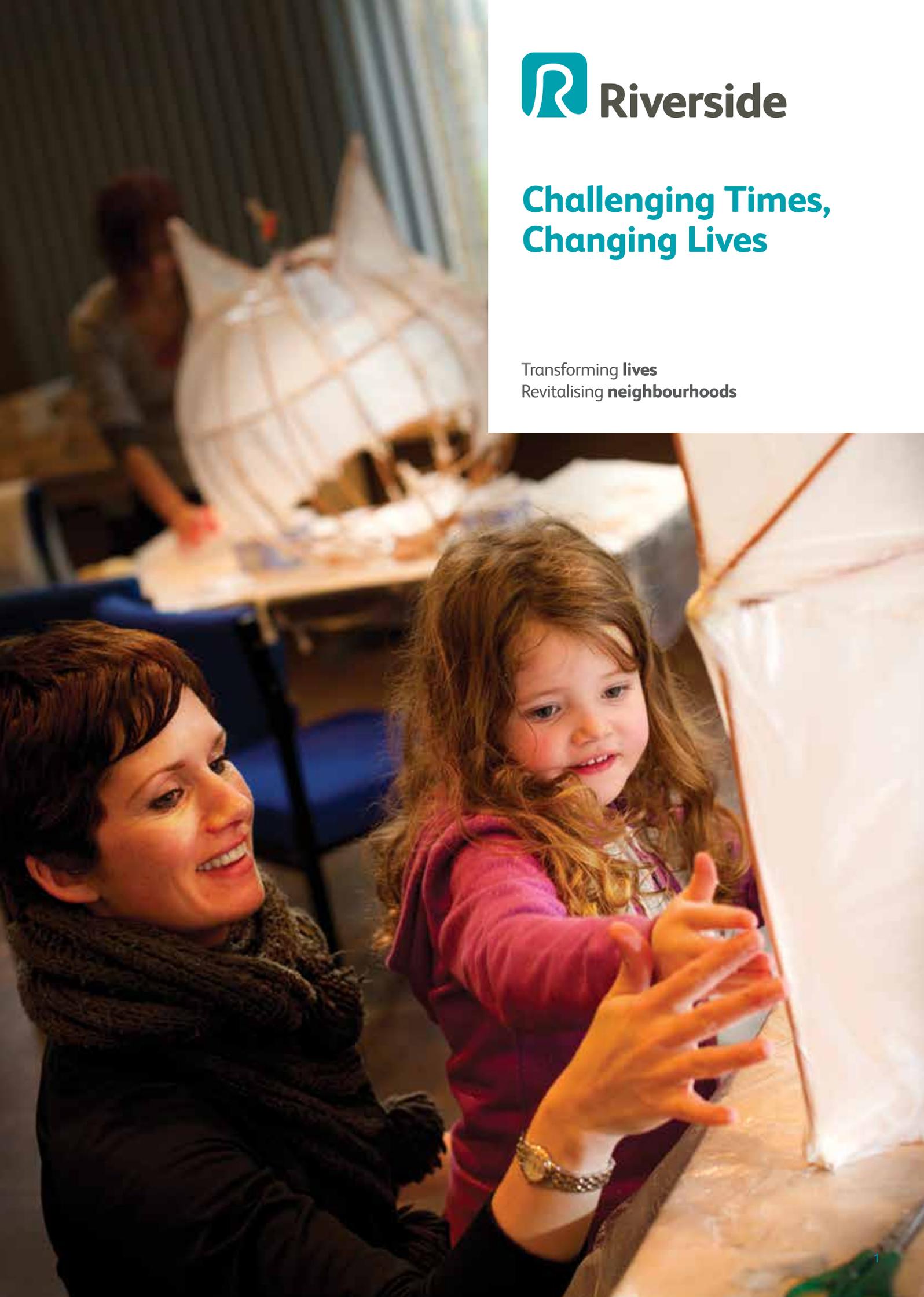




## Challenging Times, Changing Lives

Transforming **lives**  
Revitalising **neighbourhoods**



# Foreword

We hear a lot about ‘the squeezed middle’ and it is true that increases in earnings are not keeping pace with rising costs for those on average incomes. But for those trying to get by on far less than the average, life is an awful lot tougher. When you are already having to make choices between buying food and paying for heating, any real reductions in income must have a devastating impact.

Riverside has set out to chart the effects of the recession and of government policies on those in social housing who are at the sharp end. How will people on very low incomes cope with the imposition of the bedroom tax or of the requirement to pay a contribution towards their Council Tax? What will be their strategies for survival as fuel costs escalate? How do people handle 1% uplift in benefits when prices are rising by three times as much?

Already, as this report makes clear in setting a baseline for the longitudinal study that will follow, we can see just how difficult things can be for some families and single people. In convincing politicians to act sensitively and appropriately when contemplating even deeper cuts in welfare, Riverside’s study is going to be invaluable. And for housing providers there will be important lessons for the future.

I do congratulate Riverside on embarking on this three year journey. As this first instalment shows, the exercise can bring to life the real meaning of the plain statistics. And I hope the outcome will be policies and practices that are increasingly based on a better understanding of the consequences of reducing the standards of living of those already hardest hit by the country’s economic troubles.



Lord Richard Best



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# Executive summary

In the summer of 2012 Riverside began a three-year longitudinal study tracking the lives and experiences of 20 tenants in three areas – Carlisle, Wirral and South London. The objective is to understand in detail how tenants, who are mainly on lower incomes, respond to financial change through a period of austerity and major welfare benefits reform. How their lives are affected, what drives the choices they make, what this implies for social landlords, and the wider implications for housing and welfare policy. This summary report presents the findings and conclusions from the initial baseline study.

## Early findings

- Nearly a third of those involved will lose income through the ‘bedroom tax’ on underoccupying households. The 1% cap on benefit uplifts for the next three years, announced in the Autumn Statement, will place a further strain on budgets. Most tenants are already struggling financially and lack savings or the capacity to save. Rising living costs make them very vulnerable to running up rent arrears and other debts.
- Methods of coping with very tight finances rely on hand to mouth resourcefulness and doing without all but the day-to-day essentials. Direct Debits and other conventional financial products are regarded warily by some and uptake may be limited. Some also seem ill-equipped to manage the changes Universal Credit will bring, including payments monthly in arrears and directly to the claimant. The early evidence shows many lower income tenants feel compelled to operate week-to-week to maintain control of their money.
- Most of the households in the study are decent people trying to do the right thing. They do not conform to the stereotype of welfare ‘scroungers’. All have worked previously and most continue to seek work.
- Those who are unemployed generally face fundamental barriers to returning to work such as illness, disability, literacy problems or caring responsibilities. Prospects of getting a job or increasing hours, especially in Wirral and Carlisle, are very limited. With the economy currently stagnating and unemployment forecast to rise and stay high throughout 2013 and 2014, even qualified and physically able tenants face genuine difficulties finding or retaining stable, gainful employment.

- Experience of job agencies, work programmes and employer support is mixed. Lack of specialist support to overcome barriers to work is a real issue. If Universal Credit and wider welfare reform is to achieve its goals, much more support and flexibility from employers and agencies is required, together with suitable work incentives. Further cuts to civil service, local government and voluntary sector budgets over the next two years are likely to make support harder to access.
- In general, those who are unemployed will struggle to be geographically mobile for work, due to age, illness, caring responsibilities, etc. For most of these households moving represents a considerable risk, given the costs involved and the loss of local social support networks.
- A large majority of tenants in the study already have a poor quality of life and low levels of well-being. Holidays are unheard of, luxuries rare, and loneliness and isolation are increasing. The results of this initial study suggest introducing serious additional financial and social pressures onto families in this situation is unlikely to result in positive change, unless households are also offered substantially increased support services. Government and social landlords will both need to play their part in delivering the necessary support.

“I find it a struggle. Sometimes something will have to wait and if I can’t wait I will have to not pay for something else and then make up the difference when I get paid. But sometimes that can have a knock on effect and you get into trouble.” **Sharon, Wirral.**

## About the study

Social landlords hold wide-ranging quantitative data about tenants, yet most landlords have only a limited idea of what is really happening in tenants' lives. Challenging Times, Changing Lives aims to build a detailed picture of how social tenants live their lives, manage their incomes and respond to major economic and financial challenges over the period to 2015.

The study is following the lives of 20 Riverside tenant households in three locations at six-monthly intervals through in-depth, semi-structured interviews conducted by trained Riverside staff researchers, supported and advised by the Cambridge Centre for Housing and Planning Research. Household budgeting data will also be collected six monthly to contextualise the interview findings.

All of the tenants live in general needs housing and demographically they are broadly representative of Riverside's 54,000 tenants across England and Scotland.

More information about the participants and methodology is available in the full report.

The findings from Challenging Times, Changing Lives will be used to design and implement effective, relevant services to support tenants in the most appropriate ways possible. It is hoped the study will also help inform housing and welfare policy nationally and within the social housing sector.

This initial baseline survey was conducted in the summer and autumn of 2012.

“Most weeks I'll have about £10-£14 for food. I get the same Job Seeker's Allowance as a 40-year-old healthy male, but I'm type one diabetic... I can't do all that fresh this and fresh that. I'd like to, don't get me wrong, but I've got bills to pay... I know what I should eat, but if I haven't got the money for it, what should I do?” **Andrew, Wirral.**

## Household budgets

- Median monthly income is £1,117 with a range of £644 (including benefits) to £2,500. Only two households describe themselves as financially comfortable.
- Just over half of the tenants are wholly dependent on benefits, and a third live on a combination of income from work or pension plus benefits/ tax credits. A small minority are not benefit dependent.
- Over half the households have current accounts and a third have a 'Basic Bank Account'. The majority lack any financial capacity to save regularly.
- One-third of households felt they would be unable to replace large ticket items such as washing machines if they broke.
- Two working age households are paying into a company pension, but most have little or no provision for old age.
- Only three tenants have household insurance.

**Comment:** The majority of tenants are struggling to make ends meet and have already cut their spending to the bare essentials. Holidays, socialising, new clothes and furniture are all but ruled out by most. There is little prospect of long-term financial planning and the pension provision of the older women in the study especially is wholly inadequate. The cost of socialising is pushing particularly the single tenants into more isolated lives.

“Monday is my banking day, so I usually check my balance first and make sure they’ve paid me, then I will pay my bills. I do my gas, my electric, my water, my TV licence, everything is on cards so I know exactly what I’m doing. Even my garage and the extra rent I pay is on a card so I can budget for it.” **Eric, Carlisle.**

## Expenditure and debt

- Patterns of expenditure are extremely consistent. Rent, food and utility bills are the biggest expenses.
- Many are uncomfortable about using Direct Debits, despite potential savings, due to high bank charges if there are insufficient funds to make a payment.
- Dietary requirements, including fresh food for children and special diets for people with certain illnesses or disabilities, put extra pressure on food budgets.
- The cost of dependant children creates significant challenges for family budgets, through both expected and unexpected expenditure.
- The majority worry about heating costs. A quarter pay by Direct Debit, but some others struggle to pay large bills. Over half have pre-payment meters. Most restrict heating use and wear extra clothes indoors in winter.
- Only one household has a water meter and those on benefits were particularly worried by annual water bills.
- Just over half the tenants are repaying debts on unsecured credit or arrears on rent, council tax or utility bills. A quarter of households are having difficulty paying larger debts, and the payments seriously erode their standard of living.
- The majority of long-term unemployed participants had applied for crisis or budgeting loans at least once.

