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**Families on the Brink in Stoke-on-Trent: How austerity and the cost-of-living is driving poverty and destitution.**

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**EXECUTIVE SUMMARY**

* Before the COVID-19 crisis, Stoke-on-Trent was the 14th most deprived district in England (out of 317 districts) and possessed one of the highest rates of people on low-pay and with low-skills.
* The COVID-19 crisis has caused rising unemployment and alarmingly high numbers of people claiming Universal Credit and legacy benefits. As benefits are set at an extremely low level, the key issue is that large sections of the population are reliant upon insufficient incomes to maintain a basic standard of living.
* A central plank of the 2022 Autumn statement is austerity and public expenditure cuts, which has major implications for incomes and access to public services (particularly health and benefits) for people in Stoke-on-Trent.
* The cost-of-living has been steadily rising throughout the COVID-19 pandemic and will have a major negative impact on individuals and families on middle and low incomes. The cost-of-living for many people in Stoke-on-Trent was already high before 2022, with a structural combination of poorly paid work and cuts to the welfare state meaning many people struggled to meet their basic needs and pay their bills. Stoke-on-Trent was also previously branded as the ‘capital of debt’.
* Austerity is driving the long-term cuts to health, benefits and public services. Health deprivation in Stoke-on-Trent is at an acute level. The life expectancy of the most deprived residents in Staffordshire is about eight years lower than the least deprived residents
* The welfare and benefit regime seem to act to ‘punish the poor’ because of its punitive nature. There is a focus on work as a route out of poverty and the Government is imposing a tougher work search regime on Universal Credit claimants, which could pose increasing risks to benefit sanctions. The withdrawal of benefits is the last thing people on low-income need.
* Food Aid has become the main source of welfare support for many people with the demand on foodbanks now at unprecedented levels.

**INTRODUCTION**

In this report, following the 2022 Autumn budget statement, we update the position in relation to poverty and hardship in Stoke-on-Trent. We seek to capture the impact of recent economic changes, including an assessment of the impact of austerity in the form of cuts to public services as well as the ‘cost-of-living crisis.’ The report follows a series of joint reports undertaken with Citizens Advice Staffordshire North and Stoke-on-Trent (CASNS) on the poverty crisis in the city.[[1]](#footnote-1) This update highlights deeper and more widespread issues of individuals and families struggling. Citizens Advice chief executive, Dame Clare Moriarty, commenting on the national situation, suggests that:

“Millions of households are at financial breaking point: running down savings, going without bare essentials and turning to food banks to get by.”

“We’re already seeing record numbers of people coming to us for crisis support and this research shows people simply cannot cut back any further. Current government support is a sticking plaster which is quickly being exhausted due to the increased pressures people are facing.”

“Without further targeted intervention, we risk another year of despair for millions of people.”[[2]](#footnote-2)

We draw on a unique data set provided by CASNS. By analysing data on enquiries and advice and support, we capture the experiences of residents in more detail. We also capture in more detail the lived experience of poverty through client contacts with Citizens Advice. All names are anonymised. CA has produced stories, which represent different situations of individuals and families coping with low-income, poor health and poverty. These stories are typical of thousands of people living in Stoke-on-Trent and beyond; they are not isolated examples. We also draw on data provided by the Department for Work and Pensions (DWP) and Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP).

**AUTUMN STATEMENT: MORE AUSTERITY AND ITS IMPACT ON STOKE-ON-TRENT**

For many years Governments have been pursuing austerity as a policy tool to ‘balance the books.’ This has had major negative impacts on the economy, poverty and inequality and areas like Stoke-on-Trent have borne the brunt. The widely reported £50bn “hole” in the public finances, is the result of government accountancy rules and highly uncertain forecasts, not tax or spending decisions. The widespread use of state money creation (quantitative easing) after the 2007-2008 financial crisis and the Covid crisis challenges the myth that the public sector is purely dependent on private finance or that the creation of money leads to inflation. As the Economist Mary Mellor states,[[3]](#footnote-3) austerity reflects an ideology that sees the public sector as a drain upon the activities of the private sector. And that is the biggest myth of all. It is the public capacity to create and circulate public wealth, and guarantee a public currency, that sustains commerce. Furthermore, public services are essential to support disadvantaged groups into the labour market.

