



Preventing destitution: Policy and practice in the UK

by Karen Barker, Carla Ayrton, Issy Petrie and Adam Tinson

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This report explores how the policy and practice of both public and third sector organisations at the local, county and national levels could prevent destitution.

What you need to know

- There are two kinds of factors leading to destitution: ‘chronic’ factors, which weaken individuals and households and increase their vulnerability to destitution; and ‘acute’ factors, or triggers, which tip already vulnerable people into destitution.
- There are also two kinds of response to destitution: a ‘remedial’ response, which addresses the underlying problem and opens up the prospect of the person escaping destitution; and a ‘palliative’ response, which treats the symptoms.

We can solve UK poverty

JRF is working with governments, businesses, communities, charities and individuals to solve UK poverty. *Preventing destitution: policy and practice in the UK* looks at the role of income, the cost of living, the social security system and the wider public and third sectors – a key focus of our [strategy to solve UK poverty](#).

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Executive summary

The research for this report explored how the policy and practice of both public and third sector organisations at the local, county and national levels could prevent destitution among UK-born people without complex needs. It involved 63 interviews with frontline professionals and volunteers from 38 public and third sector organisations in six case study areas: Fife, Hartlepool, Kirklees, Lewes, Newham and Swansea.

Destitution

This report builds on reports by Fitzpatrick et al (2016, 2018), using their definition of destitution, namely that someone is destitute if they have gone without two or more of the following for an extended period over the course of a month: food, shelter, heating, lighting, clothing and toiletries. They may also be considered destitute if they have an extremely low income with insufficient savings to cover the cost of these essential items.

Focus of the report

Fitzpatrick et al's (2016, 2018) research identified three groups of destitute people in the UK:

- people born abroad ('migrants')
- people with complex needs ('complex needs')
- people who do not fit into the previous two categories ('UK-other').

The third – UK-other – group is the focus of this report. References in the report to destitute people should therefore be understood as applying to this group only.

The report attempts to fill the gap in knowledge about the UK-other group by looking at the policy, practice and other factors leading to their destitution.

Principal findings: causes of destitution and responses to it

In presenting the findings, a distinction is drawn between two kinds of factors that lead to destitution: 'chronic' factors, which weaken individuals and households and increase their vulnerability to destitution; and 'acute' factors, or triggers, which tip already vulnerable people into destitution. These factors often interact to cause destitution, although either can cause it independently.

There are also two kinds of response to destitution: a 'remedial' response, which addresses the underlying problem and opens up the prospect of the person escaping destitution; and a 'palliative' response, which treats the symptoms. Palliative responses should not be thought of as inferior to remedial ones – they are doing a different job from each other and both are needed.

The labour market and the cost of living

Labour market and cost-of-living factors are usually chronic causes of destitution. Labour market factors identified in the research included low pay, variation in local employment opportunities in the context of high overall employment across the UK and various kinds of insecurity such as 'bogus self-employment', zero-hours contracts and temporary contracts.

Cost-of-living factors included the impact of inflation on people with low incomes as well as variations depending on where people live, with those in rural areas often facing higher transport and energy costs.

Debt

The relationship between debt and destitution is complex. Debt repayments sap financial resilience (a chronic factor) while the onset of a high debt repayment schedule can trigger destitution (an acute factor). The acquisition of debt can be a palliative measure, but only temporarily.

Interviewees for this research identified high-cost credit and public debts as the most common types of debt among destitute people.

Factors driving people towards high-cost credit included the limited availability of low-interest or no-interest loans, which varies by local authority, as well as a belief that high-cost credit, such as pay-day loans or rent-to-own purchases, is the only option open to people in poverty. People at risk of, or experiencing, destitution may turn to high-cost credit as a coping strategy to meet essential needs.

Public debt is typically repaid by people living on a low income through third-party deductions (TPDs) taken directly from their social security benefit payments. Specific concerns here included: the cap on the proportion of income that can be taken in TPDs being too high; the one-year limit within which Budgeting Advances must be repaid being too short; and the lack of co-ordination between the main TPD creditors, namely the Department for Work and Pensions (DWP), local authorities and utility companies.

The UK-wide social security system

Interviewees mentioned three triggers for destitution arising from the operation of the UK-wide social security system. These were sanctions, the five-week wait for the first Universal Credit (UC) payment and an inability to access disability benefits.

Interviewees also identified ways in which the system can lessen the 'cushion' that people can use to help meet 'income shocks'. Alongside various ways in which benefits are reduced, they also saw the need to prove compliance (by claimants) and monitor it (by jobcentre staff) as increasing the risk of error in the system, thereby reducing the extent to which claimants can rely on it.

The role of the local public and third sectors

The role of the local public and third sectors is usually a mix of palliative and remedial responses to destitution. There are two kinds of local support: devolved elements of the social security system, such as Local Welfare Assistance (LWA), Council Tax Support and Discretionary Housing Payments; and locally devised initiatives such as foodbanks.

Interviewees offered examples of good practice, whether in innovative third sector or local authority schemes. Against this, there were three main concerns. First, devolved elements of the local social security system do not provide sufficient support, sapping income (for example through a high minimum Council Tax payment), increasing the risk of homelessness (through reduced support for rent) or, for example, leaving unfurnished tenancies under-equipped (lack of LWA). Second, some locally devised initiatives, especially those relating to food aid, are no more than short-term stopgaps. Third, there is a lack of co-ordination among the services that could support people facing destitution.

A framework for reviewing policy and practice

Aims and objectives

Through the research we have identified a series of issues around policy and practice that need to be addressed. These are presented below within the context of a set of aims and objectives.

The aims are:

- to prevent destitution and deal with it rapidly if someone becomes destitute
- to minimise the risk of people falling into destitution in the first place.

The first aim puts a priority on avoiding the crisis and dealing with it swiftly if it strikes. The second one implies that barely avoiding destitution and continuing to live with the risk is not good enough. If destitution among the group of interest here, namely those who neither have multiple needs nor are foreign-born, is a recent development, then it is entirely realistic to think that it can be eliminated. The second aim reflects this ambition.

The more specific objectives are:

- to strengthen local palliative responses (objective 1)
- to reform local practice and support so that palliative responses can be remedial too (objective 2)
- to reform DWP and local authority procedures to reduce the extent to which the social security system is a chronic cause of destitution (objective 3)
- to reform DWP procedures to decrease the frequency and strength of acute causes of destitution that arise there (objective 4).

These objectives place responsibility for dealing with destitution at the local level, through palliative measures to cope with the crisis and remedial ones to help people escape from it. But the local level can only succeed in this if the acute and chronic causes of destitution arising within the social security system are addressed too.

To progress towards these aims and objectives, policy-makers and practitioners should address the following issues.

Objectives 1 and 2: strengthen local palliative responses and reform local practice and support so that palliative responses can be remedial too

- What can be done to strengthen and co-ordinate locally provided services that can support people facing destitution? Should local authorities take the lead in this?
- What can be done to restore a comprehensive network of LWA schemes across England? The Ministry of Housing, Communities and Local Government should consider adopting a national statutory scheme, like the Scottish Welfare Fund.
- How can local authorities and housing associations in England enact best practice in pre-tenancy support, especially in regard to furnishing tenancies?
- The Welsh Government should consider localising the administration of the Discretionary Assistance Fund for Wales to enable more effective signposting to local support services.

Objectives 3 and 4: reform DWP and local authority procedures to weaken the chronic and acute causes of destitution

- How can local authorities and other public bodies, including the DWP and utility companies, better share information about debt so that their debt collection practices are affordable for people with very low incomes?
- The DWP should undertake a review of their collection practices particularly regarding the maximum proportion of the UC standard allowance that can be taken in TPDs.
- Local authorities in England and Wales should adopt good forbearance practice and draw up vulnerability policies for debt collection. They should also review their use of bailiffs for low-income households.
- How can English local authorities be persuaded to reduce minimum payments in their Council Tax Support schemes? For example, the Ministry of Housing, Communities and Local Government could set and fund a minimum payment ceiling, as it did when Council Tax Support was introduced.
- Benefit sanctions, the lack of access to disability benefit and the five-week wait for the first UC payment should all be reviewed in the light of their common role as an immediate trigger for destitution.

1 Introduction

Destitution

In 2016, the Joseph Rowntree Foundation (JRF) published a report on destitution in the UK (Fitzpatrick et al, 2016), which was a response to trends such as rising homelessness and the proliferation of foodbanks, which were seen as indications that severe poverty in the UK was rising.

While the measurement of poverty has been the subject of debate for a considerable time in the UK, the concept of destitution is more recent. In contrast to poverty, there is no government definition of or statistics on destitution. But according to Fitzpatrick et al (2016), someone is considered destitute if they have gone without two or more of the following essentials for an extended period over the course of a month: food, shelter, heating, lighting, clothing and toiletries. A person may also be considered destitute if they have an extremely low income with insufficient savings to cover the cost of these essentials.

JRF has just published an update to the 2016 report (Fitzpatrick et al, 2018), which estimates that, in 2017, 1.55 million people in 785,000 households experienced destitution at some point during the course of the year.

This report makes extensive use of Fitzpatrick et al's (2016, 2018) work, both for context and to operationalise the concept of destitution.

Focus of this report: the 'UK-other' group

The reports by Fitzpatrick et al (2016, 2018) identify three groups of destitute people in the UK:

- those with 'complex needs' – anyone who experiences two or more of the following: homelessness, substance misuse, offending, domestic violence or begging
- 'migrants' – anyone born outside of the UK (who does not have complex needs)
- 'UK-other' – anyone who does not fall into the preceding two categories.

The presence of destitution among the first two groups is established in the research and policy literature (see the discussion in Fitzpatrick et al, 2015), whereas the UK-other group has emerged as a concern more recently (Butler, 2017).

The UK-other group is the focus of this report, which attempts to fill the gap in knowledge about people in the group by looking at the policy, practice and other factors leading to their destitution. In Fitzpatrick et al's (2018) report, the group comprised 68% of destitute households. The largest household type within the group was single adult (60%), the group tended to skew more towards older working-age people than other age groups and 23% of households in the group contained children.

As the focus of the research, unless there is a specific need to contrast them with either the complex-needs or migrant groups, this report refers to the UK-other group as 'destitute people'. Some have called this group 'the new destitute', as before the programme of welfare reforms first announced in 2010, they did not appear frequently in the literature, in contrast with migrants (Butler, 2017). Many interviewees for this research felt that destitution has increased among the group over the past few years. But as Fitzpatrick et al's (2016) report was the first large-scale attempt to estimate the number in the group, it is difficult to know whether the group has grown since 2010 with any degree of certainty.

Paths into and out of destitution

Fitzpatrick et al (2016) describe the route into destitution for the UK-other group as follows:

'Destitution seemed to come about most often for UK-other interviewees as the result of a gradual weakening in their ability to make ends meet on a very low income, which eventually

culminated in their being unable to acquire the essential goods that they needed... While 'shock' factors could be highly relevant in these cases, typically debt or benefits-related, the impact of these factors was so dramatic precisely because of this wider backdrop – interviewees' capacity to absorb such a shock was minimal.'

Fitzpatrick et al. 2016, p 22

Destitution for this group, then, is a result of either or both of two factors: a gradual reduction in resources due to a rising cost of living or weakening income, or sudden shock factors such as a benefit sanction or other problem. This also offers a perspective on how to categorise policy responses to destitution: by whether or which of these two issues is being addressed. Specific triggers include benefit problems, debt (primarily to public authorities) and serious health problems. In Fitzpatrick et al's (2018) research, 41% of the group reported a 'problem with the benefit system', 21% reported having received a sanction and around one in three reported experiencing serious debt. Those who escaped destitution normally did so through resolution of a benefits problem, although those who ceased to be destitute would still normally be considered in poverty. The authors noted in their 2016 report that the recurrence of destitution was also a feature.

Approach to the research

The first phase of this research involved a focused review of recent academic and grey literature on destitution, a review of relevant data relating to the social security system, and informal interviews with a range of policy experts.

The second phase involved mapping the local provision of services available to destitute people in six local authority case study areas across England, Scotland and Wales, through in-depth, semi-structured interviews with 63 frontline professionals and volunteers from 38 different organisations in the case study areas.

We chose a case study approach involving six local authorities to explore how both the causes of destitution and policy and practice in relation to destitution could vary from place to place.

Case study areas

The research team from Heriot-Watt University involved in Fitzpatrick et al's research helped us to select and recruit in five of our six case study areas,¹ based on a long list of case study areas they had produced for a census survey.

We selected areas that would provide examples from Scotland, Wales and different regions in England, as well as presenting different levels of rurality/urbanity and different types of local authority administration. We also took into consideration the practicalities of undertaking qualitative research in each area (ease of access for the researchers and the quality of recruitment networks available). We chose areas with varying poverty rates – from those with a poverty rate significantly above the rate in Great Britain overall (Hartlepool and Newham), to those with a rate slightly above the overall rate (Kirklees and Swansea), to one with a rate slightly below the overall rate (Lewes). For a full discussion of the methodology for selecting the case study areas, see the Appendix.

England

We selected case studies in England from four different regions: the North East (Hartlepool), Yorkshire and the Humber (Kirklees), London (Newham) and the South East (Lewes). This enabled us to explore how different regional characteristics – such as higher housing costs in the south of England and lower employment rates in the north of England – contribute to the risk of destitution in England.

Scotland and Wales

Including Scottish and Welsh case studies as well as English ones meant that we could look at how the policy context relating to social security provision for people at risk of destitution differs across the three nations.

Table 1 sets out the key statistics of the case study local authorities.

Table 1: Key statistics of the case study local authorities

| | Fife | Hartlepool | Kirklees | Lewes | Newham | Swansea | Great Britain |
|--|----------------|-------------------|-----------------|----------------|----------------|----------------|----------------------|
| Population | 370,000 | 93,000 | 437,000 | 101,000 | 341,000 | 245,000 | 65,648,000 |
| Unemployment rate | 4.5% | 11.1% | 6.4% | 3.3% | 5.9% | 5.5% | 4.7% |
| Economic inactivity rate | 23.7% | 28.7% | 24.5% | 13.5% | 28.8% | 28.2% | 22.1% |
| Proportion of working-age people receiving out-of-work benefits | 13.6% | 19.3% | 12.2% | 9.4% | 9.9% | 14.3% | 11.0% |
| Proportion of employees who are paid below the Living Wage | 18.2% | 23.0% | 21.6% | 22.0% | 18.2% | 21.9% | 17.8% |
| Poverty rate after housing costs | – | 28% | 23% | 19% | 37% | 22% | 21% |
| Combined Jobseeker's Allowance/Universal Credit sanction rate (Universal Credit-only sanction rate) | 3.5% (5.8%) | 2.4% (3.3%) | 3.9% (7.5%) | 2.6% (4.2%) | 3.6% (6.9%) | 2.8% (5.3%) | 2.9% (4.4%) |
| Council Tax Support minimum payment | 0% | 12% | 20% | 20% | 20% | 0% | 0% |

Note: The poverty rates are derived from an Office for National Statistics publication that does not cover Scotland – hence no poverty rate figure for Fife.

Sources: Population: 'Mid-Year Population Estimates' via NOMIS, 2016; unemployment rate and economic inactivity rate: 'Annual Population Survey' via NOMIS, July 2016 to June 2017; out-of-work benefits: 'Benefit Claimants – Working-Age Client Group' via NOMIS, November 2016; low pay: 'Annual Survey of Hours and Earnings' via NOMIS, 2017; poverty rate: New Policy Institute analysis of 'Households in Poverty Estimates for Middle Layer Super Output Areas in England and Wales', Office for National Statistics; Jobseeker's Allowance: data via NOMIS, January–June 2017; average sanction rates: via Stat-Xplore; and Council Tax Support minimum payment: data collected from a Freedom of Information request by the New Policy Institute.

Interviewees

In total, during the case study fieldwork, we undertook interviews with 63 frontline professionals and volunteers from 38 public and third sector organisations working with destitute people. Sixteen interviewees were from local authorities, 15 were from housing associations or homeless charities, 12 were from foodbanks and 8 were from advice charities. The other 12 included people from community centres, a fuel poverty charity, a furniture recycling scheme and a domestic violence refuge.

2 The labour market and the cost of living

People do not usually identify the labour market and the cost of living as triggers for destitution. Yet interviewees stressed that problems encountered with one or other of them created ongoing issues that pushed people closer to the edge of destitution. This is consistent with findings from Fitzpatrick et al's (2018) research about the central place of low income in heightening the risk of destitution:

'As in the 2015 study, destitution seemed to stem most often in 2017 from a gradual weakening in people's ability to make ends meet on a very low income, culminating in their being unable to acquire essential goods in particular circumstances. While "shock" factors could also be highly relevant, typically debt or benefit-related ..., it was the long-term erosion in interviewees' capacity to withstand even minor financial shocks that pushed them into absolute destitution.'

