

DEEP POVERTY



Everyday Financial Crisis in Leeds

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Executive Summary

Rising inflation is increasing the overall risk and rate of poverty across the UK, but the current situation is also pulling those already below the poverty line into deeper, more severe forms of financial crisis. How are those towards the very bottom of the income distribution being affected by the cost-of-living crisis? In what ways do their experiences differ from the more general challenges of living on a low income? And what can be done to ensure institutions and services are responsive to their needs? This briefing considers these questions to better understand the experiences, outcomes and distinctive support needs of those in the deepest forms of poverty. To do so, this briefing draws on in-depth qualitative interviews with 40 people living on a *very* low income across Leeds. Whilst there are pockets of considerable affluence, indicators suggest an increasing prevalence and severity of poverty in Leeds. Between 2014 and 2020, the number of children living in 'relative low-income' and 'absolute low-income' increased by 49% and 19% respectively in Leeds. As a result, *the economic gap between Leeds and the rest of the UK has widened in recent years*. Alongside this, cuts to local authority funding are presenting a challenge to the operations of statutory agencies and third sector support organisations at a time of rising demand for their help from low-income communities. Below, we outline how those on the lowest incomes are being affected by these trends:

- Participants often had to *engage in practices that were necessary to meet pressing basic needs, but these also proved counter-productive to their longer-term financial resilience*. This included, accumulating debts, pawning items, expending considerable physical energy to save money and going without essentials. Such practices were necessary to deal with uncertainty, benefit shortfalls or unexpected costs, but often made it harder for people to escape extreme financial hardship.
- For those on the lowest incomes, having to make difficult decisions between 'heating' and 'eating' was unavoidable. However, *the rising cost of gas and electric was also changing the types of foods that participants bought and the decisions they made within the household with considerable implications for their physical and mental health*. This included purchasing more dried foodstuffs and pre-prepared meals to try and reduce energy consumption, such as things that could be cooked in the microwave or that only required a kettle. Some participants were trying to avoid using a cooker altogether to save energy and saw preparing meals as something to be traded off against using the television or having a shower.
- Informal support networks were crucial to the survival and livelihoods of participants. *Whilst essential to participants' safety and well-being, receiving support was not without its costs, often straining family relationships and carrying significant feelings of guilt, shame, and indebtedness*. Despite the daily strategies participants had in place to reduce spending, many still needed additional support from family, food banks, charitable organisations, and friends to bridge the gap when basics such as food and electric ran out. For some, charitable support available was finite and short-term representing an additional layer of precarity within low-income communities.
- *More than three quarters of participants had some form of loan, credit card, debt or arrears with many trapped in a 'vicious cycle' of accumulating debts to cover living costs*. Whilst low benefit levels often necessitated debt accumulation and personal borrowing, *the social security system itself also functioned as a creditor and debt collector for many participants*. Looking at Universal Credit deductions alone, this is having a significant impact on local economies and 'levelling up' with *£18.1 million per year 'withheld' from the lowest-income households across Leeds*.
- Deductions and recoveries within the benefits system had a large knock-on effect on household finances, with *many participants turning to informal lenders, high-interest providers or loan sharks to bridge the gap*. Others had to ration themselves, go without food or were rationed by utility companies when it came to gas and electricity to recover or mitigate debts. This presented a serious threat to the safety, security and well-being of participants and their families.

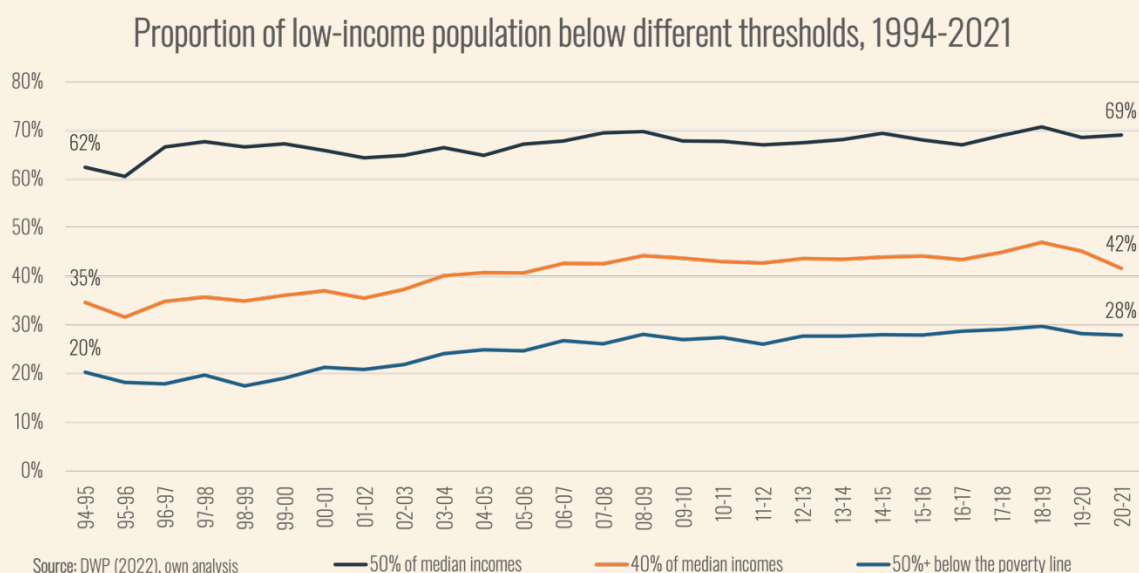
- Alongside the everyday difficulties of life on a low-income, *many participants were also living in poor quality and insecure housing which presented a significant psychological burden, often negatively impacting participants' capacity to plan for their future. Key barriers to safe and stable housing included long waiting lists for social sector housing, discriminatory treatment from private landlords and unresolved complaints about damp and urgent repairs.* Waiting lists and difficulties accessing social housing caused further stress for those with children and additional space needs (with some parents sleeping on sofas) and for those trying to escape the private-rented sector.
- Participants often saw *the support they received from local institutions and third sector organisations as an essential lifeline with many praising the ingenuity and dedication of front-line staff and support workers.* However, factors that fed into and deepened experiences of financial hardship amongst participants also presented *a range of barriers to accessing support:*
 - Digital exclusion and data poverty meant many couldn't access remote support. Hybrid, telephone, or online support from organisations was a serious problem blocking access to those in most urgent need of assistance.
 - Some participants expressed a lack of trust and faith in public institutions, particularly in the Department for Work and Pensions, to be responsive, consistent, and sufficiently informed about their circumstance, needs and entitlements.
 - To manage their own resource and funding constraints, local organisations often varied in terms of their referral practices, the amount of help they were able to provide and how regularly this could be given. As a result, some participants in need of ongoing support, felt the help they were able to access was rationed or time limited.
 - Inconsistencies in access to support and a lack of transparency in how decisions were made, particularly by DWP, meant some people gave up or withdrew from support organisations and the benefits system altogether.
 - Unfordable transport costs made it difficult for participants to attend appointments at the jobcentre, or access work opportunities and support networks.
 - Shame and embarrassment stopped some people from reaching out for help when they were hungry and cold.
- Life on very low income and the associated coping strategies have far-reaching implications for the well-being of families facing severe hardship. There is *a significant psychological cost associated which often acts against the capacity to escape from poverty.* Coping with severe hardship leaves many in a state of *poor physical health.* Diminishing social networks, personal/parental sacrifices, and fears over harm caused to children left many feeling isolated and oftentimes guilty or ashamed. *Issues of stress, anxiety, and depression were also very widespread; with many making references to extreme psychological distress and contemplation of suicide.*
- The psychological burden of severe hardship meant that many expressed a longer-term sense of hopelessness about their situation, with fears arising related to soaring inflation, household costs, and income and housing security. *Winter poses a frightening prospect for households on a very low income, particularly with escalating costs and greater energy consumption.* Participants retained hopes for the future related to employment, housing, health, education, and finances; but such hopes were often diminished by the debilitating nature of their current financial situation.