**Comment:** Many of the households are living hand to mouth, week-to-week. Money management techniques include shopping around for discounts and deals, restricting meat in the diet, and using pre-payment cards, meters and cash only. Most households with dependant children are lone parents, with all but one juggling work and childcare. Unexpected illness, Christmas and birthdays, and school uniforms and trips can have serious budgetary impacts and a lack of co-ordinated information on benefits means some tenants are unaware of the financial help they could get for certain items. A lack of financial insight and knowledge is making it hard for some households to regain control once they fall into debt.

“I don’t drive anymore. There is no way I can afford to run a car. Even things like coming into Carlisle, it’s nearly £4 on the bus and when you take that off my benefits it has an impact. That’s why I made three appointments today to save me coming in more than once a fortnight.”  
**Gary, Carlisle.**

## Work, skills and health

- Two-thirds of the households have no-one in work, including the majority of working age households.
- Many of the unemployed are in their 40s or 50s and left school with minimal qualifications. Prime causes of unemployment were redundancy, ill-health or caring responsibilities.
- The main barriers to work are increasing age, low level skills and qualifications, or lack of affordable childcare.
- Relocation is seen as unrealistic by the majority of those out of work, due to the costs involved and dislocation from family networks.
- Unemployed tenants in London are considerably more optimistic about getting a job than those in Carlisle and Wirral.
- The majority of working tenants are female and in low paid, part-time employment. All are dependent on tax credits to top up wages, and most had seen prolonged pay freezes reducing their standard of living.
- Over 75% of the tenants suffer from a disability or health condition affecting their daily lives, including a third suffering from mental health issues. Health problems are impacting on both job seekers and those in work.
- The three retired tenants had stable and continuous employment histories.

**Comment:** The long-term unemployed tenants have worked in the past, though several have yo-yoed between low skilled, low paid work and benefits. Half of those who are working say they face the threat of redundancy or reduced hours. Experience of Job Centres is mixed with some greatly valuing the help, but others, especially those with health issues or disabilities, concerned at the lack of specialist support. Back to Work programme targets are seen by some as stressful, and Work Capability Assessments are often viewed as inadequate or poorly handled.

“It was costing us £40 a week just to keep the place warm. We wouldn’t take the chance because [our daughter] has asthma. When she was in school we would turn the heating off and it was a case of wear your coats.”

**Cathy and Matthew, Wirral.**

## Welfare reform

- Eleven of the 20 families are under-occupying their homes, including six families on housing benefit (all living in Carlisle or the Wirral). Only two of the six had contacted Riverside to discuss their options.
- All of the households on benefits believe it will be extremely difficult to make up a shortfall in rent by cutting costs elsewhere. Most think moving is their only viable option.
- Several households are apprehensive about payment delays and financial disruption when numerous benefits are rolled into the single Universal Credit.

**Comment:** While a Riverside mailing campaign has produced high awareness of the imminent ‘bedroom tax’ for under-occupying households, few tenants affected are actively looking to resolve their situation. The classification of a bedroom had given two households a false sense of security, for example some ‘spare’ bedrooms get considerable use. Movement of non-dependant children into and out of the home was a recurring theme, including children at university coming back during holidays and grandchildren housed on a temporary or semi-permanent basis. Informal caring arrangements were also evident. A number of tenants have serious worries about financial hardship and running into debt if the move to Universal Credit is not handled efficiently. A minority are also concerned about the extra complications of having to budget monthly rather than weekly.

“I can go on the computer, I can go on my emails, I can look for jobs, but it’s the writing down. I’m not very good with words or writing down... it feels like I’m just sitting there on the computer and no one is helping me. I’ve seen jobs, but I just can’t do the application forms.”

**Mary, Brixton.**





# Challenging Times, Changing Lives

## Complete report

A study to gain a more detailed understanding of the impact of the economic downturn, welfare reform and government spending cuts on Riverside's households.

# 1. Introduction

## 1.1 Background

Riverside is a housing association, owning and managing 54,000 homes in 172 local authorities across England and Scotland. Riverside is undertaking this study to gain a more detailed understanding of the impact of the economic downturn, welfare reform and government spending cuts on its households.

## 1.2 Context: Welfare reforms and economic recession

The Welfare Reform Act 2012 is one of the cornerstones of the Coalition Government's programme. The Act will introduce a wide range of reforms from the DWP including:

- a single Universal Credit to come into force from 2013 to replace both in and out of work benefits
- a benefits cap for out of work households so that no workless family can receive more in welfare than median after tax earnings for working households. The cap will be £500 per week for couples, families and lone parents and £350 per week for single adults
- new rules for the size of accommodation the housing benefit/Universal Credit will support for social tenants of working age (known as the under-occupation penalty). Tenants whose accommodation is deemed to be larger than they need will lose part of their housing benefit. Children under 16 of the same gender are expected to share a bedroom and children under 10 are expected to share, regardless of gender. Claimants with one spare bedroom will lose benefit equivalent to 14% of their rent and those with two or more spare bedrooms will lose 25%
- Disability Living Allowance for eligible working age claimants to be replaced with a new benefit, Personal Independence Payment (PIP), from April 2013. PIP will be based on an assessment of an individual's ability to carry out a range of key activities necessary to everyday life.

These reforms, and the prolonged effects of a double dip recession, are likely to have a significant impact on the household incomes. Already, across the UK, average household pre-tax income has fallen by 7.8% between 2007-08 and 2010-11 due to the effects of inflation, rising unemployment, wage restraint and the recession.<sup>1</sup> In particular, relative poverty amongst working age adults without dependant children has been rising steadily in recent years.

1. Living standards, poverty and inequality in the UK; Cribb, J; Joyce, R & Phillip, P. IFS Commentary C124; Institute of Fiscal Studies; 2012

For Riverside, the knock-on effect on rent arrears and tenancy sustainment has the potential to have a hugely negative impact on its income stream. Based on current data, the bedroom tax alone will affect 7,000 Riverside tenants at an annual cost of £5 million.

For a fuller review of current research into poverty and the impact of welfare reform, see Appendix 1. This has been written by Anna Clarke (Senior Research Associate, Cambridge Centre for Housing and Planning Reform) who is supporting the project in an advisory capacity.

### 1.3 Aims and scope

Riverside holds a wealth of information on tenants, their households and the properties they live in:

- Riverside has an ageing population, almost half of tenants are aged over 55
- three-fifths of tenants live alone, more than double the UK average
- one-fifth of households include children
- three-fifths of working age households have a member who is without work
- a quarter has a household income of less than £5,200 p.a. (excluding Housing Benefit and Council Tax Benefit)
- two out of every five households report someone living in the household with a long-term limiting illness that affects their daily activities
- almost 40% of working age Riverside tenants are under-occupying their homes (according to the new definition being used by DWP) of whom two-thirds (6,740) are in receipt of housing benefit.

Despite holding a wide range of quantitative data, which is updated annually through a systematic survey of a sample of tenants, Riverside lacks an in-depth understanding of what is really happening in tenants' lives. This includes such issues as: the impact of welfare cuts and wider changes to local and national economies on their finances; how they are responding to change; and what drives the choices they make.

This study will build up a more detailed picture of how households manage their finances and respond to change over time by focusing on:

- household income and expenditure
- welfare benefits received
- patterns of work within the household
- caring responsibilities for children, or other family members who are sick
- attitudes to work, money, prospects and future housing choices
- any links between low income and ill-health.

The business case is clearly set out in Riverside's corporate plan for the next three years which sets a key strategic aim, to support 'Customers facing tough times: sustaining tenancies for the vulnerable' by providing 'More support for those who need a helping hand.'

The plan sets a three year target to 'provide housing support and wider financial and employment advice to more tenants, maximising their income, fulfilling their potential and moving them into paid employment to sustain tenancies.'

The study will help develop our evidence base, building on information already held in our information systems, to identify and design services and deploy the appropriate resources to support our customers. This will enhance the development of long-term financial inclusion and employment support. It will also provide evidence to support Riverside's influencing activities, shedding light on what is happening to real households for the benefit of politicians and policymakers.

## 1.4 Methodology

The research consists of two methodological elements.

- A longitudinal exploration of the experiences and challenges of the lives of tenants based on in-depth interviews with 20 participants every six months over the lifetime of the current Parliament from 2012 to 2015.
- Collection of household budgeting data every six months over the next three years to contextualise the in-depth interviews.

Riverside launched a recruitment drive in 2012 in three geographical areas: Carlisle, South London and Wirral. These areas were chosen to represent 'typical' Riverside neighbourhood types: a stock transfer estate (Carlisle), an older Northern inner-urban area (Wirral), and an area of more scattered stock (South London). A brief profile of the three areas is included as Appendix 2.

Forty-five households expressed an interest in participating in the study from which a group of 20 broadly representative households were selected. All the participants live in general needs accommodation.

Anna Clarke, a Senior Research Associate at the Cambridge Centre for Housing and Planning Research, has been appointed project advisor to support the work and act as a 'critical friend'. A team of eight interviewers has been drawn from Riverside staff (six in research roles) and they have undergone in-depth interview and lone worker training. A topic guide is being used to explore the key areas to be covered in the interviews, although this will be adapted over time to explore new issues as they arise, whilst obtaining consistent feedback on the central themes of the study. The interviews are semi-structured in order to facilitate standardisation of feedback obtained across respondents. However it is intended to be used flexibly allowing researchers to probe in detail.

The first interviews were held over the summer and early autumn of 2012. Interviews took place in tenants' homes or local Riverside offices. The information is confidential and will only be used for research purposes. Participants have been anonymised to protect their identities.

The interviews were recorded and then transcribed by an external company. They have been analysed using text analysis software Nivo.

### 1.5 Household characteristics

In terms of demographic characteristics, the group consists of ten males and ten females (partners also participated in the interviews) with the age range between 24 and 76 years.

#### Age of head of households

16-24	25-34	35-44	45-54	55-64	65-74	75+
2	2	5	7	1	2	1

Just over half of participants are living in one person households, with the others being a mix of adults living with partners, single parents and two parent families.

#### Household composition

Single tenant	Two or more adults	Single parent with children	Two parents with children	Mixed household with children
11	4	3	1	1

One-third of participants are in employment and two-thirds are workless (the majority of whom are unemployed or permanently unable to work due to disability).

#### In employment

#### Unemployed

Self employed	Full-time	Part-time	Looking for work	Permanently sick or disabled	Retired
1	4	2	5	5	3

Over three-quarters have an illness or health condition that impacts on their daily lives. Just under one-third have mental health problems and half have long-term limiting physical ill-health or disabilities that affect their daily lives.

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#### Head of household

Mental health (depression/anxiety/behavioural problems)	Long-term limiting physical ill-health or disability	Recent short-term illness	No ill-health
6	9	3	2

The majority of households are living in the North West. Three households are from ethnic minorities (Black British Caribbean/African and Mixed Black Caribbean and White British) and all of these live in South London. A fourth household in Wirral includes a child of mixed ethnicity.

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#### Geographical area

Carlisle	South London	Wirral
6	9	5

The length of tenancy with Riverside ranges from three months to 31 years, the median is four years and three months.

This profile broadly reflects Riverside's tenants and social tenants in general.

Appendix 3 contains a short biographical profile of the households. All names have been changed to protect identities.

## 2. Money

### 2.1 Household budgets

The majority of participants are struggling to make ends meet. They manage as best they can but most have already cut spending to the bare essentials.

Elderly householders are accustomed to living on modest budgets and are just about managing to get by. Families with children were adept at juggling priorities and managing debts but most struggle from month-to-month and lack the capacity for long-term financial planning.

The majority of workless householders dependent on benefits were struggling to manage their finances and a minority frequently ran short relying on crisis or doorstep loans to see them through to the next week.