Fitzpatrick et al, 2018

This chapter discusses the chronic issues that result in some people struggling to make ends meet on an ongoing basis, leaving them at risk of destitution. The first section considers how labour market issues – such as variable employment prospects across the country, low pay and other forms of insecure work – leave people struggling on a chronic low income. The second section discusses how increases in the cost of essentials such as food and energy disproportionately affect low-income people.

The labour market

"They don't have enough money. ... When we go into the jobcentre you're surrounded by posters of 'Make Work Pay' as if it's the individuals who are looking for work, who have the power to make work pay. They don't. Working conditions are very poor at the moment: no security, and very low rates of pay. If people are working, they're not working in secure jobs that can give them the resilience for when times come when they're not working and have to delay relying on benefited income."

Council staff, Fife

The UK currently has a historically high employment rate: 74.2% of the working-age population (aged 16–64) in the year to June 2017 were employed. However, the employment rate for this age group varies hugely across the UK. Within our case study areas, Lewes had the highest rate (83.6%), which exceeded the UK-wide rate, while Hartlepool had the lowest (63.5%).²

Fife, Hartlepool, Kirklees and Swansea are all areas with a legacy of industrial decline over the course of many decades. Many interviewees referred to long-term shifts in the local labour market as having had lasting and continuing effects on the employment prospects of local people. Interviewees acknowledged that even within a local authority area, employment opportunities could vary considerably, particularly for local authorities that contained multiple towns or villages:

"Fife still has a history of ex-mining villages. Everywhere you go there used to be a pit. When [the] late 80s or middle 80s came along, those communities really went down very rapidly because people became unemployed as a result of the pit closures. We're still, even years and years down the line, trying to address that."

Council staff, Fife

While the scale of employment opportunities clearly varies by area, across the UK, the proportion of workless households in poverty has decreased over the past 15 years, while the proportion of working households in poverty has increased. The majority – 53% – of people in poverty now live in a working family, according to the Households Below Average Income survey.³ Interviewees in every case study area raised concerns about the quality of employment available to people, especially those with low educational attainment and/or those who had been out of the labour market (or perhaps had never

worked before): “From a job-market perspective, I think unless you’re a high achiever, it’s generally ... a lot of the low-skilled, low-paid work in this area” (council staff, Kirklees). Interviewees perceived many of the low-skilled jobs available to people to be insecure in some way. Common forms of insecure employment in the UK include low-paid jobs, self-employment, temporary contracts and zero-hours contracts.

Low-paid jobs

In 2017, 18% of employee jobs in the UK were paid below two-thirds of the UK median hourly wage rate (£8.29), although this was down from 20% in 2015. This varied across the country and the case study areas: 23% of employee jobs in Hartlepool were low-paid, compared with 18% in Fife. Interviewees widely perceived that people in low-paid jobs often struggled to make ends meet on a chronic basis: “Low wages ... [are] definitely a major one [cause of destitution]. [Low-paid workers are] simply not able to make enough money in work to keep [their] head above water” (council staff, Swansea).

In addition to struggling to meet every day costs, people with low-paid jobs were often unable to save, meaning they lacked a cushion for periods of unemployment or unexpected expenses:

“A lot of people are one pay cheque away [from destitution]. If something happens, and they no longer have that pay check, it is very, very rapid. It is more rapid than the benefits system can provide a safety net for. They live hand to mouth – pay check to pay check. There isn’t savings. It’s not that they don’t have a savings culture (although some people don’t). It’s more that they don’t have savings.”

Charity staff, Newham

Self-employment

Between 2000 and 2015, self-employment increased from 12% to 15% of the workforce, although 2000 represented a low point (Tinson, 2015). This growth was in two very different sectors: high-skilled, high-pay sectors such as advertising and banking, and lower-paying, lower-skilled sectors such as cleaning and construction (Tomlinson and Corlett, 2017). Self-employment in low-skill sectors is often low-paid, and sometimes may be ‘bogus self-employment’ whereby employers enforce the self-employment of workers to avoid paying higher National Insurance, holiday pay and other statutory worker pay (Citizens Advice, 2015). This type of self-employment may also involve fluctuating hours, leading to fluctuating income.

In 2016, 45% of self-employed workers over the age of 25 were low-paid (paid below the Living Wage) (Broughton and Richards, 2016) and 23% of full-time self-employed workers were living in a household in poverty (Tinson et al, 2016b).

Temporary contracts

In the year to September 2017, 1.6 million workers were on a temporary contract. Of these workers, 440,000 (28%) could not find a permanent job (Office for National Statistics, 2017a), suggesting that they would have preferred a permanent position. This is a higher number and the same proportion overall as in 2007, before the economic recession. In addition to the inherent insecurity of a temporary contract, workers on these contracts tend to be lower-paid than workers on a permanent contract.⁴

Zero-hours contracts

Office for National Statistics estimates indicate that 880,000 people were on a zero-hours contract in 2017 (2.8% of all those in employment), 36% of whom were working fewer hours than their usual hours in the reference period of the survey, giving an indication of the potential insecurity (Office for National Statistics, 2017b). Interviewees in every case study area mentioned zero-hours contracts as a type of employment that some of their clients had previously held or currently held. Some interviewees may have used the term ‘zero-hours contracts’ to refer to other types of inconsistent or temporary work, such as self-employment or temporary contracts. Even though these types of employment make up a relatively small proportion of all jobs, the frequency with which interviewees mentioned them in relation to their destitute clients indicates that insecure work may be concentrated among people at risk of destitution.

A key reason why interviewees felt that insecure work was a cause of destitution was that it could make income highly variable, making budgeting and/or saving against future income shocks impossible:

“Insecure employment, zero-hour contracts [cause destitution]. Some people can’t even begin to budget because they don’t know what their income’s going to be.”

Council staff, Swansea

“Zero-hours contracts [cause destitution]. As their number of hours fluctuates so does their ability to pay for essentials. People don’t know week to week what hours they will have and so what wages they will have coming in.”

Housing association, Swansea

The cost of living

Price increases on essential items such as food, rent, heating and lighting disproportionately affect low-income households, who spend a larger share of their income on these basics relative to more affluent households (Tinson et al, 2016b). Low-income households also often pay more for them than more affluent households due to the ‘poverty premium’ (extra costs borne by people in poverty) (Davies et al, 2016). Some dimensions of the poverty premium have a location-specific aspect, for example the availability of affordable credit or the presence of ‘food deserts’ (Tinson et al, 2014).

Interviewees in every case study area perceived that the cost of living was placing a huge pressure on people living on a low income:

“[Interviewer: You said earlier some of your destitute clients were working. Why are some working people facing destitution?] Well, it’s just increased overall costs, household costs – heating, electricity, all of those things – and childcare costs as well, that has a huge impact. Travelling costs, [due to] the rural aspect of Fife, it’s very, very expensive to get to and from work.”

Advice charity, Fife

Assessments of which essentials caused the greatest burden varied by area. Issues of geography, such as rurality or being near a coast with variable weather conditions, were often seen to increase transport and energy costs:

“If you’re poor, it affects you much harder if you’re in a rural area. If you live five miles up the road in [a small village] and you have to go to the jobcentre once a week, it’s going to cost you £6 every time. You have no library. If you haven’t got your own internet access and you need to get to the library, that’s £6 as well. If you’re required [by conditions of Universal Credit] to do Universal Jobmatch every day, you’re going to spend half your benefits getting to the library.”

Tenancy support, Lewes

“A lot of the villages don’t have gas, so they have expensive electric heating. I had a case a couple of years ago where an owner-occupier was living in a house that didn’t have mains drainage. A lot of properties don’t have mains drainage and he couldn’t afford to have his septic tank emptied.”

Tenancy support, Lewes

For people living on a chronic (sometimes volatile) low income, high living costs make it consistently challenging to meet essential needs. In this situation, households may teeter on the edge of destitution on an ongoing basis. This reduces the size of the shock required to push them into destitution. Fitzpatrick et al (2018) note that this type of increasing pressure is the most common reason why the UK-other group fall into destitution.

Interviewees felt that the combination of low incomes and high living costs was also a key cause of debt for people living on a low income, which in turn could further reduce their income due to debt repayments. This cycle is discussed more fully in the next chapter.

Conclusion

This chapter has explored key chronic circumstances – poor labour market opportunities and a high cost of living – which can leave low-income people unable to meet essential needs and on the brink of destitution. Any discussion around policies to prevent destitution must be framed in this context, as the most effective prevention measures would address these underlying issues that push low-income people to the brink in the first place.

We first considered labour market issues that result in some people living for a long time on, at best, a fluctuating low income. High overall employment across the UK masks significant variation in local employment opportunities, particularly for low-skilled workers. The work that is available for these workers may be low-paid, which leaves them struggling to meet their essential needs on an ongoing basis, as well as making it extremely unlikely that they will be able to save to provide a cushion against future income shocks. Low-skilled workers may face other types of insecurity as well, such as 'bogus self-employment', zero-hours contracts or only being able to secure a temporary contract, all of which can lead to fluctuating income, again making it difficult to budget or save.

We then considered how cost-of-living increases disproportionately affect people living on a low income, both because such people spend a large proportion of their total income on essentials, such as food and energy, and because they often pay more than more affluent households for such goods due to the 'poverty premium'. We also highlighted how the cost of essentials can vary by location, with people living in rural areas often facing higher transport and energy costs relative to urban dwellers.

In this context, only a small income shock, such as a small debt repayment, the cost of buying their child a new school uniform, or the cost of repairing a broken kitchen appliance, can be enough to push people into destitution.

When people do not have sufficient income to meet their essential needs, because they are unemployed, underemployed and/or low-paid, they must typically rely on credit or social security benefit income to bridge the gap. The following two chapters consider how issues with both can lead to destitution.

3 Debt

This chapter considers debt. In Fitzpatrick et al's (2018) study, 62% of the UK-other group reported falling behind with a bill in the previous year, and 30% reported being in serious debt.

In our study, the majority of the interviewees identified debt as a cause and/or a symptom of destitution. The types of debt held by destitute people that they mentioned the most were high-cost credit and public debts.

The first section of the chapter considers high-cost credit, which is often taken on as a coping strategy to meet essential needs. However, such debt often exacerbates the problem by reducing income through debt repayments.

The second section considers third-party deductions (direct deductions from benefit income), analyses the most common debts repaid this way and discusses the impact that these deductions can have on people at risk of destitution.

Fitzpatrick et al (2016) identified three ways in which debt either triggers destitution or contributes to people becoming destitute:

- Debt was accrued 'in the good times' when it was serviceable, but becomes unsustainable when income drops, making it difficult to maintain access to necessities.
- Debt is acquired as a coping strategy to stave off a lack of necessities, but is often unsustainable, with debt repayments either not being made at all or only being made via new loans.
- Debt is manageable without additional borrowing, but repayments are so high in relation to total income that basic essentials are unaffordable.

In our study, interviewees identified the second and third scenarios as the most common, although all three occurred among destitute people. In what follows, we first consider debt acquired as a coping strategy and then we look at the issue of debt repayments.

Debt as a coping strategy: high-cost credit

The combination of low-paid, insecure work, high living costs and a shrinking social security system (discussed fully in Chapter 4) means that many low-income people struggle to meet their essential needs on an ongoing basis. Almost a half of the poorest fifth of households with children report that they have difficulty making ends meet, and one in five report being unable to keep up with bills (Tinson et al, 2016b). As the majority of people living on a low income have no savings (JRF Analysis Unit, 2017), many turn to credit as a coping strategy:

"They're in debt just to live day to day. I would say that is one type of debt: trying to live."

Council staff, Swansea

"Just because you've got a small income, doesn't mean that you don't still need access to borrowing money. It's just that you borrow money for paying bills [and] for buying food."

Council staff, Fife

Many interviewees mentioned that some of their clients saw high-cost credit as their only option, because they saw traditional credit lenders as inaccessible due to low-income and/or previous debt issues. Debt as a coping strategy is therefore often associated with the use of high-cost credit. This is consistent with other research that has identified the perceived inaccessibility of traditional credit among some low-income households as a key factor leading to their use of high-cost credit (Worton et al, 2014). High-cost credit has been identified as the element of the 'poverty premium' that incurs the largest costs for households – estimated at up to £540 a year (Davies et al, 2016).

The most frequently mentioned forms of high-cost credit were pay-day loans, doorstep loans and rent-to-own purchases. Interviewees commonly saw the use of rent-to-own lenders as an attempt to meet

essential needs when other means of procuring essential furnishings and white goods for homes failed (see Chapter 5 for a full discussion of Local Welfare Assistance (LWA) schemes). Interviewees mentioned traditional consumer credit such as credit cards less often. When they did, this type of debt had usually been accrued in 'good times' and contributed to people struggling to meet their essential costs when their income fell, at which point, high-cost credit such as pay-day loans might be taken out to meet living costs:

"They're struggling to live off £70-odd a week to pay the gas, water, electric, all the utilities. If they have been working they might have other debts such as credit cards and mobile phones. Then [the creditors] are chasing them and it's robbing Peter to pay Paul for a lot of them. A lot of them are going into companies like [doorstop lenders] for loans and then that's escalating."

Housing association, Swansea

The 'escalating' effect described above summarises the path from the first scenario set out in the box above to the second scenario. Some people start with traditional credit in 'good times' and move to high-cost credit to meet essential needs as their finances deteriorate, when traditional credit becomes inaccessible due to a low income and/or outstanding debts. The interviewee above went on to describe how a few of their clients had turned to loan sharks after exhausting legal loan options. Loan sharks were mentioned as operating in every case study area, and interviewees reported that some clients might resort to them when other sources of credit were exhausted or inaccessible. Many interviewees felt that it was difficult to gauge how widespread these loans were, as their illegal nature made clients unwilling to disclose them.

For people living on very low incomes, any type of debt repayment can mean there is insufficient money left over to meet essential needs. High-cost credit, which may be the only type of credit available to people in poverty, is particularly problematic as the high interest rates eat up a significant proportion of a household's income. This erosion of income makes it more likely that people will take out additional loans to meet essential costs, thus compounding the problem.

Alternatives to high-cost credit

Until 2013, Crisis Loans were interest-free loans available to low-income people to meet urgent living expenses under the legacy Social Fund. Since these loans have been abolished, the availability of low-interest or no-interest loans varies by local authority. Some local authorities have formed partnerships with credit unions or other community interest organisations through their LWA schemes (for a fuller discussion of changes to the Social Fund and LWA schemes, see Chapter 5). Some small-scale alternative lenders also exist at the regional or national level, although these often struggle with a lack of awareness among potential clients.

Case studies of alternative credit for low-income households

MoneyWorks

MoneyWorks is a partnership between Newham Council's LWA scheme and the London Community Credit Union and offers a range of loans. People who meet eligibility criteria (in receipt of certain benefits and with no savings) can receive interest-free emergency loans funded by the local authority. People who do not meet the eligibility criteria can apply for a range of Credit Union loans that have been designed as an alternative to high-cost credit for people who may not be eligible for traditional credit. The MoneyWorks Home loan has a lower rate of interest than that set by rent-to-own lenders and enables people to purchase essential furniture and white goods from stores with lower prices that require upfront cash. The MoneyWorks Instant loan provides an alternative to pay-day loans, with a six-month repayment period and a representative APR of 26.8% compared with up to 1,086% for pay-day loans. Anyone who applies for a MoneyWorks loan is also offered support with budgeting and money management and signposting to specialist debt help if required.

Conduit

Conduit is a community development finance institution, which aims to provide an alternative to high-cost lenders for people who are not eligible for traditional credit. It offers loans of up to £1,000 with a representative APR of 89.9%, usually repayable over six months. Conduit aims to serve as another vehicle to put vulnerable people into contact with support services, through signposting and partnership working.

Fair For You

Fair For You is a community interest company, which aims to provide an alternative to high-cost rent-to-own stores. It offers loans with a representative APR of 42.6%, which customers can use to buy furniture or white goods directly from Fair For You's suppliers. Fair For You is available nationally, and the company hopes to scale up through housing associations and local authorities, promoting Fair For You as an alternative to people who might otherwise turn to rent-to-own lenders.

High debt repayments: third-party deductions

Interviewees mentioned public debts as the most common debts held by destitute people – to the local authority for Council Tax or rent arrears and/or to the Department for Work and Pensions (DWP) or HM Revenue & Customs (HMRC) for legacy Social Fund loans, Budgeting Advances,⁵ short-term benefit advances or repaying benefit overpayments. Typically, these debts are repaid through third-party deductions (TPDs).

