

Real Life Reform Report 5

October 2014



real life
reform 

I'm concerned and really worried about what future change would mean and I won't be able to cope. My head feels like it's in the washing machine on spin with no end in sight. I'm worried about the assessment I might have to have for my sickness benefit. I'm worried they may stop it. I wouldn't be able to eat or heat my home.

RLR Participant

I'm worried about how I'm going to deal with payments when Universal Credit comes in. The thought of having to deal with money in one lump will be a nightmare for me. Will debtors want more off me because I will have money in one go? I'm worried about being able to manage it.

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 Statement¹

www.gov.uk/government/policies/simplifying-the-welfare-system-and-making-sure-work-pays



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

This is the fifth of six scheduled reports on how the households are responding to Welfare Reform and whether the reforms are achieving their ambition of getting people into work and reducing public spending.

The first four reports can be found on Twitter @RealLifeReform

- [Report 1 \(September 2013\)](#)
- [Report 2 \(December 2013\)](#)
- [Report 3 \(March 2014\)](#)
- [Report 4 \(July 2014\)](#)

The research and interviews for this fifth report took place in August 2014.

Headlines

Food & Shopping

- ***£3.28 per person per day is the average spend on food***
- ***Two thirds of households spend less than £40 per week on food***
- ***24% reduction in use of supermarkets since round four. Fewer than 1 in 2 households now shop in a supermarket***

Fuel Spending

- ***50.6% now spend less than £20 per week on fuel, the highest proportion of households in this category since the start of the study***
- ***£25.38 per week is the average spend on fuel: the lowest recorded in the study***

Debts

- ***74.3% of households are in debt***
- ***Average debt is £3,931, a 71.8% increase (£1,643) since the research started***
- ***Weekly debt repayments have reduced to an average of £24.66 but debt repayment periods have extended***
- ***48% do not know when or if they will ever be able to repay their debts***

Money Left After bills

- ***4 in 10 households have nothing left each week, the highest level recorded in the study***
- ***Money left to live on remains low but has increased mainly due to reducing debt repayments:***
 - ***£6.10 per day for full-time employed households***
 - ***£4.00 per day for part-time employed households***
 - ***£3.26 per day for unemployed households***

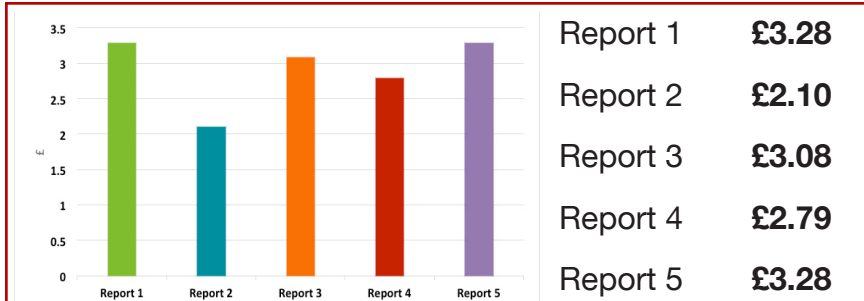
Employment

- ***27% of households are in work but only 20% are in full time employment***
- ***Households in employment on zero hours contracts fell from 26% to 15% illustrating the uncertainty around this form of employment***

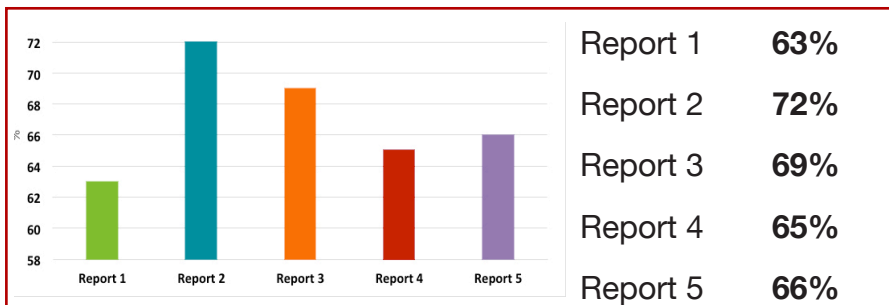


Real Life Reform: At a Glance

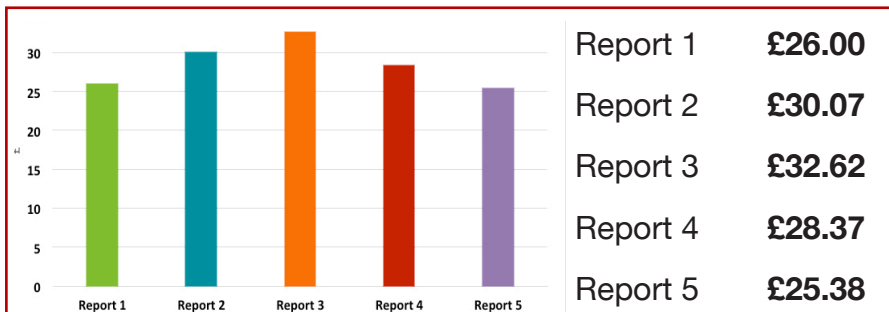
Average amount spent per person per day on food



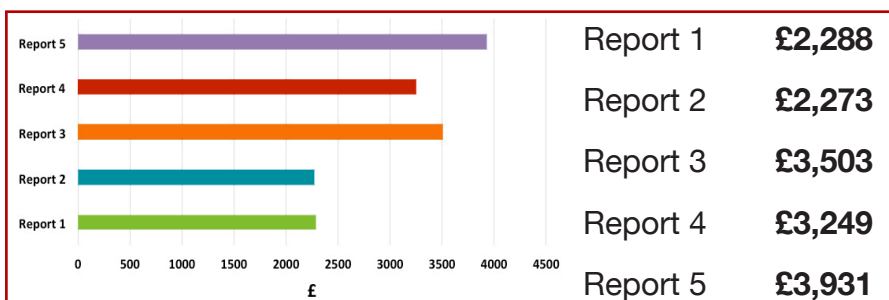
Percentage of households who spend less than £40 per week on food



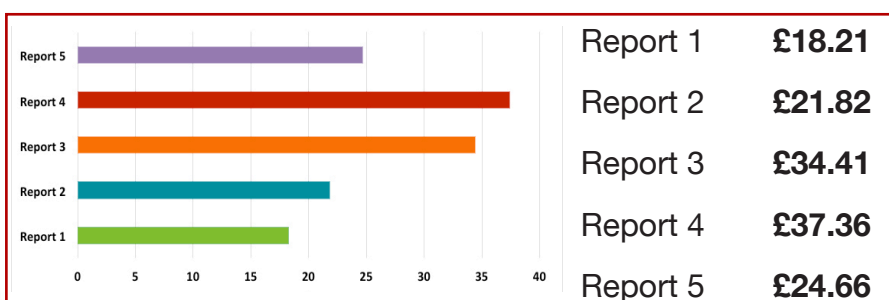
Average Weekly spend on fuel per household



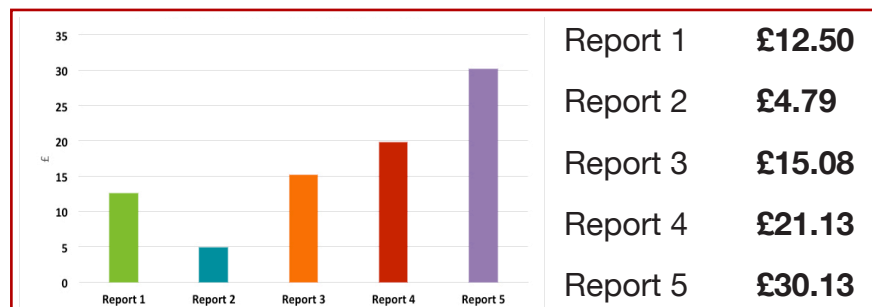
Average amount of debt per household in debt



Average Weekly Debt Repayments



Average money left each week after bills



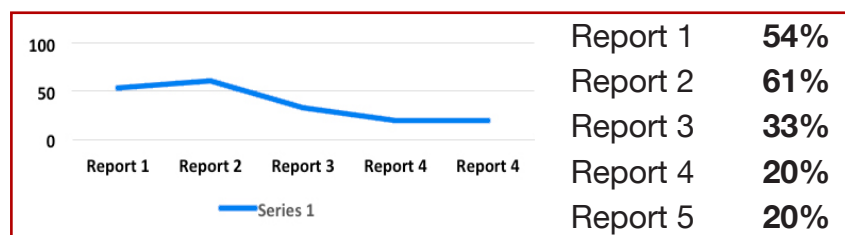
% who believe Welfare Reform will adversely affect their health and wellbeing

Report 1	88%
Report 2	83%
Report 3	75%
Report 4	86%
Report 5	80%

% who believe Welfare Reform will adversely affect their support network

Report 1	56%
Report 2	66%
Report 3	56%
Report 4	64%
Report 5	80%

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



% who believe Welfare Reform will adversely impact upon their neighbourhood

Report 1	68%
Report 2	86%
Report 3	76%
Report 4	82%
Report 5	78%

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

Report 1	68%
Report 2	86%
Report 3	57%
Report 4	70%
Report 5	67%

% who say they are dealing well with problems

Report 1	20%
Report 2	22%
Report 3	24%
Report 4	24%
Report 5	34%

% who say they are feeling optimistic



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Preface

Welcome to the fifth Real Life Reform report.

Real Life Reform is about the impact of Welfare Reform on households across the North of England. It is a unique longitudinal study following a number of households and recording their experiences.

In this round we had 74 participants, the majority of whom have been involved since the start of the study. The fact that we have such a stable cohort of participants shows that they want to be involved and want decision-makers and agencies to be aware of their situations.

This fifth report reveals some worrying trends, especially around debt and the reliance on borrowing to cope with everyday life. Almost three quarters of all households are in debt and average debts are at the highest recorded levels, as is debt uncertainty. Despite this, levels of optimism expressed by our participants has risen to give something of a mixed message.

We continue to see households living on the margins and in poverty with very low average levels of spend on food and fuel. We increasingly see in this round examples of in-work poverty, especially for those in part-time employment where many are seeking unsuccessfully to increase their hours.

This report does show that being in full-time employment is beneficial but our case studies are demonstrating the difficulty they have in obtaining work and the study also clearly reveals the impact health and caring responsibilities have on many unemployed households.

We would like to thank TPAS (Tenant Participation Advisory Service) for their ongoing support. They believe that the results confirm what their members have been telling them. Thanks also go to Place shapers who continue to actively support Real Life Reform and connect the findings with what their 120+ landlord members are reporting. We are also aware that a number of landlords, not just those in the study, are considering how to respond to the "Affordability" debate and we hope that the information contained within this report is of use to them and their boards. This is one of the aims of Real Life Reform; to give people evidence to inform, influence and shape debates.

Real Life Reform initially planned six reports, with our final report due in February 2015. With recent announcements to expedite the roll out of Universal Credit, we are considering how we can extend or adapt the study to continue to track the experiences and impact on people affected by Welfare Reform. Real Life Reform has illustrated that Welfare Reform is not just about those who are unemployed but increasingly about those on a low income. We will continue to work with organisations like the Joseph Rowntree Foundation to track and understand the impact of in-work poverty, as well as many locally based organisations.

Once again, we hope you find the report useful to you, your organisation and to those who make decisions.

Lisa Pickard,
CEO, Leeds & Yorkshire Housing Association



Feedback from the Front Line

In this report, we wanted to include feedback from our facilitators - the brilliant front-line staff who have been trained and given support to interview our participants. The majority of our case studies still prefer to remain anonymous, which we understand and respect. However, what makes Real Life Reform real is the real experiences that we capture.

