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Tell me your story: starting conversations about poverty in England

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TACKLING POVERTY TOGETHER
CHURCH URBAN FUND

TELL ME YOUR STORY:

STARTING CONVERSATIONS ABOUT POVERTY IN ENGLAND



FEBRUARY 2015

INTRODUCTION

WE NEED TO TALK ABOUT POVERTY

The problem of poverty is seldom out of the UK news. Reforms to disability benefits, the 'bedroom tax', low wages, the rising use of food banks - these are all issues that spark heated debates. All too often, however, these debates are conducted from entrenched positions and simply reinforce pre-determined opinions or ideologies.

As the general election approaches, we urgently need a constructive conversation about the reality of poverty for the people who experience it. We believe that this conversation needs to start with listening to people's stories.

Stories both empower the teller and touch the hearts of the listener. They slip past stereotypes and uncover our preconceptions. It is through listening to people's experiences of poverty that we will be changed and, in turn, inspired to bring about change in our society.

THREE STORIES TO START A CONVERSATION

The real-life stories we have to share show how complex life can be for ordinary people on a low income - the challenging situations they face and the hard decisions that need to be taken in difficult financial circumstances. These are women's stories because it is women who are usually responsible for managing domestic finances, especially in low income households.

Each story highlights a major trend in recent years that has changed the nature of poverty - the growth of in-work poverty, the impact of rising costs on daily life, and the increasing vulnerability of young people.

These stories are an antidote to the idea that poor people are lazy, feckless and responsible for creating their own problems. They make clear both the very real difficulties people face, and the resourcefulness, agency and creativity they employ in making the most of extremely limited budgets.

POVERTY IS NOT INEVITABLE

Nor is it an enduring condition. It is something that, together, we have the power to change.

Our Christian faith gives us a responsibility to seek change. Faith opens our eyes to see the suffering of those around us. It mandates us to see, hear, recognise and value our neighbour - to listen to their story.

It is our hope that these stories will start conversations about poverty; conversations that will deepen our understanding, help us to better know and care for our neighbours, and so enable us, together, to build flourishing communities.

This report was authored by Bethany Eckley of Church Urban Fund and Matt Padley of the Centre for Research in Social Policy

1. MICHELLE'S STORY*...

...shows that work no longer offers a guaranteed route out of poverty

Michelle lives with her husband Paul and their two young children, Simon and Jenny, on the same estate where she grew up. She is currently out of employment but worked as a youth worker until cuts in funding meant that her hours of work were reduced, then stopped altogether. Even when employed, she was forced to make use of food banks, but she is determined to take control of her situation, find other employment and ensure a better future for her children.

When Michelle was 15, she went on a cross-cultural youth exchange to Poland and the Czech Republic which changed her life. 'It was fantastic and a massive thing for me... because it was going on that trip that made me want to be a youth worker.'

Michelle was able to do just that, three years later, when the job centre offered to cover part of her salary at the local youth centre. Another two years and she was given the opportunity to do a diploma in youth and community work.

> *'I hadn't really thought much about qualifications because I know my place in life... I come from a highly deprived area and education isn't as important for people that come from a place like this.'*

When the opportunity was offered, however, she grabbed it 'with both hands'.

> *'I struggled like hell through it because I'm not very academic – I'm extremely dyslexic. But I did it, I completed it... It was great because it meant I had an opportunity to do something I wouldn't have been able to do. It opened doors for me.'*

After completing the diploma, Michelle worked at her local youth centre until they could no longer afford her full-time. All they could offer was a short-term contract, 10 hours a week at £10 an hour.

> *'The job centre told me not to accept the job because, if I worked just ten hours, I would be worse off than I would be on the dole. So I asked the youth centre to take me on for 16 hours a week for less money. This way I would qualify for Working Tax Credits. Working 16 hours a week, I was only just getting what I would get on the dole, but I'd rather be working.'*



*All names have been changed to protect confidentiality

Michelle did this job for another year, until the funding ran out again.

'I'm out of work again because there's nothing, there's no funding for any jobs. There are some posts for social workers, but you have to be qualified in that field and I'm not. '

Things have not been easy for Michelle.

'When me and my husband were both working, on a good month we could earn £1500, but then my hours dropped and I was only earning a quarter of that. Some debts have built up because you think you can live in the same way you're used to, but you can't. We were saving for a house three years ago, but that's all gone now.'

