



THE PENDING POVERTY CATASTROPHE IN STOKE-ON-TRENT: HOW BENEFIT CUTS AND THE COST-OF-LIVING CRISIS IMPACTS ON THE POOR

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INTRODUCTION

Executive Summary

In September 2021 we published a report assessing the impact of the benefit cuts and the withdrawal of the furlough schemes on poverty in Stoke-on-Trent.¹ This report updates the research, and the main findings are:

- Cutting benefits has an increasing and damaging economic impact. In Stoke-on-Trent the total number of Universal Credit claimants is 30,025 and the estimated annual loss of income with the £20 cut to UC amounts to £1,040 per claimant per annum. This means that Stoke-on-Trent will lose a total of £31,311,872 in one year. This, however, does not include the ongoing and deepening loss of income because of austerity and cuts to local government and other services.
- According to the Joseph Rowntree Foundation (JRF) *a benefit cut in the £20 'uplift' means the Government would be responsible for the biggest overnight cut to the basic rate of social security since the birth of the modern welfare state*. Half a million more people are set to be pulled into poverty, including 200,000 children.
- However, even with the £20 uplift there has been a dramatic rise in the demand for food aid mainly because the welfare system and benefits have been cut since 2010, leaving people on a totally inadequate benefit income to meet their basic needs.
- Before the COVID-19 crisis, Stoke-on-Trent was the 14th most deprived district in England (out of 317 districts) and possessed one of the highest rates of people on low pay and with low skills.
- The COVID-19 crisis has caused rising unemployment and alarmingly high numbers claiming Universal Credit and legacy benefits. As benefits are set at an extremely low level, the key issue is that large sections of the population are reliant upon insufficient incomes to maintain a basic standard of living. A clear indication of this is the dramatic increase in numbers receiving food aid by food banks in the Stoke-on-Trent area.

¹ Etherington, D Jones, M Harris, S, & Hubbard, S (2021) *Powering up or reducing inequalities: assessing the impact of benefit cuts and the withdrawal of employment support (furlough) on Stoke on Trent*. Staffordshire University/Citizens Advice Staffordshire North & Stoke-on-Trent. Available at: <http://eprints.staffs.ac.uk/7031/>

- The UK's largest national foodbank charity, the Trussell Trust, has documented a 5,146% increase in emergency food parcels distributed between 2008 and 2018. It is not possible to calculate the total provision of food aid in Stoke on Trent although there is evidence of a high demand, with 17,000 people receiving aid by the Stoke-on-Trent Trussell Trust in 2020/2021.²
- The cost-of-living has been steadily rising throughout the pandemic. Whilst in January 2022 inflation stood at 5.5%, estimates suggest it will reach 8% in April 2022, surpassing its highest point since March 1992.
- A global increase in energy prices is occurring, with the standard energy bill set to rise by £693 annually from April 2022, alongside a 3.8% rise in rail fares from March 2022³. Private house rental prices are at their highest levels in 13 years, whilst the cost of petrol and diesel has also recently reached an all-time high. The average monthly food bill is also rising.
- The cost-of-living for many people in Stoke-on-Trent was already high before 2022, with a structural combination of poorly paid work and cuts to the welfare state, meaning many people struggled to meet their basic needs and pay their bills. Stoke-on-Trent was also previously branded the 'capital of debt'⁴.

What we mean by a pending Catastrophe

There has been the continual and worsening crisis of the economy, particularly in relation to the 'cost-of-living.' It has not been possible to factor in the economic impacts of the International Crisis and the War in Ukraine. However, The Resolution Foundation has described the current cost-of-living as a "cost-of-living catastrophe"⁵. In the context of this report, catastrophe means a "sudden event that causes extreme stress or destruction." In this case, overlaid onto the existing problems of poverty and destitution, there is the added problem of the increasing cost-of-living outstripping wages and benefit income support.

