

# The 'Other Britain' and the failure of the welfare state

July 2019

**“I don’t meet a single person now  
who isn’t cold and hungry.”**

**Advice worker in Chester**

This inquiry was led by Frank Field MP and Heidi Allen MP with support from Feeding Britain.

## Introduction

1. Five years on from the All-Party Parliamentary Inquiry into Hunger in the United Kingdom, which investigated the growing need for food banks in this country,<sup>1</sup> we have refreshed the Inquiry's findings with a series of visits to food banks and other community organisations helping people on low incomes across Britain.
2. We set out to gain evidence on how and why the face of poverty is changing in our communities, to gauge the severity of poverty in each area, and to seek ideas for a reform programme to protect people from hunger and homelessness. We have made the following visits:
  1. London (Poplar and Waterloo)- 10<sup>th</sup> January 2019
  2. Leicester- 24<sup>th</sup> January 2019
  3. Morecambe- 7<sup>th</sup> February 2019
  4. Chester- 7<sup>th</sup> March 2019
  5. Glasgow- 15<sup>th</sup> March 2019
3. We would like to thank each of the organisations – their staff and volunteers – as well as the people who rely on their help, who shared with us their testimonies. This report has been written with the hope that it will adequately communicate their experiences and calls for action.
4. We began this series of visits in London with frontline workers and clients of the First Love Foundation, Oasis Hub Waterloo, and Pecan Southwark Foodbank. Testimonies from people who had been exposed to hunger demonstrated to us the significant barriers that all too many of our fellow citizens face when attempting to secure support from the Government during times of extreme hardship or personal difficulties.
5. This was true in each area of the country we visited, whether rural or urban, coastal or inland, north or south. Members of communities blighted by the constant spectre of destitution were doing their utmost to stitch together a new safety net to protect their neighbours from its worst effects.
6. Hunger was described as an injustice which extends well beyond the individual and has lasting impacts on children, extended families, entire communities and across generations. In Morecambe, we heard how poverty had been passed down from generation to generation, eventually pushing one young man to sell drugs to feed his younger siblings. He felt there was no alternative. While there were countless harrowing stories of painful decisions that people made just to get by, we also encountered uplifting stories of communities and individuals developing resilience in the face of destitution.

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<sup>1</sup> APPG on Hunger, "Feeding Britain: a strategy for zero hunger in England, Wales, Scotland and Northern Ireland", (2014).

7. In Glasgow, this effort was described to us as a subsidy being paid by volunteers and people of goodwill to compensate for a failing welfare state. Where the Government and its social security system had failed people, it was their families, neighbours, schools, community centres, and local charities who were picking up the pieces. 12,000 food centres now operate under the country's largest foodbank network, the Trussell Trust.<sup>2</sup> The Independent Food Aid Network estimates that in addition to Trussell Trust foodbanks, there are at least another 803 independent food banks.<sup>3</sup> Foodbanks are increasingly seen as a 'normal' part of society, yet they are still only one part of the picture. Even those who know of the growing network of foodbanks across the country would be shocked to understand how far the safety net being stitched together by volunteers now extends. We heard from people who had installed fridges and freezers in their front rooms to store extra food for their neighbours; school teachers regularly handing out food parcels to pupils coming to school hungry; and anti-food waste community groups now feeding a growing membership who are there primarily to access free or heavily discounted food.
8. While this community response undoubtedly represents the better nature of human beings, an emergency response adopted by the general public and voluntary organisations must never be confused with a properly functioning welfare safety net. Charity spokespeople told us that many organisations have had to adjust their original missions. Their clients' lives are becoming so difficult that these charities are now having to meet their most basic needs. One foodbank volunteer described the situation as a "pressure cooker" about to blow. Frontline service providers painted a picture of demand steadily increasing, people presenting with more and more complex issues, and volunteers and staff becoming anxious and exhausted with the stress and looming sense of powerlessness. From January to December 2018, Morecambe Bay Foodbank distributed over 7,000 three-day emergency food supply parcels to a community of 40,000 people. Seven years ago, this foodbank was distributing 3 tonnes of food **per year**. It is now distributing on average 4 tonnes **per month**.
9. At each visit, the question of risk – specifically where the balance should lie between the state, individuals, and charities, in safeguarding the wellbeing of our fellow citizens – was posed. Although staff and volunteers at many of the organisations we visited said they were determined to persevere with supporting those who have been left vulnerable through difficult life challenges and the withdrawal of state support, they feared for their ability to meet these growing needs in the long term.
10. Many people's budgets have been stretched beyond breaking point by the various caps and freezes on family benefits since 2010, massive cuts to local authority budgets, and the increasing costs of living. For the most vulnerable, any reduction, delay, or loss of income from work or benefits brings into play food banks, rising debt, high risk loans, and the risk of destitution. Those who care for this group made it clear that the state is failing in its obligation to guarantee

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<sup>2</sup> Trussell Trust, End of Year Stats 2017-2018, website.

