The True Cost of Austerity

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advice nottingham

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The client names used throughout the report are pseudonyms, to protect clients' identities and ensure confidentiality.

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Foreword

A few weeks ago I sat in a cafe in Nottingham with Chris Dearden, discussing the likely impact on the residents of Nottingham of the next phase of austerity-era welfare reforms and cuts. I was in the city to report on the rise of food banks, and Chris was a key witness: someone who not only understood the context of the cuts, but had seen their malign effects on local families and individuals on a daily basis. The list of new changes we picked over was long and complicated: cuts to Working Tax Credits; a lower Benefit Cap; a freeze in Housing Benefit levels; cuts to Employment and Support Allowance to name a few. Were it the opening salvo in an entirely new assault on social security spending it would be startling enough. But it was not. The next round of cuts builds on, and in many ways compounds the first wave of changes introduced from 2012. The breadth and intensity of these often overlapping changes is bewildering, and it is a testament to Chris's research and writing skills that this report maps so clearly and succinctly the cumulative effects of all these changes on the incomes, health and wellbeing of some of Nottingham's poorest citizens.

Chris's academic training and social policy expertise shine through in this report. There is plenty of data to back up her conclusions. However it is grounded in vivid human experience and personal stories. Chris and her colleagues at Advice Nottingham have been at the frontline of these changes, providing practical, face-to-face advice and support for tens of thousands of vulnerable clients. Over half of Advice Nottingham's work over the past five years has been benefits-related, guiding clients through a labyrinthine social security system. These are the vital, unheralded victories of the advice sector: millions won in entitlements for clients, families rescued from eviction, impossible debts rescheduled, a measure of stability restored to lives careering out of control. As the welfare safety net shrinks and collapses, Chris's report not only helps us trace the shifting patterns and contours of poverty, but offers a timely reminder that Advice Centres are an essential bulwark against injustice and destitution.

How much longer advice centres can stem the rising tide of inequality and poverty is an interesting point. For all its many successes, sometimes even the most dedicated advice centre can do little to help. For all the ingenuity and expertise and beyond-the-call-of-duty commitment of organisations like Advice Nottingham, the sheer scale of spending cuts mean there is sometimes no service to "signpost" clients to. Five years of austerity has tested vulnerable people's resilience "to the limit," Chris notes, and many individuals have nothing to fall back on. The consequences of a further five years of cuts, she writes, are "hard to imagine". But that is where we are heading. I hope that Chris and her colleagues at Advice Nottingham are there to help people along the way.

Patrick Butler
Social Policy Editor
The Guardian

The View from the Council

The Government's policy of austerity over the last few years has put a disproportionate burden on some of the least well-off in society. It has also put a disproportionate burden on the budgets of local authority services in deprived areas. Nottingham City Council recognised this from the beginning and made a policy decision to work with the advice sector in the city in order to provide an important line of support for those most affected. We gave this sector priority for two reasons, first for a humanitarian reason that we were reluctant to see the worst-off suffer unnecessarily; second, for pragmatic reasons, that the cuts to benefits would reduce purchasing power within the city, and if nothing was done to offset the effects, then there would be a detrimental impact on the local economy.

Over the last few years there have been fewer repossessions than usual in a recession. Partly this is because of low interest rates. Partly it is because there is better support, including from the advice sector. The council has also not yet had to resort to taking serious action over non-payment of the bedroom tax. The advice sector should take some credit for that and for the fact that, though rent and council tax arrears are rising, they are not yet doing so at the pace expected.

But it is not simply the ability to help clients increase their income which makes a difference; it is the help the sector gives in relieving stress and frustration caused by having to deal with the complexity and arbitrary nature of the benefits system. This can and does have a serious effect on people's mental health and the human and economic cost can be as severe, if not more so, than the loss of income.

With the introduction of Universal Credit, and the next wave of cuts on the horizon, the role of the sector will be that much more important. The accumulation of cuts and the loss of Working Tax Credits will accelerate the volume of demand and the intensity of the need. The City Council, which funds substantial parts of the advice sector, is itself also under severe pressure. However, we recognise the work done by all those people who give advice; we recognise personal sacrifice they often make in order to help their fellow citizens, and we recognise the extraordinary social and economic benefits they provide not simply to their clients but to the city as a whole. For that reason we will do our utmost to continue to provide as much support as we reasonably can into the future.

Finally I take this opportunity to thank all those advisers who give their time, sometimes voluntarily, and when paid, often underpaid, to helping some of the most vulnerable in our society. I thank you for all that has been achieved to date and wish you well in the difficult time which you will face in the next few years.

Councillor Graham Chapman
Deputy Leader of Nottingham City Council

Executive Summary

This report focuses on the impact of a long period of austerity and changes to social security on the users of advice services. In the report we draw on case studies from Advice Nottingham clients to clearly demonstrate the impact of some of the particular changes to welfare benefits. However, clients do not exist in a vacuum but are affected by the social circumstances in which they are rooted. Nottingham is a city that has many social problems, some of which are outlined below:

- Nottingham has lower than average employment rates.
- Fifteen per cent of the working age population claim an out of work benefit. Most of these are unemployed rather than sick or disabled.
- Nottingham has lower than average rates of pay
- Unemployment rates are almost double the national average.
- Home ownership is lower in Nottingham than elsewhere and rental levels are high.
- Almost 30 per cent of all households in Nottingham claim housing benefit.
- Nottingham is ranked 17th out of 326 local authorities for income deprivation (with 1 being the most deprived), and 13th for employment deprivation.
- Nottingham has high levels of child poverty.

Many Nottingham City residents are experiencing poverty, hardship and are struggling to make ends meet. The advice sector is one of the places people go to when they need help. In this report we look in more detail at the changes that have been implemented since the credit crunch and recession; the clients who seek our advice; the types of problems they present with and the ways in which Advice Nottingham agencies support them.

Changes since 2010

Following the credit crunch and recession, many people found themselves either unemployed or working reduced hours and with little job security. The Coalition Government introduced sweeping changes, mainly through the emergency budget of 2010, the 2012 budget and the Welfare Reform Act 2012. The result was significant cuts to social security – arguably the most severe cuts since the welfare state was established.

The major changes to benefits were:

- the introduction of Universal Credit;
- Personal Independence Payments to replace Disability Living Allowance;
- changes to Employment and Support Allowance;
- the abolition of Council Tax Benefit and the introduction of local Council Tax Reduction schemes;
- the abolition of Crisis Loans and Community Care Grants, with funding passed to local authorities;
- the introduction of the Benefit Cap;
- the introduction of the ‘bedroom tax’; and
- the introduction of Mandatory Reconsideration of benefit decisions where clients disagree with decisions.

Advice Nottingham clients and their problems

Advice Nottingham agencies see approximately 17,500 clients a year, the vast majority of whom are of working age with almost 40 per cent having a long-term illness or disability. While clients visit our agencies with a variety of problems relating, for example, to employment, housing, health and community care, the major reasons clients seek our help are either benefits/tax credits or debt. While the overall amount of debts we have assisted clients with has decreased since the credit crunch and recession, going down from more than £33million in 2012-13 to £22 million in 2014-15, the proportion of the debt that is priority debt – debts that have the worst outcomes – has increased from 24 to 35 per cent in the same period. In the past three years we have assisted clients to claim approximately £2 million of benefit lump-sum payments each year and between £8.6 and £10 million in ongoing benefits per annum. These are benefits our clients were entitled to but not receiving.

The impact of change

While the overall amount of debts we deal with has gone down, priority debts have increased, leaving our clients at risk of losing their homes, disconnection from their utilities and, ultimately, imprisonment. Over the past five years, but especially over the past three since the Welfare Reform Act, we have seen clients who simply cannot cope. Many have lost their jobs or had their hours reduced; the number of clients we see who are on zero-hours contracts has increased and job insecurity is common. Those in receipt of benefits have seen an increase in both conditionality and sanctions. The net result has been clients seeking our help in appealing benefit decisions or coming for help as they have no money for food. The past few years have also seen a huge rise in the number of food banks.

In the report we offer case studies of clients who have required assistance with the benefit cap; the ‘bedroom tax’ and changes to council tax support; changes to disability benefits; benefit sanctions; and unmanageable debt. Our clients may have the resilience to cope with some change for a certain amount of time, but the plethora of changes that have taken place, coupled with their financial vulnerability has left many simply unable to manage. They are experiencing continuing hardship and poverty and many are shocked at their need for vouchers for food parcels; sometimes the only ‘support’ we can offer.

The future

The Conservative Government, elected in May 2015, has committed to continuing a policy of austerity and has capped the amount they will spend on social security for the whole of the current Parliament. Most working-age benefits have been frozen until 2020 and the benefit cap has been reduced significantly, from £26,000 to £20,000. However, the proposed change that has been the most contentious is the cuts to Tax Credits. The House of Lords has passed a motion requesting that the government respond to criticisms of the proposed changes and offer some transitional protection for low income households. At the time of writing we await the government response in the Autumn Spending Review.

Whether the changes to Tax Credits go ahead or not, the future looks bleak for many of our most vulnerable clients. The past five years of austerity have had not only a large financial impact on the poorest in society; they have also had an impact on people's health and wellbeing. Many people can no longer afford the basic necessities of food and shelter.

'Welfare' in its broadest sense has been reduced and has become more conditional. Sanctions are often applied inappropriately, leaving people destitute. Those clients with long-term health problems and disabilities are often found 'fit to work' and feel they are treated with suspicion and viewed as scroungers or malingerers. Austerity has led to social *insecurity* and the most vulnerable people in society have paid the highest price. People's resilience has been tested to its limit leaving them with nothing to fall back on. The impact of a further five years of cuts is likely to increase demand on advice services at the same time that their funding is cut due to pressures on local authority budgets.

We would like to see the burden of rebalancing the economy more evenly distributed with the wealthiest contributing more, not less. The financial institutions that caused the credit crunch and subsequent recession through reckless sub-prime lending should be obliged to contribute much more. It is grossly unfair that low waged, unemployed, sick and disabled people have their benefits and standard of living reduced to pay for a crisis for which they bear no responsibility.

Introduction

Advice Nottingham is a consortium of advice agencies that provide free, confidential, independent and impartial advice to people in Nottingham. The consortium was formed in 2007 to improve our advice services by working together to better support our clients. Until October 2015 the consortium consisted of Bestwood Advice Centre, Clifton Advice Centre, Meadows Advice Group, Notts Housing Advice Service, Nottingham Law Centre, Nottingham and District Citizens Advice Bureau (CAB) and St Ann's Advice Centre. From October 2015 the services of Notts Housing Advice transferred to CAB and the consortium now has six members. In this report we aim to provide an overview of our services and clients and demonstrate the value of advice in helping some of the most vulnerable people in our city. We will focus on the past five years, since the change of government in 2010 and more specifically on the changes to welfare since 2012.

Our agencies

All of our agencies offer advice on benefits and tax credits (including representation at tribunals) and debt. Some offer additional services such as dedicated fuel debt and energy advice, water debt advice, employment advice, specialist housing advice and representation at court. St Ann's Advice Centre has a furniture recycling project and a food bank. We train Advice Champions – people who live and work within the local community – to identify clients with potential advice needs. We also offer *Money Matters* financial literacy courses. We have staff and volunteers who speak several languages so, while not being interpreters, they can help some clients whose first language is not English.

The advice provided is funded in a variety of ways. Nottingham City Council (NCC) funds general advice and housing advice for city residents; Nottingham City Homes provide funding for advice work in housing offices; the Money Advice Service funds some specific debt advice; Severn Trent Trust Fund provides funding for water efficiency and water debt advice; and British Gas Energy Trust funds fuel debt advice. Legal Aid funding supports housing representation and advice, welfare benefits upper tribunal casework and the duty scheme at court that provides free advice and representation at repossession and eviction hearings. Our agencies also receive corporate and individual charitable donations with large Trusts funding some of our work.

While some of our advice services are available to clients living outside the city, the vast majority of our clients come from Nottingham City and in this report we focus on city residents and their experiences. As a consortium, we collect data from all our projects about the people we help, the problems they have, and the outcomes we achieve for them and we will draw extensively on these data in this report.

Since 2008, the global financial credit crunch and subsequent recession, many of our clients have been affected by unemployment or underemployment. The policy of austerity adopted by the government since 2010, in combination with welfare reform, has resulted in additional hardship. We have experienced increasing numbers of clients requiring advice and support in negotiating the benefit system, managing their debts and coping with poverty and hardship. Changes to welfare have affected many people including families with children, people with disabilities or long-term health problems and those in low paid jobs. The changes are discussed in more detail in the next section.

About Nottingham

Census figures for 2011 show Nottingham's population to be just over 300,000.