² Human Rights Watch (2019). Nothing Left in the Cupboards. Available at: <https://www.hrw.org/report/2019/05/20/nothing-left-cupboards/austerity-welfare-cuts-and-right-food-uk>

³ BBC (2022) What is the UK's inflation rate and why is the cost-of-living going up? BBC. Available at: <https://www.bbc.co.uk/news/business-12196322>

⁴ Partington, R (2018) Stoke is debt capital of England and Wales – followed by Plymouth. The Guardian. Available at: <https://www.theguardian.com/money/2018/jul/13/stoke-is-debt-capital-of-england-and-wales-followed-by-plymouth>

⁵ Bell, T (2022) Spiralling energy prices will turn the UK's cost-of-living crisis into a catastrophe. The Resolution Foundation. Available at: <https://www.resolutionfoundation.org/comment/spiralling-energy-prices-will-turn-the-uks-cost-of-living-crisis-into-a-catastrophe/>

Objectives and methods of the report

The objective of the report is to update the picture of poverty and social distress in Stoke-on-Trent with an assessment of the impact of recent economic and policy changes. We draw on a unique data set provided by the Citizens Advice Staffordshire North & Stoke-on-Trent. By analysing data on enquiries and advice and support, we capture the experiences of residents in more detail. We also capture in more detail the lived experience of poverty through client contact with Citizens Advice. All names are anonymised. CA has produced stories, which represent different situations of individuals and families coping with low-income, poor health and poverty. These stories are typical of thousands of people living in Stoke-on-Trent and beyond; they are not isolated examples. We also draw on data provided by the Department for Work and Pensions (DWP) and Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP). One key measure and indicator of poverty and the impact of austerity and the crisis is recorded information on food bank use. We have been able to access detailed data from a Stoke-on-Trent Foodbank, which has enabled us to analyse trends over time in relation to the demand for food aid and capture in more detail various aspects of destitution.

COST-OF-LIVING CRISIS IN STOKE-ON-TRENT

A global increase in energy prices has been occurring, with the standard energy bill set to rise by £693 annually from April, alongside a 3.8% rise in rail fares from March⁶. Private house rental prices are at their highest levels in 13 years, whilst the cost of petrol and diesel has also recently reached an all-time high. The average monthly food bill is rising, alongside an increase in house prices, meaning the cost of buying a home is now at a record level. National insurance is also set to increase by 1.25% in April. Taken together, these increases form a *perfect storm* and constitute the biggest cost-of-living crisis in recent memory.

The cost-of-living crisis and its impact on household incomes has been monitored by Citizens Advice nationally. The charity analysed average income data against household spend on essentials like rent, bills and food to establish how many families can meet their living costs. They found:

- One in ten families - equivalent to 3.2 million households - are facing a financial crisis.
- Even if they are living on a 'minimal budget' - the financial plan its advisers use to support people through a debt management process - more than three million households would be in the red or unable to cover living essentials.

⁶ BBC (2022) What is the UK's inflation rate and why is the cost-of-living going up? BBC. Available at: <https://www.bbc.co.uk/news/business-12196322>

- Nearly three quarters (73%) of frontline staff at Citizens Advice reported an increase in the number of people coming to them who were unable to afford essential household costs such as food, rent and heating.⁷

The Food Foundation recently outlined how many of these families are already being compelled to choose between heating their home or eating to keep the cost of their energy bills down⁸. This meant that 4.7 million adults in the UK experienced food poverty in January 2022, an increase of 1.5% in comparison to July 2021. Such insecurity is also partially driven by the recent removal of the £20 universal credit up lift, which impacted disproportionately on areas with high levels of claimants like Stoke-on-Trent. With high rates of low-paid and insecure jobs, whereby many people were already finding it difficult to make ends meet and afford household essentials, it is difficult to underestimate the human disaster that is unfolding in places like Stoke-on-Trent.

WELFARE REFORM AND POVERTY

Hidden unemployment in Stoke

The Stoke-on-Trent and Staffordshire Enterprise Partnership (SSLEP) highlight the difference between official and International Labour Organisation (ILO) definitions of the claimant count. According to the (SSLEP).

“given that the claimant count only counts those who claim benefits it may be understating the growth in worklessness. We know that many unemployed people do not claim, and particularly young people (usually due to eligibility). Under UC, there have been on average 450,000 more (ILO) unemployed young people than claimant unemployed and even if that gap narrows in the crisis, as tends to happen in recessions, it’s possible that ILO youth unemployment will remain significantly higher than the claimant measure.”⁹

It also important to include people on long term health benefits such as Employment Support Allowance (ESA) as part of the unemployment count. The numbers of those out of-work on benefits therefore extends much further than just those counted as claimant unemployed. This is particularly where the main effect of job loss has often been to divert large numbers of working-age men and women onto incapacity benefits, in effect hiding unemployment. There is a marked difference between health benefit claims between older industrial areas and those areas in the South and West,

