

DYING FOR CHANGE

What people on low incomes need from the next Government

Quids in!

Social Publishing Project

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A Manifesto on behalf of **Quids in!** readers from low income, social tenant households



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Quids in! magazine engages low income households to help them stretch and manage their money. It is produced by the Social Publishing Project, which passes on intelligence drawn from the readership to influence decision-making and policy-formation and make life easier for communities in need.

Quids in! readers are Dying for Change. Responding to our most recent survey, they told us how their health is suffering dramatically, they do not trust mainstream financial institutions, and they may not have the ability to meet (often unrealistic) expectations put upon them in a period of austerity.

The Social Publishing Project, which produces Quids in! magazine, has drawn out their hopes and fears from our research and presented them here in the context of socio-economic changes that have and could yet be made. It is a non-partisan call for change, placed on all political parties in equal measure, recognising too that smaller parties may have a unique opportunity to influence the larger ones, to protect the interests of poorer citizens who have lost their voice in the media and politics.

We believe that by providing a voice for people on low incomes, we provide the insight politicians require to ensure the decisions they make are fairer to all parts of the communities they are responsible for. Since the economic crash seven years ago, low income households have been caught in the eye of a perfect storm, confronted by rising prices, cuts to welfare and services, and a volatile jobs market.

They need:

1. The financial means to improve their health and wellbeing



2. A strategic, health-based response to illness where money worries are the root cause



3. Reassurance that financial services will protect them and enable them to manage better



4. Access and support to online facilities that will help them stretch and manage their money



5. More appropriate engagement with low income users by advice agencies, landlords, authorities and the finance sector



Notes:

We have used the Joseph Rowntree Foundation's definition of poverty¹ in this document, which reflects absolute poverty (based on the average cost of living), not relative poverty (a percentile of average earnings, which has disguised worsening poverty as average wages have declined in recent years): *'When a person's resources (mainly their material resources) are not sufficient to meet their minimum needs (including social participation).'*

¹ A Definition of Poverty (Joseph Rowntree Foundation, September 2014) <http://qimag.uk/jrfpov1>



The financial means to improve their health and wellbeing

Our Survey said:

- Money worries led to the following among all readers, (and among the worst affected group - working age, not in full-time employment):
 - 52% felt frightened, anxious or depressed (60%)
 - 51% turned off heating despite being cold (59%)
 - 37% skipped meals (46%)
 - 30% became physically ill (37%)
- Changes to welfare caused most anxiety:
 - 39% reported benefits had been reduced, (48% for working age people, not in full-time employment)
 - 29% of working age people were concerned about Universal Credit. 33% were concerned about coping with monthly and direct benefit payment

Rationale for change:

- More than half of *Quids in!* readers say their health has been adversely affected by money worries, so it follows that helping reduce these concerns will improve their health. This was our major finding
- Improving the wealth of poorer communities would undoubtedly increase their health but we acknowledge the state is financially limited in some of its options on this front, so people must be enabled to help themselves wherever possible
- There is not a direct line between an improved economy and the availability of jobs to create wealth. Many people on low incomes do not feel employable, and stigmatising jobseekers is counter-productive. Some 'carrot' and an environment in which to thrive must balance the current punitive regime that is reported to be 'all stick'
- For some, good money management means turning off heating when cold, skipping meals and missing out on contact with friends and family. It is unsurprising their health suffers but inexpensive steps could address this

What our readers need from the next Government

1. Realistic options for benefit claimants to help themselves to avoid the impact of welfare cuts:

- End Underoccupancy rules where claimants who are willing to downsize within their local authority area (ie, home) are unable to do so for reasons outside their control
- Introduce optional frequency of payments, (ie, weekly, fortnightly, monthly)
- Accelerate roll out of 'better off in work' benefit policies, so claimants are incentivised to find work - starting slowly, if this is their best option – and can make up what they lose in benefits through welfare reform
- No further cuts to welfare for people living in poverty, as it is sensible to call for cuts only where claimants can take reasonable steps to offset the cost to them (and Government does not have the tools to assess this)

2. Taxation that does not hit the poorest hardest

- Reduce VAT as low income households pay a disproportionate amount of their income on VAT-able items
- Offset the impact of VAT revenues to the Treasury with taxation that is spread across the whole population based on income (wealth)
- Review taxation on savings and pension schemes that protects and incentivises those on lower incomes