“I am managing but I would like to do better, say go and buy a roast lamb for Sunday but I can’t do that, I buy a couple of chops instead. But I just about manage, I’ve got my TV anyway.” Harold, 76, a pensioner from Southwark.

“I find it a struggle, sometimes something will have to wait and if I can’t wait I will have to not pay for something else and then make up the difference when I get paid. But sometimes that can have a knock-on effect and you get into trouble.” Sharon, 47, a part-time self-employed child carer and single parent from Wirral.

“Very difficult at the moment, I actually find it very difficult. By the time I’ve paid everything out there’s nothing left. So I find that very hard and very distressing at the same time.” Elaine, 51, a jobseeker from Wirral.

“I’m not [managing] full stop. I haven’t for over a year now.” Andrew, 40, a jobseeker from Wirral.

Just two households describe their circumstances as financially comfortable as Stephen, 54, a Metropolitan Police call handler from Brixton explains.

“I am what you would call financially sound. I pay full rent, don’t have any benefits, my new wife does not work though that’s our choice. We’ve got savings. There aren’t any bills I worry about.”

## 2.2 Sources of income

The monthly income of households ranges from £644 (including housing and council tax benefit) to £2,500. The median monthly income is £1,117 and the median monthly income of the lowest quartile is £674.

The most common source of income in the study is state benefits with just over half of participants totally dependent on benefits. One-third gain income from a combination of wages or private pensions, plus state benefits. A minority derive income from a full-time job. Most families with children are totally dependent on tax credits to supplement low wages (all but one are in employment).

- Sharon, a single parent from Wirral and a part-time self-employed nursery manager receives £400 in wages and £936 in tax credits a month.
- Sarah, a single parent from Brixton and a full-time nursery worker receives £1,147 in wages and £803 in tax credits a month.

Two of the three pensioners supplement state pensions with private pensions, but the disposable income of all three is comparable.

Two-thirds have relatively stable incomes but one-third have recently experienced or are anticipating imminent changes in income.

The causes are; redundancy, becoming disabled, sickness and children moving out of the household. Gary, Lisa and Sarah describe the financial impact of redundancy and sickness.

“You know I was getting about £1,200 a month in my hand where I was and then things went a bit pear-shaped and I am down to about £270 a month.” Gary, 49 father of two from Carlisle made redundant three years ago.

“It was awful trying to get through these last five months because we had gone from getting two full wages to taking a huge cut, it was horrible. We have literally lived month-to-month and that is the only way we have got through it.” Lisa, 35 from Wirral whose partner John was made redundant earlier this year.

“It was really hard going, really, really hard. And I just had to keep saying to the kids look, we’re not going to starve or anything but the belt’s going to have to be tightened. Because you can only do with what you’ve got coming in, you deal with the income you’ve got.” Sarah, 50 a single parent from Brixton who is signed off work following a sudden illness six months go.

The patterns of expenditure are extremely consistent. Rent is the single largest monthly expense. For householders in full-time employment or families with children, spending on food is the second largest monthly expense. Pensioners and unemployed participants spent almost as much on utility bills as food.

Over half of households have current accounts and one-third Basic Bank Accounts. The majority prefer to pay for goods and services using pre-payment cards and over the counter cash payments. Despite the offer of savings on Direct Debits there was widespread concern, most based on prior experiences, of excessive bank charges on accounts with insufficient funds.



## 2.3 Debt management

Just over half of participants are repaying debts on unsecured credit or arrears on rent, council tax or utility bills. Just under half of the study households have been threatened with legal action for falling behind in payments on rent, council tax and utility bills.

“The banks charge me for Direct Debits if they bounce that’s why I stopped it. I had a £5 Direct Debit refused and they charged me £35 for the privilege, and I just haven’t got that sort of money.”

**Eric, Carlisle.**

The most common sources of unsecured debts are; credit cards, mail-order catalogues, crisis loans, doorstep loans and overdrafts.

The amount of unsecured debt is generally small (under £1,000) but in a minority of cases is between £2,000 and £4,000. Even small debts can rapidly escalate as Carl (54) who is wholly dependent on disability benefits explains:

“Well I just have to juggle to pay one off one week and then pay another the next week. The only trouble with it is you end up with bailiff’s letters. So you never get out of debt, you get deeper in because the bailiffs is £50 a letter so if you owe £50 to the water board and you can’t afford to pay it you end up owing them £100 because you get a letter. And then you get a visit off them and that’s more money so you never get out of it.”

One-quarter of households are currently struggling to pay off large debts, with payment plans that seriously reduce their standard of living.

- Rebecca and Steve, a couple from Wirral in their 50s with a monthly income of £1,700 are spending a quarter of their income (£450) on loan repayments.
- Pauline, a 42-year-old mum of two dependent on disability benefits accrued £4,000 outstanding arrears on rent and council tax after fleeing the family home following threats from an abusive ex-partner. After seven years of struggling to manage on reduced benefits payments she has been advised to start bankruptcy proceedings.

- Sarah, 50, a single parent working full-time fell seriously ill a few months after starting a new job and by the time she was well enough to deal with her finances an existing overdraft on a current account had risen to £2,000, exceeding the authorised limit. The Consumer Credit Council advised her to convert the overdraft into a loan. After at first refusing, the bank belatedly agreed, but delays in processing the loan culminated to a £3,000 debt.

Lisa, a 35-year-old NHS medical secretary from Wirral applied for an Individual Voluntary Arrangement (IVA) after struggling to meet repayments on debts:

“I’ve got an IVA so I’m sort of stuck, I can’t get credit and I don’t want credit, I really don’t want credit because you just end up paying more back. It’s a vicious circle.”

Whilst one young male admits to an element of financial recklessness in the past, a lack of financial insight is making it harder for a minority of householders to regain control of finances once in debt. They were unable to confirm the amount paid off, the interest charged on the debt or the amount still owed:

- Ian, 24, is a part-time worker from Carlisle with a monthly income of £780. He is overwhelmed by the amount of debts he has accrued as a result of easily available credit, credit cards and doorstep loans, “all that sort of stuff”. “I can’t physically remember the amount of debt I am in because with moving about I can’t remember what I owe to whom.”
- Mary, 43 is unemployed and paying back rent arrears. “I went to court, I think it was 2008 or 2007, I am not too sure. I don’t really know [when I will finish paying it off] I would probably say it could be next year or the next, it was very, very high. So I would say I have probably got another year maybe two years to pay that off.”

Ian, 24, though overwhelmed by debt continues to be targeted with offers of credit from responsible and irresponsible lenders:

“I have started seeing them [doorstep lenders] from October time towards Christmas that’s when they are calling round most. I still get letters through the door about credit cards and I just think ‘No rip them up.’”

The majority of long-term unemployed participants have applied for crisis or budgeting loans on at least one prior occasion. Repayments are automatically deducted at source from benefits, causing further hardship as Elaine, 51 living on a monthly income of £680 including disability benefits, explains:

“At the moment I’m actually paying budgeting loans back out of my benefit, which does leave me short. I’m paying quite a few back, that’s probably why I think my benefit is low.”

The majority of householders in the study avoid door-step loans, only Ian admitted to having one, but many more were aware of friends and family that resort to them. Catalogues offer a way of spreading the cost of payments and were particularly popular with families. Sarah, 50, a single parent from Brixton describes her credit strategy:

“I’ve got two mail order catalogues, which although I owe money on them, I never miss payments. I’ve kept running them really well, so one that increases my credit worthiness and two, like I said, it’s also as that fall back in emergencies because I’ve had notorious bad luck with washing machines.”

There is little evidence of widespread awareness of credit unions particularly in London and Wirral. In Carlisle two householders have previously applied for credit union loans and one, a pensioner in his 60s puts small but regular amounts into his account for Christmas.

## 2.4 Money management

Money management techniques are often rudimentary but effective, from a 49-year-old unemployed male who asks his dad to look after his money so he can’t spend it, to a pensioner who employs a time consuming strategy of weekly cash payments at the post office and local council offices as Eric, 65, from Carlisle explains:

“Monday is my banking day so I usually check my balance first and make sure they have paid me, then I will pay my bills. I do my gas, my electric, my water, my television licence, everything is on cards so I know exactly what I am doing. Even my garage and the extra rent I pay is on a card so I can budget for that.”

There are also a number of highly consistent shopping techniques. Most spend time shopping around for multipack offers, low cost value brands and discount corners. The majority shop in multiple locations in budget supermarkets, such as Aldi and Lidl and local discount stores such as Home Bargains, as well as the big five high street supermarkets. Cutting out or restricting meat to a weekly treat is common practice. Low income families with children spoke of the struggle to avoid substituting low-cost convenience food with fresh meat and vegetables.

“I shop around now because I look for the cheapest, the best stuff but the cheapest. I go out of my way to go to Asda if I think something is cheaper than if I go to the Co-op. I can spend a couple of hours because I just go round.” Rose, a 67-year-old pensioner bringing up two young children.

Dietary requirements caused by ill-health and disability place extra pressure on food budgets, already stretched by sharp price increases in staple foods over the last 12 months. Andrew, 40, is diabetic and describes the challenge of eating healthily on benefits.

“I’m constantly told about my diet and how strict it’s got to be and what I’ve got to eat and you must try and eat this and you must try and eat that. And there’s days when I’m sipping sugar water because I’ve got bread or biscuits for two days, because most weeks I’ll have between £10 and £14 for food for a week. But I get the same job seeker’s allowance as a 40-year-old healthy male but I’m type one diabetic, four blood tests a day, eight to ten injections a day. So I can’t do all that fresh this and fresh that, you know. I’d like to, don’t get me wrong, but I’ve got bills to pay... I know what I should eat. But if I haven’t got the money for it, what should I do?”

Holidays, socialising, clothing and furniture are given the lowest priority and all but ruled out of the majority of budgets.

“Iceland, I can go and pick up a big bag of chicken for £3 something. Morrisons, I can probably get little cods for £2 and that will probably save me, but I really do like the fresh food. Sometimes I will buy one apple, one fruit, and try and do it that way.”

**Mary, Brixton.**

## 2.5 Utility bills

The majority of participants are worried about the cost of heating the home. The on-going rises in energy prices have hit families with young children, pensioners and the unemployed particularly hard. Three-quarters of participants felt their homes were adequately insulated, but a few participants with energy saving heating systems lacked the training to use them effectively, two relatively new tenants felt the time spent explaining how to use the heating systems was inadequate.

Switching providers to secure the cheapest tariff was not a widely used tactic. Sharon, a lone parent in her 40s in part-time employment explained why she is unlikely to do so again.

“I went with British Gas and they messed me up because I was trying to pay [a bill] and they said I didn’t have a gas account with them and I said I do. And they wouldn’t have it so for eight months I tried to say to them: ‘Look I need to pay this money’ and they said ‘No you haven’t got gas with us.’ And then they decided Christmas week that I was with them and they wanted £800 and I said to them I wasn’t. And I ended up paying, that’s how I ended up going on to a card and getting a gas meter and key.”

Five of the 20 households pay energy bills by Direct Debit and are rewarded with a small discount but others experience problems paying unexpectedly large bills:

“And, of course, when the bills all start coming in and I think, well how am I going to deal with all this? I’ve just recently got a gas bill in for £500 and I’m not sure how I’m going to pay for that, because I’m on benefits and I’m struggling at the moment...” Elaine 51-year-old jobseeker with a monthly income of £680.

“I know they [gas providers] do put the price up and they don’t tell you because I am on pre-payment meters and I know that is expensive, but I couldn’t go on Direct Debits because one I don’t know what the bill is going to be and two if I got slammed with £500 bill I couldn’t afford that and then they would cut me off.” Ian, 24, part-time worker from Carlisle.