⁷ Citizens Advice (2021) Three million families facing crisis as cost-of-living crunch bites. Available at: <https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/three-million-families-facing-crisis-as-cost-of-living-crunch-bites/>

⁸ The Food Foundation (2022) New data shows food insecurity major challenge to levelling up agenda. Available at: <https://foodfoundation.org.uk/press-release/new-data-shows-food-insecurity-major-challenge-levelling-agenda>

⁹ SSLEP (2022) Economic Bulletin. 17, p.36.

with more buoyant local labour demand conditions. For instance, the disability employment gap is particularly high in places like Stoke-on-Trent.¹⁰

Negotiating the impact of Universal Credit

The assumptions that guide contemporary Government welfare policy, and cuts to in work and out of work benefits, can be summarised as follows:

“The quite explicit assumption has been that reductions in working-age benefits incentivize claimants to find work. By targeting in-work benefits as well, the reforms also assume that reduced entitlement will encourage claimants to find a better-paid job or work longer hours. All this has been backed up by increasing conditionality and the wider application of sanctions. To put this another way, the assumption framing welfare policy is that unemployment and low pay are the fault of individuals. Claimants have let themselves become ‘dependent’ on welfare benefits and they should choose to ‘do the right thing’ and instead find work or increase their earnings”.¹¹

We challenge the fallacy of these assumptions and demonstrate in this report that keeping benefits low has the reverse impact on both people and place. The other false narrative to support cuts to Universal Credit is that claimants are viewed as an out of work benefit where in fact 30%-40% of claimants are working – just over 11,000 people are working and claiming UC in Stoke. As we shall examine in this report, the effect of the current welfare system is to further enforce poverty and destitution. This is also exemplified by the deployment of sanctions, which is discussed below.

In Stoke-on-Trent, the number of people on Universal Credit has continued to nominally decrease and stands at 29,975 (February 2022). The number of people claiming Incapacity Benefits Employment Support Allowance (IB/ESA) totals 10,800. The number of people on Job Seekers Allowance (JSA) amounts to 1,050.¹² The numbers on UC are in decline as the economy picks up, but it is important to note that before the pandemic there were already 11,740 UC claimants. Cuts to an already miserly benefit system is pushing more people into deeper poverty. Citizens Advice England has summarised the impact of the cuts as follows.¹³

Monthly standard allowances will drop:

¹⁰ Beatty, C & Fothergill, S (2016) *Jobs, Welfare and Austerity: How the destruction of industrial Britain casts a shadow over present-day public finances*. Available at:

https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/cresr30th-j_obs-welfare-austerity.pdf

¹¹ Beatty, C & Fothergill, S (2017) The impact on welfare and public finances of job loss in industrial Britain. *Regional Studies*. 4(1): 161-180.

¹² We are grateful to Stoke-on-Trent City Council for this data.

¹³ Citizens Advice (2021) Universal Credit: Everything you need to know. Available at:

<https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/universal-credit-cut-everything-you-need-to-know/>

By a quarter for single claimants under 25, from £344 to £257.33

By a fifth for single claimants over 25, from £411.51 to £324.84

By 17% for joint claimants under 25, from £490.60 to £403.93

By 14% for joint claimants over 25, from £596.58 to £509.91

Becoming unemployed and negotiating this benefits system, which is woefully inadequate, pushes many into debt and destitution as in the case of Robert.

Case study: Unemployment and struggling to make ends meet

Robert is a single 44-year-old male. He has a 10-year-old son who stays with him from Friday to Sunday every week. He is currently unemployed and looking for work. Robert is a homeowner. He pays £395 monthly for his mortgage and is up-to-date with this. He did take a repayment break during the first Covid lockdown but has contacted his mortgage lender who has agreed to spread the missed payments over the remainder of the mortgage term. There are no current arrears, however, Robert is concerned about future affordability due to the reduction of income following the loss of his job. Robert currently receives Jobseeker's allowance of £149 a fortnight. Robert has also made an application for Universal credit and is still awaiting a response.

Robert has dual fuel arrears of approximately £1883 and does not pay for a TV licence as he says he does not watch any live TV. However, during his appointment he did disclose that he watches YouTube and was unaware that he needed a licence to view this; due to the cost involved Robert stated that he will no longer watch it. Robert pays £12 monthly for water and is up-to-date with this and approximately £20 monthly for buildings & contents insurance, but cover is due to end. It was explained to Robert that it will be a condition of the mortgage that at the least buildings insurance is in place. Robert's overdraft is at £1250, which is used every month. And he has a personal loan with an outstanding amount of £995, which is payable at £52.10 per month.