Very much against her will, Michelle has had to make use of food banks.

'I was in employment when I went along and I was crying because I just couldn't cope. I feel ashamed... because I decided to have a family and I should be able to provide for my family. It's always quite upsetting coming away from it because you don't want to do it, but you don't feel like you've got a choice.'

Michelle, however, is not accepting her situation passively.

'I'm working with the vicar from my local church now and she's helping me to sort out our budgeting and to get stuff under control. I'm also thinking about getting a job in the post office. It's not my dream job, but it's secure employment and when you've got a family that's what you need. My parents always worked and I want my kids to see me work. I want them to grow up with aspirations, knowing that you've got to work to get out of life what you want.'

Michelle is also working with the vicar and some other people on the estate to set up a holiday play scheme.

'When I realised we couldn't afford to go on holiday this year, I was looking at what I could do with the kids without having to go out of the area and spend £10 on a bus fare, but there's nothing. I'm trying to set something up so that my children and other children in the area can have something to do - I'm trying to keep them active and occupied.'



'When me and my husband were both working, on a good month we could earn £1500, but then my hours dropped and I was only earning a quarter of that.'

'I'm working with the vicar from my local church now and she's helping me to sort out our budgeting.'

THE INCREASE OF IN-WORK POVERTY

In the early 1990s, just over half of those living in poverty were pensioners and children. By 2013, 60% were working-age adults (see Figure 1).

That's a significant change and one reason for it is the rise of in-work poverty. As Michelle's story shows, work is no longer a guaranteed way to escape poverty. Indeed, of the 13 million people in relative income poverty (earning less than 60% of the UK median income), half now live in a household where someone works.

In-work poverty has increased for several reasons. Firstly, the growth in low-paid work. Wage inequality grew throughout the 1980s and 1990s and, by 2013, more than a fifth of all employees (5.2 million people) earned less than the low-pay threshold of £7.69 per hour.[1] One in twenty were on the £6.19 per hour minimum wage in April 2013. Low pay has a direct impact on people's ability to make ends meet. An individual working full-time on the minimum wage would earn just under £13,000 per year, well below the current poverty threshold.

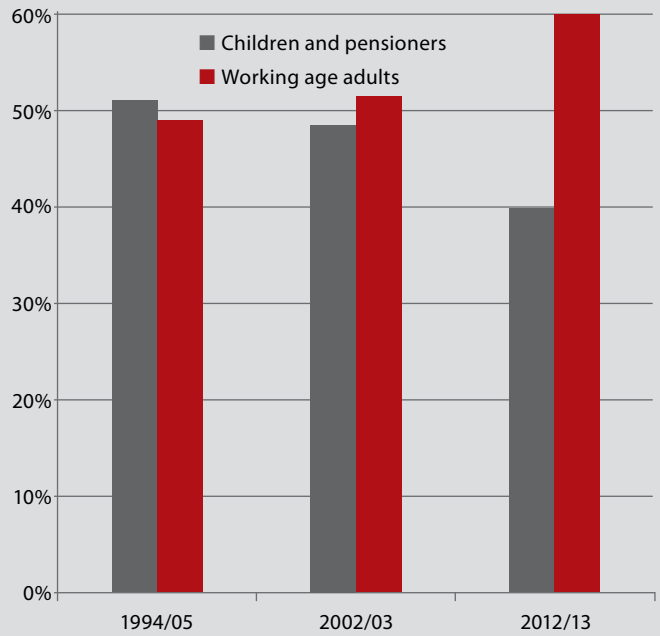
The second reason is the growing insecurity of employment. It is not just low pay that makes life difficult for many people, it's the unpredictability of income, when they are forced to move from one short-term job to another or their working hours fluctuate. As in Michelle's case, this can make budgeting a real challenge, let alone saving.

In recent years, the labour market has become more insecure, as shown by the rise in temporary work and zero-hour contracts. The number of people in temporary employment rose from just over 1.4 million in 2008 to 1.67 million in early 2014 and, for an increasing proportion, that's not out of choice but because they are unable to find permanent positions.[2] Furthermore, the Office for National Statistics (ONS) estimates that 1.4 million people are on zero-hours contracts, with no guaranteed minimum hours of work and no stable income.[3] The impact of this kind of contract can be seen in Sarah's story later in the paper.

