

# Work and Pensions Committee

## Call for evidence on the Cost of Living

June 2022

### 1.0 Introduction

1.1 This response has been made by members of the Consortium for the Regional Support for Women in Disadvantaged and Rural Areas (hereafter, the Women's Regional Consortium), which is funded by the Department for Communities and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland.

1.2 The Women's Regional Consortium in Northern Ireland consists of seven established women's sector organisations that are committed to working in partnership with each other, government, statutory organisations and women's organisations, centres and groups in disadvantaged and rural areas, to ensure that organisations working for women are given the best possible support in the work they do in tackling disadvantage and social exclusion. The seven groups are as follows:

- Training for Women Network (TWN)
- Women's Resource and Development Agency (WRDA)
- Women's Support Network (WSN)
- Northern Ireland Rural Women's Network (NIRWN)
- Women's TEC
- Women's Centre Derry
- Foyle Women's Information Network (FWIN)

1.3 The Women's Regional Consortium is the established link and strategic partner between government and statutory agencies and women in

disadvantaged and rural areas, including all groups, centres and organisations delivering essential frontline services, advice and support.

- 1.4 The Women's Regional Consortium ensures that there is a continuous two-way flow of information between government and the sector. It also ensures that organisations/centres and groups are made aware of consultations, government planning and policy implementation. In turn, the Consortium ascertains the views, needs and aspirations of women in disadvantaged and rural areas and takes these views forward to influence policy development and future government planning, which ultimately results in the empowerment of local women in disadvantaged and rurally isolated communities.
- 1.5 In responding to this call for evidence the Women's Regional Consortium has used evidence from direct engagement with women across Northern Ireland on issues around making ends meet, debt and welfare reform. Details of Women's Regional Consortium research are available on the Consortium's website.<sup>1</sup>
- 1.6 The Women's Regional Consortium appreciates the opportunity to provide evidence to the Work and Pensions Committee. Our evidence includes testimonies from women in Northern Ireland who have told us about the impact of the Cost of Living crisis on their lives and the lives of their children and families.

## **2.0 Background**

- 2.1 Low-income households/families are the most vulnerable to the Cost of Living crisis and face a 'poverty premium' where those on the lowest incomes pay more for essential goods and services. This includes paying more for energy through more expensive pre-payment meters used mainly by low-income

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<sup>1</sup> <https://www.womensregionalconsortiumni.org.uk/research/>

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households, not paying by the cheapest billing method, being forced to use higher-cost credit, etc. Living in poverty also means lacking the resources to take action on the problem, eg, the ability to afford transport to a larger super-market where goods are cheaper than higher-cost local shops.

- 2.2 The Women's Regional Consortium is extremely concerned about the impact of the Cost of Living Crisis on the lives of everyone but most particularly on women and children. This comes after a Covid19 pandemic and a decade of welfare reform and austerity policies that have hit women harder. The impact of all these issues coming together has helped to create a perfect storm where those on the lowest incomes are struggling to meet their most basic needs, having to access foodbanks and expensive credit to afford essential items. This raises grave concerns for future generations and the impact on individuals, society, the economy, education and health.

#### *Cost of Living Crisis*

- 2.3 The decision by the Chancellor not to increase social security benefits in line with current inflation levels along with other measures such as changes to National Insurance means around 600,000 people will be pulled into poverty according to the Joseph Rowntree Foundation (JRF).<sup>2</sup>
- 2.4 Citizens Advice have warned that low income families, hit by a triple whammy of the £20-a-week Universal Credit cut, soaring energy bills and rising inflation, will face financial hardship. Citizens Advice research<sup>3</sup> on the cost of living crunch reveals that one in ten families (3.2 million households) face financial crisis. It found that even if living on a minimal budget (the financial plan its advisers use to support people through a debt management process) more

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<sup>2</sup> New analysis models impact of changes in today's spring statement, JRF Press Release, March 2022

[600,000 will be pulled into poverty as a result of Chancellor's inaction | JRF](#)

<sup>3</sup> Three million families facing crisis as cost of living crunch bites, Citizens Advice Press Release, November 2021

<https://www.citizensadvice.org.uk/about-us/about-us1/media/press-releases/three-million-families-facing-crisis-as-cost-of-living-crunch-bites/>

than 3 million households would be in the red or unable to cover the essentials. It also showed that a further 380,000 households have less than £50 spare each month after covering their basic living costs, putting them at risk of hardship if they faced an unexpected bill.

- 2.5 StepChange research<sup>4</sup> has found that one in five people (21%) think that external financial pressures such as increases in the cost of living will cause them to go into debt they would be unable to pay back. Further data from StepChange<sup>5</sup> shows that the cost of living is now the second most commonly given reason for debt with the number of clients giving cost of living as a driver of their problem debt at 15% more than twice the rate given in 2021.
- 2.6 Latest research by the Joseph Rowntree Foundation<sup>6</sup> into UK Poverty in 2022 shows that within the poorest 20% of households, those with children use a higher proportion of their weekly spending on housing, energy, food and clothing. For lone parents (the majority of whom are women) the spending makes up 55% of the total and for couple parents it is 51%. These households will therefore feel the impacts of cost living increases more keenly.
- 2.7 Rising energy bills add significant pressure to the already stretched budgets of low-income families increasing poverty and the likelihood of getting into debt. New analysis from the Joseph Rowntree Foundation<sup>7</sup> shows that soaring energy bills are eating up substantial amounts of some UK households incomes. The percentage of income spent on gas and electricity for low-income households is on average 18% of their income after housing costs after April. For lone parents they will spend 25% of their incomes on energy bills an increase of almost 10 percentage points in the same period last year.

