Real Life Reform
Report 4

July 2014

I'm still trying to find work. I've been offered two, one bedroom private rentals but the rent is higher than I'm paying now. I know that local housing allowance is higher but I'm still trying to think long-term when I'm in work.

RLR Participant

I have spent less money on fuel as I would rather eat (this only happens when I run out of store cupboard essentials). I would rather eat than be warm, because I do a lot of exercise and need the energy. The exercise helps with my mental health. Good physical health protects you when you're older. If I get too cold I get into bed.

RLR Participant

We're reforming the welfare system to help more people to move into and progress in work, while supporting the most vulnerable.

DWP Policy Statement[1]

Real Life Reform is tracking the impact of welfare reform on up to 100 households through to 2015.

This is the fourth of six scheduled reports examining both how households are responding to the changes and whether the reforms are achieving their ambition of getting people into work and reducing public spending.

The previous three reports can be accessed via our Twitter account @RealLifeReform

- Report Three (link) published March 2014 based on surveys completed in January 2014
- Report Two (link) published in December 2013 based on surveys completed in October 2013
- Report One (link) published in September 2013 based on surveys completed in July 2013.

The research and interviews for this fourth report were completed during April and early May 2014.

Headlines

- ***24% of people in debt owe money to a pay day lender or loan shark***
- ***43.5% of people in debt will take more than 4 years to repay their debts or don't know when they will be paid off***
- ***The percentage of in-debt households owing more than £2,000 has risen to 52.8% from 44% in the last report***
- ***Average weekly debt repayments have more than doubled. Nine months ago they were £18.21. They now total £37.36 per week***
- ***12.5% have used a food bank at least once in the last 3 months***
- ***Weekly spending on fuel is 9.1% higher than at the start of the study, with an average of £28.37 being spent per week***
- ***Spend per person per day on fuel has increased to £4.05 from £1.97 in September 2013***
- ***Spend on food per person per day has reduced to £2.79 from £3.28 in September 2013***
- ***3 out of 10 households spend less than £20 per week on food***
- ***Average money left after bills has increased slightly but at £2.82 per day across all of the households is not proving to be sufficient to cope with unexpected expenditure***
- ***There has been a 29% reduction in money left each week after bills for those in full time employment. They now have an average of £46.43 left each week after bills***
- ***Unemployed households have got poorer. With £10.32 per week, or £1.47 per day, left after bills, this is a 17% reduction since the start of the study***

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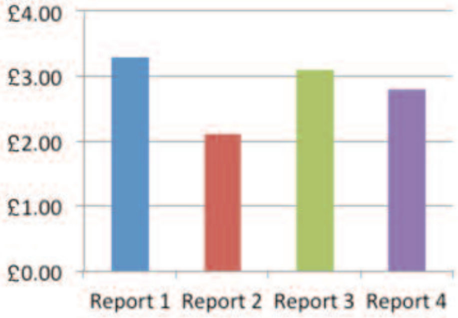
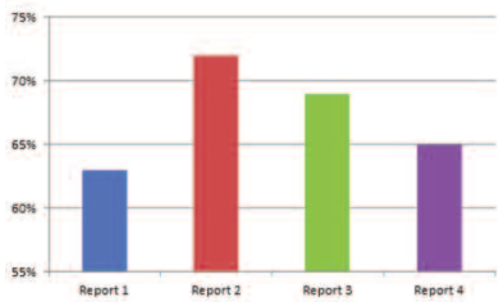
Real life Reform 4: At A Glance

Average amount spent per person per day on food



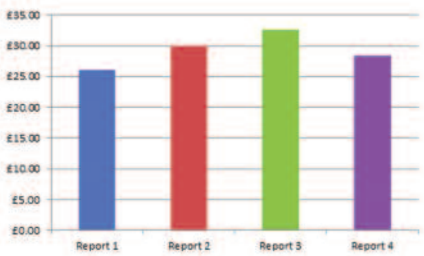
Report 1 **£3.28 per day**
Report 2 **£2.10 per day**
Report 3 **£3.08 per day**
Report 4 **£2.79 per day**

% of households who spend less than £40 per week on food



Report 1 **63%**
Report 2 **72%**
Report 3 **69%**
Report 4 **65%**

Average weekly spend on fuel per household



Report 1 **£26.00**
Report 2 **£30.07**
Report 3 **£32.62**
Report 4 **£28.37**

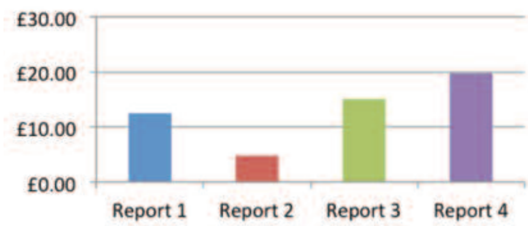
Average amount of debt per household in debt

Report 1 **£2,288**
Report 2 **£2,273**
Report 3 **£3,503**
Report 4 **£3,249**

Average weekly debt repayments

Report 1 **£18.21**
Report 2 **£21.82**
Report 3 **£34.41**
Report 4 **£37.36**

Average money left each week after bills



Report 1	**£12.50**
Report 2	**£4.79**
Report 3	**£15.08**
Report 4	**£19.74**

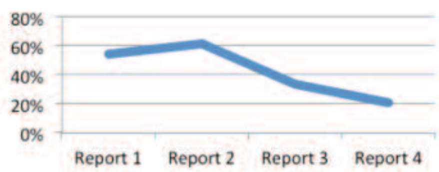
% of participants who believe Welfare Reform will adversely affect their health and wellbeing

Report 1	**88%**
Report 2	**83%**
Report 3	**75%**
Report 4	**86%**

% of participants who believe Welfare Reform will adversely affect their support network

Report 1	**56%**
Report 2	**66%**
Report 3	**56%**
Report 4	**64%**

% of participants who believe Welfare Reform will adversely affect their children's education



Report 1	**54%**
Report 2	**61%**
Report 3	**33%**
Report 4	**20%**

% of participants who believe Welfare Reform will adversely impact upon their neighbourhood

Report 1	**68%**
Report 2	**86%**
Report 3	**76%**
Report 4	**82%**

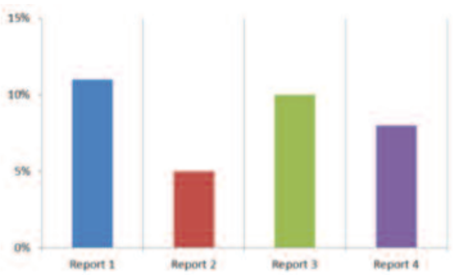
% of participants who believe Welfare Reform will adversely impact upon local shops and businesses

Report 1	**68%**
Report 2	**86%**
Report 3	**57%**
Report 4	**70%**

% of people who say they are dealing well with problems

Report 1	**20%**
Report 2	**22%**
Report 3	**24%**
Report 4	**24%**

% of people who are feeling optimistic



Report 1	**11%**
Report 2	**5%**
Report 3	**10%**
Report 4	**8%**

Contents:

Preface

Welcome to the fourth Real Life Reform report.

Followers of @ReaLifeReform on Twitter will know that we now have over 1000 followers and that the last report was seen by 334,471 people and organisations within the first week of its issue (see 'tweet reach' below) We would like to thank everyone for their support for this study.

Real Life Reform is about the impact of Welfare Reform on households across the North of England and given that this is now report four, we have tried to capture the timeline results in a new At a Glance section. This provides a summary of all of the key findings from each of the four reports.

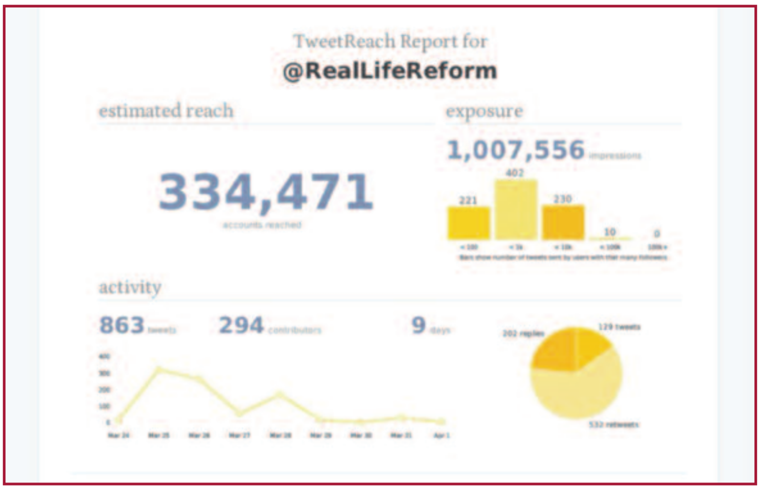
We had anticipated that the results this time could potentially show more of the same. However, in this round we have seen some very clear trends emerging, particularly around debt, debt profiles and reliance on food banks. We think that readers might find the At a Glance'section particularly useful to share with Boards, Committees and Governing Bodies to help inform them of customer issues when discussions are being had about future business plans, budgets and for housing providers, their rent strategies.

Recently the Northern Housing Consortium asked for members' views on Real Life Reform and whether with Universal Credit being "rolled out" the study should continue for a further period (perhaps in a slightly different format) beyond the originally planned 18 months. There was support for this suggestion and the steering group are considering if/how we bring this to life. We would welcome your views and feedback via @RealLifeReform

We also had some great feedback from NHC Members, confirming that our research findings support the experience and evidence from other partners and research. At Appendix 1 you will find a summary of recent related research which not only helps inform strategic discussions within organisation, but raises awareness and supports much of the work we are doing.