People receiving certain benefits⁶ with certain kinds of debts⁷ can be subject to a TPD – a fixed amount deducted from their benefit payments by the DWP and paid directly to their creditor until the debt is cleared. In February 2017, 400,000 working-age claimants across the UK were having at least one TPD taken from their payments – 37% of all working-age claimants (DWP, 2017a).

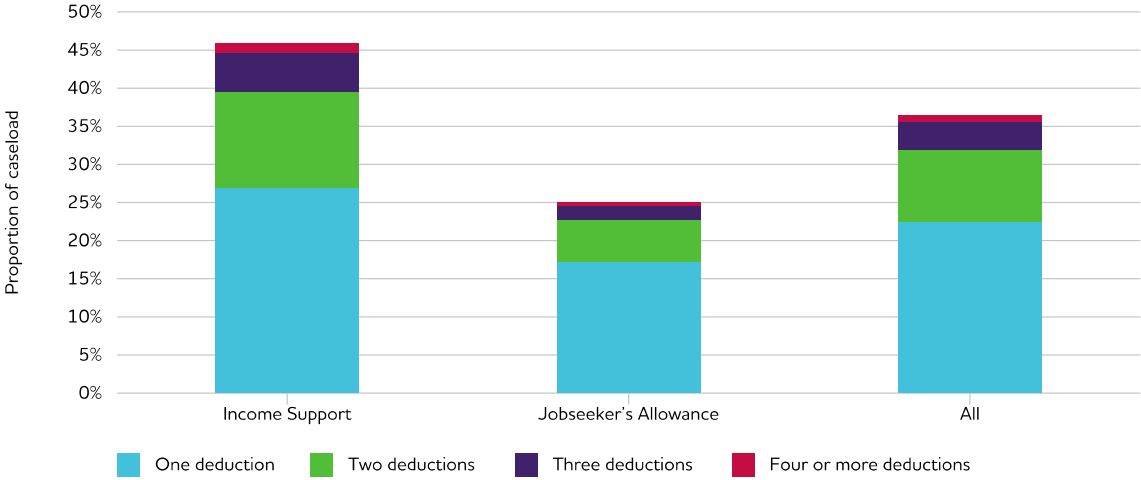
Previous research into TPDs (White, 2011; StepChange Debt Charity, 2017a) has found that TPDs help many claimants to manage their debt, but for some people they unsustainably reduce income. Under legacy benefits, up to 5% of a claimant's personal allowance can be taken for each deduction, which translates to £3.70 a week, and all deductions should not exceed more than 25% without claimant consent. Previous research suggests that many creditors use the maximum rate per deduction (5%) as the automatic minimum payment they will accept (StepChange Debt Charity, 2017a). While this amount of money considered in isolation may seem small, for people living within very narrow margins on a low income it can be significant. StepChange modelling found that over six months, if one weekly deduction of £3.70 caused someone to go into deficit, the reduction in spending on essentials or borrowing the average client would have to do would be equivalent to more than a whole month's disposable income (StepChange Debt Charity, 2017a).

Under Universal Credit (UC), the proportion that can be taken for fines and rent arrears has been raised, so that up to 40% of a claimant's standard allowance can be deducted. Some debts, such as benefit overpayments and fuel costs, are not included in the cap, meaning that deductions could exceed 40% in some cases.

One in four people (25%) receiving Jobseeker's Allowance (JSA) are having one or more deduction(s) taken, representing 120,000 claimants (see Figure 1). Almost half (46%) of people receiving Income Support (IS) are having one or more deduction(s) taken, representing 280,000 claimants. Overall, more than one in three people (37%) receiving JSA and IS are having one or more deduction(s) taken – representing 400,000 claimants. More than one in ten of all claimants (14%) are having multiple deductions taken, representing 154,000 claimants.

The DWP was unable to provide third-party deduction statistics in relation to UC or Employment and Support Allowance.

Figure 1: Proportion of the Department for Work and Pensions’ caseload involving third-party deductions, by number of deductions taken, February 2017



Source: New Policy Institute Freedom of Information request to the Department for Work and Pensions, November 2017 (DWP, 2017a)

Some interviewees expressed concern that these deductions critically lowered people’s incomes for a long period of time, so that any additional cost could leave them unable to meet their needs:

“[If] you’ve got Council Tax arrears, rent arrears, if you’ve had a [budgeting] loan ... It’s quite a hefty amount a month [that is deducted from people’s benefits], so they’re down to the basics. They just need some very small thing to happen, like their kid needs a pair of shoes, and it knocks everything.”

Housing association, Fife

As the interviewee above highlights, people with multiple TPDs are particularly at risk of having their income significantly reduced. Currently, TPDs are often made by public bodies without considering whether the claimant has other TPDs already in place and the overall combined income reduction faced by the claimant. At present there is no standard mechanism by which the DWP and local authorities consult with one another over the total number of deductions being made from a claimant’s income. In cases where deductions include excluded debts such as overpayments, even the overall cap will not provide a failsafe.

Many interviewees saw TPDs as reducing people’s income to the point where they could not meet their basic needs, even without additional expenses:

“When it’s the arrears and it seems to be taken at a very punitive rate, that’s when it becomes untenable because they’re not servicing their current needs. They’re servicing what they couldn’t afford to pay in the past out of their current income, which means that they can’t service their current needs.”

Community centre, Kirklees

Evidence from StepChange Debt Charity (2017a) indicates that TPDs may be impairing the ability of many households across the UK to meet essential needs – 71% of their clients who were subject to a TPD, surveyed in 2016, reported that deductions had caused their family hardship, with roughly a quarter reporting having cut back on both food and heating as a result.

Utilities debt

At the local level, interviewees noted that supporting clients in managing energy costs and debt was critical in terms of both preventing and relieving destitution. In February 2017, the most common type of private debt serviced by TPDs was utility arrears. Water was the most common utility debt, representing 13% of all Income Support TPDs and 9% of all JSA TPDs (DWP, 2017a). StepChange Debt Charity (2017a) has suggested that TPDs for gas and electric are less common because energy companies prefer

to use prepayment meters to manage debts. Interviewees rarely mentioned water debts – perhaps because water costs (and therefore debts) are lower than energy costs and because, unlike energy supply, water cannot be disconnected due to debt (Creative Research, 2014).

Interviewees mentioned debt to energy companies as being the most common type of utility debt, and this was most often in the context of prepayment meters. ‘Self-disconnection’ (whereby electric or gas supply is interrupted) and ‘self-rationing’ (whereby use of energy is severely curtailed or other essentials, such as food, are rationed) by customers with prepayment meters are issues of longstanding concern among frontline professionals working with low-income households (Vyas, 2014). Interviewees reported that they were a consequence of both high energy costs and debt. They mentioned clients who had self-disconnected due to debt, living without heating or cooking facilities, sometimes for very long periods of time:

“If there’s debt on the meter, it’s about 70% coming off. So, for every £10 you’re putting in, you’re losing £7 in debt. There’s £1.20-odd in standing charges, so it leaves you about a £1, £1.50 for fuel. So, people just tend to say, ‘I’m not [going to pay that], I don’t want [to], what’s the point?’ And [they] find alternative ways of heating themselves, whether it’s blankets or whatever.”

Charity staff, Fife

Interviewees mentioned that common ways to help clients manage energy costs involved switching tariffs or assisting clients with energy-efficiency measures such as having draft excluders, insulation, carpets and curtains and new boilers installed through statutory, third-sector or energy-company schemes.

Local authority debt

Several interviewees felt that a more joined-up approach to debt collection was needed from local authorities, as people would be receiving support from the LWA scheme because of a lack of income due to TPDs being made by the council. Such situations increase hardship, and can hardly be considered cost-effective:

“The quickest ones to claw back the money via direct deductions are the local council. It’s quite ironic that sometimes they can be clawing back X amount of money per week, which then means that person goes to Local Welfare to say: ‘I can’t manage.’ That person then gets referred to us and we give them a food parcel. You have to question the logic of putting a person in that position. You know, so quite often I’ll be literally sort of saying [to council staff]: ‘You know the impact on this person is that they’re here, that they’re having to access emergency food.’”

Foodbank staff

Newham Council’s LWA scheme, MoneyWorks, offers a bridge between their crisis welfare provision and the council’s debt collection practices. Anyone who approaches the scheme for a crisis loan has the option to review their expenditure and income with a case worker. In instances where the person has debts to the local authority, MoneyWorks staff (as council staff) are able to recommend lowering the amount deducted by the council. This holistic approach is seen as beneficial both for the council and for the person with debt:

“When somebody’s in a desolate way, the last thing they need are more penalties imposed upon them, for their mental health, for their financial stability, for a whole range of things. As a local authority, we’re looking at: How do our actions impact on the environment of that person? How can we improve our collections from that particular group of people, whilst simultaneously improving their outcomes?”

Council staff, Newham

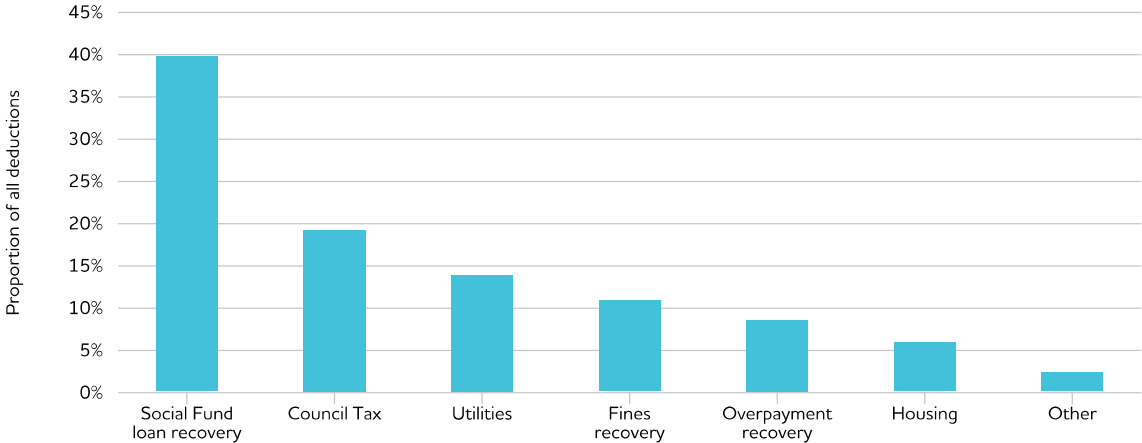
The premise that local authority collection practices that consider affordability may lead to improved collection rates has been supported by anecdotal evidence (Ashton et al, 2016). The New Policy Institute’s monitoring of Council Tax Support schemes in England also provides evidence that the reverse is true: councils with the lowest Council Tax collection rates generally have higher Council Tax minimum payments for low-income residents. Just as Council Tax minimum payments that are too high may ultimately result in a net loss to local authorities financially through reduced collection rates and

increased administration and court costs, debt repayments set at unaffordable levels may ultimately result in lower collection rates and other public costs through increased welfare provision.

The recovery of Council Tax arrears is the second most common type of TPD made against working-age claimants, representing approximately one in five of all deductions from people receiving IS and JSA – 120,000 deductions in total (see Figure 2). Fines recovery (67,000 deductions – 11% of all deductions) and housing arrears (36,000 deductions – 6% of all deductions) are other types of debt to local authorities that make up significant proportions of TPDs (although some of these categories of debt will be to other public bodies or landlords). Local authorities, as one of the most common creditors using TPDs, therefore have a significant role to play in ensuring that TPDs are made at an affordable rate that does not cause hardship.

Figure 2 also shows that three of the most common types of TPDs involve three different creditors: the DWP, local authorities and utility companies. It is therefore likely that many claimants with multiple TPDs will have multiple creditors who will automatically take the highest deduction rate possible for their debt, without being aware of other TPDs and the overall impact that multiple TPDs are having on a claimant’s finances.

Figure 2: Most common types of debt as a proportion of all third-party deductions from working-age claimants, February 2017



Note: Utilities include water, gas and electricity. Housing includes mortgage repayments, rent, amenities and other housing costs. Source: New Policy Institute Freedom of Information request to the Department for Work and Pensions, November 2017 (DWP, 2017a)

Other public debt

As Figure 2 shows, the most common type of TDP from working-age claimants is for the repayment of Social Fund loans. In total, 250,000 deductions were made from IS and JSA payments in February 2017. The data is not broken down by type of loan, but this category most likely includes both deductions for legacy Crisis Loans (abolished in 2013) that have not yet been paid off (indicating people who have lived with outstanding debt and reduced income for at least five years), and Budgeting Loans, which are still available to people on legacy benefits. Budgeting Loans are being phased out and replaced with Budgeting Advances as claimants move onto UC.^{8,9}

While interviewees acknowledged that these loans could be a valuable resource as a source of low-cost credit to low-income clients, several interviewees said that concern over repayments actually deterred destitute clients from seeking Budgeting Loans or Advances: “Most people are aware of [Budgeting Advances], but will tell you that they can’t afford to pay it back. It’s almost a standard conversation of: ‘I would apply for that but ... I can’t afford to repay it’” (East Sussex Council staff).

These concerns are likely to increase as UC is rolled out fully. The shortening of the repayment period, from two years for Budgeting Loans to one year for Budgeting Advances, and the increase in the proportion of the standard allowance that can be deducted under UC relative to legacy benefits, seem likely to have several consequences that may increase destitution.

People may be deterred from applying for the loan to begin with, as they fear the repayments will be unaffordable, and will significantly reduce their income for up to a year. Such people may therefore face a period of time with no income while they wait for their first UC payment.

For people who do take the loan, they may see their income reduced by repayments to the point where they cannot meet their basic needs. Ad-hoc statistics about advances released by the DWP show that 25,000 advances were paid in June 2017, and that 48% of new UC claimants received an advance (DWP, 2017b). The proportion of benefit income that can be deducted for the repayment of Budgeting Advances is therefore likely to have a significant impact on many UC claimants' income.

The damage that deductions set at too high a rate can have on people's incomes was highlighted by one interviewee with a client whose entire UC payment was taken through a deduction, due to fluctuating income during the assessment period:

“[They] were on Universal Credit. I think [they had] a zero-hour contract because they'd been in and out of work during the assessment period. They'd worked and it was £450 or something they earned during that assessment period that was taken into account for the assessment. So their pay was readjusted for the whole of the assessment period. They were on an APA [alternative pay arrangement] for their rent. They've also had a benefit advance¹⁰ so £40 or whatever it was went to repay the benefit advance and there was zero left for the rest of the assessment period. So that person had no money to live on, basically, because the APA had swept everything up and the benefit advance had taken what little was left.”

Housing charity, Swansea

This example highlights one of the fundamental difficulties in deducting repayments from people at risk of destitution – some people's income is so chronically low and/or volatile that there is no spare capacity from which to take deductions. In this case, the deduction amount took the entirety of the claimant's benefit income for the month. In order to not contribute to destitution, deduction and repayment rates for Budgeting Advances should be set in a way that ensures that claimants' income will never be reduced to the point where they will be unable to meet their basic needs.

Overpayments

After loan repayments, repayment of benefit overpayments is the most common TPD made by the DWP (as opposed to local authorities): 53,000 deductions were made in February 2017 – 8% of TPDs. In 2015/16, 1.9% of all benefit expenditure was on overpayments – due to fraud (1.1%), claimant error (0.5%) or official error (0.3%).

Overpayments are excluded from the 40% standard allowance cap under UC, meaning they can lead to a massive reduction in income.

Several interviewees mentioned the difficulty that repaying overpayments placed on their clients, including the risks to their mental health. For example, one interviewee in Swansea had a client who had recently been notified that she would be subject to action by debt collectors unless she agreed a repayment plan with HMRC for £3,500 worth of tax credits from 2003 that she was unaware she owed. The interviewee felt that this had placed a great deal of stress on her client.

The emotional toll that mistakes in benefit overpayments can take on claimants comes not just from having to repay the money – the process of identifying mistakes can also be very damaging to the mental health of vulnerable people. One interviewee in Fife described a client who had become suicidal after being accused of fraud by jobcentre staff after making an error in good faith while claiming benefits.

In addition to the overpayment amount, several interviewees mentioned the fines that could be added on to overpayments because of claimant error as further increasing debt: “There's quite a lot of people out there that won't inform DWP of any changes in their circumstances, and then they realise six, twelve months down the line ... so they get huge penalties” (advice charity, Fife).

Such experiences highlight how the complexity of the social security system can leave people vulnerable to making an error in good faith, which may have serious consequences for their income and, in turn,

their wellbeing. This indicates that overpayments should not be excluded from the overall deduction cap, and again reinforces the need for a more holistic view of all debts when setting repayment rates.

Conclusion

This chapter has discussed the complex relationship between debt and destitution. Interviewees mentioned that the most common types of debt among destitute people were public debt and high-cost credit.

