

WELFARE REFORM HEADLINES

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This report is for information only; the headlines are taken from the fourth of six scheduled reports examining how households are responding to the changes associated with welfare reform and whether the reforms are achieving their ambition of getting people into work and reducing public spending.

HEADLINES

The following headlines relate to research carried out during April and May 2014 and relates to households across the North of England.

24% of people in debt owe money to a pay day lender or loan shark

43.5% of people in debt will take more than 4 years to repay their debts or don't know when they will be paid off

The percentage of in-debt households owing more than £2000 has risen to 52.8% from 44% (since the last report Jan to March 2014)

Average weekly debt repayments have more than doubled. Nine months ago they were £18.21. They now total £37.36 per week.

12.5% have used a food bank at least once in the last three months.

Weekly spending on fuel is 9.1% higher than at the start of the study (April 2013), with an average of £28.37 being spent per week.

Spend per person per day on fuel has increased to £4.05 from £1.97 in September 2013

Spend on food per person per day has reduced to £2.79 from £3.28 in September 2013.

3 out of 10 households spend less than £20 per week on food

Average money left after bills has increased slightly but at £2.82 per day across all of the households is not proving to be sufficient to cope with unexpected expenditure.

There has been a 29% reduction in money left each week after bills for those in full time employment. They now have an average of £46.43 left each week after bills.

Unemployed households have got poorer. With £10.32 per week, or £1.47 per day, left after bills, this is a 17% reduction since the start of the study.

CONCLUSION

The emerging themes from the report include the number of case studies in higher debt brackets, doubled average debt repayments and a big jump in the use of pay day lenders and loan sharks.

A case study has been attached to this report for members to discuss.

A further report will be brought to the Strategic Housing Panel when the fifth report is produced.

CASE STUDY : Jim's Story

Jim is a single man in his early 30s who has lived in his two-bedroom flat for eight years. It is the first stable home Jim has ever had. Brought up in care, Jim then had a very unsettled life, including frequent bouts of homelessness. He has mental health issues (schizophrenia) and learning difficulties (dyspraxia). The learning difficulties means Jim has been a victim of bullying in the past and this is something he still worries about today.

Getting the flat provided Jim with stability, and with support from mental health services and his landlord, he has made a successful life for himself. His neighbours know him and he feels safe in his home.

For three years Jim had an NHS mental health support worker, who he found invaluable in understanding his condition. Unfortunately that support ended as it was time-limited and overall funding for the post has now been removed. Jim now relies on his step-mum for regular help, alongside peer support at the Hearing Voices Network.

Since April 2013, Jim has been affected by the under-occupation charge; however he is not in a position to move. Jim's psychiatrist and GP both say that the stability provided by his current home is vital and any move would be detrimental to his mental health.

As a result, his landlord applied for Discretionary Housing Payments (DHPs) to help cover Jim's shortfall in Housing Benefit caused by the under-occupation penalty. The applications have been successful but the support has to be reapplied for and means the threat of rent arrears in the future is always there.

Jim admits he is not good with money and likes it to come straight out of his account for things he needs to pay for so that he meets his financial commitments. He is worried about the impending Universal Credit giving him payments once a month. He doesn't think he will cope well at all. He tries to budget but admits he would need extensive support to manage on one payment a month. He wants his landlord to get his rent money directly to ensure the roof over his head is safe.

Jim has made great progress in the last eight years and the thought of moving did worry him very much.

DHPs have meant that rent arrears are not accruing and the worry of having to move is not an issue for now.

The under-occupation penalty intends for people like Jim to move. However, it is highly likely that any savings would be offset by a marked increase in mental health service costs, given the impact that such upheaval would have on him and the conditions with which he is living.

