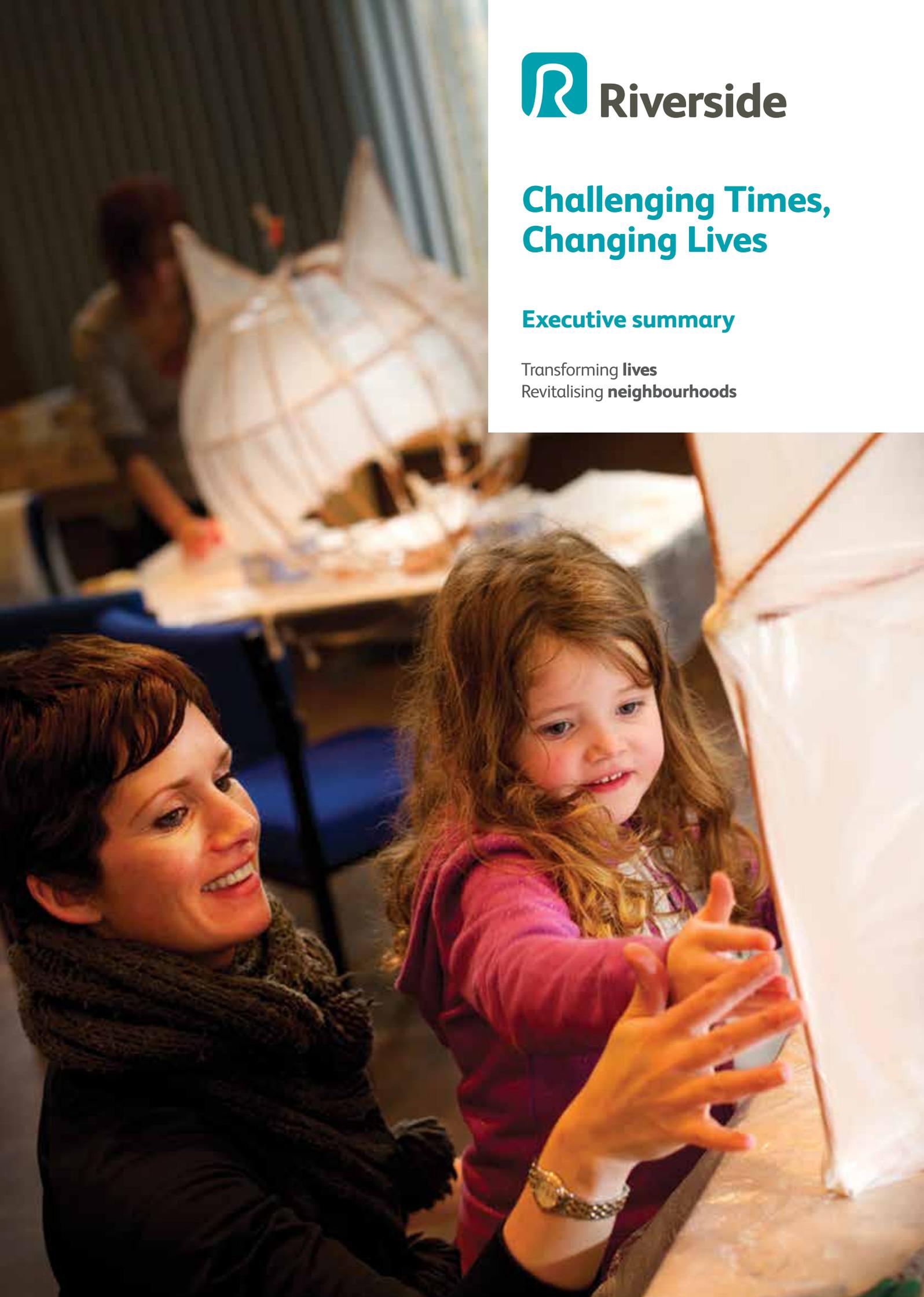




Challenging Times, Changing Lives

Executive summary

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



Foreword

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

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

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

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



Lord Richard Best



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

Early findings

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

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

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

About the study

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

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

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

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

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

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

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

Household budgets

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

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

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

Expenditure and debt

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

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

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

Work, skills and health

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

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

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

Cathy and Matthew, Wirral.

Welfare reform

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

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

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

Mary, Brixton.

More information

For the full Challenging Times, Changing Lives report or more information about the study and Riverside please contact us.



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