CHANGING LIVES

PRICED OUT:

The impact of the rising cost of living on people with multiple unmet needs

Report by Changing Lives

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Summary

Findings

- The rising cost of living has had a devastating impact on people with existing vulnerabilities, many of whom were already deeply affected by experiences of poverty and disadvantage.
- Over 80% of our services have seen an increase in the number of people who are **no longer able to make ends meet.** Experiences of food poverty and hunger are becoming commonplace, and a growing number of people are at risk of eviction.
- Over 75% of our services have seen an increase in the number of people incurring **unsustainable levels of debt**, including reliance on perilous forms of lending such as loan sharks and sources of high-cost credit.
- Young people aged under 25 are among the most affected, primarily because they receive lower levels of support through the benefits system. By the end of 2022, we estimate that a young person living in self-contained supported accommodation will be faced with a **deficit of almost £150 per month** after paying for food and utilities.
- The vast majority (90%) of our services said they are seeing more people with experiences of **poor mental and physical health**, including self-harm, loneliness and harmful substance use.
- A further two-thirds are seeing a greater number of people at increased **risk of abuse and exploitation**, including **domestic abuse, sexual exploitation and modern slavery**. Of these, 75% of our services said the rising cost of living has resulted in a reduction in **contact with their children**.
- It is becoming ever more difficult to help people move on from homelessness services because it is simply unaffordable for them to live independently. In some cases, the people we support are faced with the prospect of living with a **deficit of almost £200 per month** in private rented accommodation.
- Our services estimate that almost 50% of people in our services have **struggled to access financial support** with the rising cost of living, and almost all are being pushed further into poverty through an inadequate welfare system and limited routes to employment.

Recommendations

- **Welfare:** While we welcome the support package introduced by government to support people with the rising cost of living, discretionary funding is not an effective substitute for changes to the ongoing funding through benefits that people need to get by. We are calling for wide-ranging changes to the benefits system, including uprating Universal Credit in line with inflation and increasing rates for people under 25 to the same level as those 25 or over, an increase in the benefits cap, temporary pause on Universal Credit deductions, and the replacement of advance payments for Universal Credit with a non-repayable grant.
- **Housing:** A safe, secure home is the foundation of a flourishing life, but for many people this is being placed under threat by the rising cost of living. We need to see a fundamental shift in our housing system by investing in 3.1 million new social homes over the next 20 years, increasing the Local Housing Allowance to 50% of market rates, and introducing a transitional period to enable people who secure employment while living in supported accommodation to find a place to live before their housing benefit entitlement is removed.
- **Employment:** The people we support have the potential to make a significant contribution to the workplace, but often need additional, intensive, holistic support to access and sustain employment. We want to see routes to employment for people who have existing vulnerabilities reflected in opportunities through the levelling up agenda, and for the UK Shared Prosperity Fund to be targeted towards supporting people who face multiple barriers to work.
- **Financial inclusion:** Many of the people we support in our services have struggled to access financial support to help them with the rising cost of living, and systems for providing emergency welfare support are piecemeal and fragmented. We would like to see ringfenced funding for people exiting homelessness services through the Household Support Fund, local authorities resourced to administer the Household Support Fund effectively as part of a joined-up approach to crisis welfare assistance, free and/or discounted travel for people in receipt of benefits, and increased provision of financial support and advice to allow services to respond to increasing demand.
- **Funding for public services:** The voluntary sector plays an essential frontline role in supporting people when times are tough. We are calling for increased funding for commissioned public services, including voluntary sector providers, to support people at a time of increasing demand for services and growing complexity of need.

Introduction

Changing Lives is a national charity, supporting thousands of people in the most challenging of circumstances each year. This includes people with experiences of homelessness, abuse and exploitation, addiction and long-term unemployment. We help people make positive change in their lives – for good.

This report shines a light on the devastating impact of the rising cost of living on the people who access our services, many of whom have existing vulnerabilities including lasting experiences of poverty, discrimination and trauma.

Across the UK, people are facing rising costs of living. With inflation at its highest rate in over 40 years[1], the cost of energy, food and consumer goods has placed significant pressure on household incomes. The people we support at Changing Lives, many of whom are already locked into poverty, stand to be among the worst affected.

First, this is because people on lower incomes spend a higher proportion of their income on food, housing and energy[2], meaning they are being pulled further into poverty each day. Furthermore, we know from our own research[3] that poverty increases vulnerabilities, most starkly during lockdown, when people did not have access to support and faced increased violence and exploitation.

Second, we all rely on public services in our day to day lives, and these are especially important to people who are struggling, in particular the welfare system. The Government's commitment to providing additional support with the rising cost of living is welcome, including a £650 cost of living payment to people in receipt of means-tested benefits and a £1.5bn Household Support Fund administered by local authorities to help people in need[4]. However, as discretionary payments these measures do not go far enough. Our welfare system does not provide enough for people to live on, or the necessary foundations from which to build a better life.