Thirdly, there's the increase in 'underemployment', where people who want to work full-time can only find part-time jobs. In 2013, 'underemployment' was at its highest since 1992, with nearly a fifth of those in part-time work unable to get the full-time job they wanted.[4] These people cannot earn the income they need, not because they choose not to work, but because work is unavailable or inaccessible.

The consequences of these trends are serious. When incomes are low, fluctuating and unpredictable, individuals and households risk finding themselves in poverty, moving on and off benefits, or having to resort to expensive sources of finance, such as payday loans, to cover day-to-day costs.

Figure 1: Since the early 1990s, the total number of people in poverty has barely changed, but within that number the mix of pensioners, children and working-age adults has changed a lot.



Source: Carr, J., Councell, R., Higgs, M. and Singh, N. (2014) Households Below Average Income: An analysis of the income distribution 1994/95 – 2012/13.



2. ROSIE'S STORY...

...shows how the rising costs of childcare can price women out of the job market

Having lived for some years in Manchester, Rosie moved back north to be near her parents. With two children from a previous marriage, she recently married Steve who has worked full-time as a technician for the local theatre for the last two years. Rosie used to be employed as a part-time administrator for a tenants association but, when her hours changed so did the cost of childcare and she could no longer afford to work.

When Rosie first had her job, she worked from 10 am to 2 pm every day, Monday to Friday. She was able to pay for childcare for three of those days and friends helped out for the other two.

When the organisation moved office, she was given the option to condense those 20 hours of work into three days. She accepted, thinking it would give her a better work-life balance and enable her to spend more time with her two young girls. What she hadn't considered was the increased cost of childcare.

'When I started working long days, the childcare costs went through the roof... the cost per hour went up dramatically.'

In fact, she was now worse off by going to work.

'When I was working five days a week I was breaking even... but I thought it was important for me to work. But then I had to stop because I couldn't afford childcare. It worked when I was a single parent because I was subsidised, but when I married Steve, all those subsidies went and his wage wasn't enough to make up the shortfall. It's almost like you get penalised for getting married.'

Despite their best efforts to manage their finances, Rosie and Steve still struggle.

'Me and my husband have financial planning meetings every week. We've set up separate accounts online, so that when the money comes in at the start of the month, it's split up into different accounts – food, gas and electric, water, direct debits and money for the girls' clothes, shoes and school dinners.

'At the moment we can't save anything because everything is just getting more expensive – food, heating, bills, travel, everything. We're also paying off debts that were built up when Steve was working freelance. He used to be

a mental health worker, but when one of his colleagues was murdered by a patient, he resigned. He just couldn't do it anymore. He was out of work for a while, then working freelance and basically built up a lot of debt. But we're working with a debt management company and hopefully we'll be debt-free soon.

'Without family and the extra income we get from Child Tax Credits, I really don't know how we would have managed the last few years. It's things like the kids' activities and stuff... My parents don't give us birthday and Christmas presents, instead they pay for a term of swimming lessons or holiday club. Without their help there's no way we could do any of that.'