Stoke-on-Trent is positioned 18 in the top 50 local authorities in terms of the amount of benefit loss due to welfare reforms. There are differential impacts depending upon household type. Families with children and lone parents are disproportionately impacted by the welfare reforms. People claiming disability related benefits have been particularly impacted by the cuts. The proportion of people in the city claiming health-related unemployment benefits such as ESA has risen by almost 15% in a decade and now accounts for 1 in 10 working age adults.¹⁴

Whilst the disability employment gap has been closing, it is still significant. **In April-June 2020, the employment rate for disabled people was 53.6% and the**

¹⁴ Child Poverty Action Group (2017) *The Austerity Generation: the impact of a decade of cuts on family income and child poverty*. London: CPAG.

rate for people who are not disabled was 81.7%, a disability employment gap of 28.1%. There is also health inequality in Stoke-on-Trent. Life expectancy is 8.2 years lower for men and 7.2 years lower for women in the most deprived areas of Stoke-on-Trent compared with the least deprived areas. As the NHS CCG Report states “COVID-19 has brought health inequalities into sharp focus. Deprived communities are at a greater risk of exposure to the virus, and more likely to have poorer outcomes due to existing poor health and adverse lifestyle factors.”¹⁵

Case Study: Lived experience of poverty, hunger and poor health

Adele is unable to work and is claiming Universal Credit. Adele has made a recent claim for Personal Independence Payment (PIP) and is awaiting the outcome. Adele had to finish work in June due to her ill health. Adele suffers from COPD, Emphysema and Diabetes and struggles to walk.

Adele tops up her gas and electricity meters each week putting £15 on each during the winter months, although she has cut back recently due to a lack of affordability. Adele tells us she just switches her heating off when her meter runs low. Adele has been sending fit notes to the DWP since July, but has not yet submitted UC50 forms, so she is only receiving the standard allowance of UC of £277 per month with £292 in Housing costs being paid directly to the council as her landlord.

Adele pays £120 to the Local Authority for the bedroom tax and council tax contribution. Adding basic living costs (gas, electricity, phone, car tax and insurance, broadband, water etc) of £286 leaves her with a deficit of £130 before buying food. She has had her maximum foodbank referrals and cannot afford to eat.

The 2015–20 cash freeze on working-age means-tested benefits, the 1% cap on uprating between 2012 and 2015, along with the bedroom tax and two child tax limits have eroded benefit levels to such an extent that many are at or below the destitution threshold. We compared current benefit rates with recommended minimum income standards (MIS).

Table 1. Top 7 enquiry categories Sep 2021- Jan 2022

Category		
Universal Credit	4513	(28%)
Debt	4319	(27%)
Other benefits & tax credits	2659	(16%)
Financial Services	1449	(9%)
Utilities and Communications	1312	(8%)
Immigration & Asylum	885	(5%)
Housing	833	(5%)
Total top 7 enquiries	15,970	

¹⁵ NHS Stoke-on-Trent Clinical Commissioning Group Annual Report and Accounts 2020/2021.

Source: Citizens Advice Staffordshire North and Stoke-on-Trent

Statistics supplied by CASNS (CA) for September for the top seven enquiries (see Table 1) shows a similar trend, with Universal Credit and debt being the main reasons why people contact the CA for advice. The table also shows that enquiries relating to utilities are now in the top 7 in relation to number of enquiries for help and advice which is largely as a result of people seeking advice about paying their utility bills. This indicates that the services provided by CA are largely focused on people experiencing extreme poverty.

Citizens Advice report that there has been a significant increase in demand for support in food and fuel vouchers. Between April and June 2021, 45 food bank and 7 fuel vouchers were issued. Between July and September 2021, 42 food bank vouchers were issued and between 1st October – 31st December 2021 50 foodbank vouchers and 10 fuel vouchers were issued. However, in the early part of 2022, from the 29th of January to 25th February, CA have issued a further 43 fuel vouchers and 33 foodbank vouchers, all before the price hikes noted above.

75% of children growing up in poverty in the UK live in households where at least one adult works. Low-income working families are struggling to pay for essentials like utility bills, new school uniforms and the food shop. Universal Credit does little to support parents and individuals trying to increase their income through work. The Case Study of Martyn below reveals the inadequacy of the UC Work Allowance as a 'top up' for low wages.