Labour market

- In the second quarter of 2014 the employment rate was 62 per cent, below both the East Midlands (almost 75 per cent) and the national average of 72 per cent.
- Fifteen per cent of the working age population claim an out of work benefit compared to nine per cent across the East Midlands and 10 per cent nationally.
- A smaller proportion of these claimants claim Employment and Support Allowance (ESA) or Incapacity Benefit (IB) than across the East Midlands or nationally, meaning that most benefit claimants are unemployed rather than sick or disabled.
- Nottingham has lower median rates of pay; £22,320 compared to £25,570 in the East Midlands and more than £27,000 nationally (LG Inform).
- 2011 Census figures show that Nottingham City has fewer people employed at the top of the employment hierarchy and more at the bottom; only seven per cent are employed as managers, directors or senior staff compared with 11 per cent in England, while 17 per cent are in elementary occupations compared with 11 per cent in England (Neighbourhood Statistics). This may help to explain the lower than average rates of pay.

In 2010 changes were made to the way in which unemployment data are recorded; moving to a percentage of the population aged 16-64 who are registered as unemployed.

- In May 2011 Nottingham city had an unemployment rate of 6 per cent, compared to the England rate of 3.7 per cent. This was a rise of almost 11 per cent from the previous year and reflected the general recession.
- The rate of unemployment for women increased by 30 per cent on the previous year, reflecting the changes to income support for lone parents (see the next section for a full discussion of the changes made to benefits).
- The rate was 6.5 per cent in May 2012 and in May 2013 (3.9 and 3.6 per cent respectively in England).
- Since then the rate has been falling and was 5 per cent in May 2014 (2.5 in England) and 3.5 per cent by September 2015 (1.8 per cent in England) (Nottingham Insight, Unemployment Updates 2011-2015).

Although the fall in unemployment reflects the general recovery from the recession, unemployment in Nottingham remains almost double the national rate. Further, when seasonal adjustments are made, unemployment in Nottingham actually *increased* slightly in June 2015, the first increase since October 2012. The proportion of people claiming JSA for more than two years is almost three times higher than in 2008 (Nottingham Insight, Unemployment Updates 2011 - 2015). In November 2014 the Daily Mail reported that Nottingham had overtaken Liverpool and Glasgow to become the 'unemployment capital' (Daily Mail 2014). More recently, Boots, a Nottingham company and a large local employer, announced 400 jobs were to go in Nottingham (Nottingham Post 2015). Clearly the much hyped 'recovery' is not universal and people in Nottingham continue to experience a difficult job market. The high proportion of long-term unemployed people in Nottingham will face more barriers to employment. However, it is not simply unemployment that causes our clients problems; agency working and zero-hours contracts mean that people do not know from week to week what they will earn, find it difficult to find the hours or hourly pay rates that they would like, and have little security.

Housing

- Home ownership is lower in Nottingham than elsewhere with only 45 per cent of residents owning their property, compared to 67 per cent in the East Midlands and 63 per cent in England.
- Rental levels are high, with 30 per cent of residents living in the social rental sector and 23 per cent in the private rental sector. The comparable figures for the East Midlands and England are 16 and 18 per cent social rental sector and 15 and 17 per cent private rental sector (Neighbourhood Statistics).
- Almost 30 per cent of all households in Nottingham claim Housing Benefit (HB) - double the rate of the East Midlands (15 per cent) (LG Inform).

The reliance on Housing Benefit means that residents are likely to be affected by changes in the Local Housing Allowance (LHA) rates for private sector tenants and the social sector size criteria (the 'bedroom tax') for those in the social rental sector. However, Nottingham City residents are offered some protection in that around a fifth of all dwellings are owned by the local authority compared to an average of less than ten per cent in England (LG Inform). This tends to result in lower average rents compared to the private sector and offers more security of tenure. It does, however, mean that many tenants have been affected by the under-occupation charge/'bedroom tax', part of the welfare reforms. Nottingham City Council states that just short of 4,000 households were affected in April 2014 (Nottingham City Council 2014). Additionally, 'social housing residents are also more likely to be impacted by multiple reforms, as residents of social housing are more likely to be older, in poor health and out of work – so more likely to be affected by changes to disability benefits and uprating reforms' (LG Inform).

Deprivation

Indices of deprivation such as economic, social and housing allow for a ranking of areas in relation to deprivation.

- Nottingham is ranked 17^{th} out of 326 local authorities for income deprivation (with 1 being the most deprived), and 13^{th} for employment deprivation.
- Thirty per cent of all households with a working age adult are workless, double the rate for the East Midlands and markedly higher than the England figure (LG Inform).

Consequently, Nottingham has high levels of child poverty. The Campaign to End Child Poverty suggest that nationally the level of child poverty after housing costs is just under 16 per cent while in Nottingham it is 36 per cent (Child Poverty Action Group 2014). Further, Nottingham City Council found that two-thirds of Nottingham children live in families that receive (in- or out-of-work) benefit and that there are now more Nottingham children living in low income rather than workless households (Nottingham City Council 2013).

The particular issues that Nottingham faces, in relation to unemployment, low wages, high levels of deprivation and child poverty mean that many of its citizens have been adversely affected by austerity and welfare reform. Wages, already low in Nottingham, have not kept pace with inflation since the credit crunch and recession, leaving many working people worse off. Recent media coverage suggests that it will take a decade for wages to reach their pre-recession levels (see for example the Telegraph 2015). The Government's reform of welfare has meant that benefits have risen by considerably less than inflation leaving many claimants unable to manage financially. Other changes, such as the social sector size criteria ('bedroom tax') and the abolition of Council Tax Benefit have reduced the income of some of the poorest in society. The net result is that many Nottingham City residents are experiencing poverty, hardship and are struggling to make ends meet. The advice sector is one of the places people go to when they need help. In the remainder of this report we will look in more detail at the changes that have been implemented since the credit crunch and recession; the clients who seek our advice; the types of problems they present with and the ways in which Advice Nottingham agencies support them.

What Has Changed Since 2010?

The global credit crunch of 2008 was followed by a significant recession, considered to be the worst since the 1930s. The credit crunch resulted in little money being available for lending as banks tried to balance their books. Property prices fell as the mortgage market dried up leaving many in negative equity and potential purchasers requiring considerably larger deposits to secure a mortgage. The widespread availability of credit in the preceding years saw many people in significant levels of debt and consumer spending slowed in response to concerns about job losses, the need to reduce indebtedness, and fears for the future. However, unemployment was not as severe as had been feared:

> Robust employment has meant that fewer people have faced the particularly severe shock of losing all of their earned income. But the falls in (and continued stagnation of) real earnings have meant that the pain from this recession has probably been considerably more widespread (Cribb and Joyce 2015:34).

Many people were obliged to take cuts to their pay, or hours or both in order to remain in employment while others inevitably lost their jobs. This was acknowledged by the Chancellor in his first budget following the 2010 election:

> Many millions of people in the private sector have in the last couple of years seen their pay frozen, their hours reduced, and their pension benefits restricted.
> They have accepted this because they knew that the alternative in many cases was further job losses.
> The public sector was insulated from these pressures but now faces a similar trade off.
> I know there are many dedicated public sector workers who work very hard and did not cause this recession – but they must share the burden as we pay to clean it up (HM Treasury 2010).

The cuts in full-time secure employment have continued beyond the recession. There has been an increased use of 'zero-hours' contracts – jobs that have no fixed minimum hours – resulting in insecurity and financial difficulties. Recent data from the Office for National Statistics (ONS) show the increase in such contracts:

> Number of contracts that do not guarantee a minimum number of hours where work was carried out was 1.8 million for the fortnight beginning 11 August 2014. The previously published estimate was 1.4 million for the fortnight beginning 20 January 2014 (ONS 2015).

It was not just employment that was affected however. The 2010 budget signalled a reduction in public spending to bring down the high level of government debt. More than three quarters of the debt reduction was to come from public spending cuts, the remainder via taxes. The Coalition was committed to reducing the deficit under the headline 'freedom, fairness and responsibility' and planned to do so by adopting an 'austerity' policy. A reduction in the cost and availability of benefits and a move away from 'welfare dependency' were at the heart of the austerity programme.

Some changes to social security benefits preceded the 2010 election. For example, Employment and Support Allowance (ESA) was introduced in 2008 for people previously claiming Incapacity Benefit or certain other disability benefits. However, it was the Coalition Government that introduced the most sweeping changes, mainly through the emergency budget of 2010, the 2012 budget and the Welfare Reform Act 2012. The result was significant cuts to social security – arguably the most severe cuts since the welfare state was established. The aims of the changes were to target benefits more efficiently at those who need them; to increase incentives for people to work; to penalise those who failed to seek employment; and to reduce the overall cost of social security, which was viewed as unsustainable and unaffordable. In relation to deficit reduction, the Coalition's programme stated:

> We will introduce arrangements that will protect those on low incomes from the effect of public sector pay constraint and other spending constraints.

While regarding welfare benefits it stated:

> We will ensure that receipt of benefits for those able to work is conditional on their willingness to work. We will re-assess all current claimants of Incapacity Benefit for their readiness to work. Those assessed as fully capable for work will be moved onto Jobseeker's Allowance.

Older people were to be protected:

> We will restore the earnings link for the basic state pension from April 2011, with a 'triple guarantee' that pensions are raised by the higher of earnings, prices or 2.5% (HM Government 2010).

Despite assurances that those on low incomes would be protected, the changes to social security have affected some of the most vulnerable people in society.

Welfare reform

Part of the Government's approach to welfare was to 'make work pay' by always ensuring people would be better off when in employment. This was to be achieved by making changes to existing policy and practice and by the introduction of the Welfare Reform Act 2012. Below we discuss the main changes that have taken, or will take place.

Universal Credit

At the heart of welfare reform is the replacement of six separate benefits by one – Universal Credit (UC) – for working age claimants. This will be paid monthly and include any housing allowances for rent. The change came with a guarantee that no one would be worse off when they move to the new benefit (although this does not mean *new* claimants will not be worse off). Despite a timetable saying the transition to Universal Credit would be completed by the end of the Parliament, it has yet to be rolled out nationally. What is not widely appreciated is that Universal Credit claimants who are working will be expected to undertake job searches to increase their earnings and reduce their benefits. Their job search activities will be monitored by a

Jobcentre Adviser. The latest information we have is that in Nottingham Universal Credit will be introduced to new, fit for work claimants without dependants from February 2016 onwards.

Personal Independence Payment (PIP)

PIP is a non-means tested benefit for people with disabilities and replaces Disability Living Allowance (DLA) for people aged 16 or over. The benefit was introduced for new claims in April 2013 and existing claims for DLA were transferred from October 2013. The criteria for PIP are more stringent than those for DLA and the government anticipated that many claimants would be refused the new benefit. The transfers should be completed by the end of 2017.

Employment and Support Allowance (ESA)

The criteria for the work capability assessment (WCA) have been tightened (e.g. if a person can use a wheelchair they no longer have any mobility problems for this purpose) and for those assigned to the work-related activity group (WRAG) entitlement via National Insurance contributions lasts for only 365 days, after which the benefit becomes means-tested.

Council tax support

Council Tax Benefit (CTB) was abolished in 2013 and replaced by local Council Tax Reduction schemes (CTR) administered by local authorities. At the same time, the funding was cut by 10 per cent, but older people were protected with a pledge that those of pensionable age would be no worse off under the new scheme. As a result, in Nottingham in the first year of CTR residents who were claiming benefits and had previously received full CTB had to pay 8.5 per cent of their council tax. In subsequent years this has increased to 20 per cent.

Discretionary Social Fund

Crisis loans and community care grants were abolished in April 2013 and the funding and responsibility passed to local authorities. Initially this funding was intended to end in 2015 but has been continued at a reduced amount. The money was not ring-fenced and the expectation was that local authorities would have discretion in the support to be provided. Nottingham has an emergency discretionary support scheme and can refer clients to Nottingham Credit Union for loans. Budgeting loans are still available to claimants receiving means-tested benefits and not migrated to UC. For those claiming UC budgeting loans are replaced by budgeting advances from future UC payments. Claimants must prove ‘financial need’ i.e. a ‘serious risk of damage to the health and safety’ of the claimant or their family members.

The benefit cap

The cap was introduced throughout 2013 and restricted the amount people can receive in benefits and tax credits to £500 per week for out of work couples and lone parents and £350 a week for single people. Any benefit exceeding these amounts would be taken from their Housing Benefit. For those in receipt of UC the cap is applied through UC payments and the thresholds were £2,167 per month for couples and lone parents and £1,517 for single claimants. There in receipt of certain disability benefits are excluded from the cap. More recent changes are discussed later (see page 41).