<sup>3</sup> Independent Food Aid Network (IFAN), Mapping the UK's Independent Food Banks, website.

a national minimum standard of living. Voluntary organisations are at risk of sinking under the sheer weight of responsibility vacated by the state without the necessary funds.

11. A new balance must be struck between the state and the charitable sector to ensure that all people can access basic essentials and good quality, nutritious food in a way that is dignified. In this report we compile several key issues which must be addressed urgently to restore a more just balance between the state and the voluntary sector, protect against poverty and destitution, and equalise access to good food.
12. Each of the issues we outline below is based on our observations of life at the very bottom of the pile and the forces that have so wickedly pushed people there.

## Key Issues

### **1. Benefits freeze**

13. The current benefits freeze was introduced by the Government in April 2016 as a core component of its strategy to reduce the budget deficit. The freeze on most working-age benefits and tax credits has meant that households claiming benefits no longer receive a yearly increase in line with inflation rates and the rising cost of living. When the freeze was first introduced the inflation rate was just 0.3%. Yearly inflation rates have since been much higher, with the Consumer Price Index (CPI) reaching 2.6% in April 2017, 2.2% in April 2018, and 1.8% in February 2019<sup>4</sup>.
14. This means that while claimants are receiving the same amount of cash as calculated in April 2016, their spending power is far less, as the cost of living is roughly 6.5% higher. The House of Commons Library have calculated that, as a result of the benefits freeze, affected households over the coming year (2019/20) will have incomes between £888 and £1,845 lower, in real terms.<sup>5</sup> The Institute for Fiscal Studies (IFS) have likewise warned that in 2019, benefits for 10 million of the poorest households in the UK will be cut by an average of £420 per year.<sup>6</sup> With higher than usual inflation rates predicted for 2019, the IFS have warned that this is set to be the most severe year for the benefits freeze, with poorer households losing out on over £2 billion.
15. An extended period of low income is the most often cited reason for having to visit a food bank.<sup>7</sup> We have seen how this is the case for people who are in work, as well as those who are claiming benefits, suggesting that a combination of low wages and the benefits freeze is leaving people destitute. An employee of Pecan Southwark foodbank explained that, “people on low incomes and benefits don’t need budgeting help. The issue is that there just isn’t enough money there. There’s nothing to budget.” Cutting a food budget, we were told, was often done to avoid losing ones’ home or to appease aggressive debt collectors.
16. We heard that people directly experiencing the effects of this fiscal policy simply did not have enough money to live on, let alone to afford a balanced diet. According to the Food Foundation, 26.9% of households would need to spend more than a quarter of their disposable income, after housing costs, on food to meet the Government’s nutritional recommendations. For households earning less than £15,860, 42% of their disposable income would have to be spent on food, let alone rent or utility bills, to meet these standards.<sup>8</sup> There is also a growing issue of fuel poverty where people are forced to choose between heating their homes or putting food on the table.

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<sup>4</sup> Office for National Statistics (GB), inflation and price indices, website.

<sup>5</sup> Work and Pensions Committee, Oral Evidence: “Benefit Freeze”, HC1983, 11 March 2019.

<sup>6</sup> Institute for Fiscal Studies, Spring Statement 2019, March 2019, website.

<sup>7</sup> Trussell Trust, End of Year Stats 2017-2018, website.

<sup>8</sup> The Food Foundation, “Affordability of the UK’s Eatwell Guide”, (2018).

### **Recommendations:**

17. Lift the benefits freeze with immediate effect. Even if the speculation that it will be halted by next year is well-founded, with 2019 set to worsen the living standards of the poorest families over 2019, 'next year' is not soon enough.
18. As a minimum, commit to peg future benefit increases to the rate of inflation.
19. Calculate benefits payments so that they allow households to purchase food that would satisfy the Government nutritional guidelines and heat a home.
20. A National Fuel Fund should be established to support households who struggle to afford gas and electricity. The DWP could kick start this fund by referencing the scheme in their letter to recipients of the winter fuel allowance and giving them the option of donating their allowance if they do not have a need for it.

## **2. Universal Credit**

21. As well as introducing the benefits freeze, the Government is rolling out its new benefits system, Universal Credit (UC). The aim behind UC is to simplify a complex system, support people in to work, and allow for more flexibility for changing circumstances. However, we heard widespread concerns about its ability to deliver on these fronts.
22. In Glasgow, we heard that UC in its current form 'will increasingly wreak havoc' if not reformed. UC was regularly cited as an underlying cause for someone having to access a foodbank. Issues with the new benefit included: the initial 5-week wait and accompanying system of loans called 'advance payments'; inaccurate calculation of payments; sanctions or failed applications due to difficulties understanding or accessing the new digital system; and major deductions from monthly payments to pay back historical or recent debts, leaving claimants without enough money to live on.
23. Each of the food banks we visited reported that after the full roll out of UC in their area, there was a dramatic increase in need. This increase in demand ranged from two to three times the usual number of clients, with a sharp spike in the number of people seeking support because of benefit changes, delays and sanctions. This local perspective is consistent with the national picture: the Trussell Trust have reported that, on average, food banks see a 52% increase in demand after 12 months of UC being rolled out, compared to 13% in areas where UC has been in place for 3 months or less.<sup>9</sup>

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<sup>9</sup> Trussell Trust, End of Year Stats 2017-2018, website.