Case study: Working and Claiming Universal Credit

Martyn lives alone in a one bed apartment, and his rent and council tax payments are currently up to date.

Martyn works 20 hours a week and is currently claiming Universal Credit to top up his low wages. He has asked for more hours at work, but currently there are none available. Martyn contacted Citizens Advice, as he wanted to see if he was eligible for any additional benefits. Martyn is claiming the single person discount on his Council Tax liability but is not eligible for any Council Tax Support. Unfortunately, the benefit check showed no additional benefit entitlements.

Increasing the use of sanctions – punishing the poor?

At the time of writing in February 2022, the Government has plans to impose benefit sanctions as part of the 'Way to Work' initiative to move people quicker off benefits into work. The time allowed for jobseekers to move to their preferred job is being reduced. Rather than having three months, claimants will have only four weeks. After those four weeks, changes brought in under the 'Way to Work' campaign mean that UC jobseekers need to apply for and accept any job they can. Anyone deemed non-compliant will face sanctions and reduced income. There are several issues to consider here:

- Most people claiming benefits at least for the first time find the welfare system difficult to negotiate.¹⁶ This explains why Citizens Advice receive the largest proportion of their enquiries relating to claiming Universal Credit. Also of note is the significant number of enquiries relating to Personal Independence Payment (PIP) (see Table 1). In summary, especially during the pandemic, accessing the social security system has been stressful and full of obstacles.¹⁷
- The five weeks wait for a benefit payment is one of the main reasons that claimants are getting into increased debt.
- People new to redundancy, for instance, will find their skills, qualifications and years of experience in their chosen line of work count for nothing in the 'any job at all costs' UC regime.
- If a chef with twenty years' experience cannot find work in another kitchen within four weeks, the message seems to be that all previous job experience is dispensable, and the chef needs to be ready to become a warehouse worker or a lorry driver or a care assistant etc.
- Finding a job is difficult because there are often all sorts of barriers such as poor health (there are significant numbers of people with long term health conditions who are not claiming health related benefits). Finding childcare, especially affordable childcare, is often difficult.
- It does not consider employer behaviour – most employers require relevant experience and qualifications.
- The jobs where there are vacancies such as the generally poorly paid social care sector require training and DBS checks, which need paying for and can take some time to obtain.

There is compelling evidence from countless studies that imposing sanctions has the effect of pushing people into deeper poverty – and exiting the benefit system altogether.¹⁸

LOW PAY AND POVERTY

The current policy mantra is that getting a job will be a positive route out of poverty. The facts from places like Stoke-on-Trent tell a different story. What is important to note is that there are increasing numbers of people in work claiming Universal Credit, which acts as a benefit top up (alternative to working tax credit) and which amounts to over 11,000 in Stoke-on-Trent. Cuts to UC will have a major impact on in-work poverty.

The Resolution Foundation define low pay as below two thirds of median hourly pay and 17% of employees in Britain are low paid by this definition. The Government

¹⁶ Lynch, D (2022) *It Won't Work: Why the 'way to work' scheme undermines efforts to help people get a decent job*. Child Poverty Action Group. Available at: <https://cpag.org.uk/news-blogs/news-listings/it-wont-work-why-way-work-scheme-undermines-efforts-help-people-get>

¹⁷ Power, M Page, G Garthwaite, K & Patrick, R (2020) *Experiences of Social Security for Families on a Low Income during the Pandemic*. Covid Realities. Available at: <https://cdn.sanity.io/files/brhp578m/production/522aaf64ad1f9688aa861aa2205efb331074ff07.pdf>

¹⁸ See Dwyer, P (2018) Punitive and ineffective: benefit sanctions within social security. *Journal of Social Security Law*. 25(3): 142–157.

introduced the 'National Living Wage' in 2016 with the intention of the higher minimum wage rate for over 25s to reach 60% of median earnings by 2020, but this has not addressed the problem that wage rates in real terms are lower than before the 2008 global financial crash.

According to a Joseph Rowntree Foundation study, "Around two-thirds (68%) of working-age adults in poverty live in a household where at least one adult is in work."¹⁹ Another study estimates that "a significant shift from even a decade ago, families with one full-time and one-part time earner are increasingly being pulled into poverty...and couple households with one full-time earner now have a poverty rate of 31 per cent which is almost as high as working households where nobody works full-time."²⁰

We are increasingly witnessing the impact of escalating fuel costs on poverty, which is impacting on those in work as well as out of work as the case study below demonstrates.