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<sup>4</sup> One in five people expects to be driven into problem debt this year, StepChange, March 2022  
<https://www.stepchange.org/media-centre/press-releases/debt-awareness-week-2022.aspx>

<sup>5</sup> <https://www.stepchange.org/media-centre/press-releases/april-debt-advice-data.aspx>

<sup>6</sup> UK Poverty 2022, Joseph Rowntree Foundation, January 2022  
<https://www.jrf.org.uk/report/uk-poverty-2022>

<sup>7</sup> Rising energy bills to 'devastate' poorest families, January 2022  
<https://www.jrf.org.uk/press/rising-energy-bills-devastate-poorest-families>

### *Welfare Reform/Austerity Policies*

- 2.8 The social security system has a vital role to play in easing the impact of poverty on people and families. As the Covid19 pandemic has shown, people need to be able to rely on the social security system when times get tough and they are hit by unexpected costs or lost earnings. However, the welfare reform and austerity measures introduced have tended to limit the ability of the system to protect against poverty.<sup>8</sup>
- 2.9 The safety net provided by the social security system has been weakened by a decade of welfare reform changes meaning that many people are unable to meet the costs of essential items such as food, heat and clothing and are unable to cope with unexpected life events such as a washing machine breaking down.
- 2.10 Welfare reform and austerity policies have disproportionately impacted on women. Research by the House of Commons Library shows that 86% of the savings to the Treasury through tax and benefit changes since 2010 will have come from women.<sup>9</sup>
- 2.11 In Northern Ireland an analysis of the impact of the reforms by the Northern Ireland Human Rights Commission (NIHRC)<sup>10</sup> showed that across most income levels the overall cash impact of the reforms is more negative for women than for men. Their most striking finding was that households with children experience much larger losses as a result of the reforms than those without children. This is particularly the case for lone parents (who are mostly

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<sup>8</sup> Protecting dignity, fighting poverty and promoting social inclusion in devolved social security, Dr Mark Simpson, Ulster University, June 2018  
[http://www.niassembly.gov.uk/globalassets/documents/raise/knowledge\\_exchange/briefing\\_papers/series\\_7/simpson060618.pdf](http://www.niassembly.gov.uk/globalassets/documents/raise/knowledge_exchange/briefing_papers/series_7/simpson060618.pdf)

<sup>9</sup> Estimating the gender impact of tax and benefit changes, Richard Cracknell, Richard Keen, Commons Briefing Papers SN06758, December 2017  
<http://researchbriefings.files.parliament.uk/documents/SN06758/SN06758.pdf>

<sup>10</sup> Cumulative impact assessment of tax and social security reforms in Northern Ireland, NIHRC, November 2019  
[https://www.nihrc.org/uploads/publications/Final\\_CIA\\_report\\_Oct\\_2019.pdf](https://www.nihrc.org/uploads/publications/Final_CIA_report_Oct_2019.pdf)

women) who lose £2,250 on average, equivalent to almost 10% of their net income.

### *Universal Credit*

- 2.12 There is substantial evidence that Universal Credit, and in particular problems with the five-week wait at the start of a Universal Credit claim, are causing widespread financial hardship, debt and increased reliance on food banks. Research by the Trussell Trust<sup>11</sup> has concluded that the minimum five-week wait for Universal Credit has led to acute and immediate financial hardship and worsened households' longer-term financial resilience. This included signs of indebtedness (multiple debts, high-risk loans, suspended utilities).

### *Women and Poverty*

- 2.13 Women are more likely to be in receipt of social security benefits, more likely to be in low-paid, part-time and insecure work and also more likely to be providing care either for children or other family members which limits their ability to carry out paid work. This contributes to keeping women's incomes generally lower over their lifetimes and therefore puts them at greater risk of poverty. These existing gender inequalities have been worsened due to the Covid19 pandemic and undoubtedly also by the Cost of Living Crisis.
- 2.14 Women often bear the brunt of poverty in the home managing household budgets to shield their children from its worst effects. This means that women end up acting as the 'shock absorbers' of poverty going without food, clothes or warmth in order to meet the needs of other family members when money is tight.<sup>12</sup> These actions taken by women are often unseen and given little attention or focus in terms of policy.