3. Clarity about individuals' entitlements and responsibilities

- To reduce fear about changing rules, provide clear, transparent and unambiguous information about welfare rights following the principles of 'early intervention' (so people affected have the opportunity to plan), not manipulated for political expedience
- Improved and coordinated signposting to appropriate, independent advice
- Oversee the quality and accessibility of advice provided to low income households and lead on a collective programme of awareness that there is help available to people who are struggling to cope

4. A national strategy on improving financial resilience

- Great steps have been taken towards improving financial capability, which helps people manage what they have. In the light of many having less to live on, however, this must be extended to address resilience and wellbeing, where a national network of providers enable low income households to stretch and maximise their income

- Integrate financial capability training into a lifelong learning strategy; build on (and invest in) good work introduced to schools, incorporate adult learning and engage people through agencies who are on hand at life-changing events (eg, when starting a family, getting married, facing divorce, experiencing bereavement, becoming ill or disabled, or at retirement)
- Beyond budgeting skills and access to financial products and services, consumers need help to live well on a reduced budget as well as to find ways to maximise their income, where realistically paid work is the healthiest option for many who are able
- A review of benefit sanctions as a potential misappropriation of public funds, making disadvantaged people further disadvantaged. Adoption of Citizen Advice Bureau Manchester² recommendations to Jobcentre Plus on:
 - *Communicating* conditionality and sanctions
 - *Investigation* of each individual's personal circumstances and making sanctions a last resort
 - *Fairness*, where sanction activity is proportional and fair, data is monitored and published transparently, and impacts on health and children's lives are mitigated
- To provide a sense of justice, introduce a whistle-blowers' charter so all stakeholders can challenge practice within the welfare system that perpetuates exclusion rather than enables claimants to escape it



A strategic, health-based response to illness where money worries are the root cause

Our Survey said:

- As above, money worries impacted the health of over half *Quids in!* readers
- Among people on less than £200 per week including Housing Benefit (and under £300 pw)
 - 66% turned off heating despite being cold (49%)
 - 65% felt frightened, anxious or depressed (48%)
 - 60% missed out on social occasions, increasing isolation (52%)
 - 52% skipped meals (31%)
 - 42% became physically ill (22%)

Rationale for change:

- As money worries are damaging the health of people on low incomes, it follows that their health would be improved by support with their financial concerns
- Social prescribing is an example of how health professionals can 'treat' presenting conditions, like depression or anxiety, with referrals to appropriate support and advice on debt, budgeting or legal issues relating to proceedings against them
- Health services and their budgets are under strain, with professionals noting malnutrition due to poverty as a growing issue especially among children, and dealing with the causes at source is cost-effective and, given the alternatives (of people dying of poverty and financial stress), morally right
- Health professionals have a vested interest in the financial wellbeing of patients

What our readers need from the next Government

1. A national roll-out of best practice social prescribing:

- Training for all health professionals in understanding the impact of financial hardship on health and the support available outside the health sector
- National and regional signposting system for health professionals to refer patients for appropriate support and advice to address their financial concerns

- Led by strategic health bodies, link debt and financial advice services with healthcare services

2. Integrate money management support into health promotion strategies:

- To reduce the long-term cost to the health service of mental ill-health, malnutrition and other poverty-related illnesses, the health service should invest in promoting access to debt support and financial capability services
- Health professionals promote income maximisation and employment as a positive option for jobseekers' and underemployed people's health

3. Utilise health centres as a focal point for changing attitudes towards financial resilience:

- As community hubs, promote savings schemes and Government-approved schemes for improved money management at health centres
- Share resources to help people of all backgrounds improve their health, integrating financial resilience messages into this activity
- Co-locate services where practical and feasible



Reassurance that financial services will protect them and enable them to manage better

Our Survey said:

- All indicators showed a decrease in use of mainstream financial products since 2012, although use of credit unions were up
- Readers used the following products and services in 2014, (and in 2012):
 - 48% used a bank account (85%)
 - 39% had home contents insurance (51%)
 - 32% had a savings account (34%)
 - 23% had a credit card (29%)
 - 8% had a pension plan (13%)
 - 6% had a credit union account (4%)
- Many had turned to expensive forms of credit, (and working people not in full-time work were two to three times as likely to use each of these):
 - 15% used a store card or made catalogue purchases
 - 6% took payday loans
 - 6% borrowed from doorstep lenders
 - 3% used cheque cashing services
- Working age people not in full-time employment, mainly benefit claimants, will need assistance managing their money:
 - 33% were concerned about coping with monthly and direct benefit payment
 - 72% were already struggling to keep on top of bills
 - 50% had difficulty meeting repayments on debts