Case Study: Impact of Energy Costs on Workers with Health Conditions

Andrew lives by himself in a Housing Association property and works full time earning £350 a week. Andrew is not eligible for any help with his rent or council tax reduction as his earnings are slightly too high to qualify, as he has a two- bedroom flat Andrew needs to pay the "bedroom tax".

Andrew has approximately £1300 of Council tax arrears but is up to date with his current payments. His rent is £475 per calendar month, and due to an underlying health issue Andrew needs to continually keep his flat warm. Whilst he is currently with Utilia for his energy supply, he tells us he spends around £235 a month on topping up his pre-payment meters.

Table 2. Average workplace weekly earnings

Cities with the highest average weekly earnings	Average wages
London	£751
Slough	£693
Reading	£671
Cambridge	£662
Aldershot	£649
Crawley	£644
Cities with the lowest average weekly earnings	
Stoke	£465

¹⁹ Joseph Rowntree Foundation (2022) *UK Poverty 2022: The essential guide to understanding poverty in the UK*. York: JRF.

²⁰ McNeil, C Parkes, H Garthwaite, K & Patrick, R (2021) *'No longer managing': The rise of working poverty and fixing Britain's broken social settlement*. London: Institute of Public Policy Research (IPPR).

Doncaster	£459
York	£449
Huddersfield	£443
Birkenhead	£442
Southend	£439
Wigan	£438
GB average	£555

Source: Centre for Cities (2019)

Case Study: Struggling with rising fuel costs

Sheena lives in a private rented 3-bedroom property with her 3 dependent children aged 13, 10 and 6.

Sheena and her eldest daughter both suffer from Hypothyroidism, which means they feel the cold more, so she has to keep the heating on for several hours a day when the children are not at school. Sheena currently works 30 hours a week and gets a small amount of help with her rent through Universal Credit but struggles to top up the payments to her full rent, so her landlord has started possession proceedings against her.

Sheena is up to date with her Council Tax but has Electricity arrears of £262 and Gas arrears of £176. Sheena currently pays £112 per month by direct debit for her utilities.

Sheena is on a water meter to try to reduce her water bill but is still £98 in arrears and has received a fine of £374 for not having a TV licence.

Sheena has a car on hire purchase and is up to date with the payments. Sheena needs the car for work and also to take her children to and from school, although she does not have to pay for MOT or maintenance on the car, as this is included in the 5 year finance plan.

Sheena has no savings or assets and is struggling to meet her day-to-day expenses. She gets by from borrowing from family and friends but is constantly "robbing Peter to pay Paul".

The case study of Janine below shows that combining work and claiming benefits to top up pay is insufficient income to maintain a decent standard of living. For most lone parents part time work is the only option in terms of also managing childcare and they are often faced with debt.

Case study: Working and debt

Janine is struggling to afford to heat her home. Her supplier is British Gas, and she is on a meter for her gas and electric, currently putting £20 on every week and trying to not use the heating. Janine explained that she is currently using her

emergency allowance on her electric meter and has nothing left on her gas meter and has no money to top up either of them until next week when she gets paid (3 days away).

Janine is a single parent to 2 children (aged 9, 12) who live at home with her. She currently works 21 hours a week and is on working tax credits. She feels she would be far better off on UC; however, she cannot afford to go with no money for 5 weeks whilst her claim is processed. Janine tells us that she struggles to get by each week and has in the past relied on family to help her out financially. Janine is in debt; she has council tax debt accrued from the previous financial year (£720) which she is being expected to pay before the new financial year to avoid any further collection methods being implemented. She also has £450 rent arrears and owes money to Klarna and Freeman's catalogues.

Janine tells us she does not know where to turn with all her debt as she feels she does not have enough money coming in to pay towards what she has accrued. In December due to the family getting Covid, she had to take time off work and the drop in income due to only receiving Statutory Sick Pay has impacted on her financially and led to an increase in debt arrears.

Janine's cooker has broken, and she is having to rely on ready meals cooked in a microwave, which are more expensive.

We were able to talk to Janine about budgeting and managing money. A benefit check showed that Janine is £9 a week better off on her legacy benefits since the loss of the £20 uplift, so she has decided not to claim UC.