Over half of households have pre-payment meters and a few try and pre-load cards in the summer months when the heating is off as a way of saving for winter. This strategy was not feasible for families with young children, for whom any savings in fuel costs were eaten away by the additional costs of looking after kids in the school holidays.

To manage, most households restrict heating usage or wear extra clothes indoors in the winter. Families with children commonly set the heating to come on before and after school times, turning it off during core school hours. Matthew has a degenerative health condition and his wife Cathy describes their heating strategy.

“[In winter] it was costing us £40 a week just to keep the place warm. We wouldn’t take the chance because [our daughter] has asthma. When she was in school we would turn the heating off and it was a case of wear your coats. The winter was bad with the gas, we kind of struggled there because we were putting a lot more in, now it’s getting nicer we can use the extra money from that to put into food and stuff like that.”

Households on benefits were particularly concerned with annual water bills (with the average being £400). Only one household has a water meter fitted and the majority receive annual bills. As just under half of households are single person households, water meters would almost certainly lead to lower bills.

“Well I was surprised about my water bill because they didn’t come and take a reading, they just said you owe us £400 for the year and I think they must have gone by who was living here before.” Samuel, 26, unemployed and living independently for the first time.

Elderly and unemployed householders were most likely to stress the importance of telephones as a lifeline to family and friends. Younger tenants were more likely to shop around for the best tariffs and look for packages offering inclusive minutes and unlimited texts. Most of the families with children shopped around for all-inclusive satellite/cable TV, broadband and phone packages. Many older householders also have landlines and a few expressed concern at the high fixed charges.

Transport costs are a concern for the majority of households, for those in work they have to balance the cost of getting to work. For householders with disabilities a mobility car is a lifeline and for households dependent on benefits a considerable expense.

“Well I don’t drive anymore and there is no way I can afford to run a car. Even things like coming into Carlisle, it’s nearly £4 on the bus and when you take that off my benefits that does actually have an impact. That’s why I made three appointments today to save me having to come in more than once a fortnight.” Gary, 49-year-old jobseeker.

“It’s an old tatty car which when it’s gone, it’s gone there won’t be another one to replace it. When it’s gone that’s it and we will be on the train. But I have free parking over there so quite honestly I pay about the same as I would for the train. So I am not being extravagant using the car.”

**Alison, Wirral.**

“If I didn’t have my car I would be in dire straits. From my pension I put £10 in because it’s a diesel car. If I am just going locally, I can manage. If I am going a distance then I have to lose something else to get petrol in the car.” Rose, 67, a pensioner from Wirral with a mobility car for a disability.

“Train fares are very expensive. I’ve got a bus pass but this Clegg [Deputy Prime Minister] it said in the paper he wants to stop it and that means if I want to go to Camden I’ve got to pay £2.20 for one journey and that’s only a mile and a half so it’s very expensive.” Harold, 76, a pensioner from Southwark.

## 2.6 Children

Families with dependant children face additional challenges and demands on household budgets. The majority are lone parent families and all but one (a two parent family in receipt of Disabled Living Allowance) are in full or part-time employment. School holidays, particularly the long summer break, with additional childcare costs, leisure activities and the loss of free school meals, squeeze even the most disciplined of household budgets. Parents prioritised their children’s needs over their own particularly when it came to clothes and social activities.

Extra demands are frequently placed on household expenditure, some of which is planned (school uniforms, hobbies, school trips, Christmas and birthdays) and others unplanned (childcare costs and unpaid holiday due to illness). A lone parent in her 50s working full-time describes the financial impact of her son moving schools.

“It’s a huge amount that you have to actually fork out all at once. He’s moving school you know with secondary schools, it’s always particular suppliers, because you’ve got to get the exact uniform. And with his, you’ve got to have the PE top, you’ve got to have the PE bag, you’ve got to have everything, it’s all the proper school things. I remember working it out, when he was going there last September, and realising that I had to have a minimum of £250 saved in order to be able to afford his uniform. And you can imagine if you’ve got two children and you’re in the same position.”

The pressures and demands placed on lone parents juggling work and home life are described by a 47-year-old self-employed nursery manager from Wirral.

“Well if the kids are sick, it’s hard because I can’t just leave the job because I have got to have two people on site all the time. So if I have got sick kids and they can’t go into school I run around trying to find somebody to have the kids so I can go to work. There has been times when I have just had to take them in and I have just put them on a bean bag and left them.”

The lack of co-ordinated information on benefits meant a few householders were unaware of the financial support they were entitled to.

“I didn’t know I could help with the school uniforms, I have never claimed for school uniforms. Even when we had Eve I didn’t claim child benefit for ages because I didn’t know that I was entitled to it. So the school meals when she joined school I was just paying for them and somebody said ‘ Was I working?’ and I said “No” and they said “Why are you paying for school meals?” It’s stuff like that. They don’t inform you, there was nothing to say when your child starts school, I know you can find out if you look but if you don’t know you don’t look.” Cathy, a 36-year-old mum of one whose husband is disabled.

“Somebody in the hospital said “You can claim it back” and I went “Claim what back?” and she said “The train fare.” So I went up to the cash office and I got the money back which was £55 which is a hell of a lot of money.” Rose, a 67-year-old bringing up a child who requires hospital treatment twice a year.



## 2.7 Savings, pensions and protection products

There is little evidence of long-term financial planning. The majority of participants lack the financial capacity to save on a regular basis. Only a minority are able to save on a regular basis, the amount saved varies from £10 (a pensioner) to £200 a month (a couple in well-paid employment). Separately, Samuel, 26, has recently inherited £7,000 but as he is currently out of work his benefits are reduced proportionately.

Families with children try and make small savings across the year for Christmas and birthdays. A few have savings accounts set up but the funds are insubstantial and are added to irregularly, mostly 'savings' are kept in jam jars as Rebecca and Steve, a couple in their 50s explain.

“I mean it’s things like if you get a two pound coin you throw it in the tin or coppers and things like that as soon as they come in, it goes in a jar and then he pays his car tax out of it. But it can’t half add up. And I mean that’s the way we mostly save.”

A small number of households have past experience of saving on a regular basis whilst in full-time employment and retain savings accounts long since emptied.

A lack of financial acumen was acknowledged by a 24-year-old Carlisle male who regretted 'dipping' into compensation awarded five years earlier with the funds long since depleted.

Only two working age households are currently paying into a company pension. The situation of those approaching retirement age is particularly alarming. One-third of participants are in their fifties but only one householder has made regular monthly contributions into a pension scheme throughout their working life.

Currently that participant is paying into an enhanced civil service pension scheme and with an ex-Armed Forces pension to look forward to, he is confident he has planned for a comfortable retirement.

For the rest, there is little or no financial planning for old age. The pension provision of older females is wholly inadequate. Most are lone parents, with time spent out of the workforce bringing up children or single women employed in part-time, low paid jobs.

Household insurance uptake is low with just three households making regular payments.

For a couple in their 50s living off the wife's part-time wage and her husband's disability benefit, insurance became a 'luxury' they could no longer afford. A matter of months after cancelling contents insurance the washing machine flooded the living room, ruining carpets and curtains which they are struggling to replace without going into further debt.

One-third of households said they would not be able to replace a basic household item such as a washing machine, or television, if it broke. Another third said they would probably buy a replacement on credit from suppliers such as Bright House, Argos or catalogues. The remaining households would either look for a second-hand replacement or buy new from savings.

Half of households have safety nets, parents, sibling or grown up children, to whom they could turn to in emergencies. Most worried about any strain it would place upon their families in turn, older tenants in particular, admitted they would be too proud to call upon them.

The long-term impact of living on a low income is evidenced in a loss of social networks, which increases the risk of isolation and is an emerging theme across single householders of all ages and backgrounds.

"I am coping but I am existing, not living. I have had to stop socialising in the local club twice a week because the money just wasn't stretching... I come home and sit in at night time rather than go out socialising with friends, even one night a week I can't do that anymore." Eric, 65-year-old pensioner from Carlisle.

"It brings you down, not that I don't feel worthy but I do like to have certain things and kind of go out and just feel like I'm living. I've cut away so many luxuries and social time to make sure I've got a roof over my head."

**Samuel, South London.**

## 3. Welfare reform

### 3.1 Under-occupation

A key tenet of the welfare reforms is the Housing Benefit for working age social tenants who ‘under-occupy’ their home. Eleven out of the 20 families are under-occupying their homes, with an equal split between those in receipt of housing benefit, and facing cuts to their benefits, and those as yet unaffected who are paying full rent. Of the six households facing cuts in housing benefit, four are in Wirral and two in Carlisle.

Riverside has recently launched a targeted mailing campaign to alert those tenants most at risk of housing benefit cuts (based on current information held) and this was reflected in high awareness levels. Awareness has not translated into high levels of follow-up contact amongst participants though, with only two out of those six affected households having contacted Riverside to discuss their options.

A householder received early misleading advice and although Riverside has since sent updated information she still believes the initial advice is applicable.

“Well I did speak to somebody at Riverside and they said to me not to worry because it affects private tenants as opposed to fair rent, because our rent is different as opposed to private landlords aren’t they?” Sharon, 47-year-old, single parent, living in a five-bedroom house.

In a further two cases in Wirral the bedroom classification gave households a misleading sense of security.

- Matthew and Cathy, a couple in their 30s with a child, ignored the letter assuming it was an error as it referred to a three-bedroom house and they are under the impression that their home has two-bedrooms.
- Carl a 54-year-old male living in a two-bedroom house hasn’t contacted Riverside for the same reason as he explained: “Well I don’t know whether it’s classed as two [bedrooms], there’s a box room next door, everyone uses it as a storage room.”

In both cases, householders were advised to contact Riverside to discuss their circumstances.

The majority of households under-occupying are struggling financially and a few are already paying off rent arrears. All agree they will find it extremely difficult to make up the shortfall in rent by cutting expenditure elsewhere. Nobody expressed a preference to move but two have already made the decision to downsize and the majority accept it is the only long-term viable option. Two of the four Wirral householders under-occupying have moved within the last four years from homes demolished in the New Heartlands Housing Market Renewal Area.

Only one householder in receipt of housing benefit is planning to stay, Paul a 28-year-old from Carlisle who lives in a specially adapted three-bedroomed house. Registered visually impaired and with behavioural problems, he is dependent on a live-in carer and his money is managed by social services. Paul's carer explained that the 'spare' third bedroom is used as an office to keep detailed records for social services and receipts. He also described the extra costs involved in moving Paul to a smaller two-bedroom property:

“Trying to re-house Paul would be a nightmare. If he moved, they would need to take the bath out and make it into a shower room. He's got a custom made shower room with all the handles and all that. He's got two railings going up the stairs. All the doors have got handles on the outside, everything, disabled safe. So I don't think it would be to anybody's benefit to re-house him, even though we are under-occupying.”

Paul is financially comfortable and his carer expects social services to approve the payment of any shortfall in housing benefit from savings.

The movement of non-dependant children and siblings in and out of the home is a recurring theme in the interviews. Two households have older children either about to return from or about to go to university but are expected to return in the holidays. In three other cases, householders have offered extended family accommodation on a temporary or semi-permanent basis recently including:

- Rose, a Wirral pensioner, living in a three-bedroom house appointed the legal guardian of two young children ten years ago and their grandfather (her brother) who moved in temporarily.
- Stephen and Janet live in a three-bedroom maisonette in Brixton and are legal guardians to his grandson. After his daughter experienced personal problems both daughter and grandson moved into the home for several months as part of a legal order. Janet's children and grandchildren also visit regularly.
- Mary, 43, moved into her father's home temporarily to care for him after he was diagnosed with a terminal illness.
- Matthew and Cathy, couple in their 30s from Wirral and under-occupying would like to move closer to her father so she can look after him as his health deteriorates.