We hope you find this fourth report of interest and of use to you and your organisation.

Andy Williams, LHT



Week One Twitter reach report for Real Life Reform Three

CASE STUDY: Jim's Story

Jim is a single man in his early 30s who has lived in his two-bedroom flat for eight years. It is the first stable home Jim has ever had. Brought up in care, Jim then had a very unsettled life, including frequent bouts of homelessness. He has mental health issues (schizophrenia) and learning difficulties (dyspraxia). The learning difficulties means Jim has been a victim of bullying in the past and this is something he still worries about today.

Getting the flat provided Jim with stability, and with support from mental health services and his landlord, he has made a successful life for himself. His neighbours know him and he feels safe in his home.

For three years Jim had an NHS mental health support worker, who he found invaluable in understanding his condition. Unfortunately that support ended as it was time-limited and overall funding for the post has now been removed. Jim now relies on his step-mum for regular help, alongside peer support at the Hearing Voices Network.

Since April 2013, Jim has been affected by the under-occupation charge; however he is not in a position to move. Jim's psychiatrist and GP both say that the stability provided by his current home is vital and any move would be detrimental to his mental health.

As a result, his landlord applied for Discretionary Housing Payments (DHPs) to help cover Jim's shortfall in Housing Benefit caused by the under-occupation penalty. The applications have been successful but the support has to be reapplied for and means the threat of rent arrears in the future is always there.

Jim admits he is not good with money and likes it to come straight out of his account for things he needs to pay for so that he meets his financial commitments. He is worried about the impending Universal Credit giving him payments once a month. He doesn't think he will cope well at all. He tries to budget but admits he would need extensive support to manage on one payment a month. He wants his landlord to get his rent money directly to ensure the roof over his head is safe.

Jim has made great progress in the last eight years and the thought of moving did worry him very much.

DHPs have meant that rent arrears are not accruing and the worry of having to move is not an issue for now.

The under-occupation penalty intends for people like Jim to move. However, it is highly likely that any savings would be offset by a marked increase in mental health service costs, given the impact that such upheaval would have on him and the conditions with which he is living.

Real Life Reform: a brief recap

> **“A system that was originally designed to support the poorest in society is now trapping them in the very condition it was supposed to alleviate.”**
> Iain Duncan Smith, May 2010

The Welfare Reform Act 2013 introduced a series of radical changes to the UK welfare system. The government is seeking to ensure that “work pays” and to bring about savings to public spending.

Real Life Reform is tracking the impact of welfare reform across a cohort of 70-100 representative social housing households across the North. In this, the fourth round of interviews, we had 80 households participating in the research, 75 of which have been involved before. The case studies include in-work and unemployed households. Some affected by underoccupany. Some not. They share their experience of Welfare Reform, including how they are responding to the “welfare to work” campaign and how the changes are impacting on them and their household. This includes financial circumstances, spending decisions, health and wellbeing, and impact on family, as well as the wider neighbourhood and work opportunities.

Using a series of semi-structured interviews, the research captures information and the impact of the changes on them. In total, six study visits will be completed over 18 months.

The interviews are collated, analysed and published in a quarterly report detailing trends and experiences. The research study sets out in its original remit to:

- Share and compare household experiences
- Demonstrate where Welfare Reform is achieving its goals
- Highlight any unintended consequences of the changes on people and communities
- Be used to raise awareness
- Be used to help influence the strategic direction of organisations and provide an evidence base for these decision-making processes
- Be used to support and develop front line staff that manage and respond to the issues associated with Welfare Reform
- Explore people’s experience of accessing employment

This is the fourth report from Real Life Reform. During this round, we interviewed 80 households of which 75 were retained households, who have been participating in the study for at least one previous round. This enables us to maintain consistency and evaluate trends. Because of this, in this report we have not differentiated between new and retained case studies as the households who have joined have not made a significant difference to the results. This round of interviews took place in April and May 2014, just over a year after the introduction of major Welfare Reforms including the under-occupation penalty, or ‘Bedroom Tax’, council tax benefit changes and an increasing focus on welfare to work initiatives.

The fifth report is due in September 2014

Quotations contained in this report are reproduced verbatim.

Real Life Reform & Everyday Life

Continuing the approach taken in the first three reports, we have asked households the same questions about their everyday lives and spending habits. The aim is to better understand how they are adapting and responding to changes they face as a result of Welfare Reforms and other issues that may affect their income and expenditure. The first three reports highlighted concerns about low levels of spending on food, as well as issues of fuel poverty and rising debt.

For this report, we worked with researchers and households to better understand whether this is a continuing trend or is something that was seasonal.

While we see some evidence that people are adapting with what are still very low levels of income and expenditure, some new trends have emerged.

The situation for those in debt is getting worse. While the average debt owed is slightly lower, weekly repayments are now much higher. There has been a slight reduction in the number of households who are in debt, which accounts for the reduction in average debt, but we see more people now in higher debt brackets, with either very long repayment periods or uncertainty about future repayments.

There has been a significant increase in the use of pay day lenders and we have seen real evidence of increasing use of food banks across the households involved.

Spending on food has again reduced and this, along with seasonal reductions in the fuel spend, appears to be a possible reason for a slight increase in the amount of money people have left each week. However when we review this by household type, we see for many households including unemployed and those in full-time employment, this has actually reduced.

For some, spend has gone down on essential items and so has their disposable income. This could reflect the impact of higher average weekly debt repayments which have more than doubled since the start of the study. The amounts of money left over each week are still low and do not allow for any unforeseen expenditure. It is possible that these low thresholds are the reason why there has been an increase in the use of pay day lenders, loan sharks, banks and credit cards. This is something we will explore further in reports five and six.

> **I've had to cut down on food. As long as I pay my bills and rent, they're the main priority. Its food and things for my daughter that we've had to cut back on. She needs shoes for school but I can't afford them at the moment.**
>
> **The washing machine has just broken and I've had to ask my boss for a loan to pay for that. I've borrowed just over £200 and I have to pay him back. He's quite good and he says I can pay what I can afford, but it makes me feel very low. I can't go out and get what I need. I'm working and trying to keep my family afloat. My mum's been doing my washing for me the last two weeks. She's not in good health and I'm having to rely on her to do it for me.**

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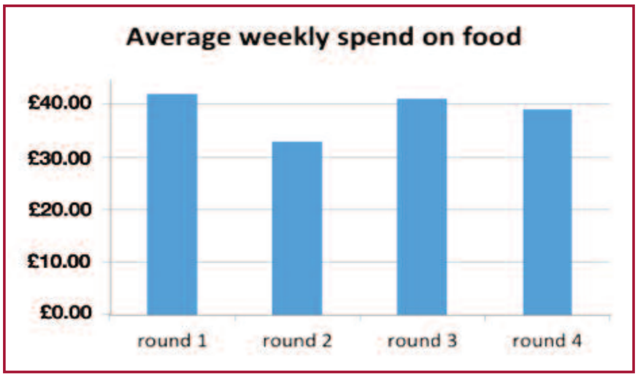
Food Spending

Average spending on food per household has reduced by 5.22% since round three and overall by 7.29% since the start of the study.

At £39.04 per week, this is £3.07 less being spent on food per average household than at the start of the study, despite well reported rising prices of food and shopping.



£39.04
Average weekly spend on food

this was
£42.11
in report 1

This suggests that the increase in food spending reported from the second to the third report was in the main seasonal and due to Christmas, which evidently placed increased pressures on spend.

Looking at spending on food per person per day, there has been a 14.7% reduction since the start of the study. Since our first interviews in July 2013, spend on food per person per day has fallen from £3.28 to £2.79.

£2.79
Average daily spend PER PERSON on food

this was
£3.28
in report 1

Taking into consideration changes in the Consumer Price Index, which increased to 2.8% in May 2014, this shows that spend on food per household has, in real terms, reduced by almost 10% since the start of the study. Adopting the same principles, spend per person per day is 17% lower.

The number of households spending less than £20 per week on food has increased, with three in every ten households now spending less than this amount. The number of households spending less than £40 [65%] has reduced slightly from our last report [69%] but still remains higher than when we started the study [63%]

30%
Spend less than £20 per week on food.

Overall, the position on food spending has gradually become worse since the study started. Despite peaks and troughs, nine months into the study it is clear that spending on food by our participants is reducing when food prices are increasing.

As reported in the Food Banks and Food Poverty report Parliamentary UK Standard Note SN06657, the Department of Health defines food poverty as “the inability to afford, or to have access to, food to make up a healthy diet”. In the next rounds we will be exploring this more with the case studies to better understand their food shopping habits, decisions they are making and how they are feeling in terms of concerns about health. We will also be considering how this reflects other studies being undertaken in relation to food poverty.

Food Banks

In earlier rounds there was qualitative evidence that some of our households had used food banks as a way to cope. In round four we introduced some new questions to understand whether participants' experiences reflect recent publicity and research about a growing reliance on food banks.

12.5% of our case study households have used a food bank since the last report.

Working on the assumption that an emergency food bank service as provided by agencies such as Trussell Trust is three days of food per household, based on our latest figure of £39.04 being spent on food, this equates to approximately £17 that would have been spent per household in addition to the amount reported.

Looking at those households who have used a food bank at least once in the last three months, the average debt owed is £3,595 which is higher than the average debt across all case study households [£3,249] We do not know the reason why these households have had to use food banks. Equally we do not know if others need food bank support but can't access it. However, the results do indicate there could be a link between debt and reliance on food banks.

We will explore this further in rounds five and six.

Of the 12.5% who have used a food bank, 40% of those are employed.
This indicates that food banks are not just being used by households who are out of work. Low income households are also relying on them to cope.

