



TACKLING THE TRUE COST OF LIVING BY STRENGTHENING OUR SOCIAL SECURITY SYSTEM

September 2022

Summary

The Trussell Trust is an anti-poverty charity, which supports a network of more than 1,300 food bank centres across the UK providing practical support to people who can't afford the essentials, and campaigning for a future where none of us need a food bank.

This briefing presents new research highlighting the devastating impact the cost of living crisis is having on people forced to survive on the lowest incomes¹, alongside action that the UK Government should take to support households on the lowest incomes this winter and beyond.

Our research found more than two million people (40% of people claiming UC) had skipped meals across the previous three months to keep up with other essential costs.²

Food banks in our network are telling us about accelerating need in recent months, including from people who are working, as more and more households are pushed deeper into poverty. We know people are being forced to take cold showers and turn off their fridges and washing machines because they can't meet rising costs.

In May, the UK Government announced welcome action to mitigate the worst of the cost of living crisis for people on the lowest incomes. However, since this time, inflation has risen and the price of essentials has continued to soar. The majority (70%) of people surveyed who had received their first Cost of Living Payment in July said they had already spent all of it when surveyed less than a month later. Almost two thirds (64%) have had to use the payment to buy food.

To end the need for food banks, the UK Government should introduce a commitment in the social security system that benefit rates will always be enough to protect people from destitution. This support is needed not just in a national crisis, but every day. Our recommendations:

1. Increase the support already committed to low-income households with further payments through the social security system.
2. Uprate social security benefits in line with inflation.
3. Make debt deduction rates from benefits more affordable and introduce a more tailored system.
4. Agree a new settlement of integrated local crisis support in England to help people cover unexpected costs.
5. Control and reduce energy bills.

¹ A YouGov survey of 1,846 people in receipt of Universal Credit (UC) during August 2022.

² Calculated by taking the total number of people claiming Universal Credit and multiplying by the proportion of people saying they had skipped meals to keep up with essential costs in the previous three months (40%).

Food bank need has accelerated during the cost of living crisis.

Evidence from our network of food banks shows how the cost of living crisis has impacted households on the lowest incomes. In April and May this year, food banks in the Trussell Trust network provided more than 420,000 emergency food parcels to people facing financial hardship across the UK. This represents a 50% increase compared to the same period in 2019, prior to the pandemic. It also represents a 29% increase when compared to the same period last year.

Food banks in our network are telling us about accelerating need in recent months, including from people who are working, as more and more households are pushed deeper into poverty. We also know that larger families, disabled people and single parent families are particularly at risk of needing support from food banks.

New research from the Trussell Trust shows the impact of rising energy prices and food bills on households with low incomes and reveals the major limitations of current government support.

The cost of living crisis is forcing people to make impossible decisions because they simply don't have enough money to cover the essentials.

Our research surveyed a representative sample of more than 1,800 people in receipt of Universal Credit during August 2022, which we compared to a general population survey during the same month and the same survey in August last year.³

The research shows that financial insecurity is a problem for millions of people, and that this number is growing, even before the next increase in energy bills.

- One fifth (19%) of people in receipt of UC face real financial problems and have fallen behind with bills and credit commitments, up from 15% last August.
- A further 34% said keeping up with bills and credit commitments was a constant struggle, up from 28% last August.
- There has also been a significant increase in the number of people in the general population who are facing financial problems or finding it a constant struggle to keep up with bills, up to 19% compared to 10% in August last year.

³ The research is based on an online survey by YouGov of 1,846 adults (18+) currently claiming Universal Credit. Fieldwork was undertaken 10 - 31 August 2022. The figures have been weighted and are representative of all UK adults claiming Universal Credit. Other detailed information on question wording and results available from the Trussell Trust on request.

However, the research also clearly shows an even more urgent situation facing people relying on Universal Credit, with a very high proportion already unable to cover essential living costs.

- 38% of people in receipt of UC said they'd gone a whole day with no food at all, or just one meal, in the last month because there wasn't enough money for food, compared to 11% in the general population.
- A third (31%) of people in receipt of UC could not afford to keep their home warm last winter, compared to 14% in the general population.

“I couldn't afford heating last year so I have no intentions to use the heating this year, if my electric goes up much more I won't be able to afford to cover my rent and the few bills that I have to pay now, so I could end up homeless.”⁴

During the past three months, millions of people in receipt of UC have experienced severe financial hardship. Two in five (40%) have needed to skip meals to keep up with other essential living costs.