The 'bedroom tax'

Since April 2013 Housing Benefit (HB) entitlement for working age people in the social rented sector has been restricted to reflect family size. The policy is commonly known as the 'bedroom tax'. People 'under-occupying' by one bedroom lose 14 per cent of their HB, those with more than one spare room lose 25 per cent of their HB. There are some exceptions – where the room is for the use of an overnight carer, where the claimant is an approved foster carer or a parent of a member of the armed forces and, following court decisions, where a disabled child is unable to share a room. There is no exception for disabled adults or married couples occupying separate rooms.

Overpayments

From April 2013 overpayments of UC, contribution-based JSA and contributory ESA are automatically recoverable regardless of whether the overpayment has been caused by a failure to disclose or a misrepresentation.

Mandatory revision (MR)

Where a claimant disagrees with a decision, they must request a Mandatory Revision (MR) or reconsideration before they can appeal. Initially this was applied to UC and PIP decisions and was then extended to ESA decisions. While ESA decisions are being reviewed the benefit is not paid. Mandatory Reconsideration has now been extended to most decisions including those taken by HMRC in relation to tax credits.

Income Support and lone parents

From May 2012 lone parents no longer qualified for Income Support (IS) once their youngest child reached the age of five (the age had been coming down over the years reducing from 16 to 12 to 10, and then to seven).More recent changes are discussed later (see page 42).

Penalties

Civil penalties will be applied where claimants negligently give incorrect information, or negligently fail to disclose information relating to a benefit claim which results in an overpayment. The penalty can only be applied if no prosecution or caution for fraud is pursued (i.e. the penalty is for carelessness or ignorance rather than dishonesty).

Penalties will be a minimum of £350 (where no actual overpayment has been made) rising to a maximum of £2,000. Claimants will have only 14 days (formerly 28) to decide whether to accept a penalty.

Other changes

In addition to the major reforms outlined above, other changes have been made:

- The Child Trust Fund, introduced in 2004 has been scrapped;

- The Health in Pregnancy Grant introduced in 2009 has been scrapped;
- The Surestart Maternity Grant of £500 for low income families has been limited to the first child only;
- Child Benefit (CB) rates were frozen from 2010 to 2014, affecting all families with dependent children, and are now recovered for claimants earning between £50,000 and £60,000. Child benefit is no longer available for those earning more than £60,000;
- The baby element of child tax credit (CTC), worth £545 has been removed;
- Childcare costs covered by working tax credit (WTC) have been cut from 80 per cent to 70 per cent;
- Most couples with children now have to work at least 24 hours a week to qualify for WTC;
- The backdating of tax credits has been cut from three months to one month;
- Homeowners who claim benefits due to unemployment or illness are entitled to help with their mortgage interest. The rate at which this is paid has been reduced from 6.08 per cent to 3.63 per cent.
- Most benefits and tax credits (excluding specific disability and carer benefits) have been increased by one per cent rather than inflation and legislation passed to ensure this remains until 2015-16;
- Most single people under 35 are only entitled to the HB rate for one room in shared accommodation rather than a one-bedroom flat or similar;
- Deductions from Housing Benefit for non-dependants (adults aged 18 or over and in employment) have been increased by more than 50 per cent;
- The length of sanctions has been increased and the use of sanctions has been much more frequent and widespread; and
- Job grants, in-work credit and return to work credit (incentive payments of particular value to lone parents and disabled people starting work) have been phased out.

What we are finding in the advice sector is that many of our clients have been affected by several welfare changes. It is often the *cumulative* impact of these changes that is making it difficult for people to manage financially and to negotiate the changes alone, without support and advice. In the next sections we will look at our clients in more detail and the problems with which they seek assistance.

Our Clients and Their Problems

In this section we draw on our statistics for Nottingham City Council (NCC)-funded work for the previous three years (April 2012 - March 2013; April 2013 - March 2014; April 2014-March 2015) and a two-week snapshot survey of all work conducted in September 2014. In addition we have used statistics from our non-NCC-funded work such as specialist debt and housing advice where comparable data are available.

Gender, age, ethnicity and health

Advice Nottingham agencies have seen approximately 10,000 clients per year via NCC funding since 2012.

- Of these clients, slightly more than half (53 per cent) are women.
- The most common age group is 35-49 years, comprising a third of all clients; 60 per cent of our clients are between the ages of 35 and 64. Under-16s account for only one per cent of our clients while those over the age of 65 account for a further nine per cent. Thus 90 per cent of our clients are of working age (17-64).
- Slightly more than half (54 per cent) of our clients identify their ethnicity as White or White British, nine per cent as Asian or Asian-British and 17 per cent as Black or Black-British. This compares with census data of 35 per cent BME (Black and minority ethnic) population (Nottingham Insight).
- More than a third (37 per cent) of all of the clients we support reported a disability or long-term health issue.

Client problems

The clients' problems are recorded and divided into broad areas of demand: welfare benefits (including tax credits); consumer goods and services; debt; education; employment; financial services and capability; health and community care; housing; immigration, asylum and nationality; legal; relationships and family; tax; travel, transport and holidays; utilities and communication; and 'other'.

While the Advice Nottingham agencies offer support over a range of issues, the most common reason for clients seeking help is in the area of welfare benefits; almost half (47 per cent) of all enquiries relate to issues with benefits. The next most common enquiries relate to debt, accounting for almost a quarter (22 per cent) of enquiries. If we include the non-NCC-funded work, the proportion of clients who have debt problems increases significantly. Other issues clients seek help with include employment (six per cent) and housing (seven per cent). No other single issue accounts for more than four per cent of enquiries. Thus, the vast majority – almost 70 per cent – of our clients require help with either welfare benefits/tax credits or debt.

Two-week snapshot survey

In September 2014 we undertook a two-week snapshot survey of all Nottingham City clients who used our services and were considered by advisers to be financially vulnerable. We did not define 'financially vulnerable' but experienced advisers used their judgement. Thus, clients who were struggling with debt, unable to pay essential bills, required vouchers for food banks, had insufficient income to manage their day-to-day living costs or were at risk of losing their homes were considered to be financially vulnerable. Indeed, given that the main reason clients seek our help is for assistance with debt or benefits, we find that the vast majority of people we help would be considered to be financially vulnerable.

The aim of this survey was twofold: to share data with Nottingham City Council (one of our major funders) prior to the re-commissioning of advice services; and to allow for a more in-depth analysis of financially vulnerable clients using additional information not routinely collected for monitoring purposes. For this reason not all of the data collected can be compared with our regular data collection and monitoring.

The snapshot survey included *all* enquiries, including telephone, face-to-face and clients returning for prearranged appointments. In the two-week period in September, we dealt with enquiries from 1,017 financially vulnerable clients. The data from the survey reflect our general statistics in relation to gender, age and ethnicity but *half* of the clients in this period reported disability or long-term health problems, suggesting that people with health problems are more likely to be financially vulnerable. Of the clients we supported during this period, almost a quarter (23 per cent) were in employment, a fifth were seeking employment, and a third were sick or disabled and not seeking work. Given that these clients were all deemed financially vulnerable it is a particular concern that such a large proportion of them were in employment. It used to be argued that employment was the route out of poverty, but our client statistics appear to dispute this, with many employed people experiencing debt and financial difficulties. Equally worrying is the high proportion of sick and disabled clients who experience financial vulnerability. As we saw in the introduction, the credit crunch of 2008 and the ensuing recession led to unemployment and under-employment for many citizens and wages have remained stagnated since, with inflation eroding their real value (Belfield et al. 2015). In addition welfare reform and changes to benefits (outlined in the previous section) have affected some of the poorest and most vulnerable in society.

Client problems – the snapshot survey

The problems our clients presented with in the two-week snapshot survey are not directly comparable to our regular data since we only included those clients who were deemed financially vulnerable. This skewed the figures towards debt and benefit problems, by excluding those clients not considered financially vulnerable who may have presented with other issues. Nevertheless, it did offer more detail than our quarterly monitoring statistics. In the two-week snapshot survey we pre-identified some issues we wanted to explore including sanctions applied to Jobseeker's Allowance (JSA) or Employment and Support Allowance (ESA) claimants; applications for Discretionary Housing Payments (DHP); 'bedroom tax'; utility debts; council tax debt; Mandatory Reconsideration of ESA decisions; threat of eviction; and clients requiring access to food banks. Many clients sought help for more than one issue and the following points relate to the numbers and percentage of clients rather than issues.

The single biggest issue clients sought help with was benefit applications, accounting for more than a fifth (223) of all clients. Given the complexity of many benefit application forms this is to be expected. There are also very good reasons for seeking such help. The rules for disability benefits are very complex and people often fail to include all of the necessary information; advisers are more familiar with the process and aware of what is relevant to a successful application. Also, in relation to benefits, 49 clients (five per cent) needed help as their JSA or ESA had been stopped following sanctions; and 67 (seven per cent) sought advice following a Mandatory Reconsideration of ESA.

Many clients needed help in relation to housing. Forty eight (five per cent) had lost benefit due to the ‘bedroom tax’ and 42 wanted help to apply for Discretionary Housing Payments (DHP) as a result. One hundred and eighty seven clients (18 per cent) were threatened with eviction (20 clients were in mortgage arrears and 163 (16 per cent) had rent arrears). One hundred and seventy three clients (17 per cent) sought advice in relation to Housing Benefit.

Debt was, as always, a common issue for our clients. In addition to mortgage and rent arrears, outlined above, 147clients (14 per cent) were in arrears with council tax and 144 (14 per cent) had utility debts. When dealing with debts, advisers refer to ‘priority’ and ‘non-priority’ debts. Priority debts are those which could result in the most serious outcome for clients, including mortgage and rent arrears leading to homelessness; council tax debt, resulting in enforcement by the courts and ultimately imprisonment; and utilities arrears leading to disconnection. In addition to these priority debts, a fifth of clients (218) reported other non-priority debts such as credit card debt and other unsecured credit such as payday loans.

As with our quarterly monitoring data, the vast majority of clients we saw during the two-week snapshot survey had issues around welfare benefits/tax credits and debt, with a fifth requiring assistance with form filling – often related to benefits, tax credits or official correspondence.

In addition to the work funded by NCC, we have also seen between six and nine thousand additional clients per year over the past three years, mainly seeking help with debt and housing issues. Thus our *total* reach averages 17,500 clients per year.

Notts Housing Advice Service (NHAS) data

NHAS collected data separately from the other agencies in the consortium. In the year April 2013 – March 2014 NHAS saw 2,040 clients with a range of housing-related problems. Slightly more were women (55 per cent) than men. Only one per cent of clients were under the age of 18 and five per cent over the age of 60. Seventeen per cent were aged 18-24 with the majority – two-thirds –aged 25-49. This probably reflects the fact that fewer people under the age of 25 are householders. The most common problem faced by clients was finding accommodation, accounting for 15 per cent of all issues; eight per cent were facing possession action by landlords; six per cent were facing mortgage possession; and five per cent sought help with rent arrears. Thirteen per cent of clients reported disability or health issues but in a third of cases health issues were not recorded. Half of all clients were single without dependants and a further 18 per cent were lone parents. This reflects the difficulties single people face in finding and affording housing.

As we have seen, benefit and debt enquiries are the main reasons clients use our services. Overall, regardless of funding source, we have seen the total amount of debt we deal with decrease over the past three years, from £33.6 million in 2012 - 2013 to £22 million in 2014 - 2015, while the proportion of the debt that is priority debt has *increased* from 24 per cent in 2012-2013 to 35 per cent in 2014 - 2015. The reduction in total debts is probably a reflection of the tightening of lending criteria in the wake of the banking crisis. While we welcome the overall reduction in debt, the increase in priority debt is concerning, as this is the type of debt that can lead to the worst outcomes, such as loss of home, disconnection of utilities or imprisonment. These figures relate to debt advice but do *not* include figures from housing possession hearings, where debts have been *increasing* as a result of changes such as the bedroom tax.

When it comes to benefits, over the past three years we have helped our clients to get lump sum payments of approximately £2 million per year, and ongoing annual benefits (where a benefit award was made that would be expected to last for at least one year) of between £8.6 and £10 million per year. These figures represent benefits our clients were entitled to but not receiving and demonstrate the effectiveness of advice for some of the most financially vulnerable people in the city – those who have struggled to get the benefits to which they are entitled.

In the next section we look more closely at the impact of welfare reform on our clients over the past five years
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The Impact of Change on our Clients

In this section we look in more detail at the impact some of the welfare changes have had on our clients. We draw on case studies of clients who have sought help from our agencies, the type of support we have been able to offer and the outcomes for our clients.

The benefit cap

Nationally, five months after the introduction of the cap, approximately 8,400 households had had their benefits reduced; 59 per cent of which had between one and four children and 60 per cent of which were headed by lone parents (Department for Work and Pensions 2013). Where the benefit cap is applied, deductions are taken from Housing Benefit. In some parts of the country, particularly London, where rents are high, many people have been affected by the cap. In Nottingham, traditionally a city of low rents and with much of the housing stock council-owned, far fewer people have been affected. Those that have been affected are predominantly large families, usually with several children and it is the level of benefit received for the children rather than the rent paid that has resulted in the cap.

