for example been notified about arrears or a court summons. Respondent's negative attitudes to receiving communication from these authorities could also be related to a reluctance on their part to deal with problems early – for example, before being sent a court summons with regards to Council Tax arrears – or because they were worried about the contents of letters as a result of past experiences.

*'I worry when the postman comes because I think, oh god, another letter is coming too.'* (WR05)

As we found in the previous report, different people reported that they would like to be communicated to in different ways by these authorities, and whilst face-to-face meetings might be the preference of some, others did not feel they needed this kind of contact. For most people letters were viewed as sufficient but it was clear that the wording and clarity of written communications needed to be addressed. In addition, there should be options available for people to get more information or advice should they want it, not just via the internet. This is particularly important for those with the biggest barriers (for example, language barriers).

*'When people are vulnerable and don't have the skills to do things for themselves, they need other people ... It should be short-term to allow learning but at the early stage, some people need other people, you know to see another person face-to-face.'* (Stakeholder)

## Financial subsidies

DHP was the key source of financial support that a proportion of people who had been affected by housing reforms received. DHP was seen as vital as it had radically improved the financial security of their living situations. There is a question over the sustainability of this subsidy and as outlined earlier in the report, and it is likely that respondents in our sample will find themselves struggling or in critical situations if DHP is removed.

Other forms of available financial support such as hardship payments and crisis support (LB Newham, undated) were not accessed often and not seen as particularly useful for three reasons. The first was because these forms of support did not act to cover long-term shortfalls in income, so people could not use them to meet ongoing unaffordable costs. The second reason was because it was perceived as very difficult to be successful with applications for this support. Finally because the support was mostly offered in the form of a loan and not a grant. Consistent with earlier findings around attitudes to debt, respondents were not keen to take-on additional financial commitments that they feared that may not be able to repay. Furthermore, a sizeable proportion of our sample had not heard about these forms of financial support so did not know they were there to access in the first place, even if they could have benefited from the support.

## Key findings: The changing role of support

- People were increasingly turning to friends and family for support rather than seeking help from more formal or traditional institutions.
- Support from friends and family was emotional as well as financial, and staying near these networks was seen as vital. It was unclear how sustainable these informal support networks were.
- Due to previous negative experiences, respondents did not seem to trust authorities to provide the right support in a timely way. Reasons for negative perceptions were threefold. They found communications difficult to understand, they could not always get in touch with people to communicate and they could not always get the information they needed. This added to people's feelings of isolation and powerlessness.
- Whilst financial support was seen as critical in helping people manage short and long term gaps, DHP was the only real financial subsidy that people were using or had heard of.

## Conclusions and recommendations

### Key findings

Overall, welfare reform is still negatively affecting people; eroding their resilience and not enabling them to be ready to seize opportunities.

People are affected differently according to their individual and family circumstances, as well as in relation to the support they received. Some people – particularly those in work or who received DHP sufficient to bring their income up to pre-reform levels – have not been particularly negatively affected by welfare reforms, but they still have not been given the support to improve their circumstances. Others are struggling to get by, though their situation has improved slightly since the last round of interviews – again often as a result of moving into work or receiving DHP. Finally, for a group of people, all the significant problems we described previously have remained, and in some cases people's situations have deteriorated.

Some of the knock-on effects of living in poverty have been exacerbated by reforms, in a way which is likely to lead to significant costs for the public and third sector in the long-term. A longer term view would take these impacts into account when considering the impacts of welfare reform. These knock-on effects include, health and wider social impacts. For example, people are borrowing money from each other and are threatened with eviction. This has made people feel insecure.

## Finances and debt

Overwhelmingly people felt stressed by their experiences of living life on such tight and ever reducing budgets which had knock-on impacts on their health and wellbeing. The research found that the cumulative impact of welfare reform is continuing to make it hard for people to cope with and respond positively to the changes and people felt powerless to increase their incomes. In particular, it seemed that being in work did not necessarily mean that they were better off. Even where individuals had a steady income, they found it challenging to deal with uncontrollable costs such as fluctuating bills.

Additional costs incurred by rent arrears, court summons and pre-payment meters have exacerbated the negative effect of welfare reform on income and made the cost of living even more challenging.

People with barriers such as health conditions sometimes incurred additional costs which disadvantaged them further. Furthermore people had limited success applying for additional disability benefits such as PIP and faced long delays for decisions.

Respondents had largely negative attitudes to debt of any kind. They viewed debt as something more likely to trap them than enable them to develop and seize opportunity. Those with close social networks borrowed from family and friends if they needed – though most people only resorted to using these networks to deal with crises.