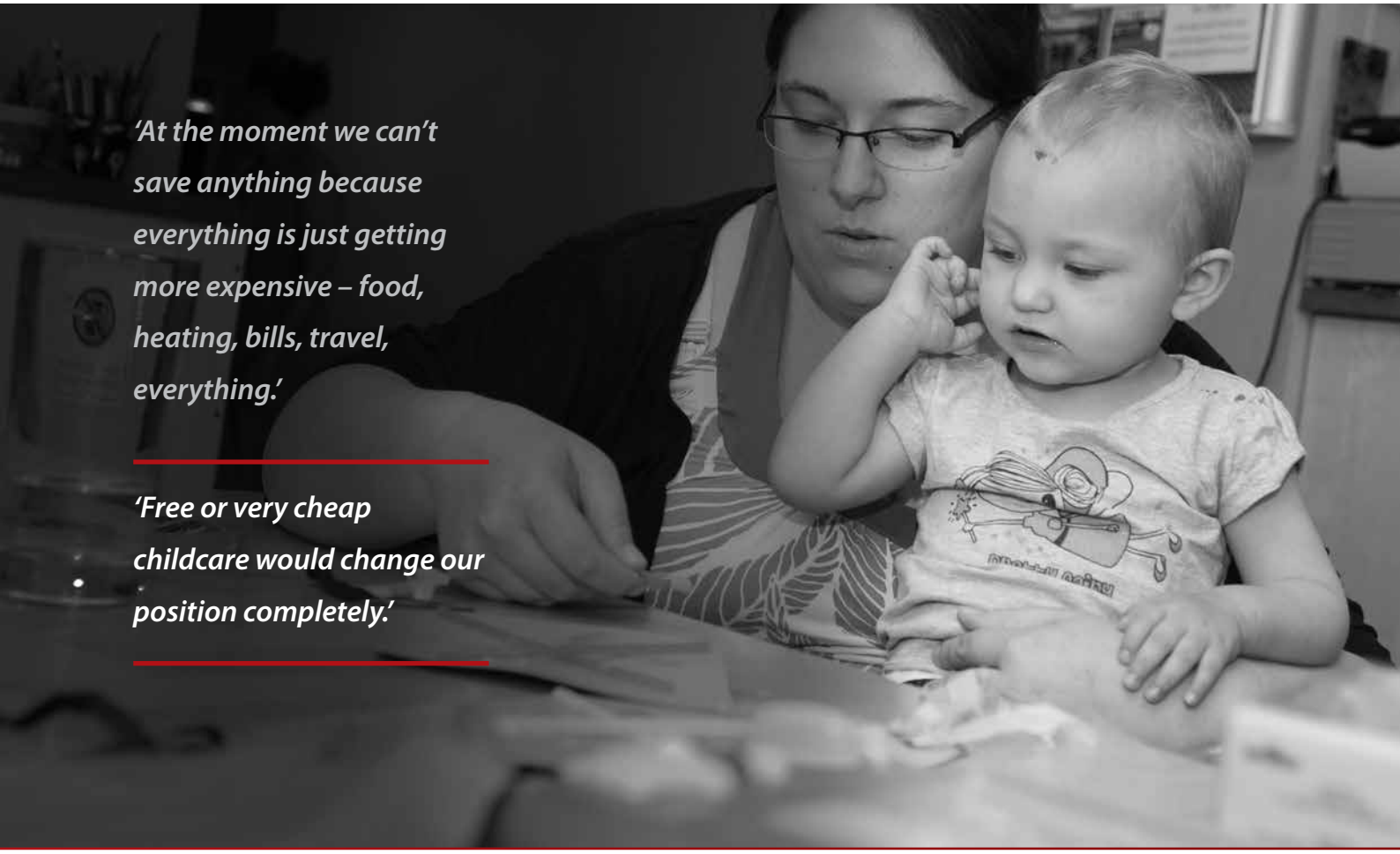
The situation has been extremely stressful and Rosie is frustrated at not being able to work.

'It's always there at the back of your mind... My husband's supposed to get paid tomorrow, but what if the system crashed and the money didn't come in, what would you do for food next week? Basically, you're just living pay cheque to pay cheque.

'Things are beginning to get easier for us. The one thing I wish is that I could work, but we've looked into it and, by the time you add up the cost of childcare, it's just not worth it, we'd be worse off basically... I could only work during term time, as the cost of things like summer holiday clubs is astronomical. And there isn't anything in this area so you'd have to pay to get there. Even during term-time, school is only 9am – 3pm, so I would have to pay for after-school club. So by the time you work it all out, we'd actually be £100 worse off if I was working. It's stupid, absolutely ridiculous.'

Rosie is quite clear about what would help.

'Free or very cheap childcare would change our position completely. It would mean that I could go to work and that we could earn enough money to get by. This would help us to feel a lot more in control.'



'At the moment we can't save anything because everything is just getting more expensive – food, heating, bills, travel, everything.'

'Free or very cheap childcare would change our position completely.'

THE RISING COST OF LIVING

In the last few years, more and more middle and low-income households have found themselves struggling to make ends meet. One reason for this is a steep and sustained fall in the real value of wages, as they fail to keep pace with inflation and the cost of living. Household incomes reached their peak in 2009 and despite some tentative brighter signs for earnings growth, there are some predictions that median incomes will not be back at this level (adjusted for inflation) until the end of the decade.[5]

At the same time, there have been sharp increases in the prices of essential goods. As Figure 2 shows, since 2008, the costs of travel and transport services have increased by 45%, electricity and gas by 39%, and food and drink by 28% – all far above the official rate of inflation (as measured by the Consumer Price Index).