Reflecting on these findings, this briefing closes with *recommendations to mitigate some of the drivers of deep poverty at present and ensure support services are as inclusive and accessible* as possible for those worst affected. National measures pertaining to social security reforms and local authority funding are very much the starting point, and greatly determine the capacity to pursue local measures concerning service funding, design and delivery.

Introduction

The cost-of-living crisis presents a serious challenge for many UK households trying to cover their basic housing, energy and food bills at present. But difficulty making ends meet is not a new experience for many struggling on a low income – it is part of an ongoing crisis of living standards that ‘never stops’.¹ Successive economic shocks, austerity, welfare reforms and COVID-19 have all depleted the resources and support networks available to low-income communities. Rising inflation is increasing the risk and rate of poverty across the UK, and the current situation is pulling those already below the poverty line into deeper, more severe forms of financial crisis. How are those towards the very bottom of the income distribution being affected by the cost-of-living crisis? In what ways do their experiences differ from the more general challenges of living on a low income? And what can be done to ensure institutions and services are responsive to their needs now and in the future? This briefing considers these questions to better understand the experiences, outcomes and distinctive support needs of those in the deepest forms of poverty.

Over time, changes to public social spending and the tax-benefit system have undermined the coverage and quality of our social safety net in the UK. Working-age social security is now much less effective at protecting against labour market disruption, changes to household or family circumstance, and financial insecurity.² The UK has the worst net replacement rate for unemployment benefit in the G7.³ As a result, the severity of poverty has increased considerably since the mid-1990s with those on the lowest incomes making up a growing share of those in poverty. For example, the proportion of the low-income population falling more than 50%+ below the poverty line increased from 20% to 28% between 1994 and 2021. Particularly since 2010, the poverty gap – average distance low-income households fall from the poverty threshold – has also grown significantly.⁴



Despite the ‘Energy Price Guarantee’, fuel poverty is set to increase to 38% this winter with disabled people, single parents and people from ethnic minorities some of the most likely to be at risk.⁵ There has been a sharp increase in the number of people relying on food banks, with many seeking out support for the first time.⁶ A recent study found that 86% of those referred to a food bank were receiving social security, underlining the inadequacy of current payment levels to meet basic

needs.⁷ Black and minority ethnic people, especially BME women, have been some of the worst affected by welfare reforms over the last decade and almost a quarter of all Black children are now food insecure.⁸ Overall, the level and intensity of financial hardship is profound with groups on the social and economic margins worst affected by the current cost-of-living crisis.⁹

Whilst there has been some recognition of the need to better understand the changing severity of poverty in recent years, there has been less attention given to the 'cliff edges' and compounding forms of disadvantage this can engender in the lives of people affected. Evidencing such effects is likely to have important policy implications for the design and delivery of services, as well as the need for a minimum income guarantee to protect people during times of financial difficulty. The Social Metrics Commission recently concluded that urgent research is 'needed to better understand the experiences and outcomes of people' who fall a considerable distance below the poverty line.¹⁰ This briefing contributes towards that effort by exploring the everyday livelihoods, challenges and impacts of life on a *very* low income in the UK. The briefing concludes with a number of recommendations to better understand and address the needs of those currently living in the deepest forms of poverty.

Local context and research design

To explore the experiences and support needs of those in deep poverty, this briefing draws on data collected via in-depth qualitative interviews with 40 people living on a *very* low income across Leeds. There are a range of definitions and measures of deep poverty currently in circulation with little consensus on the appropriate terms of reference or shared rationale for their adoption. This research focuses on those with an income markedly below the poverty line but recognises that those on a (very) low-income experience *different degrees* of privation and financial hardship. All participants had a net equivalised household income that fell at least 40% below median incomes (2020/21 prices) but the vast majority of participants fell more than 50% below the poverty line. Over half of participants were experiencing 'destitution'. That is, lacking access to at least two essential items (shelter, food, heating, lighting, clothing and footwear and basic toiletries) in the last month, or living on an extremely low income (e.g. £70 a week after housing costs for a single adult living alone).¹¹

People were principally recruited through local networks and organisations who provide support, advice and emergency aid to those struggling on a low income. BARCA, Better Leeds Communities, Citizens Advice Leeds, GIPSIL, Hamara, Leeds City Council, Money Buddies and Touchstone all supported the research by signposting service users or publicising the research through their own networks and facilities. Alongside other local actors, these organisations provide an essential lifeline for many experiencing financial difficulty across Leeds, with a local ecosystem of support comprising a range of statutory agencies and third sector support providers. Participants received a £40 shopping voucher of their choice as a 'thank you' for their time and were asked to share their reflections on their: social and work histories, current financial situation, relationship to (in)formal support locally, experiences of public services, institutions, and the benefits system, as well as their future priorities and goals. People were interviewed at a time and place that suited them, usually in their current place of residence. Participants tended to be concentrated in some of the most deprived areas of Leeds, often residing on the peripheries of the city and lacking access to affordable transport.

