



citizens  
advice  
scotland

# Living at the Sharp End

CAB CLIENTS IN CRISIS



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## Executive summary

The social security system is a safety net for people who need support at various times of their lives. Despite this, citizens advice bureaux in Scotland too often see clients who have exhausted all forms of government-provided support and whose only option is to go to a food bank. Spending any amount of time without income can have serious consequences for an individual's relationships, stability, mental and physical health.

This report looks in detail at the causes of gaps in income, particularly with regards to the benefits system; the impact of gaps in income on CAB clients; and the adequacy of existing crisis assistance provided by statutory agencies.

The report is based on evidence gathered by Citizens Advice Scotland during 2015 and 2016. It includes analysis of existing qualitative and quantitative data held by the CAB service in Scotland and, in addition, data gathered via an adviser focus group, a week-long client survey, longitudinal case histories, and client interviews.

Based on the findings of this research, the report recommends changes that could increase people's resilience to income shocks, help to prevent gaps in income and improve crisis assistance. Citizens Advice Scotland's intention is to present CAB evidence in order that we can work constructively with stakeholders to prevent anyone from experiencing a period of no income, and ensure that adequate crisis assistance is available when things do go wrong.

## Key findings

### Crisis Support

- Advice relating to food banks was provided on over 7,400 occasions by citizens advice bureaux in Scotland during 2014/15; advice on this issue has increased by 47% since 2013/14. During 2014/15, at least 1 in 42 enquiries featured advice regarding food banks.
- Demand for advice on financial crisis support is increasing. Between 2012/13 and 2014/15, advice regarding Crisis Grants increased by 134% in comparison to advice regarding the predecessor scheme (Crisis Loans delivered by the Social Fund), and between 2013/14 and 2014/15 advice regarding Crisis Grants increased by 58% as a proportion of benefits-related advice overall.
- CAB clients needing advice about food parcels in Scotland are younger than the average CAB client, and 26% more likely to be male. While the majority are single adults without children, almost one third have children and 12% are single parents.

- One in ten CAB clients needing advice about food parcels are homeless.
- More than one third of those needing advice about food parcels are unable to work due to ill health and more than one third have a disability.

### **Impact**

- Almost two thirds of survey respondents (63%) said they sometimes cut down on gas and electricity and 71% said they sometimes cut down on food.
- The case studies showed that following a period of no income, 13 of the 47 CAB clients featured in these had accumulated rent arrears (27%), 10 of the 47 (21%) had accumulated Council Tax arrears and 11 (23%) had experienced utility arrears.
- Over half of the survey respondents (56%) said that money worries have an impact on physical health, and 64% said it had an impact on their mental health.
- Increasing numbers of CAB clients are struggling to keep up with priority payments and are falling into arrears: the proportion of debt-related advice being sought in relation to rent arrears in 2014/15 was a third higher (34%) than it had been in 2013/14.

### **Causes of periods of no income**

- Recent changes to the benefits system, benefit rates not keeping pace with inflation, low pay, insecure work and rising costs of living all contribute to people's increasing lack of resilience to income shocks.
- Government and local authority debt-collection practices, including third party deductions from benefit payments are contributing towards income deprivation and the need for crisis assistance.
- There are five main causes of CAB clients experiencing a gap in benefit payments resulting in the need for crisis support:
  - Department for Work and Pensions (DWP) administrative errors, including: mail lost within DWP mail processing systems (particularly medical evidence), poor communication with claimants and official error causing gaps or delays in payments;

- Clients who had failed their Work Capability Assessment and been found fit for work losing their eligibility for Employment and Support Allowance (ESA) and having difficulty transferring to Jobseekers Allowance (JSA);
- Processing times and waiting days at the beginning of benefit claims causing a gap in payments;
- ESA claimants challenging a decision regarding their Work Capability Assessment not receiving payments during the Mandatory Reconsideration process;
- Benefit sanctions, particularly for JSA claimants.

## Summary of recommendations

### Increasing people's resilience to income shocks

Recent welfare reforms and benefit rates not keeping pace with inflation and rising living costs means that benefit recipients are less resilient to income shocks. Those in work or on benefits should receive a rate that is enough to cover basic needs such as food, housing and utilities, without getting into debt. CAS recommends that:

- The freeze on working-age benefits should be lifted and benefits should increase in line with inflation and the Consumer Price Index.
- Working-age benefit rates for under 25 year-olds should be the same as the rates for those 25 or over.
- Debts recovered from benefit claimants via third party deductions should be at no more than 10% of the benefit award without the individual's consent.

### Preventing gaps in income

Spending any amount of time without income can have serious consequences for an individual's relationships, stability, mental and physical health. No-one should be left for any period without enough money to pay for essentials such as rent, food, gas and electricity. CAS recommends that:

- The DWP urgently review its processes and timescales for dealing with medical evidence to ensure evidence is processed in a timely manner and does not result in a gap in payments for those in receipt of ESA.
- The initial seven 'waiting days' at the start of a Universal Credit claim are abolished and a single, additional, non-refundable Assessment Payment is made to new Universal Credit claimants to avoid hardship being caused by having no income for six weeks.

- A fast-track system is implemented that allows claimants to end one benefit claim and begin another with minimal disruption to payments.
- When a person's contributions-based benefit claim is coming to an end, or when a person undertakes a Work Capability Assessment and is found fit for work, an automatic letter should be sent, clearly stating that they could be eligible to claim another benefit, such as income-related JSA, and where they can go to get advice on how to make the claim.
- Benefit payments continue at the assessment rate during the reconsideration period.
- A statutory time limit is introduced within which a Mandatory Reconsideration decision must be returned to the claimant.
- A full scale independent review of the sanctions regime is undertaken. This review should consider the effectiveness of the sanctions regime in getting people back to work and the impact that it has on individuals, families and services. In particular, the impact of sanctions on ESA claimants and JSA claimants with disabilities and health conditions should be taken into account.
- The DWP ensure that it identifies people in vulnerable situations, and that any relevant personal circumstances such as mental and physical health issues and care responsibilities are identified as early as possible when the Claimant Commitment is initially being drafted.

### **Improving crisis assistance**

There needs to be an adequate social security safety net to ensure that people do not suffer when crises and emergencies happen. This safety net of government, local authority and charity support needs to work as a coherent well-integrated system, and be quick and responsive to need. CAS recommends that:

- DWP Hardship Payments are available from day one of a sanction period in all cases, are paid automatically when a sanction begins and do not need to be repaid.

- Every benefit claimant is made aware of Short Term Benefit Advances (STBAs) at the point of claim and that the DWP is proactive in making it known to claimants who have experienced a delay in processing their benefit claim that they may be eligible for a STBA by including this in their telephone scripts.
- The Scottish Government, COSLA and Local Authorities continue to raise awareness of the Scottish Welfare Fund, particularly amongst hard to reach and vulnerable groups.
- The Scottish Government, COSLA and Local Authorities establish links with other services to ensure people are able to access relevant support and address the causes of their income deprivation.

## About the CAB Service in Scotland

*Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Adviceguide provides information on rights and helps people solve their problems.*

*In 2014/15 the Citizens Advice Service network helped over 323,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £124 million and the Scottish zone of our self-help website Adviceguide received over 4 million unique page views.*

*Issues relating to benefits and tax credits are the most common area of advice provided by citizens advice bureaux in Scotland, with 220,000 new issues in 2014/15, representing 37% of their work.*

## Introduction

In the four years since CAS began capturing data on advice regarding food banks, CAS has seen a considerable increase in this area of work. During 2014/15, advice relating to food banks was provided on over 7,400 occasions by citizens advice bureaux in Scotland an increase of 47% on the previous year. During 2014/15, at least 1 in every 42 enquiries featured advice regarding food banks.

CAS has also seen a rise in those seeking support from Scottish Welfare Fund Crisis Grants which, in 2014/15 increased by 58% as a proportion of benefits-related advice compared to the previous year. Between 2012/13 and 2014/15, advice regarding Crisis Grants increased by 134%, compared with the predecessor scheme (Crisis Loans delivered by the Social Fund). During the same period, advice in relation to Community Care Grants remained relatively stable, suggesting that demand for financial **crisis** support has more than doubled during that time.

On-going analysis of CAB case evidence over the last four years suggested that more and more bureaux clients were experiencing periods of no income, and were unable to afford essentials including food, gas and electricity to heat their homes, as well as priority payments such as rent. More worryingly still were the number of clients who presented at bureaux having not eaten in a number of days.

These trends prompted CAS to undertake research focussing on the following questions:

- 1) What are the causes of gaps in income for CAB clients, both short and long term?
- 2) What is the profile of CAB clients who experience a period without any income to buy essentials, and what impact does this have?
- 3) Are CAB clients aware of alternatives to food parcels such as crisis support provided by the Department for Work and Pensions and the Scottish Welfare Fund? What barriers do people face in accessing this support?

This report aims to add to existing literature by looking in more detail at the causes of gaps in income, particularly with regards to the benefits system. The intention is also to explore the adequacy of existing crisis assistance provided by statutory agencies, with the hope that it betters our understanding of how best to support individuals facing financial crisis.

Finally, in response to the research findings, this report makes fifteen recommendations relating to the prevention of gaps in income and the improvement of statutory crisis support.

## Context

In April 2016, The Joseph Rowntree Foundation published the first comprehensive study into destitution in the UK revealing that 1.25 million people, including over 300,000 children, were destitute in 2015<sup>1</sup>. Just a month prior to this, the Trussell Trust published figures showing that over one million three-day emergency food parcels were given to people in the UK during 2015/16.<sup>2</sup> These figures are the latest in a string of similar findings over the past five years. There is no way of knowing whether or not this level of deprivation is a new phenomenon, as the UK Government does not collect statistics on the scale of 'destitution' nor food bank usage, however a growing number of studies and official data suggests that levels of severe poverty are on the rise in the UK.<sup>3</sup> Figures for Scotland show the same trend of deepening poverty: over the last decade, although relative poverty has fallen in general terms, a greater proportion of households in poverty are now in severe or extreme poverty (10% and 4% of the population, respectively).<sup>4</sup>

The rise in the number of food banks over the past five years has been the focus of much media attention and highly politicised debates surrounding the causes of this alarming trend. A growing body of evidence connects the UK Government's austerity policies and welfare reforms with this rise in people's inability to afford essentials, particularly the cuts to Working and Child Tax Credits, the Benefit Cap, the spare room subsidy or 'Bedroom Tax' and the introduction of a more punitive benefit sanctions regime<sup>5</sup>.

The UK Government has maintained that no causal link can be established between food bank use and recent changes to social security policy, and MPs have suggested that this increase can instead be attributed to growing awareness of and access to emergency food aid.<sup>6</sup>

The response from parliamentarians has been mixed, however. In 2014 Labour MP Frank Field launched the All Party Parliamentary Inquiry into Hunger in the UK. The final report, *Feeding Britain*, pointed to long term increases in the price of food, fuel and housing eroding people's ability to absorb financial shocks, and experiences with the benefits system – including sanctions and delays – as the primary causes of

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<sup>1</sup> *Destitution in the UK*, JRF, 2016 <https://www.jrf.org.uk/report/destitution-uk>

<sup>2</sup> *Foodbank use statistics*, Trussell Trust, 2016 [www.trusselltrust.org/news-and-blog/latest-stats/](http://www.trusselltrust.org/news-and-blog/latest-stats/)

<sup>3</sup> Bramley, G., Fitzpatrick, S. and Sosenko, F. (2016) *Destitution in the UK: Technical Report*. Edinburgh: Heriot-Watt University.

<sup>4</sup> [Scottish Government Communities Analytical Services, March 2015](#)

<sup>5</sup> *Emergency Use Only: understanding and reducing the use of food banks in the UK*, The Child Poverty Action Group, The Church of England, Oxfam GB and the Trussell Trust, November 2014 [www.cpag.org.uk/sites/default/files/Foodbank\\_Report\\_web.pdf](http://www.cpag.org.uk/sites/default/files/Foodbank_Report_web.pdf)

<sup>6</sup> *Food Banks and Food Poverty*, House of Commons Library, April 2014, <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06657#fullreport>

increasing reliance on emergency food aid.<sup>7</sup> The inquiry recommended that the state “act as an enabler rather than a mere provider in a mixed economy of welfare” and advocated the establishment of ‘Feeding Britain’, a statutory agency which would oversee the delivery of a ‘Food Bank Plus’ model in which surplus food would be redistributed to vulnerable people via voluntary organisations and local partnerships.

These recommendations, while welcomed by some, have been criticised by others who believe that feeding vulnerable people ‘surplus’ or waste food is demeaning to those on low incomes, and does not address the root causes of acute income deprivation and poverty.<sup>8</sup> The suggestion that the state facilitate a ‘Food Bank Plus’ model gets to the heart of the food bank controversy: the concern that emergency food aid and other charitable crisis assistance is becoming a permanent component of the welfare state in Britain, as has been the case in North America for a number of decades, and that this can lead to a lack of consistency in provision and an inability to accurately measure demand.<sup>9</sup>

However, the inability to afford food is just one symptom of a greater problem. If someone is unable to eat, they are also unable to afford other essentials including priority bills such as rent and Council Tax, gas, electricity, clothing, toiletries and transport. This is the ‘heat or eat’ dilemma in which people must choose between providing for one or another of their fundamental needs. Levels of fuel poverty and homelessness are other indicators of the inability to afford essentials and all of these can be seen as symptoms of both long term chronic income deprivation and shorter-term acute income crisis.

Since the financial crash of 2008 and the subsequent recession, a number of changes have contributed to this increased insecurity and lack of resilience to income shocks, including rises in living costs and worsening living standards, low pay and insecurity of employment, and a host of welfare reforms. This context is explored in more detail below.

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<sup>7</sup> *An Evidence Review for the All-Party Parliamentary Inquiry into Hunger in the United Kingdom* <https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-appg-evidence-review-final.pdf>

<sup>8</sup> *Plenty: Food, Farming and Health in a New Scotland*, Scottish Food Coalition, 2016 [www.nourishscotland.org/wp-content/uploads/2013/10/PLENTY-final.pdf](http://www.nourishscotland.org/wp-content/uploads/2013/10/PLENTY-final.pdf)

<sup>9</sup> Hannah Lambie-Mumford, Elizabeth Dowler, (2014) "Rising use of “food aid” in the United Kingdom", *British Food Journal*, Vol. 116 Iss: 9, pp.1418 - 1425

## Policy context

### Rising costs of living

A report by Compass, *Something's Not Right: Insecurity in an Anxious Nation*, discusses how much harder it has become to live a comfortable life on a typical income in Britain, and reports that "51 per cent of people feel like they have been juggling their finances all year"<sup>10</sup>. The report calls food banks the tip of the iceberg in relation to financial insecurity and draws attention to how insecurity, financial and otherwise, takes its toll not only on the health of individuals and families, but on the health of the nation more generally, leading to a sense of overall instability and precariousness.

This rising cost of living impacts disproportionately on the living standards of low income households, who can pay as much as 10% more for essential services such as energy, a phenomenon known as the 'poverty premium'<sup>11</sup>. According to the Institute for Fiscal Studies, between 2007-08 and 2013-14 the average price level faced by the 20% of households on the lowest incomes rose by 7 percentage points more than that faced by the wealthiest 20% of households. There can also be higher costs of living for those in rural areas, including premiums on food, fuel and transport<sup>12</sup>.

### Income and employment

Recent figures from the Scottish Government show that almost half of working age adults in poverty are from working households.<sup>13</sup> Part of the explanation for this lies in low pay. In 2014, the employment rate was around 73%, which is close to the highest rate recorded. However, median earnings fell by 6% between 2008 and 2014, largely driven by falls in hourly pay.<sup>14</sup> For five consecutive years prior to 2014, the Minimum Wage rose at a lower rate than inflation,<sup>15</sup> leading to a situation where the real terms value of the National Minimum Wage became depressed compared with the cost of purchasing everyday essentials. Even with the recent 'National Living Wage', the lowest-paid jobs will still be earning less than the current Scottish Living Wage of £8.25 per hour. Low pay must also be set against considerable cuts to

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<sup>10</sup> *Something's Not Right: Insecurity in an Anxious Nation*, Compass, 2015  
[www.compassonline.org.uk/wp-content/uploads/2015/01/Compass-Somethings-Not-Right-January.pdf](http://www.compassonline.org.uk/wp-content/uploads/2015/01/Compass-Somethings-Not-Right-January.pdf)

<sup>11</sup> *Still Addressing the Poverty Premium*, Citizens Advice Scotland, 2015  
[www.cas.org.uk/publications/still-addressing-poverty-premium](http://www.cas.org.uk/publications/still-addressing-poverty-premium)

<sup>12</sup> *Remotely Excluded*, Citizens Advice Scotland, 2015  
[www.cas.org.uk/system/files/publications/remotely\\_excluded\\_0.pdf](http://www.cas.org.uk/system/files/publications/remotely_excluded_0.pdf)

<sup>13</sup> *Poverty and Income Inequality in Scotland: 2013/14*, Scottish Government, June 2015  
[www.gov.scot/Publications/2015/06/7453/2](http://www.gov.scot/Publications/2015/06/7453/2)

<sup>14</sup> Cribb, J. and Joyce, R. (2015). *Earnings Since the Recession*, Institute for Fiscal Studies.  
[www.ifs.org.uk/publications/7543](http://www.ifs.org.uk/publications/7543)

<sup>15</sup> *Response to Low Pay Commission consultation on the National Minimum Wage*, Citizens Advice Scotland, September 2014 [www.cas.org.uk/publications/response-consultation-nationalminimum-wage](http://www.cas.org.uk/publications/response-consultation-nationalminimum-wage)

support from the in-work benefits system, including changes to the eligibility rules for Working Tax Credit and Child Tax Credit, which have negatively impacted on tens of thousands of Scottish families.

Low pay is not the only cause of gaps in income for those in work; insecure working hours and under-employment – being unable to secure enough hours of work to make a decent income – also play a big part. The emergence of the zero hours contract in recent years has been a notable trend in the labour market. The Office for National Statistics estimates that the number of zero hours contracts in the UK has increased to 1.8 million.<sup>16</sup> Citizens advice bureaux in Scotland have highlighted a number of different problems stemming from the way zero hours contracts have been used and misused by employers, including destitution caused by a lack of work and serious debt and budgeting difficulties caused by a fluctuating income<sup>17</sup>.

### **Changes to the social security system and their impact on households in Scotland**

Excluding the under-occupancy charge for Housing Benefit, which has been almost fully mitigated in Scotland, and Universal Credit (UC), which has only affected a small minority of claimants to date, the ‘welfare reforms’ that have had the biggest effect on households in Scotland over the last five years have been:

- Reductions in payment rates and eligibility for Child Tax Credit and Working Tax Credit, paid to lower and middle income households;
- Changes to the Local Housing Allowance which applies to private rented sector tenants. The new rules apply to rent levels, ‘excess’ payments, property size, age limits for sole occupancy, and indexation for inflation;
- Increases in the deductions from income-based benefits to reflect the contribution that non-dependant household members are expected to make towards the household’s housing costs;
- Introduction of a new household benefit cap – a new ceiling on total payments per household, applying to the sum of a wide range of benefits for working age claimants;
- Replacement of Disability Living Allowance (DLA) by Personal Independence Payments (PIP);

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<sup>16</sup> *Analysis of Employee Contracts that do not Guarantee a Minimum Number of Hours*, Office for National Statistics, February 2015 [www.ons.gov.uk/ons/dcp171776\\_396885.pdf](http://www.ons.gov.uk/ons/dcp171776_396885.pdf)

<sup>17</sup> *Working at the Edge: Zero Hours Contracts*, Citizens Advice Scotland, July 2014, [www.cas.org.uk/publications/working-edge-zero-hours-contracts](http://www.cas.org.uk/publications/working-edge-zero-hours-contracts)

- Replacement of Incapacity Benefit and related benefits by Employment and Support Allowance (ESA);
- Three-year freeze on the value of Child Benefit;
- Reduction in the annual up-rating of the value of most working-age benefits to 1%, which would normally have been increased with inflation.<sup>18</sup>

Figures published by the Scottish Parliament on the cumulative impact of welfare reforms in Scotland show that these reforms impact unevenly on different individuals and households. Households with dependent children have been hit particularly hard, and especially lone parent households who can expect to lose around £1,800 a year when the reforms have taken full effect.<sup>19</sup> These official statistics have also shown that claimants with ill health and disabilities have been disproportionately affected by welfare reform as the migration from Incapacity Benefit to Employment and Support Allowance has been estimated to cost individuals £1,050 a year, and many of those same people have also experienced or will experience reductions of up to £1,530 related to disability benefits.