Until 2013, Crisis Loans were interest-free loans available to low-income people to meet urgent living expenses under the legacy Social Fund. Since these loans have been abolished, the availability of low-interest or no-interest loans varies by local authority, and many alternative providers seem to struggle with low levels of awareness among potential clients. This may have resulted in more people in poverty turning to commercial lenders.

People in poverty often believe that high-cost credit is their only credit option, either due to their low income excluding them from traditional credit, or because of outstanding debt issues. High-cost debt, such as pay-day loans or rent-to-own purchases, is therefore often incurred by people at risk of or currently experiencing destitution, as a coping strategy to meet essential needs. This type of credit can lead to high debt repayments and escalating debt, which further reduces people's income, which can cause them to become destitute. This can also extend the period of time that people experience destitution for.

Public debt is another common type of debt held by people experiencing destitution. This type of debt is typically repaid by people living on a low-income through TPDs – deductions paid to creditors directly from benefit payments. TPDs affect significant proportions of working-age benefit claimants, with 37% of all working-age people receiving IS or JSA having at least one TPD taken from their income in February 2017. Some interviewees felt that current practice relating to TPDs was reducing people's incomes to the point where they were being pushed closer to the edge of, or in some cases into, destitution.

While the DWP has a cap on the amount of income that can be taken for most individual deductions (typically 5%) and an overall cap for multiple deductions (typically 25% under legacy benefits), other research has suggested that deductions at these rates are causing financial hardship to some people (StepChange Debt Charity, 2017a). Some policy experts consulted for this research were concerned that this hardship is likely to increase with the full rollout of UC, which raises the individual deduction cap for rent arrears and fines, and raises the overall cap to 40%, and excludes benefit overpayment repayment from the overall cap.

The policies relating to the repayment of Budgeting Advances are also of concern under UC. Budgeting Advances must typically be repaid within a year, meaning that many claimants face a significant reduction in income over that time. Interviewees identified this repayment horizon as contributing to destitution in two ways: either by discouraging new claimants from applying for an advance because they felt that the repayments would be unaffordable (potentially leaving them with a period of weeks with no income), or by reducing the income of people who did take them, for up to a year.

Claimants with multiple TPDs may be at particular risk of having their income reduced below a level at which they can meet their basic needs. The three most common types of TPDs for working-age claimants involve three different creditors – the DWP (for Budgeting Advances or Social Fund loans), local authorities (for Council Tax arrears) and utility companies (for utility arrears). This highlights the importance of co-ordination between different creditors to ensure that a claimant's overall reduction in income is affordable.

Currently, deductions seem typically to be taken automatically at the maximum rate allowed, and without knowledge or consideration of other deductions that are currently being taken from the claimant's benefits. As the majority of TPDs are taken by public bodies, better communication both within and between public bodies about debt collection seems necessary to improve the affordability of debt repayments. The rates at which repayments are made also need to be reviewed.

Improving collection practices for public debts may also be in the interests of public bodies if, as a result of reducing hardship, it also reduces the demand for other public services caused by destitution (such as LWA funds). It may also raise collection rates.

4 The UK-wide social security system

“I think the safety net is shrinking. What the Government wants to provide for the people that don't have is getting slowly smaller and smaller.”

Housing association, Kirklees

Introduction

This chapter discusses how problems with elements of the social security system that are centrally administered from the DWP can cause destitution.

The chapter begins by discussing how increased conditionality within the social security system has led to increased insecurity to the incomes of people who rely on the social security system. This volatility can result in a sudden drop in income, which can leave people unable to meet their basic needs.

It then discusses the most common problems with elements of the social security system that contribute to the risk of destitution. The issues that are an acute trigger for destitution – such as a sanction, being denied disability benefits, or the initial weeks before an initial UC payment is made – are considered first. These result in people being suddenly unable to access sufficient income to meet their basic needs,

The last section discusses chronic, indirect causes of destitution, such as the ‘under-occupation penalty’ and changes to Local Housing Allowance rates. These reduce people’s incomes over time, making them less resilient to income shocks.

Conditionality increases insecurity of income

Social security policy in the past few decades has expanded conditionality for benefits. The ‘claimant commitment’ whereby claimants agree to fulfil certain conditions (such as jobseeking or training and education in preparation for joining the labour market), and the implementation of sanctions if the commitment is not met, are examples of this conditionality. The result of increasing conditionality is that there are more opportunities for mistakes to be made – both within the system and by the claimant. The penalty for mistakes is borne by claimants in the form of reduced income, regardless of whether the system or the claimant was at fault. Increased conditionality has therefore led to greater precarity of income for people relying on the social security system. For example, overpayments were previously only reclaimed if the claimant had made a material error, a principle that was reversed with the introduction of tax credits.

When interviewees discussed problems arising from the social security system, mistakes were a common theme. Sometimes the mistake was on the part of the claimant, often because they did not understand the conditions on which payment of their benefit was dependent. Interviewees were also keen to highlight that they often saw that the mistake lay somewhere within the system itself – a communication breakdown between different agencies, an administrative error or issues with the system placing unreasonable expectations on people. The problem with these expectations often stemmed from the barriers many people face that social security conditionality does not adequately address, such as disability and ill-health and the lack of appropriate labour market opportunities. Problems with infrastructure, such as a lack of local transport or digital access, were other factors outside a person’s control that could result in them being unable to fulfil benefit conditions.

Sanctions

People in receipt of conditional working-age benefits (JSA, Employment and Support Allowance Work-Related Activity Group, and most UC recipients) can have their income from that benefit reduced or stopped for failure to comply with the attached conditions. Sanctions therefore lead to a dramatic and sudden drop in income, which can leave people unable to meet their basic needs.

Sanction rates vary by benefit and over time

The number of **JSA** sanctions has fluctuated dramatically in recent years, falling **76%** from a 15-year high of **1.6 million** in 2012/13 to the lowest level recorded in 2015/16 (Tinson et al, 2016b).

Sanctions for **Employment and Support Allowance** claimants have also varied significantly since the benefit was introduced in 2008 (Tinson et al, 2016b). Across our six local authority case study areas, the number of adverse Employment and Support Allowance sanctions applied fell by **75%** between 2014/15 and 2016/17.¹¹

The **UC** sanction rate has fluctuated somewhat, having been 6.5% in December 2016 and 2.6% in April 2017. Analysis attributes this variability to a sanction decision backlog that developed in 2016, making it hard to assess the 'real' rate of sanctioning under UC (Webster, 2017).

The proportions of claimants having their income reduced due to a sanction in 2017 were as follows (DWP, 2017c, 2017d):

- 6.9% under UC
- 0.4% under JSA
- 0.3% under Employment and Support Allowance.

This understates the UC rate due to the calculation including those not subject to sanctions. However, some of the higher rate of sanctioning under UC relative to legacy benefits might be attributable to two things: the younger age profile of UC; and that while some JSA claimants may have had their case closed rather than accept a sanction for failure to attend a jobcentre appointment, many UC claimants cannot allow their case to be closed because they would lose other entitlements (like the housing element) and end up with a sanction instead.

Sanctioning is common among destitute people

In Fitzpatrick et al's (2018) census of destitute people in 2017, 21% of the UK-other group reported having been sanctioned in the previous year (down from 31% in 2015). Researchers who surveyed people using Trussell Trust foodbanks found that 17% of respondents cited sanctions as a reason why their income had dropped (Loopstra and Lator, 2017). In our study, over half of the interviewees mentioned sanctioning spontaneously as an element of the social security system that had caused their clients to fall into destitution. They put forward two broad reasons why their clients had been sanctioned: either their clients had failed to fulfil the conditions attached to their benefit, or an administrative error had resulted in a sanction.

Failure to fulfil conditions

A variety of reasons were given as to why clients had failed to fulfil conditions. In some cases, claimants simply did not fulfil the conditions, and offered no explanation for why: "I think sanctions are a major issue [for destitute people]. Our younger tenants [sometimes fail] to turn up for an interview. They've come late [to the interview] or they've not provided a sick note on time" (housing association, Fife). However, many interviewees shared instances where they felt the conditions that clients were expected to fulfil were unreasonable or inappropriate, leaving their clients at risk of failing to meet the conditions even as they tried in good faith to do so. Interviewees often expressed a sense of injustice when clients were sanctioned in such circumstances.

Some interviewees stressed how lack of provision of certain services in the area, such as a lack of computer access for claimants, could critically impair someone's ability to meet their conditions. In Fife, foodbank staff described how one of their clients was sanctioned for being unable to complete his required hours of jobseeking, due to the restrictions on computer use at the local library (his only point of computer access):

"You can only do half an hour, 45 minutes at a time and then you'd get chucked off [the library computers]. You'd have to wait to go back on, and he was doing that six days a week, walking all weather, to go and do this, and constantly never meeting his target [number of hours spent jobseeking]."

Foodbank, Fife

Issues with transportation infrastructure, including the cost and unreliability of services, were also seen to contribute to people being sanctioned, especially in rural areas: "[Sanctions] disproportionately affect people in rural areas because the poor public transport means you're much more likely to be late" (tenancy support, Lewes). In addition to these logistical problems, there was concern that some clients, especially younger people or people with vulnerabilities, failed to understand what was required of them to meet their conditions, and thus failed to fulfil them: "We've got people with literacy issues where they'll receive a letter, but not understand what the letter says" (charity staff, Kirklees).

Several interviewees expressed concerns that through lack of understanding, claimants agreed to commitments that were inappropriate based on their health or other vulnerabilities: "Quite often through just lack of knowledge they'll agree to things that are then inappropriate, or that they couldn't hope to commit to long term. So, then immediately they fall foul [of the commitment] and end up being sanctioned" (charity staff, Kirklees).

Administrative errors

Once a decision to apply a sanction has been made by a DWP decision-maker, the claimant can ask for a review to explain the circumstances that led to the sanction. In 2015/16, one in ten JSA sanction referrals were reviewed (a total of 44,000 sanction decisions). Of these, 93% were overturned (Tinson et al, 2016b), which suggests that administrative errors may be occurring on a large scale.

When administrative errors result in a communication breakdown between the jobcentre and the claimant, the claimant may be sanctioned for failure to attend a meeting they were not notified of:

"He had informed the benefits agency that his mobile phone was no longer working and could they contact him by email ... [The jobcentre] just hadn't updated the system or they had updated it, but they hadn't acted on it. So, they'd text[ed] him or called him, to tell him [about] an appointment that he needed to make and because he had not responded he'd been sanctioned."

Homeless charity, Swansea

Breakdowns in communication between different agencies or jobcentre staff could also result in a client being sanctioned: "The thing that gets me is he was actually in the jobcentre, with a meeting with his work coach. And he didn't go to his [other jobcentre] appointment because he was with his work coach, and they've sanctioned him" (foodbank, Fife).

A lack of communication about what constituted a reasonable excuse to miss a meeting resulted in one interviewee's client being sanctioned for missing an appointment the day he moved into new temporary accommodation in a different town. He notified the jobcentre in advance of his reason for missing the appointment, but they did not warn him he would be sanctioned for not attending. The stress of being sanctioned had severe consequences for the man's mental health:

"He came to our attention when a member of the public rang the police because she was very concerned about him. [He was] standing looking very rejected at the clifftop. He was taken into police custody under the Place of Safety section and spent a few days in hospital. That's all because he had no bloody money!"

Tenancy support charity, Lewes

Despite the decline in the number and proportion of benefit sanctions, there were still around 330,000 sanctions for JSA, UC and Employment and Support Allowance in the year to June 2017. This number will likely increase in future as UC is fully rolled out, given UC's higher sanction rate.

That some sanctions are occurring for spurious or inadequate reasons, as interviewees suggested, is also of particular concern.

Claiming Employment and Support Allowance/Personal Independence Payment

Disabled people have a far higher risk of poverty than non-disabled people, in part due to higher living costs (Tinson et al, 2016a). Disabled people living on a low -income are more likely to be materially deprived than non-disabled people whether or not they are receiving disability benefits, indicating that Employment and Support Allowance/Personal Independence Payment does not adequately cover the extra costs of disability. It therefore seems likely that some disabled people will be unable to meet their basic needs if they are not able to access Employment and Support Allowance and/or Personal Independence Payment.

The widespread difficulty that disabled people face in claiming disability benefits is illustrated by the significant demand for advice related to these benefits over the past few years (Sims, 2017). In addition to the sanctioning of people receiving Employment and Support Allowance, interviewees also expressed concerns that successfully claiming and maintaining Employment and Support Allowance and Personal Independence Payment posed significant challenges for claimants.

Among the criticisms of assessments that interviewees raised were the following:

- Assessments did not adequately capture impairments, either because the assessor misunderstood the nature of the disability, or did not provide the claimant with sufficient opportunity to explain their impairments.
- Assessments were misreported by the assessor.

'[The assessor] just made it so awkward and difficult for ... the lady who was being interviewed by her, she was crying. [The assessor's] attitude was horrendous and it was all directly because I was making notes and she kept asking me, 'You don't need to write this down.' ... When the report came back, it was completely different to the notes I'd made and our recollection of it.'

Housing association, Swansea

- Medical evidence was lost by the DWP and/or overruled by the assessor's notes.

These concerns about assessments have been widely detailed by both claimants (Disability Rights Consortium, 2017) and support professionals who attend assessments (Sims, 2017).

In some cases, disabled people might become so demoralised that they stop trying to access disability benefits completely. And for people found 'fit for work', they may be forced into jobseeking activities they are unable to do, which would put them at risk of sanctioning.

The wait for Universal Credit

In almost half of the interviews, problems with UC were mentioned spontaneously as a factor that could result in destitution for clients. The interviewees highlighted the initial wait between when a claim is made and the first payment (which was six weeks during the fieldwork – since reduced to five) as a period during which clients would have no income. As discussed in Chapter 2, the combination of poor employment conditions (low pay and insecure work), combined with high living costs, meant that many would have little or no savings, leaving them destitute while waiting for their first payment.

Research by The Trussell Trust (2017) found that referrals to their foodbanks went up significantly more in areas with full UC rollout compared with the national average. Of the foodbanks they surveyed, 65% said that the initial wait for UC had led more people to need food parcels.

Many interviewees in our study had referred clients to foodbanks during their wait for UC, especially in Hartlepool, the only case study that had full UC rollout during the fieldwork:¹² “Generally, [if we refer to the foodbank it’s] because they don’t have anything. If they’re on Universal Credit, they’re still waiting for money to come through, so they wouldn’t have anything probably to eat for a week or two” (advice charity, Hartlepool).

Many interviewees felt that the Budgeting Advance available under UC was not a sufficient solution to claimants’ lack of income during the wait. The main reasons for this were that the amount that claimants could receive was still not enough to cover basic living costs and that some claimants were unwilling to claim an advance because they saw it as an unmanageable debt (for a fuller discussion of this, see Chapter 3 on debt).

Administrative errors leading to people not receiving the correct payment on time were also seen as fairly common and further extending the period during which people would be without income. There is no guarantee that UC will be paid within the specified five-week period. In June 2017, around a quarter of new claimants did not receive full payment on time, and 15% did not receive any type of payment on time (DWP, 2017e).

Some local authorities have anticipated needing to support significant numbers of people as they transition to UC and have made strategic decisions regarding local welfare provision accordingly. East Sussex Council, for example, has set aside some of its LWA scheme funding from central government in anticipation that people will need support meeting their essential needs as UC is rolled out locally.

Housing welfare issues

Specific welfare changes that related to housing were mentioned by interviewees more often as a chronic, rather than an acute, factor leading to destitution. This is because they felt that these changes often led to a small reduction in income, which alone was unlikely to leave someone unable to meet their basic needs. As with rising living costs, these changes were more often seen to contribute to people having less of a financial ‘cushion’ to meet financial shocks, thus reducing their ability to budget or save, ultimately increasing their risk of falling into destitution.

The welfare changes relating to housing that interviewees mentioned included:

- changes to Local Housing Allowance rates (Housing Benefit for private rents)
- the shared accommodation rate under Housing Benefit for people under the age of 35
- the exclusion of most people under the age of 21 from the housing element of UC
- the ‘under-occupation penalty’ (often referred to as the Bedroom Tax or spare room subsidy).

A small number of interviewees also mentioned the benefit cap as causing some households a shortfall in terms of being able to meet housing costs.

Perceptions of the impact of the lowering of Local Housing Allowance rates varied. In Swansea, one interviewee said that their charity and the local authority were able to negotiate with landlords to reduce their rent in line with Local Housing Allowance rates. Another charity in Swansea was unable to do this (perhaps because they had a smaller number of clients and therefore less bargaining power), and reported that it was almost impossible to find properties in the area to rent at the rates.