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<sup>11</sup> #5WeeksTooLong, Why we need to end the wait for Universal Credit, The Trussell Trust, September 2019

[PolicyReport\\_Final\\_ForWeb.pdf \(trusselltrust.org\)](#)

<sup>12</sup> A Female Face, Fabian Society Blog by Mary-Ann Stephenson, Women's Budget Group, February 2019

<https://fabians.org.uk/a-female-face/>

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## *Debt*

- 2.15 Low income households are the most vulnerable to debt and increasingly are having to use borrowing to meet everyday expenditure. Research by the Joseph Rowntree Foundation<sup>13</sup> shows that 3.8 million (33%) low-income households across the UK are in arrears and 4.4 million (38%) have had to take on new or increased borrowing through the pandemic. Essential bills make up the majority of low-income households' arrears. Resolution Foundation research has also shown that despite a decade of falling interest rates the burden of debt remains substantially higher for low-income households.<sup>14</sup> Worryingly this has been concentrated in products with high interest rates.
- 2.16 Low-income households are more likely to have to rely on high-cost credit as they are often unable to access cheaper forms of borrowing due to their low-income and/or other debts. Many of these borrowers are forced to use expensive forms of lending to buy essential goods and larger purchases they otherwise could not afford. This leaves these households vulnerable to exploitation through high interest charges, illegal lending and the likelihood of problem debt.
- 2.17 Some of the most vulnerable borrowers are forced into using illegal lending or 'loan sharking' because of a more urgent need for money. In Northern Ireland illegal lending is often linked with perceived paramilitary activity.<sup>15</sup> Research conducted by Advice NI on behalf of the Consumer Council<sup>16</sup> in Northern Ireland has highlighted that one of the themes around illegal lending is low income and lack of access to mainstream credit. Research by the Women's

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<sup>13</sup> Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise, Joseph Rowntree Foundation Briefing, October 2021

[Dragged down by debt: Millions of low-income households pulled under by arrears while living costs rise | JRF](#)

<sup>14</sup> An outstanding balance? Inequalities in the use – and burden – of consumer credit in the UK, Resolution Foundation, January 2020

<https://www.resolutionfoundation.org/publications/an-outstanding-balance/>

<sup>15</sup> Expensive Lending in Northern Ireland, Centre for Economic Empowerment, NICVA, May 2013

[https://www.nicva.org/sites/default/files/d7content/attachments-resources/cee\\_expensive\\_lending\\_in\\_northern\\_ireland\\_2013.pdf](https://www.nicva.org/sites/default/files/d7content/attachments-resources/cee_expensive_lending_in_northern_ireland_2013.pdf)

<sup>16</sup> Illegal Lending – The Human Story, Advice NI, September 2019

<https://www.adviceni.net/policy/publications/illegal-lending-human-story>

Regional Consortium<sup>17</sup> with women in Northern Ireland found that the use of high-cost credit was widespread and showed a number of examples of borrowing through loan sharks including paramilitaries.

### *Discretionary Support*

- 2.18 Changes to the Social Fund as a result of welfare reform have meant that there is less help available through the social security system for those with extreme, exceptional or crisis situations. Since the Social Fund has been replaced by Discretionary Support (DS) there has been a weakening of this safety net for the most vulnerable borrowers meaning that it no longer provides the support it once did. A Northern Ireland Audit Office (NIAO) report<sup>18</sup> showed that between 2014-15 and 2017-18, the number of grants and loans awarded has reduced by 60%.
- 2.19 An independent Review into DS<sup>19</sup> has found that it provides an important source of borrowing for those on the lowest incomes and can help to divert people from illegal lending such as paramilitaries.

### *Impact of Cost of Living on Women's Centres*

- 2.20 Just like families Women's Centres are finding it tougher and tougher to make ends meet and provide their valuable services given current funding levels. Their running costs have doubled in the last year but there has been no increase in their budgets for running costs to meet these increases. Many of the Centres have seen increasing demand for their services as women and families struggle to make ends meet and cope with spiralling costs for the essentials.

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<sup>17</sup> Making Ends Meet: Women's Perspectives on Access to Lending, Women's Regional Consortium, February 2020

[Making-Ends-Meet-Womens-Perspectives-on-Access-to-Lending.pdf](https://www.womensregionalconsortiumni.org.uk/Making-Ends-Meet-Womens-Perspectives-on-Access-to-Lending.pdf)  
([womensregionalconsortiumni.org.uk](https://www.womensregionalconsortiumni.org.uk))

<sup>18</sup> Welfare Reforms in Northern Ireland, Northern Ireland Audit Office, January 2019

[Welfare Reform Report 2019.pdf](https://www.niauditoffice.gov.uk/Welfare-Reform-Report-2019.pdf) ([niauditoffice.gov.uk](https://www.niauditoffice.gov.uk))

<sup>19</sup> Independent Review of Discretionary Support, Department for Communities, February 2022  
<https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-independent-review-of-discretionary-support-22.pdf>

2.21 The vital services delivered locally by community organisations such as Women’s Centres are vital to tackling poverty and disadvantage and promoting gender equality. These local services which support statutory provision are the most cost effective way of ensuring that local needs are met and ensures the best outcomes for the communities they service. Additional support is needed to help community organisations, such as Women’s Centres, who are providing vital support in disadvantaged communities to continue to meet these rising costs.

### **3.0 Call for Evidence Questions**

#### **How effectively will the new Cost of Living Payments protect different types of households from increases in the cost of living?**

We welcome the support from Government to help protect people from the substantial and sustained increases in the cost of living which are being experienced at present. We believe that it is right to target this help at those on the lowest incomes who can least bear the increasing costs of the most essential items such as energy and food.

However, while these payments will provide some help their one-off nature means that this help is temporary. Once this money is spent it leaves many households and families back in the situation they were in previously – struggling to make ends meet on a low income.