<b>Overall financial loss arising from welfare reform in Scotland<sup>20</sup></b>		
	Estimated loss £m p.a.	Loss per working age adult £ p.a.
Tax Credits	350	100
Disability Living Allowance	320	90
Incapacity Benefit	280	80
Child Benefit	240	70
1 per cent uprating	230	65
Housing Benefit: LHA	80	25
Non-dependent deductions	20	5
Household benefit cap	4	<5
<b>Total</b>	<b>1,520</b>	<b>440</b>

<sup>18</sup> *The Cumulative Impact of Welfare Reform on Households in Scotland*, Scottish Parliament Welfare Reform Committee, March 2015

[www.scottish.parliament.uk/S4\\_Welfare\\_Reform\\_Committee/Reports/wrr-15-01w.pdf](http://www.scottish.parliament.uk/S4_Welfare_Reform_Committee/Reports/wrr-15-01w.pdf)

<sup>19</sup> *The Cumulative Impact of Welfare Reform on Households in Scotland*, Scottish Parliament Welfare Reform Committee, March 2015

[www.scottish.parliament.uk/S4\\_Welfare\\_Reform\\_Committee/Reports/wrr-15-01w.pdf](http://www.scottish.parliament.uk/S4_Welfare_Reform_Committee/Reports/wrr-15-01w.pdf)

<sup>20</sup> Source: Sheffield Hallam estimates based on official data<sup>20</sup>

In addition to welfare reform leading to actual reductions in people's benefit awards, the nominal increases in benefit rates compared to inflation and rises in cost of living mean people on out of work benefits such as JSA, ESA and IS have experienced a cut in real-terms over the last decade.<sup>21 22</sup>

Many of these changes make people less resilient to income shocks and less able to meet household expenditure, but evidence has also shown that there are another set of causes relating to benefit delivery, such as delays and official error, which mean that some benefit recipients experience a gap in payments which can last weeks. These issues are discussed in the section on 'causes'.

### **Upcoming changes to the social security system**

The Conservative Party's 2015 election manifesto said that it would "find £12 billion from welfare savings, on top of the £21 billion of savings delivered in [the 2010] Parliament."<sup>23</sup> Around 70% of these 'savings' have been made through extensive changes to the social security system introduced in the Welfare Reform and Work Act which received Royal Assent in March 2016. Included in these changes is the reduction of the benefit cap from £26,000 to £20,000 for couples and £13,400 for single people (outside of London); most working-age benefits to be frozen at 2015-16 rates for four years; the child element in tax credits and Universal Credit to be limited to two children; and ESA for claimants in the Work Related Activity Group to be reduced to JSA rates for new claims, meaning those affected are likely to receive approximately £1,500 less per year.

Another huge change to the benefits system which we have not yet seen the full force of is the introduction of Universal Credit (UC). Although UC is now live in every local authority in Scotland, and is available for new claims, it is still only available to a very limited number of people due to the gateway conditions which exclude a large number of potential claimants.<sup>24</sup> By way of illustration, between April and December 2015, advice relating to UC made up only 1% of the total benefits advice provided by citizens advice bureaux in Scotland, compared with 44% for the six benefits it is due to replace.

Universal Credit incorporates six existing working age benefits, including Jobseekers Allowance, Employment and Support Allowance, Income Support, Housing Benefit, Working Tax Credits and Child Tax Credits. The UC legacy benefits are particularly relevant to the subject matter of this report, as they are benefits provided to people

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<sup>21</sup> *Living Standards, Recent Trends and Future Challenges*, Institute for Fiscal Studies, March 2015  
[www.ifs.org.uk/uploads/publications/bns/BN165.pdf](http://www.ifs.org.uk/uploads/publications/bns/BN165.pdf)

<sup>22</sup> *Measuring Living Standards*, House of Commons Library, March 2015  
<http://researchbriefings.parliament.uk/ResearchBriefing/Summary/POST-PN-491#fullreport>

<sup>23</sup> Conservative Party Manifesto, April 2015

<sup>24</sup> Eligibility for Universal Credit – Department for Work and Pensions  
[https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility\\_for\\_Universal\\_Credit.htm](https://about.universalcredit.service.gov.uk/kms/Pages/Eligibility_for_Universal_Credit.htm)

out of work due to unemployment or ill health, or in work but unable to meet their living costs. When something goes wrong with these benefits, the claimant is likely to experience a period of no income, or considerably reduced income.

There are a number of changes brought in with UC that are likely to have an effect on gaps in income. These include: a sanctions regime that involves longer and more severe sanctions; hardship payments that are repayable and will be recovered from benefit payments; and a period of six weeks at the start of a UC claim before the claimant will receive a payment. CAS already has evidence showing the impact that this latter change will have, and it is expected to become the biggest cause of gaps in income for CAB clients as UC is rolled-out.

## **Devolution**

Resulting from commitments made following the 2014 Scottish Independence Referendum, new social security powers are being devolved to the Scottish Parliament under the Scotland Act 2016. These powers include the devolution of benefits for people with disabilities, benefits for carers, funeral payments, sure start maternity grants, winter fuel and cold weather payments, together with certain administrative flexibilities over Universal Credit.<sup>25</sup> Though these new powers are extensive, there are limits to how the Scottish Parliament and Government are able to use them to prevent or mitigate the impacts of gaps in income, because all income replacement benefits remain reserved. There are, however, some possibilities regarding the power to introduce new discretionary payments or 'top-up' existing benefits, but the exploration of how these powers might be used are still in their initial phases.

## **Localisation of welfare assistance schemes**

As a result of provisions in the Welfare Reform Act 2012, elements of the discretionary Social Fund, previously administered by the DWP, were abolished, and instead funding was made available to local authorities in England and the devolved administrations in Scotland and Wales to administer what had previously been Crisis Loans and Community Care Grants.

Though this change has been controversial in England and Wales due to local discretion leading to lack of consistency in the approach taken by local authorities<sup>26</sup>, it has also afforded opportunities for the Scottish Government, COSLA and Scottish Local Authorities to make changes to the types of support available, the eligibility criteria and the way the fund is administered in Scotland. A more detailed discussion of the changes, is discussed in the section on types of crisis assistance.

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<sup>25</sup> *Fair, Equal and Responsive: Designing a Social Security System for Scotland*, Citizens Advice Scotland, December 2015 [www.cas.org.uk/publications/fair-equal-and-responsive](http://www.cas.org.uk/publications/fair-equal-and-responsive)

<sup>26</sup> *The Local Welfare Safety Net*, House of Commons Work and Pensions Committee, January 2016 [www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/373/373.pdf](http://www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/373/373.pdf)

## Response in Scotland

In Scotland, the growing reliance on food banks and other forms of charitable crisis assistance has seen various responses from government departments, local authorities and wider civil society. Last year, the Scottish Government carried out a large and wide-ranging consultation, asking members of the public what needed to be done to create a fairer Scotland and the interim report recognises that addressing poverty, including child poverty, food poverty and fuel poverty is key to realising this aspiration.<sup>27</sup> On a more practical level, during 2014/15, the Scottish Government made £500,000 of funding available to emergency food aid providers to address immediate need and the underlying causes of food poverty through the Emergency Food Fund<sup>28</sup> and provided £2.5 million in funding each year to the advice sector to mitigate the impacts of UK government welfare reform. The Scottish Government also established an Independent Working Group on Food Poverty in 2015, to investigate the growing reliance on emergency food aid.

NHS Scotland has published a food poverty strategy as part of its corporate plan towards a 'Fairer, Healthier Scotland' which recognises the impact that income deprivation can have on people's health and commits to addressing health inequalities.<sup>29</sup> The Scottish Human Rights Commission's Scottish National Action Plan on Human Rights aims to take a human rights based approach to eradicating poverty and tackling austerity in order to ensure an adequate standard of living for everyone in Scotland.<sup>30</sup>

Local government responses have included the Dundee Fairness Commission and Renfrewshire Council's Tackling Poverty Commission, whose strategy published in 2015 focussed on preventative policies that could be introduced locally to break the poverty cycle.<sup>31</sup>

In this context, civil society coalitions have emerged such as the Scottish Coalition on Welfare Reform (SCoWR), the Glasgow Food Poverty Partnership, the Poverty Leadership Panel and the Scottish Food Coalition, campaigning to address the causes of extreme poverty in Scotland and offer solutions to prevent and mitigate its effects.

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<sup>27</sup> Creating a Fairer Scotland: A Summary of the Discussion so far, The Scottish Government, March 2016 [www.gov.scot/Resource/0049/00496638.pdf](http://www.gov.scot/Resource/0049/00496638.pdf)

<sup>28</sup> Food bank Fund The Scottish Government press release, June 2014  
<http://news.scotland.gov.uk/News/Foodbank-fund-open-for-applications-d07.aspx>

<sup>29</sup> Position Statement on Food Poverty, NHS Health Scotland, 2015 [www.se-networks.net/downloads/hsen-NHS\\_Scotland\\_Food\\_Poverty\\_Statement.pdf](http://www.se-networks.net/downloads/hsen-NHS_Scotland_Food_Poverty_Statement.pdf)

<sup>30</sup> Scotland's National Action Plan for Human Rights, Year Two Report, Scottish Human Rights Commission, December 2015  
[http://scottishhumanrights.com/application/resources/documents/SNAP\\_Report\\_Year\\_Two\\_2015.pdf](http://scottishhumanrights.com/application/resources/documents/SNAP_Report_Year_Two_2015.pdf)

<sup>31</sup> Tackling Poverty in Renfrewshire: Report of Renfrewshire's Tackling Poverty Commission, Renfrewshire Council, 2015, [www.renfrewshire2023.com/wp-content/uploads/2015/02/ce-RenfrewshireTPCReport.pdf](http://www.renfrewshire2023.com/wp-content/uploads/2015/02/ce-RenfrewshireTPCReport.pdf)

## Methodology

This report is based on evidence gathered by Citizens Advice Scotland during 2015 and 2016. It includes analysis of existing qualitative and quantitative data held by the CAB service in Scotland and, in addition, data gathered via an adviser focus group, a week-long client survey, longitudinal case histories, and client interviews. Seven Citizens Advice Bureaux from across Scotland participated in the project, namely Hamilton CAB, East Ayrshire CAB, Airdrie CAB, Perth CAB, Dalkeith CAB, East Renfrewshire CAB and Stirling CAB. Project leads for each site were recruited from existing staff and volunteers. The project leads were responsible for co-ordinating the research locally, including gathering survey responses, extracting case histories from the case management system, and identifying interviewees.

### Focus group and research reference group

Five of the project leads attended a focus group hosted by CAS, to share their experiences as bureaux staff and volunteers. Discussions focussed on identifying the most common causes of gaps in income for CAB clients and exploring issues around access to crisis support. Following the focus group, the project leads were consulted on the client survey questions, ethical considerations, and other questions relating to the project's methodology.

### Client survey

The seven participating bureaux carried out a client survey during the first week of December, 2015. The survey questions focussed on clients' experiences of budgeting, the impact of money worries, how often the clients ran out of money, and what sources of financial support respondents were most likely to use when faced with a gap in income. The full survey is attached as appendix B. At the end of the survey clients were also asked whether they would be willing to be interviewed, and if so, to provide their contact details.

The surveys were presented to every client who presented at the bureaux during that week, irrespective of the issue they sought advice on, and before the client had their advice interview. Based on weekly client-contact estimates, 550 surveys were sent out to bureaux. A total of 181 completed surveys – 33% - were returned to CAS. The survey responses were entered into Microsoft Excel, and then analysed using the Statistical Package for the Social Sciences (SPSS).

### Case histories

CAS provided instructions (provided in appendix C) to the project leads of participating bureaux in order that they could extract longitudinal case histories of clients in financial crisis. Project leads were asked to identify cases in which a client had had repeated visits to the CAB in relation to financial crisis – not having enough

money to buy essentials - or cases which demonstrated a pathway in-and-out of crisis (i.e. cause-effect-resolution). The project leads were then presented with instructions on how to download these case histories from the electronic case management system used by the Scottish CAB Service. Participating bureaux provided 53 cases in total, the shortest of which spanned 7 days, and consisted of case notes from three instances of contact with the client; the longest of which spanned almost six years, and consisted of case notes from 26 contacts with the client. Six of the case histories provided were discarded from the analysis due to lack of detail or clarity, leaving 47 for analysis. The mean length of the case studies was 620 days (approximately 1 year 8 months), and the mean number of instances of client contact was 14.

The case studies were analysed using a framework analysis, in which a number of indicators were identified as *contributing to the causes* of a gap in income, and a number of indicators identified as being *consequences* of gaps in income. These indicators were developed separately by each of the researchers, and compared for consistency. Following this process, each case study was analysed for the presence of these indicators and coded accordingly.

## Interviews

A total of 54 CAB clients who had responded to the client survey in December 2015 provided their contact details indicating that they were willing to be contacted regarding interviews. Of these, it was possible to make contact with 26 via telephone, SMS message or email. Ten interviews were carried out during February and March 2016, both over the phone and face-to-face, the majority of which were digitally recorded and later transcribed. Interview questions focused on periods of time when the interviewees had run out of money, the causes, the impacts and what services they had accessed for support. The interview schedule has been provided in appendix D.

## Client profile data

In November 2014 the bureaux undertook the first annual drive to collect profile information on all clients seeking advice. Information was collected on almost 20,000 clients, which is around 87% of the monthly average for clients seeking advice at a CAB during 2014/15. The same survey was carried out during November 2015, again returning data on just over 19,000 clients. These data sets contain information about the profile of CAB clients in Scotland (age, gender, ethnicity, housing status, employment status etc.), alongside the advice they were provided with.

For the purpose of this project, these data sets were filtered for all those who had been provided with advice on food banks (e.g. signposting or referral). The November 2014 dataset contained information on 578 clients who were provided with advice on food banks that month, and the November 2015 dataset contained

information on 654 clients who were provided with advice on food banks that month. The profile of these samples was then analysed both for demographics (age, gender, ethnicity etc.), but also for other advice provided to these clients during that month.

It should be noted, however, that this analysis was only possible with data from the bureaux that use the same electronic case management system, meaning the data from nine Scottish bureaux which use a different system has not been included, seven of which are based in Glasgow.

### **Social Policy Feedback Forms**

The majority of Citizens Advice Bureaux in Scotland use a real-time electronic case recording system, and send case notes from client enquiries which demonstrate services or policies which they feel are failing to meet clients' needs to the Policy Team at Citizens Advice Scotland. These case notes, known as Social Policy Feedback Forms (SPFFs), are typically between 100 and 500 words, and are written up by the CAB adviser directly following a client interview. CAS carried out an analysis of 540 SPFFs in which a client presented at a bureau in financial crisis, from a six month period between April – September 2015. These are clients who had experienced an acute deprivation of income, whether as a result of a gap in benefits payments, a gap in income from employment or other personal circumstances which had left the client with no money to afford basic essentials such as food, gas and electricity. This initial analysis of existing data helped to inform the drafting of the research questions, the client survey and the interview schedule.

## Part one: causes of gaps in income

### Introduction

Existing literature has tended to draw a distinction between the longer-term factors that contribute to a household being unable to pay for essentials, and the shorter term 'crises' or 'triggers' which cause an individual to seek emergency food aid or financial help.

In *Emergency Use Only: Understanding and reducing the use of food banks in the UK*, a distinction is made between 'acute income crisis' meaning the complete cessation of an individual's main income or a dramatic reduction in income, and 'chronic income crisis' meaning ongoing severe inadequacy of income.<sup>32</sup> Similarly, the all-party parliamentary inquiry into hunger in the UK concentrated its analysis on 'underlying causes,' such as rises in cost of living and stagnant low wages and benefit rates, and 'circumstances in which people use food banks' such as low pay and experiences with the benefits system.<sup>33</sup>

The recent research into destitution in the UK published by the Joseph Rowntree Foundation carried out interviews to identify 'triggers' for destitution and the 'factors that contribute to them' and found that there was a complex interaction of factors rather than one single cause which led to households on low incomes being unable to meet their basic needs. However, the report did identify benefit and debt related factors, as well as health-related and cost of living factors, as contributing to the routes into destitution.<sup>34</sup>

As some of the factors that contribute to chronic income deprivation and lessening resilience to income shocks have already been explored, this part of the report predominantly focusses on the causes of *acute* income deprivation. It must be recognised, however, that people's experiences are complex and unique, and never fit neatly into such pre-defined categories; the distinction between causes and triggers is best used as a tool for understanding people's experiences rather than a rigid framework.

CAB evidence has shown that issues with employment, debt collection practices, sudden life events or changes of circumstances and a number of specific problems with the benefits system are the most common causes of acute income crises for CAB clients.

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<sup>32</sup> *Emergency Use Only: understanding and reducing the use of food banks in the UK*, The Child Poverty Action Group, The Church of England, Oxfam GB and the Trussell Trust, November 2014 [www.cpag.org.uk/sites/default/files/Foodbank%20Report\\_web.pdf](http://www.cpag.org.uk/sites/default/files/Foodbank%20Report_web.pdf)

<sup>33</sup> *An Evidence Review for the All-Party Parliamentary Inquiry into Hunger in the United Kingdom* <https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-appg-evidence-review-final.pdf>

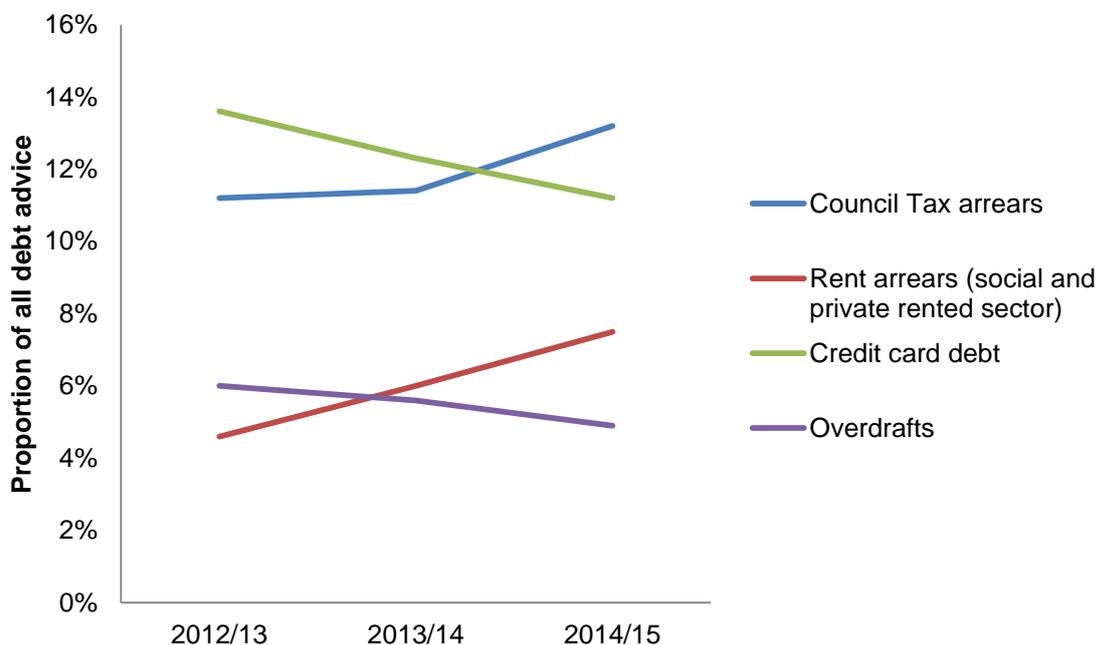
<sup>34</sup> *Destitution in the UK*, Joseph Rowntree Foundation, April 2016, [www.jrf.org.uk/report/destitution-uk](http://www.jrf.org.uk/report/destitution-uk)

## Debt

Debt has been included under the list of contributing factors to gaps in income, but it must be understood as both a cause and an effect. The kind of debt affecting this client group is not consumer credit debt such as unsecured loans and credit cards, but the accumulation of arrears relating to priority payments such as rent, Council Tax, gas and electricity.