As a fieldwork site, Leeds exhibits similar demographic characteristics to the UK. Whilst there are pockets of considerable affluence across Leeds, this is not equally shared: almost a quarter (24%) of neighbourhoods (Lower Super Output Areas,

LSOAs) are amongst the most deprived (top 10% of the IMD 2019) in the country making it one of the more deprived local authorities in the country.¹² Between 2014 and 2020, the number of children living in 'relative low-income' families increased by 26% in Great Britain, but by 49% in Leeds.¹³ During the same period, the number of children living in 'absolute low-income' families increased by 2% in Great Britain but by 19% in Leeds.¹⁴ In May 2022, 18% of households in Leeds were on Universal Credit compared to 17% of households in Great Britain.¹⁵ According to Leeds Food Aid Network, foodbank use increased +127% between 2016 and 2021.¹⁶ In response to the cost-of-living crisis, resources made available through the Household Support Fund have been distributed to local residents and via local support charities to target those households struggling the most financially.¹⁷ Against this backdrop, central government funding for local authorities has been slashed with spending power significantly curtailed as a result.¹⁸ For Leeds City Council, grants from central government fell by 47.3% in real terms between 2013 and 2022.¹⁹ Only partially offset by council tax revenues, these changes to local authority budgets have presented a serious challenge to the operations and capacity of statutory agencies and third sector support organisations at a time of rising demand for their help from low-income communities.²⁰

Where possible, people were recruited to broadly reflect the demographic profile of those living more than 50% below the relative poverty line in the UK. To do so, the people interviewed differed along lines of gender (23 women and 17 men), ethnicity (30 white people and 10 people from a Black and minority ethnic background), age (3 16-24s, 10 25-34s, 11 35-44s, 8 45-54s, 8 55-64s), employment status (37 unemployed, 1 in full-time employment and 2 in part-time employment), and disability (at least 24 self-identified as having a limiting (mental) health condition or disability). In terms of household composition, single people, couples and lone parent families all took part in the research, as well as a number of larger families (i.e. 3+ children). Single workless individuals were a particular priority given their greater risk of experiencing more intense forms of poverty.²¹ People were also recruited to better capture and reflect the experiences of those often under-represented in or 'missing' from official poverty statistics, as well as our assessment of social security adequacy and performance. The majority (37) of those interviewed were British citizens but 1 person with an asylum application under consideration, 1 refugee recently granted indefinite leave to remain and 1 'undocumented migrant' also took part in the research. People interviewed also differed by tenure with 25 social renters, 8 private renters, 1 homeowner and 6 people in temporary accommodation, reflecting the varied housing situations and security of people.

In terms of peoples' trajectories into financial crisis, a crude distinction can be drawn between three groups. Broadly speaking, just over a third of those interviewed were 'constant strugglers' i.e. they had endured a sustained period of extreme privation. This was often associated with experiences of housing insecurity and homelessness, familial instability, experiencing violence and/or having complex support needs. A fifth of people interviewed had experienced a 'slow and steady' decline into financial difficulty. Problems with physical or mental health, relationship breakdown and child-rearing had often disrupted work histories and made it harder for people to prevent or escape from financial crisis. The remainder (around 40%) of those interviewed had experienced a 'cliff-edge' in their living standards. This more recent and sudden decline was often set in motion by job loss, a sudden illness or relationship breakdown. For many in this latter group, the fall-out from the pandemic caused significant disruptions to their work, social lives and support networks.

1. Everyday coping strategies

Poverty demands considerable time, resource and energy from those affected. For a long time, research has sought to surface the hidden work and sacrifice that goes into everyday life on a low income.²² People participating in this study drew on a diverse and distinctive range of coping strategies to trouble-shoot challenges arising, or mitigate the worst effects of extreme deprivation on health, relationships and human dignity. Over time, many participants had to draw on or deplete finite (affective) resources, 'goodwill' from social networks and household items to 'get by'.²³ This involved reducing spending through different or less consumption, selling household items or running cupboards bare, expending physical energy to save money on public transport and going without essentials more generally.

I was supposed to be keeping it for my daughter but I actually sold my wedding ring and engagement ring just so I can top up the electric. (Jenny, female, white, 25-34)

Don't have money for bus fares. So you've got to walk. I'll be walking into town from here. (Samantha, female, white, 35-44)

The majority of participants had to engage in practices that were necessary in meeting their pressing basic needs, but that also proved counter-productive to their longer-term financial resilience and well-being. This often involved juggling bills (prioritising the most urgent in terms of 'red letters'), accumulating debts or pawning personal and household items. Such practices were necessary to deal with benefit uncertainty, inadequate payment levels or unexpected costs but often made it harder for people to escape from extreme financial hardship.

I've been to that cash converters, and it's like buy back, so you sell it for 70 pound and then you've got to buy it back for 100 pound, but they'll give you one month to buy it back. I've done that several times, maybe five times. (Zahra, female, Black, 25-34)

I think it was a weekend and my gas and electric had gone, so I ended up selling my phone just to put it on over the weekend because I couldn't get any money. So I just ended up selling my phone just so that I could put it on, because I had my kids coming up that weekend, so I needed to put it on... I put it in Cash Converters so I could get it back. (Ellie, female, white, 25-34)

For those on the lowest incomes, having to make difficult decisions between 'heating' and 'eating' has become an unavoidable feature of everyday life. To manage the challenges associated within the rising cost of food and energy, participants reduced the amount of food they bought, only bought 'yellow label' reduced items, and resorted to charitable food aid. However, the rising cost of gas and electric was also changing the types of foods that people bought and the decisions they made within the household. This included purchasing more dried foodstuffs and pre-prepared meals that require less energy consumption, such as things that could be cooked or reheated in the microwave or that only required a kettle. Some participants were trying to avoid using a cooker altogether and saw preparing meals as something to be traded off against using the television or having a shower.

