

Challenging Times, Changing Lives

Executive Summary Phase 3



Challenging Times, Changing Lives

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, mainly on lower incomes, respond to financial change through a period of austerity and major welfare benefits reform.

We ask the questions:

- How are their lives affected?
- What drives the choices they make?
- What does this imply for social landlords?
- What are the wider implications for housing and welfare?

This summary report is the third in a series of six-monthly updates. It follows on from the baseline report, tracking tenants' progress and focuses on:

- financial circumstances
- impact of under-occupation penalty
- personal wellbeing.

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Introduction

The initial baseline interviews were conducted in 2012, with second interviews held six months later in early spring, 2013. This report is a summary of the findings from the third set of interviews undertaken over late summer, 2013. It charts the progress of households one year on from the start of the study.

A new household was found to replace one of the two who had dropped out, following the second-stage interviews. Trevor, a single parent lives in Wirral with his teenage son Sean [see case study 1].

Participants record their household income and expenditure then complete household budget questionnaires every six months. This data has been analysed and referred to within this report.



Summary

One year on from the launch of the study, a picture is emerging of participants' ability to adapt to the changing economic climate.

There is a small group of participants (three people) in full-time employment or in dual income households who have the financial resources to sustain their current living standards in the face of the rising cost of basic goods and services. With relatively small debts, they are comfortably able to meet their existing debt obligations but their future financial resilience may be compromised by limited savings and modest pension funds.

The second group of participants (ten people) consists of pensioners, part-time workers – lone parents with dependent children, and single working-age householders employed in low paid, mostly low-skilled jobs. They are just about managing to get by, at a reduced standard of living. Juggling bills and debt payments, they have found it increasingly hard to cut expenditure any further to meet the rising cost of basic goods and services, especially utility and food bills.

Working-age householders in this group have borne the brunt of cuts to welfare benefits. Childcare commitments, ill health (of themselves or a family member) and limited employment opportunities inhibit their ability to increase earnings through full employment.

Finally there is a group of participants (six people), working-age householders dependent on disability benefits for which life has become increasingly difficult and challenging over the last 12 months. There is evidence of some 'churning' from disability benefits to job seekers benefits then back to disability benefits following appeal. The precariousness of their situation has been undermined further by under-occupation of homes and the lengthy wait for the outcome of Discretionary Housing Payment (DHP) applications.

Perversely, for a few, further deterioration in health has increased entitlement to disability benefits resulting in improvements in their financial situation enabling them to increase spending on heating and fresh produce. What has not changed for these participants over the last 12 months is their distance from the labour market and the high level of support that will be needed to move them back into employment.



Household income

The median monthly income¹ of participants has fallen 16% over the first 12 months of the project.

One-third of households now fall below the low income threshold². An increase on the previous year largely attributable to reduced benefit income.

The gap between the highest and lowest incomes in the group has widened. The monthly range is now from £439 to £2,570. This is due entirely to a reduction in incomes of working-age benefit recipients, who lost on average £102 per month. Affected households have lost from 7% up to 27% of their monthly income over the last 12 months.

As a group, pensioners have gained the most in the last 12 months – an average of £55 a month.

The income of employed participants increased marginally. Just under half receiving a below inflation 1% pay increase whilst the remainder of the group experienced a pay freeze.

Working families did not escape the impact of the welfare cuts as child benefit and tax credits rose well below the rate of inflation.

Single parent households with dependent children experienced the greatest reduction in their income – an average reduction of £154 a month (including the under-occupation penalty).

One year on, the number of participants wholly dependent on benefits has fallen to a third (from half) as participants have secured employment.

Half of the households derive their primary income from employment or self-employment. This is split fairly evenly between those in part-time employment but remain dependent on top-up benefits and those who receive an income from private and state pensions.

Just over half of the households are in receipt of disability benefits.

Regional variation can be identified. Working-age benefit recipients in Wirral and London were hit harder by the introduction of localised Council Tax support schemes than those in Carlisle. The latter participants have benefited from the decision to maintain 100% Council Tax support payments for a further 12 months. Those previously protected in Wirral, Lambeth and Southwark now have to pay between 10%-22% of annual Council Tax bills, around £11-£18 per month.