Over the past three years, CAS has seen a rise in advice relating to rent, Council Tax and utility arrears, with declining consumer credit debt. This suggests that CAB clients can either no longer **afford** to access high interest credit, or are being denied access to it, the consequences of which are that increasing numbers are falling behind on priority payments such as rent, gas and electricity, putting them at risk of homelessness and poor health. To illustrate this, the proportion of debt-related advice being sought in relation to rent arrears in 2014/15 was a third higher (34%) than it had been in 2013/14, and advice relating to homelessness increased by 7% during the same period. Advice in relation to Council Tax arrears as a proportion of all debt advice has also increased by almost a fifth (18%) since 2013.<sup>35</sup>

**Figure 1: Changes in rent arrears, council tax arrears and consumer credit debt as a percentage of all debt advice from 2012/13 to 2014/15**



Problem debt also disproportionately affects those in deprived areas and those on low incomes. Research soon to be published by CAS shows that, from a survey of 1,000 respondents drawn from the Scottish Household Survey, a higher proportion of those in the most deprived areas (13%) were in arrears with bills/repayments than

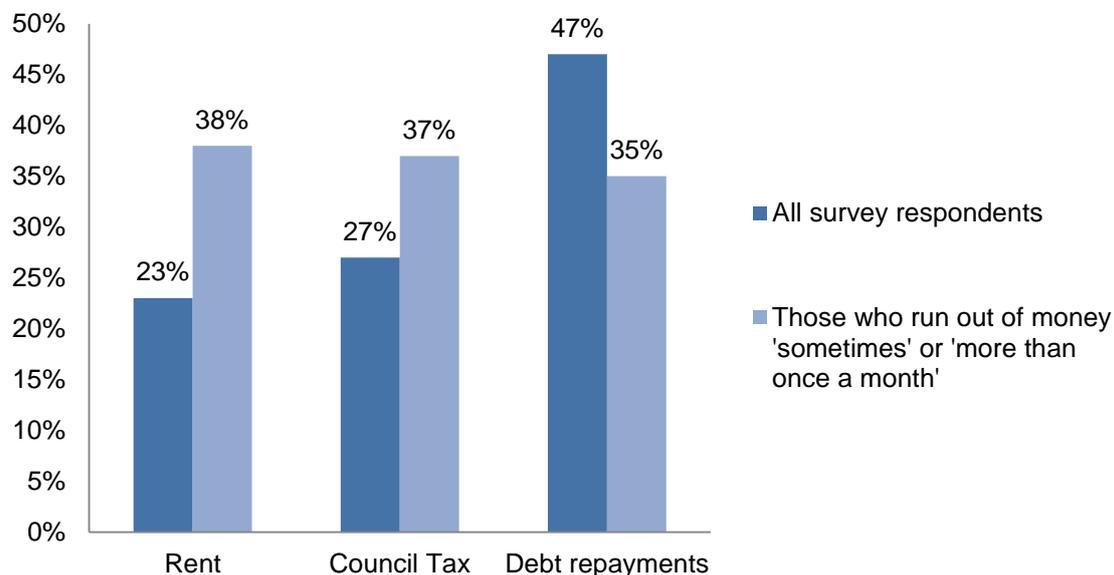
<sup>35</sup> *Advice in Scotland*, Citizens Advice Scotland, 2015  
[www.cas.org.uk/system/files/publications/advice\\_in\\_scotland\\_2014-15.pdf](http://www.cas.org.uk/system/files/publications/advice_in_scotland_2014-15.pdf)

those in the least deprived areas (2%). The most common cut-backs made in response to this were food (43%) and utilities (24%).<sup>36</sup>

These figures are corroborated by the CAB client profile data which shows that approximately 13% of clients who need advice regarding food banks also seek advice on a debt-related issue, but of those 13%, the vast majority – 73% - need advice on debts relating to priority payments such as rent, Council Tax or utilities, as opposed to just over a quarter (26%) who need advice on consumer credit debt such as overdrafts, credit cards or payday loans.

When asked “if you ran out of money, which of the following are you likely to either cut down on or not pay for at all?” 23% of CAB survey respondents said they sometimes cut down on rent payments, 27% sometimes cut down on Council Tax payments, 47% sometimes cut down on debt repayments and 63% sometimes cut down on gas and electricity. As Figure Two shows, those survey respondents who sometimes or often run out of money are more likely to cut down on rent payments (48%) and Council Tax payments (37%), although less likely to cut down on debt repayments (46%), which perhaps suggests something about attitudes toward creditors and consumer debt compared to local authority debt.

**Figure 2: Cutting back on essentials: percentage of survey respondents who cut back on rent, Council Tax and debt repayments**



All of the figures presented show that many CAB clients struggle to keep up with priority payments, making them vulnerable to continued financial insecurity and hardship as well as legal action such as eviction from their homes, but debt collection practices are also an important contributing factor to gaps in income.

<sup>36</sup> CAS research on the poverty premium to be published during 2016

When a benefit claimant accumulates rent or utility arrears, it is possible for the DWP to recover the debt repayment directly from the benefit at source. This is known as third party deductions or, in the case of utility arrears, 'Fuel Direct'. The amount directly deducted from the benefit payment can be up to 25% without the claimant's consent, and even higher if the claimant does consent to it.<sup>37</sup> A JSA or ESA claim with 25% deducted will reduce the payment to £54.80 per week, the equivalent of £7.83 per day. Direct deductions can also be applied to recover benefit overpayments, Social Fund Loans, Short Term Benefit Advances and court fines.

At least 12 of the 47 case studies analysed included clients who experienced direct deductions from benefits during their contact with the CAB. Direct deductions from benefits was shown to be both a trigger of acute income deprivation, and also a consequence of it: following a situation in which these clients had to seek crisis support or emergency food aid, they were then faced with a period of reduced benefit payments, which in some cases meant surviving on as little as £7.83 per day.

*Case history extract: The client returned to the bureau to request a food bank referral. His ESA payments were having deductions of £14 per week taken from them and the client could not manage on the money he had left to live on.*

*Case history extract: The client is having deductions from her Assessment phase ESA amounting to £20 per week for an overpayment of Working Tax Credit. At the moment she has approximately £50 per week to live on including rent, food, gas and electricity. She has no food in the house at this time.*

What we are seeing is people having to choose between paying for food, energy to heat their homes or overdue rent. It does not appear to be 'debt' *per se* that is the cause of financial crisis, but inadequate levels of income to cover these household essentials. Although difficulty keeping up with priority payments can also be the result of poor money management and lack of budgeting skills, CAS evidence suggests that many of those vulnerable to gaps in income do not have enough income to meet their expenditure. As one interviewee put it:

*Interviewee: "I have too much money going out and not enough coming in. Things are not manageable at the moment".*

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<sup>37</sup> *Help paying bills using your benefits*, The Department for Work and Pensions, [www.gov.uk/bills-benefits](http://www.gov.uk/bills-benefits)

## Housing

The case history analysis showed that, during the time they had contact with the CAB, almost half of the clients (22 of the 47) had experienced issues in relation to housing, including rent arrears, housing conditions of both council and private sector properties, eviction and homelessness. Many of these issues contributed to clients' lack of stability and resilience to income shocks such as a gap in benefits or moving in and out of work.

*Case history extract: The client received a Notice to Quit from the landlord due to rent arrears which had accumulated as a result of the landlord unlawfully increasing the rent by 10%. The client has experienced harassment by the landlord trying to evict her. The client eventually registered as homeless with the council.*

Four clients were threatened with homelessness or eviction at one point during their contact with the CAB, and a further eight experienced actual homelessness during this time. Homelessness itself often has additional costs associated with it, including increased costs of living in temporary accommodation, and moving into properties which need work to become habitable.

*Case history extract: When the client moved from homeless accommodation to permanent accommodation the client had spent all his JSA to furnish the new flat and had no money for food.*

## Employment

Pay and entitlements is the largest area of employment advice provided by citizens advice bureaux in Scotland. There were 13,081 new issues related to this area in 2014/15, accounting for more than a quarter of new employment-related issues.<sup>38</sup> Pay and entitlements was one of the fastest-growing areas of advice provided, increasing by almost a fifth (19%) compared with 2013/14. Clients brought 514 new issues related to the National Minimum Wage in 2014/15.<sup>39</sup>

In 2014/15, citizens advice bureaux in Scotland also advised clients on 411 new issues specifically related to zero hours contracts. Common problems are fluctuating working hours making it difficult for clients to claim support from the in-work benefits system and facing hardship due to being unable to predict what their income would be.

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<sup>38</sup> CAS collects data on both new and repeat issues that bureaux provide advice on. The figure presented here represents the number of new employment-related issues that bureaux advised on over the course of the financial year.

<sup>39</sup> *Seeking Decent Work*, Citizens Advice Scotland, March 2016, [www.cas.org.uk/system/files/publications/seeking\\_decent\\_work\\_2016.pdf](http://www.cas.org.uk/system/files/publications/seeking_decent_work_2016.pdf)

However, despite the increase in advice regarding pay and insecure working hours, this research found that less than 10% of CAB clients who need advice regarding food banks are in employment: 6% are in part-time employment and 3% are in full-time employment. The vast majority of clients represented in the case studies were unemployed, and over half (55%) had limited or no capacity to work due to ill health or disabilities.

However, analysis of the case studies did show a number of clients who experienced problems relating to employment, particularly those moving in and out of work due to dismissal or temporary contracts.

*Case history extract: The client needed help to sign up for JSA as his employment finished. He also wanted help with alerting the council about his change of circumstances, and help filling out a Discretionary Housing Payment form. [Months later] the client is struggling between fortnightly benefit payments and part time work and asked for a food voucher. [Six months later] the client came to drop in as his work had finished and he now wishes to apply for JSA.*

*Case history extract: The client worked 39 hours per week for 14 months and was on a four month temporary contract. The client was paid off on the 21 December. The client has called the company to ask why he was paid off and was advised that the manager didn't want to speak with him to discuss the situation. The client wants to know if they can do this.*

When people move in and out of work, they can experience gaps in income between payment of benefits and payment of wages, which can impact on someone's ability to keep a job. For example, this client who had no money to pay for transport to get to work.

*Case history extract: The client attended the bureau regarding his JSA and payment of wages. He has found a cleaning job, but has just found out that it will be one month until he gets paid his first wage and does not know how he will live until then. The client went to the Jobcentre to let them know that he has no money to get to work, but was informed that if he did not take up the job his JSA would be sanctioned and that they could not help with travelling expenses.*

Another found it difficult to make ends meet on his income, which was illegally below the National Minimum Wage:

*Case history extract: The client attended asking for help to apply for a food bank referral. The client works 24 hours per week on a rate of pay just below minimum wage. He lives with his partner and two teenage boys, 16 and 19 years old. The client said low income was the reason for his request.*

Of the interviewees, the majority were similarly unemployed, but one interviewee who was self-employed expressed the difficulty he had experienced trying to get by on his income from employment.

*Interviewee: "I am constantly running out [of money]. My friends have said I should go on job seekers rather than being self-employed, as I would earn more. My partner is able to subsidise me but she is finding now that she is going into her overdraft, which she never did before. You get used to living hand to mouth... I know that in this day and age you shouldn't, it is just part of everyday life."*

Although it is clear that the majority of clients seen by CAB who require emergency food aid or emergency payments are not in employment, and in receipt of benefits, the qualitative evidence and previous CAS research<sup>40</sup> has shown that people on low incomes do struggle to make ends meet, and experience gaps in income as a result of low pay, loss of jobs, insecure working hours and non-payment of the minimum wage.

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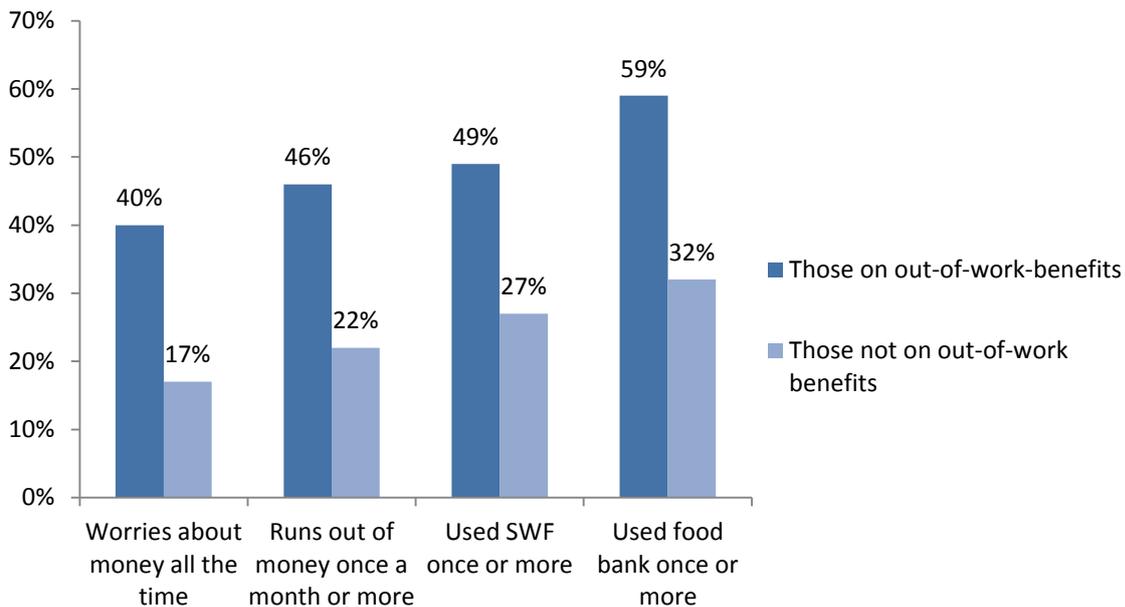
<sup>40</sup> *Seeking Decent Work*, Citizens Advice Scotland, March 2016, [www.cas.org.uk/publications/seeking-decent-work](http://www.cas.org.uk/publications/seeking-decent-work); *Work, Wages and Wellbeing in the Scottish Labour Market*, Citizens Advice Scotland, August 2015 [www.cas.org.uk/publications/work-wages-and-wellbeing-scottish-labour-market-inquiry](http://www.cas.org.uk/publications/work-wages-and-wellbeing-scottish-labour-market-inquiry); *Fair Enough?* Citizens Advice Scotland, February 2015 [www.cas.org.uk/publications/fair-enough](http://www.cas.org.uk/publications/fair-enough)

## Benefits

Frozen benefit rates compared to inflation and rises in cost of living mean people claiming working age benefits have experienced a cut in real-terms over the last decade.<sup>41 42</sup> The recent freeze on working age benefits introduced with the Welfare Reform and Work Act 2016 is likely to leave benefit recipients less resilient to income shocks.

Findings from the client survey showed that, when those on out of work benefits were considered separately, 40% said they worried about money 'all the time' compared to 17% of survey respondents who were not on out-of-work benefits. Similarly, 40% said they ran out of money 'more than once a month' compared to 11% who were not on out-of-work benefits. Those on out-of-work benefits were also 12% more likely to have applied to the Scottish Welfare Fund and 17% more likely to have been to a food bank. These figures suggest that those on out of work benefits struggle to make ends meet on a monthly basis, not just when they are faced with a one off crisis or emergency.

**Figure 3: CAB client survey – money worries and gaps in income for those in receipt of out-of-work benefits (JSA, ESA and IS) compared to those not in receipt of out-of-work benefits**



The interview data showed similar experiences. Both of these ESA claimants reported running out of money frequently, and both also reported cutting down on food:

<sup>41</sup> *Living Standards, Recent Trends and Future Challenges*, Institute for Fiscal Studies, March 2015  
[www.ifs.org.uk/uploads/publications/bns/BN165.pdf](http://www.ifs.org.uk/uploads/publications/bns/BN165.pdf)

<sup>42</sup> *Measuring Living Standards*, House of Commons Library, March 2015  
[researchbriefings.parliament.uk/ResearchBriefing/Summary/POST-PN-491#fullreport](http://researchbriefings.parliament.uk/ResearchBriefing/Summary/POST-PN-491#fullreport)

*Interviewee: "Yes, earlier this month I was without money for a few days"*

*Interviewee: "Every week... [I have been without money for] a week and a half"*

Analysis of the case histories showed some evidence of clients struggling as a result of reduced benefit entitlement, for example this client who required a food bank referral following the loss of his Severe Disability Premium for his ESA:

*Case history extract: The client first presented at the bureau on 23 March 2015 following a change in his benefits from ESA to JSA. When on ESA the client had received a Severe Disability Premium which had stopped altogether causing a considerable drop in his income. On 13 April 2015 the client returned stating that he had been successful in getting his Severe Disability Premium reinstated but that due to its loss in the first instance he had no money and was granted a food bank referral for three weeks.*

The benefit rates for young people are considerably less than the rates for those over 25. A single jobseeker under 25 can expect to receive £57.90 per week, compared to someone 25 or over who would receive £73.10, a difference of £15.20 every week.

The findings from client profile data, which are explored in more detail under the section on 'impact', have shown that those who need advice regarding food banks are younger than the average CAB client by six years. This is consistent with other research which has found that young men in particular are more vulnerable to periods of no income.<sup>43 44</sup>

The Joseph Rowntree Foundation, in developing the definition of 'destitution' they used in their recent report<sup>45</sup>, undertook interviews and focus groups with experts as well as an omnibus survey of over 2000 adults across the UK. Despite this broad consensus, the 'extremely low income' criterion for destitution is actually *higher* than the existing benefit entitlements for under-25s claiming JSA or assessment phase ESA. The upshot of this is that the general public believe that working-age benefit rates for under-25s are so low that, if they have no other form of support, those

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<sup>43</sup> The JRF found that households with members under 35 years are the most likely to be below the Minimum Income Standard, and nearly four times as likely to be below this level than pensioners. *Households below a Minimum Income Standard: 2008/09 to 2013/14*, Joseph Rowntree Foundation, February 2016, [www.jrf.org.uk/report/households-below-minimum-income-standard-200809-201314](http://www.jrf.org.uk/report/households-below-minimum-income-standard-200809-201314)

<sup>44</sup> *Destitution in the UK*, JRF, 2016 [www.jrf.org.uk/report/destitution-uk](http://www.jrf.org.uk/report/destitution-uk)

<sup>45</sup> *Destitution in the UK: An Interim Report*, JRF, 2015 [www.jrf.org.uk/report/destitution-uk-interim-report](http://www.jrf.org.uk/report/destitution-uk-interim-report)

young people are living in a constant state of 'destitution,' without enough money to purchase basic essentials.