**Community Links recommends that the social security system should provide a sufficient income for people to live on, to allow them to focus on making long-term improvements to their lives. In particular, local and central government should work together to ensure that additional costs are not imposed on people already suffering from restricted incomes. It is important to strengthen the formal and informal sources of support that people rely on when they fall into hardship.**

### Recommendations

1. Local Authorities should invest in advice work as part of a concerted, joined-up financial inclusion offer that acts early to prevent debts from accumulating. In particular, local schemes providing access to quality affordable financial products should be linked to good quality advice that helps people address their immediate problems.
2. Local Authorities should review debt collection procedures for Council Tax benefit, rent and housing benefit; to ensure they aren't pushing people into more serious debt. For example, court fees could be waived or policies introduced against the use of bailiffs, which increase individuals' debts but often fund.
3. Rent, Housing Benefit and Council Tax teams within Local Authorities should work together to identify those people who are in, or at risk of, multiple debt, and should proactively reach out to provide them with financial advice and support.

## Employment

Half of the people we interviewed were in work. Employment was mostly low-paid, in the service sector and often temporary, thus work was not necessarily viewed as a sustainable route out of poverty. Furthermore people found that they struggled with new welfare challenges when they moved into work such as changes to Tax Credits. We believe that the reforms have not given enough emphasis to the other things that motivate people to work, such as personal satisfaction, pride and the desire to become financially independent. Focusing on these other motivations could encourage a culture that presumes willingness to engage.

For those not-in-work, we found evidence that the reforms have forced some people into 'survival mode' which made finding and keeping a job harder and a lower priority. People's survival techniques have, over the years taught them that work is not always a good way to maintain a steady income, especially if it is temporary.

Finally there was a sense of resignation and feeling of powerlessness amongst those people – mostly those suffering from ill health – for whom work was not an option. This was specifically related to escaping some of the negative impacts of the reforms.

**In order for the welfare reforms to encourage people into work, Community Links recommends that high-quality, well-paying jobs need to be available. More should be done to create Living Wage jobs so that the social security system doesn't have to pick-up the cost of failure in the labour market. Furthermore conditionality within the system needs to recognise the multitude of reasons – beyond financial reasons – why people wish to work, and should presume willingness to do so. It should be accompanied by support that harnesses rather than stifles the desire that people have to progress.**

### Recommendations

4. In order to make employment a realistic option for people affected by welfare reform, more support should be provided when people initially transition into work.
5. While the roll-out of Universal Credit continues to be delayed, more should be done to support people to transition into work. For example, this could include issuing bonds to jobseekers when they move into work, or raising earnings disregards in the short-term.
6. Employers need to do more to ensure progression opportunities are available, particularly for people with barriers. For example, they should provide flexible jobs that fit with school hours or specific support for others.
7. The experience of many people who are – for various reasons – trying but failing to find work shows that more needs to be done to ensure sustainable, well-paid jobs are available which are suitable to jobseekers facing complex barriers to the labour market. For example, public procurement could be used more effectively to ensure jobs are created for the long-term unemployed, or local areas could be empowered to incentivise new businesses to take-on people with multiple barriers.
8. To reduce the extent to which the social security system compensates for a failing labour market, employers should pay the Living Wage. Regulations around the National Minimum Wage should ensure that additional costs – such as the cost of uniforms or travel – do not reduce employees' take-home pay below NMW level. Enforcement of the NMW must be strengthened by increasing the maximum limit on fines and by devolving power to local authorities who already have other enforcement powers for employers.

## Housing

Welfare reform has caused people to worry about their ability to meet housing costs and thus the sustainability of keeping their homes. Living in the private rented sector was felt to be particularly insecure and for some individuals/families, unsuitable tenure. People in the private rented sector had felt the impacts of Local Housing Allowance reforms and many felt powerless to change their living situations. This was in contrast to those living in other sectors who overall described higher levels of satisfaction and paid less.

Most people wanted to stay in their homes, often places they had lived in for many years. This was because they wanted stability and also did not want to move away from vital support networks such as family and friends. Others were more flexible about moving but experienced significant barriers in doing so due to housing shortages and associated costs. Again this made people feel powerless to positively change their situations.