### 3.2 Universal Credit

The overhaul of welfare benefits from the current system which requires individuals to make multiple claims for a host of benefits to a single claim for a Universal Credit was greeted with some apprehension by several households who have experienced unexplained delays, interruptions or suspensions to benefits payments. The sudden and unexpected reduction in income, the length of time it took to resolve and the lack of compensation for additional costs incurred were the cause of considerable stress and financial hardship. These include:

- Gary's (49) claim for Disability Living Allowance took 13 weeks to process. In the intervening time, he had to visit Job Centre Plus every two weeks to apply for crisis loans.
- Mary (43) was working part-time and discovered her housing benefit claim had been closed six months earlier. She did not understand why her entitlement ended and now that she is out of work, the arrears are deducted from her benefits payments.
- Carl (54) has depression and receives Disability Living Allowance, he belatedly discovered his housing benefit had been reduced months earlier and he was expected to contribute £2.60 a week. He is still paying off the arrears.

In another case Alison, a mother, split up with her partner and informed the Tax Credits of the change in circumstance. Their joint claim ended immediately but her new claim took weeks to put into payment. She was forced to rely on food vouchers to get by. She describes the bureaucracy she came up against when she tried to sort out her new housing benefit claim:

“I've been to the [housing benefit] office and because they wanted proof that my partner had gone, I said 'well, I have given you his address, he is not in the house anymore', but they wanted written proof. But because everything had mine and his name on the housing wouldn't accept it, wouldn't work out my claim. I said, 'you are putting me further and further in debt because you are not dealing with it'. I was crying in the office down there and it was like they weren't even bothered.”

A minority expressed concern at their ability to budget with payments moving from weekly to monthly:

“If the pension people start paying me monthly then I am in, for want of a better word, in \*\*\*\* street, I am hoping it will stay weekly because I can budget everything better. I am not good with figures, never have been.”  
Eric, 65-year-old pensioner.

## 4. Work and skills

### 4.1 Employment and unemployment

Two-thirds of households are workless; a minority are pensioners wholly retired from work, the majority are working-age households currently unemployed or unable to work due to ill-health or disability.

The majority of workless households are unemployed older tenants in their forties or fifties who left school with minimal qualifications and went into low skill jobs. Most have experienced prolonged periods of moving between benefits to low-paid, low-skilled jobs and back again. They are currently experiencing a protracted period of unemployment (between 3-8 years).

The immediate causes of unemployment found amongst participants were: redundancy, sickness and caring responsibilities. A recurring theme is a lack of support and early interventions for employees under pressure at work and home.

- Mary, a 43-year-old supermarket assistant from Brixton left her job after a request for extended leave to look after her terminally ill father was rejected. “I didn’t want to leave but the manager she said to me we can’t give you like an extension. So I am not going to be in a job and look after my dad, I had to look after my dad, he was in hospital and the doctors they wouldn’t send him home until there was someone there.”
- Elaine, a 51-year-old female nursing care assistant from Wirral suffering from stress requested a shift swap to attend a doctor’s appointment. “They wouldn’t swap it, so basically I had to go to the appointment and then go back to work. But by the time I saw the doctor, I was in no fit state to go back to work. He said to me, you’ve got two choices: you either take a week off work or you go into hospital, they were the choices I had. So I said, OK I’ll take the week off. I had to phone the boss from his office, so he’d know I wasn’t lying. And then I was off work for a week, well within that week I just went completely down, right down to the lowest of the low you could go. And next thing was, I got a letter to say, no you’ve lost your job.”

In another two instances, female workers had been threatened with dismissal as a result of sickness and ill-health and a lack of support from employers:

- Sarah, a 50-year-old Brixton nursery worker had moved to a new job eight months prior to being hospitalised with a serious and sudden illness. After coming out of hospital she was threatened twice with dismissal. It was only with the support and counsel of the Legal Aid Centre that she has retained her job.
- Rebecca, a 51-year-old part-time hospital domestic was sacked after struggling to return to work following several months off with ill-health and postponed operations. “Throughout all the time I was off, the doctors, the specialists, the sister of the ward, occupational health, everyone I’d seen, I told them my aim is to get back to work. And then I got a call to say I had been sacked. I went to the meeting and told them everything and there was nothing said about me being sacked afterwards. But yes I was actually sacked. And I was heartbroken, not the money side of it, although that would have been bad enough wouldn’t it?”

#### 4.2 Barriers to work

The main barriers to finding work are; increasing age, low educational attainment and skills, and the lack of affordable childcare. The particular challenges women face when returning to the workforce after years out bringing up children were described by Alison, 59, Wirral.

“I wanted to work but I was in my 50s and it wasn’t easy trying to find something because there are all these young people in the same office trying to find things... I went on some courses, well assertiveness courses and confidence building and that sort of thing... after all that time out of work I didn’t feel I had a lot to offer. All my skills had gone, I still can’t type like I used to type. I used to have a bunch of things I had applied for over a two week period and they were all a no or they didn’t bother writing back. It was a very low time. I will really be honest, I think it was my age, I do think that went against me enormously.”

Two older unemployed females describe the struggle to overcome dyslexia and low literacy and highlight the shortage of specialist support available in Job Centres.

“My English isn’t very good and my Maths isn’t very good because I didn’t have the proper education when I was younger. This is where it all lacks, into this basically. I didn’t tell anybody for a long, long time that I actually suffered from dyslexia, which I find very hard, I find that very private still. And the Job Centre they’ve said I could do English and Maths but I’ve got to find somewhere for it. Do it myself but I’ve come up blank basically, there’s nowhere round where I live that does it.” Elaine, 51-year-old jobseeker.

“I can actually go on the computer, I can go on my emails, I can look for jobs, but it’s the writing down, I am not very good with words or writing down... because to me it feels like I am just sitting there on the computer and no-one is helping me. And I have seen jobs but I just can’t do the application forms. I’ve been waiting three months for a [specialist] advisor but there’s no-one there [at the local Job Centre].” Mary, 43-year-old jobseeker from Brixton.

The difference that the support and encouragement from Job Centre staff can make to jobseekers suffering loss of esteem and self-confidence is described by Alison and Andrew.

“They [Job Centre staff] were fantastic, they really boosted my confidence every time I went in. It was a very low time and they would go on websites and say to me try this one, try this, she would ring up while I was there and say I’ve got this lady, she can do this, she can do that, will you interview her?” Alison, 59, now in full-time work after a two year job search.

“I’ve had some excellent advisors at New Ferry Job Centre in the past, I think she [Job Centre advisor] just believed that I wanted to work, so she did absolutely everything, and I mean bent over backwards to try and help me.” Andrew, 40-year-old jobseeker from Wirral.

The threat of benefit cuts for failing to complete the targets set on Back to Work programmes was an increasing concern for a small group of long-term unemployed claimants.

“Of late, last year or two, it just seems to be, give us your job card, where’s your job searches? If they don’t think you’ve done well enough they can suspend your benefits. You see I’m waiting for the day when I take my job form in and there’s only 50 job searches on there instead of 70 and someone says: ‘I don’t think you’ve made enough effort, I’m suspending your benefit.’” **Andrew, Wirral.**

For women with young children, the availability and cost of childcare appears to be a significant barrier to full-time work. Cathy, a 36-year-old Wirral mum and qualified chef, with a husband unable to care for his daughter because of his disability describes her experience.

“I said I wanted some advice about working, I would take over the role as the breadwinner, so to speak, and she [the benefits advisor] said that we would be considerably worse off. If I would be worse off working then I don't know how I would manage childcare with the added expense of that as well.”

The second smaller group identified are unable to work due to high levels of disability or chronic ill-health. These are a disparate group in terms of age, household composition and significantly disability.

Steve, a married 53-year-old ex-Army veteran with 26 years' service retired on ill-health grounds after he was injured in Northern Ireland and felt aggrieved at the lack of long-term support he received.

“Just under two years they kept me in a job, which was co-ordinator for London traffic. But then they just came round and said, no sorry there's no more, got no more time and they booted me out because I was over the age.”

In sharp contrast Paul, a 28-year-old Carlisle male, who is visually impaired and has behavioural problems (as a result of a car crash ten years earlier) has never worked and has a full-time live-in carer. Whilst he appears able to cope in his own home, his carer explained that given the extent of his physical and behavioural problems he is unlikely to be able to hold down a job without the assistance of a team of carers.

Outside of these two groups are two younger tenants with good educational qualifications and relatively well paid but limited work experience. Both are optimistic about their chances of finding work, although the 23-year-old female is struggling with depression and anxiety, which has a negative impact on her job search.

The pensioners look back on stable and continuous employment histories (policeman, nurse and dustman). One continues to volunteer at a local credit union another spent the first three years of retirement working part-time in a supermarket in order to top-up his income until he could no longer manage it and the third is bringing up two children after being appointed their legal guardian. All three have restrictive mobility problems yet only one has applied for and receives disability benefits.

### 4.3 Working households

One-third of participants are in full or part-time employment. Only one, Stephen 54 an emergency call handler for the Metropolitan Police for the last 18 years describes his job as well paid with plenty of opportunities for overtime and an enhanced civil service pension.

The majority of working participants are females in low paid, part-time employment. Most have taken time out to raise children. All were dependent on tax credits to top up wages. The majority of working participants have had prolonged pay freezes which has reduced their standard of living.

The determination and drive to improve their lives was evidenced by two women who returned to college whilst bringing up young children and working to gain qualifications, enabling them to change careers:

- Sarah, 50, a single parent from Brixton returned to college in her 40s to get English GCSE and qualifications to become a nursery nurse “I wanted to be a nursery nurse at 17, it’s what I’ve always wanted to be. I had to wait until my late 40s to be able to have the opportunity to train, no one’s about to take it away from me”.
- Sharon, 47, a single parent from Wirral returned to college in her 30s to complete a two year diploma in childcare but lacked support with looking after her own children from her now ex-husband. She is now planning to enrol on a 12-week counselling course to mentor children, whilst continuing to run her childcare club.

Half of working households are concerned about the security of their jobs and are facing the threat of redundancy or reduced hours.

- Lisa, 35, is in remission from cancer and is awaiting an operation following a hysterectomy but has been forced to postpone it as her job (NHS medical secretary) is under review and she is worried she will be made redundant if she has any more time off sick. Wirral’s community health team are required to make £13 million cuts over the next three years.
- Sharon, 47, runs her own childcare club in Wirral but its future is threatened as working parents take their children out or cut the number of days they spend in nursery to save money and funding for the clubs is also cut.
- Ian’s part-time job at a Sure Start centre in Carlisle is safe for the next two years but thereafter is dependent on future funding.
- Stephen’s job in the Metropolitan Police’s emergency call centre is to be privatised within the next five years and redundancies, a stop on unlimited overtime (currently adding between £5-10k to his annual income) and the introduction of new shift patterns are threatened.