Low-income households are disproportionately affected by this, as they spend approximately 45% of their income on essentials, compared with 28% in the case of higher income households.[6] Furthermore, other factors that might offset increasing prices, such as reductions in mortgage interest rates, are more likely to benefit better-off households.[7]

The cost of childcare has also increased astronomically in recent years – by 27% since 2009 – pricing many people, like Rosie, out of the labour market.[8] This reduces the ability of households to earn extra money and can increase their reliance on benefits.

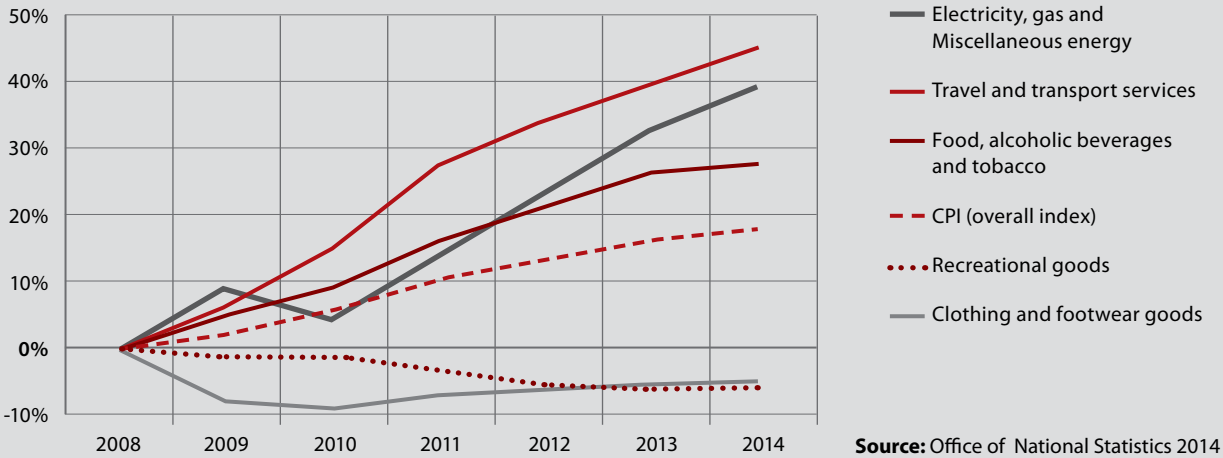
The combination of stagnating wages and rising costs has put a real squeeze on living standards, with people unable to afford the same goods and services they could only a few years previously.

The situation has been further exacerbated by austerity measures and welfare reforms that have reduced the value of support given to working-age households, both in and out of work. Since April 2013, most working-age benefits and tax credits have been up-rated by just 1% and fallen far behind inflation.

The cuts and reforms have had a significant impact on the state support received by working-age households with low incomes. To take one example, nearly 60% of those affected by the 'Bedroom Tax' are now in arrears, with many reporting that they have cut back on essentials to make up the shortfall between their rent and housing benefit.[9] For reasons that are primarily political, pensioners have been largely insulated from these cuts and most pensioner benefits (the winter fuel allowance, free TV licenses and bus passes) have remained untouched.

Universal Credit – the new benefit that will replace six means-tested benefits and tax credits – is designed to address the difficulties people face in moving in and out of work and on and off benefits, and to ensure that work always pays. Difficulties of implementation, however, have severely delayed its roll-out and there remain concerns about the extent to which Universal Credit will make work pay.

Figure 2: The cost of essentials has risen much faster than inflation



Source: Office of National Statistics 2014

3. SARAH'S STORY...

...shows how poverty can be a blight on the future of vulnerable young people

Sarah, now in her mid-20s, grew up with her grandmother. She had already started A-levels when her grandmother developed Alzheimer's and could no longer be left on her own. Sarah had to drop out to become her full-time carer. Now, when she looks for employment other than zero-hour contracts or minimum wage jobs, she finds her lack of qualifications is holding her back.

Sarah's grandmother was eventually moved into a community hospital where she could receive the level of care Sarah was no longer able to provide. When she was 19, Sarah started claiming Jobseeker's Allowance and moved fairly quickly into a succession of short-term retail jobs. She was then employed as a Healthcare Assistant, working with people with learning difficulties.