It's clear there is no dominant trend of which household type use or rely on food bank support. We will be reviewing and tracking this more in the latter stages to find out more.

12.5%
have used a food bank since January 2014

£3,595
Average debt of households using food banks

40%
Of households who have used a food bank are employed

Shopping

Total weekly spend on shopping per household, which includes essential non-food items as well as food, reduced by £2.48 since report three and now totals £49.79. There is also a slight reduction in the average spend on non-food essential shopping items to £10.75 per week, compared to £11 in the last report.

While there has been a reduction since report three in the number of households shopping in supermarkets (reducing from 65% to 56%) and an increase in the use of local shops (from 4.8% to 15%) an analysis illustrates that the most commonly used shops include Aldi, Lidl, Farmfoods and Iceland. These were also referred to as "local shops", indicating why this category has increased. Only two out of 80 households reported that they shop in Tesco or Sainsbury's.

Qualitative data indicates that the choice of shops is due to cost and needing to stretch the weekly household budget further. Households are choosing or having to use nearby and local stores, due to pressures on transport and fuel costs as well as the cost of products and frequency with which shopping is done. It is apparent that many households do not complete weekly shops but manage through daily shopping, including a reliance on discounted goods.

56% of households said they have had to make changes and reductions in their travel costs.

£10.75
Average per week spent on non-food shopping items

56%
of households have changed or reduced their travel costs

> **I walk everywhere. Thank god I am healthy enough to do this or I don't know what I would do**

> **We buy the basic shopping and put the kids' needs first so buy them clothes etc. when needed**

Fuel Spending

As anticipated, due to the time of year when the round four interviews were completed, spending on fuel has reduced since our January 2014 research.

Average weekly spending on fuel is now £28.37. Whilst this has reduced since January (£32.62), it still remains 9.12% higher than at the start of the study when average spend on fuel was £26.

Almost 19% of households say their spending on fuel has reduced since the start of the study. 31% say their costs have increased but 50% say they have stayed the same. Further analysis illustrates that some of the increased cost is not usage but repaying debt.

£28.37
Average weekly spend on fuel

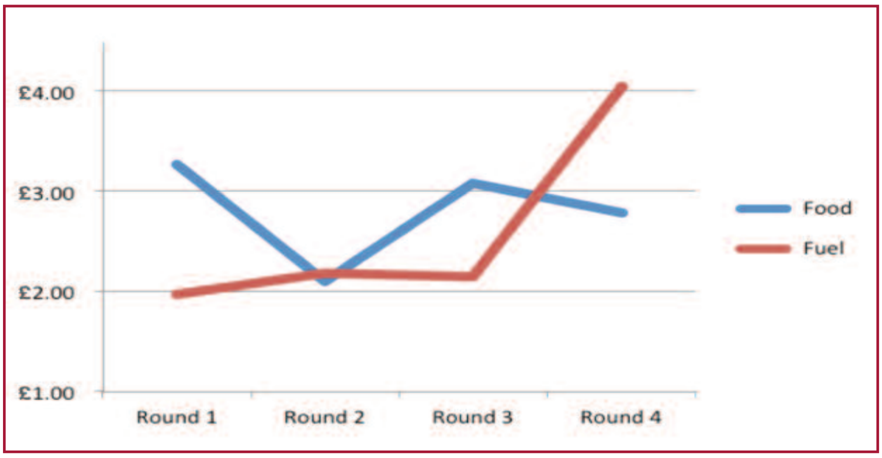
9.12%
Higher than in July 2013

More than 10% of households spend in excess of £40 per week on fuel; this is more than the average spending on food, while 35% of households spend between £20-£39 per week on both fuel and food.

Changes in household composition, due to some people moving out of the home and some of the new case studies consisting of smaller households have impacted on the fuel spend per person per day. This has increased significantly to £4.05 per person per day compared to £1.97 at the start of the study.

However, comparing this against food spend per person per day, we now see at round four that spend against fuel is much higher than food.

Comparison of spend per person per day on food and fuel



Household debt

Since round three, there has been a small reduction in the number of households that are in debt. This still remains high with 73% of all households saying they owe money.

There has also been a small reduction [£254] in the average debt per household, which now totals £3,249 compared with £3,503 in January 2014 when it was clear there had been an increase in borrowing to cope with Christmas. However, the average amount of debt per household is 42% higher than at the start of the study when debt levels stood at £2,288.

Despite there being a reduction since January, on average households are almost £1,000 more in debt [£961] since the beginning of the study.

Since January 2014 the number of people owing less than £1,000 has reduced from 44% to 34%, perhaps further illustrating short-term borrowing for people to cope with Christmas, as well as higher bills including fuel. Now at 34%, this is slightly lower than at the start of the study.

However, we find that almost 21% of all case studies owe up to £500. This remains slightly higher than at the start of the study, showing that one in five households have low level debts. Qualitative data analysis suggests these debts continue to be used to help people cope on a weekly basis.

The biggest and most consistent trend has been the steady increase in the number of households in higher levels of debt. Now, we find more than half of households in debt owe in excess of £2,000. At the start of the study, 4 in every 10 households in debt owed more than £2,000. At round three it increased to 44% and in this round it has increased to 52.8%.

There has been a 46% increase since the start of the study of those in debt of more than £3,000. At round four, 39.6% of households in debt owed more than £3,000 compared with 27% in July 2013. Comparing this to round three interviews in January 2014, we have seen cases owing more than £3,000 rise from 35.6% to 39.6%.

The biggest increase in debt for participants in report four was those owing between £2,500 and £3,000 which leapt from 5.1% to 11.3%.

Overall, the figures suggest that while there has been a slight reduction in the number of households saying they are in debt, and the average debt has slightly reduced, those with higher levels of debt are struggling to repay or reduce what they owe and may actually be borrowing more to cope.

73%
of all households are in debt

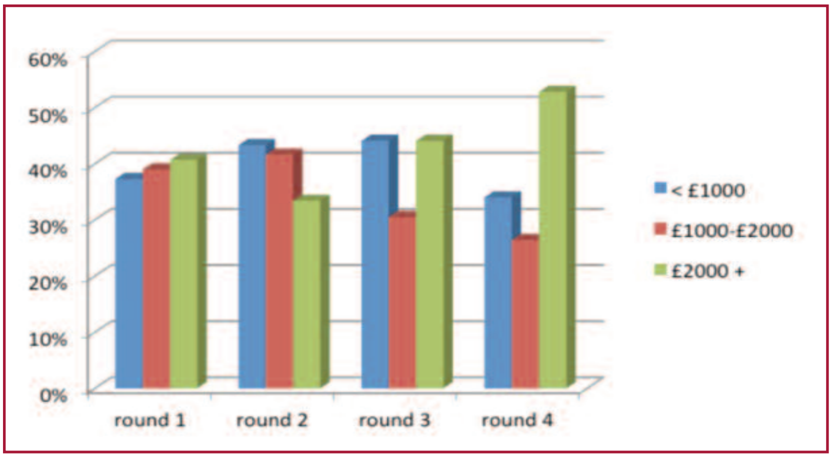
£3,249
Average debt per household

£961
(42%)
increase in average debt per household since July 2013

52.8%
Owe more than £2,000

40.7%
At the start of the study

Average amount of debt



Of the households who shared with us how much they are in debt, 29% are in employment and 71% are unemployed.

53% of employed households in debt owe more than £2,500, compared with 48% of unemployed households. The higher debt profiles are very similar although for those who are unemployed, the stated prospects of repaying the debt and managing the weekly repayments are worse.

We see a slightly different trend with lower level debts. For those owing less than £1,000, 40% are unemployed compared to 20% employed. Further analysis shows that 24% of the unemployed households in debt owe less than £500.

Repaying the debt

This trend is also reflected in the debt repayment periods. There has been a significant increase in debts which will take more than four years to repay.

In round four, 29.3% of those in debt said it will take them more than four years to repay what they owe. This is a 313% increase since round one when only 7% of households had debts that they believed would take in excess of four years to repay.

Against this, we also see a slight increase since round three with 15.5% of households now saying they will never pay their debt off (up from 14.5%) and 28% who don’t know.

Altogether, 72% of households in debt are in a position where their debt situation is long term or uncertain.

67% of households do not plan to borrow more money; this was 62% at the start of the study. That said, we have seen average debts increase by almost £1,000 since then. Over the course of four research visits, it is an emerging trend that case studies say they don't plan to borrow more but then appear to find themselves having to. That fact is likely to be a possible reason, either in full or in part, why a number of households are reporting concerns about their health and wellbeing.

There has been a reduction in households worried about getting into more debt, reducing from 82.5% in January to 62.1% in this latest round. We will monitor this in rounds five and six to better understand why there has been a reduction and to see whether this continues.

Average weekly debt repayments have more than doubled since the start of the study and increased by 8.5% since round three, with households now paying an average of £37.36 per week off their debts. This repayment level is similar to the average weekly spend on food.

£37.36
Average weekly debt repayment

Our qualitative data is illustrating that increasing debt repayments is possibly one of the reasons why some households are reducing their spend in other areas. In this round we see that spend on food and fuel has reduced, as has the disposable income [money left over each week], while debt repayments have gone up. In round five we will be undertaking more assessment to further understand any possible connections.

