

Preventing destitution: Policy and practice in the UK

Many people in our society experience destitution, which we define as going without basic essentials. This research examines how the policies and practice of public and third-sector bodies affect these people.

This report is based on interviews with frontline professionals in six case study areas in England, Wales and Scotland.

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Key points

- This research reveals two main drivers into destitution:
 - **chronic** factors, which weaken financial resilience and increase vulnerability to destitution – these include low pay, insecure employment, inflation and the falling value of benefits.
 - **acute** factors, or ‘triggers’, which tip vulnerable people into destitution – these include sanctions, waiting times for Universal Credit and the inability to access disability benefits.
- **Debt to public bodies** and **high-cost debt** are common types of debt for people at risk of destitution. Debt can sap financial resilience and high debt repayments can also trigger destitution.
- **Remedial** responses to destitution address the underlying problem and enable people to escape destitution, such as lowering debt repayments or enabling access to increased benefits. **Palliative** responses treat the symptoms of destitution, such as emergency energy vouchers or food aid.
- Policy and practice solutions to prevent destitution need to strengthen local palliative responses and reform local practice so that responses are remedial too. The Department for Work and Pensions (DWP) and local authority procedures must be reformed to address the chronic and acute drivers of destitution.

Background

This project builds on Fitzpatrick et al 2016, using its definition of destitution, namely, that someone is destitute if they have gone without two or more of the following for an extended period over the course of a month: shelter, food, heating, lighting, clothing or toiletries. They may also be considered destitute if they have an extremely low income with insufficient savings to cover the cost of these essentials.

Destitution drivers and responses

The research found two types of drivers into destitution:

- **Chronic** factors weaken individuals and households and increase their vulnerability to be pushed into destitution, such as low pay, insecure work and cost-of-living issues.
- **Acute** factors are 'triggers' which tip already vulnerable people into destitution, such as sanctions, the wait for UC, and an inability to access disability benefits.

There are also two kinds of response to destitution:

- **Remedial** responses address the underlying problem and give people the opportunity to pull themselves out of destitution, such as lowering debt repayments so they are affordable or enabling access to increased social security income.
- **Palliative** responses treat the symptoms of destitution, such as emergency energy vouchers or food aid.

Palliative responses are not inferior to remedial ones: they are doing a different job and both are needed to ameliorate destitution. In the same way, acute and chronic drivers combine to cause destitution: one without the other would make destitution far less likely.

Labour market and the cost of living

Labour market and cost-of-living problems are chronic factors that result in some people struggling to save or make ends meet on an ongoing basis, leaving them at risk of being pushed into destitution.

As well as low pay, labour market factors include significant variation in local employment opportunities within the context of high overall employment across the UK, as well as various kinds of insecurity including 'bogus' self-employment, zero hours contracts or temporary contracts.

Cost-of-living factors include the impact of inflation on people with low incomes, the 'poverty premium' that means that low-income households often pay more for essentials, and variations in the cost of essentials depending on where people live (those in rural areas often face higher transport and energy costs).

Debt

The relationship between debt and destitution is complex. Taking on debt can be a short-term coping strategy to meet the cost of essentials, but debt repayments sap financial resilience while the onset of a high debt repayment schedule can also trigger destitution. The most common types of debt among destitute people mentioned by interviewees were high-cost credit and debt to public bodies.

Factors driving people towards high-cost credit include the limited availability of low- or no-interest loans which varies by local authority, as well as a belief among people in poverty that high-cost credit, such as payday loans or rent-to-own purchases, is the only option open to them.

Public debt is typically repaid by people living on a low-income through Third-Party Deductions (TPDs) taken directly from a person's social security benefit payments. Factors pushing some claimants into destitution by TPDs include: the cap on the proportion of income that can be taken in TPDs being too high; the one-year limit within which Budgeting Advances must be repaid being too short; and the lack of co-ordination between the three main TPD creditors – namely the DWP, local authorities and utility companies – for claimants with multiple TPDs.