For people whose full rent was not covered by Local Housing Allowance rates or Discretionary Housing Payments by the local authority, their only option was to meet the rent shortfall out of their own income: “The freezing of the Local Housing Allowance for Housing Benefit has meant that more and more people

are having to spend some of the money earmarked for them to live on, to top up their housing costs” (charity staff, Lewes).

Likewise, in England and Wales, some interviewees mentioned the under-occupation penalty as an element of welfare reform that had reduced some clients’ income (the under-occupation penalty is covered by Discretionary Housing Payments in Scotland). Some interviewees felt that their clients were trapped paying the under-occupation penalty, as there was a lack of local housing stock with fewer bedrooms:

“I think we have so little available housing stock in the area that people are reluctant to move. So, we do find quite a lot of people that are stuck if you will, in properties that are then too big for them, but clearly can’t afford to pay.”

Charity staff, Kirklees

Similarly, interviewees in Hartlepool and Kirklees reported that the private rented sector in their area lacked shared accommodation properties, which left tenancies inaccessible to single people under the age of 35. As with Local Housing Allowance rates, a charity in Hartlepool reported negotiating with landlords to lower rents for some of their (usually less desirable) properties to the shared accommodation rate. A housing association in Kirklees had responded to the shortage by investing in new, shared accommodation properties.

In Hartlepool, a full UC rollout area, interviewees noted that housing provision for low-income young people was a key gap in provision, as most were not eligible to receive the housing element of UC at the time of the fieldwork.¹³ One interviewee was concerned that this led to some young people becoming homeless:

“Well we would send them to our Housing Options team obviously, but if they’re arguing with their parents and they [the team] ring them and say ‘Are you happy for them to come back?’ and they’ll say ‘Yes’ and the young person doesn’t want to go back, they haven’t got any other options. If they’re not entitled to benefit unfortunately we can’t help them, we can’t get them into a property if they’re not entitled to any of the benefits that go with it.”

Advice charity, Hartlepool

While ad-hoc statistics released by the DWP indicate that only 4% of 18–21 year olds who applied for the housing element of UC in April–June 2017 were refused (DWP, 2018), statements from interviewees like the one above indicate that age exclusion may have meant that some vulnerable young people were discouraged from applying for the housing element. Some services may have been inadvertently ‘gatekeeping’ this benefit, as their advice to young people who they believe are unlikely to receive an exemption may have dissuaded applications.

Several interviewees had concerns that the benefit cap could also increase some households’ risk of homelessness. The effect of the cap on clients’ income varied. For some, the fall in income was manageable with more careful budgeting. For others, it meant they were no longer able to meet their basic needs and pay their rent:

“[One of my clients is] a single mother with two children in a housing association property. The rent is pitched at the Local Housing Allowance level. She’s left with about £91 a week to live on after she’s paid her rent, to feed and clothe herself and two children – growing children. The house is very expensive to run ... she’s spending around £30 a week on electricity and about £45 on gas. That straightaway brings that income down to next to nothing and she’s having to use foodbanks and that’s purely because of the benefit cap.”

Housing support charity, Lewes

Conclusion

People without sufficient income, either because they are not working or because they are in low-paid and/or insecure work, may need to rely on income from social security benefits to meet their essential needs.

This chapter has reviewed the problems with the centrally administered social security system that interviewees most commonly mentioned as preventing people from accessing sufficient income to meet their essential needs, and thus causing destitution. These mostly related to sudden drops in income because of sanctions, the wait for the first UC payment or an inability to access disability benefits.

While sanctioning has declined, among claimants overall and among people experiencing destitution, research by Loopstra and Lalor (2017) and Fitzpatrick et al (2018) and interviews for this research point to sanctioning continuing to be a trigger for destitution for a significant number of people. Both testimony from interviewees and the high rate at which sanctions are overturned on review indicate that many sanctions are applied by mistake, or for inadequate reasons.

In almost half of the interviews, the wait for UC was also mentioned as a cause of destitution. As discussed in Chapter 2, many people at risk of destitution lack savings, as they are living on a chronic, and often volatile, low income. Interviewees were concerned that Budgeting Advances may be insufficient to prevent people with no savings from becoming destitute. They saw people who were unable or unwilling to access Budgeting Advances as being at high risk of destitution as they would be facing a period with no income whatsoever.

Many interviewees also mentioned problems accessing disability benefits, often related to the assessment process not being fit for purpose, as causing destitution among disabled people. Needs-based disability benefits are provided in recognition of the higher living costs associated with having a disability. But the higher rates of deprivation among disabled people across the income distribution (Tinson et al, 2016a) and estimates of the average cost of having a disability (Touchet and Patel, 2018) provide evidence that these benefits are not sufficient to cover the additional costs of disability. It is therefore likely that disabled people who are unable to access disability benefits will face an even bigger shortfall between their income and their living costs, placing them at a high risk of destitution. With half of all people in poverty either disabled themselves or living with someone who is disabled (Tinson et al, 2016a), ensuring that disabled people are able to access sufficient income to meet their essential needs is critical to preventing destitution.

Interviewees saw other problems as chronic factors leading to destitution such as the lowering of Local Housing Allowance rates and the under-occupation penalty. They thought that these welfare changes decreased people's already low incomes, making it difficult to save or manage 'income shocks'.

A common theme throughout was that changes to the social security system have led to increased income volatility and risk for working-age people relying on income from social security. Conditionality in the social security system creates volatility through the increased likelihood of claimants failing to meet the conditions necessary to receive benefits. The need to prove compliance (by claimants) and monitor compliance (by jobcentre staff) also makes the system more complex. This increases the risk of errors, both by claimants and by staff administering the system, which in turn increases the precarity of people reliant on income from the social security system. Reductions in the real value of benefits, such as the benefit cap, the benefits freeze and the waiting period for UC, have also pushed people closer to destitution, as people's incomes are depressed lower and lower, increasing their risk of being unable to meet their basic needs.

5 The role of the local public and third sectors

Introduction

The result of a shrinking social security system has been that responsibility for preventing people from becoming destitute has increasingly fallen to local actors – namely local authorities and third sector organisations. While this local control can improve the targeting of resources based on local need and priorities, it has led to services and resources available to destitute people becoming highly variable across the UK.

This chapter begins by discussing elements of the social security system that have been intentionally and explicitly devolved from UK central government to local government: Council Tax Support for low-income households, LWA provision for people in crisis and Discretionary Housing Payments. While the social security changes exacerbating destitution discussed in the previous chapter are set at the national level, local government is responsible for designing and delivering these elements.

The chapter then looks at elements of local provision that result from local actors stepping in to fill the gaps left by welfare changes:

- rent deposit schemes to help people who are not owed a statutory duty to access the private rented sector
- the creation of foodbanks and ‘holiday hunger’ prevention programmes to cope with rising food insecurity
- local networks providing services to help people prepare for the transition from the legacy benefit system to UC.

Council Tax Support

Until 2013, households on a low income across the UK were eligible for Council Tax Benefit, a nationally administered benefit to cover the cost of Council Tax. In 2013, the benefit was abolished, and reduced funding for replacement schemes was devolved to local government, with the requirement that pensioner households continue to be fully protected.

Scotland and Wales replaced Council Tax Benefit with respective national schemes and the funding cuts have largely been absorbed so that the new schemes are in practical terms largely a continuation of Council Tax Benefit – there is no requirement for working-age people to pay some Council Tax regardless of income. People with low earnings who would have received Council Tax Benefit continue to be exempt.

England has seen the largest change in this benefit. Council Tax Benefit has been replaced by Council Tax Support, which is set and administered individually for working-age adults by each local authority in England.

In the first year of Council Tax Support, 2013–14, the funding for it was cut by 10% when compared with the funding that English councils had previously received for Council Tax Benefit. Now the funding for Council Tax Support has been incorporated into the yearly central government grant that each local authority receives, which has been shrinking. In fact, the abolition of Council Tax Benefit has occurred at the same time as large shifts in local authority funding. In this funding landscape, the majority of English councils have set a ‘minimum payment’ – a proportion of Council Tax liability that all working-age residents are required to pay, regardless of income. For people on a fixed income from the social security system – such as those in receipt of JSA or Employment and Support Allowance – these minimum

payments can represent a significant reduction in their weekly income, reducing their ability to meet their basic needs.

Minimum payments for Council Tax Support vary by local authority across England

As of April 2017 (New Policy Institute, 2017):

- 37 local authorities had maintained their schemes so that low-income households had a 0% minimum payment
- the largest minimum payment owed by low-income households in England was 45%.

All of the English case study areas in our research required a minimum payment in 2017:

- 12% in Hartlepool
- 20% in Kirklees, Lewes and Newham.

Minimum payments and arrears

In addition to the reduction in income that such changes represent, minimum payments can result in low-income households falling into Council Tax arrears. Council Tax is the most common bill for working-age adults in poverty to fall behind with (Tinson et al, 2016b). Council Tax arrears are also now the most common debt seen by local Citizens Advice Bureaux (Citizens Advice, 2017).

Councils with higher minimum payments have seen larger increases in arrears since 2013 (Barker and Ayrton, 2017), indicating that significant numbers of people who would have previously been eligible for Council Tax Benefit may be falling into arrears. Some interviewees felt that arrears were unavoidable for some clients who did not have enough income to afford minimum payments:

“It’s just money straight out of their pocket that they didn’t have in the first place ... a lot of people come in with debts for Council Tax.”

Advice charity, Newham

“It’s going to [mean] more people who can’t afford to pay so more people with deductions for arrears, is how I see it. It’s going to be pushing the people on the margins further into the margins.”

Community centre, Kirklees

Council Tax arrears collection practices

While the initial Council Tax arrears for people who are required to pay a minimum payment will usually be relatively small amounts of money (the average amount owed in Council Tax each year by a household affected by reductions to Council Tax Support in 2017/18 was £191), significant amounts of money can be added to these debts in the form of court and other administration costs relating to collecting arrears. This ballooning debt can therefore result in a long-term reduction in income through repayments.

In February 2017, **34,000** JSA claimants were having TPDs made to pay off Council Tax. Council Tax arrears are the second most common type of TPD (DWP, 2017a).

Several interviewees mentioned the negative effects on claimants’ wellbeing resulting from the use of bailiffs to collect public debts. The protocol for collecting Council Tax arrears varies – only 23 councils in England currently exempt people receiving Council Tax Support from bailiff action (Money Advice Trust, 2017). The use of bailiffs increases both costs and distress to people in arrears.

Differences in both Council Tax Support schemes and local authority practice around collection are contributing to divergence in the experience of destitute people in different parts of the UK. To compare two of our case study areas, while in Fife, households who had previously been eligible for Council Tax Benefit would still be paying no Council Tax under the new system, in Newham in 2015/16 there were almost 9,000 Council Tax Support claimants in arrears with their Council Tax (Ashton et al, 2016). Of those households, 4,800 had additional court and/or administration charges added to their arrears, and a further 1,500 were subjected to bailiff action (Ashton et al, 2016).

Local Welfare Assistance schemes

The element of the social security system that provides emergency support to people in crisis has been radically altered over the past few years. Until 2013, the Social Fund provided Community Care Grants¹⁴ and Crisis Loans¹⁵ to people in financial hardship across the UK. These elements of the Social Fund were centrally administered by the DWP until 2013 when they were abolished. They have been replaced by national schemes in Wales and Scotland, and by LWA schemes in England.

These discretionary schemes are a critical lifeline for destitute people – in 2015, a third of all destitute survey respondents reported having received help from their LWA scheme or national scheme in the past month (Fitzpatrick et al, 2016). This had declined to 11% in 2017, likely partly due to funding reductions to English LWA schemes (Fitzpatrick et al, 2018). Support can help people to cope with immediate essential needs, such as food and heating/lighting, or ongoing essential needs, such as providing white goods to households lacking the means of preparing and storing food.

The Scottish and Welsh national schemes mean that emergency grants similar to the legacy Social Fund grants are available in every local authority in those nations. In England, the type and level of support vary widely by local authority.

The **Scottish Welfare Fund** is a statutory national scheme administered by local authorities. The guidance for local authorities discourages in-kind grants such as food parcels and encourages the use of cash or vouchers when possible.

The **Discretionary Assistance Fund for Wales** is a nationally administered fund.

People facing a disaster such as a flood or an emergency such as running out of food can apply for:

- Crisis Grants in Scotland
- Emergency Assistance Payments in Wales.

People needing support to set up a home or remain living independently can apply for:

- Community Care Grants in Scotland
- Individual Assistance Payments in Wales.

No loans are given under the Scottish Welfare Fund or the Discretionary Assistance Fund for Wales.

Local Welfare Assistance schemes in England

Lack of England-wide minimum standards of support or guidance on best practice for the structure of LWA schemes has led to a huge divergence in the level and form of support offered in different local authorities. Under the pressure of funding reductions, the future of many English LWA schemes is in jeopardy. Twenty-four local authorities have already abolished their schemes entirely (Gibbons, 2017). The scale of the human cost resulting from the shrinking (or in some cases complete abolition) of LWA schemes is unknown due to the poor quality of many local authorities' impact assessments. Despite the National Audit Office's (2016) recommendation that all local authorities should consider the costs to the public sector that LWA schemes might help avoid and carry out a careful analysis of their effectiveness (National Audit Office, 2016), it appears that only a handful of English local authorities have done so (Gibbons, 2017). However, evidence from our interviewees and other research suggests that lack of support from LWA schemes is increasing the risk of destitution (Gibbons, 2017; Hadfield Spoor et al, 2017; Shelter, 2017). A wide array of social costs – including increased food insecurity (Hadfield Spoor et al, 2017), eviction (Shelter, 2017), problem debt, a lack of essential furniture and white goods and deteriorating mental health (Gibbons, 2017) – have been associated with people being unable to access these schemes.

As the sections below highlight, perceptions about the different types of schemes and how effective they are have often been contested by the professionals involved in them. And a lack of national monitoring

and evaluation makes it difficult to evaluate and compare them. In some local authorities, other statutory payments (such as Section 21 payments made to families with children) or small discretionary hardship funds may also be used to minimally replace some LWA scheme funding. However, the practice around these types of funds is likely to vary considerably. Interviewees did not mention these funds spontaneously, and therefore fall outside the scope of this report.

The majority of LWA schemes do not provide cash but rather in-kind support (such as providing white goods directly) or vouchers (such as for food or energy costs) for people in crisis (National Audit Office, 2016). Eligibility for schemes runs the gamut from one or two general principles (for example, any local resident in need) to multiple, specific criteria (for example, currently receiving a means-tested benefit, resident of the local authority for at least 12 months and not eligible for traditional loans) (Hadfield Spoor et al, 2017). The limit on the number of grants or loans and the timescale under which they can be received also vary by scheme.

While all four of our English local authority case study areas maintain some form of LWA scheme, there is significant variation in the type of support offered. The Hartlepool and Lewes (East Sussex) schemes provide in-kind furniture and white goods and (non-cash) crisis support with food, energy costs and essential household items. They have similar qualifying criteria to Community Care Grants under the Social Fund. One reason given by East Sussex Council for providing in-kind rather than cash support was the perception that the cash grants available under the Social Fund were sometimes not spent on the items for which the grants were given. Some local authorities may have found that providing in-kind support was more cost-effective than cash (National Audit Office, 2016).

Kirklees' LWA scheme provides referrals to foodbanks for food aid parcels and to credit unions for people requiring furniture and white goods. Newham's LWA scheme is MoneyWorks – a partnership between London Community Credit Union and Newham Council – which offers zero-interest loans as crisis support, with similar qualifying criteria as Crisis Loans under the Social Fund (for a fuller description, see Chapter 3).

Grants versus loans

A point of particularly sharp difference between the interviewees concerned the relative merits of grants and loans. East Sussex Council's rationale for giving grants rather than loans was that they are more sustainable for both the council and the claimant:

“[Interviewer: Why did you take the decision not to use loans?] Two things: one was, the people who were coming to us we knew ... they were on a low income, that's part of the criteria. Making it into a loan probably wasn't going to help them in the long run. And, secondly, the cost of trying to administer recovering it, would it make impractical anyway.”

East Sussex Council staff

The rationale behind the decision to offer grants rather than loans to people in crisis is similar to the decision that some councils made to maintain full Council Tax Support – repayments of loans might cause additional hardship to vulnerable people and costs to recover the loans might ultimately mean that the loans cost the council more resources than grants.

An interviewee employed by Newham Council, on the other hand, argued that Newham Council's crisis loan scheme had a low default rate (meaning recovery costs were low), and ensured that Newham's scheme was more financially sustainable than many other schemes as loan repayments replenished the resources available. However, several charity staff interviewees in the borough reported that many of their clients would not consider applying for a crisis loan, either because they believed they would not be trusted to repay it and would therefore be denied it or because they worried that repayments would cause them ongoing financial hardship.