24. For UC to work well for everyone it must adapt to the many issues being raised by voluntary organisations and claimants. Every effort must be made to ensure that, at the very least, it leaves people with enough money to cover essential items. Below are some of the key issues associated with UC in its current iteration which we urge the Government to address immediately.

**i. 5-week wait and advance payments**

25. Universal Credit is paid monthly in arrears and for new claimants the application process takes 5 weeks. Any problems with the application extend this waiting period, and responsibility typically lies with the claimant to chase delays in payments, and to figure out what is causing the delay. For most people who are switching on to UC this “waiting period” equates to a massive loss in income and, for people with very little- if any- savings, this can make budgeting impossible.

26. For claimants unable to survive with no income for 5 weeks, a short-term advance payment, or loan, is on offer. Repayment of the loan is made through reducing subsequent monthly payments once the UC application is processed. This means that monthly payments are lower, and in some cases leave claimants without enough money to live on. There is widespread confusion amongst claimants around how the loan works, with some stating that they would not have taken it out had they understood that it would be taken off future UC payments directly.

*Case Study*

Daniel in Leicester has been on UC for six months and is struggling to live on the monthly payment, in part due to the deductions being made to pay off his advance loan. After submitting his application for UC, Daniel was told that the wait period before receiving his first payment would take 5 weeks. He opted to take out a £600 loan and was thankful that he did so, because the waiting period stretched to 7 weeks. Unfortunately, he is now having to pay the loan back very quickly and has £72 a month taken off his UC payments, leaving him with very little income after housing costs.

**ii. Third party deductions and old social loans**

27. Upon first moving on to UC, claimants may also have money deducted from their monthly payments to cover historical debts and old social loans that are newly flagged up on the UC system. According to the Department for Work and Pensions, of all eligible claims to Universal Credit Full Service due a payment in October 2018, 532,000 claims (53%) had a deduction to their standard allowance. 74% (397,000) had deductions up to 30% of the Standard Allowance, 24% (129,000 claims) had deductions between 31% and 40%, and 1% (6,000 claims) had deductions above 40%.

28. The Department for Work and Pensions announced in the 2018 Autumn Budget that the maximum rate of debt deductions will be reduced from the current 40% of the standard



allowance to 30%.<sup>10</sup> This change will likely come in to effect in October 2019. While this is a welcome first step it still poses major difficulties for claimants who are in debt, or who are living paycheque to paycheque. In addition, claimants are not notified in advance that the deduction will be made, and thus have no ability to budget accordingly.

#### *Case Study*

Mary was in receipt of a Disability Living Allowance, alongside other legacy benefits, when she was forced to move local authority areas in London for her personal safety. She was told to move on to UC and had to take out an advance payment to survive through the waiting period. She is now receiving £200 less per week to pay back very old historical debts which were flagged up by the transition, as well as repayments on the advance loan. No advice was given about advance payments and she was not aware of how quickly it would need to be paid back. She stated that she would not have taken the advance loan had she been aware of the payment schedule and the amount which would be deducted each month.

#### **iii. Sanctions**

29. Benefit sanctions are a reduction or suspension of payments because a claimant has failed to meet a 'claimant commitment' set out by the Department for Work and Pensions. Benefit sanctions are applied for a wide range of reasons including missed appointments and failure to meet job searching requirements.
30. Sanctioning is seemingly applied inconsistently across the country and is largely based on the work coaches' or job centre's discretion. We heard from front line charitable advice workers that instances of sanctioning were increasing with the roll out of UC, and that there is particular concern around sanctioning which is applied to those who struggle with digital barriers. For some very vulnerable claimants, access to technology or internet, and/or technical literacy are major barriers to both making an application for UC, and then maintaining ongoing claimant commitments.

#### *Case Study*

Kevin in Leicester was receiving just £5 in benefits for 4 months due to sanctions from a missed appointment. He did not understand why his payments were so low and sought help from a local community organisation. His case worker approached the Job Centre Plus to understand why his payments were so low and was told that he had not been maintaining his online journal and needed to 're-engage' with the system to have full payments restored. Kevin was not taught how to use the online system and had very low technical literacy and no access to internet. Re-engagement with the system would be impossible for him without consistent support from his case worker.

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<sup>10</sup> HM Treasury, "Budget 2018", HC1629, 29 October 2018.

31. Failure to meet work related commitments due to poor mental health or sickness was another common reason for sanctioning. For those who are found fit to work, or who have not sought a work capability assessment but nonetheless struggle with poor mental or physical health, the work-related requirements associated with UC can be difficult to maintain.