What is needed is a long-term co-ordinated approach across Government departments including increasing investment in the social security system and addressing issues around low pay. This would help to enable people to live decent, healthy lives and provide for their children and families.

The Women’s Regional Consortium recommends the re-instatement of the £20 uplift to Universal Credit and Tax Credits and extending it to legacy benefits. This would

help to ensure that the social security system provides a better safety net which protects people and families from poverty and hardship and allows them to afford the essentials and cope with unexpected income shocks.

We are also concerned about those who are just outside the income bracket for help through the benefits system and who will not be entitled to this help. Many households just outside Universal Credit eligibility who are in low-paid work are also facing real financial hardship and debt as a result of the Cost of Living Crisis. Often referred to as the 'working poor' many are also struggling to put food on the table, heat their homes and afford transport costs to help them travel to and from their place of work.

Those not in receipt of means-tested benefits such as Personal Independence Payment (PIP) and Carer's Allowance will also miss out on these payments. Disabled people and carers are often at greater risk of poverty and face additional costs such as increasing heating costs and extra transport costs to attend medical appointments meaning less money to spend on the essentials. Denying some of those at greatest risk of poverty help with Cost of Living increases seems unfair and will have long-term negative consequences for these people and their families.

The Women's Regional Consortium would like to see greater financial support for carers as this would particularly benefit women who are more likely to be caring and providing higher levels of care. Caring remains a gendered issue and it is still very much seen to be seen to be "*women's work*". Figures show that in Northern Ireland 64% of carers are women and 36% are men. Around 1 in 5 women aged 45 to 54 are providing unpaid care to someone with a disability or illness, or who is older.<sup>20</sup> Statistics show that by the time they are aged 46, half of women have been a carer. Men have the same 50:50 chance by age 57 – eleven years later.<sup>21</sup>

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<sup>20</sup> State of Caring 2021, A snapshot of unpaid care in Northern Ireland, Carers NI, March 2022  
[State of Caring in Northern Ireland - Carers UK](#)

<sup>21</sup> Will I care? The likelihood of being a carer in adult life, CarersUK, November 2019  
[http://www.carersuk.org/images/News\\_campaigns/CarersRightsDay\\_Nov19\\_FINAL.pdf](http://www.carersuk.org/images/News_campaigns/CarersRightsDay_Nov19_FINAL.pdf)

Carers NI survey data<sup>22</sup> has found that many carers face precarious financial situations. Many carers face additional costs associated with providing care, eg, equipment, increased food, energy and transport costs and many have had to reduce their working hours or leave work as a result of providing care. The survey found that 29% of carers said they were struggling to make ends meet. More than 1 in 20 said that they cannot afford important bills like gas, electricity, rent/mortgage and more than 1 in 10 are cutting back on essentials like food and heating. For those on Carer's Allowance, almost half (46%) were struggling to make ends meet and more than a quarter (27%) are or have been in debt because of caring.

Carer's Allowance, the main benefit for people providing unpaid care for family or friends, remains the lowest benefit of its kind at just £69.70 per week (2022/23 rates). Part of the eligibility for Carer's Allowance is an earnings limit of just £132 a week. These low values in terms of payment and earnings means that many carers struggle to make ends meet. Many organisations including Carers UK<sup>23</sup> have been calling for some time for the value of Carer's Allowance to be increased and for the earnings limit for claiming Carer's Allowance to be raised to ensure those juggling work and care on low pay also receive support.

### **What approach should the Government take to the uprating of benefits and state pensions in future years?**

The Women's Regional Consortium would like to see benefits uprated by the actual rate of inflation in the future. This would ensure that benefits match the real cost of living. The fact that there was a 3.1% uprating of benefits in April 2022 when inflation was approaching 8% means that many households on benefits experienced a real-terms cut to their incomes which are already at historically low levels. JRF analysis has highlighted that this decision will pull 600,000 people into poverty around a quarter of whom are children.<sup>24</sup>

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<sup>22</sup> State of Caring 2021, A snapshot of unpaid care in Northern Ireland, Carers NI, October 2021 <https://www.carersuk.org/for-professionals/policy/policy-library/state-of-caring-2021-report>

<sup>23</sup> <https://www.carersuk.org/news-and-campaigns/campaigns/fairer-for-carers>

<sup>24</sup> New analysis models impact of changes in today's spring statement, JRF Press Release, March 2022

[600,000 will be pulled into poverty as a result of Chancellor's inaction | JRF](#)

We support the call from JRF that Government should shorten the time between assessing CPI in Autumn and uprating in the Spring to ensure that uprating reflects the genuine rate of inflation.

**Following the Chancellor's announcement on 26 May, are there other ways in which the Government should increase support for people on legacy benefits and state pensions ahead of the next scheduled benefit uprating in Spring 2023?**

As previously stated, the Women's Regional Consortium recommends the extension of the £20/week uplift to Universal Credit/Tax Credits to legacy benefits and state pensions. We believe that the best way to protect those on the lowest incomes from poverty and to help with cost of living increases is to invest in the social security system.