We are living in a period of unprecedented poverty on a scale not experienced since the 1930s, yet at the same time wealth and income inequality has increased at an alarming rate. In 2018, households in the bottom 20% of the population had on average an equivalised disposable income of £12,798, whilst the top 20% had £69,126. When original incomes are compared, the difference is even more striking: the richest fifth had an income more than 12 times the amount earned by the poorest fifth. Wealth in Great Britain is even more unequally divided than income. In 2016, the Office of National Statistics calculated that the richest 10% of households hold 44% of all wealth. The poorest 50%, by contrast, own just 9%.[[4]](#footnote-4)

The key proposals from the Autumn statement will not address these inequalities and austerity will inflict yet more pain and destitution on Stoke-on-Trent. The key Government measures are:

* Increase benefits by 10.1% next year although millions of the poorest people would still face a fall in spending power as inflation soars. The increase is lower than the current 11.1% rate of inflation and follows years of cuts to the real value of benefits affecting the lives of 9 million households – 7 million of which include someone who works.
* The level of benefits is extremely low. For example, the basic rate of UCfor a single person over 25, known as the standard allowance, is around £78 per week (i.e. this is £334.91 per month), this is a seventh of average weekly pay. The rate is the same for those on legacy benefits and is lower for those aged under 25, at £265.31 per month.[[5]](#footnote-5) The number of people on UC in Stoke-on- Trent has effectively plateaued since October 2021, and as of October 2022 stands at 30,669 persons – *14,349 persons (88%) above the pre-Pandemic level in March 2020.* This equates to a rate of 19.2% - the 35th highest rate of 309 districts. There are 9,867 people on Employment Support Allowance (ESA) and 561 on Jobseekers Allowance (JSA).[[6]](#footnote-6)
* The national living wage will rise in April 2023 by 9.7% to £10.42 – an annual pay rise worth more than £1,600 to a full-time worker, but still below current inflation.
* The cap on social rent will increase – affecting 4 million households – by a below-inflation 7% in 2023-24.

The key economic and structural (and endemic) problems, which are causing higher rates of poverty is the low rate of new business formation, an economic structure dominated by services, and a lack of sustainable employment opportunities in terms of longevity and adequate wage levels,causing higher rates of long-term unemployment (comprising people on long term sickness benefits). Cuts to wages and benefits has been a major cause of rising poverty in Stoke-on-Trent.[[7]](#footnote-7)

The Autumn statement according to the Joseph Rowntree Foundation provides little comfort for families on low incomes. For example, unemployed people, on a low income, living alone over 25 and renting a room, will be £538 worse off. In addition, a low-income couple in work with two children will be £103 worse off in 2023/24 than this year.[[8]](#footnote-8) According to Rebecca McDonald, the chief economist at the Joseph Rowntree Foundation:

“In taking this stand, the government has acknowledged that people cannot withstand benefits being eroded any further. However, families are facing the worst winter many will remember and can’t wait for April – they need the help now to get through a winter of soaring costs. Even with uprating, rates are at historic lows and households facing difficult times are increasingly not able to cover the essentials. This winter and beyond is still going to be a frightening obstacle course just to afford the essentials”.[[9]](#footnote-9)

**HEALTH AND POVERTY**

The funding crisis in the health service is having major impacts on people’s well-being in Stoke-on-Trent. Research by [the Health Foundation](https://health.org.uk/) charity has found that when the whole health budget is included – covering the NHS, training, public health services and capital investment – it will only increase by 1.2% in real terms over the next two years. That is **below** the 2% average seen in the decade preceding the COVID-19 pandemic, as well as the historical average of about 3.8%. As the Health Foundation comments:

The additional funding for the NHS will go some way to relieving the pressures on services. But we should be under no illusions about the scale of the task ahead. The 3.1 per cent annual increases over this parliament remain below long run average and the next 2 years still look very tough. They follow years of under-funding and a pandemic that has left staff exhausted and services at breaking point. While there are opportunities to increase productivity by improving the delivery of front-line care and making better use of data and technology, the overall level of funding is not enough to address the backlog and meet rising demand for services.[[10]](#footnote-10)