Only one householder saw a significant improvement in his financial situation (a 30% increase in monthly income year-on-year) as deteriorating health increased his entitlement to a range of disability benefits.

The loss of benefits experienced by one single parent – see Trevor's case study, for missing a routine medical assessment resulted in a break in entitlement and a significant drop in income. This loss of benefit entitlement cut the family's income by 70% to just £280 per month, forcing them to rely on family and friends for 22 weeks until the benefits were restored at a reduced rate following an appeal. Disability benefits and Housing Benefit payments were also backdated. He is currently waiting for a decision regarding his entitlement from the appeal board.

Comment: Participants' financial resilience at the bottom end of the income scale is now so tenuous that they struggle to cope with even small reductions in income.

The welfare reform programme has intensified the financial pressure on household budgets due to the range of cuts to working-age benefits combined with the concentrated timescale in which the changes were introduced. This has left a few households in severe financial distress. The majority are struggling to get by and have experienced further erosion in their living standards.

1. Including Housing Benefit and Council Tax benefit.

2. As defined by the Government's poverty measure 'Households below Average Income' which defines low income threshold as 60% below median income equivalised for household composition.

Expenditure and debt

One year on, a quarter of households are in severe financial distress, unable to keep up regular payments on priority bills including rent, utility bills and servicing of debts (slightly up on last year).

Half of households are just about getting by, struggling from month to month (slightly down).

The remaining quarter are 'financially comfortable' (slightly up on last year).

Average monthly expenditure increased by 25% over the first 12 months of the project. This increase is largely due to increases in the three core areas of household expenditure:

- energy price increases
- annual food inflation
- rent increases.

Energy price increase – Households have been hit with above-inflation energy increases of at least 8% in the last 12 months and are now spending an average of £38 a month on heating and fuel for the home (excluding water charges). The cost of heating the home is the biggest worry for the majority of households. Single households in receipt of disability benefits spent the largest proportion of their income on energy, up to £20 per week, an average 14% of income. The largest energy debt is just over £2,500 owed by a single parent in receipt of incapacity benefits. The energy company has recently installed a pre-payment meter at his request with £32 out of every £40 paid monthly to the energy company servicing the debt. Only £8 is left to heat the home. Just over half of households use pre-payment meters and at least half of these pre-load the meter in the summer months, mostly small, irregular amounts, in preparation for the winter. Despite the concerns about heating costs, only one household switched providers during the year (assisted by Riverside's Affordable Warmth Team), with the majority expressing doubts about the financial benefits of switching.

Annual food inflation – of 4%³ concealed the impact on households with significantly higher inflation on some staple foods including fruit (11.3% in the 12 months to September 2013), vegetables (6.9%) and meat (5.2%). Two-thirds of households have responded by either reducing the amount of fresh meat, fruit and veg purchased or shopping around for 'on-offer' goods. Despite their efforts to make savings the majority of households reported significant increases in their weekly shopping bills.

Rent increases – ranged from zero (for a secure tenant) to 4.6% with a median increase of 3.1%. Over half of participants have arrears on their rent accounts (a slight improvement over the 12 months) The number of those with more than £200 arrears has remained fairly static over the 12 months (a quarter of all participants) but the amount they owe is increasing. Households in receipt of Housing Benefit are most likely to be in arrears.

Locality also impacted on expenditure, with participants in Lambeth and Southwark not only benefiting from some of the lowest Council Tax bills in the country, (£810 in Band A – 20% lower than Wirral and Carlisle), but from bills frozen for the fourth and fifth consecutive years. Participants in Wirral were hit with Council Tax increases of 2% whilst in April those in Carlisle experienced a 0.5% increase.

Over half of households are repaying debts on unsecured credit or arrears on Council Tax and/or utility bills⁴. The median level of debt⁵ has fallen to £2,100 (three working householders have paid final instalments of significant long term debts within the last six months). The level of debt ranges from a couple of hundred pounds up to £4,500.