Rationale for change:

- Revealing either a failure by financial inclusion initiatives over 10 years, or a worse failing by financial institutions, people on low incomes are using banking facilities and other services less, not more. It has long been recognised that people are better off when able to access appropriate financial products
- The modernisation of welfare systems makes false assumptions about

claimants' level of engagement with banking facilities and, alongside a punitive regime for non-compliance, claimants will suffer

- Direct and monthly welfare payments introduce a major risk to claimants that they will go into debt and fail to protect budgets for vital payments, such as rent, council tax, TV licence and utility bills. They need better access to the appropriate financial products
- Trust in the banking sector remains at an all-time low, despite a large proportion of it being in national ownership, as it became clear their services were as essential to Britain's infrastructure as roads and energy/ water supply. A new Government has an opportunity to represent the needs of low income households and ensure access is maximised

What our readers need from the next Government

1. Use public ownership, and negotiate with/legislate for, maximum access to appropriate banking facilities for low income households:

- Build on the good work with basic bank accounts and ensure banks actively promote their services in low income communities and ensure quality of service at point of delivery
- In partnership with local authorities and finance institutions, ensure free-to-use ATMs are provided on estates affected most by poverty
- Recognise high street banking facilities are essential to consumers who are not online and vulnerable people. Limit the closure of high street branches or work with banks to maintain a presence in some other form
- Challenge assumptions that all communities are migrating online at the same speed. People on low incomes have less access to the internet and exclusively pursuing innovation around digital banking will increase financial exclusion

2. Community (finance) initiatives

- National support for further promotion of credit union and other community finance activity and their benefits to people on low incomes
- Creation of an incentivised national savings scheme and full promotion to improve resilience against financial setbacks, so every family has savings of at least £1,000, as recommended by StepChange debt charity³
- Government must champion a business case for financial institutions to support the growth of local, not-for-profit credit and savings schemes
- Investment in job preparation and training for local recruitment of entry level staff by banks would also help restore trust and create opportunities for long-term unemployed people

³ An Action Plan on Problem Debt - How the next UK Government can reduce the £8.3billion social cost of problem debt (Stepchange debt charity, January 2015) <http://qimag.uk/probdebt1>

3. Financial capability training to enable consumers to differentiate between financial products and make full use of the most appropriate ones

- Develop and implement a multi-channelled education strategy that engages even adults not interested in formal training. This may be in partnership with publishers and broadcasters
- Prioritise ways to help consumers help themselves, (online and through accessible self-help guides) so debt advice and budgeting support is kept open for more socially excluded or less financially literate people
- Promote reasons to save, including through pensions, and provide guidance on making the right decisions
- Include local signposting information about access to affordable credit



Access and support to online facilities that will help them stretch and manage their money

Our Survey said:

- 26% had no access to the internet
- Readers who responded by post had limited access to the internet, (compared to those who responded online):
 - 39% used a PC at home (69%)
 - 6% had a PC at work (29%)
 - 20% used a smart phone (43%)
 - 15% used a cafe, library or community centre (9%)
- Readers are wary of using the internet for transactions:
 - 41% would shop online (43% among online responses)
 - 24% would access debt advice online (38%)
 - 21% would bank online (31%)
 - 19% would make a benefit claim online (26%)
- Readers who responded by post had less access to financial products, (compared to those online)
 - 43% used a bank account (66%)
 - 29% had a savings account (41%)
 - 19% had a credit card (37%)

Rationale for change:

- *Quids in!* readers who are online are significantly better off than those who are not. On average, it is already believed that people who are online are £500 better off. People on low incomes are sceptical, however
- The Social Publishing Project's Access Granted campaign has identified four key issues and calls for:
 - More free/less limited access to internet-enabled IT facilities
 - More support and training for people who are new to the internet
 - More appropriate content when people new to the web arrive there,

conscious of literacy, standards of English (as a second language), and general IT confidence

- Promotion of the 'What's in it for me?' message to people on low incomes to encourage them online
- The last Government led an agenda of 'digital by default' that wrongly assumed people on low incomes have no access issues with IT and the internet, backed up with sanctions for non-compliance. Local authorities, landlords and service providers have followed this lead. People on low incomes are being left behind and further excluded