We would also like to see increased help through the social security system to help people avoid getting into expensive debt especially for the cost of essentials. Research by the Women's Regional Consortium<sup>25</sup> with women in Northern Ireland found that the majority of the participants in the research had needed to borrow money much of it for essential items and to make ends meet. The research also found that the use of high-cost credit was widespread. There is a real need for those on the lowest incomes to have access to low or no cost lending especially for essential items and to help them to cope with Cost of Living pressures.

As previously outlined in Section 2.18 Discretionary Support has led to a weakening of the safety net through the social security system for the most vulnerable borrowers. An independent Review into Discretionary Support<sup>26</sup> found that it is critically important and should be protected stating: *"the need for Discretionary Support is likely to*

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<sup>25</sup> Making Ends Meet: Women's Perspectives on Access to Lending, Women's Regional Consortium, February 2020

[Making-Ends-Meet-Womens-Perspectives-on-Access-to-Lending.pdf](https://www.womensregionalconsortiumni.org.uk/Making-Ends-Meet-Womens-Perspectives-on-Access-to-Lending.pdf)  
([womensregionalconsortiumni.org.uk](https://www.womensregionalconsortiumni.org.uk))

<sup>26</sup> Independent Review of Discretionary Support, Department for Communities, February 2022  
<https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-independent-review-of-discretionary-support-22.pdf>

*increase because too many individuals are unable to meet their essential needs from the income they receive through social security benefits or employment and so they remain at high risk of destitution.”*

Problems with accessing Discretionary Support due to problems with the telephone application and restrictive eligibility conditions including an income threshold and limits on the number and amount of debts a person can have has reduced expenditure on these awards. The Women’s Regional Consortium wants to see greater investment in Discretionary Support in Northern Ireland and the urgent implementation of the recommendations from the Independent Review of Discretionary Support<sup>27</sup> to improve the current service.

### **What changes should DWP make to their deductions policies and practices to protect those on Universal Credit and legacy benefits from reduced incomes?**

The repayment of Government debt is a significant issue for many social security claimants. The Universal Credit five-week wait is often the biggest challenge claimants face with the benefit and has led to widespread evidence of claimants going without food, heating and getting into debt to cover their bills. The five-week wait forces many people to turn to Advance Payments in order to provide for themselves and their families during the wait period. As these have to be repaid they effectively put claimants in debt at the very outset of their claim.

Research by the Trussell Trust<sup>28</sup> found that current Government support during the wait is often not enough to mitigate the impact of the minimum five-week wait. This research found that Advance Payments left claimants deciding between hardship now or later and that repaying Advance Payments pushed many claimants into hardship well beyond the initial claim period particularly if they are paying off other loans. Many

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<sup>27</sup> Independent Review of Discretionary Support, Department for Communities, February 2022  
<https://www.communities-ni.gov.uk/sites/default/files/publications/communities/dfc-independent-review-of-discretionary-support-22.pdf>

<sup>28</sup> #5WeeksTooLong, Why we need to end the wait for Universal Credit, The Trussell Trust, September 2019  
[https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport\\_Final\\_ForWeb.pdf](https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport_Final_ForWeb.pdf)

claimants were still struggling with debt accumulated during the wait more than six months later. DWP figures show that in 2018, 33% of claimants were unable to repay their Advance Payment within the twelve month limit.<sup>29</sup>

StepChange<sup>30</sup> research shows that repayments don't take into account people's ability to afford them and that even small deductions can have a big impact on people living on a financial knife-edge. StepChange found that even a deduction of just 5% would push nearly half their clients on benefits into a negative budget meaning they would not have enough money to cover their essential costs.

Research by the Joseph Rowntree Foundation in Northern Ireland found that recipients of Universal Credit found it hard to recover from the financial hardship that the five-week wait caused and described ongoing difficulties linked to reduced Universal Credit payments as the Advance Payments (and often other historical debts) were repaid.<sup>31</sup>

Research by the Lloyds Bank Foundation<sup>32</sup> has warned that unfair deductions from Universal Credit are leaving more than two million people unable to afford basic necessities and driving them further into debt. 44% of Universal Credit claimants are having money deducted to pay debts with an average of £78 deducted from their monthly Universal Credit payments. The most common deductions are Advance Payments and historic Tax Credit overpayments.

A Trussell Trust report has shown that almost half of all households at food banks during the pandemic are repaying debts to the Government. The Trussell Trust state that it is now more common for people arriving at food banks to owe debt to the

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<sup>29</sup> <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2019-05-01/249845/>

<sup>30</sup> Hardship Now or Hardship Later? Universal Credit, Debt and the Five Week Wait, The Trussell Trust and StepChange, June 2019

[https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport\\_Final\\_ForWeb.pdf](https://www.trusselltrust.org/wp-content/uploads/sites/2/2019/09/PolicyReport_Final_ForWeb.pdf)

<sup>31</sup> Universal Credit could be a lifeline in Northern Ireland, but it must be designed with people who use it, Ruth Patrick and Mark Simpson, with UC:Us, Joseph Rowntree Foundation, June 2020

<https://www.jrf.org.uk/report/universal-credit-could-be-lifeline-northern-ireland-it-must-be-designed-people-who-use-it>

<sup>32</sup> Deductions: Driver of Poverty, Lloyds Bank Foundation, May 2022  
[deductionsreport.pdf \(lloydsbankfoundation.org.uk\)](https://www.lloydsbankfoundation.org.uk/deductionsreport.pdf)

Government than to private lenders or family and friends.<sup>33</sup> Their figures show that 47% of households using their food banks owed money to the Department of Work and Pensions (DWP) due to loans and overpayment of benefits. This compares to 37% at the start of the year before the pandemic hit. They also found that 73% of people receiving Universal Credit were repaying an Advance Payment when they visited a food bank despite clearly being unable to afford the essentials. This figure is up from 51% before the pandemic.