"It's horrible because I feel as if I've made all of these mistakes [debts] and I'm paying for it now, not just money wise but the way it makes me feel. I just made bad decisions and then I went from bad to worse."

Pauline, cleaner, Carlisle

"I had a loan off Wonga and they took all the money I owed them out of my wages when I got paid, I don't know how they did that or if they were allowed to do that but they did. What I had to do was borrow the money back they took off me so I was owing them again, but added more interest on to it."

Ian, crèche assistant, Carlisle

3. Office of National Statistics CPI Statistical Bulletin September 2013.

4. Excluding rent arrears which are discussed separately.

5. We have gained a more accurate picture of the level of debt as participants have opened up over the course of the study.

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Revitalising neighbourhoods

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Two participants have continued to take out small high-interest loans, the source of their existing debt problems. But the majority have restricted their credit sources to catalogues, credit unions and existing 'rental' debts such as Bright House. However, one-third of the group have Individual Voluntary Arrangements (IVA) or bankruptcy orders in place limiting their access to credit.

A minority of households wholly dependent on benefits are having money deducted at source from benefits for previous debts (social fund loans, Council Tax arrears and Housing Benefit overpayments). The average deduction is £9 per week – 4% to 9% of householders' weekly income.

The majority of households are managing to meet monthly repayments schedules and most continue to prioritise the servicing of debts. The level of repayment varies from 9% of income up to a third of income with a median of 12%.

Two householders are in 'debt peril', spending at least half their disposable income on repaying debts. When last interviewed in January 2013 they expressed their determination to sort out their debts through legal routes (bankruptcy declaration for one and IVA for the other) but in the intervening six months neither have made any progress. The punitive cost of being unable to meet repayments is high – one of the householders was charged £80 by bailiffs for failing to pay a £15 monthly Council Tax debt payment.

A quarter of households have been referred to Riverside's Money Advice Team and/or Affordable Warmth Team. Not all have taken up the advice, and with waiting times of up to six months for lower priority households, a few householders were no longer interested in taking up the service when it became available. All high-priority referrals have been to see the Affordable Warmth Team. An average one-off saving from Affordable Warmth Advice of £130 (discount for disability) and potential savings for switching were identified.

Comment: Attempts to manage on low incomes have been undermined by cuts to welfare benefits and rising costs, especially to utilities and food. Those with children or family members affected by ill health or disabilities have been hit hardest by rising costs. The localisation of Council Tax support has caused a differing impact across the regions. Affected households in Carlisle are currently protected from the new charges.

We are yet to get a complete picture of household debt but it is clear that for all but a few households, financial capacity to meet existing debts repayments is being steadily eroded. Households are making difficult choices between heating the home, food and socialising in order to meet debt obligations (with punitive charges applied for missed payments).

Under-occupation penalty

One-third of households have lost income through the under-occupation penalty with an average loss of £44 per month (reflecting under-occupation across Riverside generally). Three of the seven households affected are under-occupying by two bedrooms. Their Housing Benefit income has been cut by just over £100 a month. The remaining four households are under-occupying by one bedroom.

The median rent arrears of under-occupying households have increased by 170% in six months (from £76.54 median arrears in March 2013⁶ to £206.09 median arrears six months later).

A third of affected householders are making minimum payments, less than half of the shortfall on an irregular basis. Another third are making regular monthly contributions to cover, some if not all, of the loss in Housing Benefit with the remaining third paying the full shortfall on a regular basis.

Two-thirds of affected participants have applied for DHP. Only two applications have been approved to date, both to households under-occupying by two rooms. The first is a self-employed single parent bringing up two children – one with a disability, in Wirral. And the second, a disabled man in Carlisle whose home is adapted and requires the support of live-in carers. Three other households in Wirral have made applications for discretionary payments but are still waiting for a decision. The slow speed of the application process was a source of anxiety for householders.