We asked our Facilitators to share their observations and examples from some of the case studies that they have been engaging with, some for more than a year.

1. Hoping [and trying] to stay in employment...

Jamie seemed quite upbeat during this visit. He has been able to do overtime during the past couple of months and this has increased his salary. He still lives on the breadline though and this is apparent when you speak to him.

He advised that he is desperately trying to save what money he can so that he can pay for a driving instructor course out of his own money. He fears it is only a matter of time before he is made redundant because he feels that working in a call centre is not a suitable role for him.

Jamie is hoping that they keep renewing his contract until he has enough to pay for his course. He appears to be coping really well at the moment despite his ongoing worries about having to claim benefit again and having to deal with the Job Centre, should he become unemployed.

2. Feeling ignored and isolated...

I have seen a real deterioration in this tenant's health, both physical and mental. He is worrying more and more about possible future changes, especially his sickness benefit and Discretionary Housing Payment (DHP). He mentioned more than once that he needs new carpets but can't afford them. He is really worried he will have to move and will end up in a bedsit and 'trapped'.

The worry he says is making him ill. Friends comment that he is looking very tired and he says he feels more stressed. The day before my visit, he said he stayed in bed all day as he couldn't face getting up. He says there are other things going on in his life and the worry about his benefits isn't helping. He says he feels like he is being pushed to one side and ignored. He has been referred for counselling by his doctor for depression.

He feels like he's juggling more now and that he's faltering. He has gone back to eating two meals a day instead of three - breakfast and tea. He went on to say people like him have been made to feel like they don't count any more.

3. The constant struggle...

This tenant seems to be just about coping but while she kept saying she wasn't letting things worry her, she seemed quite brittle and she's also worried about a health issue. I am seeing a real pattern this time of participants being progressively worn down by the constant struggle of living on very low incomes.



4. Having successfully moved...

The tenant looked so much more relaxed and happy compared to previous visits. She did not cry like before and other than that she was recovering from a broken ankle, she seemed in remarkable spirits compared to last time.

She can really begin to start living now and having a bus pass is enabling her to be more sociable again. She is a totally different person now she is no longer affected by the under-occupation charge and she no longer has to go through the ESA/JSA roundabout.

5. The proud mum and a trapped carer...

She struggles to make ends meet and does the best she can. She is frustrated because she is having to care for her father-in-law, and from what she has told me he is very demanding. He has started ringing her at 2am and 3am because of his illness, which is putting a bigger strain on her.

She told me she is desperate to get back to work but can't because there would be nobody to look after him. I have mentioned this before but she is fiercely protective of her daughter and would do anything to try to ensure she has a decent life.

Her daughter came in near the end of the interview and looked really well. She has just sat her GCSEs - 11 of them - and has a place at college to do her A-levels. This participant said to her daughter, 'Tell Debbie about the kids around here knocking for food'.

Her daughter told me that about five or six local kids often knock and pretend they want to talk, then they ask for a biscuit or a 'butty'. It's very sad and I can't believe this is happening in 2014.

This participant has managed to pay off a couple of small debts and is using the bit of additional money to try and pay off more rent arrears, but openly admits that it isn't always possible and she will use the extra money to treat her daughter if necessary.



“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. 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, including 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 frontline staff that manage and respond to the issues associated with Welfare Reform
- Explore people’s experience of accessing employment

This is the fifth report from Real Life Reform. The study visits took place in August 2014 and the sixth report is due early in 2015. We had a group of 74 participants in this round. Quotations contained in this report are reproduced verbatim.



The last year has been a rollercoaster. I have had a lot of worry about the bedroom tax, about making applications for DHP, and about bedroom tax appeals.

Even now that this has all been sorted, I am worrying about what’s going to come next, what with Universal Credit and six changes that could affect me and my daughter. It’s just a constant worry.

I have to say that getting involved in the Real Life Reform project has been the best thing that I have done. I have also been able to get a lot of help and support from organisations including my landlord.

I also got involved in raising the profile of Real Life Reform by talking about my circumstances. It has helped me realise that I am not alone. I do worry about what’s coming next and whether I will have enough money, as life is a squeeze at the moment. It will be a relief when I know what the next changes are.



1. Real Life Reform & Everyday Life

Our approach has been to ask the same questions each time we complete a study visit so that we can track people's experiences over time and identify trends. For example, we ask questions about what constitutes the weekly household spend, separate to food, and choices being made on fuel and heating costs.

What the responses show in this round is that people continue to be resilient in their response to Welfare Reform. However, there has been a substantial increase in the level of debt and people are coping on very low levels of disposable income.

Food Spending

Average weekly spending on food has increased slightly [by 31pence] since round four but at £41.23 still remains lower than at the start of the study [£42.11].

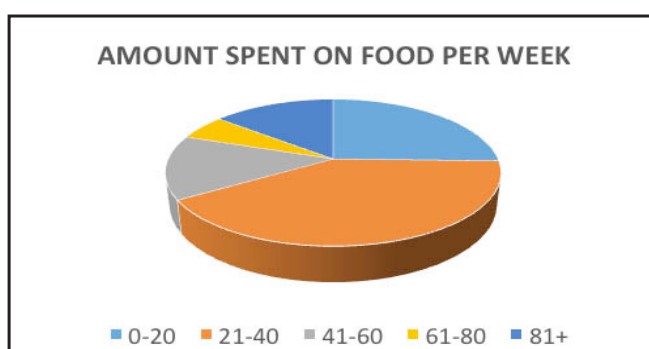
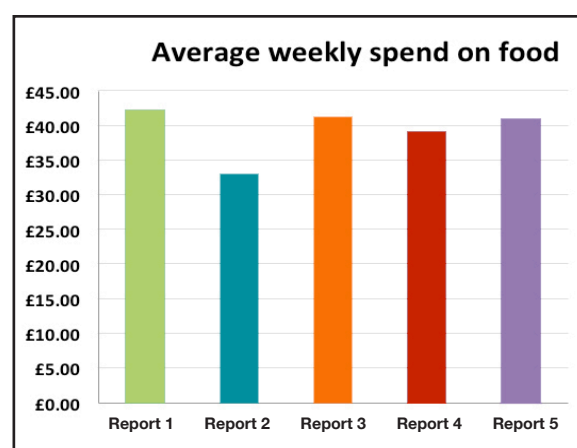
This lower average spend is despite both price increases in food costs in the last 12 months and the fact that round five interviews took place during the summer months when many of our households had children who were on holiday and not benefiting from free or cheaper school meals.

The average spend on food per person per day is £3.28 and remains similar to levels reported at the start of the study.

The number of participants spending less than £40 per week on food has risen to two thirds [66.2%]. This is higher than at the start of the study [63%].

Since the start, there has been an increase [5.4% to 14.1%] of case studies spending more than £80 per week on food. These households disguise the underlying trend that shows average spend is still lower than when the study began.

The average has been affected by some households spending more due to changes in circumstances, such as full-time employment, or more people living in the home. However, the results demonstrate that in real terms most households are spending less on food per week.



66.2%

Spend less than
£40 per week
on food

63%

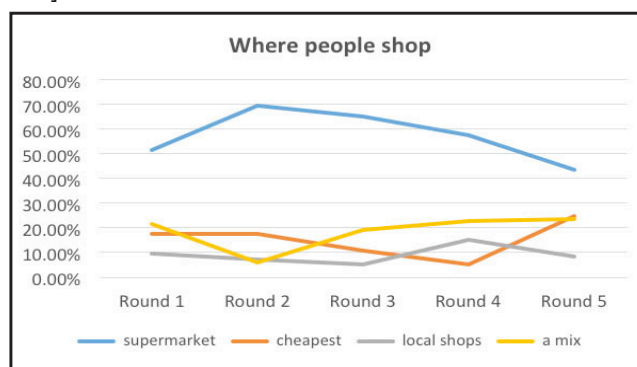
In report 1



Shopping

In round two we introduced a new question to understand total spend on weekly shopping. The results have “normalised” and in round five we see average weekly shopping spend per household being £52.28 - a slight increase on round 4 [£49.79] but similar to round three [£52.27].

Analysis reveals that, on average, households in round five are spending £11.36 on non-food essential shopping items. This level of spending has been fairly consistent for three consecutive rounds [£11.08 in round three, £10.75 in round four and £11.36 in this round].



Since round four there has been a big increase in households who say they now shop at the “cheapest” stores. This is higher than at the start of the study when 17.6% cited “cheapest” compared with 24.7% now.

Supermarkets have seen the greatest reduction (24%) since round four, with 43% of participants now saying they shop at a supermarket.

Interestingly, the trend in round four to buy from local shops, which rose to 15% compared to less than 10% at the start of the study, did not continue and in fact reverts back to 8.2%.

Food Banks

In round four we introduced a new question in light of emerging research and reports on the use of foodbanks to find out how many of our participants use them.

In report four we found that 12.5% of our case studies had used a foodbank.

In round five we have seen a steep increase with 21.6% of all case studies telling us that since the last report, they have used a food bank. With more than one in every five households saying they have used or are using a foodbank, this is a 73% increase since the last report.

£41.23

Average weekly spend on food

£3.28

Per person per day

21.6%

have used a Food Bank

12.5%

In report 4



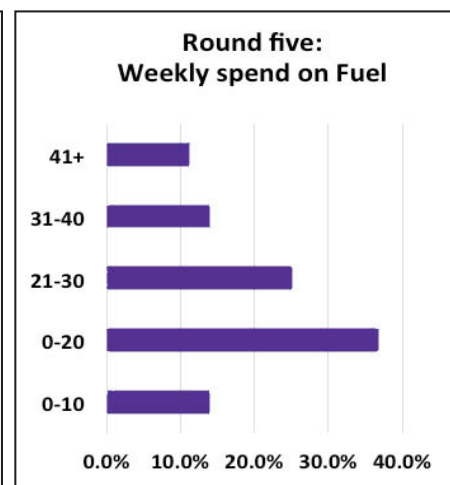
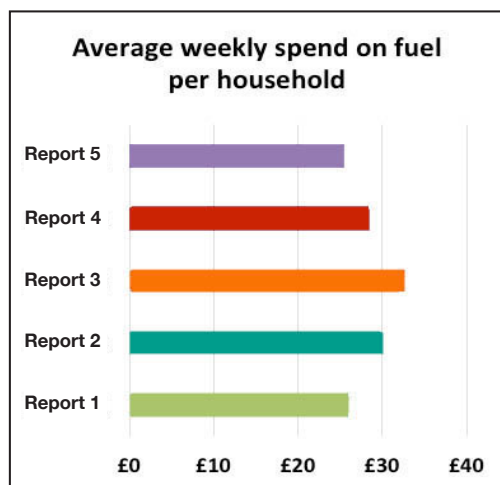
Fuel Spending

Spend on fuel remains broadly similar to 2013 levels reported in round one.

At an average of £25.38 per week, this equates to £2.03 per person per day.

Spending on fuel is now at a lower level than that reported in rounds two, three and four.

This suggests some behavioural and usage issues, particularly for rounds three and four, when although it was a mild winter, we felt that fuel costs were lower than anticipated. The reduction in weekly spend of less than £3 per week suggests households were probably not using their heating and hot water as much as was required, reflecting the anecdotal evidence shared with us.