After the first year of the change Nottingham City Council identified 156 social housing tenants who were affected by the cap. The majority of these were losing up to £100 of their HB per week, with the highest losses being around double that (Nottingham City Council 2014). More recently, Nottingham City Homes (NCH) had 51 tenant-households affected by the cap, all of which had four or more children. However, the people affected by the cap are not a static group but consist of people moving in and out of the cap. NCH had 63 tenants affected by the cap when it was introduced, but of the 51 identified in 2015, only 14 had been affected throughout the period. NCH estimated that, of the original 63, approximately 20 were now in employment, 12 had moved, and some were no longer subject to the cap due to a change in circumstances, for example children leaving education and becoming non-dependants (personal communication 2015). As the stated intention of the policy is to encourage people into employment, it is questionable whether the policy is fully achieving its aims. The NCH figures suggest that approximately a third of local households affected by the cap have moved into employment, although this relates only to their own tenants.

Advice Nottingham agencies have seen relatively few clients who have been subject to the benefit cap. This may be because the awareness-raising work conducted prior to the implementation of the Welfare Reform Act, by NCC, NCH, Advice Nottingham and others enabled housing providers to identify and support those tenants who were likely to be affected.

Case study

Theresa is a 33 year old lone parent of five children, all in education. She lives in privately rented accommodation and, at the time she sought help, was unemployed and claiming Jobseeker's Allowance (JSA), Child Benefit (CB), Child Tax Credits (CTC) and Housing Benefit (HB). She telephoned requesting help as her benefits had been capped resulting in an accumulation of rent arrears of approximately £1,000. Her rent had been covered by HB prior to the change, but following the cap she had a shortfall of £117 per month. Theresa was unaware that she would be affected by the cap – she thought only people who had spare rooms were going to lose Housing Benefit. She was very worried when she first sought help as her landlord was threatening possession proceedings. She had agreed to pay her landlord an additional £40 per week to repay the arrears but he was not satisfied with this amount. Theresa had applied for Discretionary Housing Payments (DHP) but had been refused and was very worried that she was going to lose her home.

Advice Nottingham's response

Theresa was advised that although we could help her to reapply for a DHP this would only provide a short-term solution to her situation. To cover her immediate need for food she was offered a voucher for a food bank. A specialist debt appointment was made to help her to manage the arrears. The debt adviser explained that rent is a priority debt which, if not paid, could lead to her losing her home. Although Theresa stated she had no other debts, it became apparent that she had never paid any water rates and that her benefit was being reduced due to Social Fund loans and a previous overpayment of HB. Theresa had also been sanctioned for four weeks for non-attendance at a Jobcentre appointment despite the Jobcentre staff having been told she was unwell and unable to attend.

The debt adviser needed to deal with the most serious issues first and so contacted the council (about the HB overpayment) who agreed to reduce her repayments to a more affordable level. The Department for Work and Pensions was also contacted about the deductions being taken from her benefits and they also agreed to reduce the amount once her circumstances were explained. The adviser spoke to Theresa's landlord and explained the situation to him and he agreed not to start any court proceedings while she was sanctioned and not to take any further action if she continued to repay £40 per week as agreed.

Now that her home was secured and her finances improved, Theresa had another appointment where her wider situation was explored. She was assisted to ask for a Mandatory Reconsideration of the benefit sanction, and this was successful. The adviser contacted Severn Trent Trust Fund (STTF) to request support for Theresa in relation to her water debts. STTF agreed to write off all previous water debts if Theresa paid her water rates for that current year. She was advised that these could be paid via a repayment card and she was able to manage these repayments. Following Advice Nottingham's support Theresa was in a much better financial position. Her home was no longer at risk and she was able to repay her rent, Social Fund debt, old rent arrears and current water rates in a realistic and sustainable way.

The 'bedroom tax' and changes to council tax

Nottingham City Council (2014) reported that approximately 6,000 households were 'under-occupying' in April 2013, reducing to just below 4,000 by April 2014. Despite this fall in numbers, NCC report that only three per cent of Nottingham City Homes

(NCH) tenants had successfully downsized, suggesting that most of the fall is the result of either tenants of other social landlords moving or of tenants no longer breaching the rules. This is possible where families have increased in size and therefore are no longer under-occupying; where some children reach the age of 10 or 16 (children up to the age of 10 can share a room regardless of sex and children of the same sex can share a room up to the age of 16); or where appeals against decisions have been successful. Other households will have had an increase in income due to new or better paid employment, removing the need for Housing Benefit. Despite the small number of tenants moving, Nottingham City Homes has made **no** evictions as a result of the bedroom tax. The proportion of Nottingham tenants who have moved as a result of the bedroom tax is lower than the overall national figure reported by DWP of 4.6 per cent (Department for Work and Pensions 2014). The interim report on the implementation and impact of the policy showed little enthusiasm among tenants to move, but did identify some of the hardships families were now facing when they chose to remain in their accommodation:

> There was widespread concern that those who were paying were making cuts to other household essentials or incurring other debts in order to pay the rent. 57 per cent of claimants reported cutting back on what they deemed household essentials and 35 per cent on non-essentials in order to pay their shortfall. A quarter of claimants (26 per cent) said they had borrowed money, mostly from family and friends (21 per cent of all claimants); three per cent had borrowed on a credit card and three per cent taken payday loans, although we do not know whether they have a history for borrowing for other purposes. In addition, ten per cent had used savings and nine per cent been given money from family (Department for Work and Pensions 2014:17).

These findings are identified by other reports (see for example the *Real Life Reform* reports 1-6 2013-2015) and are echoed by many of our clients.

One of the issues this raises is that of households trying to manage with insufficient income. People who choose to ‘stay and pay’ have to find the lost Housing Benefit from their other benefits. As social security benefits are only intended to provide for the essentials, this inevitably means some households will either go without essentials or go into debt. The reasons our clients choose to remain in homes they are deemed to under-occupy are varied. We have shown elsewhere (Advice Nottingham 2014) that many parents choose to stay rather than disrupt their children’s education and lose their social networks of support and childcare, and how victims of domestic violence take time to feel safe in a new area and, once they become established, are fearful of moving yet again. Sometimes families stay because their children are approaching the age where they will qualify for separate rooms. Additional reasons for choosing to stay are the accumulation of rent arrears, which preclude moving for many tenants, the cost of moving home (removal costs, additional costs such as flooring etc.) and the potential loss of security if forced to move from the social to the private rented sector.

Nottingham City Council (2014) reported that by April 2014, 1,343 tenants were in rent arrears that had not been so prior to the introduction of the bedroom tax. Of the local tenants affected by the change only 55 per cent had paid their rent in full. One of the means by which the change can be mitigated is through the use of

Discretionary Housing Payments (DHP). The payments are usually short-term but can be made to tenants affected by the bedroom tax. NCC reported an increase in applications for DHPs throughout 2013-2014 (NCC 2014). In addition, NCC has an Evictions Prevention Protocol (NCC 2014) to try and avoid evictions as a result of the changes in policy. To date (September 2015), no Nottingham City Homes tenants have been evicted as a result of the bedroom tax.

The abolition of Council Tax Benefit and the passing on of responsibilities to local authorities has resulted in most people across the country having to contribute to their council tax, even if previously they had been in receipt of full Council Tax Benefit and paid nothing. In Nottingham, the amount of council tax to be paid by those people receiving Council Tax Support was set at 8.5 per cent in the first year (2013-2014) and 20 per cent since. NCC (2014) estimate that 25,600 households were initially affected and found that by April 2014, just over half had paid the tax in full while almost a fifth had paid nothing. National changes to enforcement procedures also mean that when enforcement is instigated for non-payment citizens will have to pay £75, will incur court costs and charges will rise as further action occurs. NCC has worked with Advice Nottingham to ensure that no additional charges beyond the initial £75 will be incurred if clients engage with advice providers. Nevertheless, for those dependent on welfare benefits, the additional payments for council tax come from money that is intended for day-to-day living expenses. It is often the cumulative impact of having to contribute to council tax *in addition to* other aspects of welfare reform, such as the bedroom tax, that pushes people into poverty and debt.

Case study

Claire is a 48 year old single woman with no dependants living in a two bedroom Housing Association home. At the time she sought advice she had a suspended possession order due to rent arrears, and several other debts. Claire had been working full-time but her hours were reduced by her employer to 16 hours a week on minimum wage. As she was working fewer than 24 hours per week she was not entitled to Working Tax Credit. Although Claire was entitled to Housing Benefit, this was reduced by 14 per cent as she had a second bedroom. She also had to contribute to her council tax. Claire was struggling to manage on a low income and sought advice as she was frightened of losing her home and could not manage her debts.

Advice Nottingham's response

Claire was assisted to successfully apply for a Discretionary Housing Payment (DHP) and the adviser worked with her to set up affordable repayments to her creditors. As Claire would not qualify for priority housing, should she become homeless she would be at risk of street homelessness and so the adviser secured an additional two DHPs to help her to remain in her current accommodation while looking for something smaller. In total, she was helped to get DHPs totalling more than £1,800. However, although Claire maintained the agreed repayments to her creditors she had not managed to find full-time or better paid work or more suitable housing 18 months after her initial approach for advice. She continues to struggle to manage on a very low income and, despite her best efforts, has been unable to improve her situation.

Case study

Pat is a 54 year old woman living alone in a two bedroom socially rented house. She has lived in the same home for more than 20 years and her children have now grown up and are independent. Her grandchildren often stay overnight and this is very important to her. Pat has some health problems including depression. She works part-time and receives Housing Benefit. Pat's HB had been reduced by 14 per cent as she has a spare room and this, coupled with her contribution to council tax, left her struggling financially and was affecting her depression and general health. She sought advice to see if there was anything she could do to improve her situation.

Advice Nottingham's Response

The adviser realised that Pat had been continuously receiving HB since 1996 which meant that she was entitled to a refund of £480 that had been deducted from her HB. A benefit calculation showed that otherwise Pat was receiving all of her entitlements. The adviser discussed with Pat the ways in which she could maximise her income, for example by increasing her hours of work, seeking better paid employment, taking in a lodger, or downsizing her accommodation. None of these options were suitable for Pat; her health problems precluded full-time work and taking in a lodger or downsizing would prevent her grandchildren from staying with her. She will therefore continue to experience hardship and will remain financially vulnerable.

Case study

Laura is single and in employment. She lives in a two bedroom socially rented property and is therefore subject to the bedroom tax. As a result of the 14 per cent reduction in her Housing Benefit she was in rent arrears. She sought our help when her landlord made a court application for possession of the property. Laura had already applied and had been turned down for a Discretionary Housing Payment (DHP). She was very worried about losing her home and becoming homeless.

Advice Nottingham's response

Laura's spare bedroom measured 53 square feet, slightly more than the 50 required for a room to be classed as a bedroom. However, as it was less than 70 square feet the adviser felt the decision could be appealed. Laura was unaware that she could appeal the decision. She was accompanied to court and the case was adjourned to allow time for Laura to appeal.

A volunteer surveyor visited Laura's home and produced a report which was the basis of the appeal as the room was considered too small to be suitable as a bedroom as the only possible positioning of a bed would be next to a radiator, presenting a health and safety risk.

Laura was represented by Advice Nottingham at the Tribunal and the appeal was allowed. Subsequently a credit of £857 was paid into Laura's rent account to cover the HB for the period it had been reduced. Her landlord agreed to waive the court costs which had been added to Laura's rent account as the payment had cleared her arrears and she was now in credit with her rent.

The case studies above demonstrate the knock-on impact of welfare changes in a difficult economy. The loss of employment or a reduction in hours, coupled with the imposition of the bedroom tax and changes to council tax rules can lead to debt, loss of housing and ultimately homelessness. The lack of more secure, better paid employment and one bedroom accommodation, leave people like Claire extremely vulnerable and demonstrate how quickly people can go from being in full-time employment, fully independent and financially secure, to being in a precarious position facing homelessness and destitution. For others like Pat, something as simple as the desire to continue to have regular overnight contact with grandchildren can result in financial vulnerability. Equally, independent advice can be invaluable for someone like Laura, who had no idea that her spare room was too small to be classed a bedroom and was not aware of her right to appeal the decision. Without the support of Advice Nottingham Laura would have unnecessarily faced eviction and potential homelessness.