*Case study*

Martin recently lost his job in London and was struggling with poor mental health and a lack of confidence. He did not seek help until he was seriously in debt and had lost a considerable amount of weight from skipping meals. After his GP urged him to apply immediately for benefits, he made an application for Universal Credit. His claimant commitment required him to job search for 20-30 hours per week despite sick notes from his GP due to poor mental health. His Job Centre Plus began to refuse the sick notes and failed upon multiple occasions to send the claimant a UC50 form which would have triggered a work capability assessment. Consequently, Martin was sanctioned three times over the course of a year. Each time he was sanctioned the number of days and the size of the penalties drastically increased. During his first sanction he lost his allowance but retained his rent. Unfortunately, this coincided with a rise in his monthly rent. The following month he was sanctioned again, and for 273 days he was without his allowance, and retained only the housing element of UC. With help from his local Citizens' Advice Bureau, he was able to reverse the decision and restore his allowance, but only after he had lost several weeks worth of payments. Two months after this decision was reversed, he was sanctioned a third time and was told his housing element could not be increased to cover his rent rise as it was already at its maximum (£460 per month). His work coach referred him to his local food bank and he was offered hardship payments. It was only with support and kindness from the food bank staff and advisors that he was able to stabilise his UC payments and eventually move back in to work.

32. Sanctioning can be particularly disastrous for claimants who have caring commitments for children or dependents, or who may be in a precarious financial position. Sanctions applied to people who are in debt or rent arrears put them at risk of losing their homes. Once a person is made homeless, especially if they have children, the consequences are extreme and often very difficult-if not impossible- to recover from. A representative from the Poverty Truth Commission in Chester asked "When you lose your home – how do you go back? Once you've lost that bit of security then you also lose your children". Her years of experience have shown her that, even for those who have worked all their lives, one major life event or personal crisis can mean losing everything.

*Case study*

As a result of sanctioning, Sue was made homeless in London just before Christmas in 2018. Pecan Southwark foodbank supported her in pursuing a mandatory reconsideration which was rejected and then in making an appeal. The decision to sanction her was later reversed at the appeal stage but the entire process took several months and left Sue in rent arrears which resulted in her eviction.

#### iv. Work Capability Assessments

33. The 'Limited capability for work' assessment is used to determine whether a claimant's health or disability are severe enough that they are unable to work. The test includes a questionnaire and an assessment with a health care professional. If the claimant scores at least 15 points on a list of specified activities, they will be placed in the Limited Capability for Work group within UC. For those assessed after 3 April 2017 no additional payment will be provided, but there will be fewer work related commitments, and claimants can retain a higher amount of earnings before UC is affected.
34. For those with an illness or disability that is so severe they should not reasonably be expected to think about returning to work, the 'Limited capability for work-related activity' assessment is used. If included in this group, claimants will not need to engage in any work-related activities and there is an additional allowance applied to their UC.
35. Work capability assessments are also used to determine whether a claimant qualifies for employment support allowance (ESA). For those who qualify for ESA a separate UC claim is not required and they are often able to receive additional disability premiums which are not included in UC.
36. We heard that following the full service roll out of UC more people are being found fit to work and are told to claim UC. For those with long term illnesses and disabilities the transition to UC can be devastating. Their payments are often reduced as they are no longer able to claim disability premiums, and they must now take part in work related activities.
37. A major flaw with the current model for work capability assessments is that the health care professionals conducting the assessments often do not have the specialist knowledge or expertise required to properly assess every claimant. Disability Rights UK have pointed out that the assessments do not accurately assess conditions for those with fluctuating conditions or poor mental health, because the findings are influenced heavily by how the claimant is presenting on that day.<sup>11</sup> Additionally, the companies privately contracted by the DWP to conduct the assessments have specific targets they must meet, including numbers of claimants seen in any given time period. This results in timed appointments for claimants, and unsustainable case loads for the health care professionals, which can in turn lead to mistakes.

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<sup>11</sup> Disability Rights UK, Response to Work and Pensions Committee PIP and ESA Assessments Inquiry, November 2017, website.

## Case Study

James was 27 when he was diagnosed with Multiple Sclerosis. He was determined to continue working, despite extreme difficulty doing so, and feared being a burden on the state. Six years later, however, his illness caused him to lose his job. With help from his parents, James was put onto ESA and applied for PIP to cover his additional living costs. He was then called for two health assessments: the first of which resulted in a very small PIP award; the second, for ESA, was rejected and his payments were stopped that day. James and his parents felt the process was designed to reach the conclusion the DWP wanted: that James was fit for work and not entitled to ESA. The PIP medical assessment was very similar to the work capability assessment for the ESA, so James and his father could not understand why he would pass one but not the other. Upon requesting a mandatory reconsideration, the ESA claim was reinstated for two years. The entire process has had a severe impact on his mental health, and he is now facing the end of his ESA payments again in a few months time. He received a letter stating that payments would end shortly but that he would be awarded a Christmas bonus of £10.

38. While people understood the purpose behind the work capability assessments and agreed that they were necessary to avoid fraudulent claims, they believed that the frequency of the assessments, particularly for those with severe long-term illnesses and disabilities, exacerbated the state of one's mental and physical health conditions. Claimants described feeling "persecuted".