Low and frozen working age benefit rates may be a contributing factor to reduced resilience to income shocks, but the findings from this research suggest that there are a number of specific benefits-related causes of gaps in income for CAB clients.

A number of studies have shown that sanctions and benefit delays are the most common cause of someone needing to access emergency food aid<sup>46</sup>, and Trussell Trust figures have shown that benefit delays are the number one reason for referrals to Trussell Trust food banks.<sup>47</sup> However, what is meant by 'delays' is not always clear. To someone in receipt of benefits, long processing times or the cessation of benefit payments for another reason may be experienced as a delay, but may not be defined as a delay from the perspective of the DWP. It is important to clarify what is causing these 'delays' for the purpose of making recommendations that could prevent people from experiencing long periods with no income whatsoever.

Analysis of the profile of clients who need advice regarding food banks has shown that 55% of clients who seek advice regarding food parcels also require benefits advice, and that benefits was the most common area of advice need for this group.<sup>48</sup> These findings are supported by the qualitative data: of the 47 clients represented in the case studies, 40 of those – 85% - experienced a problem with their benefits claim.

There are five main causes of CAB clients experiencing a gap in benefit payments resulting in the need for crisis support, which have been presented below in the order they might occur to a client, not necessarily frequency:

- Department for Work and Pensions (DWP) administrative errors, including: mail lost within DWP mail processing systems (particularly medical evidence), poor communication with claimants and official error causing gaps or delays in payments;
- Clients who had failed their Work Capability Assessment and been found fit for work losing their eligibility for Employment and Support Allowance (ESA) and having difficulty transferring to Jobseekers Allowance (JSA);

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<sup>46</sup> For example, see: *Emergency Use Only: understanding and reducing the use of food banks in the UK*, The Child Poverty Action Group, The Church of England, Oxfam GB and the Trussell Trust, November 2014 [www.cpag.org.uk/sites/default/files/Foodbank%20Report\\_web.pdf](http://www.cpag.org.uk/sites/default/files/Foodbank%20Report_web.pdf)

<sup>47</sup> Statistics on food bank use, Trussell Trust, March 2016, [www.trusselltrust.org/2016/04/15/foodbank-use-remains-record-high/](http://www.trusselltrust.org/2016/04/15/foodbank-use-remains-record-high/)

<sup>48</sup> The second most common area of advice required by this group was debt advice, which was provided to 13% of clients who needed advice regarding food banks.

- Processing times and waiting days at the beginning of benefit claims causing a gap in payments;
- ESA claimants challenging a decision regarding their Work Capability Assessment not receiving payments during the Mandatory Reconsideration process;
- Benefit sanctions, particularly for JSA claimants.

It should be noted that these five main causes are not unrelated from one another; in fact, it is not uncommon for an individual to experience some or all of these problems consecutively. For example: a long-term Incapacity Benefit claimant could be transferred onto ESA. While in receipt of assessment-phase ESA, their Fit Note might be lost within DWP internal mail processing systems, meaning a delay in payments. They then might undergo a Work Capability Assessment and be found fit for work. They disagree with this decision, and wish to challenge it, but are not entitled to receive any benefit payments during the Mandatory Reconsideration period. At this stage, the decision is upheld. They then claim JSA, which takes 14 days to process. As they are still unwell, they find it difficult to meet the requirements for JSA and are subsequently sanctioned.

It should also be noted that these five causes impact predominantly on those unable to work due to ill health who make up almost a third of those needing advice regarding food parcels (28% in 2014 and 30% in 2015). The most common benefits advice sought by those in need of a food parcel is in relation to ESA (20% in 2014 and 18% in 2015), rather than JSA or any other benefit.

Each of these causes is explored in turn below and, at the end of the report, recommendations are made regarding how the system could be improved.

### **Lost mail, poor communication and official error**

Delays can be a result of numerous pit-falls in DWP systems, for example, mail relating to Scottish claimants having to be dealt with by a central mail handling service elsewhere in the UK, mail going missing in internal mail processing systems, or information not being saved correctly on DWP electronic systems.

Documents relating to clients' benefit claims can get lost at various stages between the client, the Jobcentre and the benefits centre. This can include benefit applications, medical evidence and even original documents for proof of identity, despite documents being sent by recorded delivery. This suggests that the majority of lost mail is being lost not in the post *on its way* to DWP, but being lost *within* DWP mail-handling systems. Loss of documents relating to claims causes delays which can have serious consequences for claimants, as these extracts from the case histories show:

*Case history extract: The client had not received notification to attend a work capability assessment as the client stated that he did not receive the letter. The client's payments then stopped. He was told when he contacted DWP that he was due to send in a Fit Note and once he sent that in his payments would start again. He sent that in but his payments did not start again. The client had been told that it took ten days to process a fit note. The client has had no gas/electricity for days and has no income. The client had to borrow the bus fare to get to the bureau. The client suffers from depression, curvature of the spine and substance misuse.*

*Case history extract: The client contacted the bureau as he did not receive his ESA payment as expected and is now struggling financially. The CAB phoned the ESA helpline on the client's behalf and was advised that payments stopped due to the client's sick note expiring. The client's GP issued a new one which he sent using the freepost envelope, however, it has not been received by the DWP and now his payments have stopped.*

When claimants experience benefit delays and problems with the processing of their claims, there is not always clear communication about what the difficulty is, or what the claimant can do to resolve the issue. Clients frequently contact their local CAB because their benefits have stopped and they don't know why, or they have received contradictory information from the DWP, or they were expecting a phone call or correspondence which they did not receive.

*Case history extract: The client has only received two benefit payments in the last four months due to problems with DWP incorrect advice and miscommunication. The client currently has no money for daily essentials.*

### **Processing times and waiting days**

The government recently released statistics which show that during the period between February 2015 and March 2016, just over 247,000 claimants waited more than 10 days to have their JSA or ESA claims processed, and 44,104 waited more than 16 days<sup>49</sup>.

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<sup>49</sup> Social Security Benefits: Written question – 32486, House of Commons, 24 March 2016, [www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-03-24/32486](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-03-24/32486)

CAS evidence shows that waiting periods at the beginning of benefit claims can cause severe financial hardship to CAB clients. Of those who required advice regarding food banks during November 2014, 34 also required advice regarding payment of benefit, and 36 were given advice regarding short term benefit advances, suggesting that for at least 6% the gap in income was caused by a delay in benefit payments.

Although no causal relationship can be established, the case history extract presented below shows a client who attempted to commit suicide following delays in his benefit payments, which demonstrates how vulnerable people in this situation can be.

*Case history extract: The client requested a food bank voucher as he was experiencing benefit delays.*

*[One week later:] The client requested a food bank voucher due to benefit delays.*

*[Eleven days later]: The client tried to commit suicide three days previously and spent the night in hospital. The client wanted the bureau to phone Jobcentre to establish if he would receive his JSA payment tomorrow because he had missed an appointment and was afraid he may have been sanctioned.*

Analysis of the qualitative data shows that clients particularly experience problems with processing times when transitioning from one benefit claim to another, which is discussed in more detail below. But this raises concerns about the impact that the six week waiting period at the start of new Universal Credit claims will have, especially when existing benefit claimants on the legacy benefits begin to be migrated onto UC. CAS has already begun to see instances of this waiting period causing financial hardship and recommends that measures are put in place to prevent this from causing gaps in income for a large number of UC claimants.<sup>50</sup>

### **Transitioning from one benefit to another**

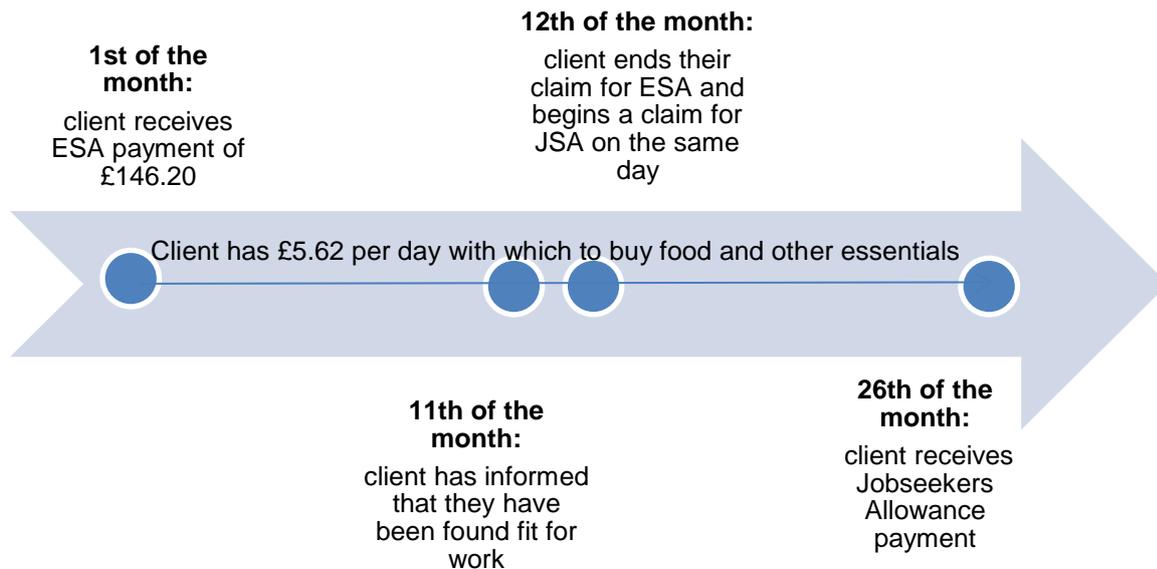
CAS evidence suggests that when people are transitioning from one benefit to another, particularly from ESA to JSA and vice versa, they can experience a gap in payments of up to four weeks, even when the normal processing time is applied (i.e. there is no delay). For example, if a person in receipt of assessment phase ESA receives a benefit payment of £146.20 on the 1<sup>st</sup> of the month, and then has a medical assessment and is informed that they have been found fit for work on the 11<sup>th</sup> of the month, end their claim for ESA on the 12<sup>th</sup> of the month and make a claim

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<sup>50</sup> *Learning from Testing Times: Early Evidence of the Impact of Universal Credit in Scotland's CAB Network*, Citizens Advice Scotland, June 2016 [www.cas.org.uk/publications/learning-testing-times](http://www.cas.org.uk/publications/learning-testing-times)

for JSA on the same day, they would have to wait 14 days for that claim to be processed before they receive any benefit payment on approximately the 26<sup>th</sup> of the month. This means they will have waited 26 days for their next benefit payment, meaning they have £5.62 per day with which to buy food, gas, electricity, transport and other essentials. If there is a delay in the processing of their new claim, this amount is reduced.

Figure 4: Ending an ESA claim and beginning a JSA claim



Eight of the case histories demonstrated this as a cause of gaps in income for clients, predominantly clients who were moving from ESA to a JSA claim.

*Case history extract: The client returned claiming that the Job Centre kept changing his benefits back and forth between ESA and JSA and that he had no money for at least the next week. His request for a benefit advance had been refused and he requested a food bank referral. The client was told that due to being granted a four-week food parcel in January, he was not entitled to one until May. The Salvation Army Meals Service was suggested and the client left saying he would contact them.*

The qualitative evidence also showed that, when clients are found fit for work following a medical assessment, they do not always know what benefits they may be entitled to. As these are often vulnerable people with long-term physical and/or mental health conditions, they can experience barriers to accessing support, such as anxiety or difficulty leaving the house. In addition, loss of entitlement to one benefit can impact on entitlement to other benefits, particularly those which cover housing costs such as Housing Benefit (HB) and Council Tax Reduction (CTR). The following extracts from the case histories demonstrate the impact this can have.

*Case history extract: The client had attended an ATOS medical since prior contact and lost her entitlement to ESA. Her Housing Benefit entitlement and Council Tax Reduction has been suspended as she has had no benefit. She says that she was not advised by DWP that she could claim JSA. She made an online application for JSA yesterday and she has come in today to request a Mandatory Reconsideration of the ESA decision. She says that she has had no income for four weeks and that her son has been giving her support. She is worried about her bills and says that she is finding it difficult to manage now. She has very little food left in the house at this time.*

*Case history extract: The client made an application for ESA in August 2013 based on his health issues including addiction, depression, curvature of the spine and is awaiting tests for stomach ulcers/bleeding. He received no points at a medical assessment, meaning he was found fit for work, and eventually the client's claim went to an appeal. The client's appeal was refused and his claim was stopped. The client's last payment of ESA was a couple of days later and since then he has not been in receipt of any monies. When the client appeared at drop-in today he had not eaten for more than a day and was not in a good condition. He had a letter with him from the Council suspending his HB and CTR and asking him to complete a new application form. The client had no food or toiletries in his house and was struggling to put any money in meters for gas and electricity. He had tried to go to the Jobcentre to make a call regarding his ESA claim but they just gave him a list of numbers to call. The client was at a loss as to what to do.*

### **Mandatory Reconsideration**

In October 2013 the DWP made it a requirement that all benefit claimants who wanted to take a case to appeal would have to get a DWP decision maker to reconsider the decision first. This is known as a Mandatory Reconsideration. There is no time limit within which the DWP must process a Mandatory Reconsideration decision. Furthermore, if the claimant is challenging a decision concerning their entitlement to ESA, the client undergoing reconsideration is not entitled to receive any benefit payments during this process. This means that, if a decision regarding a client's ESA work capability assessment is being reconsidered, the client must claim JSA in the meantime. CAB advisers often find that clients in this situation are

reluctant to claim JSA, as they feel that their health is too impaired to keep up with the job seeking and work related activity required of them.

Of the 578 CAB clients who sought advice regarding food banks during November 2014, one in every 13 was undergoing Mandatory Reconsideration to challenge a benefit decision. A number of clients represented in the case histories were also undergoing a Mandatory Reconsideration and experienced a gap in income as a result. Their experiences have been presented below.

*Case history extract: The client attended as she had failed her ESA Work Capability assessment and wished to complete a Mandatory Reconsideration. The client was advised to claim JSA in the meantime. [Subsequent appointment:] the Mandatory Reconsideration was unsuccessful so the client is appealing the decision. [Subsequent appointment:] The client has not received any ESA during the appeal process (the DWP had mistakenly treated this as a new claim rather than a reinstatement due to appeal) and it still took five days for a payment to be made after the DWP admitted their error.*

*Case history extract: On 5 May the client required assistance to complete a Mandatory Reconsideration for ESA as he had failed his Work Capability Assessment. The client was advised to claim JSA in the meantime but did not receive any payment and therefore applied for a short term benefit advance. The client returned one week later as he has been sanctioned for not fulfilling the Claimant Commitment. On 10 July [over nine weeks later] the client was informed that the outcome of the Mandatory Reconsideration had been that the original decision was upheld. The client wished to appeal the decision, and on 13 October his appeal was unsuccessful [23 weeks after the original decision was made], and the client was advised to claim JSA.*

The DWP encourages ESA claimants to apply for JSA while awaiting the outcome of a Mandatory Reconsideration. However, many individuals are not well enough to actively seek work or to meet the strict conditionality for JSA. This can result in a revolving-door scenario of claimants being told to claim JSA because they are fit for work, and then being told by the jobcentre to claim ESA because they are too sick to work. In addition, many ESA claimants are reluctant to claim JSA as they worry that the claim will be seen as conceding they are fit for work and this will count against them in the future. The extract from one of the case histories below shows that the client was left in a situation in which he was unable to claim JSA or ESA and was left without income as a result.

*Case history extract: The client returned to the bureau as he had been disallowed both JSA and a Crisis Grant and was looking for information on how best to proceed. When the CAB called the Jobcentre, it transpired that the client could not sign the Claimant Commitment as he was intoxicated, and the Jobcentre said they also feel that he could not keep up with the criteria of JSA therefore would not let him sign on. The CAB adviser explained that the problem here is that client is awaiting a decision on his Mandatory Reconsideration and until then he is not entitled to any money from ESA and now he has been refused JSA. The Jobcentre advisers explained that there is nothing they can do as he does not meet the criteria for JSA and it is likely that he would not fulfil his commitment. The client returned the following day and again a week after that to request a food bank voucher. [Over a month later:] The client has been refused ESA on the grounds that his condition has not deteriorated since his last claim for ESA which is currently going through a Mandatory Reconsideration. The client has been without money for several weeks now and cannot afford food or electricity in his home. He is becoming increasingly frustrated at the lack of assistance from the DWP.*

In October 2015, CAS received responses from 15 CAB welfare rights advisers to a survey which included two questions about Mandatory Reconsideration<sup>51</sup>. When asked about the impacts of Mandatory Reconsideration, 13 respondents mentioned the fact that clients are not in receipt of the benefit during the reconsideration period, and ten mentioned the financial impact that this can cause and used words like “hardship”, “poverty” and “reliance on food banks”:

*A CAB welfare rights adviser: “The main impact is loss of income. If a claim for ESA is subject to Mandatory Reconsideration then claimants lose out on potential components on an ongoing basis. It is alright to say that if the decision is overturned then the claimant receives a backdated payment of benefit, however the claimant has had to survive without it in the meantime.”*

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<sup>51</sup> This survey was carried out in October 2015 on the topic of benefit delivery, and included questions about Mandatory Reconsideration, Short Term Benefit Advices, mail processing and communication with claimants. The survey was completed via email by fifteen welfare rights advisers

*A CAB welfare rights adviser: "The person often has no money, this can mean they don't have fuel or food or the money for their fare to hospital or money to top up the phone. It can result in malnourishment."*

*A CAB welfare rights adviser: "Clients either are unable to afford essential living expenses or end up deeply in debt. As one claimant said - you can't walk out of the Co-Op telling them you'll backdate payment for your groceries."*

## Sanctions

Benefit claimants have to meet certain requirements to receive their benefit, and if they do not they may receive a sanction or their entitlement to benefit may cease altogether. Towards the end of 2012 the penalties associated with sanctions became considerably more severe. The first level JSA sanction rose from one week to one month, and the maximum duration of a sanction rose from six months to three years.

A single JSA claimant will typically receive £73.10 a week with which to purchase all their living essentials (with the exception of housing costs). Claimants will often have very little money left by the time of their next payment, and if a sanctions referral is made shortly before the next benefit payment is due, this can leave claimants with no money at very short notice.

It is not surprising, then, that sanctions have been shown to be one of the major causes of acute income deprivation and increased food bank use.<sup>52</sup> CAS evidence corroborates these findings, and shows the devastating impact that sanctions can have<sup>53</sup>.

In 2014, Matthew Oakley conducted an independent review of the sanctions regime, and his report made important recommendations particularly around communication with claimants and access to hardship payments.<sup>54</sup> However, the review was limited in scope, not least because it did not include ESA sanctions and its focus was on communication with claimants rather than the impact and effectiveness of the sanctions regime.

Of the 578 CAB clients who sought advice regarding food banks during November 2014, 1 in every 15 had been sanctioned. Similarly, analysis of the case studies

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<sup>52</sup> *Emergency Use Only: understanding and reducing the use of food banks in the UK*, The Child Poverty Action Group, The Church of England, Oxfam GB and the Trussell Trust, November 2014  
[http://www.cpag.org.uk/sites/default/files/Foodbank%20Report\\_web.pdf](http://www.cpag.org.uk/sites/default/files/Foodbank%20Report_web.pdf)

<sup>53</sup> *Sanctioned: What Benefit?* Citizens Advice Scotland, 2014  
<http://www.cas.org.uk/publications/sanctioned-what-benefit>

<sup>54</sup> Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013 Matthew Oakley, 2014.  
[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/335144/jsa-sanctions-independent-review.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335144/jsa-sanctions-independent-review.pdf)

showed that at least nine of those clients had experienced a sanction during their contact with the bureau. Some of their experiences have been presented below.