...we wanted a Pot Noodle or something, to boil the kettle, I pulled the floorboards up in the house and the skirting boards off the wall as well and burnt them in an open fire to boil the kettle. (Warren, male, white, 45-54)

I'm deciding which one to do. Do I leave my kids with no food, or do I, you know? Well, basically I'm stuck because my cooker is electric... there have been times where I've literally lived on microwave meals because it's cheaper to run. (Natasha, female, white, 25-34)

To try and minimise increasing household and utility costs, many participants had also changed their daily routines. This included switching off all electrical appliances at the switch, batch-cooking meals, and washing less to try to 'beat the meter'. Some participants felt it was best to go out as much as possible to try and save on electric and gas or share the costs of these with friends and family. Others tried to avoid going out and stayed in as much as possible to reduce the costs of transport, socialising and activities for the kids. One individual said they had been driven to survival crime and another said they had had to resort to sex work to make ends meet.

I try not to do stuff with the kids that costs money. It doesn't cost anything to take a walk down the canal or to the park which they probably enjoy a lot more... I prefer to make a picnic and take it and go somewhere where they can run and go on their bikes and have fun, where it doesn't cost much because I've got it all at home. (Thea, female, white, 16-24)

If you haven't got electric, what are you meant to do, just starve? I've been in bins before to try and feed. It's horrible. It is so horrible. It is... it's the worst feeling ever. (Alice, female, white, 35-44)

These coping strategies partly reflected the harsh realities of life on a very low income. But they also reflected the rising cost of living that was intensifying the level of need across low-income communities. The coping strategies this necessitated had a strong cumulative impact undermining the physical health and mental well-being of participants and their families.

2. Informal support: finite and time limited

Beyond statutory agencies, informal support networks also played a key role in how people navigated and coped with financial hardship – often bridging a significant (and growing) gap between basic living costs and amounts received in benefits.²⁴ For many, informal support had become increasingly important throughout the COVID-19 pandemic (typically following job-loss and/or worsening health conditions).²⁵ The relationship between informal support and food insecurity was particularly central – food support came mostly from family and food banks (usually a combination of both). Family helped provide food in various ways: sometimes 'odd little bits' of money for food were 'gifted' or loaned 'here and there', whereas others regularly received items from family members' own shopping when cupboards and freezers were bare. Use of emergency food aid from food banks and charities was common, often bringing mixed feelings of gratitude and shame. Where possible, people preferred to ask family or visit 'pay-as-you-feel' community cafes.²⁶ Some had accessed food banks for the first time more recently, whereas others felt they were accessing food banks more often than ever before. People also frequently sought additional support to pay for gas and electric. Charitable organisations often sourced fuel vouchers and/or topped up pre-payment meters when gas and electric had run out. However, some participants went days either before seeking help or being able to top-up pre-payment meters. Oftentimes, third sector support providers were troubleshooting for participants to address a shortfall, withdrawal or delay in benefit payments by the Department for Work and Pensions (DWP). Again, a combination of monetary 'gifts' and loans from family were also crucial in these instances. For some, spending time at the homes of family and friends was a way to reduce energy costs or keep safe when electric ran out entirely.

Informal support was particularly vital amongst those with children; when asked if they felt they had enough to keep their family 'safe, warm, and fed', the above support was often what made this possible. Again, feelings of gratitude and guilt were evident. A key factor underlying people's need for informal support was that money received in benefits was not lasting the month – participants felt this had worsened as basics were running out faster.²⁷ Many participants praised front-line staff and support workers, stressing the invaluable role third sector support providers had played in helping them navigate public services or get through periods of financial crisis.

...I didn't know I could claim for PIP. And I can't praise them enough, I tell you, I did not know, that's my ignorance, [third sector support organisation]... They sorted me out and more, and I can't praise them enough.

(Graham, male, white, 45-54)

I've been stuck on a basic rate of Universal Credit ... If I didn't live here with my support networks and the food bank of [local church] I think I'd be dead – I really do, you know... (Alexander, male, white, 55-64)

People often felt strongly about giving back to informal support networks. Some volunteered at charitable organisations they were accessing themselves; one participant donated to the food bank during a 'better month', however most could only volunteer their time helping run food banks and community cafes. For some, this was mutually beneficial as support or food were often received in return. Whilst usually unable to return financial support, participants helped family in other ways – this mostly involved 'odd jobs' and care (e.g. repairs, dog-walking, cleaning, etc.). Mutual emotional support through shared experiences of financial hardship was also hugely important.

So, that's why we volunteer here at the food bank – so, we can get the extra food for us to be able to feed ourselves. (Edgar, male, Mixed, 25-34)

They fill up my freezer just to help me, because I do other things for them, like I'll go round and do repairs in the house for them, like just so I've got food in the cupboards. (Barry, male, white, 25-34)

Informal support networks were essential to the safety and well-being of people. However, financial reliance on family and friends was a short-term and increasingly unsustainable solution with those providing support often experiencing growing financial strain themselves.²⁸ There was often an emotional cost and burden that came with receiving financial support from family – some felt a great sense of guilt, and others worried about paying family back as soon as possible. Charitable support was also experienced as time limited by some participants who needed ongoing crisis support.²⁹ One participant described the closure of a local food bank and others had been turned away due to restrictions on the number of times the food bank could be accessed.³⁰ In certain cases, demand was outstripping supply and some participants struggled to get through to third sector support organisations on the phone. For others, food parcels represented a short-term solution as the amount and items provided were typically not enough to make 'proper' meals for the week. Likewise, charities were sometimes unable to secure fuel vouchers given the rising level of need locally. Even when informal support networks were in place, many still went days without food and electric.