### Case study

After a series of devastating life events, including the diagnosis of an incurable illness, mental health issues, which in turn caused her to lose her job, and a sick child, Karen was facing eviction before finally being referred to the council and DWP for housing benefit and Job Seekers Allowance (JSA). The application process was extremely difficult as she was still suffering with mental health issues, including self-harm and suicidal ideation. With a great deal of support from third party organisations, counsellors, and help crisis teams, she was able to claim ESA and begin to get her life back on track. After going through a successful insolvency, with the help of a debt charity, she is now financially stable, but continues to struggle with poor mental health: "Some days I can barely go outside. Every day I still wake up dreading the call that says it's time to fill in another 14-page form that might lead to everything being stopped, that might lead back to the food bank, back to the crisis team, to self-harm, to suicide. I can't fight again. I really can't. Two weeks ago, I had an ESA medical and I nearly lost my mind again in the days leading up to it. I was deemed still unable to work but now next week is my PIP assessment. It never, never stops."

### Recommendations:

39. UC payments should begin within a week of registering for the benefit. Any over or underpayment can be adjusted gradually in subsequent payments.

40. Introduce a yellow card system to allow people at risk of sanctions a second chance in case of genuine mistakes or unavoidable missed opportunities, or time to provide additional information that demonstrates the reason for an infraction before a sanction is applied.
41. More robust monitoring of the degree to which claimants who are sanctioned are provided with information on how to appeal a sanction and how to access financial support during the sanction period.
42. A ban on sanctions for particularly vulnerable claimants where a sanction could lead to homelessness, worsening health outcomes, or where children or dependents are involved. A sanction in these cases would not assist in a claimant's journey towards work and in some cases might further hinder this potential. Furthermore, the sanction would act as punitive measure against children and dependents who had no part in the original fault.
43. For those claimants who indicate a technological barrier, sanctions for failing to maintain online journals should not be applied and alternative means of staying in touch, perhaps via an appointed support worker or family member should be offered.
44. For many claimants the Work Capability Assessments (WCA) go smoothly. But for those cases where the decision is incorrect, the consequences are enormous. If the DWP chooses to continue contracting the WCAs to private companies, efforts must be made to reform the process so that wherever possible claimants are seen by health care professionals with specific knowledge or expertise on their medical condition.
45. We recommend that mandatory reconsiderations function as an actual check rather than an administrative hurdle before an appeals process, as many very vulnerable claimants do not have the income or the capacity to handle the more onerous appeals process. The quality of MRs could improve if claimants were automatically provided with their written assessments, and if evidence from their personal GPs were given similar weighting as the WCA.

### **3. Medical assessments and Personal Independence Payments (PIP)**

46. Personal Independence Payments (PIP) are made to people who need additional support with daily activities and mobility due to long term illness or disability. Personal independence payments are made outside of the UC system and can be granted in addition to UC. To begin receiving PIP, a medical assessment must be taken to determine the severity of a claimant's illness or disability. The assessment is similar to the work capability assessment conducted for those claiming ESA or on limited capability for work or work-related activities under UC. We heard that accessing these payments is difficult and that incorrect decisions during assessments can have disastrous consequences for claimants. Furthermore, many claimants with failed applications appear unaware of their right to apply for a Mandatory Reconsideration (MR).
47. If a PIP claim has been rejected, then an MR is the first step in challenging a decision before making a final appeal. Advice workers and frontline service providers told us that they rarely see

cases where a decision is changed under MR, but that once it goes to an appeal, which can often take about 8 months, it is almost always overturned. The Work and Pensions Select Committee recently reported that since 2013, 670,000 PIP MRs have been filed, with 18% resulting in a changed reward.<sup>12</sup> Claimants who have completed an MR but who have not received a changed decision can then make an appeal. The Select Committee also found that at this stage the rate of overturned decisions is much higher, with 63% of 170,000 PIP appeals being won since 2013.<sup>13</sup>

48. The entire process- from making an application and undergoing a medical assessment, to following an appeal process if rejected- can have a severe impact on the mental and physical health of claimants. We heard from frontline service providers in London that this assessment model directly plays in to mental health issues that are being experienced by the claimants. It also has serious financial consequences and can leave people with massive debts, in rent arrears, and having to rely on foodbanks and the third sector to get by.

#### *Case Study*

Mark was living abroad for several years when he suffered from a heart attack. He moved back to the UK to recover before once again entering employment. He worked for a few years before suffering further health complications, including a bypass and multiple strokes. His health issues left him barely able to walk and, consequently, work. Despite these health issues, his application for PIP was denied three times. He struggled to make an application to UC as he had to go to the library to access a computer- which was a 20-minute walk and a bus ride away.

#### ***Recommendations:***

49. A review must be conducted of the current medical assessment to consider the following: i. does the medical assessment ask the right questions to accurately determine a person's ability to work; ii. Does the guidance provided by the DWP to health care professionals prepare them to conduct an assessment in a way that does not lead a claimant and enables them to provide additional evidence which might not fit within the parameters of the assessment; iii. Do the healthcare professionals employed to conduct the medical assessments have the requisite specialist knowledge to accurately assess a person with complex mental, physical, and/or intellectual issues.

