



The All Party Parliamentary Group
on
POVERTY

Minutes of the evidence session on the lived experience of the poverty premium

Tuesday 10th July 2018, 15:00-16:00, House of Commons CR-19

Officers present:

Neil Gray MP (Chair)

Kevin Hollinrake MP

Baroness Ruth Lister

Giving evidence:

Rob	Murthwaite	On behalf of Thomas Pocklington Trust
Sam	Royston	The Children's Society
Christoph	Sinn	Orbit Housing
Aimee	White	On behalf of Scope
Shirely	Widdop	On behalf of Gingerbread

Others present:

Sabrina	Basran	Competition and Markets Authority
Leah	Bonson	Kevin Hollinrake's Office
Gordon	Cameron	Family and Childcare Trust
Thomas	Cave	Turn2us
Sarah	Down	Lord Bird's office
Jean	Eveleigh	Scope
Rianna	Gargiulo	The Equality Trust
Ditte	Heede	Scope
Sophie	Hollyman	Chris Heaton-Harris' Office
Nina	Huszarik	Thomas Pocklington Trust
Nigel	Knapton	Kevin Hollinrake's Office
Sohaib	Malik	Barrow Cadbury Trust
Louisa	McGeehan	Child Poverty Action Group
Jules	Morgan-Bert	Community Links
Diana	Ruthven	Barrow Cadbury Trust
Gary	Simpson	Community First Credit Union
Katy	Wright	Thomas Pocklington Trust
Wanda	Wyporska	The Equality Trust

1. Experts by lived experience

Shirley Widdop (on behalf of Gingerbread)

Shirley is a single parent with three children, one still of school age, and lives in Keighley, Yorkshire. She has come to speak to the committee to offer an understanding of how quick and easy the transition into poverty can be, and how the poverty premium specifically affects her and her family. Shirley was a registered general nurse and a homeowner, but after her divorce she became homeless then subsequently became disabled and unable to work.

Shirley feels that unlike many others in her community she is fortunate to be computer-literate, have access to the internet, a car (which allows her to travel to cheaper supermarkets) and a current account (allowing her to pay using direct debit).

Energy: pre-paid electricity and gas

- Shirley described that she was forced to leave her home due to domestic violence, and was rehomed in a housing association flat with a token pre-payment electricity meter.
- In her flat & the block in general, she & her neighbours were unable change from a pre-payment meter or to shop around for a cheaper tariff.
- Emergency credit was available but she had to budget to avoid using it as it added to the debt spiral, where she would have to pay back what she owed, plus the extra standing charges that accrued. This impacted on her mental health, particularly considering she had only just left a traumatic situation.
- The meters themselves were seldom updated by the energy companies to reflect the current prices, which she didn't realise until she unexpectedly ended up in around £150 of debt.
- Direct debit payment for gas and electricity is often discounted, however, lots of people in Shirley's local area do not have access to a current account or are unaware that there are alternative options for this.
- Shirley has now got access to the internet, so has managed to get access to cheaper online discounts, avoid additional costs of paper billing, and is signed up to Money Saving Expert's Cheap Energy Club which reminds her to switch providers every year for a better deal.
- Closures of local libraries means that low-income families who do not have a computer in their home are unable to take advantage of these discounts.
- Shirley also applies annually to the Warm Home Discount Scheme, but others in her area are not aware of it.

Shopping for food and essentials

- For those on a low and strict budget, buying in bulk is simply not an option, but is often the best way to keep unit price down. Shirley cannot afford to buy in bulk so she has to ration her children's food because of high rates of inflation and freezes to her benefits.

- Shirley also states that she has to buy cheap food for her pets and ration their food too. She notes that poor people are told that they shouldn't have pets if they can't afford them, but she says they are one of the few things that make her life bearable.
- Those in her community who don't have a car are further impacted as they cannot access cheaper shops, but have to deal with the higher costs of local shops.
- Buses aren't regular or flexible enough, and often sharing a taxi to a cheaper supermarket with neighbours is the cheapest option, however there is a stigma attached to it (i.e. people assume this is a luxury).
- For Shirley, increases in fuel costs mean driving to the supermarket is also becoming more expensive. Now being disabled, she cannot afford to have her shopping delivered to her house due to minimum basket charges often being £40 or more and the expensive delivery fees.
- Shirley noted that even the cheapest, 'basics' options in supermarkets have increased in price or are now being sold in smaller quantities for the same cost, meaning that you have to buy food more often.
- Moreover, food and essentials from these ranges are often poor quality. Cheaper food tends to be less healthy and cheaper products are often of such poor quality you have to use more of them (e.g. cheapest washing up liquid is not good value for money as it runs out quickly).
- Shirley's budget is approximately £10 per day for food and essentials for her and her children. She has no extra or spare money, as anything additional has to go towards her debt payments.
- Shirley and her family eat a 'carbohydrate-based' diet as this is the cheapest option. She sometimes just eats toast or porridge for a meal so that her children do not have to go without.
- When her children were all school age, she was struggling with feeding them enough. Free school meals were helpful but the children still were hungry when they came home. This was also more of an issue during school holidays.
- Shirley's disability means that often physically she is not able to cook a meal and so has to opt for cheap takeaways. In Keighley you can buy three deep-pan pizzas and a drink for less than £10, which is enough to keep her family full for the night, but is not nutritious.
- She has considered using the local food banks, but feels that she wouldn't want to take the food away from others who need it more, and she also feels a sense of shame around using a food bank.
- She said she often feels like a failure, and that the media narratives of the 'deserving and undeserving' poor and 'strivers and skivers' means she often feels like she deserves to be in poverty.