Interviewees in several case study areas highlighted the provision of grants, rather than loans, to furnish tenancies as a critical way that local welfare provision could both prevent and alleviate destitution. But the different types of provision available in local authorities to furnish tenancies serve to demonstrate the divergence of welfare support across the country. Equally, large differences also exist in crisis provision to help with energy and food costs.

Furnishing tenancies

“People come to us with a tenancy agreement, thinking their problems are solved. And then they realise they have literally the paint on the walls. And that’s all they’ve got. Or in some cases, they haven’t even got that, they have to do that themselves. So they have to go from bare bones to carpet, flooring, rugs, linen, curtains, paint, before they can start thinking about furnishing.”

Furniture re-use charity, Newham

The support available to homeless households in furnishing new tenancies with furniture and white goods highlighted both the vital role that LWA schemes can play in preventing and relieving destitution and the potential consequences of provision being reduced or withdrawn.

Furnishing new tenancies relieves destitution by enabling people to meet their basic needs:

- shelter (moving from temporary accommodation to permanent accommodation)
- warmth (carpets, curtains and a bed to sleep in)
- food (white goods such as cookers and fridges allowing for the storage and preparation of food).

It prevents destitution by allowing households to avoid taking on high-interest debt (End Child Poverty, 2017; StepChange Debt Charity, 2017b).

Before 2013, homeless households that met the eligibility criteria could have accessed either Community Care Grants or Crisis Loans from the Social Fund. Since the abolition of these elements of the Social Fund, the type of support available in any local authority will depend on the local LWA scheme or national welfare scheme and the local third sector.

Help with furnishing tenancies is a critical service, as most social tenancies are unfurnished – research by End Furniture Poverty estimates that less than 2% of all social tenancies are offered furnished (Timmins and Gulliver, 2015) – and many homeless households are likely to lack furnishings and basic household essentials. The scale of deprivation for homeless households was highlighted by the way in which several foodbanks we spoke to tailored food parcels based on a household’s capability to prepare food:

“[In some emergency accommodation in the area] the facilities there are zilch. There’s nothing there for these people. There’s no cooking facility and people are turning up without bedding, without crockery and when they come to the foodbank, they haven’t even got a can opener. We’re having to make sure that they have cans with the ring pull.”

Foodbank, Lewes

Several foodbanks that took part in our research (including the one above) were providing households with basic crockery and cutlery, in addition to food parcels:

“As well as food packs, we do other essential items: we do toiletries, kitchen and home starter packs. Basically, non-electrical kitchen things: pots, pans, crockery. Then we can do things like bedding, duvets and pillows, curtains, [and] we do cleaning packs.”

Charity, Kirklees

Households that lack the income or savings to acquire basic crockery are unlikely to be able to furnish a tenancy without help. Some households might have social networks such as family and friends who can provide some support, but interviewees mentioned many instances of clients who lacked such support, or whose networks were unable to provide sufficient support due to a lack of resources.

All of our case study areas highlighted the variability in local welfare fund provision for furnishings. In Fife, the Scottish Welfare Fund’s Community Care Grants were available to eligible households to help towards furnishings. In Swansea, both grants and in-kind support were available to people meeting the criteria for Individual Assistance Payments from the Discretionary Assistance Fund in Wales.

Of the English authorities, the Hartlepool and East Sussex LWA schemes offered in-kind provision of furnishings and white goods to qualifying households: “People might not get everything they’ve asked for [from the LWA scheme], but they tend to get the basics, a bed and a chair and some bedding and stuff like that” (advice charity, Hartlepool).

In Kirklees and Newham, the respective LWA schemes had partnered with local credit unions to offer loans for furnishings and white goods. However, some third sector professionals in both local authorities were concerned that these loans were either inappropriate or inaccessible to their clients in crisis. Their main concerns as follows.

- Going into debt (even through a zero-interest loan) was unsustainable for their clients as it would further reduce their already very low income.
- Some clients might have an outstanding loan from the Social Fund or LWA scheme, which precluded them from getting another loan until the first one was paid off.
- A client’s credit history may preclude them from being able to access traditional credit union loans.

Consequences of not receiving Local Welfare Assistance scheme support to furnish a tenancy

Kirklees had previously had an in-kind furniture provision scheme funded by the council but run by local third sector organisations, which had recently closed due to funding constraints. Many interviewees highlighted the gap left in local provision as a result of the closure. Effects included an increased risk to tenancies and increased food insecurity:

“You cannot sustain a tenancy if you don’t have a bed, a carpet, a place to store your food and this is now the situation that tenants are moving into properties in. It’s a bit of a Catch-22 because for Housing Benefit or the housing element of Universal Credit to be paid, you have to move into the property. So, if they don’t move into the property because it’s not furnished, they’re putting their tenancy at risk because every day or week they don’t move in, is a day or a week that Housing Benefit won’t pay the rent.”

Housing association, Kirklees

“So now there is no furniture provision. We’ve seen an increase in referrals [to the foodbank] since that, because people move into new tenancies with literally nothing in there. Spend their money on a bed and they can’t afford food.”

Charity, Kirklees

Homeless households with little income or savings faced the choice between moving into a completely unfurnished tenancy or running up rent arrears through lack of benefit payments, which would put them at risk of eviction from the new tenancy before they even moved in. Interviewees described the consequences of living in an inadequately furnished property, which included:

- risk of injury (particularly to young children) from nails protruding from uncarpeted floors
- increased food insecurity from lacking the means of storing or preparing food
- an inability to heat the property to a decent standard due to a lack of curtains and carpets
- a decline in mental and physical health due to living in such conditions.

Households that were able to procure basic furnishings without LWA might do so at the expense of buying other essentials, such as heating or food, or by going into debt. Previous research has demonstrated the importance of both white goods and basic furnishings in sustaining tenancies (Smith et al, 2014) and that households that are unable to access welfare support to furnish tenancies are forced to take on high-cost debt (Shelter, 2017).

In our study, diminishing support from LWA schemes for furnishing tenancies meant that homeless households entering unfurnished tenancies were more reliant on third sector organisations to procure furniture. Local networks were important, with interviewees using a range of formal and informal relationships to access furniture for their clients. Sources of furniture they had used included local charity shops, Freecycle,¹⁶ local university dormitories at the end of term and local landlords. Interviewees in Fife, Newham and Swansea were aware of independently funded charity re-use schemes that offered either free or very low-cost furniture, although the scale and accessibility of such charities varied. Re-used white goods were less common. We were told of schemes in two case study areas; elsewhere most interviewees felt that the regulation around electrical goods meant that such schemes presented too much risk for charities.

While the ingenuity described by interviewees in procuring furniture for their clients was impressive, it was piecemeal and dependent on the community's resources. In 2016/17, £25.4 million was spent on Community Care Grants in Scotland, with the most common expenditure on floor coverings, white goods and furniture (Scottish Government, 2017). In Fife alone in 2016/17, more than £1 million was spent on Community Care Grants. This amount of resources indicates a level of need that is highly unlikely to be met through small-scale community efforts. Indeed, many interviewees expressed concern that declining provision since the abolition of the Social Fund has led to many clients turning to high-cost credit (for a full discussion, see Chapter 2) or going without essentials.

The consequences for homeless households as a result of diminished access to grant provision of furniture, which interviewees in Kirklees reported, suggest that loan-only local welfare provision is inadequate to prevent destitution for the most vulnerable households. This is supported by research on the Social Fund undertaken in 2010 for the DWP, which found that failure to access the Social Fund in crisis situations could result in debt, food insecurity and/or homelessness (Slater, 2010). This leads to the conclusion that local welfare that includes some provision of grants will more effectively prevent and reduce destitution than loan-only schemes.

Discretionary Housing Payments

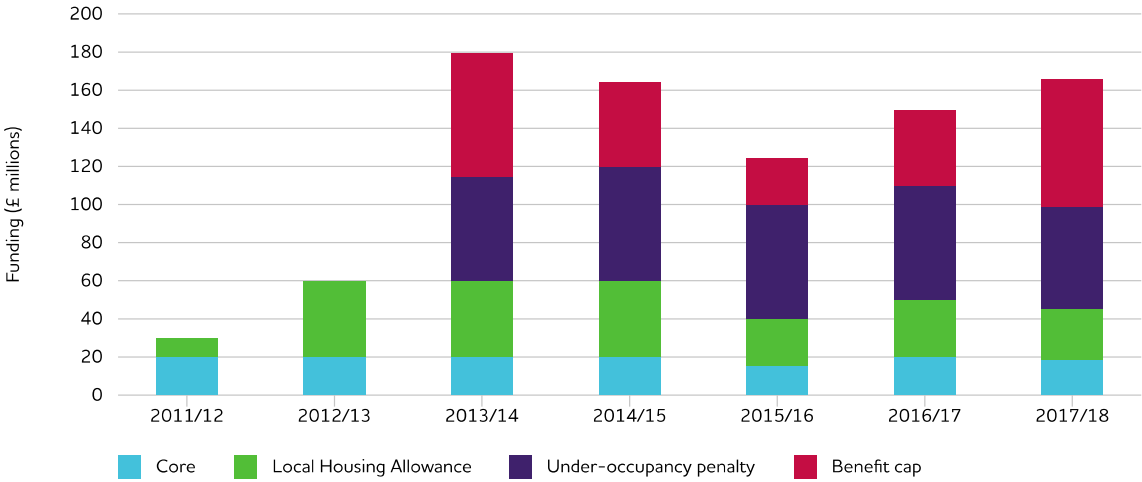
Discretionary Housing Payments (DHPs) are another element of social security that has been devolved to local authorities. DHPs are payments made to individuals in receipt of either Housing Benefit or UC with housing costs towards rental (either social or private) liability. Payments are intended to alleviate the shortfall in income associated with welfare reform or change in circumstance. They can also be used to provide one-off payments for accessing tenancies such as paying a rental deposit and paying for furnishings.

As with funding for LWA schemes and Council Tax Support, local authorities face difficult decisions regarding which of the following two options is the most costly in the long run: attempting to sustain DHPs or dealing with the increased risk of homelessness among some vulnerable households.

Funding is made up of a core award from central government, with additional awards from 2011/12 to support people affected by welfare reforms, including the under-occupancy penalty, the benefit cap and the Local Housing Allowance. Funding for DHPs is allocated to various mechanisms, and this has changed since 2011/12 (see Figure 3). As Figure 3 demonstrates, the vast majority of DHP funding for the past five years has been allocated to mitigating welfare reform – in 2017/18, the largest amount was allocated to help households affected by the benefit cap.

Payments are made at the discretion of the local authority. Awards can be one off, for which there is no amount limit, or continuous, when payments should not exceed the amount of the individual's Housing Benefit or UC housing element for that period.

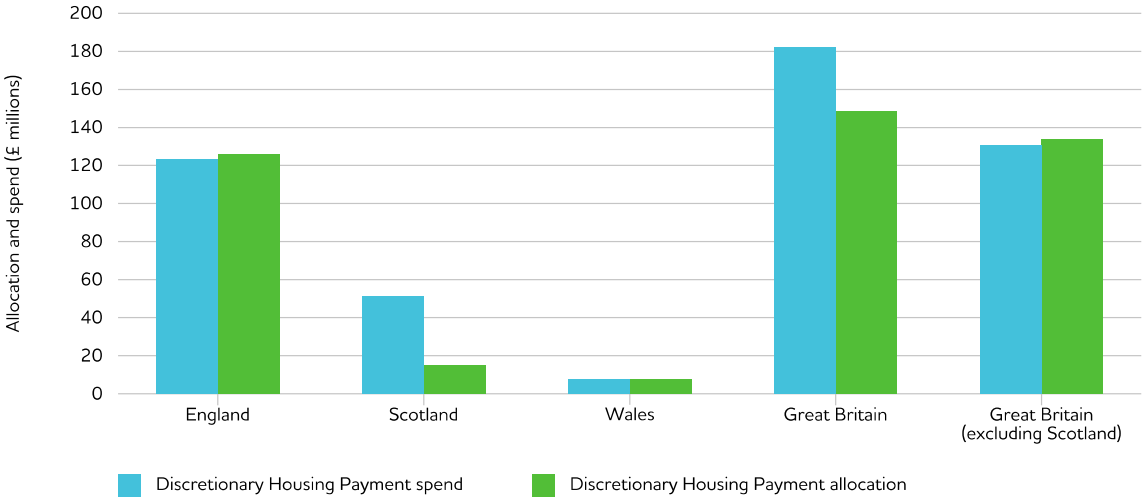
Figure 3: Total Discretionary Housing Payment government funding for Great Britain, 2011/12 to 2017/18



Source: Use of Discretionary Housing Payments, GB (Department for Work and Pensions official statistics)

Allocation to local authorities is based on aggregate forecast reductions in benefit expenditure for each local authority. Local authorities can ‘top up’ central government DHP funding to a limit of 150% from their own funds. The Scottish Government has chosen to use DHPs to completely mitigate the impact of the under-occupation penalty in Scotland, leading to a large overspend in 2016/17 (see Figure 4). Great Britain excluding Scotland had a small underspend overall – although there were large variations. Excluding Scotland, 92 local authorities in Great Britain overspent their DHP funding, while 241 authorities underspent. These variations in expenditure are likely to be indicative of differences in housing costs (for example, Oxford, one of the most expensive local authorities, had the largest DHP overspend in England) as well as policy differences in the way local authorities use DHPs.

Figure 4: Discretionary Housing Payment allocation and spend, 2016/17



Source: Use of Discretionary Housing Payments, GB (Department for Work and Pensions official statistics)

The Scottish Government’s choice to use DHPs to completely mitigate the impact of the under-occupation penalty in Scotland is indicative of the extent to which DHPs can be used to ameliorate welfare funding reductions where there are the resources and political will. However, with DHP funding after 2020 uncertain, many local authorities will only grant DHPs on a temporary basis (Wilson, 2017). This leaves many people with housing cost shortfalls with uncertainty, and may mean a significant reduction in their income in future. At least one of the case study local authorities was planning to end DHPs to some people who previously received them.

Stepping into the gaps left by welfare reform

The devolution of certain elements of the social security system has seen an explicit shift of responsibility of support for vulnerable people from central to local government. However, the interviewees made clear that many local authorities and their communities felt that providing core elements such as LWA schemes and Council Tax Support were not sufficient for ensuring that people's basic needs would be met when the national social security system failed them. Common ways that local authorities and third sector organisations were attempting to ameliorate shortfalls in the social security system were:

- rent deposit schemes for people who were not statutorily homeless
- services to provide help to people experiencing food insecurity
- locally designed and run initiatives to help people transition to UC.

While these initiatives reflect the ingenuity and desire to help vulnerable people in local communities, they also highlight critical shortfalls in the social security system.

Rent deposit schemes

Rent deposit schemes allow households that lack a cash deposit to access a tenancy in the private rented sector. For some households that lack savings, such schemes allow them to avoid debt. For those who would be unable to access credit, it allows them to avoid or escape homelessness. These schemes are of particular importance to single adult households, which are not considered in priority need by the council, and thus not eligible for social housing. Previously, these households would have had the option to apply for a Social Fund Crisis Loan to use for a deposit. Since the abolition of these loans, locally available rent deposit schemes are the only remaining option for some households.

Rent deposit schemes are available in all of our case study areas. However, the eligibility criteria, type of support offered and scale differ. Some are run by housing associations (Fusion Housing in Kirklees), local councils (Fife Keyfund) or charities (Homelink in Lewes).

Some schemes are guarantee or bond schemes whereby a housing association, local authority or charity agrees to pay for any damages to the property in lieu of a cash deposit (interviewees in Fife, Hartlepool, Kirklees and Swansea mentioned such schemes). Others are rent deposit schemes: interest-free loans available to people to use as a cash deposit from a charity (Homelink in Lewes) or the local authority (MoneyWorks in Newham), respectively. The funding for most of these schemes comes from local authority and/or national government funding, although some also receive privately fundraised or grant income as well.

In Swansea, the Wallich Bond Board provides a two-year bond to private landlords and casework support to the tenant for at least the two years that the bond is in place. The casework involves help with budgeting and supporting the tenant to save during the two years in a Credit Union account, with the goal that at the end of the bond period the tenant will have the cash to either replace the bond or move to a new tenancy. This savings-based approach allows more flexibility to tenants in the management of their income than a loan repayment scheme. They can more easily vary how much they save each week or month than they would be able to vary loan repayments, and they can even withdraw previously saved money in an emergency.

As with LWA schemes, differences in practice between rent deposit schemes raise questions about the most effective financial instrument for supporting people experiencing or at risk of destitution. While a rent deposit loan may be affordable for some households, for others it may critically lower their income so they are unable to meet other essential needs. But a pro-savings approach may help low-income households build financial resiliency without debt. Very little research appears to have been done in this area (Mullins and Sacranie, 2017) although increased interest in social lettings agencies may provide research opportunities to explore how effective such schemes are.