I always put almost the same away for gas and electric in the summer even though I use less, so that money is there for when I use more in winter

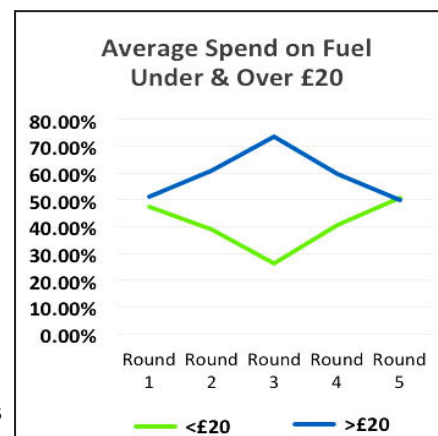


What we do see in this round is a noticeable difference in the numbers of households spending less than £20 per week on fuel, with this being the first time the proportion of people spending less than £20 per week is greater than those spending more than £20.

50.6% of households now spend less than £20 per week on fuel, despite the overall average spend being £25.38. This is a 25.6% increase since round four, when 40% spent less than £20 per week on fuel. Further analysis shows that the number of households spending less than £10 per week on fuel is at its highest since the start of the study. In round five, 14% of participants spend less than £10 compared with 9.5% in round one.

Given that fuel costs have been widely reported as increasing, round five results demonstrate that many households are using less fuel than they did 12 months ago. This is despite round one revealing that households were not heating their homes or using hot water as required.

This trend is reinforced by 27% of households saying that their spending on fuel has decreased. The round five analysis suggests a clear trend of reducing fuel spending and offers an insight into households not using the fuel they need to. This is possible evidence of increasing fuel poverty.



Debt

There has again been a slight increase in people who say they are in debt, with 74.3%, nearly three in every four households, owing money.

The average debt per household reaches its highest level since the start of the study and is £3,931.07 - an increase of £1,643 debt per household since round one. There has been a 21% increase in debts owed in the three months since round four and a 71.8% increase in average debt levels in the last 12 months.

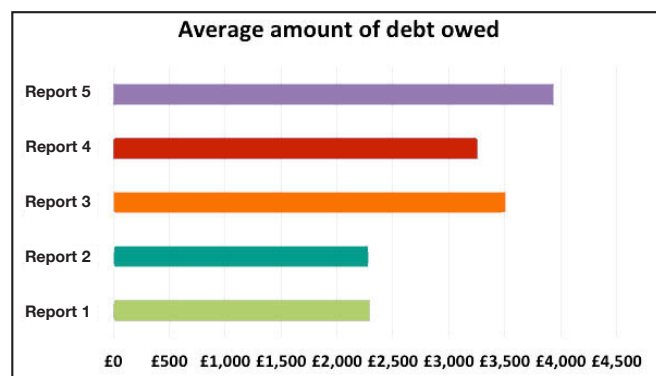
Reviewing debt by each category of how much money is owed again reveals both a dependency on low-level and perpetual borrowing. Just over one in every four households in debt owes less than £1,000, with a 20% increase in those owing up to £500 [currently standing at 25%]. In round four this was 20% - the same as at the start of the study. Round two and three saw similar levels to round 5, demonstrating that this is a 'normal' level within our sample group.

Debt Categories	Report 1	Report 2	Report 3	Report 4	Report 5
<£500	20.3%	25%	25.4%	20.8%	25%
£500- £1000	16.9%	18.30%	18.6%	13.2%	1.9%
< £1000 combined	37.3%	43.3%	44.1%	34%	26.9%
£1000 - £1500	13.6%	10%	8.5%	3.8%	13.5%
£1500-£2000	8.5%	13.30%	3.4%	9.4%	1.9%
£2000-£2500	6.8%	5%	3.4%	1.9%	7.7%
£2500-£3000	6.8%	6.70%	5.1%	11.3%	1.9%
£3000+	27.1%	21.70%	35.6%	39.6%	48.1%

The above table illustrates a shift up into higher debt levels. In round five we see a 255% increase in the number of people owing £1,000 to £1,500, with a total of 13.5% of households in debt in this bracket.

Round five also saw a jump in the £2,000-£2,500 bracket, with 7.7% of people in this band, compared with less than 2% in round four. Looking at the band below [£1,500-£2,000] this has reduced since round four, from 9.4% to 1.9%. This again suggests that people who were in the £1,500-£2,000 debt bracket in round four have increased their borrowing and moved up into the £2,000-plus bracket.

Almost 1 in 2 households [48.1%] in debt owe more than £3,000.



Repaying the Debt

Despite the average debt increasing by an average of £683 per household in three months, the amount our case studies are reporting they pay off each week has reduced from £37.36 to £24.66. This is £12.70 less per week than in round four.

This is the single clearest reason why, later in the report, we see that the average amount of money left after bills has increased each week. It is evident that households have reduced the amounts they are paying back to enable them to pay for other things and to have a bigger, albeit minimal, increase in money left each week.

	Report 4	Report 5	Difference
Average money left after bills each week	£21.13	£30.13	£9 more left each week
Average weekly debt repayment	£37.36	£24.66	£12.70 less being spent each week on repaying debt

This reduced spend on weekly debt repayments, plus marginally lower spending on fuel and marginally higher spending on food/essential shopping, gives households an average of £9 per week more as a safety net. This equates to an extra £1.28 per day to live on after essential bills and food.

This additional safety net does, however, come at a price, with 11.6% more households stating they will now never know or don't know when they will repay their debts.

Almost half of households in debt [48.1%] don't know when their debts will be repaid. There has also been a 21% reduction in people being able to be repay debt in a year. Fewer than 10% now say that they can repay their debts within a year.

Increased borrowing, coupled with lower weekly repayments, is resulting in increased debt levels and greater uncertainty about debt repayment.



It's really bad at the moment. I've had to start paying full rent and council tax, plus the bedroom tax, and because I've lost a contract, there just isn't enough money to pay for everything - and it affects you and your whole life, every aspect of it.

It all spirals and whereas I was managing before, now I feel like I'm going under. We've had lots of really serious illness in the family recently. It's been an emotional rollercoaster.

All this and all the bills and no money. It's really hard. But no one takes any of that into account, that you've got 6 things going on in your life. At the minute, I feel like I'm living in a nightmare and I'm just giving up. I'm getting so many letters. Everyone wants more and more money which I haven't got. There's just not enough and I'm drowning in paperwork.

They tell you to phone them or to drop things off - they don't realise I don't have money to phone them or the bus fares to just drop off more forms.



It is evident that many of the Real Life Reform households are borrowing to cope.

We have seen an average increase of £683 in debt since round four and participants either reducing their payments or spreading the term of their loans to enable them to cope on a weekly basis.

The effect of this is reflected in the graphs opposite:

- 1) Debt is increasing
- 2) Payments are reducing
- 3) Debt repayment periods are extending

Graph three is based on a calculation of average debt divided by average weekly repayments, assuming no additional interest costs, charges or further borrowing. This reveals a concerning trend.

At the start of the study, using the same calculation, it was averaging 2.5 years to repay.

This situation improved in rounds two, three and four, because weekly repayments increased. However, in round five the average repayment period has increased to more than three years.

Debt Type

When we explore who households actually owe money to, and try to understand where the £683 increase in debt since round four has come from, we see some trends that could also account for the reported lower weekly repayments in this round.

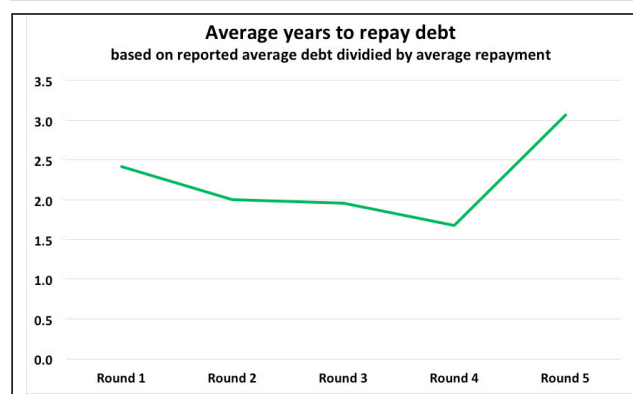
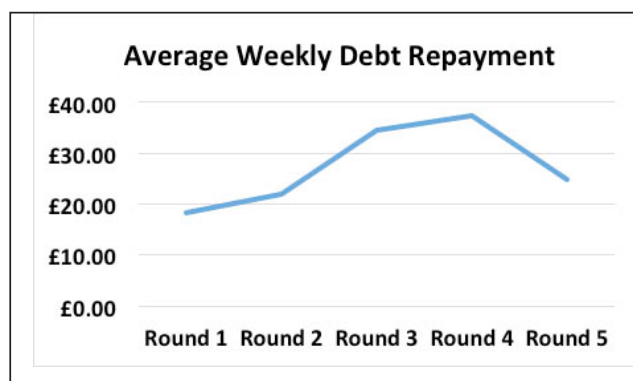
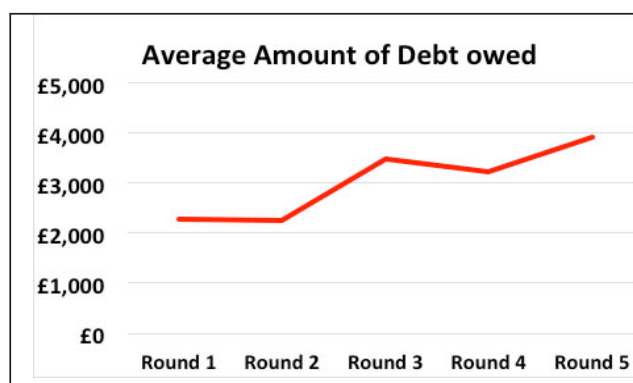
For example, debts to a combination of loan sharks or pay day lenders, which have widely reported high interest rates, have reduced since round four. Only 6.3% of people report owing money to one of these, compared with 23.8% in report four. Similarly, there has been a reduction in people reporting debt with banks or credit card providers, reducing from 38.1% to 18.7%.

We do, however, see increases in borrowing from, or money owing to:

Catalogues	56% increase	Now 11.1%
Household Bills	28% increase	Now 15.3%
Council Tax	57% increase	Now 11.1%

Since round two, borrowing from family and friends has remained low at 4.2%, possibly reflecting that these support networks cannot lend any more money or perhaps that our participants do not class such support as debt.

Our study doesn't tell us why people change who they borrow from, but it is clear from the results from each round that there is an increasing reliance on debt and people frequently change who they borrow from. This perhaps indicates why the category of debt changes each round, as households seek different sources of credit to meet their needs.

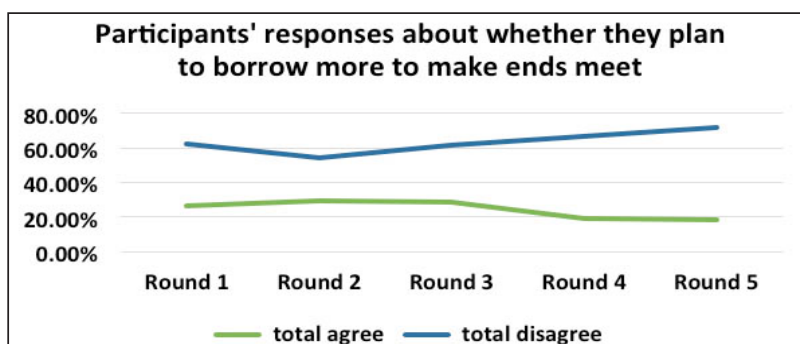


Future Borrowing

In each round we ask every household whether they plan to borrow more money and whether they are worried about getting into more debt.

In round four, 67% said they wouldn't borrow more money, yet in round five debt increased by £683 and a further 2% fell into debt.