Finally, the people we support very often have few routes out of poverty. Changing Lives works in some of the most deprived communities across England, where opportunities for good quality, permanent employment are limited. Furthermore, people who have experienced homelessness and addiction often need additional, intensive and holistic support to access employment. Therefore, while we welcome the Government's ambition to level up our economy and invest in skills for jobs, we are yet to see tangible benefits for the people who access our services.

Together, these factors create a perfect storm for people living with multiple disadvantage, who do not have the safety net of friends, family or community to support them when times are tough. The people we support are priced out by the rising cost of living, unable to live their lives with the dignity we all deserve.

[1] Office of National Statistics (July 2022). Consumer price inflation, UK: June 2022.
[2] Joseph Rowntree Foundation (2022). UK Poverty Statistics.
[3] Changing Lives (2020). Net Reach: Learning from online outreach with women selling sex during Covid-19.
Changing Lives (2020). Nowhere To Turn: Sexual violence among women selling sex and experiencing sexual exploitation during Covid-19.
UK Parliament (2020). Changing Lives' written evidence to House of Lords Public Services Committee inquiry into lessons from coronavirus.
[4] HM Treasury (May 2022). Overall government support for the cost of living: factsheet.

About the research

To understand the impact of the rising cost of living on the people we support at Changing Lives, we conducted the following activities:

- A staff survey, inviting our project leads to describe the experiences of the people accessing their services. A total of 40 services responded to the survey, between them supporting 4,184 people[5] (see Appendix A).
- Interviews and focus groups with 20 people who are currently accessing our services, across each of our pillars (housing and homelessness, women and children, recovery and addiction, and employment) and geographies (from the North East to London).[6]
- Analysis of the average income and expenditure of people currently living in, and looking to move on from, our homelessness accommodation services.

[5] Figures correct as at June 2022.
[6] All names have been changed.

Findings

"I've always worried about how the people we support will manage when times are tough. Now, with the rising cost of living, I'm worried that people will die this winter."

Changing Lives Staff Member

The rising cost of living on people is having a devastating impact on people with existing vulnerabilities, many of whom are already deeply affected by experiences of poverty and disadvantage.

1. The people we support are unable to make ends meet and are incurring unsustainable levels of debt.

The people we support are struggling to pay for the basics, often finding themselves unable to afford to buy food, pay their housing costs and utilities bills, or meet essential transport costs, such as travelling to a job interview or paying a bus fare to take their children to school.

As a consequence, they are incurring unsustainable levels of debt, including reliance on perilous forms of lending such as loan sharks and sources of high-cost credit.

1.1 Paying for the essentials

Over 80% of our services said they have seen an increase in the number of people who are struggling to make ends meet. Of these, almost 75% said they are seeing an increase in the number of people who are struggling to pay their **food, housing and energy costs**. Just over two-thirds said they are seeing an increase in the number of people struggling with **essential transport costs**. This includes, for example, people who are unable to travel to work or job interviews, attend hospital appointments, visit family, or pay the bus fare to accompany their children to school.

"We are skint and the prices of everything are going up."

Orla

"I'm running out of money before the end of the month. Last year, I was able to manage but now I just can't."

Cameron

Food poverty and hunger

A total of 80% of our services said that people's experiences of hunger, including skipping meals and/or reliance on food banks had become more severe due to the rising cost of living. The most obvious reason for this is that food prices have increased significantly – the cost of the ten lowest priced household items have risen by an average of 17.8% between April 2021 and April 2022[7].

However, it is clear that increased costs in other areas of people's lives are also having an impact. For example, Lauren, a woman we support, told us that until recently she attended a local food kitchen each Saturday and Sunday to get a hot meal and see her friends. Now, she is unable to afford the bus fare each week. Lauren worries that because she is unable to attend the food kitchen, not only is she going hungry, but that she will also lose her vital support network. Lauren is concerned that this will affect her wellbeing, mental health and self-esteem.

> *"Due to the increase in the cost of living I have witnessed a great increase of people we support accessing food banks… they are becoming distressed, experiencing poor mental health, sometimes leading to negative coping strategies such as substance misuse."*
>
> *Changing Lives Staff Member*

> *"Our shopping bills have gone up, and none of it is healthy food because we can't afford the healthy food. I've been losing weight because I haven't been eating that much."*
>
> *William*

> *"When I go shopping, I don't buy everything I need. Everything's planned out down to what I need for however many days until the next day I go shopping. I'm never buying excess or stuff I don't really need."*
>
> *Orla*

[7] ONS (June 2022). Inflation and the cost of living for UK households, overview: June 2022.

Housing and utilities

Almost two-thirds of services said that the rising cost of living has affected people's housing circumstances. Of these, almost 90% reported an increase in the number of people they support resorting to **sofa surfing** or other forms of hidden homelessness, and 80% reported an increase in the number of people who are **rough sleeping**.