## 5. Health and disability

### 5.1 Scale of the problem

Over three-quarters of householders were suffering from a disability or health condition that affects their daily lives. Just under one-third of householders are suffering from mental health problems, including depression and anxiety. The following table shows the sheer scale of the problem and the range of disabilities and illnesses households are coping with:

Medical condition	Benefits
Diabetes, foot ulcer and gastric bypass operation	Ground floor flat with adaptations
Diabetes, kidney disease and sciatica	
No ill-health	
Polycystic ovaries	
No ill-health (other household member has dyspraxia)	
Anxiety and depression	Disability benefits
Mobility problems (hip) (Other household member has severe mobility problems and pelvic reconstructive surgery)	Mobility car and disability benefits
Blood disorder	
Depression	Disability benefits
Arthritis and sleep apnoea	Disability benefits
Depression	
Registered blind and behavioural problems	Disability benefits and house with adaptations
Mobility problems	Disability benefits
Depression	Disability benefits
Cancer (in remission)	
Depression	
Mental health problems	
Arthritis and high blood pressure	Disability benefits
Arthritis of hips and diabetes	Mobility car and disability benefits
Fractured spine	Mobility car and disability benefits

## 5.2 Impact of poor health

Generally householders of all ages described the extra demands placed on budgets (food, heating and transportation costs) by ill-health and disability.

The difficulty in maintaining employment when suffering from ill-health has already been described, but the impact on jobseekers is as challenging, as Andrew and Elaine explain.

“There’s no way I’ll ever cook in a kitchen again, a professional kitchen. With the diabetes, I wouldn’t be able to manage it I’d be dead within a couple of weeks. I’d probably still be doing that if I never got diabetes. But you can’t just say to someone in the middle of service, I’ve just got to go and test my blood, you know.” Andrew, 40, a diabetic and experienced restaurant worker.

“I can’t go back into [care] nursing because I can’t lift because of my back and I’m on medication that makes me very tired, that worries me. If I did go back to work, how is it going to affect me?” Elaine, 51-year-old jobseeker and former care worker.

The new health assessment, the Work Capability Assessment (WCA) for Employment Support Allowance (restricted to 12 months) received widespread negative comments from participants. Two claimants have recently been reassessed as ‘fit for work’ and moved off disability benefits. They described a process that in itself was a cause of stress and anxiety, and a health assessment that was too brief for assessors to fully understand the impact of their condition on their daily lives and their capacity to work.

There were further complaints about the speed with which benefits were adjusted following the health assessments and the lack of transitional protection.

“I was signed off with depression, severe depression, and one or two other things and I went for an assessment with a trained assessor from an outside company, and I was in there for about 10 minutes and from that 10-minute interview she decided that I was fit and able to work. I was actually signed off until April but they (AtoS) wrote to me and said that as from...I think it was the beginning of March...that they were stopping payments on the employment support allowance and would only pay job seekers allowance, even though I was signed off. So I had been signed off by my GP and then this other person, who doesn’t know me from Adam, says I’m fit to work.” Gary, 49, Carlisle.

In another case, the fear of being called for an assessment is such that Carl, a 54-year-old male from Wirral, unable to work due to severe depression and anxiety, is reluctant to apply for a higher rate disability allowance.

“But if I was to apply for the higher rate it’s a gamble because I could lose my middle rate. When I fill the form in for the higher rate they can look at it and say no and put me on the lower rate and take me off the middle one. There again they could say oh yes you are, but it’s a gamble. So it’s OK going to see someone thinking my health is deteriorating, it’s a bit worse, and they can help you and advise you to fill the form out but it’s still a gamble and I don’t want to gamble even though my health is getting a bit worse.”



# 6. Neighbourhoods

## 6.1 Mixed local opportunities

The significance of 'neighbourhood' in the context of tenants' lives is evident in attitudes to work and long-term futures.

Workless households in London were generally optimistic about the chances of finding a job. Households in Carlisle and Wirral were less optimistic. A lack of job opportunities in Tranmere and Rock Ferry could be a barrier to work.

Relocation was dismissed by the majority, the cost and upheaval of moving and distance from family were the main reasons cited. Andrew, a 40-year-old jobseeker from Wirral, is prepared to relocate to London but without any savings behind him he could only move for jobs offering a decent wage or live-in accommodation.

Wirral householders, living in the former New Heartlands housing market renewal area, describe the impact of a decade of regeneration on their neighbourhood in largely negative terms:

"Rock Ferry as a whole is going down, they can put as much regeneration as they like but if they put the wrong people into the houses, that's my view. Of a night time it's a no go area." Alison, 59-year-old single parent from Rock Ferry.

"No change whatsoever like, just more shops shut and more pawn brokers have opened. Alcoholics, druggies, that's all there is. Hooker shops, pro houses." Andrew, 40-year-old jobseeker from New Ferry.

Andrew went on to describe the impact of reduced local services on job seeking opportunities.

"Connections shut down not long ago, that doesn't help. Because they did print, I haven't got a printer, they used to be able to print things for me. They'd do anything for you, CV-wise, you know if it needed updating".

## 6.2 Transport links

Rebecca expressed concern about the poor transport links in the neighbourhood and the added strain it places on work and ill-health.

“It’s so awful. I mean when I had to get to work, I was having to either walk right up to the top to get a bus because the transport links round here are terrible. And I had an appointment at the hospital, from here I either have to walk down into Birkenhead or get two buses. The transport is really bad. So I’ve said when you’re old and decrepit, we’re moving.” Rebecca, 51-year-old part-time worker.

In families, parents were more likely to envisage their children’s future outside of the neighbourhood. In Rock Ferry, 67-year-old Rose expressed concerns for the future of her youngest child of mixed ethnicity who had experienced a couple of low level racial incidents in school but these were isolated incidents.

Householders living on the outskirts of Carlisle were more likely to stress the importance of transportation due to the lack of local shops and services, necessitating regular trips into Carlisle. This restricted employment and training opportunities of jobseekers as 23-year-old Lauren explains.

“Well there isn’t any bus after half six, so if there was an evening class I wanted to do I wouldn’t be able to do it because I wouldn’t be able to get there.”

Householders in South London have the advantage of good transport links and vibrant high streets packed with banks, supermarkets and council services. Jobseekers were optimistic about their chances of finding work and stressed the importance of transport links.

“I can get any bus where I am going, if I want to get the train I can go up the road and get the train, if not I can go to Camberwell, I am not far for getting the buses. So round here it’s a god-send.” Mary, 43-year-old jobseeker.

## 6.3 Perceptions of community

Generally, pensioners talked with regret about the loss of ‘community,’ as 67-year-old Rose from Wirral explains.

“It’s not a community as it used to be because I think people now close their door and that’s their life. You don’t knock on the door to make sure your neighbour is alright anymore. But it’s not like when we were children when it was very, very community-orientated. But they don’t socialise or don’t mix at all which I find quite sad.”

In London, these feelings were compounded by successive waves of immigrant communities that leaves Harold, 76 (who has spent his entire life in Southwark) feeling isolated from communities he doesn't understand, in the block of flats where he lives and on the streets where he grew up. Despite this Harold rejected any potential move away from Southwark.

The importance of local authority subsidised groups and clubs, threatened by local authority cuts, were raised by pensioners (lunch clubs and organised day trips) and parents (children's clubs and leisure centres) in all three geographical areas.

“If my kids wanted to go to a youth club I would have to drive them to a youth club because there is nothing for the kids round by us at all. We used to have a Byrne Avenue baths but that's gone, they used to have football going on there but that's not there anymore, it's closed down. They used to get funding from the government but it wasn't local authority and that's gone.” Sharon, 47-year-old, single parent, from Rock Ferry, Wirral.



## 7. Next steps

This report summarises the first round of interviews undertaken as part of the Challenging Times, Changing Lives research project. It establishes a baseline for the study against which Riverside can monitor households' progress over the next three to four years. Riverside will use the findings to gain a better understanding of how its customers are coping with change. It will help Riverside plan its services and provide its customers with the right support. It will also use the information to continue to encourage the Government to do more to support low-income households and communities.

The next interviews will be held in February 2013. Amongst the issues we will be discussing are:

- the financial impact of Christmas on household budgets
- the affordability of heating the home
- public transport fare increases
- the options for householders facing impending under-occupation of their homes.



# 8. Appendices

## Appendix 1 – In context

Anna Clarke, Senior Research Associate, Cambridge Centre for Housing and Planning Reform.

Riverside's findings on their tenants' experiences on managing on low incomes form part of a growing body of work looking at poverty and welfare reform.

### Poverty and social housing tenants

The latest data from the ONS suggests that unemployment has fallen slightly in the last year. There were 2.51 million unemployed people in August to October 2012, down 128,000 on a year earlier. In addition there were 9.07 million economically inactive people aged from 16 to 64, also down 249,000 on a year earlier. This nevertheless leaves 11.58 million people outside of the workforce.

For those in work, pay has fallen in real terms in the last year, rising only by 1.8% in the last year, a slower rate than inflation. There has also been an increase in 'under-employed' people, working part-time because they cannot find more hours. There is particular pressure on those with the lowest incomes, who face relatively high inflation rates (Hirsch, 2011).

Recent research by Demos has analysed the different types of household in poverty – with and without children and in different family configurations (Wood et al, 2012). This research highlighted the differences between the working poor (including those who viewed themselves as only temporarily out of work) and more vulnerable groups of households with other associated difficulties including very young single parents, and those in poor health or caring for relatives with disabilities.

The Joseph Rowntree Foundation has recently published a review of measures of poverty over the last five and ten years (Aldridge et al, 2012). This has found improvements in some measures – particularly those relating to child poverty, life expectancy, educational attainment and disability rates. However, measures relating mainly to work and housing worsened. Some of these related to the higher rate of unemployment as a result of the recession, but the housing measures related more to increased pressure on the housing stock, causing rising rates of overcrowding and increased income spent on housing and fuel. Shelter's latest report on housing raises similar concerns and in particular highlights growing rates of overcrowding, homelessness and affordability of accommodation (Shelter, 2012).

The Joseph Rowntree report also questions some of the common assumptions made around poverty. Welfare spending is commonly portrayed as focusing on the unemployed, when this group actually form only a small proportion of recipients.

The report also draws attention to in-work poverty, and highlights that 60% of children in low income households have at least one working parent, a higher proportion than ever before.

The claim that there is an 'intergenerational cultures of worklessness' has also been disputed by research, which was unable to find a single family where three generations had never worked (Shildrick et al, 2012). Less than 1% of currently workless households contained two generations of people who had never worked. Instead households who have never worked are largely those comprising of young people, and the rise in their number is closely related to the rise in youth unemployment (Aldridge et al, 2012). Instead, research has highlighted that most people move in and out of poverty, and in and out of work, with only a small number of low income households suffering severe personal or family problems (ibid).

Nevertheless, recent evidence from the British Social Attitudes Survey shows that public attitudes towards poverty are hardening; rising numbers of people saying that benefit levels are too high and discourage work (NatCen, 2012). This is in contrast to the trends seen in previous recessions, when the public showed greater support for people who lost their jobs, suggesting that it is a long-term trend that has persisted despite the recession. The cuts to welfare, the most severe seen in many decades do for the most part enjoy widespread public support. Low income households will have to cope with falling incomes.



## Welfare reform

The Welfare Reform Act introduces the following reforms that will affect social tenants.

1. The size criteria for the social rented sector – reducing housing benefit payments (and later the housing costs element of Universal Credit) for working age households who under-occupy their home, from April 2013.
2. The household benefit cap – imposing a limit to benefit claims for out of work, working age households, from April 2013.
3. Universal Credit – introducing a single integrated benefit for working age households, both in and out of work, with payments to cover rent being made to most households directly, rather than to their landlord, to be introduced from October 2013.
4. Changes and cuts to Council Tax Benefit, devolving power to local authorities to design and administer this benefit, and cuts to the overall budget available to support the benefit, unless councils make cuts in other areas, from April 2013.

In addition, there are two other reforms to welfare, recently implemented, which are likely to have a continuing impact on social tenants.