According to the Kings Fund, over the period between 2010/11 and 2015/16, the NHS budget will have increased by £6 billion in real terms – an average of 0.9 per cent a year. This is significantly lower than the long-term average increase in NHS spending which is 4 per cent.[[11]](#footnote-11)

The Centre for Health Economics[[12]](#footnote-12) found that [the cost of poverty to hospital inpatient care alone was £4.8 billion](https://jech.bmj.com/content/70/10/990) per year while the Joseph Rowntree Foundation estimated that [poverty cost the NHS and social care systems more than any other part of public services: a staggering £29 billion per year](http://www.jrf.org.uk/report/counting-cost-uk-poverty). Through worsening physical and [mental health](https://www.centreformentalhealth.org.uk/publications/briefing-58-poverty-economic-inequality-and-mental-health), poverty also holds people back from accessing [high-quality jobs](https://www.instituteofhealthequity.org/resources-reports/local-action-on-health-inequalities-promoting-good-quality-jobs-to-reduce-health-inequalities-) and puts additional pressure on unpaid carers, reducing the productive capacity of the economy.

The reduction in health spending has implications for employment opportunities, particularly for disadvantaged groups. The Institute of Employment Studies (IES) has found that whilst unemployment rates are low, this mask the (growing) numbers of people who are classed as economically inactive. Reasons for this increase include people waiting longer for health treatments; a deterioration of general health during the COVID-19 pandemic; the impacts of long Covid; a lack of access to appropriate employment support; and changes in workplace practice or employer attitudes around health and disability. At the same time though, nearly 600,000 of those out of work due to long-term ill health say that they want to work.[[13]](#footnote-13)

In Staffordshire and Stoke-on-Trent, economic inactivity continues to increase (at just over 21% of the working age population) due to long-term health issues such as long-Covid and mental health problems, alongside older workers taking early retirement and young people staying in education. Overall, this is significantly above pre-pandemic levels. This has seen overall employment decline and remains well below the pre-pandemic level.[[14]](#footnote-14)

To illustrate how poverty and health are closely interconnected, below we draw on some key indicators provided by the Centre for Health and Development.[[15]](#footnote-15)

**Figure 1. Health and Deprivation in Stoke-on-Trent**

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| --- |
| **In General**   * Stoke-on-Trent is one of the 20% most deprived districts/unitary authorities in England and about 24% (12,660) children live in low-income families. * The health of people in Stoke-on-Trent is generally worse than the England average. * Life expectancy for both men and women is lower than the England average. * Life expectancy is 8.2 years lower for men and 7.2 years lower for women in the most deprived areas of Stoke-on-Trent than in the least deprived areas.   **Child Health**   * In Year 6, 24.9% (792) of children are classified as obese, worse than the average for England. * Levels of teenage pregnancy, GCSE attainment (average attainment 8 score), breastfeeding and smoking in pregnancy are worse than the England average.   **Adult Health**   * The rate of alcohol-related harm hospital admissions is 1127 (per 100,000), worse than the average for England. This represents 2,677 admissions per year. * The rate for self-harm hospital admissions is 375 (per 100,000), worse than the average for England. This represents 975 admissions per year. * Estimated levels of excess weight in adults (aged 18+), smoking prevalence in adults (aged 18+) and physically active adults (aged 19+) are worse than the England average. * The rates of new sexually transmitted infections, as well as those killed and seriously injured on roads, are better than the England average. * The rate of hip fractures in older people (aged 65+) is worse than the England average. * The rates of statutory homelessness, under 75 mortality rate from cardiovascular diseases, under 75 mortality rate from cancer and employment (aged 16-64) are also worse than the England average. |

**Source:** Centre for Health and Economic Development (2020) *Health Inequalities*. Available at: <https://www.chadresearch.co.uk/health-inequalities/>

Pressures on the health services have disproportionate impacts on disabled people as illustrated by the experience of Jakob:

‘Jakob’ (not his real name) lives with his wife and 2 dependent children in their mortgaged property, their mortgage still has £75,000 outstanding. Their monthly payments £800 p/m and they are currently in arrears of £1500. Jakob’s wife has recently become severely ill, and he has had to give up work to look after her and their two children. Jakob’s wife is receiving disability benefits and Jakob has claimed carers allowance for looking after her. In total they receive £1586.73 per calendar month in benefits, although their mortgage payments alone take up more than 50% of their income. All the savings have been used and all the household income goes on paying their debt.