Making ends meet

- When leaving her home following domestic abuse, Shirley lived in a hostel which she had to pay for per night.

- Once placed within the flat, it's still necessary to buy all the necessary white goods for the property as they were not considered essentials so she had to take out a credit card to buy a fridge and cooker. Shirley was told to use the local laundrette, but as she lived on the fourth floor and had three young children this wasn't possible, so she also had to buy a washing machine.
- Overall, Shirley has had to ask her family for help. She tried to go back to work but couldn't with her disability, and now her debt situation is getting worse.
- Shirley has a budget managed through StepChange now. While this has been helpful, her budget is now so tightly controlled that there's nothing left at the end of the month.
- She also reiterated that access to internet gives people the ability to shop around, and she feels that this is central to issues relating to the poverty premium.

Shirley emphasised that the poverty premium compounds poverty and also has an additional emotional and financial impact. People think that this situation could never happen to them, but the reality is that almost anyone can end up in this position through no fault of their own and it's difficult to get out of it. Being no longer able to work due to ill health, not receiving sufficient maintenance for the children, changes to Legal Aid, having to appeal benefit decisions at tribunals more than once and losing her Motability car entitlement all had a significant impact too.

Shirley's children live a life with few luxuries; they can't afford to have anything they want. She did resort to credit at times to bridge the gap in income so her children would not suffer as a consequence. Shirley emphasised that she isn't lazy, despite the portrayal of benefits claimants that is propagated by the media. While she has tried to do her best under these difficult circumstances, and continues to do so, Shirley states that 'there is only so much cloth you can cut before it runs out'.

Rob Murthwaite (on behalf of Thomas Pocklington Trust)

Rob has been registered blind since his early 30s. He notes that for disabled people, unemployment is a huge issue leading to poverty. He has been fortunate in having had the opportunity to work, however, according to RNIB statistics, only 1 in 4 registered blind or partially sighted people of working age is in paid employment¹. He feels that the real poverty trap for disabled people is unemployment, despite the fact that most want to work.

With regards to energy suppliers, Rob noted that changing suppliers is an almost impossible task for visually impaired people, unless they have a sighted friend who is willing to help. Websites for energy companies often aren't accessible and it is difficult to get information over the phone.

1

<https://www.rnib.org.uk/professionals/knowledge-and-research-hub/research-reports/employment-research>

Rob spoke about issues relating to the lack of affordable, social housing in the UK, in addition to issues surrounding PIP decisions. Rob's friend who has ME lost their Motability car through PIP, and had to go through significant stress and anxiety to put together an appeal, which was then successful. Travel and accessibility are also an issue for disabled people, although Rob feels he is lucky that transport staff in London are well trained.

Rob has experienced discrimination in applying for jobs, particularly in the private sector. He suggested that equality laws were not adequately enforced. Rob felt that the Access to Work scheme was the best way for disabled people to thrive, but he was concerned about cuts to this scheme.

Aimee White (on behalf of Scope)

Aimee and her husband owned their own home and worked full-time before having their daughter, Emily, who was born with Spina Bifida. Since then, they have been depressed and lacking in support. Aimee had tried to go back to work part-time but this was too stressful to manage, so she became a full-time carer for her daughter. Overall, once you need to shop for anything made specifically for disability the price tag goes up significantly. Aimee referenced Scope research which found that disabled people pay a financial penalty on everyday living costs which is on average £550 per month more². She commented: "if a toy is labelled as a disability product, it is open season on charging for it".

Aimee has to spend additional money on up to 5 pairs of incontinence pants a day for Emily, socks for splints, adaptive cutlery and toothbrushes, wheelchair servicing, toys from specialist companies, and adaptive clothes. They also have to wash Emily's clothing very frequently, and so spend a significant amount on laundry. As their daughter attends hospital regularly for operations and check-ups, they also have the additional costs of car parking, petrol and paying for food when they stay over.

The wheelchair offered to Emily was not suitable so they had to get funding from their families and charity. They won't be able to apply for charity funding any more as she is no longer a child. They also had to pay £3,000 upwards towards Motability transport as they required a wheelchair accessible car.

When Emily's school organises a school trip, the school have to book a more expensive accessible coach. This additional cost is passed on to all of the parents. When Aimee hears other parents complaining about the fact that the trip costs a lot more than the previous year, she feels embarrassed as she knows why it has cost more.