Six of the seven under-occupiers are living with a long-term illness or disability which impacts on their daily lives and are in receipt of disability benefits. The seventh householder, a working single mother bringing up three children, has a young son with learning difficulties. Two-thirds of affected households are drawing on income from disability benefits to cover the rent loss in Housing Benefit income.

The majority of under-occupying householders plan to stay and try to pay. There are already signs that this is unlikely to be tenable for the majority. One-third of households -headed by single parents, fear the upheaval and instability of their children moving schools, and depend on close family for support and/or caring responsibilities. The other two-thirds are single person households who have strong emotional bonds to their homes and established community ties.

Just two households are actively looking to downsize, registering with Home Swapper and Property Plus mutual exchange schemes. Months after registering an interest their initial enthusiasm has waned as they face the reality of a lack of available one or two bedroom properties in their existing neighbourhoods. Neither would consider a move to the private sector, fearing the cost and the lack of tenure security.

“I’m on ESA so I’m only getting £75 a week and a third of that is going on bedroom tax and I can’t get out of this house because nobody wants a four bedroom or there’s literally no two bedrooms.”

Trevor, a single parent in receipt of disability benefits, Wirral

Comment: Six months after the introduction of the under-occupation penalty those affected are struggling to cope. Whilst a few have received temporary respite following their local authority granting DHPs, they lack the financial capacity to sustain payments when the qualifying period ends. The majority of affected households have either not applied, or are waiting to hear about their applications for DHPs. Their position looks to be potentially unsustainable – most want to stay and pay but cannot afford to do so. The possible mobility of under-occupying households is limited by caring responsibilities and fear of the impact on their children’s educational prospects.

6. The month immediately preceding the introduction of the under occupation penalty.

Work, skills and health

Half of the households are now in employment, up from one-third 12 months ago. However, there is evidence of under-employment, with two-thirds of those in employment in part-time positions. Half of which are looking to increase the hours they work and two participants have been looking for full-time hours for over a year.

Organisational restructures, potential loss of funding and privatisation of operations are just some of the factors which undermined participants' perception of job security. Although within the last six months, the majority have received good news:

- Lisa, a full time NHS secretary from Wirral, has secured a new role within the NHS.
- Ian's part-time crèche post in Carlisle has been protected, with funding guaranteed for a further two years.
- The immediate redundancy threat to emergency response handler, Stephen, has receded following proposals to privatise some civilian roles within the Metropolitan Police.

— Redundancies and financial austerity had a knock-on-effect on Sharon's child care business. The last six months of 2012 saw an increasing number of parents withdrawing children from her after-school clubs or reducing the number of sessions. Increasingly worried about the long-term viability of the business, Sharon has recently introduced more flexible options for parents. The initial response to this has been positive.

Over the past year, most of the employment opportunities have fallen to the London based jobseekers – training programmes, seasonal employment and work placements. Two have recently secured employment. Both have experienced 'churning' from benefits to temporary work then back on to benefits over the last 12 months.

For one of the youngest participants, Samuel (27), the last two years have been difficult as he has found himself caught in a cycle of 'low pay, no pay'⁷ temporary jobs in London. A growing frustration with a lack of long-term employment opportunities motivated him to set up his own business. With an interest in fashion and a background in marketing, he is now developing a website for men and has secured an initial investment of £250 from a crowd funding appeal. No longer entitled to

Job Seeker's Allowance his income has fallen from £75 per week to £55 Working Tax Credits. He is determined to make a success of the business.

Mary (44) has been out of work since she left her job to care for her terminally ill father five years ago. Dyslexic, with low literacy skills, she lacked confidence and struggled to keep even short-term contracts. She has gained confidence from one-to-one support after going on the Back to Work programme last year. When interviewed in August she had just received an offer of part-time employment from a national supermarket chain.

The experiences of workless households in Carlisle and Wirral have been less positive, with further evidence of 'churning'. In this instance from disability benefits to job seekers' benefits, then back to disability benefits after appeal. The lengthy appeals process has been particularly stressful. This interjected with further changes in medical conditions frequently lead to changes in benefit entitlement. Ill health and disability remain the overwhelming barriers to work for this group of participants.

