



# Hardship & poverty

*Covid-19 briefing note: July 2020*

*This briefing series address significant issues that are emerging in the UK as a result of Covid-19 that impact on the work of community investment. In each one, we have brought together available evidence to help you think about and plan future strategies and how resources can be directed. This briefing covers hardship and poverty.*

## The current situation

Almost one in five social renters have fallen behind with their housing costs since the pandemic began (14% fallen behind with part of housing cost, 3% with all of housing costs).<sup>1</sup>

Nearly half (47%) of social renters had no savings before Covid-19.<sup>2</sup>

12% of social renters have reduced spending on other items to afford housing costs and are now experiencing "material deprivation". Another 7% have cut back but are not yet experiencing material deprivation.<sup>3</sup>

## Unemployment

The number of people claiming Universal Credit in May 2020 increased to 2.8 million, representing a monthly increase of 23.3% and an increase of 125.9%, or 1.6 million, since March 2020.<sup>4</sup>

Between February and April 2020, there was a record fall in the numbers of people in self-employment by 142,400. Of these, 94% were men.<sup>5</sup>

Between February to April 2019 and February to April 2020, total actual weekly hours worked in the UK decreased by 94.2 million, or 8.9%.<sup>6</sup> The largest decrease in average actual weekly hours was in the accommodation and food services industry, followed by construction.<sup>7</sup>

## Financial insecurity

Almost one in three adults (28%), or 14 million people, have experienced a direct negative effect on their income because of the pandemic.<sup>8</sup> Those who are younger, female, are responsible for children, or in insecure work are most likely to have experienced a negative impact.<sup>9</sup>

At the end of May, four million (8%) households had borrowed money or gone into debt as a result of the crisis. This was one million more than at the end of March.<sup>10</sup>

## Social housing, hardship and poverty

Many social housing organisations have operated hardship fund schemes, which set aside money or supplies for those most in need. Typically, these were not promoted widely, were modest in size, and made available to residents in extreme situations where other sources of support are not available. They often take the form of utility or shopping vouchers, food packs, or cash.

The pandemic has seen demand for this support increase significantly. Consequently, many social housing organisations have reviewed their hardship funds. The scale of demand has far outstripped allocated funds and some are seeking alternative arrangements for getting support to residents, for example, through collaborations with foodbanks or working with energy companies through the Energy Redress Scheme.



# Hardship & poverty

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2.7 million people have accessed payment holidays on mortgage and credit products – 36% of those who have accessed payment holidays expect to fall behind on regular bills before the end of June.<sup>11</sup>

Half of UK households believe they will struggle to meet their financial commitments over the next three months, with 3.1 million households in serious financial difficulty and 4.8 million households struggling to make ends meet.<sup>12</sup>

Child poverty, which had increased to 4.2 million children living in poverty in 2018/19, is expected to soar. A quarter of children in working families were already living in poverty.<sup>13</sup>

Since the beginning of the coronavirus lockdown period, 2.8 million people have fallen into arrears: most frequently with utilities (1.2 million people), council tax (820,000 people) and rent (590,000 people).<sup>14</sup> In April, median rent arrears in social housing increased by 10%.<sup>15</sup>

## Food poverty

At the end of May 2020, nearly five million adults in the UK were estimated to be experiencing food insecurity, almost 250% higher than pre-lockdown levels. 1.7 million (12%) children live in these households.<sup>16</sup>

A survey from 2016-17 by The Trussell Trust found that 45% of users of foodbanks were social housing residents (2016-17).<sup>17</sup>

Just under a million adults are receiving food parcels delivered by government or charitable services, while 4.4 million are relying on neighbours, family, friends and volunteers to help them get food.<sup>18</sup>

Compared to the average, households which face at least 1.5 times greater than average levels of food insecurity are:<sup>19</sup>

- Households with a BAME adult compared to respondent of white ethnicity
- Households with a disabled adult
- Households with children dependent on free school meals
- Households where adults are self-isolating

## Social value, hardship and poverty

National datasets show if an individual is financially struggling, in debt or unable to pay for housing or other essentials, their anxiety rises, while life satisfaction, happiness and feelings of worth decrease.

By using selected values and questions in the UK Social Value Bank organisations can understand and tackle poverty and hardship in the following ways:

- Assessing in a non judgemental way how individuals are feeling about their finances.
- Tracking and monitoring progress of an individual in how they are faring.
- Provides reassurance that projects and initiatives are in fact making a difference.
- Identifying areas for improvement and adjustment.
- Collecting valuable insights into what activities are working and where.



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## Fuel and appliance poverty

In 2018, 9.1% of social rented households were fuel poor.<sup>20</sup> While the first outbreak did not coincide with poor weather, further outbreaks over winter could be fatal because of fuel poverty.<sup>21</sup>

In January 2020, over two million households were living without at least one essential household appliance (cooker, freezer, washing machine or fridge).<sup>22</sup>

## Health inequalities

Deaths from Covid-19 in the most deprived areas in the UK have been almost double the number in the least deprived areas.<sup>23</sup>

## What does this mean for social housing?

Many housing associations are already supporting new Universal Credit applicants to access benefits for the first time. This support is likely to continue to be needed.

Closer working between parts of the business that identify those in danger of arrears and those who can support residents with advice and support is critical.

Employment programmes will need to be revised to support people who are unemployed for the first time, as well as those experiencing in-work poverty.<sup>24</sup> Similarly, housing associations are developing collaborative employment initiatives to maximise the impact of these initiatives.

Anyone engaging with advice or training sessions should have any potential eviction suspended: see this model for further information.<sup>25</sup>

Housing associations are also developing initiatives for working with energy suppliers, white goods providers, internet providers, and others, to create more equitable deals for their residents.

During the pandemic, some housing associations have been focused on providing residents with fuel vouchers instead of food vouchers, as the former were easier to administer.

## Community Insight datasets

There are numerous datasets in Community Insight that can be used to inform strategies around hardship and poverty:

- jobs and employees at risk as a result of Covid-19
- unemployment benefit claimants
- hardship fund vulnerability index
- children in low-income families
- households in fuel poverty

[Book a demo or find out more](#)

## Further reading:

[StepChange](#)

[The Food Foundation](#)

[Resolution Foundation](#)

[End Child Poverty](#)

[Poverty and Social Exclusion](#)

[Joseph Rowntree Foundation](#)