*Case history extract: The client has been sanctioned for three months. It seems he has not been available for work and is not actively looking for work (although the client said he has checked availability of jobs online and has no money to travel). The money in the client's account is a hardship payment awarded on 3 December 2014, which is 40% of his benefit... the client returned to the bureau in February when his sanction was due to end. He had been awarded an £87 Crisis Grant (CG) on 22 December and had otherwise been relying on local food banks and friends' kindness.*

*Case history extract: The client came in to the bureau as he had been sanctioned by the Jobcentre for not attending an appointment. He had no money, electricity, gas or food and was referred for a food parcel. The next day, the client returned to the bureaux as he had received a letter from the DWP advising that from the 28 May he is no longer entitled to JSA (disallowed). The CAB called the DWP for an explanation and they said that his claim had been stopped as he failed to sign on and did not contact the DWP within five days. The client had been unable to attend as he was told to wait in his property by his housing provider as they were delivering a cooker. They were late and as a result he missed the bus. He had no money in his phone to contact the DWP and has no internet connection. The client advised that he feels he is now unable to work due to his health. The client has a back injury, is in a lot of pain and finding it very difficult to walk or sit in one position for any length of time. The client also suffers from depression, finds it difficult to sleep and gets very anxious around lots of people. He said that, in order to get a 'mega rider' which costs £11.80 for a week's travel he had to sell some of his property.*

*Case history extract: The client presented at the bureau following a JSA sanction. The client was unable to get messages from the Jobcentre due to having no phone credit. On 3 June 2015, the client returned following further JSA sanctions. Although he was now back in receipt of JSA, he was unable to cope with the repayments of Social Fund loans, rent and energy arrears that he had accrued when sanctioned.*

## Health-related issues

More than a third of clients who seek advice regarding food parcels are unable to work due to short or long term ill health (37%) and more than a third have a disability (33%). The difficulties these clients experience in claiming sickness and disability benefits has already been explored in the section on benefits, but there are other health-related issues which can contribute to the factors which lead to acute deprivation of income.

Firstly, CAB evidence has shown that there are sometimes extra costs associated with health conditions. For example special diets, aids and adaptations or needing a car to attend hospital visits, as one interviewee explained:

*Interviewee: "I need my car as I have to get to appointments for the hospital and for mum and dad and so I need that, but it is a struggle. Where I stay, it is really rural and we need a car."*

Health conditions, and mental health conditions in particular, can also impact on a person's ability to cope with everyday tasks such as maintaining employment, managing finances, and making benefit claims.

*Case history extract: The client was working 16 hours a week but had to give up work due to mental health issues which made sustaining employment difficult. She said that she was being bullied by a colleague at work and had seen her hours cut to a level which was unsustainable causing her to suffer from stress.*

*Case history extract: The client had been working as a lorry driver but was of the opinion that due to his deteriorating mental health he was a danger to himself and the public and he resigned from his job yesterday. He went to see his GP and was given a two week Fit Note. The client indicated that he has been neither eating nor sleeping.*

Analysis of the qualitative evidence showed numerous instances of clients struggling to keep up with every-day tasks as a result of drug or alcohol addiction. Ten of the 47 case studies mentioned that the client suffered from addiction.

*Case history extract: client returned 'confused and unfocused' unable to understand a letter notifying him that his ESA was about to be stopped. The adviser alerted the homelessness unit about the client's situation. The client was advised to apply for JSA and request that a disability adviser be involved as the DWP was required to take into account his medical situation.*

## Relationship issues

Although relationship problems including breakdown of relationships and those fleeing domestic abuse do feature as causes of financial crisis, the evidence suggests that this is the cause of acute deprivation of income in only a minority of cases. CAB evidence shows that less than 1% of those seeking advice regarding food parcels also required relationship advice, including in relation to domestic abuse.

The analysis of the case histories showed that although a number of clients were in volatile relationships, this was only the cause of a gap in income or crisis situation for two of the clients who explicitly said they were fleeing domestic abuse.

*Case history extract: The client rang obviously very distressed. She is now living in a council property following a period in a Woman's Refuge. She was/is fleeing an abusive partner.... She lives with her daughter, an older child is in foster care, possibly due to behavioural problems. Two of her relatives are seriously ill, she spent some time nursing her brother who lives in England. She returned to find a notice from the Council evicting her on the grounds that she had abandoned the property. She is frightened to leave her house in case the council change the locks.*

## Changes of circumstances

CAS evidence shows that people often experience a gap in income as a result of changes in personal circumstances, or transitions from one situation to another. Changes of circumstances can impact on benefit claims, and the difficulties of transitioning from one benefit to another have already been discussed, but big changes in an individual's life can also cause unexpected expenditure, or impact on someone's ability to access services.

Bereavement is one such situation which can not only mean an income shock, but can also impact on someone's ability to cope with everyday tasks surrounding their finances. CAS has already carried out extensive work on the impact of rising costs of funerals. Factors such as changes to the benefits system, reduction in the availability of credit and the freezing of wages coupled with the inadequacy of Social Fund Funeral Payments all impact on people's available resources to meet such sudden and unexpected expenditure.<sup>55</sup> The findings from the qualitative data show that, during the period of their contact with the bureau, at least five of the clients represented in the case histories experienced a family bereavement. For some this had an effect on benefit entitlements, particularly when somebody the client was

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<sup>55</sup> *Funeral Poverty in Scotland: A Review for Scottish Government*, Citizens Advice Scotland, [www.cas.org.uk/system/files/publications/funeral\\_poverty\\_in\\_scotland\\_0.pdf](http://www.cas.org.uk/system/files/publications/funeral_poverty_in_scotland_0.pdf)

caring for died, and for others the cost of the funeral led to mounting debt and difficulty keeping up with payments.

*Case history extract: The client's mother had recently died. He had made a claim for Social Fund Funeral Payments. His mother had an insurance policy of £1015 which had been paid directly to the funeral directors. The Social Fund had contributed £263 towards the costs but there was still an outstanding amount of over £1,000 left to pay. The client was now in receipt of ESA (Income Based). The client was unable to make the rest of the payment to the funeral and had no other family members in a position to do so. [One month later:] The client presented at the bureau with some debt issues. These seem to have arisen since his mother's death approximately two to three months ago.*

Another change in circumstances in which CAB clients are prone to experiencing gaps in income is when they move in and out of any kind of institutionalised care, such as prisons or hospitals, as this impacts on employment and/or benefit claims. CAS evidence shows that DWP procedures are not responsive enough to prevent gaps in income when people experience these kinds of changes in circumstances.

*Case history extract: The client came to the bureau for assistance applying for a crisis grant. The client had recently been released from prison and had made a new ESA claim, but the client wanted to make a crisis grant application as he has no food, gas or electricity. The client suffers from epilepsy, depression and anxiety.*

## Summary

The causes of gaps in income are complex and various, and can include sudden, unexpected changes in personal circumstances such as bereavement employment-related issues, health-related issues and debt-related issues. However, by far the most common cause for Scottish CAB clients are issues in relation to benefits claims, which impact disproportionately on those unable to work due to ill health or disabilities, who make up almost a third of those needing advice regarding food parcels (28% in 2014 and 30% in 2015).

The social security system is intended to act as support for people on low incomes or out of work due to unemployment or ill health, but CAS evidence has shown that for too many clients, this is not always the case. CAS has made a number of recommendations for how the benefits system should be improved in order to prevent people from slipping through this all important safety net.

## Part two: the impact of gaps in income

### Impact on particular groups

During the month of November in 2014 and 2015, bureaux across Scotland collected client profile data for a sample of more than 20,000 clients, which is around 87% of the monthly average for clients seeking advice at CAB during 2014/15. From this sample, a total of 578 clients sought advice about food banks/parcels<sup>56</sup> in 2014, and in November 2015, this figure rose to 654. It should be noted, however, that these samples do not include the majority of citizens advice bureaux in Glasgow<sup>57</sup>, so it is likely that the numbers of CAB clients who sought advice regarding food banks during these months was much higher than the figures presented here.

This data has allowed us to analyse the profile of clients who required advice on food banks, including their gender, age, housing type, household type, employment status and proportion with a disability. What is interesting is the similarity between the clients needing advice on food banks/parcels in November 2014, and those needing similar advice one year later. This means we can draw strong conclusions about the profile of those seeking advice regarding food banks in Scotland.

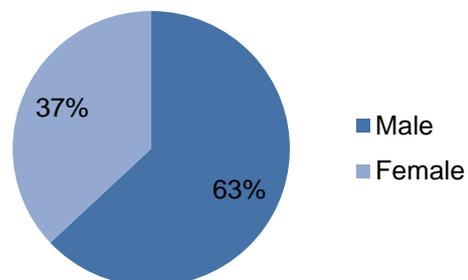
The ages of those who needed advice in relation to food banks ranged from 16 to 76 years. The mean age was 41 years, as was the median, compared to a CAB client mean and median age of 47 years, and the most common age was 44 years, compared to a CAB client modal age of 47 years.

Of those seeking advice regarding food banks, almost two fifths (37%) are female and just over three fifths (63%) are male. This gender split remained the same across the two years. This compares to a gender split of 54% female and 46% male in the CAB client population as a whole.

Of those who seek advice regarding food banks, 28% have children and 4% care for a partner, family member or other person.

The majority of those needing advice on food banks/parcels live in council or other social rented housing (67%). The proportion in council rented properties – 50% - is much higher than the proportion of CAB clients in council let properties (29%), and four times the figure reported in the 2011 Census (13%). Those in private rented housing

**Figure 5: Gender of CAB clients provided with advice regarding food banks**

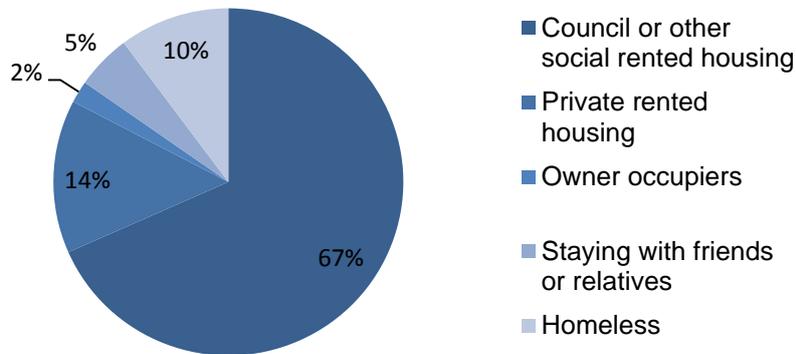


<sup>56</sup> The advice code in question is 'Food banks / parcels' but will subsequently be referred to as 'food banks' for brevity.

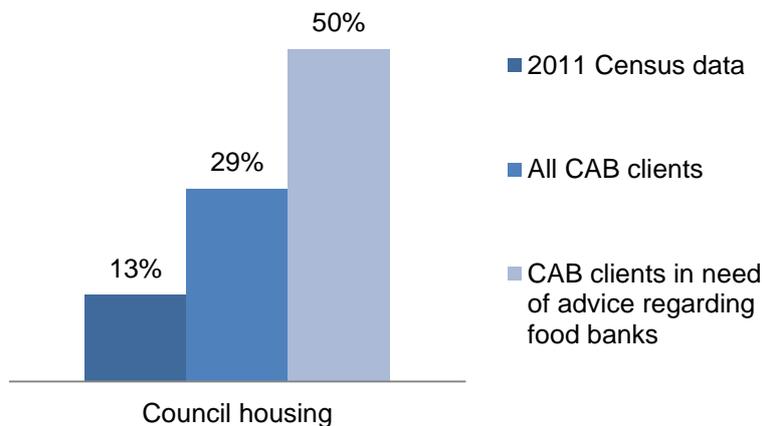
<sup>57</sup> Seven of the eight citizens advice bureaux in Glasgow use a different case recording system.

make up 14%, owner occupiers make up 2% and 5% are staying with friends or relatives. One in ten CAB clients seeking advice on food banks are homeless.

**Figure 5: Housing tenure of CAB clients provided with advice regarding food banks**

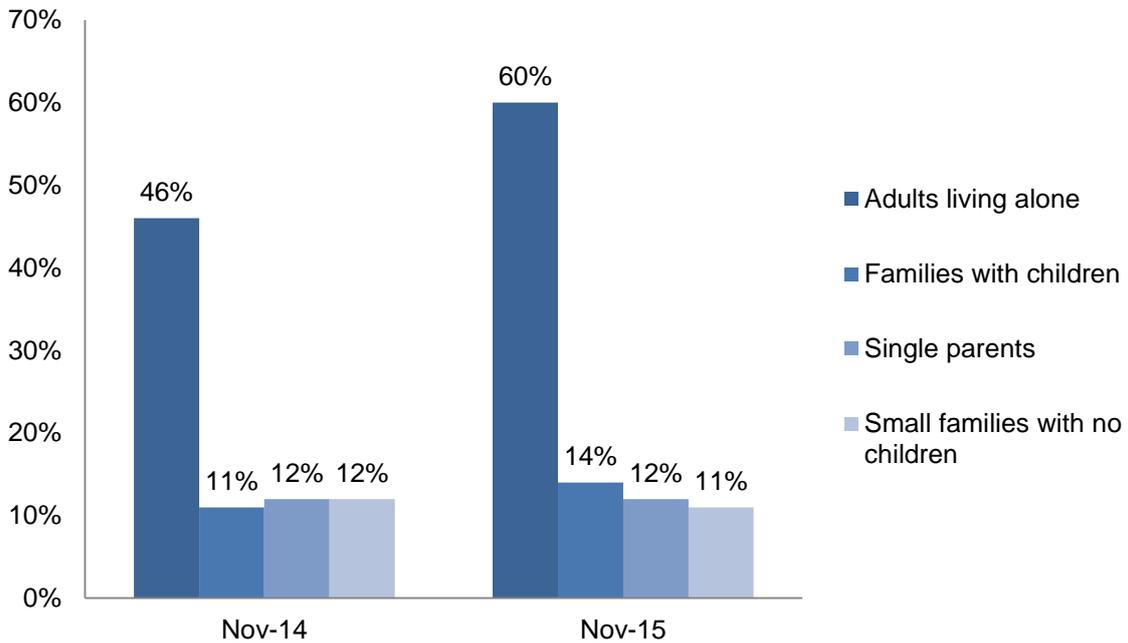


**Figure 6: Housing tenure: percentage in council rented housing compared to CAB client population and census data**



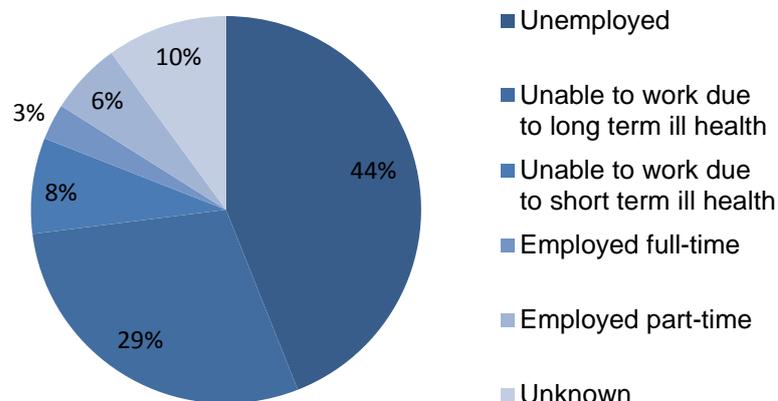
In November 2014, the most common household type of those needing advice on food banks was single adults living alone, which made up almost half (46%) of the sample. In 2015, this figure rose to almost two thirds (60%). The second most common was families with children, who made up 11% of the sample in 2014, but increased to 14% in 2015, closely followed by single parents who made up 12% of the sample in both 2014 and 2015, and small families with no children, who similarly made up 12% of the sample in 2014, and 11% in 2015.

**Figure 7: Household type of CAB clients provided with advice regarding food banks**

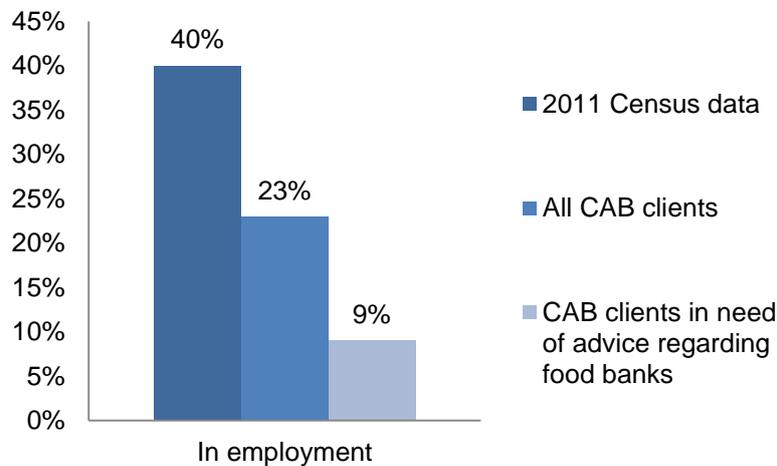


Nearly half of those who seek advice regarding food banks are unemployed (44%), and a further third are unable to work due to long term ill health (29%). In addition to this, a further 8% are unable to work due to short term ill health. A minority of those seeking advice regarding food banks are in employment: 6% are in part-time work and only 3% are in full time employment. This compares to 23% in full time employment in the CAB client population as a whole, and 40% of the population in full time employment, as reported in the 2011 Census.

**Figure 8: Employment status of CAB clients provided with advice regarding food banks**



**Figure 9: Percentage of CAB clients provided with advice regarding food banks in full time employment compared to CAB client population and census data**



In November 2014, a third of the 578 people who required advice on food banks reported having a disability (33%), 86 of whom (45%) reported that their disability 'limited them a lot'. One year later, almost two in five – 39% - reported having a disability.

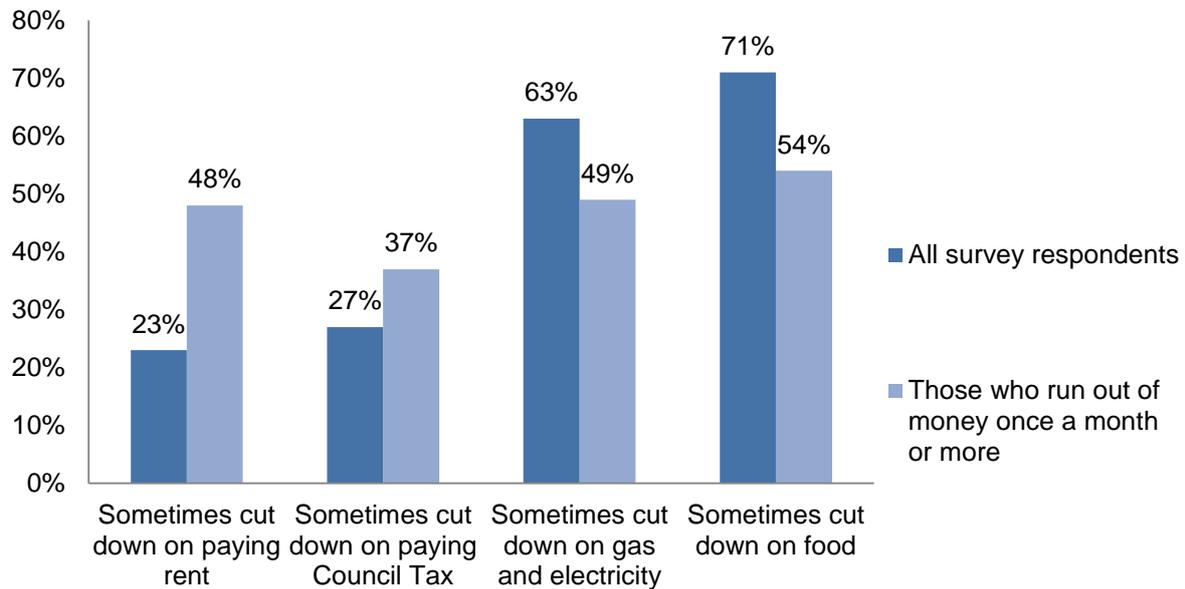
From these results we can see that those needing advice about food banks in Scotland are younger than the average CAB client, 26% more likely to be male, and almost a third have children. The majority are single adults without children, though 12% are single parents. More than a third are unable to work due to ill health and more than a third have a disability. Two thirds live in social rented housing, one fifth live in the private rented sector, whilst one in ten are homeless.