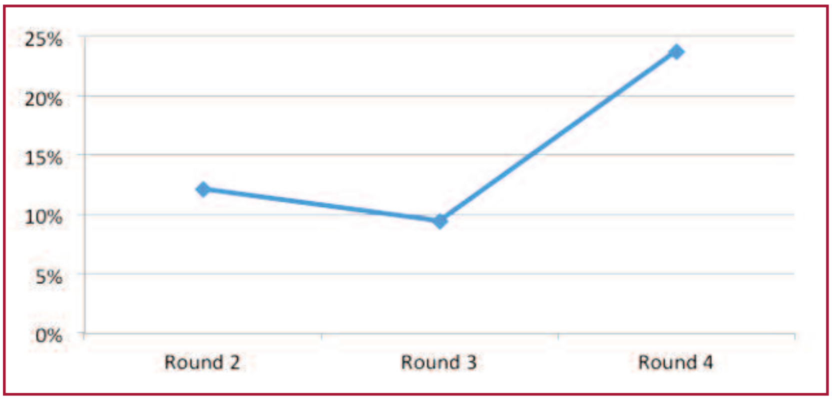
Pay day lenders & loan sharks

24%
Owe money to a pay day lender or loan shark

Since round three there has been a significant increase in cases where money is owed to pay day lenders or loan sharks.

24% of those households in debt have said they owe money to a pay day lender or loan sharks. This is a 153% increase in three months, with the biggest increase being in borrowing from pay day lenders. We first asked the question about use of pay day lenders and loan sharks in round two. At this time, 12.2% of all households in debt borrowed from pay day lenders or loan sharks. This dropped slightly in round three [9.4%] but has noticeably increased to almost one in four.

% of people in debt who borrow from a pay day lender / loan shark



While the average debt has fallen slightly, as has the number of households, we have seen the average weekly debt repayment more than double since the start of the study. This arguably reflects the higher interest rates and borrowing terms that such lenders offer and is a real concern for our households.

Interestingly, it is clear that the main household type resorting to borrowing from pay day lenders or loan sharks are unemployed households. Of the 24% in debt to pay day lenders / loan sharks, 87% were unemployed.

Bank loans & other lending

The other most significant change in who our households owe money to concerns credit cards and banks. Those owing money on credit cards has increased from 4.7% in round three to 11.9% in this round, and those in debt to banks has more than doubled and is now 26.2% compared with 10.6% in round three.

38.1%
Owe money to a bank or credit card

In total, 38.1% of those in debt owe money to a bank and / or credit card company. This was only 15.3% in January 2013 and suggests that some households have consolidated their debts since round three.

The trend in prioritising council tax repayments has continued as only 7.1% of households in debt now say they owe money to their local authority. This has been the biggest reduction since the start of the study, when more than one in every three households in debt were in council tax arrears.

There has also been a 70% reduction in people owing money to family and friends, with less than 5% now in debt to these people. This highlights a trend we reported earlier in the research that family and friends had reached capacity and were unable to provide any further support. Again, 83% of those who owe money to family and friends are unemployed and this ties in with the analysis that 24% of unemployed households in debt owe less than £500, reflecting the quote from an earlier round of "borrowing from Peter to pay Paul".

In round five we will be further exploring debt trends by employment status and type. However, some other emerging themes from this round show that for those who are employed and in debt, the highest debt is rent with 73% in arrears, followed by 53% in debt to household bills and 27% to both credit cards and catalogues.

For unemployed households, 51% are in rent arrears, which also reflects the under-occupancy profile of some of our case studies, but this is still significantly lower than those who are employed and in rent arrears. The main debt areas for unemployed households are 46% household bills, 41% to the bank and 24% in debt to credit cards and catalogue companies.

With 53% of employed and 46% of unemployed people in debt owing money to household bills, including utility companies, this supports why weekly fuel repayments have increased.

Money left after bills

As part of the study, we ask households how much money they have left after bills. Evaluating all 80 households, the average amount of money left each week has increased from £15.08 per week in round three to £19.74. This leaves less than £3 per day [£2.82] to spend on items other than food, household shopping, fuel, bills or debt repayments.

£2.82

per day per household left to spend

Despite this slight increase, 81% of households said that money left after bills hadn't gone up [19% said it had reduced and 62% said it had remained the same]. Given that the increase is an average of 66p per day across all case studies [£4.66 increase per week] it is probable that households just don't notice this change due to its insignificance.

For unemployed households, the amount left per week has reduced by £4.76 since report three and now stands at £10.32 per household. This is a safety net of £1.47 per day for unemployed households. At £10.32 this is less money left per week than at the start of the study when it was £12.50.

For employed households, the average amount left per week has increased slightly to £41.28 from £34.71 in round three. Compared to unemployed households, those in employment have on average £28.84 more left per week after bills or £4.12 per day.

In round four we again considered money left after bills by work pattern.

This showed that being in full-time employment remains more advantageous than part-time but did reveal a reduction in money left after bills for those in full-time employment. In January those in full-time employment had £65 per week left to live on. This has reduced by 28.5% in three months and is now £46.43 per week. We believe that some of this reduction may be due to higher weekly debt repayments.

Those in part-time or unsecure employment appear to have increased to £40.03 per week left over but this is distorted by results from two households on a short-term contract who were temporarily reporting an average of money left after bills of £165 per week. Comparing only part-time hours, we see the average amount of money left per week has increased from £15 in round three to £27.86 in round three, but at less than £4 per day left after bills and working part time, this is a low threshold to cope with unexpected expenditure demands.

Thinking ahead to Universal Credit, based on these figures, our unemployed households would have an average of £45 each month left to pay for other items. part-time households £120, and full time households £200. This is what we refer to as the safety net although it is also money to pay for clothes and household items.

> **"I have arranged a fixed price on my electric and I economise on my gas. My general shopping has had to decrease because food prices have gone up."**

CASE STUDY: Christine's Story

Christine has been receiving benefits for 11 years since having to finish work because of depression and other health problems.

When she was first interviewed for Real Life Reform, she was living off Employment and Support Allowance (ESA) and the lower rate Disability Living Allowance (DLA) for care. Christine was really struggling to make ends meet.

After withdrawing an appeal for DLA, because she feared losing the benefit, she requested a review in the hope of securing middle rate DLA, along with exemption from the 'Bedroom Tax' because she has an overnight carer.

At that point Christine hadn't heard anything about her application and was very depressed, stressed and anxious.

The first three rounds saw Christine struggling financially and health wise. Her landlord supported Christine with her DLA application and to tackle problems with benefit payments, council tax and water arrears.

Christine said: "There have been days when I haven't got out of bed because I have been so depressed. I haven't put the heating on and I have lived off a packet of biscuits and a pint of milk for a week".

Christine tried hard to cope with the impact of Welfare Reform by shopping around for her household goods and food and also by taking in lodger, but this didn't work out. Christine very reluctantly accepted food and money from her elderly mother as she struggled to manage with the 'Bedroom Tax'.

Thankfully, by the latest Real Life Reform interview, and after further help from her landlord, Christine is now receiving all the benefits to which she is entitled. She has also managed to secure exemption from the 'Bedroom Tax' because she needs an overnight carer.

She said: "I am made up with all the help I have had [from her landlord] and I am telling everyone I talk to get in touch with them if they are worried about their benefits or money."

However there is still a long way to go for Christine as her health is still an issue and she still needs a lot of support to manage her money.

Health & Wellbeing

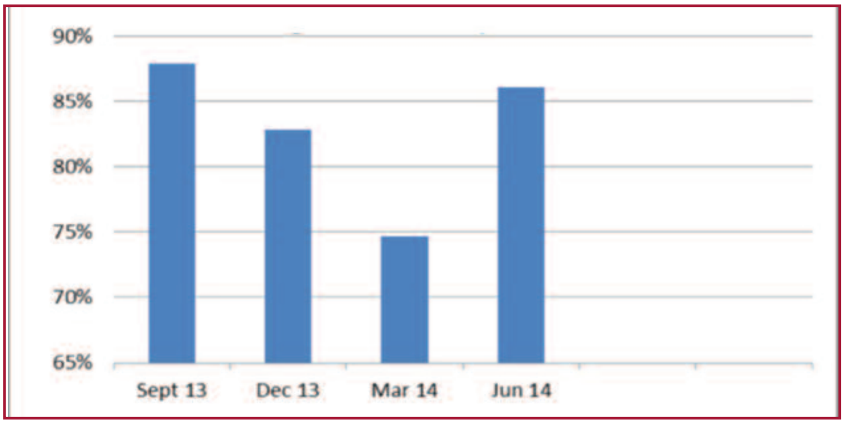
What we see in this section is that the slight improvements reported in our last report have not been sustained. This fourth survey suggest that tenants are feeling as they were towards the end of 2013 and the results show some real consistency in the views they are expressing.

For instance, when asked to describe how **"the benefit changes will affect the health of people in my house"** 86% of all respondents felt that Welfare Reform was having a negative impact on their health and well-being. This is consistent with the figures in report one (88%) and report two (83%) and does not suggest that the downward trend and improved position evidenced in report three (75%) has been sustained.

When looking at the difference in responses between those in employment and those out of work, the answers are quite different. Of those in employment, 73% think Welfare Reform will impact on their health over time, while the figure rises to 91% for those not in work.

The report has already illustrated that those out of work are more likely to be in debt and the level of concern expressed is also a possible indicator that people's thresholds may be reaching capacity.

% of people who said "I'm concerned at how benefit changes will affect my health over time."