Because people are so worried about their own problems, a lot of people don't get support from their personal networks. When things get bad, how can you ask your sister to borrow money when she can't afford her own bills? (Imran, male, Asian, 45-54)

I've been here for like two weeks without electric and we can't get help off anyone, and even my worker has tried and begged, do you know what I mean? (Alice, female, white, 35-44)

As third sector support organisations face growing demand for their services, the availability of resources to participants had become increasingly uncertain at a time when, for many, it was needed more than ever.³¹ To manage demand, some third sector organisations were introducing new referral conditions and pathways that made the availability of charitable aid increasingly contingent and uncertain. Particularly for those already struggling, this underlines the fragility of these informal support networks, that place relationships under strain and reveal additional forms of precarity within low-income communities.³²

3. Indentured: the cost of everyday debt

Debt is often a central feature of low-income life, with many affected by financial crisis having to resort to personal borrowing or household arrears just to try and cover the basics.³³ Since the start of COVID-19, the number of low-income households in arrears has tripled with younger people, those from a Black and minority ethnic background and people experiencing a disability all considerably more likely to be in debt.³⁴ More than two thirds (68%) of low-income Universal Credit claimants are in arrears underlining just how far social security currently falls short of covering basic needs.³⁵

I was just in a position where I were on the dole and the money what you get back then wasn't enough... I've borrowed money from backstreet loan then and it's extortionate what I'm paying back. (Wesley, male, white, 45-54)

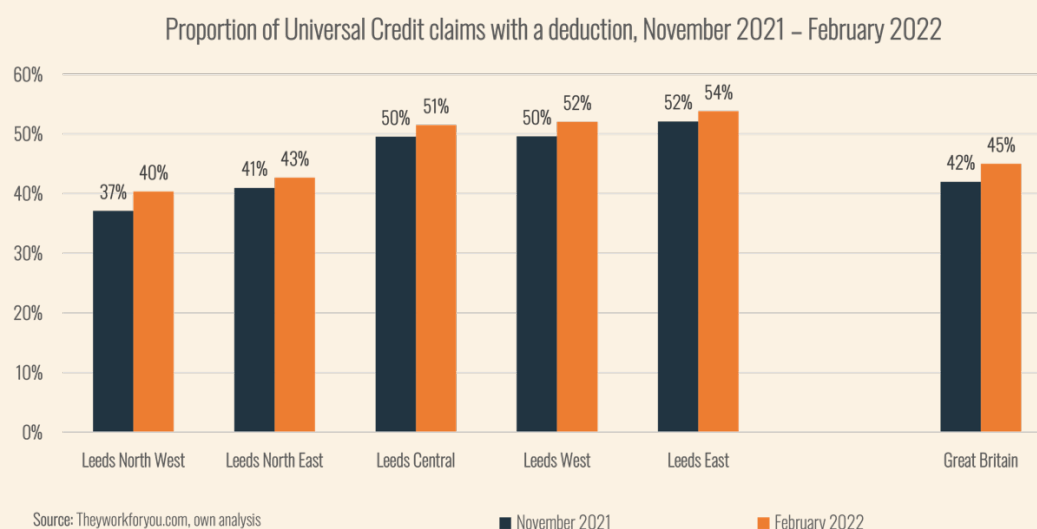
It is widely recognised that a 'poverty premium' exists where those on low incomes pay a disproportionate, higher price for goods and services because of where they live, the support associated or the alternative methods of access needed.³⁶ A poverty-debt premium also appears to exist for those on the very lowest incomes who are often left with little choice but to accumulate debts and personal borrowing in order to secure food, warmth and shelter. In the short and medium term, accumulating debt to service basic personal and household needs generates considerable costs and additional complications amongst low-income communities. More than three quarters of participants had some form of loan, credit card, debt or arrears. Many felt this was unavoidable given low benefit levels and felt trapped in a 'vicious cycle' of accumulating debts to cover living costs and then drawing on benefit payments to pay off or manage debts incurred, leaving households with very little left to start the whole process over again.

Well, if we ever run out of food or owt like that, we always end up borrowing off my mam. And then, we give her it back on payday, which drops us back in the same hole again. It's like that all the time. (Jeff, male, white, 35-44)

I need to get money back in my bank so that I'm not scrimping, literally robbing Peter to pay Paul because you'll know yourself everything's gone up and it's not easy. (Hazel, female, white, 45-54)

Whilst low benefit levels often necessitated debt accumulation and personal borrowing from (in)formal providers, the social security system itself also functioned as a creditor and debt collector for many participants. More than two thirds had been subject to benefit deductions and/or the recovery of advance payments and arrears, whereby the DWP had withheld up to 25% of their entitlement. Such practices are widespread within the benefits system. According to the latest available data, 45% of

Universal Credit claimants experienced a deduction to their benefit in February 2022. As illustrated in the figure below, the proportion of Universal Credit claims affected by a deduction has increased since November 2021 and there is considerable variation in the rate of deductions. For example, over half (54%) of claims are subject to a deduction in Leeds East compared to 40% of claims in Leeds North West. Cumulatively, these deductions have a profound impact on local economies and the capacity for 'levelling up', with £1.51 million a month (or £18.1 million per year) 'withheld' from the lowest-income households across Leeds alone.³⁷



Facilitated by the state, these forms of debt consolidation and recovery made it difficult for participants to anticipate what they were going to receive in benefit payments each month. For those reliant on social security as an essential lifeline, reducing the level of benefit entitlements through deductions and debt recovery was devastating with many participants left with almost nothing for food, transport or heating. For example, a young woman – Amelia – was left with just £56 for the month for food.

They found there's some debt I owe from old tax credits, from years and years ago, which they've recently found, and then every other month the amount that I pay back is a bit different. (Eloise, female, Mixed ethnicity, 35-44)

I'm getting, I were getting £300-and-sommat Universal Credit, but then the £30 downfall from me - and then they were taking nearly £50 off that for tax credit overpayment. So obviously I couldn't pay the rent out of that Universal Credit money. And then I got behind, and I got behind, and I got behind. And up until last week I owed over £600. (Sandra, female, white, 45-54)

For many participants, third-party deductions and debt recovery within the benefits system had a large knock-on effect on household finances with many left with little choice but to turn to debt accumulation via private lenders. To bridge the gap between basic living costs and the benefits received, some participants had to turn to informal lenders, high-interest providers or loan sharks. Others had to ration themselves, go without food or were rationed by utility companies when it came to gas and electricity to recover or mitigate debts, which presented a serious threat to the safety, security and well-being of participants and their families:

I went on Universal Credit. That just took so much time messing about with paperwork and ID and all sorts. It was just a complete nightmare. I got no money over Christmas, November, December, January. End of January were my first payment so by then I were three month in debt with my rent, council tax. I've had demanding letters. I've had eviction notices. It's been a nightmare. (Judith, female, white, 55-64)

I have to turn off every plug it is mad and I've even heard round here everyone's blooming electric meters beep all the time [on emergency credit]... it's awful and you can't do it and then I've been here before for like two weeks without electric. (Alice, female, white, 35-44)

For the majority of participants, personal borrowing and household arrears were necessary to bridge the gap between needs and incomes but this resulted in a poverty-debt trap, making it much harder to escape their financial situation. Private (in)formal lenders were identified as a problem by some but the DWP functioning as a creditor and debt collector also presented a serious threat to livelihoods and household security.