## Cutting down on essentials

Evidence gathered by CAS shows that people readily cut back on basic essentials when money gets tight and, over the last few years a worrying number of clients have presented at bureaux reporting having not eaten for several days.

When asked what they would cut back on, if they found themselves in a situation in which they had no money, the survey data showed that 23% of CAB clients sometimes cut down on paying rent, and 27% sometimes cut down on paying Council Tax. However, when necessities such as heating and food are considered, these figures more than double: 63% said they sometimes cut down on gas and electricity and 71% said they sometimes cut down on food. When only the respondents who sometimes or frequently run out of money are considered separately, 49% said they sometimes cut down on gas and electricity and 54% who said they cut down on food. The fact that these percentages remain high for the group who sometimes or frequently run out money, suggests that it is not luxury food that people are cutting down on, but necessities.

**Figure 10: Cutting down on essentials: percentage of survey respondents who said they sometimes cut down on rent, Council Tax, gas and electricity payments and food**



The survey data also showed that females are more likely than males to sometimes cut back on food and those aged 35-44 are more likely than other age groups to do so.

Seven of the ten interviewees said they had cut down on necessities, five of which specifically mentioned cutting down on food. Others spoke of cutting down on other necessities such as clothes, phones and haircuts:

*Interviewee: "I haven't bought myself a new outfit in five months. I cut back on clothes. I cut back on spending time with my friends and going out socially, I don't go out. I gave up my contract phone."*

*Interviewee: "Yes, [I cut down on] the heating and food. I haven't bought myself new clothes in a long time and I stay in the house all the time... I don't get my hair cut when it needs to be cut. It is all these wee things that add up and it is hard."*

The case histories provided data on some clients' experiences not only when they had little money, but when they had nothing whatsoever.

*Case history extract: The client's friend contacted the adviser to see if we could get the client a food token as she had nothing in the house to feed her and her son... the adviser gave the client £15 of food tokens from the food bank so she could get bread, potatoes and fruit for her and her child.*

*Case history extract: Having no money meant no access to a phone and no money to travel into town, not only was he unable to sign on to protect his JSA claim, he was unable to make contact with third parties... he is unable to pay for gas or electricity which could be a risk to his health.*

## Rent, Council Tax and utility arrears

It stands to reason that, when people are unable to pay for essentials such as food, electricity and gas, they are likely to accumulate arrears and fall into debt. The case studies showed that, following a period of no income, 13 of the 47 (27%) had accumulated rent arrears, 10 of the 47 (21%) had accumulated Council Tax arrears and 11 (23%) had experienced utility arrears. The accumulation of rent and Council Tax arrears puts people at risk of eviction which, if people are in social rented housing as 29% of CAB clients are<sup>58</sup>, places a burden on the Local Authority and the Courts and Tribunals service, as well as adding to the hardship and vulnerability experienced by those individuals and their families.

Of the 47 clients represented in the case studies, four clients were threatened with homelessness or eviction at one point in the duration of the study, and a further eight experienced actual homelessness during this time.

As has already been discussed, when people accumulate rent and Council Tax arrears, they can experience a longer period of income deprivation while that debt is collected by the local authority. As has previously been discussed, this can have a particularly negative effect on benefit claimants who experience third party deductions from their benefits of up to 25%.

## Fuel poverty and cold homes

Being unable to pay for electricity and gas has the expected consequence of people being unable to heat their homes, or cook hot meals, and the build-up of utility arrears can lead to disconnection of supply. Twelve of the 47 clients represented in the case studies experienced being unable to pay for electricity or gas, including not having enough money to top-up prepayment meters, and at least two experienced

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<sup>58</sup> *Who Are You? Citizens Advice Bureaux Clients*, Citizens Advice Scotland, 2016  
[www.cas.org.uk/system/files/publications/client\\_profile\\_report\\_1\\_061015\\_1.pdf](http://www.cas.org.uk/system/files/publications/client_profile_report_1_061015_1.pdf)

disconnection of the supply. A number of interviewees also mentioned the effects of being unable to pay for heating and the quotes below show the impact this can have on mental and physical health.

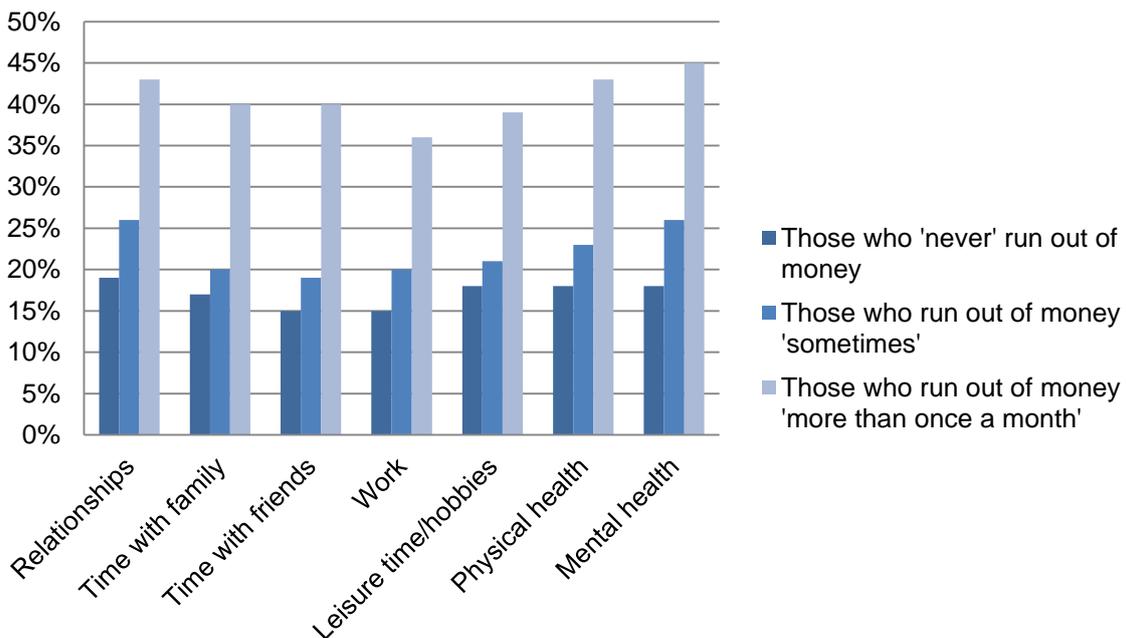
*“I had to stop using my electricity and cutting back ... I suffer from depression, it was hard.”*

*“When the winter was bad I find it hard not to put on the gas and electricity and with my arthritis the cold makes it worse.”*

## Health

The survey data showed that 25% of the clients surveyed said they worried about the money “all the time”, and a further 21% said they worried about money “a lot”. When asked about the effects that money worries had, 56% said it had an impact on physical health, and 65% said it had an impact on their mental health.

**Figure 11: Impact of money worries**



*Case history extract: The client’s appeal was refused and his claim was stopped on 15 May 2014. The client’s last payment of ESA was a couple of days later and since then he has not been in receipt of any monies. When the client appeared at drop-in today, he had not eaten for more than a day and was not in a good condition... the client had no food or toiletries in the house and was struggling to put any money in meters for gas or electricity.*

It is unsurprising that being unable to afford food and skipping meals has implications for people's physical health. One would expect this to have an impact on nutrition and weight, but given that many of the clients included in the study had existing physical health conditions, lack of food and poor nutrition impacts on individuals in specific ways, depending on their circumstances. For instance, if someone has prescription medication that they must take regularly with food, or if someone is diabetic, skipping meals can have serious medical consequences. One interviewee said:

*Interviewee: "Although food is the first thing that gets cut back on when money is tight, I take a lot of medications and need to have food with these."*

The extracts from the case notes below show not only the effect that not eating had on a client with existing health conditions, but also how those health conditions can make it more difficult to access support.

*Case history extract: The client has contractures of both hands. He also has a fistula which cannot be treated due to fragile skin around the area. This causes persistent bleeds and has left him prone to infection. His mobility is restricted and he requires to be driven to appointments. He cannot use public transport. Because of the contractures in both hands he is unable to dress, wash or bathe. He has difficulty in feeding himself and he cannot manipulate or lift and move objects of any size or weight.*

*[Later in the case study] Following a period of struggling financially and two food bank requests, the client has lost over one stone in weight in a short period of time and his health is deteriorating. He was unable to use the last food bank voucher as he had no transport and that voucher has since been cancelled.*

One of the most striking findings from the analysis of the 47 case studies was the impact that gaps in income had on the mental and physical health of clients in the sample. Of the 47 case studies, 13 (27%) mentioned worsening mental health issues as a result of a gap in income, two of which explicitly mentioned suicidal thoughts:

*Case history extract: Throughout the session the client was showing suicidal ideations so the adviser made a call to get her an urgent appointment with her GP.*

*Case history extract: The client had problems with his ESA claim and it has made his mental health condition much worse... the adviser explained the vulnerability of the client to the DWP - no funds - depression – suicidal.*

Periods of no income can also have specific effects on particular conditions, and increase the likelihood of relapse for those with existing alcohol or drug addictions.

*Case history extract: The client had been identified as a frequent recipient of food vouchers and there was a concern within the bureau that there were perhaps underlying problems that had not been addressed. The client responded that he had been on an alcohol program but was ejected from the program due to failure to attend appointments. He responded that he was ejected because he was often drunk on the day of the appointment (said he cannot refuse a drink if offered one). The client responded that if help could be made available to him again he would be responsive.*

Needless to say, worsening mental and physical health causes suffering, but it also makes problems more difficult to resolve, and situations of extreme poverty and destitution more difficult to escape. In the long term, this places a greater load on health and social care services at greater public expenditure. It is far preferable to support people before problems escalate and take their toll on physical and mental wellbeing.

## Relationships

Over half (59%) of those surveyed said money worries impact on their relationships, while 56% said money worries impacted on the time they spent with family and 57% said it impacted on time spent with friends. One common impact of financial hardship mentioned in the interviews was on social life and not being able to afford to go out and meet with friends:

*Interviewee: "I cut down on even going out for coffee... it was hard because that was my way of socialising and I had to give up on that... I went through a nasty divorce and it was hard because going out was part of the recovery."*

*Interviewee: "Me and [name] we do not go out. We never go out. We can't afford to go out. We have moved up to Scotland and I don't know anyone. It affects us, his condition is getting worse... I try not to let it get me down. It is hard though. Every day is a fight."*

*Interviewee: "I cut back on spending time with friends and going out socially. I don't go out ... I am stressed out. All my friends work and so it doesn't help that they want to go out for dinner or head out and I can't go. I get down. I can't imagine how people who don't have this support do it [the interviewee lives with her parents]"*

Social isolation can have a detrimental impact on mental health and increase people's vulnerability. In one of the case studies, a client who suffered from anxiety and agoraphobia asked her friend to attend the bureau on her behalf. This is just one example of how important friendships can be for people when they experience a gap in income, especially for those with mental health conditions.

*Case history extract: The client attended the CAB office with her friend. The client said that she has health issues, particularly mental health, and leaving home is very difficult for her. Her friend helped her out and supported her when she did have to go out. She said that she has recently been taken off ESA and declared fit for work because she didn't attend the work/medical review. She said she was too anxious to leave home. As a result, her Housing Benefit has been suspended*

*[Later in the case study] The client's friend said she had phoned the CAB yesterday for a food token but had been told she would need to come to the bureau to collect this. The friend tried to get the client to go in for it but she got very anxious about going there and so they didn't go for one.*

## Children

Various impacts that gaps in income can have for individuals have been explored, but there can be impacts for others in the household, which are at times less visible. Of particular concern is the impact on children and other dependents.

Of the 47 case studies analysed, a total of 15 clients had caring responsibilities, 12 of which were for dependent children, and three for an adult dependent with care needs. In the duration of the study, each of these clients had had to access some form of crisis support, most commonly emergency food aid from food banks. The implication is that the children in those twelve households were also reliant on food

parcels in order to eat. The impact of this precarious situation on those children's early experiences is unknown, however the interview data showed parents' efforts to protect children from the effects of severe poverty:

*Interviewee: "I cut down all the time on myself with food but not my kids."*

*Interviewee: "It affected my young daughter. I would pick her up from school and she would walk past the charity shop and she would see things she likes and I would have to say that I couldn't afford it. I then had to budget every week so that she could get something."*

*Interviewee: "It impacts on everything, when the kids want things and even what we have for dinner. I always buy the three for £10 packs."*

## Summary

Spending any amount of time without income can have serious consequences for an individual's relationships, stability, mental and physical health. It can also lead to decreased resilience to further income shocks in the future, as people accumulate arrears which are often recovered through direct deductions from benefits payments. No-one should be left for any period without enough money to pay for essentials such as rent, food, gas and electricity. In the next section, we will explore the various forms of government, Local Authority and charitable support for those with no money to buy essentials, and how these services might be improved.

## Part three: Crisis provision

### Introduction

When asked what options the interviewees felt were available to them when they experienced a period of no money to buy essentials, six of the ten replied that there were 'not many' or no options available to them:

*Interviewee: "I am a fighter. Even when I was a single mum, so I will be on the phone, but there weren't many options for us. We have worked all our lives and we don't get very much."*

*Interviewee: "The options were for me to cut back."*

*Interviewee: "There were not many options... I went to the job centre, even getting past security, they are the worst. I felt like a second rate citizen."*

Having explored the causes of gaps in income and the impact that this can have on CAB clients, this section of the report looks in more detail at the options available to people in this situation, including where they go to for support and what barriers they might face in accessing emergency financial aid. Appendix One provides a summary of different forms of crisis assistance.

Analysis of the case study data showed that, of the 47 clients represented, a total of 11 received emergency support from DWP or HMRC. In contrast, 33 of the 47 clients were referred to the Scottish Welfare Fund for a Crisis Grant (70%), and 43 (91%) of the clients were referred for a food parcel.

The fact that fewer sought support from the DWP in the form of a Short Term Benefit Advance or Hardship Payment, despite the fact that so many of them experienced problems with their benefit claims during the course of the study may suggest that people either do not know about these options, the eligibility criteria excludes them, or that these forms of support are difficult to access.

### DWP Hardship Payments

Hardship payments are reduced-rate payments of JSA, ESA and UC – usually around 60% - that are made to those experiencing 'hardship' in limited circumstances, including if the claimant has been sanctioned. Unless a claimant is considered to be vulnerable (for example, pregnant, responsible for children under 16, disabled, etc.), they cannot apply for hardship payments for the first two weeks of a sanction, and payments are made at the DWP's discretion.

CAS research published in July 2014 found that 92% of CAB advisers said that the process of appeals and hardship payments had not been clearly explained to

clients<sup>59</sup>. Since then, Matthew Oakley's independent review of the Jobseeker's Allowance sanctions regime, published later in 2014, found that only 23% of claimants included in a 2013 DWP study had been told about hardship payments and that the process of applying for them "was considered a challenging experience."<sup>60</sup> The report made a number of recommendations to improve claimants' knowledge around hardship payments, including the production of a 'sanctions guide' and improvements to sanctions notification letters. There has been some progress made on these recommendations, and efforts are being made to improve communication with claimants, but CAS evidence suggests that many who receive a sanction still do not know about hardship payments or have trouble accessing them.

During 2014/15, 3,283 instances of advice regarding sanctions were recorded and, during the same period, 1,558 instances of advice regarding hardship payments. Despite the fact that at least nine of the clients represented in the case studies were sanctioned, the case study data showed evidence of only three clients applying for hardship payments. These clients experienced some barriers in accessing hardship payments, including having no phone credit with which to contact the Jobcentre, and needing a food bank referral while awaiting a hardship payment to be made:

*Case history extract: The client presented at the bureau following a JSA sanction. The client had been fed that day at the Salvation Army Meals service. He was unable to get messages from the Job Centre due to no phone credit and had a £500 gas bill debt and had no money with which to buy food.*

*Case study extract: The client returned following a JSA sanction and was waiting for his hardship payment to come. He was granted a three-week referral to the food bank.*

Other qualitative data held by CAS suggests that some vulnerable clients who are sanctioned are not always told that they can apply for hardship payments, or helped to make an application.

*Case history extract: The client, who appears to have learning difficulties, was sanctioned for two weeks for non-attendance at an appointment with a work programme provider. The client was not advised that he could apply for hardship payments or was advised but did not understand what was involved.*

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<sup>59</sup> *Sanctioned: What benefit?* Citizens Advice Scotland, 2014

[www.cas.org.uk/publications/sanctioned-what-benefit](http://www.cas.org.uk/publications/sanctioned-what-benefit)

<sup>60</sup> *Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013*, Matthew Oakley, July 2014

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/335144/jsa-sanctions-independent-review.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/335144/jsa-sanctions-independent-review.pdf)

*Case history extract: The client suffered a stroke in 2011 and since then often feels muddled and confused. The client had been sanctioned for missing a Work Programme appointment. The CAB adviser explained to the client that he could apply for a hardship payment, and that an application is normally made by completing a form at the Jobcentre Plus office. The client said he had attended the Jobcentre the previous day but had not been informed he could make a hardship payment application. The client returned to the bureau a few days later and said that, despite attending the Jobcentre Plus office the day prior to coming to bureau and asking about a hardship payment, he was not given any information and not told how to apply. The client now has to attend another appointment at Jobcentre Plus but did not have money for the bus fares to the Jobcentre so would have to borrow it from his 81-year-old mother.*

There are also problems with how easily accessible hardship payments are and how quickly the payment can be made. Given that these are payments for vulnerable benefit claimants who have no other access to funds, it is vital that the applications and payments are processed quickly.

*Case history extract: The client had been sanctioned and had to travel to Inverness (a 60 mile round trip costing £14) to make an application for a hardship payment. The client will not find out for a further five days if the application was successful. In the meantime, the client has no money and no food.*

*Case history extract: The client, who is aged 21 and in receipt of JSA, was sanctioned from 19 February to 22 March for failing to attend a Jobcentre appointment. He spoke to the Jobcentre who arranged that he comes in on Monday for a hardship payment interview, but in the meantime he has no money for food, heating or electricity. He lives with his mother also on JSA who suffers from chronic obstructive pulmonary disease (COPD) and who also has no money.*

One of the main problems with hardship payments is that they are only available from the start of a sanction to clients who are considered 'vulnerable' (for example, pregnant, responsible for children under 16, disabled, etc.). However, when someone is sanctioned, and therefore has no other access to funds with which to buy food or any other essentials, they are vulnerable in real terms, even if they do not fall within the DWP's criteria. Under these circumstances, those who do not fall

into the 'vulnerable' group must instead seek support from the Scottish Welfare Fund or charitable emergency food aid providers.