Changes to disability benefits – ESA, PIP and Mandatory Reconsideration

Employment and Support Allowance (ESA) replaced Incapacity Benefit (IB) in 2008. All claimants of IB were to be reassessed via a work capability assessment (WCA). Those found fit for work have no further entitlement to ESA and can register as unemployed, claim Jobseeker's Allowance (JSA) and seek employment. The remainder are placed in one of two groups: the support group for those considered unfit even for work-related activity (i.e. the most ill) and the work-related activity group (WRAG) where claimants are expected to take part in work-focussed interviews and work-related activities. Work capability assessments were initially conducted by Atos and received much criticism. Although the contract has changed hands, the assessment is still a contentious point for many and has been the focus of much media debate. The major criticism of the WCA is that it fails to take account of the *impact* of some conditions – and in particular mental health issues – on people's ability to work/seek work. The examinations rarely last more than an hour and, during this time, the examiner (often not a fully qualified doctor) has to carry out a full examination of the person's physical and mental health in what is often (rightly or wrongly) perceived by the claimant as a hostile situation. The person has been told by their GP that they are unfit for work, or they would not have been accepted for an Employment and Support Allowance claim in the first place, and now somebody they have never met before is trying to say they are fit.

Changes were made by the Coalition Government to speed up the transfer from Incapacity Benefit to Employment and Support Allowance. They also changed the rules to mean fewer people would meet the test of being unfit for work. Ever since the Beveridge report and the beginnings of the welfare state the support of certain vulnerable groups, including people with disabilities, has been considered a sign of an enlightened society. Indeed, even when the Victorian Poor Law was in effect, people with disabilities and health needs were considered to be 'deserving' of support and were treated differently to the 'undeserving' poor. Recent changes suggest that this may no longer be the case.

When ESA and the WCA were introduced, arrangements were put in place for the WCA to be independently reviewed annually for the first five years. All of these reviews have now been conducted and, in addition, the House of Commons Work and Pensions committee has also reported on the WCA. From the outset the WCA has been criticised on certain points.

In the first review, Professor Malcolm Harrington (2010) suggested that the WCA was ‘impersonal’ and ‘mechanistic’ and not working as well as it should. Further, although the final decision, in theory, rests with DWP decision-makers, ‘in practice, the Atos assessment dominates the whole procedure’ (Harrington 2010:6). Harrington also recognised that certain conditions, especially mental ill health and fluctuating conditions, were more difficult to assess. He recommended, amongst other things: increased transparency about the Atos assessment; better communication and feedback between Jobcentre Plus, Atos and First-tier Tribunals; better assessment of mental health issues; and the empowerment of DWP decision-makers to improve decision-making(Harrington 2010). Although Harrington’s recommendations were accepted and changes made by both DWP and Atos, the second review, also conducted by Harrington, found that some changes had yet to be recognised by individuals, and he encouraged critics of the WCA to be patient. He also found that there had been little improvement in transparency or communication and feedback although his overall finding was that the WCA had changed for the better (Harrington 2011). In his third and final review, Harrington remained positive that the WCA was the correct approach to assessment but also acknowledged that:

> Real progress has been made but the pace and scope of the improvements has been slower than the Review would have hoped. The direction is the right one although the goals have not yet been reached (Harrington 2012: 8).

The final two independent reviews were conducted by Dr Paul Litchfield. In his first review he commented:

> The system is enormously complex, probably unnecessarily so, and efforts to simplify it should be of benefit to all. Even the limited part of the system which is the WCA is complicated with multiple hand offs, each of which adds delay, expense and the potential for error. This complexity is compounded by an unusual use of language which is handled skilfully by officials and independent benefits advisers but which can be impenetrable to ordinary people trying to navigate the system, often at a time of particular vulnerability. It is, perhaps, therefore no surprise that the WCA remains highly controversial with a number of people expressing strong views about its perceived fairness (Litchfield 2013:5).

Litchfield also echoed the earlier findings of his predecessor in relation to the assessment of people with mental health problems:

> Mental health problems, unlike many other medical conditions, are common in every age group and feature large in people claiming Employment and Support Allowance (ESA). The impaired capability associated with mental

> health problems can be difficult to assess and this can be compounded by the stigma that still exists in relation to this group of conditions (Litchfield 2012:6).

This is an important point since, as Litchfield noted, 40 per cent of ESA applicants have a primary mental health problem and 60 per cent have some mental health issues.

Litchfield found the WCA to be a ‘reasonable’ tool but felt there was too much emphasis on point scores and the focus should move towards whether a person met the threshold for benefits. He also identified the very high proportion of upheld appeals – more than 40 per cent. He suggested that the WCA needed to be *perceived* as fair but had identified considerable dissatisfaction (from those who responded to the call for evidence prior to his review) as evidence that this was not the case. He stated that decision-making was ‘not working as well as intended’ and suggested a simplification of the entire process, which he felt took far too long (Litchfield 2012).

In between the fourth and final independent reviews, both conducted by Litchfield, Atos and DWP ended their contract early and the House of Commons Work and Pensions Committee published a fairly damning report on ESA and WCA. They argued that:

> The flaws in the existing ESA system are so grave that simply “rebranding” the WCA by taking on a new provider will not solve the problems: a fundamental redesign of the ESA end-to-end process is required, including its outcomes, and the descriptors used in the WCA. This will be time-consuming and complex but the redesigned ESA assessment process needs to be in place by the time a completely new contract, involving multiple providers, is tendered in 2018 (House of Commons Work and Pensions Committee 2014:4).

The Committee also identified the costs associated with ESA claimants having to provide evidence with their applications. At Advice Nottingham we have found that many of our clients have to pay for letters from GPs and that charges range from around £20 to more than £100. For someone on a low income these costs are often insurmountable and yet a claim without relevant evidence is likely to fail. The Committee recommended that, where evidence is required it is requested by DWP and they meet any associated costs. At the same time, applicants should continue to provide relevant supporting documents where they are able.

One of the major issues to affect Advice Nottingham clients who are dissatisfied with an ESA decision is that where they are found fit for work but request a Mandatory Reconsideration (MR) the ESA stops. This leaves them with the choice of claiming Jobseeker’s Allowance (JSA) or having no income. Many are reluctant to claim JSA as they feel deeply that they are not fit for work, and fear not meeting the job seeking requirements and being sanctioned. There is an inherent contradiction here and some clients who do attend Jobcentre Plus to register for JSA have been refused on the grounds that they are clearly unfit for work. This issue was also queried by the Select Committee who suggested that, since there was no monetary difference between the two benefits, anyone requesting a reconsideration of a fit to work

decision should remain on ESA until the MR has been concluded (House of Commons Work and Pensions Committee 2014). This suggestion has not been implemented.
Following the Select Committee's report, Litchfield produced the fifth and final independent evaluation. In this final report he stated that after six years there had been many changes to the process but that:

> In conducting this Review, it has become apparent that despite these changes and some undoubted improvements, there remains an overwhelming negative perception of the WCA's effectiveness amongst people undergoing an assessment and individuals or organisations providing support to them (Litchfield 2014:4).

He found this negativity concerning given that, while it might be expected when a new scheme is introduced, it would usually have settled after a period of six years.

Litchfield also found that there had been significant changes in the groups to which people were allocated:

> Since its introduction in 2008, there have been significant changes in outcomes for individuals going through the WCA. In 2009 63% of people first assessed were found fit for work with 26% assigned to the WRAG and a further 10% placed in the Support Group. By 2013 these outcomes had shifted significantly with 47% of people making a new claim entering Support Group with only 34% being found fit for work (Litchfield 2014:5).

The only explanation he suggested for this was the increasing numbers of young people making claims and being placed in the support group as there was a 'substantial risk of harm' to their mental or physical health. The majority of these are young people with mental health problems who may be deemed at risk of suicide or self-harm. Litchfield recommended that DWP investigate this situation more thoroughly.

In addition to the ongoing concerns around the WCA and people with mental ill health, raised in **all** of the independent reviews, in this final review Litchfield raised the issue of problems faced by other groups, particularly those with learning difficulties, who often find written material difficult to comprehend and who may be disadvantaged at a face-to-face assessment by their propensity to try to please and therefore overstate their capability.

Nottingham provided a joint response to the call for evidence for the fifth review, using evidence collated by NCC, Advice Nottingham and Nottingham CVS. One of our examples was used in the Litchfield report:

> *"Claimants with learning difficulties often do not feel their needs are fully taken into consideration. Example: A claimant with learning difficulties applied for ESA and was sent for a WCA, he was found fit for work however he did not understand many of the questions and struggled to make himself understood. He was unaware that he could ask for a MR so he applied for JSA. While he was awaiting benefit payment he and his partner were without income and*

were referred to a food bank. His partner who also has learning difficulties has been helped to apply for ESA and PIP, she is awaiting assessment but is very frightened of the assessment process as a result of her partner's experience", Nottingham City Council (Litchfield 2014: 59).

Advice Nottingham's experiences of dealing with clients who have applied for ESA and had a WCA are broadly in line with the findings of the various reviews and reports. The WCA provokes fear and mistrust in clients; the process is long and communication often difficult to understand; and clients awaiting Mandatory Reconsideration are often left with no income, frequently requiring vouchers for food parcels. Given the high levels of antipathy extended towards Atos by clients, professionals and the media it would suggest that the decision to terminate the contract between DWP and Atos was the appropriate course of action.

Case study

Colin is a 40 year old man with long standing mental health problems including depression and anxiety. He lives alone in a socially rented flat. He had been receiving Incapacity Benefit for approximately 13 years before he was transferred onto Employment and Support Allowance. He received ESA at the assessment rate, but when he had a WCA in September 2014 was found fit to work and no longer entitled to the benefit. He first sought help from us in October 2014via a specialist welfare rights telephone helpline operated by one of our agencies. He wanted advice on how to challenge the decision. At this point he had no income, his Housing Benefit had stopped and he was fearful of losing his home and was reliant on his family for money and food.

Advice Nottingham's response

The adviser explained the Mandatory Reconsideration process and went through the various rules for Employment and Support Allowance with Colin. The adviser felt that more points should have been awarded based on Colin's responses. Colin was unable to attend a face-to-face appointment so the adviser went through the MR process with him by telephone. He was also advised to make NCC aware of his situation so his Housing Benefit could be reinstated and was informed that he could claim Jobseeker's Allowance. Colin was reluctant to do so as he feared he would fail the work-seeking requirements. He was offered a voucher for a food bank.

Colin returned for further advice in November 2014 as the MR had upheld the initial decision. He wanted to appeal this decision but had given all of his paperwork to the council when applying for HB and was therefore out of the time limit for appeals. He was assisted to make a late appeal and encouraged to get supporting evidence from his parents and support worker. Colin still had no income and had been heavily reliant on his parents for food, spending most of his time in their home. At the time of this appointment he had not eaten for two days and was given a voucher for a food bank. He was advised to contact NCC and explain the situation to them and advised that once his appeal was lodged he could ask for the ESA to be reinstated pending the appeal and for the previously stopped payments to be made. Colin finally went to Tribunal in May 2015 and won his appeal, having his ESA reinstated. When reflecting on his experience he said it had been incredibly stressful and

> it was ‘ridiculous how you have to live. You have no money, can’t feed yourself, no gas…’ He was grateful for the support he had received from his parents and said that had it not been for them he ‘wouldn’t be here now’. He said he felt suicidal throughout the period he had no income.

In addition to the changes to ESA, since 2013, Personal Independence Payments (PIP) have replaced Disability Living Allowance (DLA). DLA was introduced in recognition of the additional costs incurred by people with disabilities or health needs, such as additional heating, special diets, increased costs of travel etc. The benefit was not means-tested or based on national insurance contributions, but based on need. DLA remains for under-16s but has been replaced by PIP for working age adults. All new claims are now for PIP while existing DLA claimants are being invited to apply for PIP (if they do not, they lose their DLA). It is important to note that PIP does not *directly* replace DLA but is a *different* benefit, meaning existing DLA claimants have to apply for the benefit and receipt of DLA does not automatically entitle them to PIP. One of the Government’s stated aims when the new benefit was introduced was to reduce the number of people receiving disability benefits, thereby reducing the overall costs of welfare. It was anticipated that 600,000 fewer people would receive PIP by 2018 compared to the expected trend for DLA (National Audit Office 2014).

Disability Living Allowance consisted of two components, care and mobility. The care component could be paid at one of three rates, lower, middle or higher, and the mobility component at one of two rates, lower or higher. PIP also has two components, daily living and mobility, both of which are payable at *two* rates, standard and enhanced. Clients are assessed on a points system against a list of descriptors for each component; to qualify for the standard rate of either component they must score at least eight points, 12 for the enhanced rate. Those who fail to score sufficient points for an award, or disagree with the award given, may ask for a Mandatory Reconsideration (MR) of the decision. If they disagree with the reconsideration result they may appeal at tribunal.