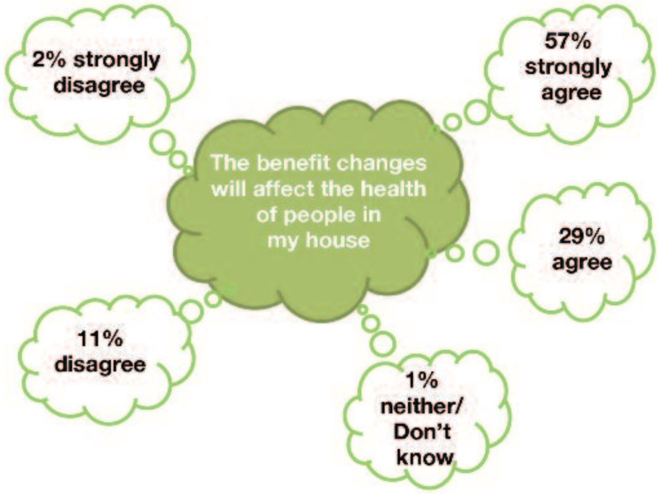


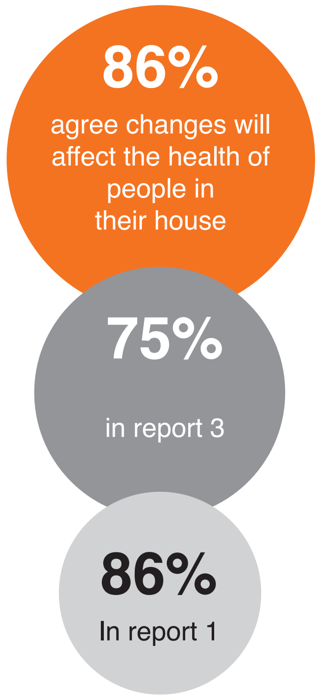
In our last report, we suggested that a "new norm" could have emerged and that the picture was marginally improving. The increase in concern reported in report four is therefore disappointing. It indicates that tenants remain very concerned about their health, well-being and the impact of Welfare Reform upon them.

> **All the stress is really affecting my health. I was taken to hospital a few weeks ago with a suspected heart attack.**
>
> **I was thinking that there hadn't been anything more than usual – I'm always really stressed these days – but realised there was more than usual. I'm in constant pain and I think all the stress is making it worse. I feel stressed, frustrated and peed off but I still get on with things.**

> **If you aren't eating properly it's bound to affect your health. The stress is horrendous.**

The qualitative evidence and quotes we have received suggest a number of people are talking about a negative impact on their mental health and have shared with our facilitators stories about suffering from stress and other such problems.





Observations

Concern about health and wellbeing continues to be a consistently strong theme emerging from this study.

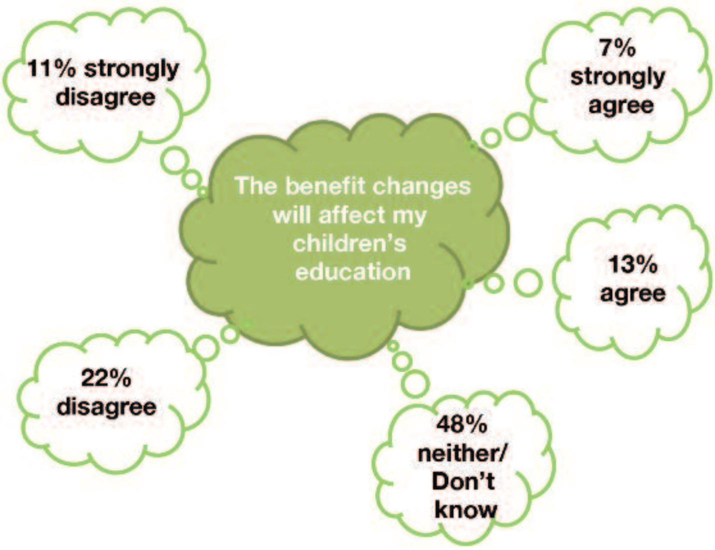
This report does not identify how people are responding to the issue – it captures their feelings and concerns, which if real (or if they become real in some way) will create a demand for health related services.

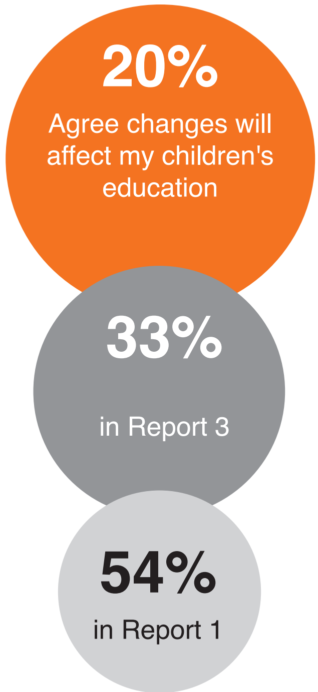
We hope that this report is of use to colleagues working not just in housing but health as well. There is clearly a need to look at issues jointly and to work collaboratively to bring about solutions.

Impact on Families

We have seen from previous reports that participants are worried about the impact of Welfare Reform on their families and the neighbourhood where they live. The results from this fourth survey show participants to be more optimistic when answering some questions, but in response to others, such as perceptions of impact on their neighbourhood, answers suggest an increased level of concern.

In report three, we observed an improvement in how people viewed the impact of Welfare Reform on their children's education. That trend has continued and only one in five (20%) have stated that they worry that Welfare Reform will have a negative impact on their children's education.





Consistent with the previous reports, the percentage of people who are concerned for their children's education is not as high (at 20%) as it is about their concerns for their own health and well-being, which is reported at 86%.

In previous reports we have seen a determination and resilience not to let changes impact negatively on their children and this appears to be continuing. Participants appear not to be as concerned as they were a year ago about the possible impact of Welfare Reform on their child's education. Given the timebound nature of this study, we will not know if their children do attain the educational results that they might hope for or if they are in any way affected by Welfare Reform.

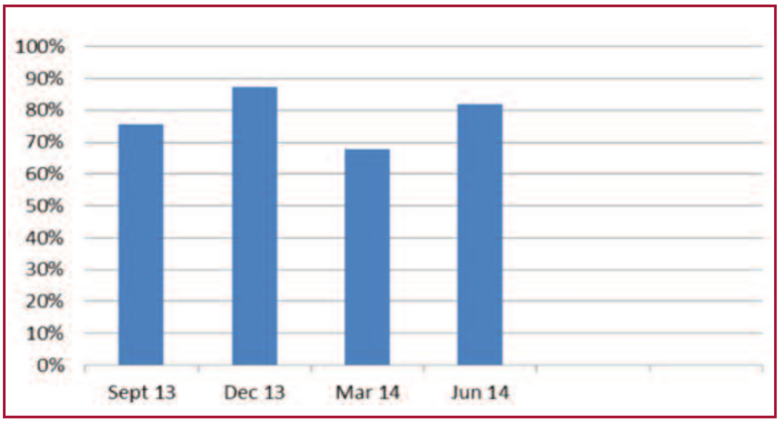
> **There's not only me – I've got a child. You take the stress on but you deal with it. I don't want to end up in a heap on the floor.**

Impact on Neighbourhoods

The results in this section suggest that participants are experiencing an increased level of concern about the likely impact of Welfare Reform on their neighbourhood. Compared to report three the levels of worry and concern have increased.

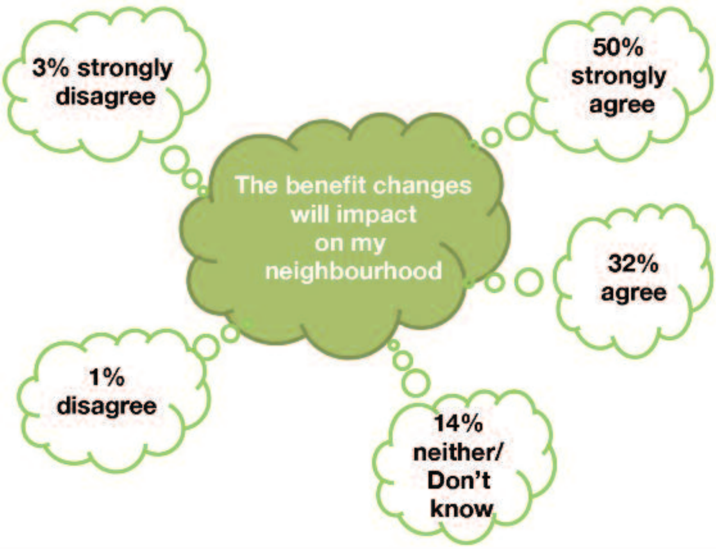
When asked the question **"will the benefit changes impact on my neighbourhood,"** participants' level of concern had increased from 68% to 86% and the results have returned to a level similar to that documented in report two. This means that almost 9 out of 10 people think that Welfare Reform is having or will have a detrimental impact on the neighbourhood in which they live. When expressed this way, it suggests an uphill battle to encourage tenants living in social housing to feel positive about their neighbourhood.

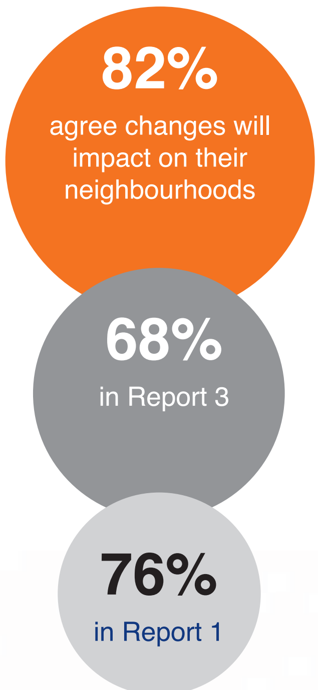
% of people who think their neighbourhood will be adversely affected by welfare reform



In report three, it was suggested that people have not observed any real changes over the winter and that neighbourhoods may have stabilised or be experiencing less decline. We reported that this was certainly an area to monitor in future reports.