Food aid

The factors that can lead to destitution that we have identified in this report – the labour market and the cost of living (Chapter 2), debt (Chapter 3) and the social security system (Chapter 4) – are all associated with food insecurity. There are no official national statistics that measure food insecurity in the UK (The Food Foundation, 2016). However, rapidly rising demand for food aid over the past five years provides evidence that food insecurity is increasing (Loopstra and Lalor, 2017). Many interviewees shared this perception:

“[Our] councillors ... found a number of their constituents were complaining of being hungry at various youth groups. We had anecdotal evidence of children eating sandwiches and chips out of bags in the bin because they were just so hungry. ... What we've heard from consultation with residents and councillors was reason enough for the members to feel that we needed to step in and do something over the holidays, as an authority.”

Council staff, Hartlepool

The most common local responses to food insecurity were increasing referrals to and provision of food aid from foodbanks. Programmes with an aim of providing food to children at risk of food insecurity during the school holidays – often called ‘holiday hunger’ programmes (Forsey, 2017) – were also operating in several case study areas. In Hartlepool, the local authority piloted a scheme with two elements. The first element involved funding foodbanks to provide one food parcel a week during the school holidays, without a referral, to any family with children. The second element provided small grants (a maximum of £3,000) to local community groups providing holiday activities to children and young people to enable them to provide nutritious meals.

In Fife, the local authority provides funding for ‘breakfast cafes’, which differ from most breakfast clubs in that they provide free, universal breakfasts to any children or adults connected to the school. The local authority also funds a three-day-a-week play scheme during the summer holiday, primarily aimed at preventing child holiday hunger.

In addition to local authority schemes, community centres, foodbanks and other third sector organisations offer various services addressing their clients’ food insecurity, such as community cafes, lunch clubs and cooking classes.

The necessity of providing in-kind food aid in these ways speaks to a fundamental failure of the social security system. Interviewees (including those working in foodbanks) in every case study area did not see food aid as a long-term solution to food insecurity, but rather a desperate attempt to stop people from going hungry. That such provision is necessary was a common focus of horror, anger and sadness:

“I think, there’s an awful lot of good work going on. It’s whether it’s still enough. I think ... why have we got families like this, in this day and age? It just doesn’t seem right, and I think that’s what I personally struggle with. There just shouldn’t be children living in these circumstances. There shouldn’t be children going to bed at night hungry or coming into school in the morning not having had anything since lunchtime yesterday, and that is still happening.”

Interviewee, Fife

Local strategies to combat root causes of destitution

While interviewees widely felt that services such as emergency food aid are not long-term, sustainable solutions to preventing destitution, some local areas are seeking to develop strategies to address the root causes of symptoms of destitution, such as food insecurity.

Menu for Change

Menu for Change is a three-year project in Scotland funded by the Big Lottery Fund and managed through a partnership of charities. It aims to reduce the need for emergency food aid by developing national and local strategies to address the underlying causes of food insecurity. The project is currently employing Action Learning with key stakeholders from statutory and third sector organisations in Dundee, East Ayrshire and Fife to develop preventative and co-ordinated responses to food poverty. Some of the key areas of practice include improving access to and take-up of social security benefits, and expanding and improving the choice of services to support people at risk of food poverty.

Hartlepool Action Lab

Funded by the Joseph Rowntree Foundation and established in 2016, Hartlepool Action Lab aims to bring together local community members and statutory and third sector organisations, to develop initiatives to end poverty. Projects that Hartlepool Action Lab has helped to launch so far include a time exchange where people can earn 'Poolie Pounds' through volunteering, which can be redeemed for goods and services that can improve their employment or wellbeing outcomes, and a project whereby care leavers at risk of homelessness can refurbish and then live in empty properties.

Preparing people for Universal Credit

Five of our six case study areas were still preparing for full UC rollout during the fieldwork – many of the local authorities and third sector organisations in these areas were attempting to help their clients prepare for the transition to UC. The benefits of a co-ordinated approach between jobcentres, the local authority and the third sector to helping people transition to UC has been highlighted by research commissioned by the DWP (Learning and Work Institute et al, 2016) and other research (Centre for Social Justice, 2016), but the level of strategic co-ordination and preparation seemed to vary in different case study areas. Interviewees generally saw jobcentres as providing insufficient support to claimants and some even saw them as creating additional barriers to people successfully making and maintaining their UC claim. One interviewee in Fife described the experience of a client who had never used a computer before, struggling to fill in a claim after being made redundant:

“The man was in his late 50s. He said: ‘I don’t know how to use a computer.’ The [jobcentre] adviser said: ‘That’s not my problem.’ So he went over and he sat at the computer and he [told me]: ‘The security guard saw how distressed I was.’ And the security guard came over and helped him make his claim.”

Interviewee, Fife

Many interviewees highlighted a lack of computer access and support to people lacking digital skills as a key barrier that their clients faced. Digital access varied across the case study areas, with some charities investing their own resources in providing it because they thought that local authority provision was not sufficient.

Several interviewees felt that there was insufficient support for vulnerable people when agreeing their claimant commitment under UC. Interviewees told us of instances where they felt that their clients agreed to jobseeking commitments that were inappropriate for them because they felt intimidated by the process or because they did not understand the commitments they were being asked to agree to. Examples included people who agreed to more hours of jobseeking activity than they could realistically achieve, due to ill health or disability, a lack of digital skills and access to undertake jobseeking and reporting, or a lack of transport to undertake jobseeking activities.

UC changes the administration of working-age social security benefits in fundamental ways, such as how a claim is made, how benefit payments are made and in terms of increased conditionality. Many

interviewees felt that local jobcentres did not provide adequate support to manage these changes. This led to many local authorities and third sector networks attempting to fill the gaps.

Conclusion

The result of increasing insecurity in the working-age social security system has meant that people are often reliant on local networks of support – made up of local authorities and third sector organisations – to prevent or relieve destitution. Locally available support is made up of devolved elements of the social security system, such as LWA schemes, Council Tax Support and DHPs, as well as locally devised initiatives, such as foodbanks, ‘holiday hunger’ schemes and rent deposit schemes.

Funding for LWA schemes and Council Tax Support has been reduced at the same time that it has been devolved to the local level. The national governments in Scotland and Wales have ‘topped up’ funding for these elements, ensuring that people in every local authority can continue to receive support. In England, the level of discretion that local authorities have in sustaining devolved elements of social security, combined with the straitened circumstances of local authority finances, have led to increasingly patchy support for vulnerable people in many English local authorities.

Council Tax arrears are the most common type of arrears for people in poverty, the most common local authority debt repaid through TPDs, and the most common debt seen by Citizens Advice Bureaux. Analysis of arrears patterns across English local authorities shows that higher minimum Council Tax payments are associated with higher levels of arrears. Specifically, the 67 councils that had a minimum payment of over 20% in 2016–17 had the largest overall increase in uncollected tax compared with 2011–12: £48.6 million more in total (Barker and Ayrton, 2017).

While any level of minimum Council Tax payment represents a reduction in income for low-income households, arrears analysis suggests that 20% may be a ‘tipping point’ at which many low-income households are unable to keep up with payments and so fall into arrears (Barker and Ayrton, 2017). In turn, this can lead to further reductions in income through fines and court costs, further increasing the risk of these households becoming destitute.

LWA schemes provide critical emergency support to help people meet their essential needs during a crisis. One key way in which LWA schemes can both prevent and relieve destitution is by providing essential furniture and white goods to homeless households starting unfurnished tenancies. Furnishing new tenancies relieves destitution by enabling people to meet their basic needs, such as warmth and food, and prevents destitution by helping households to avoid taking on high-interest debt, such as rent-to-own purchases. In English local authorities where this support is no longer available, interviewees have seen the consequences of their clients living in inadequately furnished properties, including increased food insecurity and an inability to heat the property to a decent standard.

DHPs are another element of social security that has been devolved to local authorities. DHPs are payments made to individuals in receipt of either Housing Benefit or UC with housing costs towards rental (either social or private) liability. The Scottish Government’s decision to use DHPs to mitigate completely the impact of the under-occupation penalty in Scotland is indicative of the extent to which DHPs can be used to mitigate against welfare funding reductions where there are the resources and political will. However, DHP funding is only guaranteed until 2020. As with funding for LWA schemes and Council Tax Support, local authorities may face difficult decisions regarding which of the following two options is most costly in the long run: attempting to sustain DHPs or dealing with the increased risk of homelessness among some vulnerable households.

Our research found examples of good practice in every case study area – whether in innovative third sector or local authority schemes, or partnerships between the two. However, it was also common to find local policies – such as minimum Council Tax payments under Council Tax Support and the removal of DHPs – that undermined the income of vulnerable people. Underpinning many of these issues was a lack of adequate funding from central government for the elements of social security administered at both the local and national levels.

During the fieldwork, we found many examples of practice in the third sector that was preventing and relieving destitution. These included providing advice to enable people to access the benefits they were

entitled to and trialling 'holiday hunger' schemes to ensure that children got enough to eat. Interviewees did not see some locally devised initiatives, especially those relating to food aid, as a long-term replacement for the social security system, but rather as community attempts to protect vulnerable people who had been failed by a flawed social security system.

Many interviewees also worried that there was a lack of strategic co-ordination among all the services that could support people facing destitution. Examples of this encountered in the fieldwork included:

- uneven signposting to advice services available in the local authority
- the uneven signposting meaning that some services were oversubscribed while others risked closure due to a lack of clients
- a lack of a comprehensive list of publicly accessible computers for JSA and UC claimants
- a lack of co-ordination between foodbanks, leading to foodbanks in affluent areas with excess food while those in deprived areas ran out of stock.

Issues such as these hampered services' ability to effectively signpost clients needing help, which led to duplication.

Local authorities, third sector organisations and central government all have a role to play in addressing destitution. While co-ordination of local services is clearly critical to supporting people experiencing destitution, much of the responsibility for preventing destitution in the first place lies at the national level.

6 Conclusions and recommendations

Overview of the principal findings from the research

Causes of destitution and responses to it

We begin this final chapter by summarising the principal findings from the research. The findings, presented according to the order of the earlier chapters, are made up of what interviewees told us about our target group of people who are destitute but neither have 'complex needs' nor are 'migrants'. This summary presents these findings in a way that provides a framework within which to discuss changes to policy and practice.

The key to this framework is a basic distinction between two different kinds of factors that contribute to destitution. On the one hand there are 'chronic' factors, which weaken individuals and households and increase their vulnerability to destitution. On the other there are 'acute' factors, or triggers, which tip already vulnerable people into destitution. These factors often interact to cause destitution, although either can cause it independently.

There are also two kinds of response to destitution. There are 'remedial' responses, which address the underlying problem and open up the prospect of the destitute person escaping it. And there are 'palliative' responses, which treat the symptoms. Palliative responses should not be thought of as inferior to remedial ones: they are doing a different job from each other and both are needed.

The labour market and the cost of living

Labour market and cost-of-living factors are almost exclusively among the chronic problems that contribute to destitution. Labour market factors noted by interviewees that result in some people living for a long time on a fluctuating low income included:

- high overall employment across the UK, which masks significant variation in local employment opportunities, particularly for low-skilled workers
- the work that is available for these workers being low-paid, leaving people struggling to meet their essential needs on an ongoing basis, as well as making it unlikely that they will be able to save to provide a cushion against future income shocks
- other types of insecurity – such as 'bogus self-employment', zero-hours contracts and temporary contracts – all of which can lead to fluctuating income, making it difficult to budget or save.

Among the cost-of-living factors that interviewees noted were:

- the disproportionate impact of inflation on people living on a low income, partly because they spend a large proportion of their income on essential items and partly because they may pay more than more affluent households for such goods
- variation in the cost of essential items according to where people live, with those in rural areas often facing higher transport and energy costs, for example.

Individually or collectively, these factors prevent people from building up financial resilience. Those experiencing these conditions may need only a financial shock – such as a small debt repayment, the cost of buying their child a new school uniform or the cost of repairing a broken kitchen appliance – to tip them into destitution.

Debt

The relationship between debt and destitution is complex. Debt repayments certainly sap resilience (a chronic factor), while the onset of a high debt repayment schedule can also trigger destitution (an acute factor). The acquisition of debt can also be a palliative measure, but only for today and at the expense of tomorrow.

Interviewees mentioned high-cost credit debt and public debt as the most common types of debt among destitute people.

Factors leading to people taking out high-cost credit included the following.

- The availability of low-interest or no-interest loans varies by local authority and alternative providers seem to struggle due to low levels of awareness among potential clients.
- People in poverty can believe that high-cost credit such as pay-day loans or rent-to-own purchases is their only option – this may be because they think that low income rules out traditional credit or because of outstanding debt issues.
- People at risk of, or experiencing, destitution may turn to high-cost credit as a coping strategy to meet essential needs, but as well as leading to higher debt repayments and/or escalating debt, high-cost credit can also extend the period of time that people experience destitution for.

Public debt is typically repaid by people living on a low income through TPDs taken directly from the person's social security benefit payments. Interviewees felt that current practice around TPDs reduced some people's incomes to the point where they were pushed closer to, or into, destitution. Specific concerns included the following.

- Caps on the proportion of income that can be taken in TPDs are too high and leave people in financial hardship – this is set to get worse as UC is rolled out, as it has higher caps for rent arrears and fines and no cap on the repayment of benefits that were overpaid.
- The limit of one year within which period Budgeting Advances must typically be repaid, leaves claimants facing a significant reduction in income over that time – this prospect discourages some potential claimants from even applying for an advance, potentially leaving them with no money at all for a period of weeks.
- There is a lack of co-ordination between the three main TPD creditors, namely the DWP (for Budgeting Advances or Social Fund loans), local authorities (for Council Tax arrears) and utility companies (for utility arrears); individual deductions seem to be taken at the maximum rate allowed, without a consideration of other deductions that may be taking place.

Better collection practices for public debts may be in the interests of public bodies if, as a result, demands on public resources (such as LWA funds) arising from destitution are reduced.

The UK-wide social security system

Any social security benefit can contribute to the relief of both poverty and destitution. One question about out-of-work benefits is how they can fulfil a remedial function (often understood as 'getting people off benefit'). The elaborate collection of incentives and disincentives, waiting periods and time limits, conditions and penalties that the social security system contains is largely there to serve that purpose. For people who have to engage with the system, however, these arrangements contain both chronic and acute causes of destitution.

Interviewees mentioned three immediate triggers for destitution arising from the operation of the UK-wide social security system. These were sanctions, the wait for the first UC payment and an inability to access disability benefits.

Despite the number of sanctions issued being lower than a few years ago, interviewees continued to point to sanctions as a trigger for destitution for many people. The high rate at which they are overturned on review indicates that many are applied by mistake, or for inadequate reasons.

Nearly half of the interviewees mentioned the wait for UC as a cause of destitution. People who are unable or unwilling to access Budgeting Advances were seen as having a high risk of destitution; lacking savings, as many do, this could mean a period with no money at all. Even for those who are able to access Budgeting Advances, it may be insufficient to prevent destitution if they have no savings.

Many interviewees mentioned problems accessing disability benefits as a cause of destitution among disabled people. This was often seen as being due to the assessment process being unfit for purpose. Needs-based disability benefits are provided in recognition of the higher living costs associated with having a disability. Disabled people who are unable to access these benefits will therefore face an even bigger shortfall between their income and their living costs.

Besides the aspects of the social security system that could trigger destitution directly, interviewees identified some other ways in which the system may lessen the 'cushion' that people can use to help them to meet 'income shocks'. In one sense, anything that reduces a household's disposable income, either by reducing the amount coming in or by increasing the amount going out, falls into this category. Interviewees mentioned the lowering of Local Housing Allowance rates and the under-occupation penalty as being two such factors. The benefit cap, the benefits freeze and the waiting period for UC (when it is not an immediate trigger) do so too.

Another theme among interviewees was that changes to the social security system have led to increased income volatility and precarity for working-age people. Conditionality in the system creates volatility by increasing the likelihood of a claimant failing to meet the conditions necessary to receive a benefit. The need to prove compliance (by claimants) and monitor it (by jobcentre staff) makes the system more complex. This increases the risk of error on both sides, which in turn reduces the extent to which claimants can rely on social security.

The role of the local public and third sectors

The role of the local public and third sectors can be seen as a mix of palliative and remedial responses to destitution. Both because of its scale and because it is so rule-based, a weak Council Tax Support scheme with a high minimum payment is better seen as a chronic factor contributing to destitution.