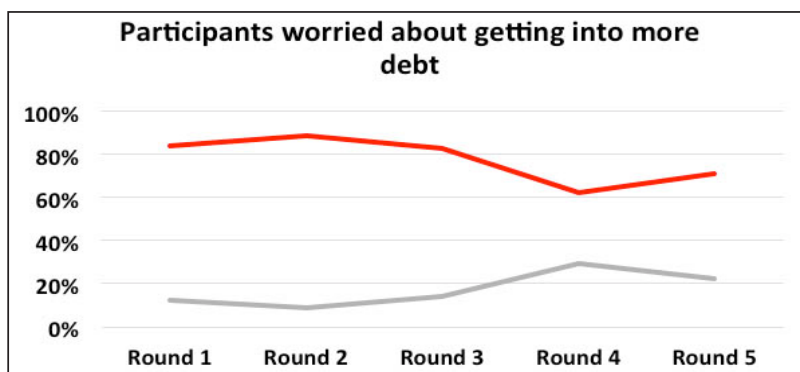
The figures for round five are very similar to round four. 18.1% of participants say they plan to borrow more and 72% say they don't. It is therefore reasonable to assume that debt could increase again, even though people say they don't plan to borrow more. It could also indicate that additional borrowing is often unplanned.



We see in round five a 14% increase in the number of households worried about levels of debt but 71% anticipate getting more into debt.

While this remains lower than at the start of the study [84%] it does show that in a period where there has been a steep increase in debt, it has clearly impacted on people's concerns.

On the counter side, 22% of people say they aren't worried about getting into debt. This is still almost double what it was at the start of the study. This may suggest that some participants are resigned to being in debt, perhaps reflecting the unresolvable position that almost one in every two households find themselves in - not knowing when their debts will be repaid or fearing they never will be.



Money Left After Bills

At face value in round five, the average amount of money left each week after bills has increased to £30.13 per household. Despite this, there has been almost a 10% increase in participants saying they have nothing left each week after bills since round four. Nearly 4 in 10 households have nothing left each week, compared to 34.2% in round four. This is at a higher level than at the start of the study when 36.5% of participants had no money left.

Round five has further explored and analysed this trend to understand what could be perceived to be an increase in disposable income.

MONEY LEFT AFTER FOOD & BILLS

	Report 1	Report 2	Report 3	Report 4	Report 5
Unemployed	n/a	£8.86	£9.67	£11.75	£22.84
Employed Of Which:	n/a	£16.97	£34.71	£43.32	£42.75
Full Time Employed	n/a	£50.00	£65.00	£46.43	£82.75
Part Time Employed	n/a	£18.16	£15.00	£27.86	£26.17

Employed Households

The average amount of money left each week after bills for employed households has reduced slightly by 57 pence since round four and stands at £42.75 per week, or £6.10 per day.

When further broken down, we see a big variation depending on employment type. For those households in full-time employment, the average amount of money left per week increased to £82.75 per week, or £11.82 per day, whereas those in part-time employment have £26.17 left each week after bills, a reduction of £1.69 since round four.

Part-time employed households have, on average, only £3.33 per week more left after bills than an unemployed household. The few examples we have where the participant is on zero hours gave a stark, albeit not statistically robust, illustration of the lack of predictability they experience in terms of weekly income. In round four, households on zero-hours contracts had £36.29 left each week after bills. In round five this had reduced to only £3.33 per week.

Unemployed Households

Round five shows that unemployed households have, on average, £22.84 left each week after bills, or £3.26 per day. This is £11.09 more than in round four, however as reported in the Debts section, average debt repayments have reduced by £12.70 per week. This appears to account for the difference, given that the increased spend in shopping per week [approx. £2.46] is broadly offset by the reduced spend in fuel [£3.13 per week].

Had the average debt repayments stayed at the levels reported in round four, recognising that payments should have increased due to the £683 average increase in debt, the average amount left each week would have been £10.14 per week, or £1.45 per day. This would have been a worse position than at round four when unemployed households had £11.75 left after bills on average.



This round's results suggest that participants have opted to pay less off their debts to be able to manage. Applying similar considerations to other categories, had those in full-time employment maintained their debt repayments at the average level, their money left each week would have been £70, which is still an increase from round four although on a par with round three when it was £65.

For part-time employed households, if their average debt repayments had remained the same as in round four, they would have had a worsening situation to round four, with only £13.47 left each week after bills. This would have been the lowest level since the study began and illustrates that the financial situation has become worse for households in part-time employment since round one.

One in four households say the amount of money they have left each week has increased. This is reflected in working households where, regardless of the average debt repayments, money left each week has improved. This is the only category where, in real terms, the position has got better.

75% of households say their money left each week has either remained the same or decreased, whereas on paper the actual sum appears to have increased slightly.

This illustrates that many participants are simply juggling money to cope and that the increase reported is simply as a result of reducing payments elsewhere, for example on debt and fuel.

This appears to be an unsustainable position and not one that reflects an improving situation.



Shopping and food bills on average are the same each week. The only difference is that we don't seem to get as much food because it's getting more expensive so we get less for our money. When I said the amount it sounded a lot, but it's not really because that is for 3 adults plus the grandkids who come to stay. Fuel has gone down because you don't need to use as much in the summer



Observations

Round five emphasises the margins within which many households are trying to manage and cope. There has been a slight increase in spend on food, offset by a reduction in fuel spending, but both spend levels remain very low with an average of £40.92 [food] and £25.38 [fuel] being spent each week.

The averages do mask a worsening position at the lower end of the scale, with an increase in the proportion of households spending less than £40 on food and less than £20 per week on fuel.

At £30.13, the average money left after bills each week also masks some real trends. It's clear from the study that being in full-time employment is beneficial. This is the only group in round five where the situation has improved. Yet with a "disposable income" of £82 per week, or just over £11 per day, this does still demonstrate the challenges these and low-income households face.

The reduction in weekly debt repayments in round five has revealed a very concerning trend alongside increasing debt levels and more evidence that people are not only borrowing to survive but reducing their outgoings to ensure they have enough money to cope each week.

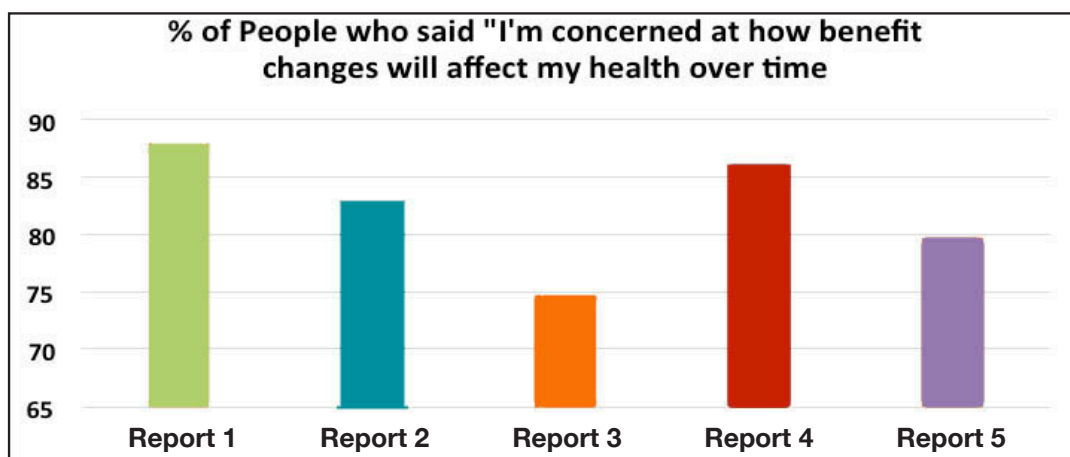


2. Health & Well-Being

Real Life Reform is a longitudinal study and, following five rounds of interviews, we are now seeing real consistencies in the trends and opinions expressed in this section of our research.

When asked to describe how “the benefit changes will affect the health of people in my house,” the range of answers has been broadly consistent, with an average of 80% expressing concerns.

In this round, 79.7% of respondents say that Welfare Reform was having a negative impact on their health and well-being. The chart below shows the responses over the duration of the study so far.



This suggests participants are seeing no improvement and that there is a high, constant level of concern about how Welfare Reform is impacting on their health over time.

Worryingly, the majority of case studies have experienced no major benefit changes in the last year. We are now considering how we will track this with the roll-out of Universal Credit.

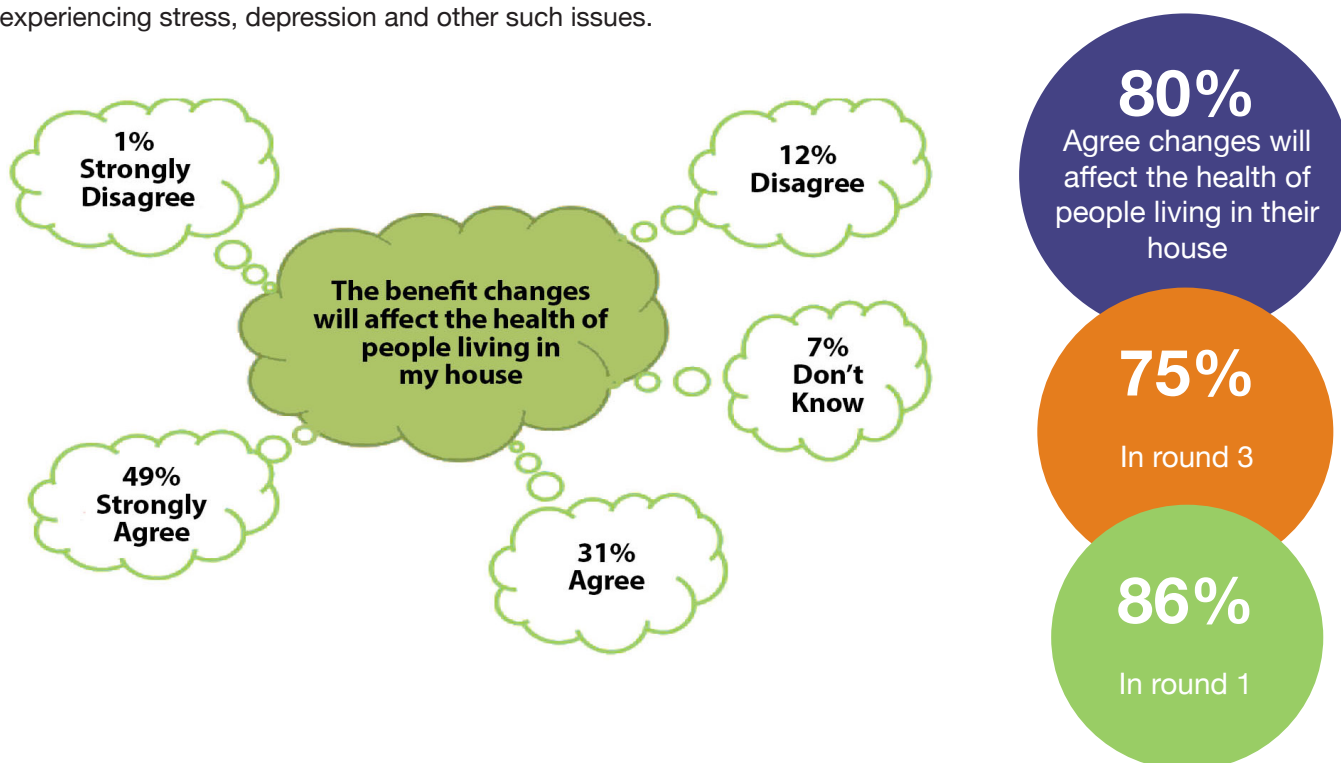
“ Things are okay at the moment but I’m always on edge, waiting for a letter to have a medical (for ESA re-assessment). I’m waiting every day and can’t relax.