#### **4. No recourse to public funds**

50. 'No recourse to public funds' covers those people who are subject to immigration controls and have no entitlement to welfare support or public housing. Food banks have reported that increasingly this group of people have nowhere else to turn after their application for asylum has fallen through. For the Glasgow South-West food bank, no recourse to public funds was the

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<sup>12</sup> Work and Pensions Committee, 7<sup>th</sup> Report: "PIP and ESA assessments", HC829, 14 February 2018.

<sup>13</sup> Ibid.

second most common reason for a referral between 2017 and 2018, and the third most common reason for a referral the following year.

51. In many cases, this ruling leaves people destitute and without any access to support except from the voluntary sector. This puts huge pressure on charities which are often understaffed, under resourced, and are not necessarily equipped to meet peoples' emotional needs or navigate any language barriers.

#### *Case study*

In 2015, Terene was referred to a foodbank by her landlord. Terene was a biochemist who worked in a lab, testing for toxins in food, but she lost her job as a result of taking absences to care for her daughter with severe epilepsy (experiencing up to 30 seizures per day). Terene applied for Disability Living Allowance and then, after losing her job, applied for income support. The DWP denied her income support because her right to abode had been given and entered into an expired passport. To transfer the right to abode certificate to her new passport would cost £100. Terene believes that there is a stigma against citizens of Jamaican heritage and that she was only asked to produce a passport upon her first application because she is black. The ruling to deny her benefit was reversed after Terene sought support from her local food bank, but the experience caused significant financial and emotional distress.

## **5. Job centres**

52. A concerning theme throughout our series of visits was the extent to which people felt beaten down by a welfare system which they found to be harsh and uncaring. The DWP and Job Centres were described as a "cold machine" instead of what should be the most humane and empathetic of all government departments.
53. People reported feeling shame when seeking support from food banks. For many, the attempt to claim benefits had reduced people's confidence to such a degree that once they did seek help, they struggled to advocate for themselves. Claimants reported that they felt deterred from asking important questions or seeking clarification. In some cases, individuals felt that the attitudes of certain employees or work coaches were judgemental and even aggressive. While this was certainly not the case across the board, it was felt by many that the environment in which work coaches operate fuels this dynamic. Work coaches are timed per interview and are pressured to get through high volumes of caseloads, leaving them stressed and seemingly unable to give the amount of time to address claimants' concerns.
54. When claimants are sanctioned, have payments reduced through debt collection, or are denied adequate support, they are often signposted to a food bank. The Department does not collect data on the number of referrals it makes to food banks. This gap in data should be remedied immediately. We heard from several people thus signposted that, once there, they were finally able to access the support they needed to reduce or remove sanctions, reinstate payments, or make a successful application for benefits. Furthermore, many of these claimants began to

volunteer, or spend time with food bank staff and in this way were able to rebuild their confidence, develop new skills, make new friends, and in some cases enter or re-enter work. When asked what they felt was different about the approach in food banks, or other food aid projects compared with Job Centres, the answer was always the same. Food bank employees or volunteers were not judgemental, they demonstrated deep care and empathy, and they were there to support people.

#### *Case study*

Martin was suffering from mental health issues while seeking a new job. After a year of struggling to get by on his savings, he ran out of money and had to claim benefits to survive. He described the process as unpleasant, stated that he was given no explanation about the process and was made to feel as if he had done something wrong. This lack of clarity and perceived judgmental approach worsened his confidence and made his attempts at finding work more difficult. It was not until he began to volunteer at his local food bank, the First Love Foundation, that he began to receive kindness, empathy and support, and was able to rebuild some of his confidence. With support from the food bank, Martin is now employed and no longer claims benefits.

#### ***Recommendations:***

55. Data regarding the number of referrals by the Department to food banks should be collected.
56. There is an urgent need to fundamentally reform the ethos and approach of Job Centres and work coaches so that empathy and compassion are the norm.
57. Rebalance the Claimant Commitment as a genuine two-way contract setting out the duties of both the state and the individual. This should include a guarantee of sufficient time with, and support from, the Work Coach to help individuals fulfil their side of the Commitment.
58. Caseloads for work coaches should be governed by the complexity of the case by introducing specialist work coaches (for example mental healthcare professionals) who would have a lower case load than generalist work coaches.

## **6. The gig economy and the working poor**

59. The Citizens' Advice Bureau in Leicester reported that an increasing number of food bank referrals come from people who are in work. One woman's employer, for example, failed to pay her wages one month and because her income is so low, she had no savings to fall back on. People employed in low waged jobs, who scrape by from one week to the next, have no financial buffer to protect them from any unexpected loss of income.