5. Increases in the deductions in housing benefit made for tenants whose household includes adult members other than their partner (non-dependants).
6. Reforms to benefits for the sick and disabled with the introduction of Employment Support Allowance to replace Incapacity Benefit, and Personal Independence Payments to replace Disability Living Allowance.

The Chartered Institute of Housing and the Housing Quality Network have both produced briefings for social landlords that set out the main welfare reform changes affecting the housing sector (CIH, 2012a&b; Pawson, 2011), and the National Housing Federation has produced a range of briefings covering the main areas. A review carried out by a group of nine major housing associations also highlights the key findings for the Housing Association sector (CASE, 2012).

Most of these reforms have yet to impact on people's lives. In order to understand the affects they may have, it is necessary to understand how low income households manage their finances currently, and how they will respond to the welfare reform.

## Responding to welfare reform

It is hard to know how tenants will respond to welfare reform as the reforms are new and unlike any previous reforms for which past behaviour can be studied. The DWP's impact assessment has made some assumptions around tenant behaviour, though as they admit these are untested.

## The size criteria

From April 2013 social tenants of working age with one or more spare bedrooms will have their Housing Benefit reduced by 14%, for one spare room, and 25%, for two or more spare rooms, of their eligible rent. The government's impact assessment calculates that the average reduction for tenants with one room over the bedroom standard will lose an average of £12 and for those with two or more, £22. The actual reductions in rent will therefore vary between areas with tenants in higher-priced areas suffering greater reductions. A few tenants (2% of those affected) will lose less than £5 a week, whilst 7% (50,000 households) will lose over £25.

The DWP's impact statement calculates that 660,000 households in England will be affected initially (around a third of all working age HB claimants in the sector) rising over subsequent years to 2020 as the age limit rises in line with women's pension age (DWP 2012d).

Tenant responses to the reforms are as yet uncertain. The DWP has assumed in their impact assessment that all tenants will remain in their current housing and pay the shortfall in their benefit (DWP, 2012d). A study carried out by the Housing Futures Network, including a survey of potentially affected tenants endeavoured to find out more about likely tenant response (Clarke and Williams, 2011).

It showed that around a third say that they are likely to consider downsizing, some hoped to find work and only very small numbers would consider taking a lodger. Many others believed that they would struggle and may run into arrears. If more than a small proportion do seek to downsize, there is unlikely to be the stock available of one-bedroom properties to which they can move (Clarke, 2012), leading to concern from social landlords that they do not have the stock profile to meet need and will have no option but to house people in properties that they cannot afford (CASE, 2012).

## The household benefit cap

The total amount that an out of work, working-age household can receive in benefits is to be capped from April 2013 at £500 per week for families and couples and £350 for single people. Most out of work benefits are to be included in the cap, though households including someone who is in receipt of Disability Living Allowance, carers allowance and war widows and widowers who are exempt. The DWP has recently announced that supported exempt accommodation will be disregarded for the purpose of calculating the household benefit cap when it is introduced in April 2013, as well as under Universal Credit. There will also be a grace period for households who have been in work for at least 12 months and lose their job who will not be affected for the first 39 weeks.

The DWP analysis shows that overall 56,000 households will be affected, 46% of which are social tenants (25,760 households) (DWP, 2012a). Previous analysis has estimated the amount of money left over for rent, after a household's other benefits for living costs are counted and found that social tenants with four or more children are likely to have their benefits reduced by the cap (Clarke and Monk, 2011). Smaller households living in Affordable Rented housing may be affected, especially in London (Pawson, 2011). This has given rise to concern that social landlords may therefore be reluctant to continue building larger homes (CASE, 2012).



## Universal Credit

The payment of Universal Credit to tenants themselves (rather than paying the housing costs directly to their landlord, as currently happens for most social tenants) has caused concern among social landlords. In response to these concerns, the DWP is currently undertaking a series of pilot studies exploring how best to support tenants to manage receiving the money and paying their rent themselves. Initial findings from this study suggest that payment collection rates are averaging at 92% (DWP, 2012). It is still too early to tell to what extent these arrears would persist in the longer term, or to what extent they result from tenants taking time to get used to the new system, and landlords learning where to target support. There is evidence that some tenants who initially fall into arrears are able to subsequently clear them.

Not all tenants in the pilot areas have been switched to the new system. Some who were not engaging with their landlord, did not have bank accounts, were already in financial difficulty or who declined to participate did not take part. This suggests that there may be additional difficulties for some of these groups, once the payment system is compulsory (unless they are classed as vulnerable and therefore exempt). Of those who did join the pilot schemes, around 5% have been switched back to direct payments to their landlords, generally as a result of rising arrears.

Early feedback from the pilot schemes indicated that supporting the tenants to pay their rent was resource-intensive for many landlords, though working closely with tenants did reduce the levels of arrears.

Recent analysis has highlighted the difficulties that some tenants are likely to experience if moved onto monthly payments, alongside handling the money for their rent themselves (Policis, 2012; Tarr and Finn, 2012). Their research suggested that around two-thirds of tenants in receipt of housing benefit looked likely to manage under the proposed new system but around one-third were likely to get into difficulties. Of this group 94% feared they would be unable to prioritise their rent within their budget, and around half were already struggling to afford food, shoes and clothing.

The Policis report also explores in depth the ways in which households on very low incomes do manage money, and in particular the value of short-term budgeting to those with very constrained budgets: "Doing without essentials may be a viable strategy for a day or so per week but is much more challenging when the timescale becomes four days at the end of a monthly budgeting period, particularly for those with families" (ibid:2). It describes how weekly cash-based budgeting can be a sensible approach for tenants with very low incomes and cautions that tenants struggling to budget are more likely to run up debts, further worsening their poverty.

## Council Tax Benefit reform

From April 2013, Council Tax Benefit will no longer be a nationwide benefit. Instead, local authorities must design their own system for eligibility and administration. National Government has however ruled that they must not reduce pensioner entitlement, and must preserve work incentives. They are being allocated 90% of the funds they currently receive for the benefit, so are likely to look to make cuts to Council Tax Benefit for households of working age. The funding is not ring-fenced so they could choose to cut other budgets and avoid cutting this benefit, or alternatively could make severe cuts to Council Tax Benefit to avoid cuts elsewhere in their budgets. But unless they find money elsewhere, it is likely that most low income working age households, previously on full Council Tax Benefit will find that they have to start paying a proportion of their council tax. For many this will come on top of other cuts to their benefits in other aspects of welfare reform.

Concern has also been expressed that the reforms may create an incentive on local authorities not to accommodate low income households (Adams and Browne, 2012).



### **Increases in non-dependant deductions**

Tenants who claim housing benefit have their benefit reduced if there are any other adults in their household who are not dependent on them financially. These would usually be adult children, parents, other relatives or friends (but not partners, who are treated as part of the same benefit unit).

Joint tenants, sub-tenants, boarders and paid carers are also not considered as non-dependants as they are treated as separate households entirely.

Deductions are currently set at six different levels, depending on the earnings of the non-dependant. No reduction is made for non-dependants who are aged under 25 and in receipt of benefits, or for certain other groups of non-dependants including full-time students.

In 2001 non-dependant deductions were frozen. Between 2011 and 2014 they are being raised so that by 2014 they will reach the levels they would have been at (relative to rents) if they hadn't been frozen, meaning increases of £2 and £13 a week each year. The reductions are made because it is assumed that the non-dependant is able to contribute toward the rent, whether or not they actually do. When Universal Credit comes in, the non-dependant deductions will be replaced with a flat-rate Housing Cost Contribution for people aged 21 and over – this is likely to benefit tenants with higher-earning non-dependants.

The DWP's impact assessment estimates that 300,000 households in Great Britain currently have their housing benefit reduced because of non-dependants, of whom half are social tenants (DWP, 2011a). Concern has been expressed that this could cause pressure on tenants to ask their non-dependants to leave (Pawson, 2011) though the increase in Housing Benefit that could result from such a move may be offset by the size criteria if the household would be under-occupying as a result. The amount that the non-dependant is assumed to contribute towards the rent is also substantially less than they would be likely to have to pay to rent a room elsewhere.

## Reforms to benefits for the sick and disabled

Employment and Support Allowance (ESA) replaced Incapacity Benefit for new claimants in October 2008, and phased in for existing claimants between October 2010 and spring 2014. The criteria for receiving ESA are stricter, and those who don't meet them may be eligible for Jobseeker's Allowance (JSA) instead.

A single person aged over 25 receives £71 a week on JSA, whereas on Incapacity Benefit they would have received between £74.88 and £99.15, depending on the length of their claim. This means that tenants who are moved from Incapacity Benefit to JSA are likely to see a reduction in their income.

The DWP estimates that in 2010/11, 10% of social tenant households received Incapacity Benefit in the UK (DWP, 2012b).

The latest data shows that, after allowing for the results of the appeals process, 47% of Incapacity Benefit claimants were considered eligible for Employment and Support Allowance, and 53% were not (DWP, 2012c), and were eligible for JSA instead.

Disability Living Allowance (DLA) is a benefit paid to disabled people, whether in work or not, in recognition of the higher costs that their disability entails. Personal Independence Payments are to replace DLA for working age claimants and are being rolled out from April 2013. The new payments are targeted more narrowly at the most disabled, and the government calculates that 500,000 people who would otherwise have been receiving DLA by 2015 will no longer qualify.

In addition, changes have been made to the rates of payments to families with disabled children, resulting in significant cuts for many families.

Concern has been expressed that some certain groups stand to lose from these reforms, comprising:

- 100,000 families with disabled children who stand to lose up to £28 a week
- 230,000 severely disabled people who do not have another adult to assist them who may receive between £28 and £58 a week less than currently
- up to 116,000 disabled working people who risk losing around £40 per week (The Children's Society, 2012).

## Conclusion

Low income households are facing tough times at present. Unemployment is high and in-work poverty rising. The majority of working age households in social housing are at least part-reliant on state benefits – out-of-work benefits, Housing Benefit and/or tax credits. Welfare reforms are wide-ranging and will affect the majority of working age households to differing degrees. Pensioners, whilst mostly unaffected by the reforms or unemployment directly, may nevertheless be affected by changes to their wider families' needs.

It is crucial for social landlords to understand how low income households manage their finances and lives and respond to the changes affecting them in order to support their tenants and ensure tenancies are sustained.



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## Appendix 2 – Area profiles

### Carlisle

Riverside has 6,000 tenants living in the city of Carlisle and the surrounding rural areas, making it the local authority with the second highest concentration of Riverside stock after Liverpool. The properties were acquired through a stock transfer 10 years ago and are predominantly inter- and post-war stock, over half of which are houses and over one-quarter are flats. Over 90% of all of Riverside's stock in Carlisle is estate based, the majority of which is concentrated within two miles of the city centre.

In 2007, one-quarter of Carlisle's neighbourhoods (Lower Super Output Areas (LSOAs)) were within the 20% most deprived in England, as measured by the Indices of Multiple Deprivation (IMD) 2007.

Riverside's tenant profile in Carlisle is relatively elderly, with one-fifth aged 45-54 years, and one-third aged over 65. According to Riverside's 2012 STAR survey, almost two-fifths of households in Carlisle have a family member living with a long-term illness or disability which limits their daily activities. Carlisle's population was estimated at 109,317 in 2011 but is set to increase by 9% over the next 25 years, which is primarily accounted for by dependent and vulnerable groups including the elderly and those with disabilities and limiting long-term illnesses, meaning there will be greater demand for care and support services in the city.