*Case study extract: The client had been sanctioned and, due to not meeting the criteria for a vulnerable group, he would not become entitled to a hardship payment until the sanction actually ended.*

*Case study extract: the client has no money due to a sanction and cannot buy food or pay for energy. A hardship payment may be agreed but this will not be paid until he next signs on in over two weeks' time. The client has been referred to a food bank and has made an application to the Scottish Welfare Fund for a Crisis Grant.*

Hardship payments for ESA and JSA claimants are not currently repayable, but under Universal Credit, any hardship payments made will be recovered, usually by means of direct deductions from benefits. In practice, this means that, whilst the client will at least receive some money, the effect of the sanction will be drawn out as their benefit will be reduced for a long period until the loan is repaid.

## DWP Short Term Benefit Advances (STBA)

Individuals may be given a STBA on a first benefit payment if they are in urgent financial need and have either made a new claim for a benefit and are waiting for the first payment; or had a significant change in circumstances that means their benefit will go up by a large amount and they cannot wait until the next payment.<sup>61</sup>

However, questions have been raised concerning the ability of STBAs to adequately provide for the numbers who currently experience a delay at the beginning of their benefit claim, especially with the introduction of a five week waiting period at the beginning of a new Universal Credit claim. In a recent response to parliamentary questions, the government released statistics which show that during the period between February 2015 and March 2016, just over 247,000 claimants waited more than 10 days to have JSA or ESA claims processed, and 44,104 waited more than 16 days<sup>62</sup>, resulting in over 220,004 applications for Short Term Benefit Advances. However, only 93,307 awards were granted – less than half of the total applications made.<sup>63</sup> Although it is likely that there are a wide variety of reasons why the DWP decline an application for a benefit advance, these figures do show that claimants are experiencing a financial need that is not being met. CAS evidence suggests that a large proportion of these benefit claimants who have experienced processing delays are instead accessing support from local authorities and charities.

Evidence gathered by the Work and Pensions Committee has shown that DWP staff are only expected to mention STBAs in their telephone script if the claimant explicitly says that they are in financial need. This raises questions about whether claimants know that advances are available, and how easy they are to access.<sup>64</sup>

The survey data showed that 26% of clients surveyed did not know about benefit advances and, although the numbers are too small to be statistically significant, it is interesting to note that, the more frequently survey respondents reportedly ran out of money, the higher the percentage of those who said they did not know about the possibility of accessing a benefits advance: of those who never ran out of money, 8% did not know about benefit advances; of those who sometimes ran out of money, 29% did not know about this, and of those who ran out of money more than once a month, 36% did not know about benefits advances.

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<sup>61</sup> Regs 5 and 6 of [The Social Security \(Payments on Account of Benefit\) Regulations 2013](#)

<sup>62</sup> Social Security Benefits: Written question – 32486, House of Commons, 24 March 2016, [www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-03-24/32486](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-03-24/32486)

<sup>63</sup> Social Security Benefits: Written question – 32488, House of Commons, 24 March 2016, [www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-03-24/32488](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-03-24/32488)

<sup>64</sup> *Benefit Delivery*, House of Commons Work and Pensions Committee, October 2015 [www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/372/372.pdf](http://www.publications.parliament.uk/pa/cm201516/cmselect/cmworpen/372/372.pdf)

Analysis of the case study data showed that only seven of the 47 clients applied for a STBA, compared to 33 of the 47 clients who were referred to the Scottish Welfare Fund for a Crisis Grant (70%), and 43 (91%) of the clients were referred for a food parcel.

When CAB advisers were surveyed and asked what problems claimants experience when applying for STBAs and what changes could be made to make the processes easier, they highlighted three main issues:

- clients are unaware of STBAs and are not always presented with the option to apply for a benefit advance by DWP advisers;
- access issues, for example STBA applications needing to be made by telephone and clients not having access to telephone facilities;
- the length of time it takes to process applications.

*A CAB Welfare Rights Adviser: "Frequent phone calls [are required] before it is established whether the STBA has been awarded. This leaves clients without money for a period of time. Often a SWF [Crisis Grant] will not be awarded until a STBA has been declined."*

In order to be eligible for a STBA, the client must have made a claim and be awaiting a decision or a payment relating to that claim. However, in practice, CAS evidence shows that clients can be in financial hardship during the processing time at the beginning of a claim, but ineligible for an advance because the claim is not yet live on the DWP system.

*Case history extract: The client attended a hospital outreach for benefit advice. He has made a rapid reclaim for JSA on 1 May and had been in hospital since 5 May and is in the process of moving house. He has no money left and needs food. The CAB adviser made a telephone call to Jobcentre Plus who stated that the client's JSA had not been processed yet and discussed the difficulties the client had experienced in accessing funds. The client had stated he had been refused advance payment.*

It is also sometimes the case that a claim for JSA will not become activated until the claimant attends the Jobcentre for an initial interview, or a claim for ESA will not become activated until the DWP have received relevant medical evidence such as fit notes from the GP.

*Case history extract: The client contacted the CAB as he had not received a phone call regarding his JSA claim after we completed an application a week previously. The client has been without money since he separated from his partner; he is currently living with his friend and is unable to pay him money towards rent, energy or food. The CAB phoned the DWP to ask about a STBA, but was told that this would most likely be rejected as the client has not had his initial interview with the Jobcentre. A crisis grant application was completed for the client and he was provided with a food parcel voucher.*

Evidence also shows that this form of support is not available to those claimants who are caught in the revolving-door between ESA and JSA.

*Case history extract: The client came to make a new application for ESA on the basis that his condition is worsening. He will not receive a payment for this for at least 14 days. In the meantime the CAB made an application for a STBA for the client as he has no other means of income. When phoned, the DWP stated that they could not do anything today but he can expect a call back either tomorrow (Friday) or the following Monday. Six days later, the client returned to the bureau. He had been refused ESA on the grounds that his condition had not deteriorated since his last claim which is currently going through a Mandatory Reconsideration. The client has been without money for several weeks now.*

Although Short Term Benefit Advances are an important form of support for those who have experienced a delay in their benefit payment and/or are in financial need, benefit advances must be taken from subsequent benefit payments, meaning the individual will have to make their benefit money stretch for a longer period of time. This raises a question about how well suited benefit advances are for those in financial hardship during the six week period at the beginning of a Universal Credit claim.

## Scottish Welfare Fund – Crisis Grants and Community Care Grants

The Scottish Welfare Fund (SWF) has been delivering Crisis Grants and Community Care Grants in Scotland since 2013, but with the enactment of regulations that makes the SWF a permanent scheme in April 2016, the Scottish Government and COSLA have issued new guidance, promotional materials and application form<sup>65</sup>.

During 2014/15, bureaux in Scotland recorded almost 6,000 new queries regarding the SWF. The proportion of benefits-related business in connection to SWF Crisis Grants rose by 58% compared to 2013/14. Similarly, with 3,000 new queries recorded, the proportion of benefits-related business in connection with the SWF Community Care Grants rose by 39% in the same period. It is difficult to know whether this rise is due to increased need and demand, or increased awareness of the fund. However, when we compare this data with the number of clients seeking advice regarding Social Fund Crisis Loans and Community Care Grants – the predecessor schemes – in 2012/13, we see that while advice regarding Community Care Grants has decreased by 12%, advice regarding Crisis Grants had risen by 134% compared with its equivalent during the same period. This suggests that the rise is in fact due to increased demand.

**Table 1: Percentage shift on advice in relation to Crisis Loans/Grants and Community Care Grants 2012/13 to 2014/15 based on CAS advice code data**

	2012/13	2014/15	% change
<b>Crisis Loans/Grants</b>	2,535	5,943	+134%
<b>Community Care Grants</b>	3,447	3,020	-12%

Analysis of the client survey data shows that CAB clients have a lack of awareness of the Scottish Welfare Fund. When asked ‘if you found yourself with little or no money, where would you go for support?’ survey clients were presented with a list of options, including ‘Scottish Welfare Fund (Crisis Grant/Community Care Grant)’. There were 54 (45%) survey respondents who said they did not know about this option and a further 16 (13%) said they either did not have this option, or that they would never go here for support. Again, this lack of knowledge does not appear to correlate with a lack of need, as 69% of those who said they ‘sometimes’ ran out of money or ran out of money ‘more than once a month’ said they did not know about the Scottish Welfare Fund.

<sup>65</sup> Scottish Welfare Fund: promotional materials for Local authorities  
[www.gov.scot/Topics/People/fairerscotland/scottishwelfarefund/socialfund](http://www.gov.scot/Topics/People/fairerscotland/scottishwelfarefund/socialfund)

Despite this, the case study data shows that Crisis Grants are a vital support for those experiencing a crisis or an emergency, and during the course of their contact with the CAB, 33 of the 47 were referred to the Scottish Welfare Fund for a Crisis Grant (70%) when they experienced a period of no income.

Participants in the CAB adviser focus group told CAS that the main barriers people experience in accessing Crisis Grants are the time it takes to make a decision (although the new guidance brought in on 1 April 2016 decreases the processing time), and the limit to the number of applications that a client can make – usually three in a twelve month period. Similarly, analysis of the qualitative data showed this to be the main reason that CAB clients are referred to food banks instead of the Scottish Welfare Fund: because they have exhausted the number of Crisis Grants they are allowed to apply for.

*Case history extract: A referral to the food bank was made for the client. The client has exhausted any help from the SWF over the past year; the only help they were able to give was a food bank referral which I had explained was already in place.*

The new SWF guidance states that: “Local authorities should look to make connections on behalf of applicants with other agencies and services, helping to build capacity and resilience in communities ... This wider support may help to prevent repeated applications in the longer term.” Examples given include: support to maximise income, support with housing and tenancy issues, and resilience support such as befriending.<sup>66</sup> However, the number of clients who present at citizens advice bureaux who have exhausted the number of Crisis Grants they are able to apply for, and are rapidly exhausting the number of food parcels they can obtain, suggests that the underlying causes of inadequate income are not being adequately addressed either by the individual, or by service providers. Addressing some of the causes outlined in this report would go a long way to preventing these repeat referrals, but it may be the case that more could be done to help individuals to find pathways out of long-term deprivation of income.

Analysis of the qualitative evidence did not show evidence of people experiencing many barriers in accessing the Scottish Welfare Fund, but three of the interviewees mentioned having sought support from the Scottish Welfare Fund, two of whom had had a positive experience, and one was not happy with the service:

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<sup>66</sup> Scottish Welfare Fund Statutory Guidance, Scottish Government, April 2016, [www.gov.scot/Resource/0049/00498598.pdf](http://www.gov.scot/Resource/0049/00498598.pdf)

*Interviewee: "I went to Citizens Advice as my washing machine had broken down six weeks ago and I knew I couldn't afford to fix it. They told me about the Scottish Welfare Fund [Community Care] Grant and I phoned them and I couldn't believe that they got it replaced for me in three days. That support should be advertised better."*

*Interviewee: "I got a [Community Care] Grant as my cooker went on fire before Christmas and that was good to get that."*

*Interviewee: "I have used Scottish Welfare Fund Crisis Grant and they treat you as though it is your fault... It feels like you have to beg for everything all the time."*

The Scottish Welfare Fund provides essential support to those in need and CAB evidence suggests that, on the whole, the funds are provided to clients quickly, efficiently and fairly. However, there may be more that can be done to ensure that those in financial hardship know that this support is available.

## Emergency food aid

CAS evidence shows that food banks provide vital assistance to people who are hungry, in need, and have very few options left. Food parcels have, in fact, become the most common form of crisis support for CAB clients. Since CAS began capturing data on advice regarding food banks in 2012, CAS has seen a huge increase in this area of work over the last four years. Advice relating to food banks was provided on over 7,400 occasions by citizens advice bureaux in Scotland during 2014/15, and advice on this issue increased by 47% since 2013/14. During 2014/15, at least 1 in 42 enquiries featured advice regarding food banks. These statistics are supported by the analysis of the case histories and the CAB client survey, which found that 43 of the 47 clients represented in the case histories were referred for a food parcel at least once during their contact with the CAB, and 14% of CAB clients surveyed had been to a food bank at least once.

Compared to statutory crisis provision, food parcels can be a more immediate form of support. In many cases, the CAB adviser will make an application for a Scottish Welfare Fund Crisis Grant, which will be processed by the end of the following day, and also offer the client a food parcel voucher to cover their immediate need. It is also an important form of support for those who have no eligibility for statutory support of any kind, for example those whose immigration status means they have no recourse to public funds, or those who have been found by the DWP to have no genuine prospect of work. The case below demonstrates a young client who was unable to access crisis support because he did not have a benefits claim in place:

*Case study extract: The client, who is 17 and estranged from his parents currently has no fixed abode and is living at several friends' addresses. He was not in receipt of any benefits and did not have any money or food. He was advised that, because he is 17 and estranged from his parents, he may be entitled to receive JSA but he must first register for work and training. As he did not currently have a JSA claim, he could not apply for a benefit advance or a hardship payment. The client was advised to apply for a crisis grant but he said he had been refused. There was no time to discuss challenging this decision as the client had to pick up the food parcel before three o'clock.*

CAB clients can also experience a number of barriers to accessing food parcels. During the adviser focus group, CAB staff and volunteers responded that barriers to emergency food aid included: difficulty sourcing support at certain times, such as late on a Friday afternoon or on days when the food banks are closed; stigma and attitudes to emergency food aid; practical barriers such as lack of bus fare to get to the food bank; and faith issues for those accessing church or religious group provision.

A CAB survey carried out in 2014 showed that eight bureaux had identified a gap in emergency food aid provision in their area, and a number mentioned the geographical distances people have to travel to access food parcels, which is particularly difficult for those with disabilities and those who live rurally.

*A CAB adviser survey respondent: "The emergency food aid is located out of town. It is difficult to find if you are not from the area and also a long walk for clients who are carrying bags."*

*A CAB adviser survey respondent: "The place where the food parcels are distributed is quite a distance from the bureau. Some clients with disabilities find the distance they have to walk is too far and can struggle to get their food parcel."*

*A CAB adviser survey respondent: "The area our CAB covers is 1,200 square miles ... when someone needs a food bank, they don't have money for bus fares or to put petrol in the car, if they own one. A car is a rural necessity, not a luxury and it is often a choice whether to put food on the table or fill the car."*

Another problem experienced by some needing food parcels is that, because they do not have enough money to buy food, they also do not have enough to buy gas and electricity, meaning that they cannot heat or cook the food they are given. This issue was mentioned by a number of the CAB respondents to the 2014 survey.

*A CAB adviser survey respondent: "The food parcels that are provided all require cooking. If a client has no gas or electricity then they will get no benefit from the food parcel."*

The adviser focus group mentioned some gatekeeping and judgemental attitudes from some emergency food aid providers. Challenges are inherent in a system based on referrals as it raises questions around who decides eligibility for emergency food aid, the referral agency or the provider. As MacLeod writes in *Making the Connections*: "there is concern that referral does not necessarily give a full or accurate picture of an individual's circumstances, and therefore that they may not be receiving the support they require."<sup>67</sup> The 2014 adviser survey found that although 22 out of the 24 survey respondents said they referred clients to emergency food aid providers, 15 survey respondents said they were not aware of emergency food aid providers referring clients to CAB for advice:

*A CAB adviser survey respondent: "We rarely receive a referral back to CAB from the food bank and we are making between five and ten referrals a week. We are aware of debt and budgeting issues with some of the referred clients but cannot force them to take our help."*

*A CAB adviser survey respondent: "Many volunteers in the food bank do not fully understand that there are other services that can help people accessing the food banks at the moment. Many have been in debt or survived on benefits so have no idea of how badly Welfare Reform and rising prices are actually affecting the working poor and those on benefits."*

However, many food banks do work in partnership with other organisations, and the Trussell Trust has adopted a 'More Than Food' approach in order to provide welfare and debt advice and form links with other services.

In response to the CAB client survey, when asked why they would not go to a particular service for support, a number of survey respondents mentioned internal barriers such as embarrassment, stigma or discomfort as preventing them from attending a food bank:

*CAB client survey respondent: "I feel there is a stigma to using the food bank"*

*CAB client survey respondent: "Too embarrassed to go to a food bank"*

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<sup>67</sup> *Making the Connections: Emergency Food Aid in Scotland*, Poverty Alliance, January 2015  
[www.foodaidscotland.org/userfiles/files/food\\_aid\\_study.pdf](http://www.foodaidscotland.org/userfiles/files/food_aid_study.pdf)

*CAB client survey respondent: "I would feel uncomfortable going to a food bank"*

Finally, CAB advisers who responded to the 2014 adviser survey raised points regarding the need for an analysis of the wider issues contributing to food bank use, and whether charitable emergency food aid is a sustainable approach to crisis provision.

*A CAB adviser survey respondent: "Food poverty, whilst an issue in itself, needs to be looked at more widely... Food banks can be a helpful short term solution for many but systems should be improved to help minimise the need for this kind of help."*

*A CAB adviser survey respondent: "My feeling is that simply to provide food aid is fine in an emergency situation but the wider social issues are being largely overlooked by the food aid providers."*

## Other options

The CAB client survey showed that, of those who ran out of money more than once a month 40% had accessed consumer credit such as an overdraft, credit card or payday loan when faced with a situation in which they had no money. The most common of these options was payday loans, which 12% had accessed in the past.

We also asked people about informal money lending arrangements and found that whilst one fifth had been to friends or family for financial support when they had no money, 16% of survey respondents said they 'did not have the option' of going to family or friends, and a further 20% said they would never go to family or friends for support.

Two respondents reported having gone to an unofficial money lender, and a further six said they would consider it. A quarter of clients surveyed said they had taken goods to a pawn shop, or would consider doing so.

The clients represented in the case studies also found other ways to bridge the gap in income they experienced, including three who accessed high interest credit, three who sought help from friends or family, and four who applied for other charitable grants and in-kind support.

## Access to information

When asked what in the system could be changed or improved to help people 'get back on their feet', eight of the ten interviewees mentioned better access to information and support:

*Interviewee: "I think just getting the help that you need. I worked full time since I left school and paid my taxes and when I needed help it took a long time to get it."*

*Interviewee: "As far as help goes it needs to be more accessible. I know that there are people out there who are [ab]using the system but for those who need help, it is a minefield."*

## Summary

Evidence from citizens advice bureaux suggests that CAB clients are often unaware of the forms of statutory support that might be available to them when they are faced with a period of no income, and experience a number of barriers to accessing crisis support. These barriers include applications needing to be made over the phone, and the client not having access to telephone facilities or phone credit; and clients not having enough money to pay for public transport to get to the Jobcentre. In some cases, eligibility criteria excludes those in need, for example, hardship payments can only be awarded to those who are considered vulnerable under the DWP's definition, and STBAs can only be awarded when the relevant benefit claim is 'live'. The time it takes to process applications for crisis support can also cause detriment to CAB clients. Finally, some CAB clients access emergency food aid because they have exhausted the number of Scottish Welfare Fund Crisis Grants they are able to receive in a twelve-month period suggesting that, in such cases, the underlying causes of income deprivation are not being adequately addressed either by the individual, or by service providers.

## Conclusions

Recent changes to the social security system, benefit rates not keeping pace with inflation, low pay, insecure work and rising costs of living have all contributed to people's decreasing resilience to income shocks. Where someone on a higher salary might call a gap in income – or sudden, unexpected high expenditure – a 'cash-flow' problem, and resort to savings or credit; someone who has been in receipt of income replacement benefits or minimum wage from a part-time job will not have any savings to resort to and therefore no resilience to endure a gap in income of even one week.

Citizens advice bureaux in Scotland too often see clients who arrive hungry, having not eaten in a number of days, with no money for gas, electricity or other essentials. Bureaux are also increasingly seeing clients who have exhausted all forms of government-provided support and whose only option is to go to a food bank. This suggests that the root causes of the problem are not being addressed, either by the individual or by service providers.