The average period of time elapsed since last employment has increased from three years to five years for jobless participants.

Prospects for this group re-entering the employment market in the near future have all but disappeared over the last twelve months as their health has deteriorated. Two required extended hospital treatment since their last interviews. Both benefited financially from a move to Employment Support Allowance and disability benefits rather than receiving Job Seeker's Allowance.

Ill health has undermined the employment security of at least half of participants over the past 12 months. Lack of entitlement to sick pay or fear of being seen taking too many sick days has resulted in two participants continuing to work through illness or delaying medical treatment. Diabetic ulcers, cancer scares and emphysema are proof of the severity of illnesses but financial and economic considerations are more immediate concerns.

One-quarter of all households currently in employment or looking for work are seeking opportunities to enhance their prospects by taking courses in basic Maths or English or computer skills. For others, such as Paul, disabled and requiring 24 hour care, there is unlikely to be any prospect of employment. Determined to give something back to his community, he is working with his carers to develop a programme visiting schools to speak about his experiences.

"To fund the gap in Housing Benefit my internet and mobile phone would have to go and then instantly the Job Centre are going to say how is an employer going to phone you and how are you going to find a job without the internet... well it's a Catch 22 isn't it?"

Andrew, in receipt of disability benefits, Wirral

Comment: The last 12 months has seen better employment prospects for those seeking work and improved job security for those in employment. However, there is evidence of 'churn' following a 'low pay, no pay cycle' of temporary work and benefits, and under employment for part-time workers. The prospects for participants living with long-term health conditions and disability have not improved – they remain at a considerable distance from the labour market.

7. 'Low pay, no pay' refers to the on-going movement between low paid employment and unemployment.



Personal wellbeing

Two-thirds of householders associated personal wellbeing and happiness with good health of themselves and/or close family. A few householders associated wellbeing with their income level and employment situation.

Over half of participants are unhappy with their life. Of those two-thirds cited a recent illness or a long-term disability of themselves and/or close family as the cause. This contrasts with the results of a recent national survey on personal wellbeing, where only a third were unhappy with their life.⁸ At first describing the impact of illness or disability in terms of their physical condition, most then went on to describe the secondary impact on their happiness in terms of financial hardship or the strain it placed on relationships. These factors themselves, the cause of further anxiety and stress, in particular, were seen to have a negative impact on the health of the carers in the group.

Just under half of participants said they were happy with their lives. Good health and/or positive outcomes following recent health scares, securing employment and/or an improvement in finances were attributed to this.

The importance of community, family and friends was referred to by two participants at either end of the age spectrum. Though both relatively happy with their lives, they described their isolation within their immediate community – their respective communal flats and the physical distance from their network of family and friends.

Those households with children, who have put in place measures to ensure their long-term financial wellbeing; commented on the peace of mind gained from financial planning. This contrasted sharply with those who hadn't and were worried about their children's future.

Comment: The prevalence and impact of ill health and disability on the prosperity, work prospects and wellbeing of households is overwhelmingly negative. Over half of households are unhappy with their lives. In most instances, this is as a result of the stress and worry of caring for relatives or struggling with their own health. Securing the future of their children and personal networks were also identified as important to individuals' wellbeing.

8. Personal Wellbeing Across the UK, 2012/13. Office of National Statistics.

Implications

The experiences of this small group of tenants have implications for housing organisations and providers of advice and benefits in terms of service delivery, use of resources and communication.

Riverside

For those households affected by the under-occupation penalty, there is evidence of a disconnection between their own assessment of their ability to stay and pay and the reality of their financial situation. In a few cases under-occupying householders are waiting upon applications for DHPs but have no contingencies to pay rent arrears should the application be rejected. Applicants who have been awarded DHP were unable to confirm the payment period and lacked a long-term plan for paying rent once the payments stop.