60. The food industry was highlighted to us as a case in point in both Leicestershire and London: low wages, seasonal work, and zero hours contracts make it extremely difficult, if not impossible, for people to budget for basic needs let alone unexpected expenses.
61. Additionally, those working in the ‘gig economy’ are much more likely to be paid weekly or bi-weekly which can cause problems when calculating their UC payments.<sup>14</sup> UC is designed to calculate payments based on a single payday within a one-month period. For those with different numbers of paydays within assessment periods over a year, budgeting can be difficult, and they may lose income despite no change to their earnings. For example, a claimant on a zero hours contract might receive 3 or 4 paydays in one assessment period, and subsequently receive a reduced UC payment that month to reflect their extra earnings. In the following month they might not receive any paydays and are therefore subject to the benefit cap as they have not earned enough to receive their full entitlement. If the claimant had received one payday per month, their earnings would be more evenly distributed, and they would likely receive a more consistent UC award.
62. One of the authors received evidence from Wirral of a man on a zero-hours contract who had to travel across the borough every day, and incur the necessary travel costs, to find out if he had any shifts. Even if he did get shifts, his overall income was insufficient and he still needed to use food bank. A main cause of hardship was the failure of his benefits to keep up with patterns in his earnings.
63. Likewise, a woman who worked for Amazon would call regularly to see if she had any shifts. She went in one day and was told, with eleven colleagues, that she was not needed any more. Although she managed to get another job, her UC claim has not moved quickly enough to maintain her income during this transition between jobs.
64. The Oasis Waterloo food hub in London reported that many of their clients seeking emergency food aid are employed in the gig economy, with 75 to 80% of them being paid weekly or bi-weekly. As described above, this puts them at risk of being let down by UC and provides very little financial buffer to withstand unexpected losses of income, meaning they must make use of food banks.

***Recommendations:***

65. More robust data is needed around employment practices in the gig economy, including which major companies employ people on this style of contract, rates of pay, average working cycles, and the financial effect on employees.
66. Greater flexibility in the calculation and payment of UC, to prevent working households’ budgets being thrown into chaos by substantial fluctuations in wages and benefits.

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<sup>14</sup> Child Poverty Action Group (CPAG), “Rough Justice: Problems with monthly assessment of pay and circumstances in universal credit, and what can be done about them”, (2018).

67. We will look to bring forward a new bill that eliminates the worst forms of insecurity associated with zero-hours contracts.

## 7. Problem Debt

68. Representatives from food banks, Citizens' Advice, and local authorities reported that they are now helping an increasing number of households sinking into debt. In many cases those households are in work, but their incomes are not keeping up with the rising cost of living. When people are unable to pay their bills, they either go into arrears or feel forced to take out high cost loans which carry with them the problem of repayments - all too often met by taking out new loans and this cycle continues until the family is in catastrophic circumstances.

69. Unlike in previous years, many people who are coming to foodbanks and advice bureaus in need of debt advice are not seeking assistance for consumer debt, but for help meeting payments for rent, council tax, electricity bills, or water bills. We heard evidence to this effect on the local level, and a recent report by Citizens' Advice confirms this finding holds true nationally.<sup>15</sup>

70. We heard from an advice worker in Cheshire West that some clients have said: "I have four bags of letters from debt agencies but I don't open them because I'm in negative income so I can't afford what they ask for anyway". They told us that people have now started coming to the Citizens' Advice Bureau looking for food as a consequence.

### *Case study*

A food bank client in London, who has been working for 30 years, now finds himself in serious debt as a result of mounting household expenses. He now uses the food bank as a means of survival.

### *Case study*

After accumulating £120 in rent arrears, a woman was given only two hours to vacate her house. With help from a voluntary organisation, she was able to find a new place for herself and her children. They were eating chip sandwiches, and she despaired that, once in a situation like this, 'crawling out' is extremely difficult.

### **Recommendations:**

71. Measure the growing burden of debt owed by households to the Government and essential service providers.

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<sup>15</sup> Citizens Advice, "Hidden Debts: The growing problem of being behind on bills and in debt to the government", (2018).

72. Claimants' debts should be taken into consideration when calculating UC repayments, especially when making deductions for debt or applying sanctions.
73. Like Citizens Advice we recommend that bailiff collection practices be reformed to provide easement to vulnerable households. The bailiff industry should be regulated by an independent body to license bailiff companies and sanction those which do not follow national guidelines on fair collection practices.
74. For those households which are unable to meet payment obligations, a 6-week breathing space should be introduced to help people repay their debts. The 6-week breathing space scheme is currently under consideration by the government, and to be effective should extend to all household and consumer debt, including government debt.
75. Extend the Financial Conduct Authority's regulations of payday lenders to home lenders with a view to countering aggressive collection practices, restricting the refinancing of loans, and capping interest rates.

### **Striking a New Balance Between the State and the Voluntary Sector**

76. At the close of this series of visits it has become clear that, five years on from the Inquiry which led to the creation of Feeding Britain, charities have evolved in various ways to meet the challenge of hunger and the wider effects of poverty. Efforts have been made to improve reach and accessibility, and the types of wraparound support people can access.
77. Yet these efforts have come against a backdrop of major cutbacks in public expenditure. Hence the pendulum has swung from a universal state-sponsored welfare system, to a network of support that is patchy and pushes all too many people between the cracks.
78. A more central role must now be played by the Government and major employers if we are to equalise access to good food and other basic essentials. Charities cannot indefinitely meet the growing needs of households who are afflicted by an inadequate benefits system, low wages, and problem debt.
79. In this report we sought to highlight some of the key driving causes of hunger and poverty across the country, to put a human face to these experiences, and to begin to pull together a reform programme. In a follow up report we will explore in more detail a range of solutions to the key issues which have been raised.