DEBT

Debt and indebtedness are a key indicator of low income (2nd after benefits as the issue which people approach the Citizens Advice over – see Table 1). 90,000 people in Stoke-on-Trent and Newcastle-under-Lyme are indebted, struggling to pay their bills, keep up with their loan payments, and access the benefits they need or borrow money at an affordable rate. In 2016, the Money Advice Service ranked Stoke-on-Trent as the 12th most over indebted local authority in the UK and 2nd in the West Midlands. 84% of wards across Stoke-on-Trent contain households that say they find it 'difficult' or 'very difficult' to manage their household income, far higher than the national average of 28%.²¹

FOOD AID AS THE MAIN WELFARE SUPPORT

An important measure of poverty is the demand for food aid. The Trussell Trust has reported that between 2008 and 2018 they increased their food aid by over 5,000%.

²¹ Financial Inclusion Group North Staffordshire (2019) Financial Inclusion Group North Staffordshire Business Development Plan 2019 – 2025.

Food or hunger crisis exists for many people who have been negatively impacted by the pandemic.

“... Destitution– and the resulting inability to afford essentials – is the main reason for people needing to use a food bank. This lack of income is most often associated with the social security system, either directly due to the value of benefits not being sufficient to meet living costs, or through design or operational issues such as the five-week wait, or delays to payment”.²²

It is not possible to obtain an accurate updated figure for foodbank aid in Stoke-on-Trent. According to Stoke-on-Trent Trussell Trust 17,000 people provided food aid by the Trussell Trust in 2020/2021.²³ An indication of the rise in demand for food aid in Stoke-on-Trent is shown by the data provided by the Alice Charity. **The total number of families receiving food aid from the Alice Charity in 2021-22 (January 2021-January 2022 included) amounts to 1,727. The combined total aid provided to families in 2018 and 2019 was 756. indicating a significant increase in demand for food aid.** ²⁴

Advice data provided by Citizens Advice provides a useful up-to-date window into which we can assess how the current changes are impacting on individuals and households. Unsurprisingly, Universal Credit is still a frequent source of enquiries, but following the spike in claims in April and May 2020, the rate of new claims has fallen, although the total number of people locally receiving UC has continued to rise, albeit at much the same rate as pre-lockdown.

We can observe that the impacts of UC are rippling through the system. For example, the demand for debt advice has increased and resumed its customary position as the most frequent query. This seems to be as a result of two factors: the lifting of the concessions applied by creditors and public bodies during the first lockdown and a growing squeeze on household budgets as many of the financial restrictions have continued. Increasing price inflation and the raising of the energy price cap by Ofgem, which will see household energy bills **rise by £693 annually from April 2022** p.a. on average, is likely to have substantial negative impacts on poorer households. Finally, other benefits and tax credits queries, mainly involving sickness and disability benefits have increased as medical assessments (a frequent trigger event for people seeking advice) have resumed.

REPOSESSIONS AND HOMELESSNESS

²² Trussell Trust (2021) Data briefing on end-of-year statistics relating to use of food banks. Available at: <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/04/Trussell-Trust-End-of-Year-stats-data-briefing-2020-21.pdf> See also: Heriot Watt University (2021) *State of Hunger: Building the evidence on poverty, destitution, and food insecurity in the UK*. Heriot Watt University.

²³ https://stokeontrent.foodbank.org.uk/?_ga=2.199510247.852743137.1647251135-187946614.1644425665

²⁴ Figures on foodbank use provided by Alice Charity.

Non-payment of rent or mortgage tends to arise due to low income. Rising financial pressures on households means many will be at an increased risk of eviction and thus homelessness. Statutory homelessness in Stoke-on-Trent is already above the national average and is linked to mental and ill health, particularly depression, food poverty, drug and alcohol misuse, as well as a three times greater risk of cardiovascular disease and mortality²⁵. Indeed, the national homeless charity Crisis have outlined how financial difficulties are being:

“Compounded by the cost-of-living crisis where people already under crippling financial pressure are edging closer to homelessness as they struggle to afford basic necessities like heating, eating and keeping a roof over their heads. It doesn’t have to be like this”.²⁶

The case studies outlined in this report suggest that advice and support by advice services are directed at negotiating arrangements to avoid repossession and involuntary homelessness. In relation to repossessions, Stoke-on-Trent is above the national average. Over the years 2003 to 2021, *mortgage repossessions* averaged 3.42 per 1,000 properties (owned with a mortgage) per annum – the 10th highest rate in England and Wales (1.85 average rate) of 348 districts. Over the years 2003 to 2021, *Social landlord repossessions* averaged 5.73 per 1,000 socially rented properties per annum – the 26th highest rate in England and Wales (4.46 average rate) of 348 districts. Over the years from 2003 to 2021, *Private landlord repossessions* averaged 1.52 per 1,000 privately rented properties per annum – the 84th highest rate in England and Wales (1.30 average rate) of 348 districts.