As the graphs in this section show, the perception now is that Welfare Reform is having a detrimental impact on neighbourhoods and the comments from participants also suggest this to be the case. However other [recent research] suggests a slow down in shop and business closure

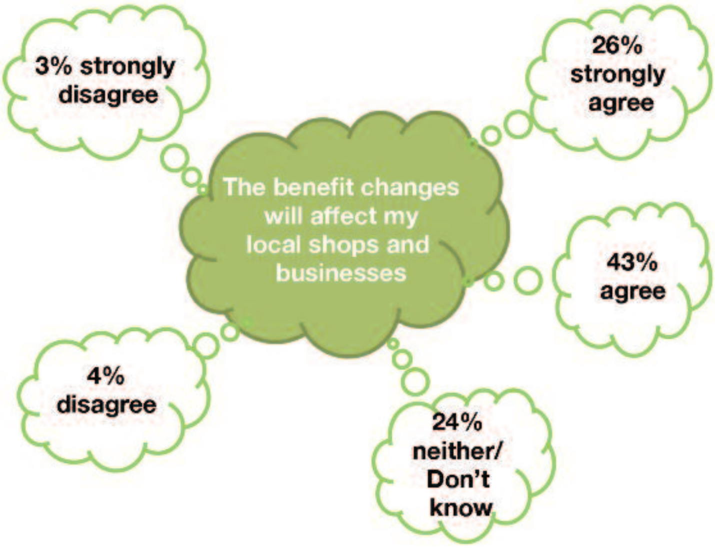


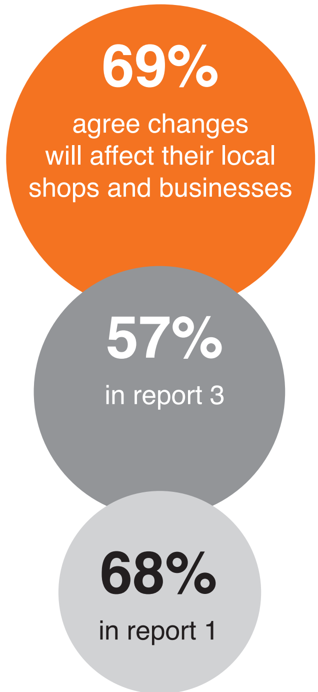


In the next round of study visits we will be asking participants for tangible examples and evidence of why they feel so pessimistic about their neighbourhood. We are experiencing a time when services provided by many organisations and partners, such as local authorities, are being reduced. It could be that the closure of facilities or changes in services might also be having a detrimental impact on the health of the neighbourhoods where our participants live. Through rounds five and six we want to better understand this.

Local Shops

When participants were asked whether **"the benefit changes will affect local shops and businesses,"** we saw the following response:





When asked what people had cut down on, our participants shared some very real examples and 23% told us that they had stopped buying clothes and shoes as part of their responses.

> **Food predominantly, I'm not starving myself but could go down that route. Finding it difficult to afford extra transport costs, especially when looking for work.**

> **Clothes - we've not bought even a pair of socks for I don't know how long - you can't do it any more!**

Work Opportunities

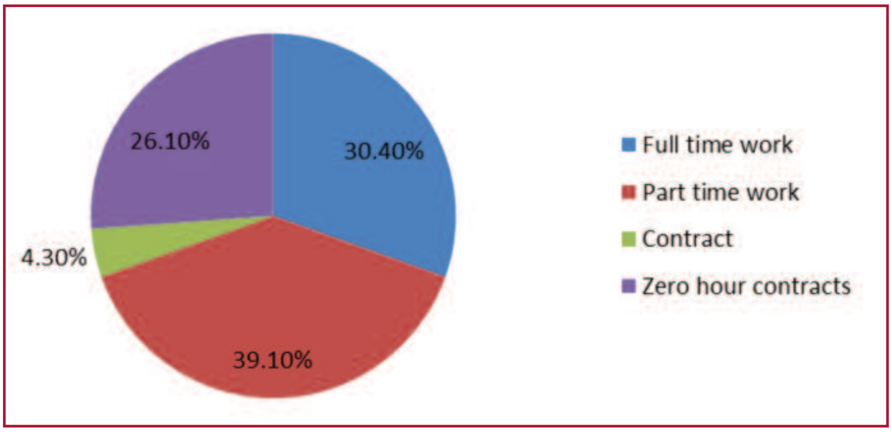
Over the course of the research, we have increased the focus on work opportunities, recognising that supporting people into work is one of the main objectives of the Welfare Reform programme.

In report four, we now see that 29% of our participants are in work but a breakdown of the type of employment. is revealing the lack of stability that many experience through part-time roles, zero-hours or part-time contracts.

In report four we have sought to better understand the type of employment our respondents are engaged in - in particular the proportion of people on zero hours contracts. The results of the analysis are shown on the graph below and indicate that over one quarter of people working are on zero-hour contracts.

Report three shared Mike's story and experiences of being on a zero-hours contract. He spoke of it as a 'vicious cycle' being able to clear debt whilst working but falling back into debt when 'they finish you up'.

Breakdown of working arrangements



According to the Office of National Statistics, there were around 1.4million people employed on zero hours contracts during a two-week snapshot survey period between January and February this year. This figure was higher than many expected and shows the rise of zero hour arrangements. Real Life Reform findings from research completed during the same period echoes this. While those in favour of zero hours contracts cite the flexibility that is provided for both employer and employee, Real Life Reform participants have highlighted the lack of certainty provided and commented that it causes them a lot of stress and worry and prevents them planning for the future.

As with previous reports we have found evidence of people wanting to either increase their hours or get a new job. However, and again in line with previous reports, this process has not been easy for all. Although less than in previous reports, the experience of job centres is not always positive.

> (it is) frustrating - I thought I'd be able to get a job straight away with the skills that I've got. I think one will come through who I know rather than applying online and so on. I like to think my age is not an issue but I'm not so sure. I'd like to set up on my own but don't know what or how.

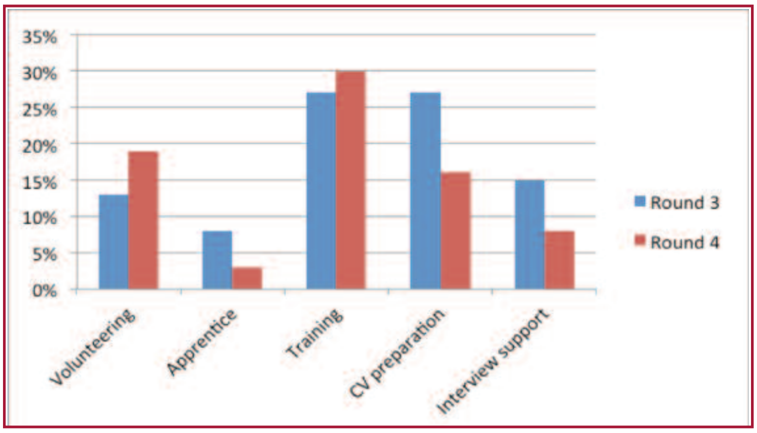
> it is like you are being judged in a negative way. The feeling of being fair and supported is no longer there. I feel like they are trying to trip me up

> I hate it. I feel annoyed as soon as I walk in. The atmosphere is horrendous. I get so wound up. Staff stand around chatting - it takes ages. It's degrading

However, in report four, although still low in number we have seen an increase in more positive comments about our participants' experience of looking for work, including:

> Since I last saw you I had a good experience regarding my ESA claim. They had put me in the work activity group which I am not suited for due to my ill health. At an appointment in February I saw a guy who was really down to earth and was quite clear in saying they weren't pushing me into work.
>
> He understood my mental health condition very well. It was such a relief as I was very worried about that appointment as the woman I saw before was horrid and looked down on me and seemed to have an attitude of 'so what if you have a serious mental health condition.' I have had no hassle from the DWP since

We asked participants what support they may need to improve their prospects of getting work – the chart on the next page details their answers and compares them with the same question asked at report three. It is clear that training remains the principal area of support needed although the rise in identifying volunteering opportunities is interesting and may suggest people feel they need to demonstrate direct experience of the workplace when they are applying for jobs.



Transitional Support Discretionary Housing Payments

Some Real Life Reform participants have applied for, and have been successful in receiving, Discretionary Housing Payments which have enabled them to remain in their homes after the onset of the under-occupation charge. In terms of longevity of award, 62% of those who were successful were awarded DHP for a year; 19% were awarded up to 12 weeks; and a further 19% received an award between 3 and 6 months in duration.

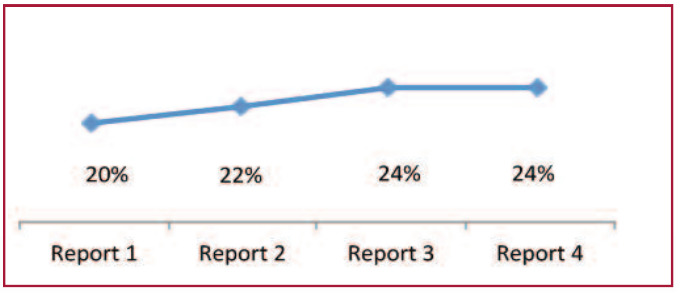
However, DHPs are not by their nature a long-term permanent solution and respondents cannot and do not see DHPs as solving their problems; rather they give some initial respite. The need to reapply for DHPs can be a stressful experience in itself. If households had not been awarded DHPs it seems reasonable to assume that levels of debt and borrowing to repay that debt would have been even greater.