Contracts for PIP assessments went to two providers, Capita and Atos. In Nottingham assessments are conducted by Capita. It was initially anticipated that the majority of Capita’s assessments would take place in people’s homes but quite quickly a backlog of assessments developed. In 2014 the National Audit Office (NAO) evaluated early progress with PIP. By October 2013 only 16 per cent of the expected number of decisions had been made and 92,000 decisions were outstanding rather than the 32,000 anticipated. Terminally ill applicants are treated differently, but for non-terminally ill applicants the wait for a PIP decision was 107 days rather than the anticipated 74. As a result of the backlog the national rollout was delayed (National Audit Office 2014).

Our experience at Advice Nottingham was that clients were waiting considerably longer than the 107 days identified by NAO. We had clients in several of our agencies who waited for a year or more from initial application to award being made; but over time the backlog has reduced. In June 2014 the House of Commons Committee of Public Accounts reported on PIP, stating:

> The Department for Work and Pensions (the Department) rushed the introduction of Personal Independence Payment and did not pilot the benefit process. We are concerned that many disabled people have experienced long and unacceptable delays in their Personal Independence Payment being assessed and granted. The process has proved inaccessible and cumbersome for claimants, who are some of the most vulnerable people in society (House of Commons Committee of Public Accounts 2014: 3).

Despite the initial long waits for decisions, by the end of January 2015 343,000 people had a PIP claim being paid, an increase of 65 per cent on the previous quarterly figures. Of all new PIP claims cleared, 52 per cent led to an award; 96 per cent under special rules for terminally ill people and 49 per cent for non-terminally ill people (Department for Work and Pensions 2015a).

Case study

Sally is 38 and has multiple sclerosis. She had been in full-time employment until a relapse of her multiple sclerosis left her in pain and unable to work. She made a claim for Personal Independence Payment. Using just her application form and the medical evidence she provided, the Department for Work and Pensions (DWP) awarded her the standard rate of both the mobility and daily living components. Sally uses crutches to walk and although she can walk 50 metres, she can only do so very slowly. When she returned to work she was unable to manage public transport and was relying on 'access to work' funding to pay for taxis to and from work. She came to Advice Nottingham to find out if she could get any further assistance. Her ideal outcome was to get an adapted car through Motability (a leasing scheme for people with disabilities) and a blue badge that would enable her to use disabled parking spaces.

Advice Nottingham's response

The adviser helped Sally to complete a Mandatory Reconsideration request. As she had not had a face-to-face assessment it was impossible for the DWP to assess the full extent of her disability. In the MR the adviser outlined the extent of her disability, the problems she experienced walking and her inability to use public transport. The MR also included information about her need for assistance in order to retain her employment. On the strength of the MR, she was awarded the enhanced mobility component (the daily living component remained unchanged). She was not asked for any further evidence nor was she called for an assessment. Sally now has an adapted car and a blue badge and has regained her independence.

Changes to disability benefits have resulted in many of our disabled clients feeling victimised. They express concern, and often anger, that the WCA does not fully take into account their needs, particularly with regard to mental health problems. Further, the push to move people from disability benefits and into work leaves them feeling very vulnerable if they have never worked or have not done so for a considerable time. These feelings have been exacerbated by media reports of 'scroungers' who feign illness/disability in order to avoid employment and 'live off the state'. Some people, like Colin, have expressed suicidal thoughts, while others have gone further and taken their own lives (see for example the Independent 2015 and the Guardian 2015a). Following Freedom of Information requests, the government released figures that show that 2,380 ESA claimants who were found fit for work died shortly after (Department for Work and Pensions 2015b). While these figures must be treated with caution, as the cause of death is not known, they do raise concerns that so many apparently ‘fit’ people have died. Generally, people with long-term disability or health issues have lost much of the safety net that previously existed and are increasingly vilified by the media in the same terms as long-term unemployed people. Television programmes like ‘Benefit Street’ and sensationalist media reporting only serve to further alienate them.

Debt

As we saw previously, debt is one of the main reasons people seek advice. Not only is debt damaging to individuals, it has huge costs to society as a whole. StepChange, the national debt charity, estimates that debt costs society £8.3 billion:

> It costs so much because it can exert such a pervasive grip on individuals’ lives. Household debt affects mental and physical health, hurts productivity and employment prospects, strains relationships and threatens families. Dealing with the consequences of problem debt costs employers, local Government, carers, the NHS and the welfare budget dearly (StepChange undated).

Over the past three years Advice Nottingham agencies have helped clients with debts totalling **almost £81 million**. Although the total amount of debt we have dealt with has fallen year on year, from more than £33 million in 2012 - 2013 to just under £22 million in 2014 - 2015, the *proportion* of that debt that is priority debt – those debts that carry the worst potential consequences – has increased. In 2012-2013 priority debts accounted for 24 per cent of the overall debts we handled; by 2014-2015 this had risen to 35 per cent. These figures clearly show that while overall debt levels are falling, people are struggling to meet their most important financial commitments; mortgages, rents, council tax and utilities.

While these figure may seem incredibly high, the Money Advice Service (MAS) estimates that approximately 8.8 million people, 18 per cent of the population, are over-indebted; that is have been behind with their bills for at least three months out of the previous six or feel their debts are a heavy burden. Half of those who are over-indebted have an income of less than £20,000 and women account for 64 per cent of them. Further, debt is not evenly spread geographically but tends to be skewed towards the North, the top five most over-indebted areas being in the North of England and the Midlands with more than 40 per cent of their population experiencing problem debt. **Nottingham is the second most indebted city**; 41 per cent of our citizens are over-indebted (Money Advice Service 2013).

The Money Advice Service research (2013) also uncovers some of the myths around debt. They divided their research participants into eight groups and found that while ‘benefit dependent families’ account for the largest single group, comprising a fifth of the over-indebted, ‘low waged families’, ‘stretched families’ and ‘worried working families’ together account for 45 per cent, suggesting that low or inadequate wages are a more significant factor in debt that benefit receipt. Almost half of over-indebted people are owner-occupiers and the vast majority of people in debt would like to clear their debts, ideally as soon as possible. Further, only 17 per cent of over-indebted people are currently receiving advice.

As Nottingham is the second most indebted area in the country, the debt advice we provide is essential. The changes that have occurred as a result of both the recession and welfare reform have had a significant impact on people's incomes and ability to manage their finances. This is particularly true of changes to employment:

> Insecure and part-time jobs and an unprecedented wave of new self-employment may have prevented headline unemployment rates from reaching the same heights as in previous recessions, but they have nevertheless exposed many families to a 'new normal' of volatile and unpredictable income, putting them at risk of shocks that many simply can't afford to adjust to. **Almost two thirds (63 percent) of the workforce worry about how they would cope if they experienced an income shock** (StepChange 2015, [emphasis in original]).

StepChange (2015) also highlight the issue of the 2.4 million children growing up in indebted families and the impact this can have on their longer term education and employment chances. This is a significant issue for us since Nottingham has high levels of child poverty. The Child Poverty Action Group (CPAG) shows Nottingham to be in the top 20 of local authorities in relation to child poverty – **36 per cent of our children are living in poverty** (after housing costs) (CPAG 2014). Child poverty is not restricted to workless families, in 2012 there were more Nottingham children living in poverty in low income households than in workless households (Nottingham City Council 2013).

All of the evidence suggests that benefit receipt, low pay and poverty are inextricably linked with debt. People trying to manage debt while living on a low income experience stress and depression. However, 'debt advice works, and the earlier people access it the better their chance of reaching good outcomes for themselves and their creditors' (Money Advice Service 2013:2).

> **Case study**
> Mala is a 30 year old lone parent with a two year old child living in private rented accommodation and employed part-time. In addition to her part-time earnings she receives Working Tax Credit, Child Tax Credit and Child Benefit. She sought help with multiple debts that she was struggling to repay. Her debts included council tax arrears (both for the current year and older debts), credit card debt, store card debt, gas arrears and a Tax Credit overpayment. In total her debts were £4,200. Mala was managing some of these debts: her gas arrears were being paid via a prepay meter, she had a repayment agreement in relation to her Tax Credit overpayments, she was making payments to both the credit card company and store card and was making some payments towards her council tax arrears. The old council tax arrears were in the hands of enforcement officers (formerly known as bailiffs) and they were asking for higher repayments than she could afford. It was this that finally made her seek help.

Advice Nottingham's response

A detailed assessment of Mala's income and outgoings showed that she was entitled to Local Housing Allowance of approximately £60 per week and she was advised to make a claim immediately. However, even with this additional income she was repaying more than she could afford. The adviser explained the difference between priority and non-priority debts and advised Mala that she should prioritise the council tax debt and gas arrears. The adviser made offers of repayments to all of Mala's creditors on her behalf, with token offer payments to the non-priority creditors. Although Mala was informed about the existence and availability of a Debt Relief Order (DRO) she wished to make token repayments in the hope that her income would increase in the longer-term and she would be in a position to repay her debts. Mala's income increased due to her Housing Benefit entitlement and the negotiated repayments left her able to manage her debts by making smaller payments and with sufficient income to provide for herself and her child.

Case study

Debbie is a 42 year old lone parent with three dependent children all in full-time education. She lives in housing association accommodation. She has long-term health problems and is not in employment. Debbie was receiving Employment and Support Allowance (ESA), Disability Living Allowance (DLA), Housing Benefit and Council Tax Reduction. She sought help with multiple debts that she was struggling to repay. She was initially seen at an outreach session and subsequently by the specialist debt team. She had gas and electricity arrears, two outstanding Social Fund loans and several other low priority debts for satellite television, mobile telephone, a bank overdraft and loan and catalogue debts. Debbie was unable to manage her debts and felt overwhelmed by them.

Advice Nottingham's response

A detailed assessment of Debbie's income and outgoings showed that she was in receipt of all of the benefits to which she was entitled and that her income only just covered her essential outgoings. Her available income after essential outgoings was less than £50 per month. She had no assets. Debbie was advised that her options would be to file for bankruptcy, obtain a Debt Relief Order (DRO), or offer token payments to her creditors. As her circumstances were unlikely to change in the foreseeable future she was unlikely to be able to repay her debts. After talking things through with the adviser Debbie opted to apply for a DRO as she did not want the debts to be hanging over her for several years with no possibility of repaying them. The adviser went through the requirements of a DRO, which Debbie met, and talked through the relevant pros and cons of such an agreement. Once Debbie was apprised of the facts she was assisted to make a successful DRO application. After 12 months she will no longer be liable for the debts.

In addition to providing debt advice, Advice Nottingham provides *Money Matters* courses which give information and training about financial matters to improve people's financial knowledge and understanding. The courses covers income, including benefits; how to budget; dealing with debt; understanding banking; how to lower fuel costs and save energy; and the impact of life changes on budgets. The aim of the courses is to give people the knowledge and confidence to manage their finances and to make better informed financial decisions. The courses are accredited and have been provided to a range of participants including: parents of young children; jobseekers from specific agencies that support long-term unemployed people and troubled families; volunteers at food banks; homeless and vulnerable adults; tenants of registered social landlords (RSL); offenders attending the Probation Service and NACRO; refugees and asylum seekers; deaf people using British Sign Language (BSL); people with mental health problems; and a range of others who use local community groups and community centres.

> ***Money Matters* outcomes case study**
> The following outcomes were achieved via one of our *Money Matters* courses held in a Surestart Children's Centre.
>
> Anna lives with her partner and young child in a mortgaged property. She had a back boiler which was not working properly and was very inefficient but she could not afford to replace it as she and her partner had a very low income supplemented by Tax Credits. Following the *Money Matters* session on lowering fuel costs and saving energy she contacted her energy supplier, was put into contact with Green Deal, subsequently visited, assessed and provided with a new boiler and six new radiators free of charge.
>
> Deborah lives with her partner and baby. Her partner is on a low income and they receive Child Tax Credits. During one of the *Money Matters* benefits sessions she queried her benefit entitlement and subsequently visited one of our advice agencies for more assistance. She was helped to apply for Working Tax Credit, Housing Benefit and Council Tax Reduction and, as a result, increased the family's income by £140 per week.
>
> Lindsey had no television licence and was unaware that failure to have a valid licence could lead to a magistrates' court fine, potential enforcement action and ultimately the possibility of a prison sentence. She was also struggling with bank charges for an overdraft, resulting in her having insufficient money to cover her basic requirements. During the *Money Matters* course she learned about and joined the easy payments scheme and purchased a television licence. She also learned about basic bank accounts and how to get debt advice. She went on to open a basic bank account and a debt adviser helped her to make token offers of payments for her overdraft, enabling her to manage her money more effectively and afford her basic expenditure.