Evidence suggests that the majority of participants affected by the under-occupation penalty have not registered with a property swapping website but get their information on the availability of suitable properties second-hand. Further promotional work and communications are required to inform tenants about how to register on property swapping websites.

There is an on-going need to focus resources on vulnerable households with welfare benefits, affordable warmth advice and support. The financial gains that can be achieved, both as a one-off payment and through on-going financial support make a positive impact on some of the main areas of financial concern.

Ensuring that those cases considered 'low priority' for advice teams, receive advice in a timely manner will be essential in keeping households engaged with Riverside. This will increase the likelihood of them entering into dialogue with us should their financial circumstances change.

A number of households have arrears repayment plans that had been in place over a period of years, even though changes in their circumstances enable them to make a greater contribution. It would be wise to consider a mechanism to review long-standing repayment plans and identify when circumstances change.

Evidence suggests that over half of participants would benefit from financial advice over and above which Riverside is currently able to give, specifically in the field of debt management. Identifying and supporting households via external debt advice agencies will reap rewards for the tenants and the business.

The distance from the labour market of long-term unemployed tenants indicates the need to offer highly tailored programmes to support tenants into employment, focusing on barriers to work.

The large group of households who are unhappy with their life voice concerns around their personal wellbeing. This is often caused by stress or ill health and indicates that many would benefit from support in this area. Riverside may want to consider promoting health and wellbeing in partnership with community health organisations or something similar to the existing Livetime project. This could include a system of referrals to health services, via day-to-day contact with tenants.

Department for Work and Pensions (DWP)

The positive employment outcomes experienced by participants who have received specialist one-to-one support and signposting, plus the formidable barriers to work which face the long-term unemployed reinforces the importance of the DWP in:

- investing in and increasing access to a nationwide network of coaches to support jobseekers
- improving signposting to local courses on numeracy, literacy and IT skills
- supporting the development and access to a network of local low-cost internet facilities in partnership with local authorities and local organisations
- advanced, timely communications through a range of channels – of the intention to cease benefit payments if appointments are missed, any other conditions which benefits are tied to, with a final opportunity to rearrange assessments. This would prevent large breaks in benefit payments, and the subsequent increased levels of debt and arrears.

Local authorities

With local authority budgets subject to further cuts, the evidence of this small group of householders highlights the importance of:

- promoting, signposting and supporting residents to apply for DHPs
- having a transparent application and decision making process regarding how payments are awarded
- clarity of payment detail, for example the length of time the payment has been awarded for or whether there is any likelihood of a renewal at the end of the period
- publicising and supporting the work of local credit unions and debt advice agencies particularly in deprived neighbourhoods.

“I got the all clear last week from the hospital. I didn't realise how stressed I was before because I had the pressure last year to keep my job, it's not a nice feeling. Things have come together my health has improved, my job has improved and it's made me happier.”

Lisa, secretary, Wirral

Case study 1: Trevor's story

Trevor (49) is a single parent who lives in a four-bed Riverside house in Prenton, Wirral. His youngest son, Sean (13) who has learning disabilities lives with him. After almost a decade serving in the armed forces, he left to work as a plant-hire driver. He gave up work 15 years ago to raise his three children after his partner left home. Three years ago he was diagnosed with a degenerative back condition and became eligible for disability benefits.

Eighteen months ago his benefits suddenly stopped after he missed a routine medical appointment to assess his entitlement for Employment Support Allowance (ESA). Informed he would have to re-apply, he was then told he would have to wait at least 13 weeks for a medical assessment appointment to establish his eligibility. He actually waited 22 weeks for a medical. A further six weeks later, in February 2013, he was told that he no longer qualified for ESA. He immediately appealed against the decision and is awaiting the outcome. In the meantime his benefits have been restored albeit at a reduced rate.

As a result of this loss in entitlement the family experienced a 70% reduction in income to £280 per month. Before Housing Benefit payments were restored, his rent arrears increased to £1,750. Unable to pay the winter heating bill his utility arrears escalated to £2,500. His energy provider recently agreed to his request to install a pre-payment meter to enable him to manage the debt.