I’ve just about caught up with all my bills but if I fail a medical - even though I’ve got DLA for life and have consultants’ letters and everything... If I have to go back on JSA, I’ll be back to square one.

“ My head is always whizzing, thinking about money. I’m not sleeping properly. I feel a bit like the underclass and shows like Jeremy Kyle don’t help. They poke, poke, poke at you and people on benefits are tarred with the same brush.



The qualitative evidence and quotes that continue to be recorded do indicate that a high percentage of households are experiencing stress, depression and other such issues.



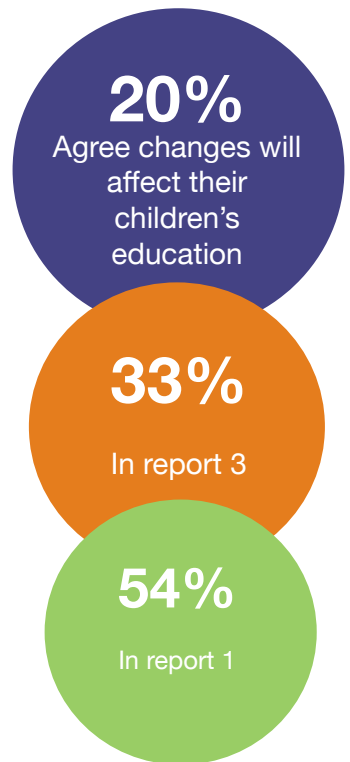
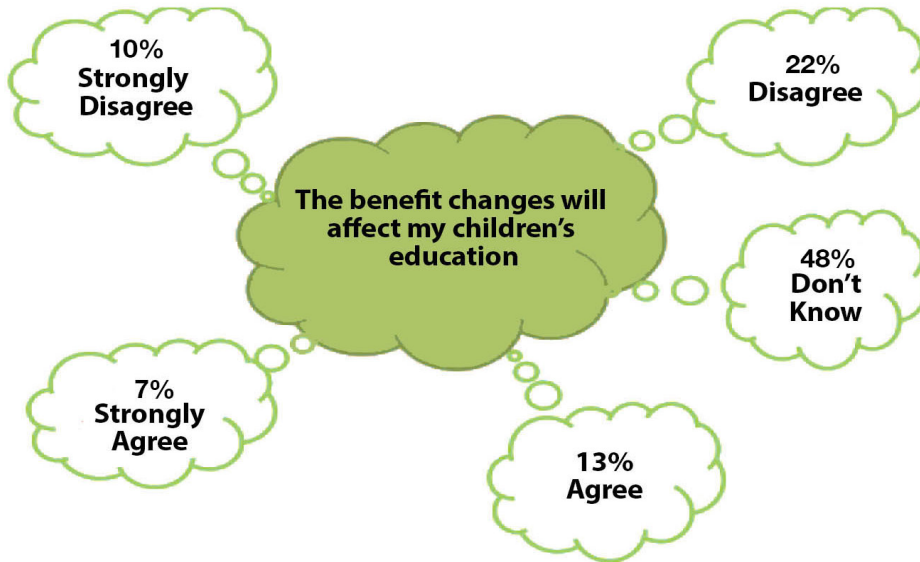
What is clear for our case studies is that they report very high levels of concern about their health and wellbeing. This is consistently high and within the scope of this survey the results are among the highest reported in response to any of the questions.

Observations

As previously reported, concern about health and wellbeing continues to be a consistently strong theme emerging from this study. If participants are feeling this way and this is representative of the social housing sector, it is likely that this is resulting in further costs and resource demand for colleagues working directly in support, health care and medical services.



Impact On Families



Consistent with previous reports, the percentage of people who are concerned for their children's education is not as high as concern for participants' own health and well-being. We have previously seen a determination and resilience not to let changes impact negatively on their children and this appears to be continuing.

It appears from the survey results that participants with children have taken steps to ensure that the child comes first. After more than a year of research, results do indicate that 4 out of 5 households feel their children are relatively unaffected by Welfare Reform when it comes to their education.

That strong desire to put their children first, initially evidenced in report one, has remained in place and this has been a constant outcome from the study visits.

However, we do see from some anecdotal examples that households have borrowed money to ensure their children have not suffered. This could be one of the factors for increasing debts, especially as round five interviews took place during the summer months and the lead-up to the start of a new school term.

I can't afford things like fees, materials she needs, uniform, trips. Academically, she's doing really well but it's more the social side. Her friends are all well off so she feels it more.

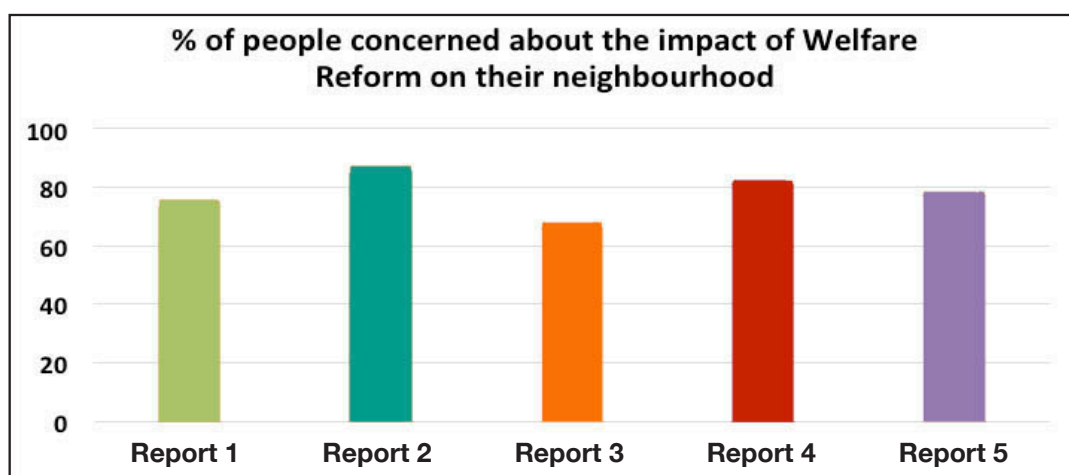


Impact On Neighbourhoods

Results in this section suggest participants have expressed a high level of concern about the likely impact of Welfare Reform on their neighbourhood.

Aside from a slightly improved view in report three, the levels of worry and concern have again remained consistent. Around 4 in every 5 people think the benefit changes will adversely impact upon their neighbourhood.

In report four, we suggested the results may reflect an uphill battle to encourage tenants living in social housing to feel positive about Welfare Reform and the impact it may have on their neighbourhood. This remains the case in this latest report.



78%
Agree changes will impact on their neighbourhoods

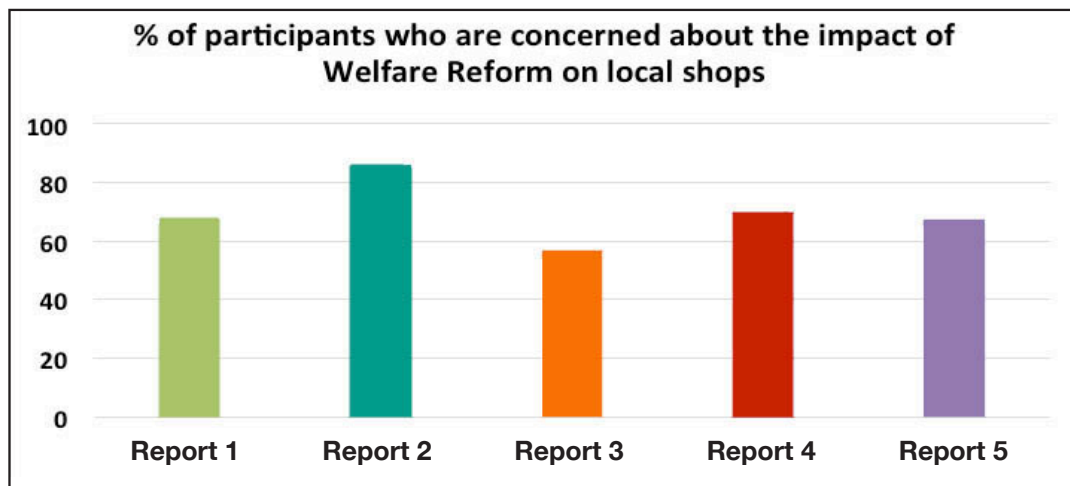
76%
In report 3

68%
In report 1



Local Shops

It is recognised that successful neighbourhoods have a number of viable local shops. These are focal points for the community and serve to create a feeling of an economically active area. Over the course of the study, we have seen a little more variation in concern levels about this issue than with others, such as the question about impact on the neighbourhood.



Some of our participants live in some of the most deprived wards in the country and on one hand accounts of shops closing down or struggling to keep going is not a surprise. However, without those shops and some form of economic activity, are those neighbourhoods likely to be regarded as positive places where people want to live?



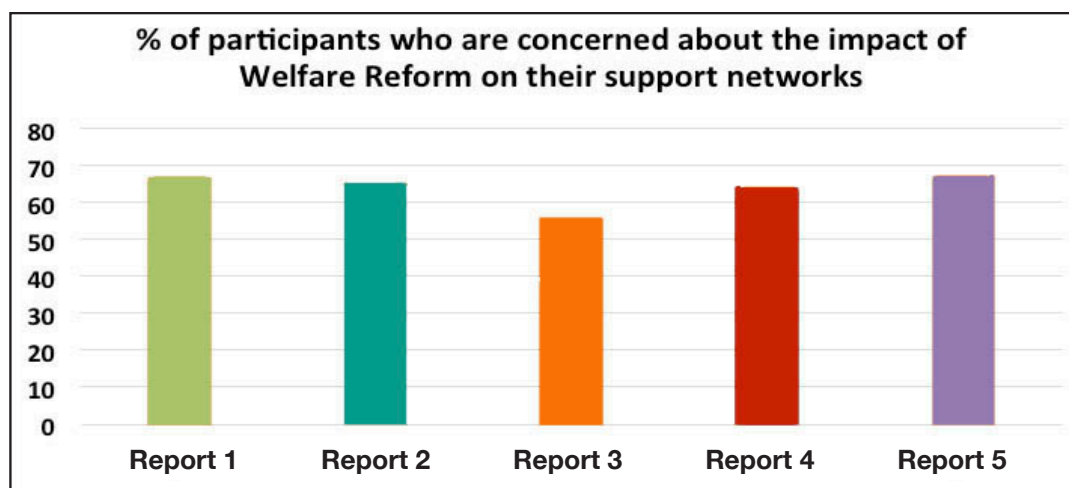
“My local shop has started to give people a tab when they know that they are struggling. It's like stepping back in time.”