These patterns are not only evident within our homelessness services – people are also presenting with significant housing concerns within our specialist recovery services and services supporting women who have experienced abuse and exploitation. This is indicative of increasing complexity and level of need for people who are already facing significant disadvantage.

Just over 75% said they had seen an increase in the number of the people they support being **evicted or threatened with eviction**, with a third saying they were supporting people in the services who have been evicted or threatened with eviction **for the first time**.

Among people living in our homelessness services, this is a constant concern. For example, Ahmed, who now has a home to call his own after rough sleeping for many years. Ahmed lives alone in a one-bedroom rented flat and manages his money carefully. He shops in the evenings when food labels are reduced, only fills his kettle up as far as he needs and uses the remaining water to wash his dishes, and he does not smoke or drink.

Recently, Ahmed has become very concerned by the rising cost of living and its impact on his tenancy. His gas and electricity bills have spiralled, which are largely out his control. His home has no double glazing and relies on a water immersion tank to generate hot water. Ahmed says he feels powerless as he does not know how he can continue to pay his energy bills when winter arrives and is anxious that he will lose his home with no option but to return to sleeping rough.

1.2 Experiences of debt

Almost three-quarters of services said that the rising cost of living is causing a greater number of people to struggle with **debt**. Of these, nine out of 10 services said that they are seeing an increase in the number of people experiencing **rent and/or utility bill arrears.**

A similar proportion said they are seeing an increase in the number of people **borrowing from friends and family**, and almost three-fifths of services said they were seeing an increase in the number of people accessing sources of **high-cost credit** (for example, payday loans, doorstep lenders or loan sharks). A third of services said they are seeing an increasing number of people relying on high-cost credit **for the first time**, suggesting that people now have no other option but to rely on insecure, expensive and unregulated forms of lending.

> *"I don't want to borrow money that because I am getting so little in benefits, so when I have to pay it back I'll have even less… it's a trap, once you start borrowing you have to keep borrowing."*
>
> *Cameron*

People in our services describe how they are already struggling with debt. For example, Elaine describes herself as being in a 'financial mess' since becoming unemployed and has large credit card debts that she is struggling to repay. Elaine's energy costs have increased by £100 since the beginning of the year, and she is now paying for both her energy bills and monthly mortgage payments from her overdraft.

Previously, Elaine has turned down food vouchers when she has been offered them, but now has to accept them as she cannot afford her shopping bills. Elaine has experienced a deterioration in her mental health due to her worries about money, exacerbated by the rising cost of living. She says she feels she is in a 'cycle of debt' from which she cannot escape.

2. Young people in our services are among the most affected by the rising cost of living.

Our research shows that young people are among the most acutely affected by the rising cost of living, as they typically receive lower amounts of benefit than other people we support. We are concerned that this is placing young people at increased risk of harm.

Alice is 17 and has lived in one of our accommodation services since leaving care. She receives a Universal Credit payment of £59.20 per week, alongside a £20 weekly bursary to enable her to attend college. After Alice has paid her essential living costs, she is left with nothing. She is unable to get a job because she will become liable to pay the enhanced costs of living in supported accommodation, which is currently covered by housing benefit while she is unemployed[8]. As a result, Alice now experiencing child sexual exploitation as she has been left with no option but to supplement her income through selling sex online.

Our financial modelling (see Appendix B) shows that a single person in receipt of Universal Credit living in self-contained supported accommodation will have just **£12.31 per month** to live on after paying for utility bills and food shopping. For a single person under 25, this becomes a **deficit of £57.29 per month**. In other terms, this means that people are being left with little to no money for basic essentials including transport, clothes, mobile phone credit, access to the internet.

This is already unmanageable, but if the same person has a 25% deduction of Universal Credit – perhaps to repay an advance payment when they first applied for the benefit – this is now a **deficit of £123.63 per month**. Layer on a projected increase in food prices of 15% by the end of the year, and a picture of spiralling debt begins to emerge, with young people facing a projected **deficit of £149.58 per month**.

Our services report that while shared accommodation may help to offset these costs for some of the people we support, this is often inappropriate for young people at heightened risk of exploitation due to their existing vulnerabilities.

> ***"I am concerned that the young people we support risk moving on into unaffordable tenancies or will face the threat of exploitation by living somewhere that is less safe. This will increase substance misuse and poor mental health."***
>
> *Changing Lives Staff Member*

As a charity, we try wherever possible to offset these costs for people living in our own accommodation services. For example, in many of our properties we apply a service charge for utilities bills which is significantly below market rate. However, like all providers of commissioned services, our income is largely fixed, and it is simply unsustainable to subsidise utility costs in the longer term.

[8] Supported accommodation is usually paid for through Enhanced Housing Benefit where residents are in receipt of benefits. This is typically at a higher rate than rental costs in other types of accommodation to cover the costs of intensive housing management.

3. The rising cost of living is exacerbating existing challenges for people who already have vulnerabilities, as well as creating new patterns of need.