The family's financial situation worsened in April 2013, when their income was reduced further as a result of the bedroom size criteria rules. Under-occupying by two bedrooms, his Housing Benefit entitlement reduced by £102 per month. He was forced to turn to his elderly mother for financial support. His arrears are increasing as he is only able to make irregular weekly payments of £10-£15, just 40% of the £25 rent contribution due. A week earlier he received a second eviction warning.

Resigned to moving, he has registered with three property swapping websites, which he logs onto regularly. In five months searching on the websites there have been no available properties that would match his needs in his required area. He has received expressions of interest in his home, most recently from a family in Llangollen. But with caring responsibilities for his elderly mother who lives nearby and his son settled in a good school at a key phase in his education, he is reluctant to move to another local authority so far away.

Then in April the family experienced a further financial hit with the introduction of Wirral's Council Tax support scheme. Previously receiving 100% Council Tax benefit, under the new system Trevor is now required to pay £14 a month. The family's finances are at breaking point. After 15 years out of the job market and no longer physically able to do the job he has experience of, he is pessimistic about his potential to gain employment if his appeal fails. Trevor and his family wait anxiously to see what the next six months hold.

"I've never been good with money and there's not a great deal of it. But now having to pay extra money out. I mean I'm only getting £75 a week and a third of that is going on bedroom tax and I can't get out of this house because nobody wants a four bedroom and there's literally no two bedrooms. Basically I can't keep paying it, it's ridiculous."

Case study 2: Sharon's story

Sharon (48) lives in Rock Ferry, Wirral, with three of her five children aged eight, 11 and 18. Self-employed, she runs a childcare club which provides after-school and summer clubs.

When we first met Sharon she was worried about the long-term future of the business. An increasing number of customers were either reducing the number of sessions their children spent in childcare or withdrawing them altogether in response to the impact of the recession and job losses.

Twelve months later, Sharon's concerns for the business have been overtaken by more personal financial worries. The family's household income has taken a triple hit in the last six months as a result of the introduction of the under-occupation penalty, losing the Council Tax sole occupancy discount and the 1% cap on benefits. Sharon receives working and child tax credits, Housing Benefit and child benefit.

Sharon has raised all five children in her five bed home. Now under-occupying by two bedrooms, Sharon's Housing Benefit entitlement was initially cut by £100 a month. She successfully applied for DHPs on the basis of her youngest son's disability (he suffers from dyspraxia) but she had to wait ten weeks for a decision. With the payments time limited, this is a temporary reprieve and she will have to re-apply for further funding. Sharon would consider downsizing to a smaller property but with one of her older sons talking about moving back home and the eldest of her children still living at home now 18, the number of bedrooms in their current home only just accommodates the influx in and out of the family home. Furthermore with her youngest son finally settled at school and with support in place he is starting to make progress so she is reluctant to move him, which immediately limits her downsizing options.

In the last year, her eldest child living at home has turned 18 and

left full-time education. This has had a financial impact on the household income, losing £25 per month sole occupancy discount on Council Tax plus a further £90 per month in tax credits. The 1% cap on working age benefits has also impacted on the family's income in terms of child benefit and tax credits.

Despite the pressure on finances, Sharon is committed to clearing her rent and Council Tax arrears – a legacy from the breakup of her marriage. She applies the same determination to overcome obstacles to her business. Over the last twelve months she has introduced more flexible, family friendly childcare options: offering daily as well as weekly slots and splitting sessions. As a result after school club numbers have increased from an average of nine to twenty per session.

An active member of the community, Sharon focuses on what the family have rather than what they don't have. Once a week the family attend a faith night where the congregation invite the local community to share a hot meal with them:

"It was started to try and encourage people into church but what we have found is we are getting people who are less fortunate and a lot of them have had battles with drink and drugs, and some haven't had a wash for days, you can tell when they come in. But it's good for the kids to empathise but also it's about sharing and the kids can see we are better off than those people. We could be sitting here with no roof over our head, freezing cold and empty bellies and we're not."



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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