Stoke-on-Trent has amongst the highest infant mortality rates in England, while rates in Staffordshire are also significantly higher than that of England. The *Marmot Review*, published in 2010, highlighted the role of wider determinants of health by emphasising the strong link between social inequalities and disparities in health outcomes. Preventable mortality looks at deaths which could be avoided by public health interventions in the broadest sense. The major causes of preventable deaths are the wider determinants of health such as individual lifestyles, education, housing, employment, along with wider economic conditions in both society and specific places. In Stoke-on-Trent, there were around 1,400 deaths of under 75s (in 2017-19) that were considered preventable. This is a rate of 215 per 100,000 population, which is significantly higher than the England rate of 142.[[16]](#footnote-16)

**LOW-PAY AND IN WORK POVERTY**

In our previous reports we highlighted the fact that a high proportion of workers are in low paying occupations. The Resolution Foundation define low-pay as below two thirds of median hourly pay and 17% of employees in Britain are low-paid by this definition. According to the Joseph Rowntree Foundation: ”Around two-thirds (68%) of working-age adults in poverty live in a household where at least one adult is in work”.[[17]](#footnote-17)

There are a total of 167 local authority areas in the UK where the average full-time worker earns less than £28,860 a year. According to the TUC the minimum wage increase to £10.42 per hour will not address the issue of rising prices and inflation.[[18]](#footnote-18) Furthermore, this increase, just below inflation, still implies a cut in real terms for nearly 2 million workers in low-paid occupations.[[19]](#footnote-19) Furthermore, according to the Resolution Foundation “the OBR’s (Office of Budget Responsibility) weaker forecast for pay means that real wages are now not expected to return to their 2008 level until 2027. Had wages instead continued to grow at their pre-crisis rate during this unprecedented 19-year pay downturn, they would be £292 a week–or £15,000 a year–higher.[[20]](#footnote-20)

Citizens Advice (CASNS) data reveals that many enquiries during the COVID-19 pandemic were due to problems at work, including employees worried about the longevity of their job, employment rights under furlough and their palpable risk of redundancy. The case of Hamid illustrates how being in full-time employment when it is low-paid results in a precarious financial situation.

“Hamid” is having an operation which meant he will be off work for 3 months. Hamid’s employer doesn't pay contractual sick pay, so he has used his remaining 2 weeks holiday to receive full pay but then will get SSP. Hamid was worried about how he could afford to live. His outgoings on bills and rent of £684.50, he then must buy food/clothing etc from what is left. Hamid told us he has no savings as most of his money goes on outgoings. Hamid will only be eligible to receive £362.97 a month in Universal Credit in addition to his £430.52 a month in statutory sick pay only leaving him with £108.99 a month for all his other expenses.

The actual impact of low pay and incomes on household incomes can be calculated by Gross Disposable Household Income (GDHI), which relates to the amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect.

Of 309 English districts Stoke-on-Trent was the 301st or ranked the 9th lowest GDHI per capita in 2020 with Kensington & Chelsea, with £79,325, the highest. Relative to the national (England) figure GDHI per head in Stoke-on-Trent has remained 28-30% below average–and consistently 14-17% below the West Midlands average. However, in absolute terms GDHI per head is now £6,200 below the national average compared with £4,800 in 2010—and £2,560 below the regional average compared with £2,340 in 2010.[[21]](#footnote-21)

**CHILDCARE: WANTING TO WORK – CAN’T AFFORD TO WORK**

Underfunding makes the UK’s childcare sector one of the most expensive in the world.[[22]](#footnote-22) According to the Women’s Budget Group, early years education and childcare is already unaffordable for many households and especially for lone mothers. Over 4.6 million women were prevented from securing a job or increasing their working hours due to unsuitable childcare options in 2021[[23]](#footnote-23).