- 34% have fallen into debt because they couldn't keep up with essential bills (e.g. rent or utilities). One in five (19%) people in receipt of UC are currently behind on their energy bills, 12% are currently behind on paying their Council Tax, 12% are behind on paying their water bills and 12% are behind on their rent or mortgage.
- 23% have been unable to travel to work or essential appointments (e.g. GP, school run, dentists or hospital appointments) because they couldn't afford to use public transport or the fuel costs to get there.
- 21% have been unable to cook hot food because they couldn't afford to use the oven or other utilities.
- 28% have been unable to afford to heat their home when they needed to.
- 36% have been unable to pay for essential dental treatment for themselves or a member of their household when it was needed because they couldn't afford to do so.
- 18% have been unable to afford medical prescriptions, pain relief or other over the counter medication.

⁴ Survey of people claiming Universal Credit: 1,846 people weighted to be representative of population claiming UC

“I cannot afford energy now during summer. I have no chance in winter even if energy was to stay the same price as now. We really limit use and can't afford it. Hardly using gas now.”⁵

Almost two-thirds of UC claimants had to spend July's first Cost of Living payment from government on food.

In July this year, the UK Government provided the first Cost of Living Payment of £326 to people in receipt of means tested benefits owing to low income. The majority (76%) who had received it said the payment had not improved their financial situation at all or had improved it 'just a little'. It is clear that, for most people, this level of support is immediately swallowed up by the cost of surviving.

Most (70%) people who have received their first Cost of Living Payment said they had already spent all of it when surveyed in August, less than a month after receiving it. Almost two in three (64%) said they have used the payment to buy food, 38% have used it to buy basic toiletries such as soap, shampoo, toothbrush, toothpaste or sanitary items, 36% have used it to help pay off debts and arrears, 30% have spent it on lighting their home and 27% on heating their home.

Half (50%) of people who have received their first Cost of Living Payment said they were not very, or not at all, likely to be able to manage their household budget over the next three months without having to look for additional help (e.g. using credit/ borrowing from friends or family/ borrowing money from other sources).

It is welcome that a further Cost of Living Payment of £324 will be provided this autumn as part of the UK Government's cost of living package, along with an additional £150 for people in receipt of disability benefits. However, given the 80% increase in the energy price cap from 1 October, rising inflation and higher energy use during the winter months, it is clear the support committed so far will not be sufficient to keep people afloat.

“I am worried that if I can't keep my home warm, I will get sick and won't be able to work. I have several chronic health conditions that get worse with the cold and the damp. I don't want to lose my wages and I don't want to get even sicker.”⁶

⁵ Ibid

⁶ Ibid

Government action is needed to protect people from debt and destitution.

Food bank provision is a symptom of extremely low income. Independent research for the Trussell Trust⁷ found 95% of people referred to food banks in our network in early 2020 were destitute, meaning they could not afford the essentials needed to stay warm, dry, and to feed themselves. **Food banks are telling us that people are being forced to take cold showers and turn off their fridges and washing machines because they can't meet rising costs.**

In May, the UK government announced welcome action to mitigate the worst of the cost of living crisis for people on the lowest incomes. However, since this time, inflation has risen and the price of essentials has continued to soar. If we are to end the need for food banks, the much-needed package of support cannot be a one-off. We must sustain the progress made to help people through this winter and beyond.

To end the need for food banks, the UK Government should introduce a commitment in the social security system that benefit rates will always be enough to protect people from destitution. This support is needed not just in a national crisis, but every day.

The UK Government should also take urgent action to prevent households with low incomes being plunged deeper into poverty this winter.

Recommendations

- 1. Increase the support already committed to low-income households with further payments through the social security system.**

The unprecedented energy crisis and soaring inflation mean low-income households are facing a significant shortfall between the levels of support already committed and the overall rise in the cost of living. Further support must be available to help low-income households cope with the average £2,800 rise in the cost of living they face to April 2023.⁸ Given the £1,200 in additional support committed so far to households on means tested benefits, this means the support should be at least doubled. It should also vary by need, with higher payments for households with higher needs, for instance families with children. The most effective way to provide this support would be through further payments through the social security system.

⁷ State of Hunger, Building the Evidence on Poverty, destitution and food insecurity in the UK, The Trussell Trust, 2021 <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/05/State-of-Hunger-2021-Report-Final.pdf>.