The UK-wide social security system

Interviewees mentioned three common acute triggers for destitution from the UK-wide social security system: sanctions, the wait for UC, and an inability to access disability benefits. Interviewees also identified chronic factors that lessened the 'cushion' that people could use to help meet 'income shocks'. Alongside various ways in which benefits are reduced or held down, they also identified the need to prove compliance (by claimants) and monitor it (by job centre staff) as increasing the risk in the system, thereby reducing the extent to which claimants can rely on it.

Destitution responses from the local public and third sectors

Gaps in the national social security system leave people reliant on local networks of support to prevent or recover from destitution. There are two kinds of local support: devolved elements of the social security system, such as local welfare assistance, Council Tax Support (Council Tax Reduction in Wales and Scotland) and Discretionary Housing Payments; and locally devised initiatives such as foodbanks.

Interviewees in every case study area offered examples of good practice, whether in innovative third sector or local authority schemes, or partnerships between the two. Against this broadly positive background, there were three main concerns. First, that devolved elements of the local social security system did not provide sufficient support, either sapping income (a high minimum Council Tax payment), increasing the risk of homelessness (reduced support for rent) or, for example, leaving unfurnished tenancies under-equipped (lack of Local Welfare Assistance). This was particularly the case in England, as the Scottish and Welsh Governments have 'topped up' central government funding to maintain provision for Local Welfare Assistance and Council Tax Reduction since these elements were devolved in 2013. Second, some locally-devised initiatives, especially those relating to food aid, were seen as no more than short-term stopgaps. Third, many interviewees identified a lack of coordination among the services that could support people facing destitution.

Policy and practice solutions

Strengthen local palliative responses and reform local practice so that responses can be remedial too

- Local authorities should lead in strengthening and co-ordinating locally provided services that support people facing destitution.
- Restore a comprehensive network of Local Welfare Assistance schemes across England. The Ministry for Housing, Communities and Local Government (MHCLG) should consider adopting a national statutory scheme, like the Scottish Welfare Fund.
- Local authorities and housing associations in England should enact best practice in pre-tenancy support, especially in regard to furnishing tenancies.
- The Welsh Government should consider localising the administration of the Discretionary Assistance Fund for Wales to enable more effective signposting to local support services.

Reform DWP and local authority procedures to weaken the chronic and acute drivers of destitution

- Local authorities, other public bodies including the DWP and utility companies should better share information, so that their debt collection practices are affordable for people with very low incomes.
- The DWP should undertake a review of their collection practices, particularly regarding the maximum proportion of the UC standard allowance that can be taken in Third Party deductions.
- Local authorities in England and Wales should adopt good forbearance practice and enact vulnerability policies for debt collection. They should also review their use of bailiffs for low-income households.
- English local authorities should consider how to reduce minimum payments in their Council Tax Support (CTS) schemes. For example, MHCLG could set and fund a minimum payment ceiling, in line with the practice when CTS was introduced.
- Benefit sanctions, the lack of access to disability benefits and the five-week wait before the first UC payment is made should all be reviewed in the light of their common role as immediate triggers of destitution.

About the project

This research was undertaken by Karen Barker, Adam Tinson, Carla Ayrton and Issy Petrie, New Policy Institute.

The project involved a focused review of relevant literature and data; interviews and a roundtable with key experts; and case studies of local provision of services available to people in destitution through in-depth semi-structured interviews with 63 frontline professionals and volunteers from 38 public and third sector organisations across six local authority case study areas around Great Britain.

Fitzpatrick et al 2018 identified three groups primarily at risk of destitution in the UK: people who were born abroad; people with complex needs; and people who do not fit in the previous two categories. This third group, who make up 68% of all destitute households in Fitzpatrick et al (2018), is the focus of this summary. This report attempts to fill the gap in knowledge around this third group by focusing on the drivers into destitution and policy and practice solutions to preventing destitution specifically for this group.

For further information

The full report, **Preventing destitution: Policy and practice in the UK**, is published by the Joseph Rowntree Foundation. It is available as a free PDF at www.jrf.org.uk

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