> **In a constant state of fear as DHP only guaranteed up to July 2014 - therefore considering moving to a one bedroom, although not many available in the area I am looking for.**

Coping and Concerns

Real Life Reform attempts to track how participants are feeling about their lives and how they are able to manage and cope with the situations they face. At each visit we ask a series of questions including how optimistic people feel, and how well they feel they can manage any problems.

I'm dealing with problems well often/all the time



Over the first three reports we saw a steady increase in the percentage of people who felt they were dealing with problems well, either often or all of the time, albeit from a very low starting point.

In this reporting period, the proportion of people feeling that they deal with problems well has stayed at 24%. It is difficult to explain why there has been no change. However, looking at the breakdown in more detail, we've seen a decrease in people coping "none of the time" from almost 23% in report three down to 16.3% in this report.

Similarly, we have seen an increase in people coping "some of the time" from 40% in report three to 47.5% now. We have seen a decrease in the percentage of people advising they felt able to deal with problems all of the time, which stood at 7.1% in our last report and has now dropped to 3.8%. The shifts appear to be people generally moving "up" through the categories but perhaps stalling at the "often" stage.

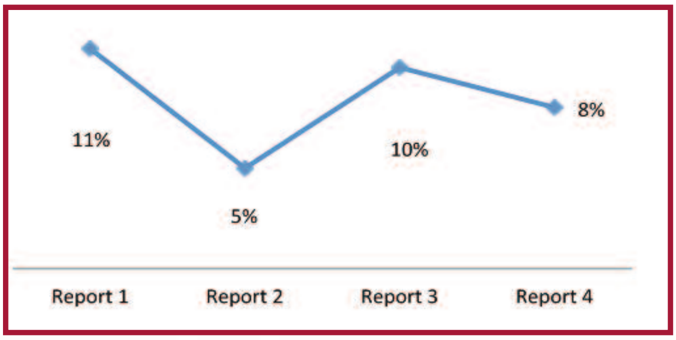
I am dealing with problems well		
	None of the time	**16.3%**
	Rarely	**12.5%**
	Some of the time	**47.5%**
	Often	**20%**
	All of the time	**3.38%**

Feeling Optimistic

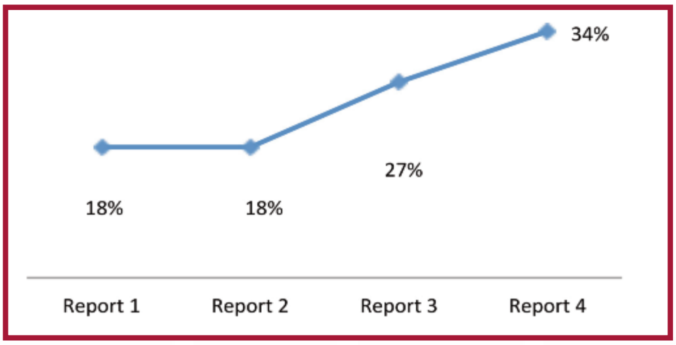
Looking at the trend for those feeling optimistic either all of the time or often suggests it is varied. Again, from a low start of only 11%, this fell to just 5% in report two. We saw a rise up to 10% in our last report but now at report four this is back down to 8%. It remains a concern that in four cycles of reportingf, the proportion of people feeling optimistic either all of the time or often has not reached the low start of 11% we captured in July 2013.

Looking for more positive signs, we are looking at the proportion of our participants who feel optimistic "some of the time". The results to show an upward trend and we now almost have twice as many people reporting feeling optimistic some of the time as we did when the research began.

I'M FEELING OPTIMISTIC ALL OF THE TIME/OFTEN

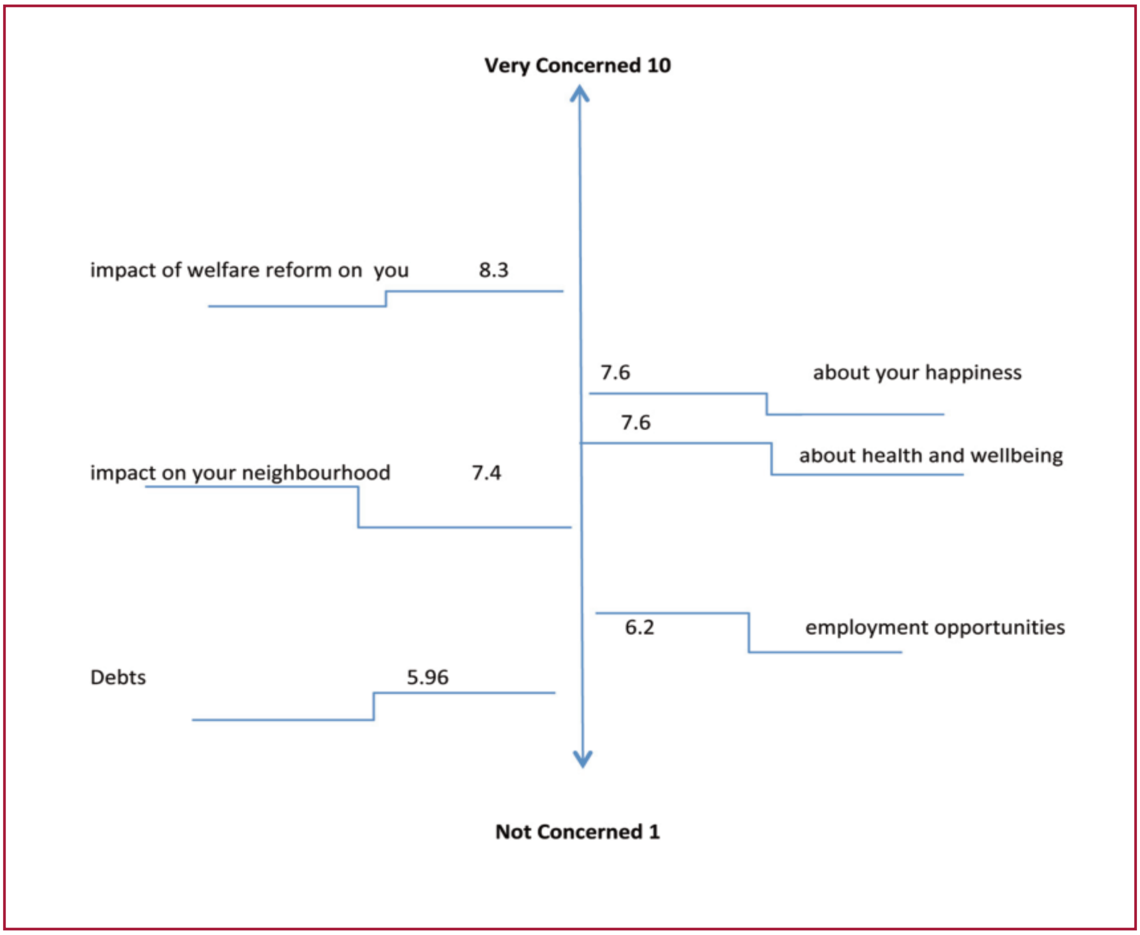


I'M FEELING OPTIMISTIC SOME OF THE TIME



At each report stage we ask participants to mark out of 10 how they feel about the issues they are facing. A mark of one would suggest not very concerned about the issue, while a mark of 10 would represent very strong concern.

The results from report four are detailed below



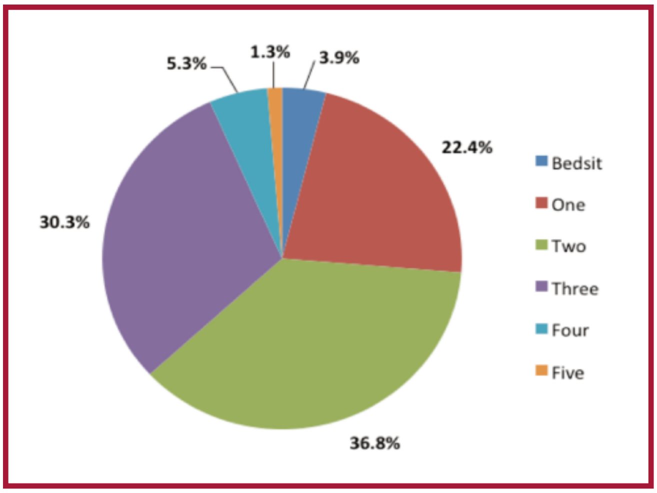
While none of the indicators have gone under the halfway point of '5', we are seeing small decreases across the indicators with the exception of impact on neighbourhood since report three. However, we have not really seen a substantive reduction in concern over the first four reports. For example in report one, our participants "marked" concern about the impact of Welfare Reform at 8.9; this now stands at 8.3. Happiness in round one was marked at 8.6 and now stands at 7.6. While we are seeing differences from report to report; depending on circumstances facing our participants at that time, the overall trend appears relatively static, which is a concern.

Who are our Real Life Reform households?

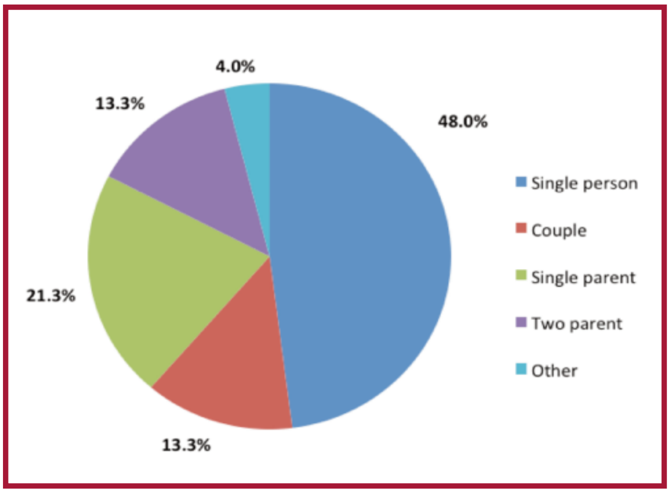
There have been some changes to the Real Life Reform participants between rounds three and four with some round three participants having to leave the study and new participants joining. This has resulted in changes to some aspects of the participant profile. However, the number of changes is small and 75 participants were retained from the previous round and the total number of interviews completed was 80.