Many of the people we support are already facing significant challenges in their lives, but our research shows that the rising cost of living is making these experiences more severe. We are also seeing people presenting to our services because they are facing challenges for the first time due to the rising cost of living.

3.1 Health and wellbeing

The vast majority of our services (90%) said that the rising cost of living had affected the **health and wellbeing** of the people who access their support. Of these, 19 out of 20 reported that people's experiences of **poor mental health** had become more severe.

"Mental health and wellbeing has declined among the people we support. The impact of the cost of living crisis is not just about food on people's tables. The cost is a loss of human kindness."

Changing Lives Staff Member

A further four-fifths said that the rising cost of living has led to an increase in the number of people experiencing **poor physical health**, **harmful substance use**, and **loneliness and/or social isolation**, respectively. The human impact of this is stark, and our teams describe experiences of attempted suicide, self-neglect, poor eating habits, insomnia, stress and depression among the people we support.

"The rising cost of living is an additional worry and stress for the people accessing our service, whilst trying to maintain their recovery from substances. The additional stress may be a trigger for relapse."

Changing Lives Staff Member

3.2 Relationships, abuse and exploitation

Almost two-thirds of services said that the rising cost of living has put the people we support at greater risk of **abuse and/or exploitation**, and affected their **relationships and connection with others**. This includes loss of contact with their children.

Domestic abuse

Of these, 80% of our services said that the people we support are facing increasing experiences of **domestic abuse** due to the rising cost of living.

"Domestic abuse and relationship breakdowns among the people we support has definitely been impacted by the rising cost of living, due to financial worries and concerns that are impacting on people's experiences of stress and depression."

Changing Lives Staff Member

Worryingly, the people we support describe being **unable to flee experiences of domestic abuse** because they are unable to afford the cost of moving to a new home, a concern that is shared by our staff members.

> ***"I would like to live somewhere on my own, but I will only get into more debt which I can't afford. So, I'm staying with him, which is difficult at times and affects my mental wellbeing."***
>
> *Claire*

> ***"Fleeing an abusive situation can be costly, with people sometimes having to pay two lots of rent, storage and moving costs. The rising cost of living is causing an additional barrier."***
>
> *Changing Lives Staff Member*

Loss of contact with children

Of those services who said that the rising cost of living has affected people's relationships and connection with others, almost 75% said that people they support are facing **loss of contact with their children**.

The reasons for this vary, but examples include because they are unable to travel to contact centres where care arrangements are in place, or because they cannot afford to facilitate joint custody arrangements. Some of the people we support also spoke about their fear that their children would be removed if they cannot afford to provide a home and pay for the essentials.

> ***"I understand why people take their own life. I might have to hand my children over to social services if I cannot afford to look after them."***
>
> *Frank*

> ***"The cost of living will break up families. I know people who have stopped eating just to feed their kids. But still you're going to see more families on the streets - and when kids are on the streets, that's when social services will have to step in."***
>
> *Sam*

Survival sex and/or sexual exploitation

Of the services who reported an increase in experiences of abuse and exploitation among the people we support as a result of the rising cost of living, 75% said there had been an increase in the number of people being **experiencing sexual exploitation, and/or becoming involved in 'survival sex'**, exchanging sex to meet immediate needs such as food, shelter or to provide for their children.

Worryingly, around one-third of services said they are seeing people who are experiencing sexual exploitation and/or engaged in survival sex **for the first time** due to the rising cost of living. This is consistent with findings from our previous research[9], which highlights the impact of poverty on women who are left with no option but to become involved in survival sex, and who very often face sexual violence as a consequence.

For example, Jessica has been accessing support with her experiences of survival sex for the past three years. Over this time, Jessica has begun to recover from the trauma she has experienced and was no longer selling sex to make ends meet. Money has always been a worry, but the rising cost of living means that Jessica is now struggling financially. Her benefits payments do not cover the cost of food, gas and electricity – meaning she is left with nothing. Food parcels and energy vouchers do not go far enough, and Jessica has returned to selling sex simply to pay for the necessities she needs to survive.

Other forms of exploitation

Of the services who reported an increase in experiences of abuse and exploitation among the people we support as a result of the rising cost of living, almost 75% said they are seeing an increase in the number of people experiencing **criminal exploitation**. Likewise, two-thirds said they were seeing an increase in the number of people experiencing **cuckooing** (a practice where perpetrators take over a person's home and use the property to facilitate crime and exploitation), and 50% of services said they were seeing an increase in the number of people experiencing **labour exploitation**.

> *"Having less money means people are more desperate, with little choice but to take risks. This means they are more vulnerable to exploitation and being targeted by criminal gangs."*
>
> *Changing Lives Staff Member*

> *"I am seeing a dramatic increase in cuckooing from criminal gangs… this leaves people extremely vulnerable to exploitation, leading to substance misuse, violence and involvement in criminal activity."*
>
> *Changing Lives Staff Member*

4. It is becoming more difficult to help people move on from homelessness services because it is unaffordable for them to live independently.