## Recommendations

### **Benefits Freeze**

1. Lift the benefits freeze with immediate effect. Even if the speculation that it will be halted by next year is well-founded, with 2019 set to worsen the living standards of the poorest families over 2019, 'next year' is not soon enough.
2. As a minimum, commit to peg future benefit increases to the rate of inflation.
3. Calculate benefits payments so that they allow households to purchase food that would satisfy the Government nutritional guidelines and heat a home.
4. A National Fuel Fund should be established to support households who struggle to afford gas and electricity. The DWP could kick start this fund by referencing the scheme in their letter to recipients of the winter fuel allowance and giving them the option of donating their allowance if they do not have a need for it.

### **Universal Credit**

5. UC payments should begin within a week of registering for the benefit. Any over or underpayment can be adjusted gradually in subsequent payments.
6. Introduce a yellow card system to allow people at risk of sanctions a second chance in case of genuine mistakes or unavoidable missed opportunities, or time to provide additional information that demonstrates the reason for an infraction before a sanction is applied.
7. More robust monitoring of the degree to which claimants who are sanctioned are provided with information on how to appeal a sanction and how to access financial support during the sanction period.
8. A ban on sanctions for particularly vulnerable claimants where a sanction could lead to homelessness, worsening health outcomes, or where children or dependents are involved. A sanction in these cases would not assist in a claimant's journey towards work and in some cases might further hinder this potential. Furthermore, the sanction would act as punitive measure against children and dependent's who had no part in the original fault.
9. For those claimants who indicate a technological barrier, sanctions for failing to maintain online journals should not be applied and alternative means of staying in touch, perhaps via an appointed support worker or family member should be offered.
10. For many claimants the Work Capability Assessments (WCA) go smoothly. But for those cases where the decision is incorrect, the consequences are enormous. If the DWP chooses to continue contracting the WCAs to private companies, efforts must be made to reform the

process so that wherever possible claimants are seen by health care professionals with specific knowledge or expertise on their medical condition.

11. We recommend that mandatory reconsiderations function as an actual check rather than an administrative hurdle before an appeals process, as many very vulnerable claimants do not have the income or the capacity to handle the more onerous appeals process. The quality of MRs could improve if claimants were automatically provided with their written assessments, and if evidence from their personal GPs were given similar weighting as the WCA.

#### **Medical Assessments and PIP**

12. A review must be conducted of the current medical assessment to consider the following: i. does the medical assessment ask the right questions to accurately determine a person's ability to work; ii. Does the guidance provided by the DWP to health care professionals prepare them to conduct an assessment in a way that does not lead a claimant and enables them to provide additional evidence which might not fit within the parameters of the assessment; iii. Do the healthcare professionals employed to conduct the medical assessments have the requisite specialist knowledge to accurately assess a person with complex mental, physical, and/or intellectual issues.

#### **Job Centres and work coaches**

13. Data regarding the number of referrals by the Department to food banks should be collected.
14. There is an urgent need to fundamentally reform the ethos and approach of Job Centres and work coaches so that empathy and compassion are the norm.
15. Rebalance the Claimant Commitment as a genuine two-way contract setting out the duties of both the state and the individual. This should include a guarantee of sufficient time with, and support from, the Work Coach to help individuals fulfil their side of the Commitment.
16. Caseloads for work coaches should be governed by the complexity of the case by introducing specialist work coaches (for example mental healthcare professionals) who would have a lower case load than generalist work coaches.

#### **The Gig Economy and the working poor**

17. More robust data is needed around employment practices in the gig economy, including which major companies employ people on this style of contract, rates of pay, average working cycles, and the financial effect on employees.
18. Greater flexibility in the calculation and payment of UC, to prevent working households' budgets being thrown into chaos by substantial fluctuations in wages and benefits.
19. We will look to bring forward a new bill that eliminates the worst forms of insecurity associated with zero-hours contracts.

## **Problem Debt**

20. Measure the growing burden of debt owed by households to the Government and essential service providers.
21. Claimants' debts should be taken into consideration when calculating UC repayments, especially when making deductions for debt or applying sanctions.
22. Like Citizens Advice we recommend that bailiff collection practices be reformed to provide easement to vulnerable households. The bailiff industry should be regulated by an independent body to license bailiff companies and sanction those which do not follow national guidelines on fair collection practices.
23. For those households which are unable to meet payment obligations, a 6-week breathing space should be introduced to help people repay their debts. The 6-week breathing space scheme is currently under consideration by the government, and to be effective should extend to all household and consumer debt, including government debt.
24. Extend the Financial Conduct Authority's regulations of payday lenders to home lenders with a view to countering aggressive collection practices, restricting the refinancing of loans, and capping interest rates.