For instance, there was an increase in households living in smaller properties. This continues the trend from round three (where there was an increase on round two). In round four, 59.2% of participants live in one or two bedroomed properties compared to 54.4% in round three. This can be explained in part by new joiners' smaller properties and by existing participants moving to smaller dwellings.

Number of bedrooms in the property



Household Composition



Notwithstanding these changes in property size, the proportion of single person households taking part in the study has fallen since round three. However, there has been a noticeable increase in single parent households in round four which has coincided with the increase in two-bedroomed dwellings.

Ethnicity of interviewee	Percentage (%) of participants
White	91.3%
Black/ African/ Caribbean/Black British	5.0%
Asian and Asian British	1.3%
Other	1.3%
Mixed/Multiple Ethnic Groups	1.3%

The ethnicity of participating households has stayed similar throughout the study and it is reasonably representative of the organisations involved in this project.

Real Life Reform: Fulfilling our remit

Our research set out in its original remit to:

1. Share and compare household experiences
2. Demonstrate where Welfare Reform is achieving its goals
3. Highlight any unintended consequences of the changes on people and communities
4. Be used to raise awareness
5. Be used to help influence the strategic direction of organisations and provide an evidence base for these decision making processes
6. Be used to support and develop front line staff that manage and respond to the issues associated with welfare reform
7. Explore people's experience of accessing employment.

We are now at report four of the six planned reports and in report three at the halfway stage, we provided a detailed update on how the report had met or part met the objectives above. A further update and evaluation will be included as part of round six.

Since report three, some housing associations in the North have completed an NHC survey about Real Life Reform and indicated interest for the study being continued for a further period due to the planned role out of Universal Credit. This is something that the Steering Group for Real Life Reform are now considering and extracts from the feedback is as follows:

Do the results of Real Life Reform reflect your organisation's experiences?

"Anecdotal evidence from our front line staff report that the [Real Life Reform] reports are reflective of the experiences of our tenants"

"Supports experiences of other support partners and research and what teams on the ground are experiencing"

How have you used the findings from Real Life Reform?

"We have used evidence from Real Life Reform to enhance local data, and used this to inform and prioritise our strategic plan"

"Reviewed our approach to affordability, reviewed rent arrears, redesigning our estate services and started a neighbourhood mapping project to be clear about services and support which is accessible to our customers in their locality"

"We have developed an employment and skills offer following feedback from participants on how they found job centres. We have also strengthend our relationship with DWP, local welfare provision and the voluntary sector to ensure staff are making tenants aware of advice available"

Conclusions

Round four has provided us with some very clear and powerful evidence of how people are juggling, trying to cope, and making tough decisions in relation to housekeeping and managing their finances.

Emerging themes from this round include the increasing number of case studies in higher debt brackets, doubled average debt repayments and a big jump in the use of pay day lenders and loan sharks. We will explore these issues further in rounds five and six. Similarly, we will find out more about the use of food banks and try to understand why those who use them do so and what impact this has. We will also gauge the reason why those in genuine fuel and food poverty who do not use them are not accessing this support.

We have seen variations in responses to how people are coping and what their concerns are. Concern about Welfare Reform impacting on children have reduced but anecdotal evidence shows that parents are determined at all cost and making tough choices to protect them. We have, however, seen increases again in concerns about how the changes are or will impact on health as well as neighbourhoods. We recognise that some of these concerns may not materialise during the course of our research, but in the next two rounds our researchers will be asking more questions to better understand the reason behind these increasing levels of concern.

Round four does again show that work does pay but the differential between full-time and part time employment has reduced. It also suggests that people have adapted and are trying to cope with reduced levels of income but the safety net is minimal to non-existent and the full scale of any potential impacts may not materialise for some time.

> **I wouldn't feel safe taking in a lodger or be able to cope with all that 'bringing my mates in'. I'm also dead protective of my daughter and wouldn't want her to have to cope with someone she didn't know. I haven't looked to downsize because of her. We would have to move away from the area and she wouldn't cope.**

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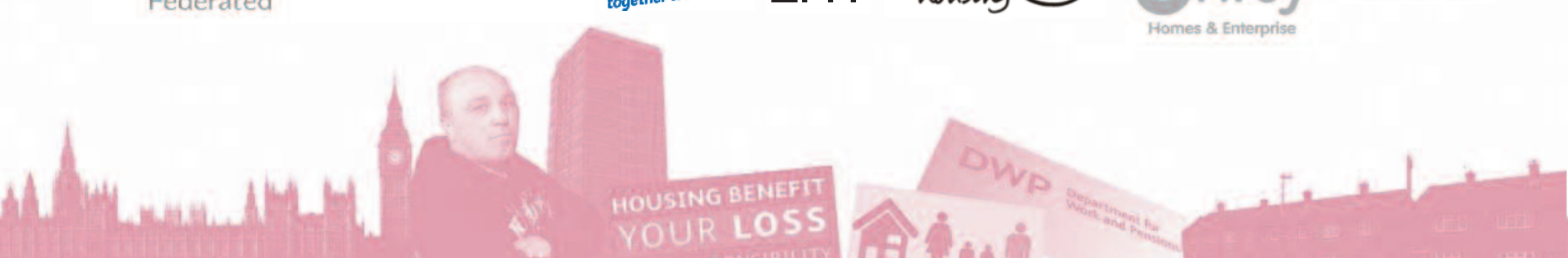
Northern Housing Consortium



Appendix 1: Welfare Reform Research – April to July

April

Research conducted by Hannah Lambie-Mumford, a Sheffield University researcher and co-author of the Government's recent report into food banks, has found that the Government's Welfare Reforms led to an increase in the use of food banks.

The Joseph Rowntree Foundation has found that there are around 100,000 tenants stuck in larger homes but unable to move to smaller properties. They have also suggested that the DWP is likely to save £330 million as a result of the 'bedroom tax', £115 million below its initial target, and a figure which will decline in future years.

The Trussell Trust has reported further rises in the demand for food banks owing to the Government's welfare changes. It also reported that a food bank in Northumberland has seen demand for its services increase 800% in 12 months.

Research conducted by twelve housing associations in Merseyside has found that rent arrears are up 35% since the introduction of the bedroom tax and that arrears of the 12 landlords increased from £17.3 million to £18.8 million.

A joint Oxfam/New Policy Institute report has revealed that almost 1.75 million of the poorest families in the UK are worse off because of a "perfect storm" of Welfare Reform. It also found that the worst hit 200,000 families were now £864 a year worse off.

A new report from Shelter has found that almost 4 million families could be one pay cheque away from losing their home. The report, pointing to an overall lack of financial resilience, found that many families had no savings or very little to fall back on.

IPPR's latest report – 'Jumping the shark: Building institutions to spread access to affordable credit' – has recommended a one-off levy on payday lenders (which would raise around £450m) to build and promote affordable lenders.

The Trussell Trust has handed out 913,000 food parcels in the last year. 83% of food banks reported that sanctions had resulted in more people being referred, compared to the previous year.

May

Lord Freud has announced that Universal Credit will roll out across the North West from June. Figures show that 5,200 people have already started on the scheme up to January 2014.

The Government has proposed that jobseekers claiming Universal Credit who do not accept work on zero hours contracts may lose their benefits as a result. The Government said that such contracts offer an average of 25 hours a week and can be a good means of gaining experience.

In-work poverty has risen by 59% since 2010 as more and more people in work are forced to use housing benefit to meet the shortfall in their income, as prices and wages rise faster than inflation.

The Major Projects Authority, the body responsible for monitoring the delivery of Government projects, has re-categorised the Universal Credit programme as 'reset', owing to fundamental complications in its design.

May (cont.)

The National Housing Federation has found that people being hit by the bedroom tax are cutting back on essentials such as food and heating while around half of the people surveyed said they had borrowed money to pay their rent.

Research by Save the Children has found that children in working families will be the 'face of modern poverty' by 2020 owing to benefit cuts, the rise in the cost of living and wage stagnation.

The Independent has revealed that hundreds of thousands of the poorest families are being targeted by private debt collectors because of overpaid child tax credits.

June

Oxfam, in conjunction with Church Action on Poverty and the Trussell Trust, have released their landmark report 'Below the Breadline' which shows a 'relentless rise' in food poverty and that over 20 million meals were given out by the three charities in 2013/14.

A Government-backed Commission has concluded that around 3.5m children will be living in absolute poverty by 2020 and that the Government's draft strategy for social mobility and child poverty falls 'far short'.

Shelter have reported that they are seeing a huge rise in demand for their services from private rented tenants at risk of losing their homes because of so-called 'revenge evictions'.

The Joseph Rowntree Foundation (JRF) have launched a report entitled 'Wages, Taxes and Top-Ups' which, among other things, looks at how to help more low-earning families achieve an adequate income.

The Public Accounts Committee has sternly criticised the implementation of Personal Independence Payments, labelling the scheme "nothing short of a fiasco".

The IPPR have released their landmark 'Condition of Britain' report which recommends a series of ambitious policies on childcare, employment, crime, older people and housing. You can read a summary of their report here.

Researchers from Sheffield Hallam University have found that one in seven people in former coalfield communities is on benefits and that people in these communities reported being in bad or very bad health.