At Changing Lives, we believe that housing should be for everyone. Our approach is to offer people who are experiencing homelessness their own front door at the earliest opportunity, while supporting them to address the wider challenges in their lives.

However, the rising cost of living is making it increasingly difficult to support people to move on from homelessness. From April to July 2022, we saw an 11% reduction in the number of people moving on from our homelessness services into independent living because it is unaffordable for them to do so.

[9] Changing Lives (2020). Net Reach: Learning from online outreach with women selling sex during Covid-19.
Changing Lives (2020). Nowhere To Turn: Sexual violence among women selling sex and experiencing sexual exploitation during Covid-19.

"It's people like us who are going to end up back on the streets. I can see that happening before I even get the chance to move on to a home of my own."

Ryan

"We can't help but worry about the future, because we know this [supported accommodation]*isn't going to be forever. It's worrying because we're going to have to move on and get our own place, but we're going to end up not being able to afford to keep it."*

William

Our modelling (see Appendix B) shows that the best-case scenario for a single person in receipt of Universal Credit living in self-contained supported accommodation is that will they have just **£12.31 per month** to live on after paying for their utility bills and food shopping. If they were to move on to social housing, where they are likely to become eligible for a portion of their rent, this would become a **deficit of £36.24 per month**, with the result that in many cases the people we support are failing the affordability criteria of social housing providers.

Without access to social housing, the only remaining option is private rented accommodation, where rent costs are higher still, leading to an estimated **deficit of £63.56 per month**. This is likely to increase further as housing costs continue to rise, with Local Housing Allowance (which determines the amount of benefit a person is eligible for in private rented accommodation) frozen at the same level it was set in March 2020. Furthermore, our teams report that it is becoming increasingly difficult to source funding to help people furnish a new tenancy due to increased demand.

"We are always striving to move people on from our services when they are ready to maintain a tenancy. However, funding to support people who are either work ready or require goods to furnish a property is very difficult to source. We are finding that the funders who used to support single vulnerably housed adults are now focusing on families, leaving single adults worse off in sourcing funding to support them."

Changing Lives Staff Member

An equally plausible alternative is that of a single person aged under 25, facing a 25% Universal Credit deduction, who would already be facing a **deficit of £123.63 per month** in self-contained supported accommodation. They might expect to see their shortfall increase to a **deficit of £172.16 per month** in social housing, and a **deficit of £199.50 per month** in private rented housing.

5. The people we support are struggling to access support with the rising cost of living.

It is difficult for the people we support to access financial support with the rising cost of living, including the Household Support Fund and relief from utilities providers. Furthermore, they are being pushed deeper into poverty through an inadequate welfare system and limited routes to employment in the places where they live.

5.1 Access to financial support

Household Support Fund

Half of services said that the people they support had attempted to access financial assistance from their local authority, including making an application to the Household Support Fund. However, our services estimate **that almost half of these applications have been unsuccessful**, highlighting the difficulty that comes with a discretionary payment that requires people who are already facing significant challenges in their lives to demonstrate they are worthy of support.

We understand from the local authorities we work with that they have limited resources or infrastructure to administer the Household Support Fund and other forms of crisis welfare assistance, which further reduces transparency in how and where people can access support.

Financial relief from utilities providers

Just over one-third of services said that the people they support had sought **financial assistance from a utility provider**. For example, this includes energy grants and temporary prepayment meter credits. Of these, just two-fifths were successful.

People who access our services talked about a lack of flexibility and empathy from energy providers, as well as the practical challenges of simply getting through to speak with someone – at times creating an impossible barrier for people relying on pay as you go mobile phone credit to make a call.

> *"I've been trying and trying, and they just end up hanging up on you. Even if I get through to my energy company, I can be on the phone for 8 hours just on hold. On and off because if I'm on hold for more than 20 minutes they disconnect and then I have to ring back again."*
>
> *Orla*

Other sources of support

Over two-thirds of services said that the people they support have attempted to access **debt and/or budgeting support** relating to the rising cost of living. This includes advice and support from Changing Lives, as well as specialist services such as Citizens Advice and the Money Advice Service, and charitable foundations.

In general, these experiences have been positive. For example, the Greggs Foundation was identified as an example of excellent practice, with their application and decision-making processes sensitive to the circumstances of people with multiple unmet needs.

5.2 Wider support through the benefits system

Universal Credit

The Government's package of support to help with the rising cost of living[10] has been broadly welcomed by our teams and the people we support, but these measures do not serve as an effective substitute for ongoing benefits that help to keep people out of poverty.[11]

Taken together, the £650 cost of living payment and the most recent uprating of benefits by 3.1% in April 2022 amounts to an average annual increase in income of £771 for a person aged 25 or over (£746 for a person aged under 25). However, considered in the context a £1,040 decrease in Universal Credit following the removal of the £20 weekly uplift introduced during the Covid-19 pandemic, and the reality that benefits were not increased in line with inflation this year, this amounts to a **significant real-terms cut**. This means that people who are already struggling are going without the vital resources they need.