StepChange research<sup>34</sup> has also found that excessive deductions from social security payments to repay debt are compounding debt problems. Over half (54%) of their clients who receive Universal Credit have at least one deduction in place compared to 36% of those receiving legacy benefits. This reflects a higher likelihood that those receiving Universal Credit will be repaying an Advance Payment or a Tax Credit overpayment. 40% of their clients had two or more deductions in place and 15% had three or more.

Local figures available through a Northern Ireland Assembly Written Question<sup>35</sup> show that there were 121,083 Universal Credit statements of award during January 2021 and 33,684 of these statements (27.8%) had deductions applied to the award (including for example Tax Credit or other benefit overpayments, repayable loans and third party deductions).

Research by the Joseph Rowntree Foundation<sup>36</sup> found that problem debt and arrears on bills was common among those experiencing destitution and the debts mainly pre-dated the Covid pandemic. These debts were largely 'public sector' debts owed to the DWP, local authorities and utility companies.

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<sup>33</sup> Lift the Burden, Tackling the Government Debts facing people at Food Banks, The Trussell Trust, December 2020

[Lift-the-burden-Dec-20.pdf \(trusselltrust.org\)](#)

<sup>34</sup> Problem Debt and the Social Security System, StepChange, January 2020

[social-security-mini-brief-report.pdf \(stepchange.org\)](#)

<sup>35</sup> AQW15195/17-22 asked by Gerry Carroll MLA

[AIMS Portal \(niassembly.gov.uk\)](#)

<sup>36</sup> Destitution in the UK 2020, Joseph Rowntree Foundation, December 2020

[Destitution in the UK 2020 | JRF](#)

Deductions from social security payments to repay Government debts causes people to struggle to afford the essentials and can drive them into poverty and debt. The repayment of historic benefit debt, particularly for tax credits, means that many Universal Credit claimants are living with reduced awards and on very low incomes. The Women's Regional Consortium recommends that historic benefit debt should be written off or reclaimed at a much lower rate.

The Women's Regional Consortium would like to see an end to the Universal Credit five-week wait. While it remains we recommend that Advance Payments are turned into non-repayable grants instead of loans to help prevent claimants getting into hardship and debt at the outset of their claim. Locally, we back calls from the Cliff Edge Coalition NI<sup>37</sup> for the Department for Communities to strengthen the existing welfare mitigations package in Northern Ireland to provide for a one-off supplementary payment to be made to people claiming Universal Credit to support them through the five-week waiting period.

The Women's Regional Consortium also supports the call from JRF to reduce the maximum cap on Universal Credit debt deductions from 25% to 15% and a maximum cap for state debt deductions at 5%.

### **How can the Government act to increase Pension Credit take up to help pensioners with rising living costs?**

The Women's Regional Consortium suggests that Government work more closely with voluntary and community sector organisations in relation to increasing take up of benefits. Many of the organisations working within the community and voluntary sector have years of experience of working against poverty and disadvantage. They are skilled at reaching the most marginalised within communities and provide trusted spaces and skilled people to do this work.

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<sup>37</sup> The Cliff Edge Coalition NI is a group of over 100 organisations from across Northern Ireland who came together to express concerns about the end of welfare reform mitigations in March 2020 and to campaign for their strengthening. The Women's Support Network is a member of the Coalition's Working Group.

However, this valuable work must be recognised and properly resourced. Organisations within the sector working in these areas must be provided with long-term, sustainable funding to do this work. Much of this work, particularly with elderly people, requires an investment of time, experience and knowledge and short-term or piecemeal funding does not allow for this work to be completed effectively.

#### **4.0 Evidence from Women in Northern Ireland**

The quotations and case studies provided below have come from Women's Regional Consortium research with local women in Northern Ireland on Cost of Living increases.

*“Benefits are not rising in line with the cost of living. It used to cost me £40/week to feed my 3 kids now it costs £100 – part of that is because they are getting bigger but it’s also about the rising cost of food. Benefits are not going up but rent is going up, food is going up, electricity is going up.”*

*“The £20 uplift was helping me pay back my Advance Payment but now paying it back is really impacting.”*

*“I really find a difference with losing the £20/week. I have had to cut back on my budget for food and electric. My heating costs so much we have Economy 7 – it costs a lot but there’s no real heat.”*

*“I put £40 in my electric and it beeped before the end of the week so I had to put another £5 in so that’s £45/week. The gas is £30. Petrol is £80/week, when I got the car it was £53/week. I need the car to get around as I live in a rural area.”*

*“I don’t put the heat on as much. I don’t like a cold house but I maybe just have it on for one hour for when my son is waking up. The living room is very cold. But we have to watch when we put the heat on as we can’t afford it.”*

*“I usually buy oil in small tanks of 25 litres every week or second week. I can never buy 500 litres. If you buy more it’s cheaper but you have to have enough money to do that.”*