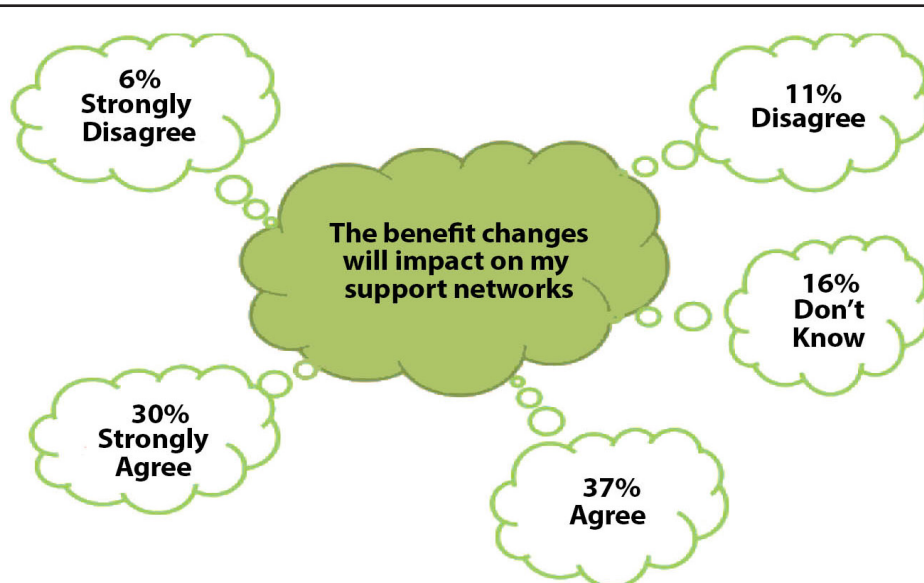
“I've noticed that there are no family run businesses anymore. Also the 'Pay as You Feel' cafe (a cafe which sells out-of-date food and customers pay if they can afford it) is getting much busier. I've seen people waiting outside because the cafe is full”

Some of the comments provide evidence of a new form of shopping that allows people to pay what they feel for goods that are unwanted. That is something that has not previously been reported. As with foodbanks, the arrival of such a facility was probably not something that anyone anticipated as being necessary 3-5 years ago. It is also an indication that people do genuinely have less money to afford some basic essentials, reflecting trends we report in food and weekly shopping spending.

Support Networks

As with most other responses in this section, the results over time indicate that people have consistently expressed concern about the strength of their support networks. This consistency might suggest that networks have remained intact (otherwise it would be logical to expect an increase in concern) and that this is more of a perception issue than not.





67%
Agree changes will impact on their support networks

56%

In report 3

66%

In report 1

It is noticeable from a small number of the case studies that where they or a close friend/relative has moved home, with down-sizing being given as a reason, they have expressed concern at their support network remaining, and have indicated that they see their friend/relative much less than they did previously.

“Family have been supporting me a bit more with extra clothes etc but I don't really speak to them about my situation as I don't want to worry them.”

“We don't see our family as much and we mainly rely on each other for support. We feel like we are doing much better and are aware of what choices we have to make to make life better for us.”

Observations

People have consistently reported concerns about their neighbourhood, the provision of local shops, and the impact of Welfare Reform on their support networks.

The arrival of a “pay as you feel” cafe selling food that is unwanted is something that has not been reported in the research before. Although innovative and clearly useful to a number of people, it is an indicator of poverty and is not something that readers of this report probably envisaged a few years ago.



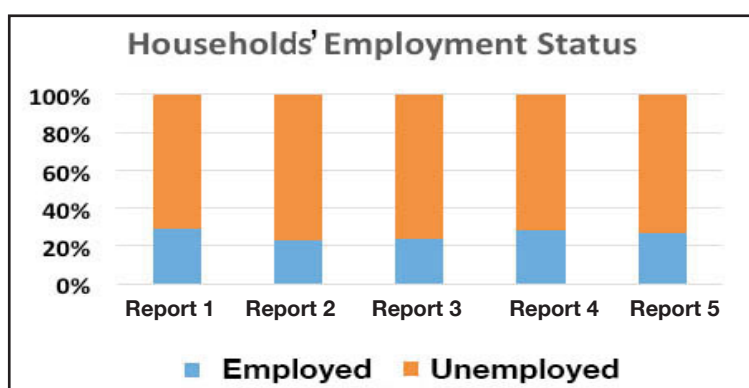
3. Work Opportunities

Throughout Real Life Reform, we have explored the relationship between our households and employment. One of the principal drivers of welfare changes is to “make work pay” under the premise that securing sustainable employment will offer a route away from poverty and reduce dependency on the benefit system.

Section 1, Every Day Life, shows that being in full-time employment is the only category where there is a real financial gain, although the report still captures examples of in-work poverty for some of our households who have at least one member in full-time work.

Employment Status

In round five, 27% of our case study households are employed, with 73% being unemployed. Employment levels are lower than at the start of the study [28.8%] but higher than round two and three where employment levels were around 23%.



This slight reduction in employment since round four and also lower than at the start of the study is against the backdrop of higher unemployment levels in the North compared to the UK average. Recent figures from the ONS indicate higher levels of unemployment in the three northern regions included in this study compared to the UK average of 6.2% unemployment:

- The North East had an unemployment rate of 9.9%, this being the highest regional unemployment rate in the UK and the only region to see a rise in unemployment in the September 2014 published figures.
- Yorkshire & Humberside has unemployment of 7.3%.
- The North West unemployment rate is 6.9%.

With 73% of our case studies unemployed, this is significantly higher than the regional and national averages.

While employment levels have remained within a band of 23% to 28%, we see in round five a big change in the type of employment our households are in. Of the 27% in employment, only 1 in 5 are in full-time work, this being the lowest level recorded since the study started. The remaining 80% are in some form of part-time employment. As we see in section two of this report, this is the category that has experienced the most strain on their income and money left each week, which averages £26 left after bills.

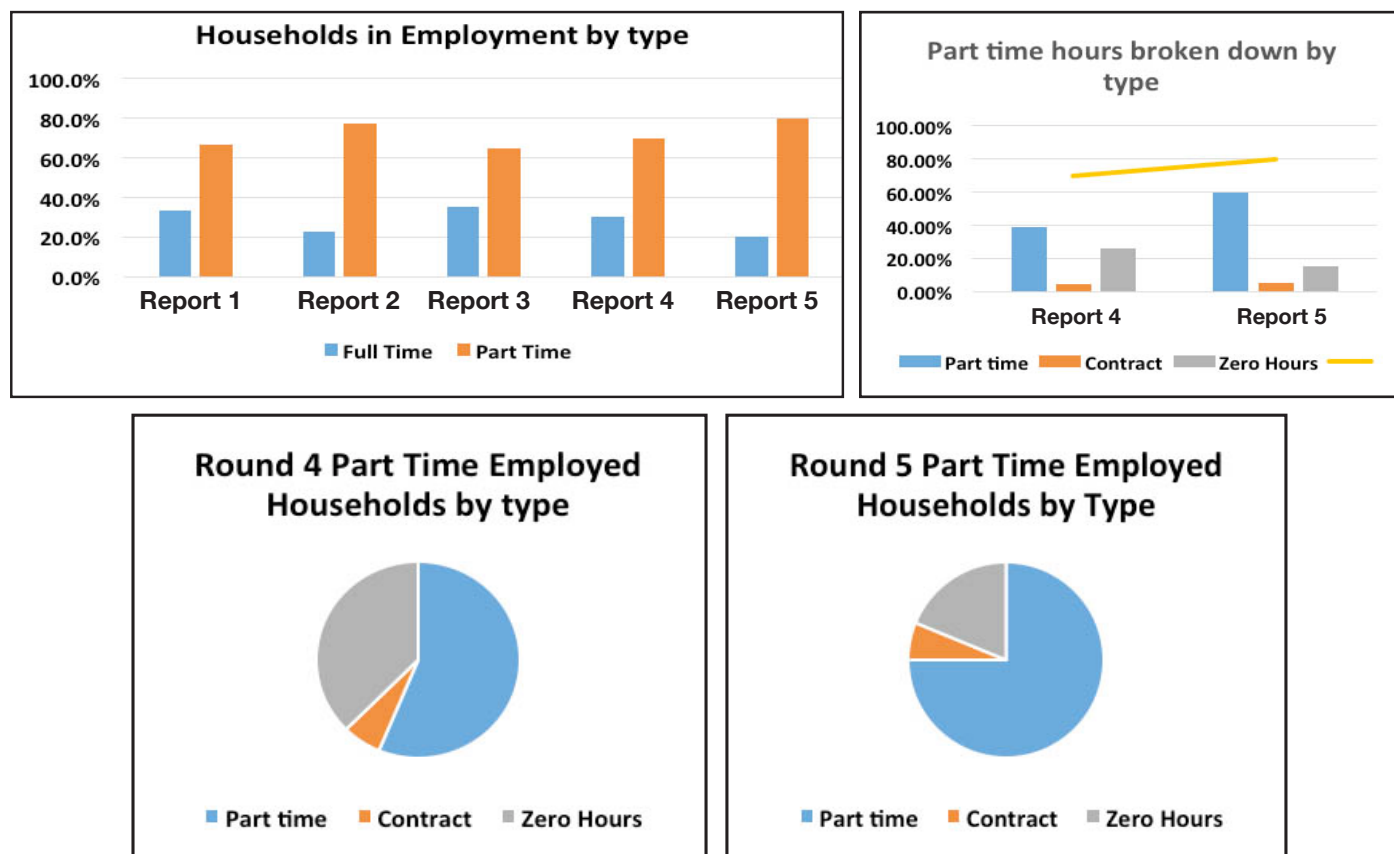


I'd love a new job, but I need to find a job with at least as many hours as I'm working now - preferably more.



In round four, we introduced a new category to better understand what our households viewed as part-time and also to understand how contract and zero hours impacted on our participants.

What this does show in round five is the volatility and uncertainty of this type of employment. Those in zero hours employment reduced from 26.1% to 15%



In round five we once again see an increase in the percentage of part-time employed households saying they are seeking and need to increase their hours; with 50% now seeking more hours, compared to 46.2% in round four and 35.7% at the start of the study. The disposable income levels and the margins within which our part-time households are trying to manage help explain why additional hours are being sought.



People who are trying their best and working, why can't they get more support? Why do I fall through all the cracks? I'm putting the hours in but not getting the money.

Why can't my child get a bus pass, school meals, go on trips? Because I'm working but on a low income, we lose out on everything. Where's the help for people like me who are trying to work and struggling?

I feel I'd be better off on benefits - that's not right! Also, all the paperwork I have to do to get paid, to claim anything - because my situation is different, there's no one person who can help and advise me. I end up drowning in it and running around to different people, getting different advice



Unemployment

73% of our case studies report that they are unemployed. In round two, we started to capture, the length of unemployment, when 4.8% of unemployed households had never worked. This is now zero. Those unemployed for less than a year is at its lowest level at 4.3% [it was 23.8%] however the increase to 26.1% unemployed for one to two years does mask the reduction. That said, when considering unemployment levels that are less than two years, only 30.4% of unemployed households are in this band compared to 42.9% at the start.

The levels of unemployment for the longer periods has almost stabilised since we captured the data. In round five, a total of 56.5% of those who are unemployed have been for more than 5 years, almost identical to round four. This was at 42.9% in round two.

Only 25% of unemployed households say they are actively looking for work and these are predominantly those who have been out of work for less than two years. Those in longer term unemployment cite health, disability or caring responsibilities as the reason they cannot work.

Categories	Report 2	Report 3	Report 4	Report 5
< 1 year	23.8%	9.8%	13.5%	4.3%
1-2yrs	19.1%	27.5%	13.5%	26.1%
3-4yrs	9.5%	19.6%	13.5%	13.0%
5-6yrs	9.5%	7.8%	18.9%	17.4%
7-8yrs	4.8%	5.9%	0.0%	4.3%
9-10yrs	14.3%	2.0%	2.7%	17.4%
10+yrs	14.3%	27.5%	35.1%	17.4%
Never worked	4.8%	0.0%	2.7%	0.0%

Nationally there are 6.5million carers in the UK and this is set to rise to 9 million by 2037. While the majority of carers provide less than 20 hours care per week, there has been a 25% increase in the last 10 years or people providing more than 50 hours care each week.