The causes of gaps in income are complex and various, and can include sudden, unexpected changes in personal circumstances, employment-related issues, health-related issues and debt-related issues, but gaps in income for CAB clients are most often caused by the benefits system. Loss of mail within DWP systems, processing times, lack of eligibility for benefits during a reconsideration and benefit sanctions are all factors which can result in a client experiencing a gap in payments. Furthermore, CAS evidence has shown that there is a lack of awareness amongst benefit claimants of Short Term Benefit Advances and Hardship Payments, and DWP-provided crisis support is not always quick and responsive enough to address people's immediate need. The UK Government and DWP should introduce policies to prevent these problems occurring, and to provide adequate support to individuals who do experience problems with their claims.

Spending any amount of time without income can have serious consequences for an individual's relationships, stability, mental and physical health. It can also lead to the accumulation of arrears which are often recovered through direct deductions from benefits payments. CAS evidence has shown that young people, those unable to work due to ill health and those with a disability are disproportionately affected by acute deprivation of income. It is some of the most vulnerable people in society who endure this kind of financial hardship and destitution; the Scottish and UK Governments should introduce policies that better protect those with ill health, disabilities and those at the outset of their adult lives.

No-one should be left for any period without enough money to pay for essentials. There needs to be a fair and responsive social security safety net to ensure that people do not suffer when crises and emergencies happen. This safety net of

government, local authority and charity support needs to work as a coherent, well-integrated system, and be quick and responsive to need. Statutory crisis assistance and emergency food aid provided by food banks works best for the client when it is joined-up with other services, and a holistic approach is taken to addressing the causes of the gap in income and preventing this from happening in future.

## Recommendations

### Increasing people's resilience to income shocks

Recent welfare reforms and benefit rates not keeping pace with inflation and rising living costs means that benefit recipients are less resilient to income shocks. Those in work or on benefits should receive a rate that is enough to cover basic needs such as food, housing and utilities, without getting into debt. CAS recommends that:

- The freeze on working-age benefits should be lifted and benefits should increase in line with inflation and the Consumer Price Index.
- Working-age benefit rates for under 25 year-olds should be the same as the rates for those 25 or over.
- Debts recovered from benefit claimants via third party deductions should be at no more than 10% of the benefit award without the individual's consent.

### Preventing gaps in income

Spending any amount of time without income can have serious consequences for an individual's relationships, stability, mental and physical health. No-one should be left for any period without enough money to pay for essentials such as rent, food, gas and electricity. CAS recommends that:

- The DWP urgently review its processes and timescales for dealing with medical evidence to ensure evidence is processed in a timely manner and does not result in a gap in payments for those in receipt of ESA.
- The initial seven 'waiting days' at the start of a Universal Credit claim are abolished and a single, additional, non-refundable Assessment Payment is made to new Universal Credit claimants to avoid hardship being caused by having no income for six weeks.
- A fast-track system is implemented that allows claimants to end one benefit claim and begin another with minimal disruption to payments.
- When a person's contributions-based benefit claim is coming to an end, or when a person undertakes a Work Capability Assessment and is found fit for

work, an automatic letter should be sent, clearly stating that they could be eligible to claim another benefit, such as income-related JSA, and where they can go to get advice on how to make the claim.

- Benefit payments continue at the assessment rate during the reconsideration period.
- A statutory time limit is introduced within which a Mandatory Reconsideration decision must be returned to the claimant.
- A full scale independent review of the sanctions regime is undertaken. This review should consider the effectiveness of the sanctions regime in getting people back to work and the impact that it has on individuals, families and services. In particular, the impact of sanctions on ESA claimants and JSA claimants with disabilities and health conditions should be taken into account.
- The DWP ensure that it identifies people in vulnerable situations, and that any relevant personal circumstances such as mental and physical health issues and care responsibilities are identified as early as possible when the Claimant Commitment is initially being drafted.

### **Improving crisis assistance**

There needs to be an adequate social security safety net to ensure that people do not suffer when crises and emergencies happen. This safety net of government, local authority and charity support needs to work as a coherent well-integrated system, and be quick and responsive to need. CAS recommends that:

- DWP Hardship Payments are available from day one of a sanction period in all cases, are paid automatically when a sanction begins and do not need to be repaid.
- Every benefit claimant is made aware of Short Term Benefit Advances (STBAs) at the point of claim and that the DWP is proactive in making it known to claimants who have experienced a delay in processing their benefit claim that they may be eligible for a STBA by including this in their telephone scripts.
- The Scottish Government, COSLA and Local authorities continue to raise awareness of the Scottish Welfare Fund, particularly amongst hard to reach and vulnerable groups.

- The Scottish Government, COSLA and Local Authorities establish links with other services to ensure people are able to access relevant support and address the causes of their income deprivation.
- Advice providers, emergency food aid providers and Local Authorities establish links to ensure that those in need have access to advice about statutory crisis assistance as well as access to emergency food aid.

## Appendix 1: Types of crisis support

### DWP Support

#### Social Fund Payments

The social fund is administered by the DWP and covers one off payments for specific expenses. These include Budgeting Loans, Sure Start Maternity Grants, Funeral Payments, Cold Weather Payments, and Winter Fuel Payments. Of most relevance to this report are Budgeting Loans which are interest free loans available to those on qualifying means-tested benefits and is intended as one-off help to pay for specific expenses such as clothing and footwear, funeral expenses and travelling expenses.

Social Fund Budgeting Loans are to be replaced by Budgeting Advances for those in receipt of UC. Budgeting Loans and Budgeting Advances are nearly always recovered by direct deductions from benefits. The remaining elements of the Social Fund are set to be devolved to Scotland under the Scotland Act (2016).

#### Short Term Benefit Advances (STBAs)

Individuals may be given a STBA on a first benefit payment if they are in urgent financial need and have either made a new claim for a benefit and are waiting for the first payment; or had a significant change in circumstances that means their benefit will go up by a large amount and cannot wait until the next payment.<sup>68</sup>

#### Hardship Payments

Hardship payments are reduced-rate payments of JSA, ESA and UC that are made to those experiencing 'hardship' in limited circumstances, including if the claimant has been sanctioned. 'Hardship' is not defined in the regulations. The DWP Decision Maker's Guide says: "hardship should therefore be given its normal everyday meaning of 'severe suffering or privation'. Privation means a lack of the necessities of life."<sup>69</sup>

Hardship payments for ESA and JSA claimants are not currently repayable, but under UC, any hardship payments made will be recovered, usually by means of direct deductions from benefits.

Circumstances in which claimants can receive hardship payments are:

- At the beginning of a claim;
- When the claimant's JSA has been suspended;
- If the claimant has been sanctioned; or,

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<sup>68</sup> Regs 5 and 6 of [The Social Security \(Payments on Account of Benefit\) Regulations 2013](#)

<sup>69</sup> [DWP Decision Makers Guide para. 35155](#)

- If a decision maker decides that the claimant does not meet the 'jobseeking conditions'.

Claimants ordinarily would have to wait 15 days before being eligible to receive a hardship payment unless they are considered to be in a vulnerable group, which includes being pregnant, having childcare responsibilities, having a disability or a chronic health condition, being 16-17 years old, and being looked after by the local authority.

The weekly amount of hardship payments is dependent upon an individual's needs. However, the amount is approximately 60% of the appropriate personal allowance for that benefit. This works out at £43.90 per week for a single person over 25 on JSA or ESA, and £34.74 for under 25s.

#### Flexible Support Fund

The Flexible Support Fund (FSF) is a discretionary fund administered by the DWP and provides support to benefit claimants moving into work. It can be used to cover costs for goods and services that include: travel to interviews; childcare; tools; clothing and uniforms to start work.

#### **Local Authority support**

##### Scottish Welfare Fund

In Scotland, the interim Scottish Welfare Fund was established in April 2013, placing a duty on Scottish Local authorities to administer non-repayable Crisis Grants and Community Care Grants, in line with regulations and guidance from Scottish Ministers, and facilitated by Scottish Government and COSLA. This interim arrangement remained in place from April 2013 until April 2016, when the Welfare Funds (Scotland) Act 2015<sup>70</sup> was enacted, enshrining the welfare funds in Scottish law.

In Scotland Crisis Grants are provided where an individual is facing a disaster or emergency situation, and where there is an immediate threat to the health or safety of that individual or their family, and Community Care Grants are provided where a qualifying individual needs help to establish or maintain a settled home. A Community Care Grant may also be provided to support families facing exceptional pressure.<sup>71</sup> The Scottish Welfare Fund guidance places emphasis on providing a holistic approach and establishing links with other services, so that the users of the fund has other needs met and the causes of the crisis can be resolved.

The Scottish Welfare Fund differs in important respects from the arrangements in England. Firstly, there is statutory guidance detailing how the funds must be

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<sup>70</sup> [The Welfare Funds \(Scotland\) Act 2015](#)

<sup>71</sup> [Scottish Welfare Fund Statutory Guidance – April 2016](#)

administered, which every local authority must comply with to guarantee a consistent service across the country. In England local authorities have more flexibility to manage and administer the funds as they see fit. Secondly, the decision was made to issue Crisis Grants as opposed to Crisis Loans, meaning they are non-repayable. Although local authorities in England also tend to offer grants rather than loans, due to the difficulty of recovering the payment, there is no requirement for them to do so. Thirdly, local authorities in Scotland must pay cash or a cash equivalent to successful Crisis Grant applicants. This is not the case in England, where local authorities may offer in-kind support in the form of food, clothes or vouchers. Finally, the funding provided to local authorities in Scotland to administer the funds is ring-fenced, which has not been the case for English local authorities, resulting in a significant underspend of local welfare assistance, which has had ramifications on government spending on local welfare funds in England.<sup>72</sup>

In regards to the interaction between DWP delivered social security benefits and Local Authority provided welfare, the Scottish Welfare Fund guidance explicitly states that: “Local authorities and local DWP offices should seek to make sure that entitlement to a DWP payment is realised before recommending an application for a Crisis Grant for living expenses, where this arises as a result of non-payment of benefits... Applicants may be eligible for a STBA if they are awaiting their first benefit payment and are in urgent financial need. The amount of money awarded will depend on the applicant’s circumstances.”<sup>73</sup> Also, the original eligibility criteria in the guidance was changed to allow applicants subject to a suspension, disallowance or a sanction by DWP to apply for a Crisis Grant or Community Care Grants in the same way as any other applicant.

### Discretionary Housing Payments

Discretionary Housing Payments, for claimants facing a shortfall between their Housing Benefit and their rent, have been administered by local authorities across Great Britain since the early 2000s. However, Discretionary Housing Payments received a great deal of media attention in 2013 when Scottish Ministers said they would use DHPs to mitigate the impact of the spare room subsidy – otherwise known as the ‘Bedroom Tax’ – and wrote to the DWP requesting that the cap on the amount of DHP that can be made payable was lifted, to allow Scottish Local authorities to prevent evictions caused “solely by the bedroom tax”.<sup>74</sup> The power to set the limit of DHP expenditure has since been devolved and, from 2014/15 onwards, there is no longer a cap on local authority DHP expenditure in Scotland.<sup>75</sup> Discretionary Housing

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<sup>72</sup> *The Local Welfare Safety Net*, Work and Pensions Committee, January 2016

<http://www.parliament.uk/documents/commons-committees/work-and-pensions/373.pdf>

<sup>73</sup> [Scottish Welfare Fund Statutory Guidance – April 2016](#)

<sup>74</sup> [John Swinney MSP during the Stage Three Budget Debate – Scottish Parliament 2014](#)

<sup>75</sup> [The Discretionary Housing Payments \(Limit on Total Expenditure\) Revocation \(Scotland\) Order 2014](#)

Payments are included in the social security powers being devolved to Scotland under the Scotland Act (2016).

### Section 12 and Section 22 payments

Local authorities are able to give cash help to people aged 18 or over who are in need, if there is an emergency. This help is known commonly as a Section 12 payment, because local authorities have the power to provide this help under Section 12 of the Social Work (Scotland) Act 1968. Section 12 enables local authorities to make payments to a person who is 18 or over if: “he is in need, requiring assistance in kind or, in exceptional circumstances constituting an emergency, in cash, where the giving of assistance in either form would avoid the local authority being caused greater expense in the giving of assistance in another form, or where probable aggravation of the persons need would cause greater expense to the local authority at a later occasion.”<sup>76</sup>

The local authority can help children in need by providing cash help under section 22 of the Children (Scotland) Act 1995 and under section 50 of the Children Act 1975. These are discretionary powers which the local authority can use to promote the welfare of children in need. The definition of a child in need can be interpreted quite widely and the local authority has discretion in deciding eligibility.

### **Charitable support and emergency food aid**

Food banks, providing food ‘parcels’ of non-perishable goods, have become the most common form of emergency food aid in Scotland, but there are also a growing number of soup kitchens and community cafes<sup>77</sup>. Food banks tend to operate a voucher system, which are available from various frontline service providers such as advice services including CAB, care professionals including doctors and social workers, and in some cases Jobcentre staff. Vouchers work as referrals and can typically be redeemed for three days’ worth of food.

Research published by Poverty Alliance in 2015 showed that, at the time, at least 167 groups and organisations in Scotland were offering some form of food service. Religious organisations are the most common providers of emergency food aid and, while the Trussell Trust is the best known provider of emergency food aid, the landscape of food banks in Scotland is very diverse, with 82% of those operating in cities which are not being directly associated with the Trussell Trust.<sup>78</sup>

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<sup>76</sup> Social Work (Scotland) Act 1968 s12

<sup>77</sup> *Overview of Food Aid Provision in Scotland*, The Scottish Government, 2013  
<http://www.gov.scot/Resource/0044/00440458.pdf>

<sup>78</sup> *Making the Connections: Emergency Food Aid in Scotland*, Poverty Alliance, January 2015  
[http://www.foodaidscotland.org/userfiles/files/food\\_aid\\_study.pdf](http://www.foodaidscotland.org/userfiles/files/food_aid_study.pdf)

Many food banks have placed importance on providing 'more than food' and many now work in partnership with other organisations in order to provide welfare and debt advice and form links with other services.

In addition to emergency food aid, there are many charities that provide various types of financial or in-kind support to those in need. For example, Turn2Us is a national charity that helps people in financial hardship gain access to charitable grants and support services.<sup>79</sup>

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<sup>79</sup> [www.turn2us.org.uk](http://www.turn2us.org.uk)

## Appendix 2: CAB Client Survey

**Question 1: How do you plan what your money is spent on?**

Day to day	Weekly	Fortnightly	Monthly	I don't plan	Don't know	Prefer not to answer

**Question 2: What is the reason you plan this way?**

That is when my money comes in	That is what is most comfortable for me	I don't know how to plan	Other	Not applicable

**Question 3: Do you ever worry about running out of money?**

I don't worry	Yes, I worry sometimes	Yes, I worry a lot	Yes, I worry all the time	Don't know	Prefer not to answer

**Question 4: If you do worry about running out of money, does it have an impact on other areas of your life? Please tick all that apply.**

	Yes	No	Prefer not to answer	Not applicable
Relationships				
Time with family				
Time with friends				
Work				
Leisure time/hobbies				
Physical health				
Mental health				

**Question 5: Do you ever run out of money? Please tick one option.**

No, I never run out of money

Yes, but only when I'm faced with unexpected circumstances e.g. a large bill or a drop in income

Yes, I sometimes run out of money

Yes, I run out of money at least once a month

Yes, I run out of money more than once a month

Prefer not to answer

**Question 6: If you do run out of money, which of the following are you likely to either cut down on or not pay for at all? Please tick all that apply.**

	Never cut down on	Sometimes cut down on	Not pay for at all	Prefer not to answer	Not applicable
Food					
Gas/Electric					
Rent/Mortgage payments					
Council Tax					
Debt Repayments (e.g. loans; credit cards)					
Transport (e.g. car, public transport)					
Broadband/Phone (including mobile)					

**Question 8: If you had to make cut backs, what are the first 3 things you would cut back on?**

I would cut back on this first	I would cut back on this second	I would cut back on this third

**Question 9: If you did find yourself with little or no money, where would you go for support?**

	I would consider going here for support	I did not know about this	I do not have this option	I would never go here for support	I have been here for support once	I have been here for support more than once	Prefer not to answer
Scottish Welfare Fund (Crisis Grant/Community Care Grant)							
Family/Partner							
Friends							
Food bank							
Other charitable support e.g. church/religious groups							
Benefits Advance from DWP							
Hardship Payment from DWP							
Overdraft							
Credit/Store cards							
Payday loans/Provident							
Unofficial money lender							
Take goods to pawn shop							

**Q. If you answered that you would never go to a certain place for support, can you tell us why that is?**

We would be grateful if you would give us the following information:

**What is your gender?** Male  Female  Prefer not to say

**What age are you?**

**What is your postcode?**

**What is your housing status?** Staying with family/friends  Owner/Occupier   
Privately Rented  Council/Other social rented  Other/Not applicable

**Are you currently claiming any benefits?**

Jobseekers Allowance  Housing Benefit  Income Support

Universal Credit  Working Tax Credit  Child Tax Credit

Employment & Support Allowance  Personal Independence Payment/DLA

Another Benefit  I don't claim any benefits

**Do you have any caring responsibilities?** Children under 18 years of age  Other family/adult children  None

## Appendix 3: Case History Download Instructions

- We are looking for long-term cases where a client has had repeated visits to the CAB in relation to financial crisis – not having enough money to buy essentials – or presents a pathway in-and-out of crisis (i.e. cause-effect-resolution)
- We are looking for between 5 and 10 cases from each participating bureaux
- Please download *the entire* case history for each of the selected clients (unless you choose option 2 below). This might seem like a lot of data, but we would rather have too much than too little, and will use tried and tested qualitative data analysis methods to analyse each case history.
- The selection of cases does not have to be representative of the client groups as we don't actually know what a sample of this group looks like. In other words, you can choose cases which you think demonstrates some of the causes of financial crisis situations for CAB clients.

### **Client confidentiality**

In the instructions overleaf it is asked that all personal information on the first page of the client record is removed. We understand that there may also be some personal information in other parts of the client record (enquiry detail or advice given) and therefore suggest that you read through the client record and remove any personal details before sending the information to CAS.

## Appendix 4: Interview Schedule

### **Do you make a budget or a plan of what you are going to spend your money on?**

- How frequently? (weekly, fortnightly, monthly)
- Is anyone else involved in this process?
- Do you tend to stick to the plan?
- In your experience, is there anything that might make it easier or more difficult to stick to this plan?

### **Do you ever worry about running out of money?**

- How much of the time do you spend thinking about this?
- What affect does this have?
- Does this have an impact on other areas of your life?
- Are the people around you aware that you worry?

### **Has there ever been a time when you've run out of money?**

- Has this happened in the last year? Month?
- What were the circumstances (causes? Triggers?)?
- Has this happened on more than one occasion? How frequently?
- How long were you without money for?
- Did you find you had to cut down on everyday items?
- How did it make you feel?
- What was the impact on other areas of your life?
- Did it affect anyone else in the household?
- What options did you feel were available to you?
  
- What happened next? Did you access support of any kind?
- What was your experience of the services provided (e.g. at local food bank? Scottish Welfare Fund crisis grants? Social work? CAB? )
- Did you feel you were provided with enough money and support to get back on your feet?
- If not, what do you think needs to be changed or improved?
  
- Thinking back, is there anything that you think would have prevented this from happening? (Either things which are in your control, or things which are out with your control?)
- Is there anything – either within your control or out with your control – that you would change to prevent this situation from happening to you or other people in the future?

**Client profile questions (optional)**

- What kind of accommodation do you live in?
- Do you live with anyone else?
- Do you have any caring responsibilities?
- Do you work? What do you do? Full time? Part time?
- Do you claim any benefits?
- Do you have any debts? What type of debt? How much debt?
- Do you have any health concerns or disabilities?



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