Furthermore, people in our services have talked about the potentially destabilising impact of the £650 cost of living payment, which is being paid in two lump sums. They told us that in the worst cases, they worry that they will put under pressure to repay debts more quickly to loan sharks or expose them to exploitation by others seeking access to their money. Others said that the discretionary nature of the payment rather than, for example, a regular top up to Universal Credit, would make it more difficult to budget.

> *"The payments are only going to help for a month. After that, the money's gone."*
>
> *Ryan*

Benefit cap

The benefit cap (the limit on the total amount of benefit a person can receive) is a further factor affecting people's experiences of welfare support. The benefit cap has not changed since it was reduced in November 2016, despite a statutory obligation for this to take place once in each Parliament[12].

Currently, the Benefits Cap sits at £13,400.00 for single adult households without children outside of Greater London, and £20,000 for couples (with or without children) or single people with a child of qualifying age[13]. This means that the benefit cap disproportionately affects larger families.

For example, Frank, a man we support, has sole custody of his five children who live with him in a three-bedroom property. Following rates increases for both Universal Credit and Child Benefit in April 2022[14], Frank hoped to see an increase in his monthly income. However, due to the benefit cap there has been no change, leaving him to struggling to provide for his family as living costs rise.

Bedroom tax

The people we support describe how they are affected by the 'bedroom tax' (also known as the spare room subsidy or under-occupancy charge), which cuts the amount of Universal Credit housing element or housing benefit a person is entitled to if they have one or more spare rooms.

This equates to a 14% deduction for one additional bedroom, and 25% for two or more additional bedrooms. This presents huge challenges for people we support who are unable to source accommodation with just one bedroom due to a shortage of housing stock. This has always been a struggle, but is becoming more acute due to the rising cost of living. While people may apply for a

[10] HM Treasury (May 2022). Overall government support for the cost of living: factsheet.
[11] House of Commons Work and Pensions Committee (July 2022). The cost of living.
[12] Social Security Advisory Committee (June 2022). Covid-19: Letter to the Secretary of State for Work and Pensions.
[13] Department of Work and Pensions (April 2022). Benefit and pension rates 2022 to 2023.
[14] HMRC (2022). Tax Credits, Child Benefit and Guardian's Allowance.

Discretionary Housing Payment[15] to help with their housing costs, in our experience this is highly subjective and the people we support are often considered ineligible.

For example, Lauren, a woman we support and who is currently living alone in a rented two-bedroom property, been informed that she will be charged the bedroom tax on her property from next month, which she cannot afford. She has been on a waiting list for a one-bedroom flat for several months, but there are none available in the area where she lives. Lauren is very concerned that she will lose her home in the meantime, and is relying on food banks, fuel voucher and charitable grants just to get by.

5.3 Access to employment opportunities

At Changing Lives, we believe that meaningful employment is vital to people's wellbeing, as well as providing a route out of poverty and towards a flourishing life. In the context of the rising cost of living, this has never been more important. However, our teams and people in our services identify a number of barriers to accessing good work for people with multiple unmet needs. These include:

- Hidden barriers to securing and sustaining employment due to their past experiences, such as a criminal record, or as a consequence of trauma – which may include issues surrounding their mental health, confidence and self-esteem. Furthermore, the people we support often lack basic literacy, numeracy and digital skills, which mean that even within a buoyant labour market, opportunities can be limited.

> ***"I'm doing all I can to find a job, but I've had no success. There are jobs out there, but I have a criminal record so it's more difficult. I've asked the job centre if they can help, but there is nothing more they can do."***
>
> *Bryony*

- In-work poverty, when they are in employment, as many of the people we support simply do not earn enough to live on. Furthermore, many people find the transition from homelessness and reliance on benefits into employment challenging. As set out earlier in this report, people living in supported accommodation are often stuck in a vicious cycle, unable to work because they will become liable to pay enhanced rents yet are unable to access their own tenancy without a job.

> ***"We can't work while we're living here [in supported accommodation], the rent would be too much. I hate being on benefits. I used to work and have my own house, my own job, I've lost everything."***
>
> *Rebecca*

- There is strong evidence to show that people experiencing multiple disadvantage may struggle to sustain employment and will at times require additional in-work support to help them cope with the trauma they have experienced.[16] However, not all employers are resourced or trained to recognise and offer this type of support, and providers of specialist employment services such as those offered by Changing Lives are rarely funded to continue supporting people once they have secured a new job. Too often, this contributes towards a continuous pattern of unemployment, homelessness and trauma.

[15] Department of Work and Pensions (2022). Applying for a Discretionary Housing Payment.
[16] Making Every Adult Matter (2016). Steps towards employment for people experiencing multiple needs.