The increased use of sanctions

Between 2000 and 2013 there were more than 12.5 million sanctions applied to jobseekers. The annual number of JSA sanctions rose from 588,000 in 2000 to 1.56 million in the first nine months of 2013. In addition, from its introduction in 2009 to 2013, there were more than 200,000 sanctions applied to claimants of ESA. In 2009 there were 30,724 ESA sanctions, rising to 71,897 in the first nine months of 2013 (DWP 2015c). Although there has been no 'official' policy relating to the increased use of sanctions, there has been much debate in the media about unofficial targets set by DWP for Jobcentre staff to meet. While these suggestions have been denied by DWP, several ‘whistle-blowers’ have said that they have been pressurised to sanction claimants, a claim supported by the Public and Commercial Services Union (Guardian 2015b). Whether or not it is official policy, there is no denying the huge increase in the use of sanctions over the past few years. However, of the 12.5 million sanction decisions, fewer than half (44 per cent) resulted in an adverse decision, i.e. the sanction was applied (DWP 2015b). In the remainder the sanction was either not applied (found in favour of the claimant), reserved (the sanction was correct but the claimant did not have a current claim) or cancelled (the sanction was made in error or information was not provided within the allowed time limits).

In the 12 months from October 2012 to September 2013, the two main Jobcentres in Nottingham, Parliament Street and Station Street, applied 13,364 JSA sanctions. Of these, 4,749 (36 per cent) resulted in adverse decisions (DWP 2015b). Further:

> Of those decisions to apply a sanction, a significant proportion are subsequently reviewed at the claimant’s request. The proportion varies by programme. For the Work Programme in 2013, 33% of initially adverse decisions were reviewed. Of those decisions that are reviewed, depending on the programme, between 43% and 53% have the decision to apply a sanction overturned (Oakley 2014:7).

Thus, as Oakley found in his independent review of JSA sanctions: ‘for the Work Programme, once reviews and appeals have been accounted for, just 28.7% of sanction referrals ultimately resulted in a decision to apply a sanction’ (Oakley 2014:7). However, many of our clients are unaware that they have been sanctioned until their benefits fail to arrive, despite the fact that such information should be communicated to them. While many of them succeed in having such decisions overturned at reconsideration, this is of little help during the period they have no income. Although they can apply for DWP hardship payments if they are vulnerable, many are not aware of this. Often, they present for advice at a point of having no money, no food and feeling desperate. While we can assist them to ask for sanction decisions to be reconsidered and help them to apply for hardship payments, on a practical level we are often only able to offer a voucher for a food bank.

Case study

Stuart is a 42 year old man with long-term mental health problems. He had previously been claiming Employment and Support Allowance but following assessment was found fit to work and began to claim Jobseeker’s Allowance. He sought help when he was sanctioned for failing to attend two appointments. He said he had informed Jobcentre staff that he was unable to attend the appointments but they had no record of this. Stuart thought the initial sanction of four weeks was for both missed appointments but then discovered he had been sanctioned a second time for a period of three months. He was concerned that his Housing Benefit (HB) may not be paid due to the sanction and had no money for food. He had applied to the DWP hardship fund and was awaiting a decision.

Advice Nottingham's response

The adviser contacted NCC on Stuart's behalf to inform them of the benefit sanction and to ensure that his HB would be paid. He was given a voucher for a food parcel from a local food bank. Stuart then came back for additional help after being awarded a DWP hardship payment but being mugged on the same day, losing his cash and mobile telephone. The crime had been reported to the police and he had been given a crime number. His health had deteriorated and his GP had given him a sick note. Stuart had made another application for ESA. Stuart now had no money, no food and was unable to pay for electricity. He was anxious and depressed. The adviser contacted NCC on his behalf to see if he could be considered for a Discretionary Hardship Payment (DHP). Under normal circumstances NCC do not award DHPs to clients who have been sanctioned, but as Stuart was the victim of a crime and was vulnerable due to his deteriorating health, they said an application would be considered if it included the crime number. Stuart was given another voucher for a food parcel to tide him over until NCC made a decision and his ESA was reinstated.

We do not know what happened next. In common with many clients, Stuart did not return for assistance and, as his mobile phone was stolen we were unable to contact him again to follow up on his circumstances.

The loss of Housing Benefit once a sanction has been applied, as happened to Stuart, has been a problem for many of our clients. This increases their stress and anxiety as they worry about the potential consequences of going into rent or mortgage arrears. Somewhat belatedly, the Department for Work and Pensions (2015d) has recently issued guidance to prevent clients who have been sanctioned from losing their Housing Benefit. The circular makes clear that a claimant who has been sanctioned does not lose benefit entitlement permanently but for a fixed period, therefore their entitlement to HB should not be affected.

As a response to the changes in welfare and the subsequent increase in need, many food banks have become established both locally and nationally. Perhaps the best known provider of food banks is the Trussell Trust, but there are others, including the one at St Ann's Advice Centre. In a report jointly published by Church Action on Poverty, the Trussell Trust and Oxfam (Cooper et al. 2014) the rise in the number of people accepting food parcels was blamed on a combination of insufficient income, high housing, food and fuel costs and changes to social security. Other research (Perry et al. 2014) identified 'an immediate income crisis' as the main reason why people use food banks although the reason for the crisis ranged from problems with benefits to bereavement and homelessness with many other factors in between including the problem of long-term low income, the daily grind of 'making ends meet' and entrenched poverty. Whatever the underlying reason for people using food banks, such usage is a short-term emergency measure; food banks are unable and *unwilling* to feed people for longer periods of time. Their unwillingness is due to the general belief that there should be a social security safety net that protects people against hunger. By stepping in to meet immediate need, some feel that they are replacing statutory services which ought to protect vulnerable people.

In Nottingham there are more than ten food banks and, in addition, a number of places that provide free or cheap community meals. Soup kitchens are provided, mainly for homeless people, and some local places of worship offer free food following services. Local evidence provided to NCC and Advice Nottingham suggests that the main reasons for people using food banks are similar to those found nationally, i.e. problems with benefits, including sanctions, and financial crises. We find that as a result of changes to social security, debt, benefit sanctions and entrenched poverty, sometimes the only help we can offer is a voucher for a local food bank.

Other welfare changes

In addition to the specific changes included in the Welfare Reform Act and outlined here, there have been other changes that have had an impact on our advice services. One of the major issues has been the UK Government's change to benefits for European migrants. Prior to these changes, all EEA (European Economic Area) citizens shared certain rights. Most EEA nationals now have to satisfy the 'right to reside' test and are not eligible for unemployment benefits for the first three months they are in the UK. Other rights have been affected, such as the right to Housing Benefit for those claiming unemployment support and restrictions on Child Benefit and Tax Credits for the first three months of being in the UK. EEA nationals who come to the UK seeking employment can only have jobseeker status for six months. These changes are complex and we do not intend to cover them in detail, but we have seen the *impact* on European clients, some of whom have lost entitlements that were previously guaranteed to all.

Case study

Elena is a 57 year old Czech national who was employed in the UK from 2007 until 2012 when she lost her job. She claimed Jobseeker's Allowance from 2012 until March 2015, during which period she was sanctioned twice resulting in the need for food parcels. She also received Housing Benefit for her privately rented accommodation and Council Tax Support. In March 2015 Elena was informed by Jobcentre staff that she was no longer entitled to JSA. As a result, she also lost her right to Housing Benefit. She sought advice regarding her rights.

Advice Nottingham's response

Elena was advised by a bi-lingual adviser. Although the adviser could help her immediate need for food, with a voucher for a food bank and assistance to pay for electricity, she was unable to offer any longer-term support due to Elena's loss of rights. She lost these rights because she could not show compelling evidence that she had a genuine chance of finding employment. The adviser could only tell her that she was likely to face possession proceedings once she was in rent arrears of more than six weeks and that, without employment, she had little choice but to return to the Czech Republic or become homeless. The case was closed as Elena did not wish to see the adviser again. The adviser says that such cases are becoming more common and it is impossible to trace what happens to clients who are in this position following their initial appointment as few of them have credit on mobile telephones. If they do not have or have lost the right to reside and have exhausted their right to benefits there is little that can be done for them.

What all of the case studies indicate is the complexity of our clients' experiences and needs and the cumulative impact of welfare reforms. While many people have the resilience to cope with one change, few are able to contend with the multiple changes that have occurred over the past few years. When the particular social issues that affect Nottingham citizens, such as high levels of unemployment; high levels of benefit receipt; low pay; high levels of indebtedness; and poverty, particularly in-work poverty and child poverty, are taken in combination with welfare reform and the impacts of a deep recession, the need for advice services becomes increasingly important and necessary. Local people value the availability of free, independent advice. In 2015 Advice Nottingham conducted a survey of service users and found that 97 per cent were satisfied or very satisfied with the service they received and that 98 per cent would recommend the service to others. Our concerns at Advice Nottingham are that, as austerity continues and people become less resilient to continuing hardship and deprivation, there will be more need for our services at the same time that our own funding is being cut due to pressures on Nottingham City Council's budget.

The 2015 Election and Summer Budget

In May 2015 a new Conservative Government was elected, committed to continuing with the austerity programme implemented by the Coalition. In their manifesto they stated:

> We will keep a check on the growth of welfare spending, enabling us to provide a system that is fair to those who need it, and fair to those who pay for it too. Our overall welfare cap will limit the amount that government can spend on certain social security benefits in the five years from 2015-16 (The Conservative Party 2015:27-28).

One of the first announcements was that further cuts were necessary to reduce the deficit, including an additional £12 billion to come from the welfare budget. In July the government announced its first budget, with the Chancellor, George Osborne stating:

> This is a Budget that puts security first. It ensures economic security for working people by putting the public finances in order and setting out a bold plan for a more productive, balanced economy.

While one of the major aims of the budget was to:

> Reward work and back aspiration, by introducing a new National Living Wage, cutting taxes so people can keep more of what they earn, and reforming the welfare system to make it more affordable and fair to the taxpayers who pay for it(HM Treasury 2015).

Many of the proposed changes will have an impact on Nottingham residents and Advice Nottingham clients. Drawing on the Institute for Fiscal Studies (IFS) post-budget analysis and our experiences of assisting financially vulnerable clients, below we outline the areas that we feel will have the greatest impacts.

Employment and taxation

The 'national living wage' proposed by the chancellor will be £7.20 per hour from April 2016 and is set to rise to £9 per hour by 2020. However, the Living Wage Foundation calculates the *current* living wage at £7.85 per hour (£9.15 in London). The Government's new minimum is therefore considerably lower; it also does not apply to workers under the age of 25. While low paid workers over 25 who have no dependants will be better off, changes to benefits and Tax Credits will affect others, with cuts leaving some people no better off. The IFS, rather than drawing comparisons between different households that may be better or worse off after the change, summarised it thus:

> In general the more important tax credits are to someone's income at present the less likely they are to be compensated by the higher minimum wage (Institute for Fiscal Studies 2015a).

Tax-free personal allowances are to rise to £11,000 from April 2106, saving tax payers £80 annually. Again, while tax payers will be better off, others such as our many clients whose income is insufficient to pay tax will not benefit.

Public sector pay will increase by one per cent per annum for the next four years, regardless of the inflation rate. Inflation is currently at a historically low point, (0.1 per cent in July 2015)but is expected to rise resulting inan effective cut in pay. Public sector pay is falling behind the private sector and it may become more difficult to recruit to some posts. This follows the attempts by the Coalition Government to reduce the size of the public sector.

Benefits

Working-age benefits (excluding maternity/paternity pay and allowances and sick pay) including Tax Credits and Local Housing Allowance **will be frozen for four years** from 2016-17. Assuming that inflation increases, which is highly likely, this represents a reduction in the value of the benefits and will have an impact on our many clients who rely on both in-work and out-of-work benefits. It also means that Housing Benefit will not keep pace with private rents and many tenants may face a shortfall. The Institute for Fiscal Studies (IFS) argue this will affect 13 million families who will lose, on average, £260 per year and that 'after about 2017 this will mean that most benefit rates will have fallen back behind their 2008 levels both relative to price inflation and relative to earnings growth' (Institute for Fiscal Studies 2015a).

Changes to the work allowances in Universal Credit and Tax Credits will result in UC being withdrawn faster than previously as income increases. This is a significant change to UC which was intended to provide more incentive for people to take employment, always ensuring that 'work would pay', i.e. people would always be better off in employment. The change means that families will begin to lose Tax Credits once they earn £3,850 rather than £6,420 and UC will be withdrawn much earlier (and straightaway for non-disabled households without children) (Institute for Fiscal Studies 2015b). The IFS analysis shows that three million families will lose an average of £1,000 per year and that the change will reduce the incentive for a first earner in a family to enter employment (Institute for Fiscal Studies 2015a). The changes caused the Director of the IFS, Paul Johnson to say:

> The biggest cut to tax credits was the reduction to the work allowances in Universal Credit. This represents an interesting choice: to focus cuts in the tax credit/universal credit system on families in work much more than those out of work (Institute for Fiscal Studies 2015).

The benefit cap will be reduced from £26,000 to £20,000 (£23,000 in London). As we saw earlier, although Nottingham has comparatively few households currently affected by the cap, this reduction will draw in many more families and, as larger families are most affected by the cap, is likely to increase Nottingham's already high levels of child poverty. For single childless households the cap will be £13,400 (£15,410 in London). Nottingham City Council estimates that up to 2,000 households will be affected by the new reduced cap (Nottingham City Council 2015).