**On housing, Community Links recommends that improvement of housing supply needs to focus on creation of long-term, secure tenancies available at low-cost rents. Newham Council's commitment to building 10,000 and 20,000 homes is commendable and should be followed elsewhere, by both local authorities and housing associations. In addition to commitments already made to build new houses in order to control rising housing costs.**

### Recommendations

9. Government should encourage – via incentives and if necessary legislation – longer, more secure tenancies within PRS. Controls on rent increases during one tenancy should be trialled based on rich experience from other countries and forthcoming trials from the UK.
10. At present, the minimum standards enforceable through local Landlord Registration Schemes are too low, and should be strengthened. A national Registered Landlord Scheme should be considered to ensure private landlords raise standards of accommodation. The findings from London Borough of Newham's forthcoming evaluation of their landlord scheme should inform the design of this.
11. The Department of Work and Pensions, Department for Communities and Local Government and the National Landlords Association should together provide an accessible online source of information around welfare reform for private landlords. This should 'bust myths' around what how the changes will impact tenants, and should inform landlords of how they and their tenants can receive help to deal with welfare reforms.
12. It is clear that Local Housing Allowance changes of three years ago - both the setting LHA at the 30th rather than 50th percentile, and the overall capping of LHA for those in the PRS – are having damaging impacts on people's finances: hitting people in work and distorting the housing market. The government's Monitoring mechanism of the impacts of LHA changes needs to be reinstated, and mechanisms put in place to re-link LHA rates to local rents.

## Support

Overall trust in authorities to provide the right support and information to those in need has decreased. Due to previous negative experiences, respondents did not seem to trust authorities to provide the right support in a timely way. Reasons for negative perceptions were threefold. They found communications difficult to understand, they could not always get in touch with people to communicate and they could not always get the information they needed. This added to people's feelings of isolation and powerlessness.

Rather people have sought support, information and advice from trusted individuals and organisations in their communities. They also borrowed money from those in their social networks, though some

were not happy about having to rely financially on these people. Support from friends and family was emotional as well as financial and staying near these networks was seen as vital. It was unclear how sustainable these informal support networks were.

Financial support (mostly in the form of DHP) has been crucial to some people surviving but it is not sustainable. Other support like that received from Housing Officers working for Housing Associations is also highly valued as it is often holistic and personalised, but needs to come from a trusted organisation or individual.

**Community Links believe that the right support is key to achieving the behaviour change that welfare reform seeks. Encouraging strong relationships and a developing a social security system that acts early to build capabilities is crucial to this. Conditionality within the system needs to ensure people are not punished for structural barriers beyond their control. The increasing role of discretionary, minimal support within the welfare system is unsustainable and needs to be replaced by a more universalist approach which ensures everyone has a right to access the support they need.**

**DHP is a sticking plaster which is currently being used to hide the impacts of welfare reform policies. This situation is untenable in the long-term. In the immediate term, however, DHP is currently crucial to many people's ability to cope.**

### Recommendations

13. DHP funding for local councils should remain at 2013/14 per capita levels, at least until after Universal Credit is fully implemented. In the long-term, DHP must be used as an extraordinary source of support for transitional circumstances, while other longer-term policy solutions need to address shortfalls in people's budgets.

14. Mid-year reviews should identify areas of likely DHP underspend and re-allocate these funds to areas of higher need, as happened in 2013-14.

15. Too many DHP recipients are not seeing DHP as a temporary measure and/or are not getting the right support to use their time on DHP to make changes (move into work or change house). Local Authorities should ensure DHPs are understood by claimants to be temporary measures.

16. Our research shows the high levels of demand for crisis support. Councils need to continue to provide crisis support schemes; these need to be provided as grants rather than loans and they need to be much better promoted by frontline workers and through local advice organisations.

17. Support schemes delivered by all sectors need to recognise and support the informal help that people get through their social networks.

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# Just about surviving

**A qualitative study on the cumulative impact of Welfare reform in the London Borough of Newham. Wave 2 Report.**

This is the third report from a longitudinal project looking at the impacts of welfare reform on individuals and communities in the London Borough of Newham.

Just about Surviving presents a unique insight into how well the reforms are achieving their intended aims of behaviour change. We also look into potentially unintended knock-on effects in the medium to long-term. In the absence of an official cumulative impact assessment, this report makes a crucial contribution to our understanding of the impacts of the coalition's welfare reforms.

The report highlights that, overwhelmingly, welfare reforms have made people feel insecure and vulnerable to even small changes in income or circumstance; continuing to erode resilience. Furthermore, by forcing people into stressful situations where daily survival becomes a priority, they are eroding people's readiness. People are caught between trying to escape welfare reform through employment and feeling trapped in poverty.

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