5.4 Impact on our services

Our teams tell us they are spending more time than ever helping people to cope with the cost of living, which reduces the time they have available to support them with their wider needs.

Over four-fifths of services said they are spending more time supporting people with their financial circumstances than they were prior to the rising cost of living. This includes:

- Signposting people to sources of support, for example food banks or specialist debt and/or budgeting advice
- Distributing support, for example food vouchers, food parcels and/or charitable donations
- Directly offering advice in relation to budgeting, debt and/or benefits
- Applying for local authority support, liaising with JobCentre Plus and/or liaising with utilities providers, sourcing help with transportation and bus passes.

While the vast majority of services (nine out 10) said they feel confident and skilled to provide this type of support, they were concerned that focussing on this crisis response work means that there is much less capacity to support people to achieve their goals and move on from services for good.

> ***"We are facing capacity issues due to significant increase in responding to requests for food parcels, completing applications for support with funding gas and electricity, and sourcing bus passes from probation services to enable women to get to appointments."***
>
> ***"Helping people with their gas and electricity can take two hours or more per person. This takes time away from helping people with the wider issues they face."***
>
> ***"As a service we have to prioritise safety planning and trying to reduce the risk of people we support as we work with people who are highly vulnerable to domestic abuse and sexual violence. Our capacity is already stretched so it can be challenging to then have to provide financial support."***
>
> ***"Food bank referrals has become a daily occurrence for the team, and unfortunately so has adult safeguarding. The levels and extremes of abuse appear to be escalating from my point of view and staff are faced with high caseloads, which makes it more difficult to deliver our services."***
>
> *Changing Lives Staff Members*

Recommendations

At Changing Lives, we believe in a better future for the people we support. Although we recognise that there is no simple solution to our current economic challenges, we are calling on government and others to implement the following practical measures to help alleviate the impact of the rising cost of living on people experiencing multiple disadvantage.

Welfare

We welcome the support package introduced by government to support people through the cost of living, but discretionary funding is not an effective substitute for changes to the permanent funding through benefits that people need to get by.

Our recommendations, which closely align with those made by the House of Commons Work and Pension Committee's recent inquiry into the cost of living, are as follows:

- Universal Credit should be uprated, at least in line with inflation, and rates for people aged under 25 should be increased to the same level as those 25 or over – with the same approach applied to legacy benefits.
- The benefits cap should be increased to reflect current costs of living, to ensure that people, especially those with larger families, are not excluded from the most recent – and any future – uprating of benefits.
- There should be a temporary pause on Universal Credit deductions until payments are aligned with inflation (either due to a decrease in levels of inflation or by uprating of benefits) to enable people to make ends meet.
- Advance payment of Universal Credit should be replaced with non-repayable starter payments, so that people claiming Universal Credit for the first time are not incurring unsustainable levels of debt.

Housing

A safe, secure home is the foundation of a flourishing life, but for many people this is being placed under threat by the rising cost of living. We are calling for:

- Investment in 3.1 million new social homes over the next 20 years to ensure sufficient supply of safe and suitable one-bedroom properties to prevent people being affected by the 'bedroom tax', and in the interim a temporary pause on bedroom tax charges where people have had no option but to take on a larger property.
- Local Housing Allowance should be increased to 50% of market rates, and regularly reviewed to ensure it remains aligned to housing prices.
- The introduction of a transition period to enable people who are living in supported accommodation and secure employment to find a place to live before their housing benefit entitlement is removed, rather than immediately becoming eligible for paying higher than average rents.

Employment

Routes to employment for people with multiple unmet needs are vital to a truly inclusive growth agenda, and the people we support have tremendous potential to make a significant contribution to their local economies and communities. We would like to see:

- Opportunities through the Levelling Up agenda take account of routes to employment for people with experience of multiple disadvantage, who often require additional, intensive support to access and sustain employment.

- Funding through the UK Shared Prosperity Fund targeted towards supporting people with multiple barriers to accessing employment, with funding to continue supporting people once they are in a job as well as prior to taking up employment.

Financial inclusion

Many of the people we support in our services have struggled to access financial support to help them with the rising cost of living, and systems for providing emergency welfare support is piecemeal and fragmented. We would like to see:

- Ringfenced funding for people exiting homelessness services through the Household Support Fund, to enable them to move on affordably into independent living.
- Local authorities resourced to administer the Household Support Fund effectively as part of a joined-up approach to crisis welfare assistance, to enable people who are struggling to access the financial support they need.
- Free and/or discounted travel for people in receipt of benefits, which will allow people to remain in contact with their families, access employment and attend essential appointments.
- Increased provision of financial support and advice to allow services to respond to increasing demand. including proactive support to people at greater risk of financial hardship (e.g. people experiencing homelessness).

Funding for public services

The voluntary sector plays an essential frontline role in supporting people when times are tough, at the same time relieving pressure on public services including the NHS and emergency services.