Gaps in the national social security system leave people reliant on local networks of support to prevent them from becoming destitute or to help them recover from destitution. There are two kinds of local support: devolved elements of the social security system, such as LWA schemes, Council Tax Support (Council Tax Reduction in Wales and Scotland) and DHPs; and locally devised initiatives such as foodbanks. LWA schemes, Council Tax Support/Council Tax Reduction and DHPs count as 'devolved' because neither the criteria for support nor the money for them are now set by the UK Government.

Interviewees in every case study area offered examples of good practice, whether in innovative third sector or local authority schemes, or partnerships between the two. Examples included rent deposit schemes, providing independent advice to enable people to access benefits to which they are entitled and trialling 'holiday hunger' schemes to ensure that children get enough to eat.

Against this broadly positive background, interviewees had three main concerns. First, devolved elements of the local social security system do not provide sufficient support. The interviews made clear that many local authorities and communities felt this to be the case. A Council Tax Support scheme with a high minimum payment is akin to a reduced Local Housing Allowance or the under-occupation penalty – something that saps financial resilience. An LWA scheme can provide emergency support to help people meet essential needs during a crisis. It can also allow people to escape destitution in several ways, including by accessing, equipping (when unfurnished) and sustaining tenancies. Where this support is not available, interviewees reported consequences, including heightened food insecurity and an inability to heat the home properly. Too little funds for a DHP may increase the risk of being made homeless.

Second, interviewees saw some locally devised initiatives, especially those relating to food aid, not as a long-term replacement for the social security system, but rather as local communities' attempts to protect people who have been failed by the system.

Third, many interviewees worried that there was a lack of co-ordination among the services that could support people facing destitution. Examples found during the fieldwork included:

- uneven signposting to advice services available in the local authority, leaving some oversubscribed while others risked closure due to lack of clients
- a lack of a comprehensive list of publicly accessible computers for JSA and UC claimants
- a lack of co-ordination between foodbanks, leaving those in affluent areas with excess food while those in deprived areas ran out.

Issues such as these hampered services' ability to signpost clients needing help and led to duplication.

Summing up

Using the two kinds of factors contributing to destitution and the two kinds of response to it, the four chapters presenting the findings of our research can be summed up as follows.

- Paid work is widely accepted as the best remedy for poverty and therefore destitution. 'Poor' work and a high cost of living are chronic factors increasing the risk of destitution although rarely tipping people into it.
- Debt is never remedial although it can, in the short term, be palliative. Sapping financial strength, debt is certainly a chronic contributor to destitution. Sometimes, especially if repayments suddenly increase, it can be an acute cause too.
- The challenge for governments has been how to make out-of-work social security benefits remedial. For those who must engage with it, the system contains both chronic and acute factors leading to destitution.
- Council Tax Support aside, local action by the public and third sectors is typically palliative. As with national social security, the challenge is how, and how far, it can be remedial too.

A framework for reviewing policy and practice

The research for this report has been directed at identifying the policies and practices that contribute to destitution. This section identifies where change is needed and sets out the issues that policy-makers and practitioners must address. The proposed aims and objectives that we put forward allow the recommendations we make to be presented in a coherent way.

Aims and objectives

The question regarding the overall aim of actions to address destitution is how far it should go beyond dealing with the immediate problem, that is: stopping an imminent threat of destitution becoming a reality; helping people to cope with the crisis if it does strike; and supporting them to escape from it as quickly as possible once it has happened. One way of looking at this is to consider what 'escape' should really mean. Just as a destitute person who has to rely on a foodbank is still counted as destitute, so someone who has avoided destitution but remains at high risk of slipping back into it cannot really be counted as having escaped it. To reflect this, we propose that policy and practice around destitution should adopt two aims, namely:

- to prevent destitution and deal with it rapidly if someone becomes destitute
- to minimise the risk of people falling into destitution in the first place.

The first aim puts a priority on avoiding the crisis and dealing with it swiftly if it strikes. The second one implies that barely avoiding destitution and continuing to live with the risk is not good enough. If destitution among the group of interest here, namely those who neither have multiple needs nor are foreign-born, is a recent development, then it is entirely realistic to think that it can be eliminated. The second aim reflects this ambition.

The distinction between chronic and acute causes of destitution, and palliative and remedial responses to it, is helpful when thinking about more specific objectives for policy and practice around destitution. We put forward the following objectives:

- to strengthen local palliative responses (objective 1)
- to reform local practice and support so that palliative responses can be remedial too (objective 2)
- to reform DWP and local authority procedures to reduce the extent to which the social security system is a chronic cause of destitution (objective 3)
- to reform DWP procedures to decrease the frequency and strength of acute causes of destitution that arise there (objective 4).

These objectives place responsibility for dealing with destitution at the local level, through palliative measures to help people cope with the crisis and remedial ones to help them escape from it. But the local level can only succeed in this if the acute and chronic causes of destitution arising within the social security system are addressed too. At both levels, local and national, this is about both practices and resources.

We now set out a series of more specific issues to be addressed under each of the objectives.

Objectives 1 and 2: strengthen local palliative responses and reform local practice and support so that palliative responses can be remedial too

1. What can be done to strengthen and co-ordinate locally provided services that can support people facing destitution? Should local authorities take the lead in this?

Instances of the lack of co-ordination encountered during the research included:

- uneven signposting to advice services available in the area
- no comprehensive list of resources that could be used, for example publicly accessible computers for JSA and UC claimants
- a lack of communication between foodbanks, leaving some in affluent areas with excess stock while those in deprived areas had run out.

Local authority leadership ranges from actions requiring only minimal resources, to investment in co-location 'hubs' for easy signposting and to facilitate co-working.

2. What can be done to restore a comprehensive network of LWA schemes across England? The Ministry of Housing, Communities and Local Government should consider adopting a national statutory scheme, like the Scottish Welfare Fund.

LWA schemes provide critical emergency support to help people meet their essential needs during a crisis. They can also go further, helping people to escape destitution in several ways, such as helping them to access and sustain tenancies and allowing them to meet their essential needs without going into debt. National Audit Office (2016) guidance is that local authorities contemplating reducing or abolishing their schemes should complete an impact assessment of the likely costs to other public and third sector organisations. Adopting the Scottish Welfare Fund as a model would make provision of such schemes a statutory responsibility with minimum requirements for provision.

3. How can local authorities and housing associations in England enact best practice in pre-tenancy support, especially in regard to furnishing tenancies?

The abolition of Crisis Loans and Community Care Grants available under the former Social Fund has made it more difficult for homeless households in England starting unfurnished tenancies to acquire essential furniture and white goods, putting their tenancies at risk.

4. The Welsh Government should consider localising the administration of the Discretionary Assistance Fund for Wales to enable more effective signposting to local support services.

The Discretionary Assistance Fund is currently centrally administered. It is superior to the English LWA scheme in that it provides consistent eligibility and support across Wales. But central administration precludes one of the benefits asserted for the devolution of what became the LWA scheme in England, namely that local administration would help link people in crisis with local networks of support and provide better signposting.

Objectives 3 and 4: reform DWP and local authority procedures to weaken the chronic and acute causes of destitution

5. How can local authorities and other public bodies, including the DWP and utility companies, better share information about debt so that their debt collection practices are affordable for people with very low incomes?

One way to assess the affordability of repayments and to improve information-sharing between different creditors is through the use of a standard income and expenditure statement. Although some of the local authorities consulted in this research expressed reservations, the Money Advice Service's Standard Financial Statement could at least serve as a starting point for this.

6. The DWP should undertake a review of its collection practices, particularly regarding the maximum proportion of the UC standard allowance that can be taken in TPDs.

Advice and debt charities are concerned that the current maximum of 40% is too high and causing hardship. The maximum proportion that can be taken for rent arrears (20%) is also seen as high. A longer repayment horizon for UC Budgeting Advances than the one-year maximum would allow a lower repayment rate.

7. Local authorities in England and Wales should adopt good forbearance practice and draw up vulnerability policies for debt collection. They should also review their use of bailiffs for low-income households.

The UK Government has committed to introducing a six-week 'breathing space' for people with debt-seeking repayment plans, following the example of the six-week freeze on interest, fees and penalties that the Scottish Debt Arrangement Scheme provides. Almost half of English and Welsh local authorities have no formal vulnerability policy in place (Money Advice Trust, 2017). The majority of bailiff use in England and Wales is for local authority debts. Twenty-three English local authorities now exempt households receiving Council Tax Support from bailiff action.

8. How can English local authorities be persuaded to reduce minimum payments in their Council Tax Support schemes? For example, the Ministry of Housing, Communities and Local Government could set and fund a minimum payment ceiling, as it did when Council Tax Support was introduced.

The argument for prioritising minimum payments is to do with debt. Council Tax arrears have become the most common type of arrears for people in poverty, the most common local authority debt repaid through TPDs, and the most common debt seen by Citizens Advice Bureaux. Analysis of arrears patterns across English local authorities shows that higher minimum payments are correlated with higher levels of arrears.

9. Benefit sanctions, the lack of access to disability benefit and the five-week wait for the first UC payment should all be reviewed in the light of their common role as an immediate trigger for destitution.

All of these policy issues have been the subject of fierce debate before. Changes in both design and practice have been made. Yet their role as acute factors within the social security system that trigger destitution constitute grounds for further review.

Notes

1. The research team from Heriot-Watt University helped us to select and recruit in Fife, Kirklees, Lewes, Newham and Swansea. We selected the sixth – Hartlepool – with help from the Joseph Rowntree Foundation.
2. Sources: employment rate, 12 months to June 2017, Annual Population Survey, Office for National Statistics, via Nomis; New Policy Institute analysis of Households Below Average Income (HBAI), 2015/16; New Policy Institute analysis of the 2017 Labour Force Survey, quarter 2.
3. Households Below Average Income data for 2015/16, Department for Work and Pensions.
4. New Policy Institute analysis of the 2017 Labour Force Survey.
5. Budgeting Loans are the only remaining element of the Social Fund. They are interest-free loans of between £100 and £1,500, which must usually be repaid within two years. They are only available to people on legacy benefits. People in receipt of UC can apply for Budgeting Advances, which must usually be repaid within a year. Budgeting Advances must be repaid before another can be taken (unlike Budgeting Loans).
6. Income Support, income-based Jobseeker's Allowance, Pension Credit, income-related Employment and Support Allowance and Universal Credit.
7. Typically public debts, housing debts or utility debts.
8. Information on TPDs for UC claimants is currently not available from the DWP.
9. At the time of the interviews, the repayment period for Budgeting Advances was six months. At the Autumn Budget 2017, it was increased to one year.
10. This could be referring either to a Budgeting Loan under UC or to a Short-Term Benefit Advance available under Social Fund legacy benefits.
11. Source: New Policy Institute Analysis of Employment and Support Allowance Decision Sanctions via Stat-Xplore.
12. In every case study area, some interviewees had clients in receipt of UC, either because they had moved from another area or because they were single, new claimants.
13. The exclusion of most people under the age of 21 from receiving the housing element of UC was amended by the Government in March 2018.
14. Community Care Grants are provided to 'help vulnerable people live as independent a life as possible in the community'. They are often provided to formerly homeless households or people leaving institutions to help them establish themselves and/or remain in the community.
15. Crisis Loans are interest-free loans of up to £1,500 available to anyone over 16 years old who does not have 'sufficient resources to meet the immediate short-term needs' of themselves and/or their family.
16. Freecycle is a website that allows people in the community to post used items they would otherwise throw away, which can be collected and re-used.

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Appendix: Methodology and fieldwork

Selecting the case studies

The research team at Heriot-Watt University involved in Fitzpatrick et al's (2016) research had produced a list of agencies/services that worked with destitute people for a census survey, with the assistance of local co-ordinators. From this list, which they generously shared with us, we selected five of the case study areas, in consultation with the Heriot-Watt team. The Joseph Rowntree Foundation helped us to choose the sixth case study area.

Three local authority areas selected – Fife, Kirkcaldy and Lewes – included more than one town. In these areas, for feasibility, we focused on services available in particular towns (Glenrothes and Kirkcaldy in Fife, Dewsbury and Huddersfield in Kirkcaldy, and Lewes and Newhaven in Lewes). However, many of the services available in those towns are pan-local authority. In the case of Lewes, we interviewed East Sussex County Council staff as well as local authority staff, as the LWA scheme is administered at the county rather than district level.

England

We selected case studies in England from four different regions: the North East (Hartlepool), Yorkshire and the Humber (Kirkcaldy), London (Newham) and the South East (Lewes). This enabled us to explore how different regional characteristics – such as higher housing costs in the south of England and lower employment rates in the north of England – contribute to the risk of destitution in England.

We chose **Hartlepool** as a case study area as an example of a unitary authority and an ex-industrial, coastal urban area with high poverty and unemployment rates. We selected it to represent this typology because the research team could access a network of interviewees for the fieldwork through the Hartlepool Action Lab, which is funded by the Joseph Rowntree Foundation. Hartlepool Borough Council is controlled by the Labour Party.

We chose **Kirkcaldy** as an example of an ex-industrial area with both urban and rural areas. Kirkcaldy has a higher unemployment rate and a slightly higher poverty rate than Great Britain overall. Kirkcaldy Council is a metropolitan district council and has no overall control – the Labour Party is the largest party, followed by the Conservative Party.

We chose **Lewes** as an example of an area with significant rural areas, and an area in the south-east of England with unemployment and poverty rates below the respective rates for Great Britain overall. This meant that we could look at services for destitute people in an area of relative affluence. Both Lewes District Council and East Sussex County Council are controlled by the Conservative Party.

We selected the borough of **Newham** to represent London, as it has a high poverty rate among London boroughs and London has the highest poverty rate of any region in the UK. Including an inner-London borough meant that we could look at how area characteristics – such as a high proportion of people in poverty living in the private rented sector and high rates of low pay – affect people's experience of destitution. Newham London Borough Council is controlled by the Labour Party.

Scotland and Wales

Including Scottish and Welsh case studies as well as those in England allowed for an exploration of how the policy context relating to social security provision for people at risk of destitution differs across the three nations. Key differences include the national schemes to replace abolished elements of the Social Fund, national policy relating to DHPs in Scotland and differing Council Tax liability for low-income households in England. These policy differences are discussed in detail in Chapter 4.

We selected **Fife** as the Scottish local authority case study as an example of an area with a mix of urban small towns and rural areas and a legacy of industrial decline in coal mining and manufacturing. Fife has a similar unemployment rate and level of destitution as Great Britain as a whole. Fife Council is controlled by the Scottish National Party and the Scottish Labour Party through a power-sharing agreement.

We chose **Swansea** as the Welsh local authority area, which represents a coastal urban area with a legacy of industrial decline, which currently has unemployment and poverty rates slightly above the respective rates in Great Britain as a whole. Swansea Council is controlled by the Labour Party.

The interviewees and mapping networks

We decided to speak to frontline professionals and volunteers for two main reasons. First, they are the people who form the networks of professional support for destitute people, meaning they have the most in-depth knowledge of the services available and the collaboration (or lack of collaboration) that exists between public and third sector organisations in their area. Second, in their roles they work directly with significant numbers of destitute people, so they are well placed to identify the main causes of destitution and the things that destitute people commonly experience.

We selected interviewees from organisations that confirmed that at least a significant proportion of their clients was from the UK-other group of destitute people. At the beginning of every interview, interviewers explained both destitution and who this group comprised, and asked interviewees to frame their responses in those terms. The prevalence of destitution among interviewees' clients varied by role. Foodbank staff saw their clients as almost universally destitute through virtue of not being able to afford food. Some roles, such as most advice workers and council staff, involved working with both destitute and non-destitute clients. Other roles, such as support workers for housing associations or community centres, could involve working with clients for extended periods of time (months or years), during which time some clients might move in or out of destitution.

The interviews were structured around exploring three core themes:

- the main causes of destitution among the interviewees' clients in the group of interest (UK-other destitute people)
- the services that are available in their area to lessen the effects of destitution for their clients or help prevent it
- the critical gaps that exist in provision for this group of people and what policies would be needed to close these gaps.

The majority of interviews were conducted face to face, with between one and four staff from each organisation. Interviewees were assured of anonymity, and thus quotes throughout this report have been anonymised.

While we attempted to map the local provision of services as comprehensively as possible through our interviews, our ability to do so was reliant on the strength of local networks in the case study areas and the interviewees' knowledge of services. The past few years have been, and continue to be, a time of considerable change for both local authority and third sector organisations. In many of our case study areas, this has led to confusion over what services continue to be available for destitute people, and their eligibility for those services, leading to interviewers receiving contradictory information about service provision in several instances. We tried to gain information about services directly from the organisations providing key services themselves, such as LWA schemes. However, such organisations were not always willing to take part in interviews. Where it was not possible to speak directly to staff of services, we were reliant on local colleagues and publicly available information to understand the services in question.

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Responsibility for the accuracy of this report, including any errors or misunderstandings, lies with the authors alone.

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