CONCLUSIONS AND RECOMMENDATIONS

The main government response to combat the cost-of-living crisis documented above, particularly energy price increases, has been to award all households a £200 discount on energy bills in October 2022. This, however, must be paid back over five years, at £40 a year. Four in five households who are in bands A to D for council tax will also receive a £150 council tax rebate in April 2022 that does not have to be paid back.

Whilst these measures may mitigate the immediate pressures placed particularly on low-income households, they are not enough to prevent what will amount to a historic annual fall in real incomes in places like Stoke-on-Trent during 2022. Indeed, Governments across Europe have arguably taken more decisive action. The French Government, for example, has imposed a windfall tax on the nation’s main energy supplier, EDF. This amounts to £7 billion and will restrict household energy price

²⁵ Al-Shakarchi, N Evans, H Luchenski, S Story, A & Banerjee, A (2020) Cardiovascular disease in homeless versus housed individuals: A systematic review of observational and interventional studies. *Heart: British Medical Journal*. 106: 1483-1488.

²⁶ Crisis (2022) ‘We are expecting a tidal wave’. Crisis. Available at: <https://www.crisis.org.uk/about-us/media-centre/we-are-expecting-a-tidal-wave-councils-warn-of-rising-homelessness-as-financial-pandemic-protections-are-pulled-back/>

increases to 4%²⁷, thereby limiting the potential increase in poverty, deprivation, food insecurity and homelessness. There are alternatives to the UK model of corporate-backed austerity neoliberalism.

Responding to the cost-of-living crisis, the New Economics Foundation has called for the government to impose a 'living income' as part of investment into Britain's broken welfare safety net²⁸. Essentially, this would be a universal payment set at a level determined by the Minimum Income Standard. It would act as an 'income floor', enabling people to no longer struggle to afford essentials and thereby live a good standard of life. This would be a welcome boost to low-income workers in places like Stoke-on-Trent.

We offered detailed recommendations in our earlier report in 2021²⁹. The previously noted priorities are increasingly relevant and need to be addressed as a matter of urgency:

- There is still a need to lift benefit income through take up campaigns involving local advice agencies as there are still many people who do not claim what they are entitled to.³⁰
- A significant proportion (and growing) of UC claimants are in work which reinforces the point of in-work poverty as an issue – Stoke-on-Trent's highest proportion of workers are paid below the living wage. Promoting the living wage and sustainable employment in relation to inward investment policies is still vital.
- Affordable and flexible childcare is increasingly essential for parents to access work.
- As well as skills development, vast improvements are required to employment support services for disabled people to reduce the disability employment gap.
- A job retention intervention is required urgently to replace furlough schemes including job rotation, which involves integrating skills and employment training to address skills shortages. This would be along the lines of job rotation interventions successfully developed and deployed in other countries such as Denmark, Sweden, and Germany.

²⁷ Ambrose, J (2022) France to force EDF to take €8.4bn hit with energy bill cap. The Guardian. Available at: <https://www.theguardian.com/business/2022/jan/14/france-edf-cap-household-energy-bills>

²⁸ Pugh, M (2022) A living income and great homes upgrade would solve the cost-of-living crisis. New Economics Foundation. Available at: <https://neweconomics.org/2022/02/a-living-income-and-great-homes-upgrade-would-solve-the-cost-of-living-crisis>

²⁹ Etherington, D Jones, M Harris, S & Hubbard S, (2021) *Post COVID-19 Crisis and its impact on Poverty and Destitution in Stoke-on-Trent*. Staffordshire University/Citizens Advice Staffordshire North & Stoke on Trent. Available at: <https://eprints.staffs.ac.uk/6937/>

³⁰ Etherington, D (2020) *A disappearing safety net: post Covid-19 crisis and its impact on poverty and disadvantage in Stoke-on-Trent*. Report to Stoke-on-Trent Hardship Commission. Available at: <https://eprints.staffs.ac.uk/6403/>