However, the rising costs mean that our existing income through grants and commissioned services must go further, and public service contracts have not been increased in line with inflation each year. Furthermore, it is becoming increasingly difficult to generate revenue through other sources such as public fundraising.

We are calling for increased funding for commissioned public services, including voluntary sector providers, at a time of increased demand for services and growing complexity of need.

The rising cost of living presents huge challenges for us all, but at Changing Lives we are steadfast in our commitment to building a better future for people who are affected by poverty, discrimination, and disadvantage. We look forward to working alongside government, statutory and voluntary sector partners to achieve this aim as we navigate the road ahead.

Appendix A: Breakdown of survey responses

Staff members from 40 Changing Lives services responded to the survey. Collectively, these services support 4,184 These responses broadly reflect the geographical composition of Changing Lives' services, with two-thirds based in the North East and one-quarter based in Yorkshire, between them supporting 2,343 people and 1,337 people. The remainder are based in the North West and West Midlands.

Table 1: Responses by region

Region	Number of services	Number of people who access these services
North East	26	2,343
Yorkshire	5	1,337
West Midlands	2	392
North West	2	112

When looking at responses by service specialism, the picture is more complex. For example, while just one-quarter of services support women facing experiences of abuse and exploitation, collectively they support 1,616 people. This equates to two-fifths of those represented in this report.

Table 2: Responses by service specialism

Pillar	Number of services	Number of people who access these services
Housing & Homelessness	20	1,183
Women & Children	9	1,616
Addiction & Recovery	5	1,033
Employment	1	352
Housing & Homelessness	20	1,183

Appendix B: Modelling of people's average income and expenditure within, and moving on from, Changing Lives' homelessness accommodation services

Table 1: Income and outgoings for a single person in receipt of Universal Credit

		Income	Outgoings			Total remaining
		Universal Credit (2022/23)	**Rent**	**Gas, electricity & water**	**Food**	
Self-contained supported accommodation	25 or over	£334.91	N/A (paid through Housing Benefit)	£149.60	£173	**£12.31**
	Under 25	£265.31	N/A (paid through Housing Benefit)	£149.60	£173	**-£57.29**
Social housing	25 or over	£334.91	£48.53	£149.60	£173	**-£36.24**
	Under 25	£265.31	£48.53	£149.60	£173	**-£105.82**
Private rented housing	25 or over	£334.91	£75.87	£149.60	£173	**-£63.56**
	Under 25	£265.31	£75.87	£149.60	£173	**-£133.16**

Table 2: Income and outgoings for a single person in receipt of Universal Credit, with a 25% deduction applied

		Income	Outgoings			Total remaining
		Universal Credit (25% deduction)	Rent	Gas, electricity & water	Food	
Self-contained supported accommodation	25 or over	£251.19	N/A (paid through Housing Benefit)	£149.60	£173	**-£71.41**
	Under 25	£198.98	N/A (paid through Housing Benefit)	£149.60	£173	**-£123.63**
Social housing	25 or over	£251.19	£48.53	£149.60	£173	**-£119.94**
	Under 25	£198.98	£48.53	£149.60	£173	**-£172.16**
Private rented housing	25 or over	£251.19	£75.87	£149.60	£173	**-£147.28**
	Under 25	£198.98	£75.87	£149.60	£173	**-£199.50**

Table 3: Income and outgoings for a single person in receipt of Universal Credit, with a 25% deduction applied and a 15% projected increase in food prices

		Income	Outgoings			Total remaining
		Universal Credit (25% deduction)	Rent	Gas, electricity & water	Food (15% increase)	
Self-contained supported accommodation	25 or over	£251.19	N/A (paid through Housing Benefit)	£149.60	£198.95	**-£97.36**
	Under 25	£198.98	N/A (paid through Housing Benefit)	£149.60	£198.95	**-£149.58**
Social housing	25 or over	£251.19	£48.53	£149.60	£198.95	**-£145.89**
	Under 25	£198.98	£48.53	£149.60	£198.95	**-£198.11**
Private rented housing	25 or over	£251.19	£75.87	£149.60	£198.95	**-£173.23**
	Under 25	£198.98	£75.87	£149.60	£198.95	**-£225.45**

Assumptions:

- Income is based on basic Universal Credit entitlement for a single person in 2022/23. Some people will be entitled to additional benefits depending on their individual circumstances.
- Gas, electricity and water costs are based on average cost for people in our services living in a two-bedroom property. Food costs are based on an estimate of average reasonable costs for a single person living in our services.
- Rent charges for social housing are based on payment of the under-occupancy charge on a two-bedroom property in Gateshead, the most likely scenario in most local authority areas due to a shortage of one-bedroom properties. Some people are eligible for the Discretionary Housing Payment in these circumstances, but this not always granted.
- Rent charges for private rented housing are based on the payment of the shortfall after Local Housing Allowance for a one-bedroom property in Durham. This may be higher in other regions across England.

CHANGING LIVES