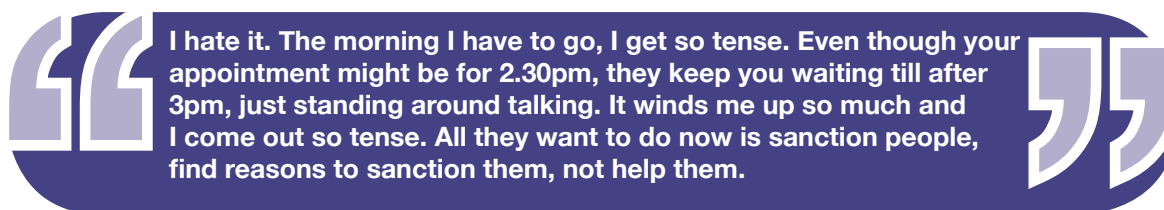
Our case studies illustrate a norm where just over half of those who are unemployed will remain so due to their health or circumstances.

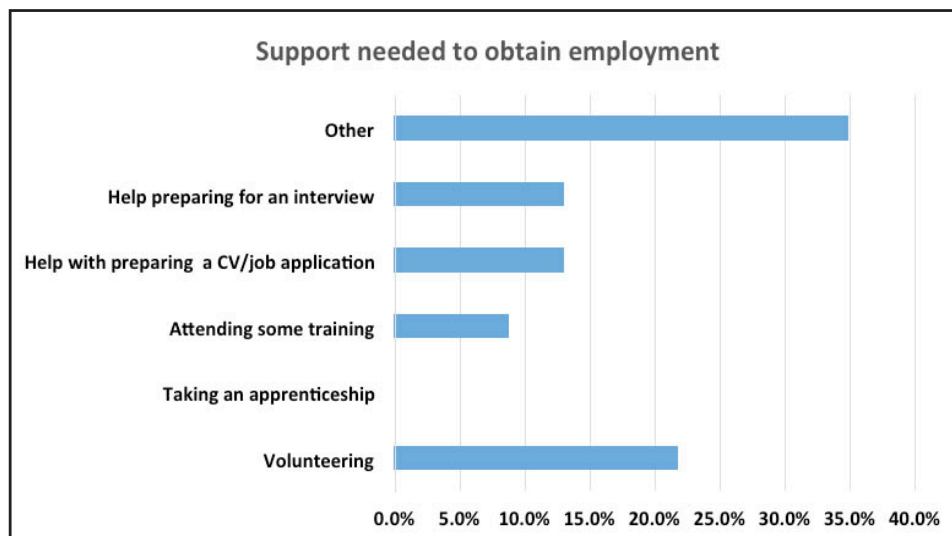
Looking For Work

We still see a high level of activity in applying for jobs but a low success rate in getting to interview. 26.8% of unemployed participants applied for more than 20 jobs in the last three months but less than a third reached interview stage. This has been consistent throughout the study, ranging from 29.6% to 35.7% of each job application reaching interview stage.

Since round four, nearly one in five unemployed participants applied for more than 40 jobs, with an average interview success rate of 31.6%. Based on this, for every 40 jobs applied for, only 12 reached an interview. While very low, applying for 40 jobs and attending 12 interviews in a three-month period, and still remaining unemployed will place pressure on finances as we know unemployed households have only £22.84 each week to live on after bills.

The low success rate in both securing interview and employment is possibly reflected in the frustrations we have recorded when participants have engaged with Job Centre Plus or Department of Work & Pensions [DWP] where only 15% report positive interactions and good levels of support.





We asked our unemployed households what would assist and support them in securing employment. The clearest area of support mentioned was “volunteering” with 21% saying they would benefit by getting some work experience. This has steadily increased since we captured this data in round three when only 13% said this would help. This is certainly an area for landlords and others to consider to help improve accessing interviews and securing employment.

For the first time in the study, none of our unemployed households say an apprenticeship would help them to secure future sustainable employment, which is interesting given the recent announcements of reduction in benefit funding to support more apprenticeships.

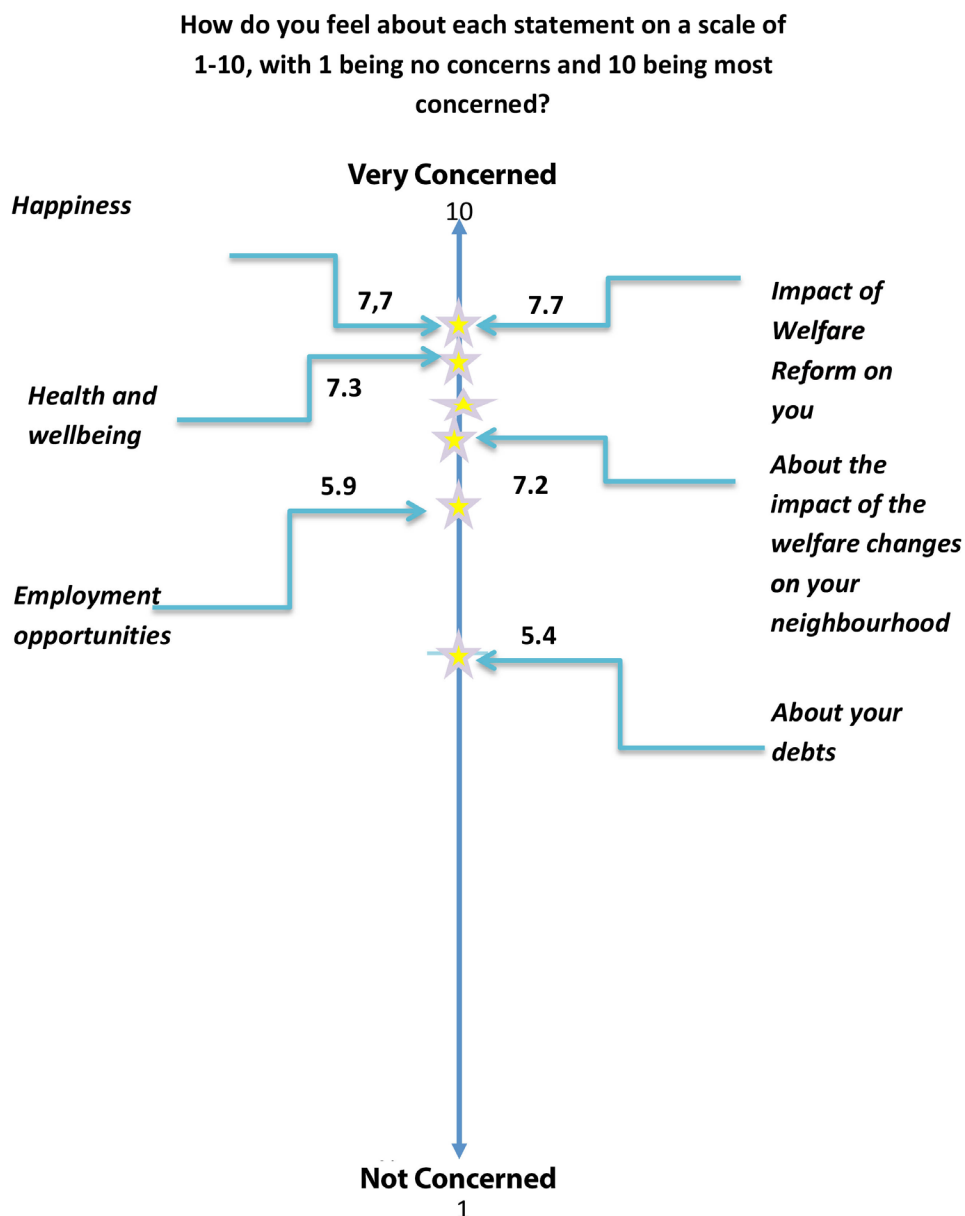
All other categories reduced in this round but we did see a big spike, with 34.8% saying “other” form of support would help. This is an area we need to explore more in the next round to better understand what is needed to help people secure employment.

NOTE: We are aware that our participant profile may explain why there is no interest expressed in apprenticeship programme.

“In the past it’s been ill-health but I am feeling a lot better than I have been and since going on my CV and employability training, my confidence has grown and I feel that I am ready to get back to work.”



How Do Participants Feel?



Since report four, we have seen a reduction across all indicators. Concern about debts now stands at 5.4 compared with 5.96 in our fourth report, and 6.9 in round one.

This is despite an increase in participants expressing concern about getting into more debt, as documented earlier in this report.

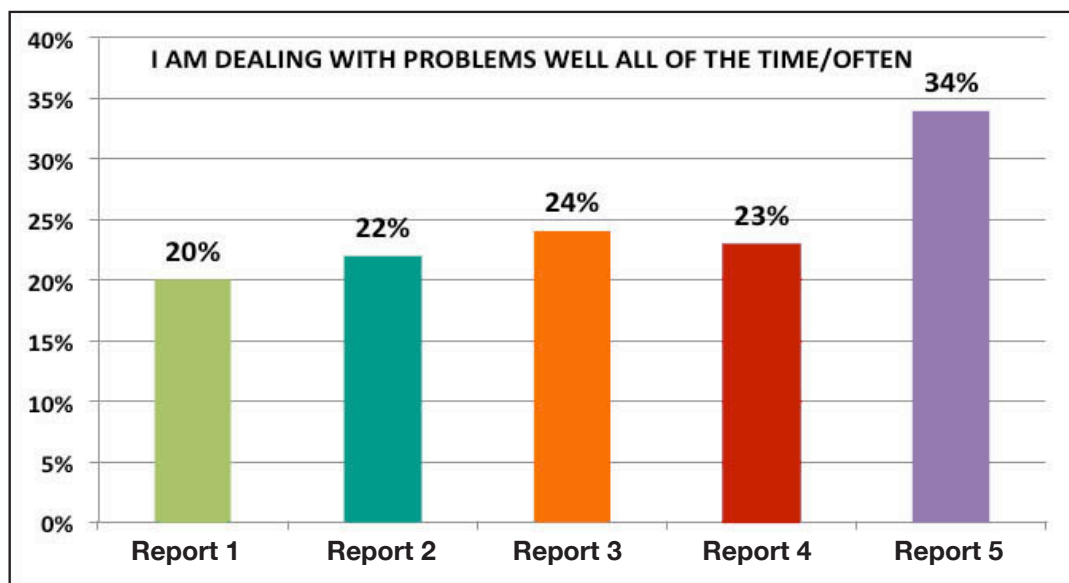
In our first report, concern about the impact of welfare changes on households scored 8.9 out of 10 and is now standing at 7.7 out of 10. Whether this change is down to Welfare Reform not impacting as significantly as people anticipated, or whether people feel they have better coping strategies in place is not clear from these scores alone.



Dealing With Problems

Over the first four Real Life Reform reports the trend data showed a steady increase in the number of people responding to the question “I’m dealing with problems well ...” with ‘often’ and ‘all of the time’. The fifth round of research shows an eleven-point jump in people responding to this question in a positive manner.

It seems to suggest that as the Welfare Reform programme progresses, claimants are perhaps becoming more in control of their situation in the new regime and this is reflected in their perceived ability to better deal with problems. It could also reflect that households have become resigned to the reality and some issues have become the norm.



The number of respondents saying that they are dealing with problems well “none of the time” rose slightly from 16.3% in the fourth report to 18.9% in the current round of research.