⁸ Rising energy prices a “national emergency” and more support needed to tackle gravest issue UK faces, say charities, JRF, 13 August 2022 <https://www.jrf.org.uk/press/rising-energy-prices-%E2%80%9Cnational-emergency%E2%80%9D-and-more-support-needed-tackle-gravest-issue-uk>

2. Uprate social security benefits in line with inflation

While food banks are there to help people when they need it most, charities cannot, and should not, be our long-term solution to destitution. If people are to have enough money to live with dignity, we need a strong social security system that lifts us out of hardship rather than locking people in poverty. The UK Government must keep its commitment to raise benefits in line with at least the September rate of inflation to help prevent more people from going without the essentials. To be most effective, uprating should be permanently switched to use October's CPI figures, to take account of the looming energy price cap rise that will further stoke inflation, and the UK Government should plan to increase Universal Credit every April and October in periods of very high inflation.

3. Make debt deduction rates from benefits more affordable and introduce a more tailored system.

Our State of Hunger research⁹ shows how debt to government plays a significant role in pushing people into destitution and towards food banks. In mid-2020, nearly half of people referred to food banks in the Trussell Trust network were in debt to the Department for Work and Pensions (DWP) alone, a significant rise on previous years. **In the last three months 58% of people claiming Universal Credit who are facing deductions from their benefits have needed to skip meals to keep up with other essential costs - significantly higher than people claiming Universal Credit who are not having deductions from their benefits (35%).**

Reducing the burden of benefit deductions would enable people to keep more of their money and immediately relieve some of the financial pain they are enduring. Specifically, the UK Government should:

- Lower the cap on total deductions from the Standard Allowance of Universal Credit from 25% to 15%. Deductions to repay debt to central Government should be capped at 5% of the Standard Allowance.
- Ensure that government debt management processes consistently embody the principles of clarity, flexibility and respect by providing all the information and options in a timely way, giving people options that work with their individual needs which may change over time, and treating people in a non-judgmental way, showing understanding and empathy.

⁹ State of Hunger, Building the Evidence on Poverty, destitution and food insecurity in the UK, The Trussell Trust, 2021 <https://www.trusselltrust.org/wp-content/uploads/sites/2/2021/05/State-of-Hunger-2021-Report-Final.pdf>.

4. Agree a new settlement of integrated local crisis support in England to help people cover unexpected costs

When people on extremely low incomes come up against difficult life events or an unexpectedly large cost, they face being tipped over the edge and through the doors of food banks in our network. Local crisis support, such as the type delivered through Local Welfare Assistance Schemes in England, the Scottish Welfare Fund in Scotland, the Discretionary Assistance Fund in Wales, and the Discretionary Fund in Northern Ireland, can provide someone with short-term financial support in an emergency - and prevent the need for a food bank referral.

Over the past eighteen months, the UK Government has invested more than £1.2bn in the Household Support Fund to help local authorities in England support households most vulnerable to rising costs. While the funding is welcome, we are concerned it has contributed to a short-term, fragmented response not best suited to helping the lowest income households with rising costs. In some cases, due to issues with capacity and pressure to spend the money quickly, local authorities have chosen to route this funding through the voluntary sector. This creates further barriers to accessing support in a timely manner as individuals may have to make multiple applications or be referred to local voluntary organisations.

We have heard examples of local authorities passing the funding directly to food banks in their areas. This is concerning. Food banks should not be the first port of call for people facing rising costs. This response risks entrenching emergency food aid in our communities. It is much more effective and dignified for people to receive cash transfers rather than food, which the social security system is already deliberately and effectively designed to do. Food aid cannot help people with rising energy costs, but financial transfers through Universal Credit (or other legacy benefits) can.

No one should face having to turn to a food bank because there is limited local support available to them and yet we know from our network and our research⁶ that support is inconsistent and patchy across England. This is because there is no statutory obligation for local authorities to deliver crisis support schemes, nor is there any long-term, ring-fenced funding available.

Such funding, accompanied with the right guidance, would allow councils to properly plan and deliver schemes tailored to the needs of the local community and closely linked to other forms of support, including Council Tax support and Discretionary Housing Payments. This would also enable local authorities to focus more effectively on preventing serious financial difficulties arising in the first place.

The UK Government should provide sufficient, long-term funding to local authorities in England for local crisis support. **This will allow local authorities to have the certainty to plan support, and to move towards a cash-first, coordinated, and person-centred local system.**

5. Controlling and reducing energy bills

We welcome any proposals that will help prevent people from going without the essentials and being driven to food banks to feed themselves and their families. For people visiting food banks in our network, with an average of £57 a week after housing costs, the current cost of energy is simply unaffordable. Controlling and reducing energy bills to avoid the terrifying increases expected this winter is one way the UK Government could help.

If you would like to arrange a visit to a food bank to discuss the level of need in your area, please email public.affairs@trusselltrust.org