What our readers need from the next Government

1. Undertake comprehensive research into the impact of the 'digital by default' agenda on people on low incomes:

- Survey low income households about their IT skills and engagement with the internet
- Properly evaluate the ways users engage with IT to avoid assumptions about how they will use technology (eg, using smartphones to fill forms)
- Learn from the experience of jobseekers who have been coerced to use technology and sanctioned for it, as this exposes the unreasonable nature of the assumption deployed and the risks attached to 'digital by default' agendas
- If the evidence supports it, reinvest in offline methods to ensure digital by default systems do not exacerbate poverty and forms of social exclusion

2. Invest in supported, free to access community tech resources:

- Involving the Tinder Foundation and the UK Online Centres network, and stakeholders like DWP, local authorities and landlords, invest in community-based banks of free-to-access equipment
- For each centre, recruit and train community champions to support their peers to access the internet and use it safely

3. Promotion of the 'What's in it for me?' message to people on low incomes:

- All stakeholders commit to promoting the benefits to everyone of being online, in particular the financial rewards and access to support that will help people on lower incomes and in poverty, through a mainstream advertising campaign and in-house promotion (eg, posters in housing offices and at libraries)
- Free offline materials on 'How To' access the internet and how it benefits users



More appropriate engagement with low income users by advice agencies, landlords, authorities and the finance sector

Our Survey said:

- Although the number of readers struggling was higher, many had sought help:
 - 33% of readers had accessed advice on debt
 - 31% had checked they were receiving all the benefits they were entitled to
 - 27% sought advice on budgeting and making ends meet
 - 18% looked for information on borrowing
 - 14% tried to find advice on making more money
- 80% of readers who sought advice were working age, not in full-time employment
- Readers had turned to a range of providers:
 - 20% turned to CAB
 - 21% asked friends and family
 - 10% spoke to a utility company; 12% to a bank or building society
 - 7% contacted a debt charity and 6% another form of debt advisor
- Less than a quarter (24%) who responded by post sought debt advice online, compared to 38% who responded via the internet

Rationale for change:

- Internet-based resources often seem to be written for 'people like us', so either filled with jargon for IT experts, loaded with sophisticated language or making assumptions that consumer habits and lifestyles among lower income households are the same as those on higher incomes
- The best financial capability training is delivered by people who engage learners on their own terms. Advice and support at all levels should do the same
- Assumptions in policy formation and delivery by providers must be sensitive to cultural differences between them and the lives of people from low income households. Failing to do so leads to negative attitudes and language that excludes people and services that are not fit for purpose

What our readers need from the next Government

1. Develop internet content that engages people with poorer literacy or English as a second language, avoiding sophisticated language, poor design and jargon:

- Engage the Plain English Campaign to review public sector information websites and implement recommended improvements and introduce a voluntary code for not-for-profit organisations
- Government and publicly-funded bodies obliged to establish review groups drawn from target audiences to co-design new content and check accessibility and sense of the final product prior to launch
- Review effectiveness and publish robust online visitor numbers and demographic data, and impact reports to prove the return on investment in online facilities

2. Work with people on low incomes and agencies working with them to review approaches to improving financial capability and identify ways to make them more accessible, so they reach more households and are useful to them

- Ensure advice and support is culturally-sensitive and reflects the needs of the user, not the background of the provider. Agencies should invest in training and tackle negative attitudes and unconscious bias
- To avoid exclusive and paternalistic service delivery, peer support services should be introduced to help bridge the gap between privileged professionals/volunteers and disadvantaged communities who need access
- Use welfare reform as practical leverage for engaging people new to the internet and unsure about banking facilities. Promote appropriate banking services to help claimants budget, minimise (or overcome) debt, and ring-fence monies for essential items
- A national, single point of entry directory of specialist services to help users find the right support first time and enabling agencies to focus on areas of particular strength, (not trying to be all things to all people)

3. Tackle unconscious bias in decision-making and policy formation. Ensure progress is culturally- sensitive, accommodating the needs of long-term claimants with poor literacy, for example:

- Remove punitive responses for non-compliance by benefit claimants where expectations are mismatched with access to facilities, skills (where required, like literacy, numeracy or IT skills), or cultural norms of communities (eg, English as a second language, cash-based lifestyles)
- When designing new technology, start from consumers' habits and work back: For example, a web-based savings scheme may work less well than something readily familiar to consumers, like making a deposit at a supermarket check-out or texting a deposit the way charities now collect donations