Employment and Support Allowance claimants who are placed in the work-related activity group will no longer get a premium (currently £29 per week). This will remove the incentive to be placed in the WRAG as claimants will be no better off than if claiming Jobseeker's Allowance. From our perspective we may have more clients wishing to request a Mandatory Reconsideration when they are placed in the WRAG but feel they should be in the support group.

The mortgage interest assistance offered to owner-occupiers who claim benefit will become a loan that has to be repaid. This may increase the need for our debt advice and place more of our clients at risk of losing their homes.

Support via Child Tax Credits will be limited to two children for children born from April 2017. As larger families receive more in Tax Credits than smaller ones, this may have one of two consequences: either poorer people will be forced to restrict their family size or they will become ever poorer the more children they have. Ultimately, children in large families will lose out, increasing their likelihood of being raised in poverty.

Lone parents will no longer be eligible for Income Support once their youngest child reaches the age of three. This will increase Nottingham's already high unemployment levels as more lone parents begin to claim JSA. It also means that pre-school children of lone parents will not have the opportunity to be cared for by their parent until they start in education.

Young people aged 18-21 who claim Universal Credit will be expected to apply for an apprenticeship or traineeship, gain work-based skills or go on a work placement six months after making a claim. Most childless 18-21 year olds will no longer be entitled to Housing Benefit if they are unemployed.

Student grants will be replaced by loans from the next academic year, leaving those students from the poorest households with increased debts.

Rents for social housing will be reduced by one per cent per annum for four years and tenants on higher incomes (£40,000 in London, £30,000 elsewhere) will be required to pay market rents. This is a significant change and moves away from former notions of social housing being a socially beneficial good, towards social tenants being treated more like private ones. It also runs counter to Conservative policy by interfering in the market and *enforcing* rent reductions and is a crude means of reducing the Housing Benefit bill. The IFS suggest that this could reduce any incentive for social tenants to increase their earnings (Institute for Fiscal Studies 2015b).

The **tax relief private landlords** can claim including mortgage tax relief, is to be restricted to 20 per cent and the 'wear and tear' allowance will be restricted. It is quite conceivable that some landlords will increase rents to compensate for these measures, further affecting tenants who claim Housing Benefit. Others may reduce home improvements, increasing the potential for houses to fall into disrepair. This may increase the need for tenants to seek independent advice and support.

From September 2017 working families with three and four year olds will get **30 hours of free childcare per week**. This will benefit many families on low incomes as childcare is proportionately higher for those on a low income.

Overall, the IFS analysis shows that families with children will lose more than those without children, while pensioners are, once again, protected. In conclusion, the IFS state: 'Given the array of benefit cuts it is not surprising that the changes overall are regressive – taking much more from poorer households than richer ones (Institute for Fiscal Studies 2015a). It is this that is likely to have an impact on Advice Nottingham, as we support the most financially vulnerable people of Nottingham. We are already finding that the majority of our clients are financially vulnerable and unable to manage the cumulative impact of benefit cuts. The additional cuts proposed are likely to lead to more hardship and increase poverty and debt in a city that already has high levels of both.

Following the summer budget and the IFS's analysis, other groups have expressed their concern about the proposed cuts to tax credits. The Resolution foundation suggests that incentives to work will be reduced, especially for non-renting lone parents and second earners. They argue that the new 'living' wage will not offset losses for the lowest paid and state:

> Overall, these changes will do very little to improve the incentives for low paid families to find a path into work and then to progress – seen as a key route out of poverty – and for many they will make a difficult situation worse (The Resolution Foundation 2015.

While Gingerbread, the charity for lone parents, expressed its concerns thus:

> Gingerbread is very concerned about potential cuts to child tax credits and the devastating impact this will have on many single parent families. Children in single parent households are twice as likely to live in poverty as those in couple parent households. 63% of single parents are in work, but on average they are more likely to work in the lowest paying sectors. Child tax credits form a vital element of support for some of the poorest single parent households (Gingerbread 2015).

The backlash against the proposed cuts to Tax Credits was not restricted to these groups but was also expressed not only by the opposition, but also by Conservative MPs such as Boris Johnson, the London Mayor and members of the House of Lords Such was the intensity of feelings in the Lords, that four separate motions were debated on October 26th 2015.

The first of these motions, the so-called 'fatal motion' would have stopped the proposal outright and would have been viewed as a direct challenge to government and considered by many to be unconstitutional. As anticipated, this motion was not passed. However, two more motions, one to delay the cuts until the Government outlined its response to the IFS budget response and outlined how it would help low paid workers; and another to stop the cuts until the Government outlined protection for low paid workers for a three year transitional period were both passed. The final motion was a 'motion of regret' that would express peers' concerns but not force the government to make any amendments.

Following the House of Lords vote, the Child Poverty Action Group (CPAG) issued a press release stating:

> The Government lost the votes in the Lords tonight but, more fundamentally, it's lost the big argument on its cuts for tax credits.
>
> We hope ministers take a deep breath and admit that these cuts will pull the rug from under the feet of working families. Ministers should now bring forward new measures to help working families; investing in tax credits not cutting them (Child Poverty Action Group 2015).

In light of the challenge by the House of Lords, the government will now have to outline its response to the IFS findings and produce transitional support for low paid workers. It is anticipated that further announcements will be made during the Autumn Spending Review – after this report is published.

Conclusions

While the number of clients we have seen over the past few years has remained fairly static, the complexity and severity of their issues has increased. Welfare reform has had a marked impact on some of the poorest and most vulnerable people in society, resulting in households with children being more adversely affected than those without children; lone parents more adversely affected than couple parents; social security savings targeted at long-term recipients of sickness and disability benefit; reducing entitlement for young people while protecting pensioners; and using the language of 'difference' – workers versus shirkers, strivers versus skivers – to vilify benefit recipients. This divisiveness creates notions of 'us and them', removing the language of entitlement, need and social security towards 'welfare dependency', ability to pay and insecurity. It also, as Hills (2014) suggests, creates a false myth of 'us' the tax payers and 'them' the benefit claimants, whereas in reality we all contribute, via taxes and national insurance contributions, and we all receive via education, health, child benefits, pensions etc. As Hills demonstrates, the very young and the very old are the biggest recipients of welfare, moving the argument to one of life stage rather than personal responsibility. However, this is not the reality that people hear about. The rhetoric is that people are not trying hard enough, not being sufficiently responsible, and expecting something for nothing. The net result is to alienate the vulnerable and pit people against each other; the employed against the unemployed, the non-disabled against the disabled, the indigenous population against immigrants, the young against the old. When goods are scarce, competition increases and, as social security has been cut people are having to fight harder to get what, in a civilised society, should be their rights based on need.

The examples we have drawn on within the report demonstrate the impact of welfare changes on our clients. They show not only the financial impact, but the impact on people's health and wellbeing. Over the past five years we have seen a massive rise in the incidence of clients who are unable to meet even their most basic need for food. While food banks have arisen to meet this need, the value of their work has often been diminished by crass suggestions that people use them simply because they exist; that supply creates demand. Our advice centre at St Ann's created a food bank as they were often unable to offer any advice or assistance for local people who had nothing. Their food bank only offers food parcels to people with zero income – those whose benefits have been delayed or sanctioned, new benefit claimants awaiting a payment, those with no recourse to public funds, people who have found employment but have to wait for up to a month before being paid. Despite the fact that they only provide food parcels to people who are destitute, they continue to feed around 50 families per week. Many clients even when offered a voucher for a food bank, have no money for fuel and cannot cook hot food. How did we arrive at such a situation in one of the richest countries in the developed world?

While the *total* amount of debt we help our clients with has decreased, debt remains one of the major reasons why people use our services. The *proportion* of clients with priority debt has increased, leaving our clients at risk of homelessness and imprisonment for non-payment. The nature of non-priority debts has also changed with the proliferation of high interest payday loans. In our society, the poorer people are the more they pay for credit, with eye-watering rates of interest reserved for those least able to pay them. These are not the people who caused the credit crunch and subsequent recession – they are its victims. The forthcoming cuts to tax credits are likely to leave more people at risk of using credit and debt to make ends meet. At Advice Nottingham we may expect to see more clients who find themselves unable to manage financially and incurring debts that are unaffordable.

Increasingly over the past few years we have seen 'welfare' in its broadest sense reduced and become more conditional. While it is laudable to try and support disabled people into employment, measures such as the Work Capability Assessment have alienated people with disabilities and the whole process is viewed as adversarial. Clients come to our agencies feeling that they are disbelieved and viewed with suspicion by agencies such as the Department of Work and Pensions – public agencies that are in theory there to help and support us. The impact on many of our clients' mental health has been severe. Nationally, there have been media reports of people having committed suicide or starved as a result of these issues. The exponential increase in the use of benefit sanctions is a further example of conditionality applied in a heavy handed manner, leaving people destitute. Again, while it is fair to expect unemployed people to actively seek work, sometimes the expectations placed on them are unachievable and sanctions are applied inappropriately. This is evidenced by the large number of sanction decisions that ultimately do not result in an adverse decision. However, this is little comfort to those clients left with no money for food or utilities.

Since the 2010 election and beyond, we appear to be moving away from the Beveridge principles of insurance-based social security and back towards the attitudes and beliefs on which the Victorian Poor Laws were based. The old notion of 'less eligibility' – that anyone claiming relief had to be less well off than the lowest paid workers – seems to be gaining more credence. Cuts to social security and the benefit cap are leaving people with insufficient to meet their basic needs, while the rhetoric is that it is unfair to give anyone claiming benefits more that low paid workers. Thus, social *insecurity* is common, with benefits not meeting or not reflecting needs.

The 2015 summer budget suggests that, far from improving, things are going to get worse for many of our clients. Tax Credits have been a lifeline for low paid people, enabling them to get by on low paid and often insecure employment. The changes will result in losses for the poorest of our clients. Top-up benefits such as Tax Credits are especially important in a city such as Nottingham which has higher than average unemployment and below average income. Over the past few years we have seen our clients struggling to simply get by, coping with the impact of long-term poverty. This poverty may increase as a result of these changes. Already more than a third of our children are living in poverty, many of them in families who are experiencing in-work poverty. These children are our future but their lives are blighted by living in poverty which is likely to influence their educational achievements, their health, their future earning potential and even their life expectancy.

Young people are not our natural clients at Advice Nottingham. However, they have been hit particularly badly by recent changes to welfare and it is conceivable that we will see more young clients using our services over time. They will not be entitled to the new 'living' wage; will be exempt from Housing Benefit when unemployed; and those who aspire to higher education will accumulate increasing levels of debt. They are also disproportionately more likely to have any benefits they do receive sanctioned. While pensioners have been protected from the austerity measures, younger people have seen their security disappear. Again, we see a group who are not responsible for the financial crash, recession and national debt paying a disproportionately high price.

It is difficult to envisage any improvement in the situation of many of the clients we support and advise. The impact of five years of austerity has been to test people's resilience to its limit, leaving them with nothing to fall back on. A further five years of cuts is difficult to imagine. Our advisers have been very successful in securing benefits for people, helping them to manage their debts, helping clients to get inappropriate decisions overturned, and in supporting them through the difficult process of applying for help. We have utilised charities that have helped our clients with debts and to pay for essentials. Often we rely on food banks to get our clients through a financial crisis. In the years before the welfare state it was charities, churches and benevolent individuals who provided support for the less fortunate. In some ways we have reverted back to this, with churches and faith groups providing food banks and support for the needy and charities filling the gaps.

It remains to be seen whether the additional cuts in social security heralded by the 2015 summer budget will be fully applied. However, the current Government has made decisions that cover the *whole* of the current Parliament. For this reason it is difficult to make any recommendations to improve the situation of our clients. Ideally we would like to see an end to the policy of austerity that takes security away from the vulnerable while, for the financial institutions that caused the crisis, it is business as usual. During the five years of the Coalition Government the rhetoric was that we were 'all in this together'. For the poorest in society there was little evidence of this shared burden and, since the change of government, there has been little pretence of such. We believe that the burden of rebalancing the economy should be more evenly distributed with the wealthiest contributing more, not less. The financial institutions that caused the credit crunch and subsequent recession through reckless sub-prime lending should be obliged to contribute much more.

The continuation of austerity measures to reduce the national debt, with money being taken from the welfare budget, results in the poorest and most vulnerable paying the highest price. Although high earners are paying more tax, the gap between the wealthy and the poor has increased over this period. All agencies and individuals who provide support for the financially vulnerable will be required to continue doing so, often providing more for less as they too face cuts to funding. The forthcoming five years look set to be as difficult if not more so than the previous five.

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