*“Now when I go to bed at night I’m switching all the sockets off too – anything to save a bit of money.”*

*“I had to take the heating off the timer and just put it on for shorter periods as I can’t afford to have it on an hour at a time. The rest of the time I’m just putting layers on to try and keep warm.”*

*“I used to spend £60 a week on shopping for me and the three kids. Now it’s over £100/week.”*

*“You really notice the price of food – deals that were £1 are now £1.50 and you’re paying more for less. I’m going round to other shops to try and find cheaper deals but then you end up paying more in petrol to drive around the shops.”*

*“I’ve started shopping in different shops and just as and when I need rather than doing a big shop. I can’t afford to do a big shop anymore. You used to be able to fill a trolley for £50 but now you can’t do that anymore, it’s got so expensive.”*

*“We’re having to choose between paying for gas or paying for food.”*

*“I used to have a treat day for the kids where I would have bought them buns. But I’ve had to cut back and pull my spending in because of the price of everything. I used to spend about £12 on buns for them one day a week but it has had to stop. You have to be more aware of your shopping and get good deals.”*

*“Sometimes you struggle between turning the heating on and feeding the children. As a mother you’d go without to make sure the kids have what they need. I’ve made dinner sometimes and there hasn’t been enough for everyone so I’ve lied and said it’s alright I’ve eaten so that I can try and make it stretch.”*

*“Women are the ones who often give up/do without to absorb debt rather than let it impact on their children. I’ll do without spuds and put the spud on the child’s plate. Women are at the frontline of this.”*

*“It would be good if the Government could give people more money in benefits. You are expected to live off what they give you but they couldn’t do it. You have to buy shopping, clothes, gas and electricity with what they give you but you can’t do it. You can’t even afford to get a new pair of shoes, you have to borrow.”*

*“Government need to take into account the cost of living so that people can get the amount of money that they need to live on.”*

*“Our politicians and the people who make decisions need to look at all these issues – people living on benefits, in part-time work, the low paid – they don’t know what it’s like, they just don’t care. Politicians don’t understand the realities of people’s lives and just how little they have to live on and the impact of even small rises in costs.”*

### **Case Study One**

*“I’m a single parent with 3 kids. I am in receipt of Tax Credits and got the £20/week uplift but now it’s been cut I really notice the difference. The cut happened and then everything got more expensive. I noticed tins of corned beef which used to be £2.50 now they’re £4. Bread is now £1.29 and it used to be 89p – it had went up to £1.09 and it is now up again. Little things I used to get like pasta and spaghetti for 20–30p now you can’t get the cheaper ones anymore and it’s now 60p. It’s been really cold*

*the last two weeks and I'm having to be really careful when I switch the heat on. I put £40/week into the gas now. Electric is not as bad but it is still more than it was. Gas is the real killer.*

*I have 3 kids in the house, I'm always going without to make sure they have what they need. The little one needs new school shoes and I'm trying to figure out how I'm going to pay for them. There is nowhere to take the money from. He needs them so this week I'll cut back on gas and not do a full shop so that I can save some money for his shoes. My shopping is expensive as I have two kids with allergies and they can't eat some of the cheaper things. The car needs fixed but I can't afford it so it's sitting in the drive. That means I have to take taxis and I end up using all my money.*

*It has got to the point where it's overwhelming and now the kids know too. My mental health has been very impacted by all this it has put a lot of stress on us. I feel sorry for the children as they have absorbed a lot of the stress. I just don't know what to do."*

### **Case Study Two**

*"I'm a single parent with three children living on Universal Credit. The £20 increase was really helpful but now I really miss it. Even with the increase because the cost of everything was going up it didn't really mean that much extra. But now it's gone I'm having to cut down on food, gas and electric.*

*I'm in private rental and my rent is £600/month. I have to pay £80 out of my own money towards the rent. Everything else is going up so that leaves less money for everything. I don't put the heat on unless I have to for the kids. I have gas heating and it just keeps going up.*

*My tumble dryer broke last year. I really need it with three kids. My dad lent me the money and I paid him back over time. I couldn't get another Credit Union loan for it as I had already got a loan for Christmas. I'm lucky to have my dad. For a single parent on benefits the money is not great there's not a lot to live on and you worry all the time about your bills.*

*By the time I pay all my bills the week before I get my benefits I am skint. The kids ask for things and I have to say no because I haven't got the money."*

### **Case Study Three**

*"I'm single and in receipt of Employment and Support Allowance (ESA). I borrowed a couple of hundred pounds from a doorstep lender to get things I needed like clothes and to help with household bills.*

*I'm struggling with increases in energy bills especially electric which has more than doubled. I use a meter it used to be £5/week I'm now putting in £15/week. It's getting more and more expensive and it's going up again. I could really use some*

*extra help but I'd never go to a foodbank I'd be too embarrassed I'd rather go without food.*

*ESA is not enough to live on. I'm always having to sacrifice something to pay for something else – just for ordinary bills. Sometimes you just need a wee bit extra but your week's money doesn't last. Some weeks I either get electric or gas but I can't get both. Some weeks I just have to put coats on and use hot water bottles for heat, I use about three to keep me warm. If I prioritise electricity, then I go without heat. I think the Government need to increase the amount of benefits to help people avoid debt or have a scheme that helps with vouchers for gas and electric to help people out a bit.*