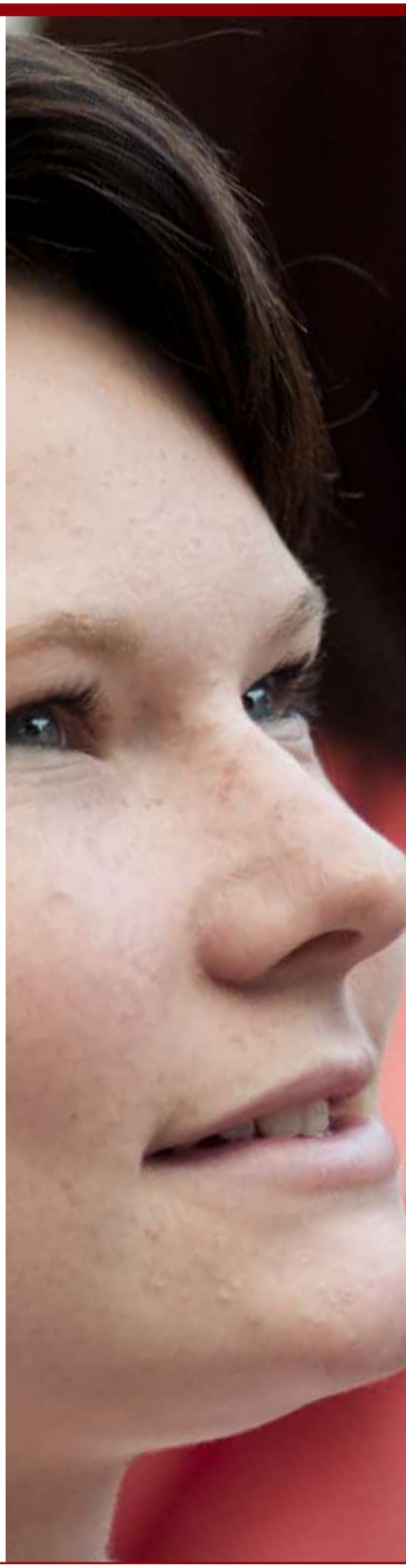
'That was quite a tough job and there wasn't much funding in the private sector, so I ended up going back onto Jobseeker's. I was on that for almost two years before I got another job.'

'It was really difficult going to the Jobcentre. They put everyone into a box and judge you by that standard, thinking that no-one on Jobseeker's wants a job, that they just want to live on benefits. But I want to work.'

Eventually, Sarah got a zero-hours contract with Cineworld but that doesn't guarantee her a set number of hours' work or any work at all. In a quiet week, there could be around 10 hours. When there's a big movie out, that could rise to 30 or 40. She only finds out a week in advance.

The fluctuation in income makes saving difficult.

'You'll maybe put savings aside thinking we're going to decorate or go on holiday, but then it'll be a really rubbish wage from Cineworld and so we'll have to use all our savings. You have to prioritise really carefully and plan a long way in advance. It's quite stressful.'



Sarah is paying off debt accumulated while she was looking for work and still has a mortgage to pay on the house she inherited from her grandmother. That was difficult when she was on Jobseeker's Allowance but, through her church, she was referred to Christians Against Poverty (CAP) who helped her manage her mounting debts.

'Working with CAP makes it so much easier to manage bills. I don't think I'd have been able to manage without them; the courts were going to repossess the house and everything. But it's difficult because I get paid fortnightly and one time I'll get £250, but another time I'll get just £100. So working out how to pay the bills is really difficult.

'It requires a lot of forward thinking – so I'll think, right, it's the school holidays and we've got some big films coming out in July and August so I'll probably have good hours then, but in September, the kids will be back in school so I probably won't get as many hours that month. You have to prioritise really carefully and watch everything you spend.'

Sarah would love a more secure, better-paid job but that requires qualifications.

'I have the experience, but not the qualifications and that's the bit that frustrates me the most – I would love to go back and do A-levels but it would cost me around £500 per A-level. How am I supposed to afford that? There is no support for people who want to go back to education, so I'm stuck where I am. If you don't have the right qualifications, it's really hard to get away from the jobs that are offering zero hours or minimum wage.'