4. The importance of housing safety and stability

Housing conditions and the (in)stability of 'home' were also important for participants coping with life on a very low income and looking to move forward with hopes and plans for their future more generally. Whilst the relationship between housing and poverty is complex, research has shown how 'poor-quality or insecure housing may create the risk of poverty or exacerbate the effects of poverty on living standards and life chances'.³⁸ In 2008, the UK social-rented sector (and Housing Benefit) was labelled the 'saving grace' of the welfare state, buffering the impacts of poverty through a housing 'safety net'.³⁹ However, this view has since been challenged amidst welfare reforms and over a decade of austerity undermining the availability and security of social housing.⁴⁰ Indeed, housing instability and poor living conditions were significant problems faced by participants in both private and social-rented properties. For those who had previously lived in poor conditions, moving to better quality social housing had been a positive turning point.

I'm a lot happier where I am because I was actually about 20 years in a flat, and it took me 10 years on the waiting list to actually get a house... And the flat that I lived in was really damp and mouldy ... my son was hospitalised three times as a toddler with breathing difficulties... and I strongly believe it was because of him breathing in the mould spores ... So, I'm a lot happier here than I was in the flat, you know. (Bethany, female, white, 35-44)

We moved here just short of a year ago ... before that we lived in a flat in [area], which was a one bed flat which was extremely cramped conditions, especially once we had a child. So, coming back here, which is my area I were born in, was a blessing. (Jack, male, white, 25-35)

However, cuts to social housing mean people are increasingly trapped in private rented accommodation where they have little security of tenure, making it difficult to tackle disrepair and security issues. Many participants had spent a long time (ranging from 3-10 years) on social housing waiting lists which often caused considerable stress for those with children and additional space needs. Some parents were left sleeping on the sofa. For some in highly unregulated and insecure private-rented housing, difficulties accessing social housing were also perceived as barriers to 'getting on' with their lives more widely. For a number of participants, the psychological burden of financial hardship was substantially exacerbated by discriminatory treatment from

private landlords, unresolved complaints and precarious housing situations. Alongside long waiting lists, issues of damp and urgent repairs were also common in social housing – many had raised problems multiple times, with these often remaining unresolved for extended periods. Sometimes, participants felt they lacked the energy to pursue complaints with private and social landlords and required third sector organisations to intervene on their behalf. Particularly for those experiencing damp, poor housing conditions and a lack of social housing support sometimes exacerbated participants' existing mental health difficulties and made it impossible to focus on other priorities (such as finding a job).⁴¹

It's one bedroom so they [two children] have the bedroom and I'm still on the sofa. So, I'm trying to get help to get a bigger property, but I'm just at a standstill at the minute ... I feel like I'm going to be left for another four years struggling. (Mark, male, white, 35-44)

I'm sick every morning, that's how bad my anxiety is... like managing finances, whatever I've had in place, nothing's working. I've got this looming headache of a situation where come next month I might not have a roof over my head, and it's like, what's next? Where do I go? There's no doors open for me. (Kieran, male, white, 35-44)

Stable and good quality housing conditions, including having adequate space, was an important foundation for participants' safety, well-being, and capacity to plan for the future. However, such stability was undermined by difficulties accessing social housing, uncertain waiting lists, and ongoing complaints about poor living conditions, demonstrating how experiences of financial hardship, ill-health, and unmet housing needs can form a compounding cycle of disadvantage.⁴²

5. Barriers to access: distinctive support needs

Many participants were reliant on support from public institutions and third sector organisations to try and manage their financial situation or mitigate the worst effects of it. However, participants faced several barriers to accessing support which suggest some distinctive support needs. Such needs relate to issues of digital and data poverty, costs associated with accessing services, trust and faith in public institutions and statutory agencies, knowledge and awareness of available support, shame and stigma, and the need for lasting interventions. Experiences of services were mixed, with some participants reporting positive interactions, whilst others felt frustrated, angry or forgotten. The majority of participants were claiming support from the state through working-age social security. However, participants were also reliant on third sector organisations for support both through referrals and self-referral. Many had received advice related to debt, finances and budgeting, including securing Debt Relief Orders. Utility costs were a pressing concern for many households, particularly in light of the cost-of-living crisis. Another key area of support need was related to welfare rights advice, where participants sought guidance and support on their entitlements, deductions, health assessments and housing issues. Other support from third sector organisations included the provision of household goods and necessities, support with mental health issues, employment support, education and training, and provision of shelter.

A key barrier to accessing support and services for people was digital exclusion and data poverty.⁴³ Particularly since COVID-19, the shift towards remote and hybrid forms of support presented a non-trivial barrier to accessing support for some participants. Whilst access was blocked entirely for some, others had to rely on public spaces such as libraries or support

workers to ensure they were able to maintain their claim online for Universal Credit or to interact with third sector support organisations and services.

It's all to do with communication, you can't send an email to your local council, through that facility, and same with your DWP, my claim, until they send me a link to reply. And they're demanding, this is your DWP, you must go on your journal, how do you get on the journal if you've no internet? And they're thinking you've got internet. And if you don't answer to your journal, you get sanctioned... vicious circle... (Graham, male, white, 45-54)

I had to get someone to do it [journal] for me because you've got to do it online and that, haven't you. They keep saying to go in my journal, but I can't do it. I haven't got the hands for it anyway; I'm waiting for operations on them... And the Jobcentre just keeping saying, 'You need to go on it.' I say, 'Well, I don't know how to do it.' (Jeff, male, white, 35-44)

For some, recent shifts to remote and hybrid services were a welcome change: being able to attend appointments over the phone or complete forms online was perceived as more convenient and less costly than attending meetings in person. More problematic for participants were the additional costs associated with attending appointments at Jobcentre Plus, particularly those associated with transport. Many felt that transport costs were a major barrier to fulfilling behavioural requirements, attending appointments with work coaches, and taking advantage of training opportunities (e.g. ESOL provision). Participants highlighted the need to 'plan ahead' to make paying for transport costs worthwhile but found this difficult with last-minute changes often made to their appointments with Jobcentre Plus.