Of Carlisle's total population, 81.4% are economically active, of which 7.1% are unemployed (ONS 2011), which is the lowest rate across the three selected sample areas. In 2010 just 3% of the working age population were claiming JSA, which was lower than the regional and national average of 4%, suggesting that Carlisle is withstanding the recession better than some areas. The percentage of housing benefit claimants in Carlisle is 6.5% which is 3% less than Wirral and almost half that of South London, reflecting the comparatively small proportion of the population who are out of work, but also relatively low rent levels in the city.

## South London

Riverside provides home for 800 tenants in the South London boroughs of Lambeth, Lewisham and Southwark. The properties are generally dispersed across these three local authority areas in small estates or infill schemes. The majority of the stock is 1960s flats, bedsits and maisonettes.

The area has a growing population, and on average the three boroughs are projected to experience a significant population increase of 30.4% over a 25 year period until 2035. The largest age group of Riverside tenants is 45-54 years old, and of the three study areas, the area has the smallest proportion of elderly tenants.

However according to Riverside's 2012 STAR survey, an average of 52.8% of Riverside households in these LAs have a family member living with a long-term illness or disability which limits their daily activities, which is 10% greater than that in Carlisle but 10% less than in Wirral.

Despite the apparent economic and employment opportunities in Greater London, the South London area has a relatively high unemployment rate, with 11.6% of the economically active population being out of work, which is 3% greater than in Wirral and almost twice that of Carlisle. In South London a considerable 14% of the population is claiming Housing Benefit, which is double the proportion of Housing Benefit claimants in Carlisle. This is likely to be a reflection of both the large proportion of people who are unable to earn an income and the relatively high rents across the boroughs.

## Wirral

In Wirral there are 3,000 Riverside tenants who live in the urban conurbations concentrated on the south west bank of the River Mersey, including neighbourhoods such as Tranmere and Rock Ferry. These neighbourhoods were part of the former New Heartlands Housing Market Renewal Area set up in 2003 to tackle low demand and housing market failure, comprising predominantly older Victorian terraces and detached houses which have been divided into flats. Riverside's homes are generally not estate based but are dispersed throughout mixed tenure residential areas. In 2010, Wirral was ranked 60th most deprived out of 326 local authorities (IMD 2010), although this has improved since 2004 when the borough was ranked 48th. Despite this, 11% of all LSOAs in Wirral are still in the top 3% most deprived nationally (IMD 2010).

Riverside tenants in Wirral are relatively elderly in comparison to tenants in Carlisle and South London, with a third being aged over 65. According to Riverside's 2012 STAR survey, 62% of Riverside households in Wirral have a family member living with a long-term illness or disability which limits their daily activities, greater than that of Carlisle and South London. This reflects the high proportion of the economically active population who are incapacity benefit claimants, at 11%.

In Wirral, 72.7% of the population are economically active, which is the lowest across the three sample areas. Of this population 8.5% are unemployed, which is projected to worsen due to a projected decline of 15% in labour force (population aged 16-64) over the next 25 years. The proportion of Housing Benefit claimants, at 10% of the borough's total population, is a reflection of the proportion of the population who are out of work.

Wirral's population was estimated at 310,990 in 2011 but is set to decrease by 2.6% over the next 25 years, as a result of the projected decrease in the number of households comprising lone parents, married couples and married couples with children (N8, 2011). This is largely driven by the economic outlook for the area, and consequent changes in the profile of the labour force.

## Appendix 3 – Tenant profiles

### **Rose**

Rose (67) lives in a three-bedroom house in Rock Ferry, Wirral with her brother Philip (56) and two children, Lisa (14) and Freya (10). After almost 40 years in nursing she retired on ill-health grounds in 2000 and was later awarded an MBE in recognition of her services to nursing. Her life changed radically ten years ago after being appointed legal guardian to her brother's grandchildren.

Household income: NHS pension and state pension, Legal Guardian's Allowance, Child Benefit and Mobility Allowance.

### **Stephen**

Stephen (54) lives in a three-bedroom flat in Brixton, London with his wife of three years Janet (55). Both have grown-up children from previous relationships. He works full-time as an emergency call handler for the Metropolitan Police and has been a church warden for the last 17 years. Janet is recently retired and volunteers in a local charity shop. After his daughter experienced personal problems both daughter and grandson moved into the home for several months as part of a legal order.

Household income: £30k a year salary plus optional overtime pay.

### **Sarah**

Sarah (50), a single parent, lives in a three-bedroom maisonette in Brixton, London with two of her four children Ellie (20) and Kurt (12). She has two older children and four grandchildren. Sarah returned to college in her forties to retrain as a nursery nurse and she now works in a full-time post. She has been signed off work for the last six months following a serious illness.

Household income: £24k a year including salary, Working and Child Tax Credits and Child Benefit.

### **Mary**

Mary (43) lives alone in a one-bedroom flat in Brixton, London and is unemployed since leaving her job in 2009 to care for her terminally ill father. Signed onto a two year Back-to-Work Scheme she hopes to find work in supermarkets or local shops. She is dyslexic and lacks basic reading and writing skills.

Household income: £7k including Job Seekers Allowance, Housing Benefit and Council Tax Benefit.

**Harold**

Harold (76) a widower lives alone in a one-bedroom flat in Walworth, London and has three grown up children and two grandchildren. He spent over 20 years working as a bin man for Southwark council. After his retirement 11 years ago he continued to work part-time in a local supermarket to top up his income but it was too physically demanding to sustain. Harold has lived his entire life in Southwark.

Household income: £14k Local Authority and State Pensions plus Housing Benefit and Council Tax Benefit.

**Alison**

Alison (59) lives in a new three-bedroom eco home in Rock Ferry, Wirral with two of her four children Amy (20) and Sam (18). Her two older children live and work in the South of England. A full-time receptionist, she returned to work following her husband's death. Her daughter now works full-time as a nursery practitioner after completing a workplace apprenticeship. Her son is a full-time student awaiting A-level results and planning to study teacher training at university.

Household income: £16k salary plus Child Benefit, Working and Child Tax Credits.

**Andrew**

Andrew (40) lives alone in a two-bedroom flat in New Ferry, Wirral. Unemployed for the last four years, he is looking for security or factory work. He has worked all over the country and is prepared to relocate for the right job. He is diabetic and has associated health problems. He is under-occupying by one bedroom and his Housing Benefit will be cut by 14% of eligible rent.

Household income: Job Seekers Allowance, Housing Benefit and Council Tax Benefit.

**Elaine**

Elaine (51) is a widow who lives alone in a two-bedroom house in New Ferry, Wirral. She has extensive experience as a care assistant but was signed off work eight years ago due to ill-health. She is now looking for less physically demanding work but is dyslexic and struggles with basic reading and writing. She has not had a job interview in the past two years. She is under-occupying and her Housing Benefit will be cut by 14% of eligible rent.

Household income: Disability Living Allowance, Housing Benefit and Employment Support Allowance.

**Sharon**

Sharon (47) is a single parent who lives in a five-bedroom house in Rock Ferry, Wirral with three of her six children aged 7, 10 and 17. She is a self-employed part-time nursery nurse and her business is threatened by cuts to childcare funding. The family are under-occupying by two bedrooms and her Housing Benefit will be cut by 25% of eligible rent.

Household income: £24k including £6k salary, Tax Credits, Child Benefit and Housing Benefit.

**Lauren**

Lauren (23) lives alone in a two-bedroom flat in Longtown, Carlisle. Diagnosed with depression and anxiety she has been out of work for the last six years. Lauren hopes to gain work experience in an RSPCA veterinary clinic and apply for a foundation degree in veterinary nursing at a local college. She is under-occupying by one bedroom and her Housing Benefit will be cut by 14% of eligible rent.

Household income: £5k including Incapacity Benefit and Housing Benefit. Under-occupying and facing a cut in Housing Benefit.

**Lisa**

Lisa (35) lives with her partner, John (37), in a two-bedroom flat in Prenton, Wirral. A full-time NHS medical secretary her job is under threat due to health service funding cuts. John has recently started a full-time agency security job after being made redundant five months ago.

Household income: £31,400.

**Rebecca**

Rebecca (51) lives with her husband Steve in a two-bedroom flat in Prenton, Wirral. She works part-time as a hospital cleaner in the NHS. Steve spent 26 years in the Army and was invalided out after being seriously injured on active service. His mobility is severely restricted and he is on a waiting list for a double hip replacement.

Household income: £21,000 including Army pension, part-time NHS salary and Disability Living Allowance.

**Paul**

Paul (28) lives with a live-in carer in a three-bedroom house in Carlisle. A car crash at the age of 18 left him blind and with behavioural problems. Social Services manage his finances and he lives independently with the support of full-time carers. His home is adapted for his needs but he is under-occupying by one bedroom and his Housing Benefit will be cut by 14% of eligible rent.

Household income: Incapacity Benefit, Disability Living Allowance, Housing Benefit and Council Tax Benefit.

**Matthew**

Matthew (37) lives in a three-bedroom house in Tranmere, Wirral with his partner Cathy (36) and their daughter Eve (6). Matthew has not worked since being diagnosed with Psoriatic Arthritis, a degenerative medical condition around six years ago. Cathy is a qualified chef and is not currently in paid employment but volunteers in the local community. They are under-occupying and their Housing Benefit will be cut by 14% of eligible rent.

Household income: Disability Living Allowance, Child Benefit, Housing Benefit and Council Tax Benefit.

**Carl**

Carl (54) lives alone in a two-bedroom house in Tranmere, Wirral. He suffers from depression and mental health problems and is unable to work. His previous home was demolished and he moved two years ago to his current home but is under-occupying by one bedroom and his Housing Benefit will be cut by 14% of eligible rent.

Household Income: Incapacity Benefit, Disability Living Allowance, Housing Benefit and Council Tax Benefit.

**Eric**

Eric (65) lives alone in a one-bedroom house in Carlisle. A retired publican, he spent most of his working life in London and Wales, returning to Carlisle six years ago. He is active in his local community and volunteers in the local credit union and Riverside's Tenant Resource Centre. He is diabetic and his health is deteriorating with age-related conditions.

Household income: £14k including Pension Credits, Disability Living Allowance, Housing Benefit and Council Tax Benefit.

**Ian**

Ian (24) lives alone in a two-bedroom house in Carlisle. He left home at 17 and has been homeless twice in recent years. He has a son but the mother has moved away from Carlisle and he is no longer in touch. He works part-time in a crèche but the long-term future of the job is under threat from Government cuts to Sure Start funding. He would like to go to university but is deterred by tuition fees and existing debts.

Household income: £9.5k salary.

**Samuel**

Samuel (26) lives alone in a one-bedroom flat in Lewisham and pays an affordable rent. He is currently unemployed but has a foundation degree in design and has previous work experience in an estate agents and publishing house. He is optimistic about finding work and is looking into enrolling on an executive PA course in order to enhance his career prospects.

Household income: Jobseekers Allowance and Housing Benefit

**Gary**

Gary (49) lives alone in a one-bedroom flat in Carlisle. He has lived and worked in the South East and Middle East for most of his adult life in customer focused retail roles. He returned to Carlisle to be close to his parents following a relationship breakdown and has two children who live in the South East. He was signed off work with depression three years ago and is now looking to get back into full-time employment.

Household income: Employment Support Allowance, Housing Benefit and Council Tax Benefit.

**Pauline**

Pauline (42) lives alone in a two-bedroom house in Carlisle. She has been unemployed for the last four years and suffers with depression and anxiety. She has spent time in women's hostels and refuges following the breakdown of abusive relationships. She has two children, a married daughter and a son from a previous relationship who lives with his father. She is under-occupying by one bedroom and her Housing Benefit will be cut by 14% of eligible rent.

Household income: Employment Support Allowance, Housing Benefit and Council Tax Benefit.

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## More information

For more information about the study and Riverside please contact us.



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