The couple had to sell their house and opted for adapted housing with help from a Disabled Facilities Grant, but only some aspects were considered necessary as opposed to a luxury (e.g. Emily being able to access the entire house rather than just parts of it). The family had to borrow more money to get adaptations done. The house still does not have a backdoor that opens or a working bathroom light, and the family can't afford to get this fixed.

2

<https://www.scope.org.uk/About-Us/Media/Press-releases/April-2014/Disabled-people-pay-more-at-every-turn>

Her husband has to take unpaid holiday from work when she is in hospital. If they do get the chance to go on holiday, renting accessible accommodation often costs far more as they will need to stay in an 8 person room to ensure there is enough space to get around using a wheelchair.

As a result, they are in a lot of debt. The family feels a lot of stigma from receiving benefits as the media talks about people as ‘scroungers’, even though a lot of people aren’t claiming their entitlements. Benefits changes and cuts are a further kick for families who need them. Aimee stated that Emily is only able to be happy, thrive and live a good life because they’ve done absolutely everything to survive.

2. Impact of the poverty premium on low-income families

Christoph Sinn (External Affairs Manager, Orbit Housing)

Orbit manage more than 40,000 homes, and are the third largest social housing developer in the UK. They have introduced a range of measures to support customers affected by the poverty premium.

These include:

- *Community Impact Partnership* - this is a community investment programme which enables access to the social investment market for new intermediaries. This partnership will provide repayable finance and grants, to support and scale-up social enterprises and charities which can demonstrate a positive impact on society.
- Affordable home contents insurance with no claims excess, however take up for this is very low at around 4% of tenants.
- Benefits and financial advice to help residents manage their money. This includes, for instance, pointing people to better alternatives than Bighthouse (i.e. Fair for You) that have no upfront fees or deposits on goods.
- Managing a hardship fund for white goods and other essentials. Also offering grants in certain circumstances.
- *Fairbanking Mark* - a new service that provides customers with access to guidance and advice on whether financial products are genuinely built around the financial needs of low-income households.
- Working with others in the sector to find out how to help people become more informed consumer, through using insights from behavioural economics.
- Supporting digital inclusion for customers by offering grants for tablets and computers.
- Aiming to use energy efficient products and running a programme to improve the energy efficiency of residents’ homes.
- Ensuring good quality carpets, curtains and floor coverings are left in housing at the end of a tenancy so that this is not an additional cost new tenants have to bear.

While the government is focused on simply building more homes, Orbit believes that this work is also essential in supporting low-income families and “they do what they can”.

Sam Royston (Director of Policy and Research, The Children's Society)

Sam spoke specifically about the issue of debt, noting that the poverty premium was an issue as low-income families often rely on higher cost credit and so are in greater debt.

Interest-free credit has disappeared through the abolition of the Discretionary Social Fund, Crisis Loans and restrictions to Budgeting Loans. This means people are forced to turn to other sources of credit that increase the level of poverty premium.

In 2010, 80% of loans made in that year were recouped in repayments, and the value of repayments has exceeded since then. Sam suggested that the government should pull together a single fund and extend more interest-free credit to low-income workers. Budgeting Loans should be available to anyone receiving Universal Credit and should not be linked to benefits.

3. Questions from Parliamentarians

Q. Why was the take-up of Orbit's home insurance so low? In areas of high crime, theft and lack of insurance may contribute to the poverty premium.

- Christoph Sinn responded that they are not currently sure why, but their marketing department are looking into it. Other housing associations are offering similar deals.
- Aimee White commented that when applying to insurance schemes it can be difficult if you are asked to give evidence of how much your home's contents are worth, and perhaps more people would take out insurance if applications were not so difficult and confusing.
- Neil Gray suggested that the cost of home insurance may not be within people's budgets, and could be seen as an unaffordable luxury when people are living in poverty. Shirley Widdop, however, said that she does prioritise home insurance but is affected by the premium in doing so. By paying in monthly instalments, she pays up to 27% APR.

Q. Baroness Lister asked whether attendees were aware of local authority assistance schemes that people could ask for help from their local authorities?

- No one at the meeting offering lived experience said they would know how to access this, and most did not know that this existed. Some mentioned that they had been directed to food banks by their local councils.
- Jean Eveleigh noted that her friend was just given a cooker, fridge and bed as 'essentials' when moving into social housing, and didn't have any additional money to furnish the flat.
- Shirley stated that she would find it impossible without Employment and Support Allowance. She also noted that PIP payments are considered as 'income' by debt charities.

4. Conclusion

Neil Gray MP thanked everybody who had participated.

Secretariat:

Dr Wanda Wyporska (The Equality Trust)

07837909418

wanda.wyporska@equalitytrust.org.uk

Louisa McGeehan (Child Poverty Action Group)

02078125237

lmcgeehan@cpag.org.uk

Rianna Gargiulo (The Equality Trust)

02036370328

rianna.gargiulo@equalitytrust.org.uk