THE INCREASING VULNERABILITY OF YOUNG PEOPLE

In recent years, young people (defined here as single adults, aged 16 – 25, living on their own) have seen their risk of falling into poverty increase more than that of any other group.

This reflects the fact that they have also experienced one of the largest falls in income, as is clear when their real incomes are compared with the Minimum Income Standard (MIS) threshold. MIS uses discussions with members of the public as the basis for calculating the income needed for a minimum socially acceptable standard of living.[10] In 2008/09, 46% of young people had an income below the MIS threshold; by 2012/13, this had increased to 55%.[11] In other words, more than half of young people do not earn enough to achieve an acceptable standard of living according to what the public think.

The fall in income is closely related to the rising levels of unemployment amongst young people. In late 2014, 17% of 16 –24 year olds were unemployed, compared with just 12% a decade earlier, and a large proportion of them have been out of work for more than 12 months.

Long-term unemployment can have a devastating impact on young people. Not only does it reduce their income in the short term, it also affects their chances of getting into and staying in work in the long term.[12] When they do find employment, they are more likely to enter low-skilled and low-paid jobs that are less stable and offer fewer opportunities for progression.

By affecting people's confidence, unemployment can also cause people to spiral into depression, poor health and poverty. As well as the financial consequences, the psychological effects are incredibly damaging and can have an impact on someone's entire career.



'Long-term unemployment can have a devastating impact on young people. Not only does it reduce their income in the short term, it also affects their chances of getting into and staying in work in the long term.'

'Poverty is not inevitable, nor is it an enduring condition. It is something that, together, we have the power to change.'

IT'S TIME FOR CHANGE

Poverty in the UK has changed significantly in the last few decades. Once a problem largely confined to the old and unemployed, it now affects millions of working-age people in and out of work.

As these stories show, poverty is now about being on a financial tightrope, vulnerable and dependent with no safety net. It's about working families who cannot earn enough money to feed themselves. It's about people left behind by a changing labour market, unable to find work, falling into debt and suffering enormous stress and anxiety. It's about feeling isolated and stigmatised by others.

It's time for us to bring about real, lasting change.

SIMPLE, PRACTICAL ACTIONS

In the build up to this year's General Election we want to encourage people to do something to start a conversation about poverty in their community. Here are three ideas.

First, speak to someone you don't yet know and ask them to tell you their story. Take the time to really listen, to learn about the struggles they have faced and the ways in which they have overcome those difficulties. These conversations are the basis of friendships that change communities.

Second, visit a project or activity being run to support people in your community. Go along to meet people, to talk, to listen and to discover how you could get involved.

Third, invite your MP and prospective candidates to visit a local project with you (after checking with the project). Help them to better understand the lives of their constituents and to show them how they could help to bring about change.

LET'S START TALKING

We need to start conversations about poverty because we want to bring about change.

We want to see flourishing communities where people are helped to plan and build their own future and where they thrive through and in networks of friendship and mutual support.

We believe that this change will only come about when we take the time to listen to one another, to build relationships and to recognise the responsibility we have for one another. Let's start today.

ENDNOTES

1 *Low Pay Britain 2014*, Resolution Foundation, 2014

2 Author calculations based on Labour Market Statistics June 2014 release (available at: http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/june-2014/index.html)

3 Office of National Statistics, Labour Force Survey 2013, Quarter 4

4 Huffington Post, November 2013 (available at http://huff.to/1pmJp72)

5 Resolution Foundation, December 2014 (available at http://www.resolutionfoundation.org/media/blog/two-lost-decades-of-wage-growth/)

6 *The State of Living Standards*, Resolution Foundation, 2014

7 *The IFS Green Budget*, Institute for Fiscal Studies, 2014

8 BBC News Online, January 2014 (available at http://bbc.in/1n4uQ5g)

9 *Evaluation of Removal of the Spare Room Subsidy: Interim report*, Cambridge Centre for Housing and Planning Research and Ipsos MORI, 2014

10 For more information see *A Minimum Income Standard for the UK in 2014*, Davis, A., Hirsch, D and Padley, M., Joseph Rowntree Foundation, 2014

11 Calculations made by author Matt Padley based on data from Padley, M., Valadez, L. and Hirsch, D. (2015) *Households below a Minimum Income Standard: 2008/9 to 2012/13*, Joseph Rowntree Foundation, 2015

12 http://www.bbc.co.uk/news/business-16156849