The most recent assessment of childcare undertaken by Stoke City Council identifies a number of challenges, which may affect access to childcare provision:

* Due to the high number of school nursery places in the city, there are a number of wards that only have vacancies in schools, meaning that it may be more difficult for working parents to find childcare outside of school hours.
* Certain wards, which do not have childcare places means that parents can access vacancies in neighbouring wards. The assumption is made that this is not a problem in terms of public transport routes and access and overall mobility of parents.
* Take-up levels of funded childcare for two-year olds is very high in some areas and in half of the city wards take-up is above 70% in the summer term. Around one in four of the city’s wards have a take-up rate of over 90%. Despite the high take-up in some wards, take up levels in some areas of the city are much lower (in some terms less than 60% of children take up a place).
* Take-up of free places for three and four-year-olds in Stoke-on-Trent is lower than the national and regional rates.
* In Stoke-on-Trent, 84% of three and four-year-old children benefit from funded early education places in providers that have been inspected as good or outstanding. This is a lower rate than both the West Midlands (91%) and England (93%).

In terms of affordability, the average cost of sending a child under two to a nursery for 25 hours per week (part-time) has risen to £7,212 in 2022, compared to £7,160 in 2021. A part-time childminder place is on average £6,469 a year in 2022. For a child under two years a full-time nursery place is £269.86 per week, meaning that per day nursery prices are around £54. For those aged two years and for over a week, a full-time nursery place is £262.16, meaning nursery costs around £52.[[24]](#footnote-24)

In relation to average wages and incomes and particularly in respect to the cost-of-living crisis and wage depression, accessing affordable childcare for low-income families and individuals will be a challenge. High childcare costs mean that families where both parents are paid at the National Living Wage end up in a deficit. A nursery place for children under two costs between 45% and 60% of women’s average salaries in England, and between a fifth and a quarter for three- and four-year-olds with the free hour’s entitlement[[25]](#footnote-25).

Survey research undertaken by Stoke-on-Trent Hardship Commission in 2019 found that affordable childcare **before** the ‘cost-of-living’ crisis was a major challenge:[[26]](#footnote-26)

Closures of affordable child-care services and children's centres have affected families with children both in terms of childcare costs and transport costs. They have also created a loss of community cohesion and opportunities for peer support for those with children.

The lack of affordable childcare has been identified as a barrier to employment:

It affected my family when I came back from maternity leave. Having to put small children into childcare whilst working and earning minimum wage meant that as a family of 4 we would have £60 for the whole month as spare income. This situation lasted for years with both myself & my husband working long hours just to scrape by. Incredibly stressful.

This is an example of how austerity impacts disproportionately on women who tend to be the main child carers. It is evident, as highlighted by the Institute of Employment Studies, that because of high costs and low wages, women are finding it difficult to combine work and caring.[[27]](#footnote-27)

**UNIVERSAL CREDIT: SIGNPOSTING TO POVERTY**

As we have highlighted in previous reports[[28]](#footnote-28), austerity driven welfare cuts have disproportionately impacted on people claiming benefits. As outlined above there are numerous barriers to accessing work even though the Government has put in place a tougher claimant regime including the re-introduction of benefit sanctions. The time allowed for jobseekers to move to their preferred job is being reduced. Rather than having three months, claimants will have only four weeks. After those four weeks, changes brought in under the ‘Way to Work’ campaign mean that UC jobseekers need to apply for and accept any job they can. Anyone deemed non-compliant will face sanctions and reduced income.

The stepping up of sanctions can be related to various forms of non-compliance such as failure to attend an interview. The number of persons sanctioned in Stoke-on-Trent has increased from a low of 17 persons in May 2021—and is now more than five times pre-pandemic levels (629 persons in May 2022 compared with 113 persons in November 2019). The 629 persons equate to a rate of 39.4 persons per 10,000 adults aged 16-64 (up from 1.1 / 10,000 - in May 2021) This is above the estimated national rate of 27.5and West Midlands rate of 33.6, making it the 37th highest rate in England.[[29]](#footnote-29)

Another aspect of the conditionality is in-work-conditionality as a way of placing pressure on claimants to increase their earnings. The case of “Martyn” illustrates the problems of achieving this:

Martyn lives alone in a one bed apartment, and his rent and council tax payments are currently up to date. Martyn works 20 hours a week and is currently claiming Universal Credit to top up his low wages. He has asked for more hours at work, but currently there are non-available. Martyn contacted Citizens Advice, as he wanted to see if he was eligible for any additional benefits. Martyn is claiming the single person discount on his Council Tax liability but is not eligible for any Council Tax Support.