**I’ve been
dealing with
problems
well**

- *None of the time* 18.9%
- *Rarely* 9.5%
- *Some of the time* 37.8%
- *Often* 25.7%
- *All the time* 8.1%

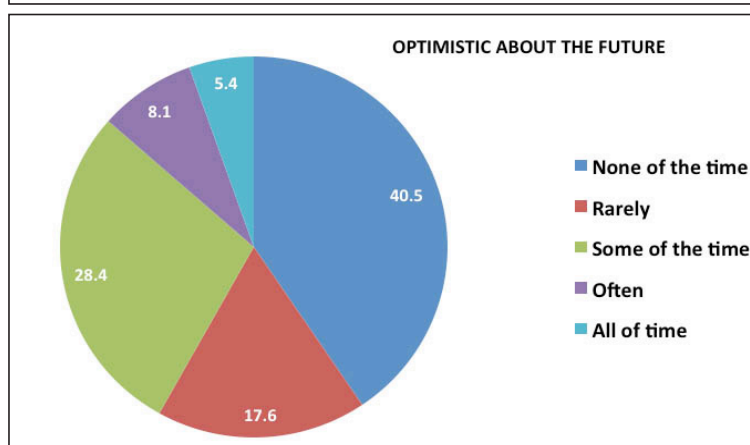
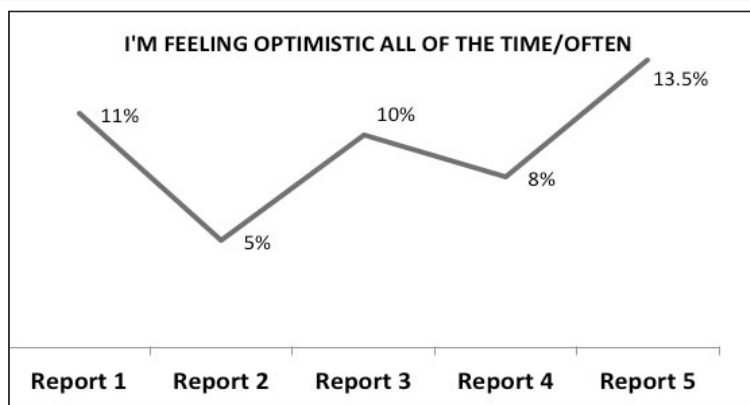


Feeling Optimistic

The general trends for those respondents giving positive responses when asked if they feel optimistic continues to grow, after a slight drop in the previous report. In the fifth round of research, 13.5% of people responded that they were feeling optimistic 'all of the time' or 'often', which represents a new high for the reports. Although the slight increase is welcome, it remains a low level of optimism.

However, those responding negatively (either 'none of the time' or 'rarely') is at 58.1%, suggesting that while some people are optimistic, the majority of participants still remain very pessimistic about the future.

Whether this is an entrenched view point or something that may change over time remains to be seen, but it is very concerning that there exists such a rooted pessimism.



“I’m concerned and really worried about what future change would mean and I won’t be able to cope. My head feels like it’s in the washing machine on spin with no end in sight. I’m worried about the assessment I might have to have for my sickness benefit, I’m worried they may stop it. I wouldn’t be able to eat or heat my home.”

“Although I believe my situation has improved, it can take a while for your health to catch up”



4. Real Life Reform: Fulfilling our Remit

Our research sets 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 five of the six planned reports and midway through the project, at report three, we provided a detailed update on how the report had met or part met the objectives above. A further update and some final remarks will be provided as part of report six.

The Steering Group members are aware that a number of organisations, not just within the social housing sector, have made use of the Real Life Reform reports and have used it as information for their Boards and as part of their strategic planning. We are aware that the Tenant Participation Advisory Service (TPAS) has shared it with members and feedback suggests that the reports reflect what they experience or observe on a day to day basis.

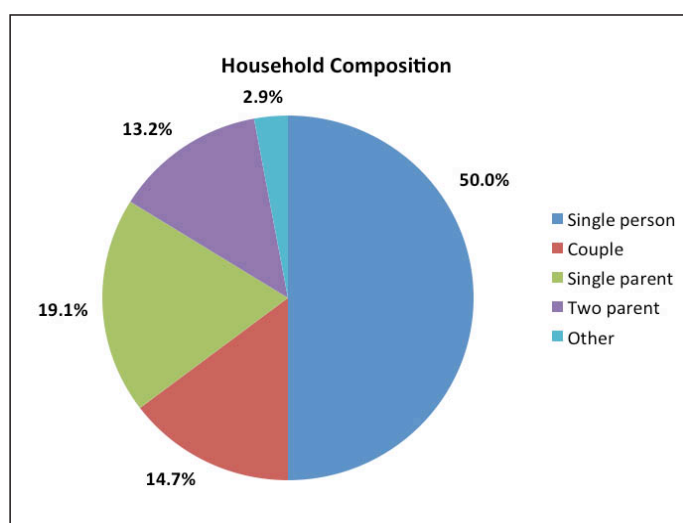
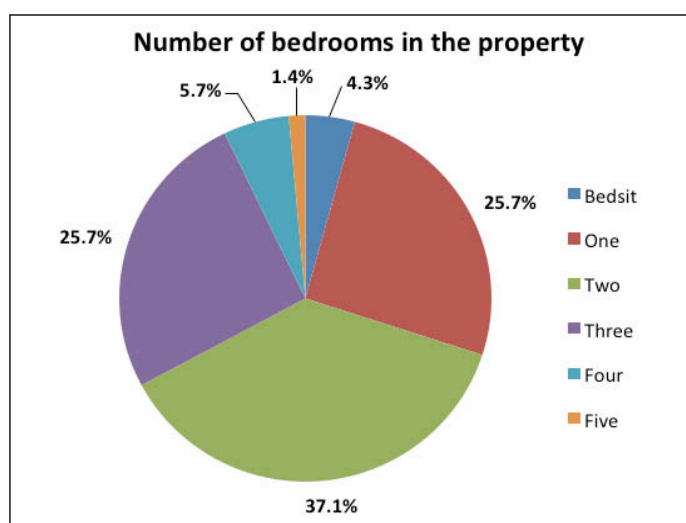
We would also mention that Real Life Reform has been invited to speak at the TPAS North East Conference in January 2015 and at the National Housing Federation Board Members' Conference in February 2015, clearly indicating that people want to hear the experiences of the real people taking part in Real Life Reform.



5. Who are our Real Life Reform Households?

There have been some minimal changes to the Real Life Reform participants between rounds four and five, with four new participants in the study. This has resulted in minor changes to some aspects of the participant profile.

There has been a small increase in households living in smaller properties. This continues the trend from round four (where there was an increase on round three). In round five, 62.9% of participants live in one or two-bedroomed properties compared with 59.4% in round four. This can be explained mainly by people moving to avoid the under-occupation charge. There were also two new joiners who live in two-bedroom properties.



These changes in property size have coincided with the proportion of single person households taking part in the study increasing on round four.

However, there has also been an increase in couples in round five and a decrease in single parent households.

Ethnicity of interviewee	Percentage (%) of participants
White	90.3%
Black/ African/ Caribbean/Black British	4.2%
Asian and Asian British	1.4%
Other	1.4%
Mixed/Multiple Ethnic Groups	2.7%



6. Conclusions

There are some clear messages arising out of this report.

One that cannot be ignored is debt. The average level of debt is on the increase for households involved in this study. Participants are indicating that they do not want to borrow any more money but Real Life Reform shows that the opposite is occurring. Our findings are consistent with the recent report by Step Change, who, working together with Baker Tilly Associates, estimate that for the 2.9 million UK households in debt, the social cost will be £8.3 billion, at a cost to each household of approximately £2,862.

<https://www.stepchange.org/Mediacentre/Researchandreports/Socialcostofdebt.aspx>

Considering this in the context of Real Life Reform, with 74.3% of our households in debt, this sample group would increase public and social sector spending by more than £170,000. If the 2% increase in households in debt we have seen in this round was applied to the Baker Tilly findings, where 2.4 million of people are in debt, this would generate an increase of almost 50,000 more households in debt resulting in other costs of £143 million.

A second clear message is that levels of employment have not changed much since the start of the study. Our research confirms the view that ‘work pays’ but only for those in full-time employment. Even for many, it is still marginal, in part due to the debts they have incurred.

What round five does confirm is the impact on low income households, those on part-time hours, zero-hour contracts or short-term contracted employment. These households are on the margin, are not much better off than unemployed households, and often depend on some form of benefits to support them.

Recent reports from the Resolution Foundation (www.resolutionfoundation.org) highlight concerns and issues with increasing numbers in low paid jobs. Two thirds of those in low paid employment earn less than the median hourly rate equivalent to £7.69. In 2014, 250,000 more households fell into this group, increasing the numbers in the UK to 5.2 million. The report reflects the findings we see in Real Life Reform and the concerns this increasing trend will have for the future, not just on benefit spend but costs associated with health, for example as cited in the Step Change report.

The third emerging issue is that communities appear to be resilient about the challenges they encounter. Households still have concerns about the impact on their support networks (67%), their neighbourhoods (78%) and on their health (80%) but we now see 34% of people expressing some confidence that they are dealing well with problems despite the increasing levels of debt being reported.

Innovations like the ‘Pay As You Feel Café’, which offers unwanted food to customers in return for a payment that they can afford, shows a degree of resilience that on one level is admirable but on another level is deeply concerning as it is a facility that few, if any, would have predicted.

Other trends such as food and fuel poverty have been prominent throughout the study and continue to cause concern in round five. While Real Life Reform is tracking the impact of Welfare Reform, increasingly the report is identifying and focusing on themes frequently being classified and reported on as poverty by others.

Real Life Reform continues to monitor our findings against key research from others including The Joseph Rowntree Foundation and their recent reports “A UK Without Poverty” [14 Sept 2014] and “Public Attitudes Towards Poverty” [28 Sept 14].





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Appendix 1

September/October 2014 – a selection of recent publications relating to Welfare Reform

The Lyons Housing Review, has called for a boost in capital spending on social and council housing among a raft of other measures. It has also called for the development of New Homes Corporations, the construction of five new towns; diversification of the house building market to benefit smaller builders as well as local authorities being given the power to share borrowing power.

http://www.yourbritain.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf

The Policy Exchange have produced a report calling for a radical overhaul of the benefits system to reflect the contributory principle. Their suggestions include a new form of social security to protect against unemployment that would be operated by a small number of external providers.

<http://www.policyexchange.org.uk/publications/category/item/making-contributions-count-reforms-to-create-a-social-security-system-for-the-21st-century>

The Joseph Roundtree Foundation have produced a report Landlords' strategies to address poverty and disadvantage setting out how low-rent housing has played a significant role in reducing poverty in England

<http://www.jrf.org.uk/publications/landlords-strategies-address-poverty-and-disadvantage>

Step Change have released a report highlighting the social cost of problem debt in the UK.

Problem debt costs the UK £8.3bn through the damage it causes to family life, mental and physical health, productivity and employment prospects and costs to the welfare state, the NHS, local government and other agencies.

<http://www.stepchange.org/Mediacentre/Researchandreports/Socialcostofdebt.aspx>

The Resolution Foundation have produced a report that highlights concerns and issues with increasing numbers of low paid jobs.

<http://www.resolutionfoundation.org/>

The Chartered Institute of Housing has released a report calling for a substantial increase in investment in low-cost rented and affordable homes as well as more long-term initiatives to make sure housing and welfare policies are geared to helping people out of welfare and into work.

http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Ticking_the_box_for_a_welfare_system_that_works

A report from the National Housing Federation (NHF) entitled 'Broken Market, Broken Dreams' has shown that first-time buyers face an increasingly inhospitable housing market with first time buyers needing to earn more, borrow more and loan more from family.

<http://www.housing.org.uk/publications/browse/home-truths-2014/>



