*Money worries have a huge impact on my stress levels and mental health. I'm in constant worry and stress and I have panic attacks about it.”*

#### **Case Study Four**

*“My husband died recently and I live alone as my children are all grown up. I had been working but I came out of work when my husband died. I tried to go back but I couldn't do it and I went out on sick and eventually I was let go. I'm on Universal Credit and I have to pay the shortfall in my rent of around £20/week. I'm in rent and rates arrears and I'm paying back an overpayment of benefits. I applied for Discretionary Support for help with my ordinary bills. I'm making the repayments but it's hard.*

*I had been getting the uplift in my Universal Credit which was helping but it was cut and I really notice it especially with my gas and electric. I'm putting in double what I was. Everything else is going up but not benefits. It's a bad time for a cut when everything else is going up. Universal Credit is not enough to live on, somebody really needs to do something about it.*

*The price of stuff is just horrendous. Tins of Spam used to be £1 and the other day it was £3. Everything has gone up – food, gas and electric, even trying to get clothes. I saw a sign in the Women's Centre that said if you were struggling you could get help from the foodbank so I put in an order form and it really helps me.*

*I've really noticed the cost of gas. I live in a big house where I reared my kids but they are gone now and it's hard to heat. I want to move into a smaller house but I've been on the waiting list for seven years now. The house is hard to heat and I have to limit when I put the heat on. I just put it on for an hour but it cools down quickly so I'm sitting with all my layers on to keep warm.*

*I worry when I go to bed at night thinking about money. There isn't a week goes by without worrying about paying for something. I'm always worrying, it's horrible to be always worrying about money.”*

#### **Case Study Five**

*“I'm a single parent with five kids. I receive Income Support and Tax Credits. I've noticed I'm putting a lot more on the gas meter now. Food shopping is also much*

more expensive. There are weeks I'm just about getting by. Sometimes I have to borrow off my family but only if I really, really need to.

I have been using the foodbank since before Christmas. I try and buy things in the shops that are reduced and freeze them. I try and make sure my kids eat healthy but healthy food is so much more expensive compared to processed food. I don't want my kids eating rubbish. I get Healthy Start vouchers and I use these for milk, fruit and vegetables and it's a great help for me.

I always try and make sure the kids don't suffer and they get what they need. I'll go without to make sure they have what they need."

### **Case Study Six**

"I'm a single parent with four children aged from 10 to 23. I work full time as a classroom assistant and I'm getting Tax Credits but only for my youngest child. I'm in low income work and I don't get any help as I'm just over the threshold. I've gone to so many places asking if there's any help I can get or anything I'm entitled to but there's nothing. It's really tough.

I'm really noticing the increases in the price of gas. We can't have it on the same now just twice a day and only for an hour. I've also noticed the difference in the food shop, I've a set amount to spend on groceries a week and the prices just keep going up. There's nothing extra in my basket and even the basics are going up. My son went through three uniforms last year by the time he was in and out of school. He grew so much and the uniforms are so expensive.

It's really difficult as a parent you want your house to be warm, your kids to have clothes and good things to eat but you have to pick between these as you can't afford to do them all. As a single parent it's hard too as you've no one to fall back on. If you have to buy something you have to choose between that and something else. I had to buy a coat for my son but I had to cut back on essentials to get it.

I work full time and pay my taxes. It's very hard when you're doing everything society tells you to do and you're still struggling. There is nothing to lift the stress. I don't buy anything for myself, I will go until things are threadbare. I don't go out, I don't smoke, I don't drink, I just can't afford it. I just go to my work and come home and that's all there is."

### **Case Study Seven**

"I live in a rural area and I'm a single parent with one child. I work and claim Universal Credit. I have debts of over £1,000. I have a car loan as I need a car for work and because of a lack of public transport where I live. When I moved from Tax Credits to Universal Credit I ended up with an overpayment so my payments have been reduced to pay this off.

They are taking this debt off me at £100/month but I will have to ask them to lower it now that the Universal Credit cut has come into force and because of all the other

rising costs. The cut to Universal Credit will mean I'll have to reduce what I pay to my other debts.

I've seen a big increase in my bills. I used to only have to spend £20/month on electricity but now it's nearly £35/month and it's still going up. I use oil heating and had been able to get a small grant from the Department for Communities to help with this but the tank is only half full now and I can't afford another order of oil. I need £100 to put the order in but I just don't have it. I'm rationing it, I don't set the timer anymore I just turn it on when I need it for hot water, etc. I light a fire as it's cheaper and saves money on oil but you need money for the fire too.

It's not just about eating and heating it's clothing too and children grow so much. I haven't bought clothes for myself in a long, long time. People talk about getting children out and about and involved in things but they don't think that they need the clothes and shoes and sometimes money to do these things.

It's like a mental fatigue especially when you're on Universal Credit. I'm constantly looking at my bills not just for this month but what's coming up next month. I'm always wondering if there is enough to cover what's coming up next month too. When I go shopping it's always about mentally counting up how much I have to spend. It's constantly having to watch money, there's no reprieve from it and it's exhausting. It would be great to have a week where I didn't have to worry about money."