Although UC operates as in-work earnings top up (replacing Working Tax Credit) it is evident in Martyn’s case that it is inadequate to support a sustainable income and that there are few opportunities for people in low paid employment to ‘progress’ to higher earnings. Many people in Martyn’s position are vulnerable to debt and destitution, exacerbated by increases in cost-of-living, despite being in work. Table 1 shows the increasing numbers of enquiries relating to debt and advice on fuel payments because of the inadequate financial support systems from the benefits system as well as wages.

**Table 1. Top Seven Citizens Advice Enquiries 2022**

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| Category | 2022 % of total | 2021-2022 % change |
| Debt | 37 | +52 |
| Utilities and Communications | 12 | +191 |
| Other benefits and taxes | 12 | -8.8 |
| Financial services and capability | 11 | +93 |
| Universal Credit | 7 | -70 |
| Immigration and Asylum | 5 | -1 |
| Housing | 4 | -3 |

**Source:** Citizens Advice North Staffordshire and Stoke-on-Trent 2022 Enquiries.

The key challenge for families and individuals is rising energy prices. According to CASNS 21.8% of households are classified as fuel poor; Stoke-on-Trent had the second highest rate in the country after Barking and Dagenham.[[30]](#footnote-30) Benefit income is set at such a low level that it does not cover basic household needs. The key challenge is not only coping with increasing energy costs and food but also rents.

“Joe” lives in a 3 bed property with his daughter. He pays £450 p.c.m rent, works part-time and claims Universal Credit. His landlord has recently given notice that he will be increasing the rent to £600 p.c.m. “Joe” has objected and applied to a rent tribunal for a determination. Unfortunately, it is likely that £600 will be deemed to be a fair market rent. Although the LHA limit for a 3 bed property is £550 p.c.m because “Joe” is deemed to be under-occupying the property his LHA is limited to £425 p.c.m. While he can make up the £25 p.c.m. shortfall he can’t afford £175 p.c.m extra and is now at risk of homelessness.

Citizens Advice has reported that there are more enquiries relating to homelessness. Over the years from 2003 to 2022 – Private landlord repossessions averaged 1.59 per 1,000 privately rented properties per annum – the 79th highest rate in England and Wales (1.31 average rate) of 348 districts. Data on repossessions show a dramatic rise in 2022 following the lifting of the moratorium during the COVID-19 crisis.[[31]](#footnote-31) The CASNS story below reveals how:

“Janice” is a council tenant, single parent with one dependent child. She receives Universal Credit and has rent arrears of £1,670. She has a spare bedroom in her house and the Universal Credit rent element has been reduced by 14%. This has contributed to the arrears situation. She had £32.50 available to offer towards those arrears. However, her landlord has applied to the DWP for an amount to be paid directly to them from “Janice’s” UC. The standard 20% deduction will amount to £183 p.c.m or £42 p.w. This is more than she can afford and will leave her unable to contribute towards her Council Tax arrears or cover her essential expenses.

The threat of homelessness is ever present in Sunita’s family:

“Sunita” and her husband live with their two young children in a 2-bedroom house that they sourced in a hurry when they needed somewhere to live urgently. The current rent is £950 a month, well above the LHA level of £425. They have been living on Sunita’s husband’s wages and Child Benefit. However, his job ends in mid-December and then they will be reliant on social security benefits. Despite one of the children being disabled, the landlord has now proposed increasing the rent to £1,200 pcm, a 26% increase. As the tenancy is an Assured Shorthold the landlord has also issued a Section 21 notice to regain possession if they do not agree to the increase.