There's a few times I've gone down and I have got the bus... But I will try and make the most of the bus pass like I'd, I'd make sure that I'd have- Like I go shopping afterwards just so that I make the most of it. But like I'd get there and like, oh we've cancelled your appointment. And then I'll look online and they cancelled it 10 minutes before I was due. And I'm like why? Oh, no staff. Do you think maybe you should just you know make it fortnightly or something like that, monthly? Make it a phone call. (Jack, male, white, 25-34)

Horrible but they're [Jobcentre appointments] pointless you go there, they like ask a couple of questions, they're like right that's it you're done. So I've got to go to [location] and I've got to pay the bus fare to get there which they don't realise I can't afford it. (Jenny, female, white, 25-34)

Some people expressed a lack of trust and faith in public institutions, particularly the DWP, to be responsive, consistent, and knowledgeable. Some felt that different statutory services and even different staff within the same agency provided contradictory advice. The DWP was rarely perceived as a source of support: communication was often dismissed as disingenuous or untrustworthy by participants. The investment of time, energy and work to understand and contest benefit entitlements or administration led some individuals to delay, give up or go without support entirely. Despite the vital role of local charities, similar criticisms, albeit to a much less extent, were sometimes levelled at third sector support organisations. In certain cases, participants were looking to third sector providers to resolve deficiencies in the social security system or other issues that could only be addressed by statutory agencies. Those affected were often left feeling frustrated and disempowered.

I couldn't cope going back onto benefits I don't think. The way things are, the way things have changed I don't think I could cope with the stress because it will be a new claim as well. (Janet, female, white, 55-64)

This is hence why I get frustrated and end up arguing with them [third sector organisations] because I'm trying to explain something to them over the phone and they don't listen. 'Well you have to ring this person, you have to ring that person.' 'No I'm talking to you mate, I want straight answers from you. Tell me straight what's going on, not passing me on to everyone, I can't be doing with that.' Sometimes I prefer not to ring them because you don't get nowhere... So it's like sometimes you just, you just make do and go without rather than ask them for help. (Barry, male, white, 25-34)

Support was also seen as something of a lottery. Some participants reported positive relationships and rapport with service providers, such as Jobcentre Plus work coaches and support workers. However, others had very negative experiences which were often hostile and counter-productive, and participants were critical of variability in the quality of the support they received. Problems arose with inconsistent staffing, as participants expressed frustration at explaining their situation repeatedly to multiple members of the same organisation or institution.

I didn't know I could apply for benefits. Like nothing was- I wasn't informed about anything like this. I had to literally find out myself. So I contacted [organisation], and then they told me like it depends who you get as well, there's certain people that don't have the right amount of knowledge and stuff. They don't always know what they're talking about. (Youssef, male, Mixed, 16-24)

A lack of transparency over the support available and the means through which to access it was a barrier to many participants. Some didn't know what services were available to them, whilst others had given up seeking out help as they had failed to access support in the past, for example due to not meeting certain criteria for support. Overall, a lack of clarity over decision-making was a source of distress for participants, such as those related to decisions over health assessments and capability to work. Another common barrier to seeking out support was feelings of shame and embarrassment. Claiming benefits and accessing highly visible support were key sources of embarrassment for some who associated them with stigma and negative stereotypes.

[Avoided claiming benefits because of] Pride in the sense that we weren't brought up that way. (Imran, male, Asian, 45-54)

Despite the invaluable work undertaken by many public and third sector services, barriers to accessing support remained considerable for many. Notably, some participants were hampered by the technology and costs required to engage with services, particularly when delivered online or face-to-face respectively. Some felt distrustful, frustrated, and confused by the advice, support and information they received, particularly from the DWP. The importance of stable and proactive support workers, work coaches, or other advocates, was emphasised by participants on many occasions. In some cases, the energy involved in finding, accessing, and making use of support outweighed the potential rewards, and meant participants deferred seeking support or went without altogether.

6. The impact of deep poverty

The everyday hardship faced by people and the grinding strategies employed to cope, carried with them several far-reaching costs and consequences. Such costs included psychological and physical harm, the deterioration of social relationships, personal sacrifice, and a detrimental impact on children. These costs left people drained of their time and energy and stretched their cognitive bandwidth to its limits. Many participants reported deteriorating physical and mental health in connection to their financial situation and highlighted the physical toll this had on their bodies. Blood pressure, strokes, and heart attacks were the most commonly identified health concerns by participants, which often related directly to the heightened level of stress arising from their financial situation. Other issues included concerns over diet and nutrition, weight loss or gain, and other physical pains and irritations. This was often made more problematic by either not having support networks for care, or feelings of guilt arising from dependence on informal support and difficulties accessing services.

I mean everybody's struggling at moment, you know it's horrendous... I mean the thing is me daughter's lost weight. I've lost a stone since this year. (Sandra, female, white, 45-54)

I wouldn't like to have anybody live like this, because it's not good. This is not good, because this is heart attack material. I had a heart attack, and basically I had a stroke. It's not good for you. I actually felt better when I was in the hospital because I knew there was people around me looking after me. (Abel, male, Black, 55-64)

I was so ill from stress and anxiety that I found walking difficult. I had vertigo. I'd have had difficulty walking from here to there. It was like everything was spinning all the time... I tried claiming PIP... They didn't even take it remotely seriously. And I just couldn't cope with an appeal. (Alexander, male, white, 55-64)

The deterioration of social networks was a further consequence of coping strategies, especially as many participants felt confined to their homes as a result of their financial situation. Many participants felt the need to make personal sacrifices to be able to get by, with feelings of isolation and loneliness a frequent result.

I don't have a social life, I really don't. I barely go out now. My network seems to have shrunk a hell of a lot this year, which it's nothing to do with me I think it's just the way people starting to see me maybe... (Kieran, male, white, 35-44)

Feelings of guilt or shame for being unable to provide for children were common. Occasions like birthdays and Christmas often posed a dilemma for parents between treating their children and the associated financial outlay. Difficulties providing for children were particularly pronounced among large families, subject to the two-child limit on benefit payments. A common practice among parents was to attempt to shield children from hardship through either parental sacrifice or accessing help. In many cases, participants felt they were having to invest significant time and energy to cope for little to no reward in alleviating their hardship. Participants often suggested that their attempts to cope or live with their situation were all-consuming and left them feeling burnt out and unable to envisage a way out of hardship.

I just don't even want to wake up some mornings because I know it's just going to be a horrible day with having to make phone calls and trying to sort my benefits out. It's just really frustrating and just my head's all over with it... (Judith, female, white, 55-64)

In terms of mental health, issues of stress, anxiety and depression were widespread. A few participants also made references to strategies such as sleep, avoidance, and suicide as potential means to avoid poor instances of mental health. Mental health issues were often exacerbated by diminishing social support networks and restricted opportunities for social and leisure time.

I try not to think about it because the more I do think about it the more my nerves are going yes. Panic attacks will start, suicidal thinking... (Jillian, female, white 45-54)

I'm depressed to death. If it weren't for [friend] coming and helping like go to the shops for me and stuff like that, I reckon I'd have had committed suicide a long time ago. I'm being serious. I don't, I don't go nowhere. I don't do nowt. (Wesley, male, white, 45-54)

Many expressed fears about the future related to rising inflation, household costs, unexpected expenditure, changes to or loss of benefits, loss of housing, or falling into problems with crime or drugs. For some, stress and worry gave way to a sense of hopelessness for the future. Many were particularly concerned about the prospect of winter and the related impact on housing conditions and costs.

I'm really scared of the next few months, I think the news and the media have really portrayed that the next few months are going to be even harder, so because it's been hard already, I'm really worried about it to be honest. And it's just before Christmas when everything's going to rise again... But yes, I'm just dreading it really. I struggle at Christmas every year, but even if the prices of, even just say gas and electric, if they go up again, it's going to really, really put me out. (Eloise, female, Mixed, 35-44)

Despite these worries, people expressed a range of hopes for the coming months. Such hopes ranged from securing employment, moving to more stable housing, gaining skills through education or training, improving mental and physical health, accumulating savings, gaining secure immigration status, and finding time for leisure. A common hope was to gain access to more resources, often through increases to state support for those with very low incomes. Oftentimes, these hopes were regulated by several caveats, for instance hopes of securing a job were inhibited by concerns over associated costs, health problems, care responsibilities, lack of qualifications and time out of work.

Conclusion

The rising cost of food, energy and housing is having a devastating effect on the health, social networks and human dignity of those in deep poverty. This briefing has outlined the experiences of some of those worst affected to better understand how national and local services can ensure their support is as inclusive and accessible as possible whilst responding to the drivers of deep poverty. The everyday coping strategies employed by those on the lowest incomes are necessary to try and mitigate the worst effects of extreme privation. However, people are left with little choice but to resort to actions that are often counter-productive to their longer-term financial resilience and well-being. Poor quality, insecure housing and the need to accumulate debts to cover basic needs are also making it harder for people to escape from financial crisis. The social security system contributes towards this poverty trap through inadequate benefit levels and coverage as well as functioning as a debt collector: withholding desperately needed money from those on the lowest incomes. To 'manage' the shortfall, many are going cold and hungry to minimise their daily living costs, as well as turning to high-interest lenders. Informal support networks and services provided by third support organisations are an essential lifeline and were greatly valued by participants. However, many services were stretched beyond their capacity with the help available often finite and time limited. Facing real terms cuts

to local authority funding and growing holes in the social safety net, there was only so much local actors (statutory and charitable) could do given the national policy environment and funding climate they found themselves operating within. In light of the findings, we now outline several national and local measures necessary to ensure statutory agencies and third sector support organisations are appropriately equipped to respond to this evolving crisis and the longer-term problem of deep poverty. We would like to stress though that national measures pertaining to social security reforms and local authority funding are very much the starting point, and greatly determine the capacity to pursue local measures concerning service funding, design and delivery:

National measures

- In real time, uprate benefits in line with inflation to address the growing gap between social security entitlements and the rising cost of living.
- As demonstrated in this briefing, the level of benefit payments is currently free-floating from the everyday needs of people. Introduce a minimum income guarantee to address longer-term cuts to working-age social security and lift people out of deeper forms of poverty and destitution.
- Uprate Local Housing Allowance in line with current rents to safeguard the financial security of those on the lowest incomes.
- Scrap No Recourse to Public Funds, delays in issuing Biometric Residence Permits, the two-child limit and benefit cap. These measures are threatening the safety, health and well-being of people across the UK.
- Abolish the five-week wait for Universal Credit which saddles people in need of an advance payment with benefit debt from the outset of their claim.
- Write-off benefit debts from historical and no-fault overpayments which undermine benefit adequacy and worsen the poverty-debt trap for those on the lowest incomes.
- Suspend benefit deductions if household incomes fall below a minimum income guarantee and reduce the rate of benefit deductions to 10% of the standard allowance.
- Extend and enhance the Household Support Fund so statutory agencies and third sector organisations have the necessary resources to meet rising demand for support from those experiencing financial crisis.

Local measures

- Review the role local institutions and services play in demand management to better understand what impact the rationing of finite resources is having on low-income communities. This includes the role of and relationship between local authorities and third sector support organisations to better understand how variation in referral criteria and pathways affects access to, conditionality and accountability of local services.
- Build upon existing collaboration between local authorities and third sector support organisations to improve data infrastructure and jointly publish information on the level of unmet need locally. For example, the number of food parcels denied, unanswered calls or requests for assistance to evidence where local resources are unable to meet rising need.
- Extend and protect funding for statutory agencies and third sector support organisations to break the poverty-debt trap amongst those who need the social and material scaffolding to escape their financial situation.
- Review service design and delivery to ensure this is responsive to those on the lowest incomes and those 'slipping through the cracks'. Tailor engagement and communication so that in-person, telephone or online options are available depending on the needs and preferences of those in financial crisis.

- Communicate expectations to local service users so they are aware of the distinct role and remit of different organisations and services to develop trust, rapport and understanding.
- Provide advance notice of appointments and continuity in work coaches to allow a more person-centred approach.

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