These personal stories provide insights into the complex problems and challenges that people on low incomes face. The situation is getting more desperate for thousands of people and this is largely due to inadequate income support. A special *Guardian* Newspaper report on poverty in Stoke-on-Trent in December 2022,[[32]](#footnote-32) involving interviews with residents/members of a mother’s support network, found that families “are on the brink”.

“Emma”, (not her real name) a mum of three, doesn’t know if she will be able to afford a Christmas dinner for her family this year. As it stands, she has £50 to last until the start of December and can barely afford the basics. “I really struggle. Every night I choose whether to use the washing machine or the cooker, to save on energy bills,” said the 32-year-old, who lives on the outskirts of [Stoke-on-Trent](https://www.theguardian.com/uk-news/stoke-on-trent). “And we have to go cold some days because I can’t afford to put the heating on.”

As a member of the Support Group commented:

“Now we’re getting a lot of working families, who’ve got two incomes. We had one family last week, they had two good jobs, but a tyre burst on the car so they didn’t have any money left for the month after that,” …. “So they paid for the tyre, we gave them food for the rest of the month.”

Relatedly, a Community Nurse interviewed observed: “We’ve got patients who aren’t putting the heating on because they can’t afford it, so they’re sitting in coats, jumpers and hats instead, and a lot of our patients are using food banks now.”

**CONCLUSIONS AND RECOMMENDATIONS**

Austerity is a political choice and tends to be justified on the economic grounds of ‘affordability.’ There are other options such as a more progressive and fair taxation model, including a tax on wealth and profits which could fund essential services. As this report shows, austerity is a ‘false economy’ and involves significant financial and social costs. A report from Loughborough University estimated that the annual cost of child poverty amounts to around £38 billion related to factors such as a loss of tax revenue, claims on benefitsand spending on public services required to deal with the impact of poverty.[[33]](#footnote-33)

We propose immediate ‘crisis’ support measures, as well as in the more medium term a major overhaul of the welfare system and uprating of benefits to meet with Minimum Income Standards. As highlighted in our earlier report,[[34]](#footnote-34) the New Economics Foundation has called for the government to impose a ‘living income’ as part of investment into Britain’s broken welfare safety net. Essentially, this would be a universal payment set at a level determined by the Minimum Income Standard. It would act as an ‘income floor’, enabling people to no longer struggle to afford essentials and thereby live a good standard of life. This would be a welcome boost to low-income workers and claimants in places like Stoke-on-Trent. The weekly MIS are: £392 for single adult; £470 pensioner; £827 lone parent with two children; and £936 couple with two children of primary school age. In addition, we wish to draw attention to four immediate areas:

1. An austerity impact assessment is required – how do benefit and local government spending cuts impact particularly on women, disabled people and poorer communities – this should involve consultation with civil society organisations including trade unions.
2. Investment in affordable and flexible childcare is essential in order for parents to access work.
3. An immediate halt to benefit sanctions and more investment in employment support including mainstreaming the Health and Work Programme to include more participants and the development of a job retention and Job rotation programme. This should include work placements and upskilling for unemployed people along with supporting in work training for low and unskilled workers.

CASNS call for a series of measures that will provide immediate ‘crisis’ income support, and these need to be debated as a matter of urgency:

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| --- |
| 1. An immediate cost-of-living supplement of £20 per week paid to every household receiving Universal Credit, Employment Support Allowance or Pension Credit in addition to the April uprating and the £900 payment.  2. More generous targeted cost-of-living support than is currently proposed.  3. An increase equal to CPI in the Local Housing Allowance.  4. The reintroduction of some form of rent regulation to keep proposed increases affordable.  5. The government to make good on its promise to repeal Section 21 of the Housing Act and end no-fault evictions.  6. The introduction of a social tariff for vulnerable customers’ domestic energy bills that is set on a sliding scale linked to means-tested benefits and focuses the cost on unit charges rather than the standing charge.  7. The continuation of locally distributed crisis funds as a safety net for those customers who risk losing their supplies despite the measures listed above.    8. Investment of funding in targeted benefit take up campaigns to help boost incomes, focusing on means-tested and disability benefits.  9. Increased investment in renewable energy.  10. Increased investment in improving the thermal efficiency of the local housing stock. |

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