Social Housing Tenants and Household Economics

Three years in the lives of g15 tenants

Final report from the qualitative research from the Real London Lives study

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- The g15 'Real London Lives' project has conducted annual face-to-face interviews with social housing tenants over the last three years. The households all contained members under pension credit age, and none lived in supported housing. At the final interview, completed over the winter of 2015-16, 34 households remained in the study.

- The research has taken a dynamic, 'lifecourse' approach in addressing family, housing and employment circumstances and change over time. The final Round 3 (R3) interviews aimed to assess households' financial viability over the course of the study.

- The respondents were clustered into household types, and included young families with children under the age of twelve (15), mature families with the youngest child or children at secondary school (9), older couples who were themselves receiving care from their adult children (2), older couples who were active in caring for their grandchildren, enabling their adult children to work (2), households with no children but with strong family connections (3) and isolated individuals with no family support (3).

- The report also used five classifications, based on qualitative understandings of tenants' income, expenditure, debt and attitudes to money to characterise tenants' financial situation:
    - 'a comfortable plateau', earning more than enough to cover their household expenses and allowing for a reasonable standard of living (3);
    - 'moving up', with improving fortunes and a career or job where income was likely to increase (8);
    - 'holding steady', with income and expenditure roughly even but with little room to manoeuvre (9);
    - 'halted decline', climbing out of an extended period of debt (5);
    - 'spiralling downwards', with one or more household bills in areas and little prospect of repayment (5); and
    - 'sub-standard' with income below income support levels (4).

- In financial terms, around six of the respondents at Round 3 had had 'neutral' trajectories over the research period, in that their finances neither worsened nor improved.

- Fourteen respondents saw an improvement in their circumstances, often as a consequence of a change in their employment status.
- For the remaining fourteen respondents, household finances had worsened. These households were generally those whose economic situation had already been poor at R1.

Chapter two: Money management

- The vast majority of tenants had a firm grasp of their outgoings and expenditure, and none were in any sense irresponsible in their spending.
- Detailed budget information was collected from a selection of respondents, listing income from all sources and 'mandatory' expenditure on rent, utility payments, council tax, TV licence, car insurance and road tax where appropriate. Travel-to-work costs were included, as were the costs of telephone/media.
- For the majority of respondents, food costs were elastic and were dictated by how much money remained after essential bills had been paid.
- Just four households in the sample arranged their finances via direct debits, since they had sufficient income to support this strategy. Other tenants did not favour direct debits, since this meant a loss of day-to-day control of finances.
- Micro-management often included deferral of bill payments and protracted negotiation to settle a repayment schedule. However, this strategy could only last for a period with regard to utilities, since tenants in arrears were often moved onto payment cards.
- Seven respondents were not in receipt of any benefits at all, and in some instances couples had a joint income of close to £40,000 a year; one couple was transitioning into homeownership via a right to buy scheme.
- Fifteen respondents were in part-time work or low-paid work. Earnings could be very low, even where tenants had more than one part-time job; some tenants in full-time work were earning below the minimum wage. Employment income often fluctuated, particularly for self-employed respondents and those on zero-hours contracts.
- A large minority of respondents were single parents working below the sixteen hours required in order to be eligible for working tax credits. In the

majority of these cases, and taking travel-to-work costs into account, these tenants would have been better off not working.

- The majority of tenants had difficulty in paying their bills, and 22 of the 34 tenants at R3 were in arrears with their rent despite the fact that many prioritised this payment.
- Payment on utilities could be problematic given the high incidence of damp and poor condition of some properties, which often lacked double glazing. Some tenants had experience of bailiffs coming in response to a failure to pay council tax.
- Childcare costs could absorb a greater proportion of the income of the higher-paid respondents. By contrast, travel-to-work costs were disproportionately high for the lower-paid respondents: one respondent paid £21.20 a week in travel costs to earn £85.38 a week.
- Short-term borrowing was commonplace across many of the lower-income respondents, with payments on gas or electric cards a typical reason to borrow £5 or £10 from friends or family.
- Although respondents were reluctant to enter into longer-term or more substantial debt, some households borrowed to invest in training in order to improve work opportunities.

Chapter three: Intergenerational and inter-family exchange

- A number of respondent households contained 'hidden households' comprising adult children with their partners, with or without children. Outside the highly pressurised London housing market it might be expected that these households would secure their own accommodation.
- Adult children at home were more likely to be a financial burden than a benefit to their parents.
- Adult children who were also young parents generally continued to live with their alternate sets of parents at different times in the week, with both sets of grandparents sharing childcare. In part, this arrangement could be cost-effective, in reducing the possible imposition of a reduction in housing benefit due to the operation of the social rented sector size criteria. The arrangement also meant that adult offspring could continue in work or study without having to meet childcare costs.

- Adult migrants in the study often sent money back to their home country. This obligation could be burdensome, and create real financial difficulties for the household in the UK.
- Single parents were not always successful in securing financial support from their ex-partner. Often, women decided not to press the issue in order not to sour relationships between their children and their father.

Chapter four: Improving finances: moving up and comfortable plateau

- Around a third of respondents had improved financial circumstances at R3 compared with R1, often reflecting a change of employment circumstances.
- The majority of respondents in work saw an increase in their earnings, for a variety of reasons. Overall, work circumstances at R3 were a marked improvement on those at R2.
- A small handful of respondents were on a 'comfortable plateau' financially, with a good level of income. However, not all were in circumstances where their housing needs were being met, and some were overcrowded with no prospect of improving their situation.
- One couple was, by R3, close to the completion of their purchase of their home under the pilot right-to-buy scheme. They had signalled their aim to purchase at R1, and they had both seen a steady improvement in their earnings.
- Social housing was clearly no obstacle to material improvement and career aspiration, although in many cases pathways included periods of vulnerability – for example, during study or training – which needed time to be resolved.

Chapter five: On an even keel: holding steady and halted decline

- Fourteen households in the study at R3 were classified as either 'holding steady' financially or in 'halted decline'.
- Households 'holding steady' had incomes roughly equivalent to their expenditure. In some instances, their expenditure was prudent, in prioritising expenditure on essential items and eschewing luxuries.
- Other households in this group were getting by only through more restrictive frugality, in spending as little as possible on essentials.

- Some households at R3 had halted a long spiral of accumulating debt and were beginning make repayments, often from an improved income. This debt included historic consumer debt accrued before a crisis placed a household in financial difficulty, or reflected student debt or substantial benefit overpayments.

- For households in halted decline, debt repayment might require years of financial discipline and frugality. Respondents who were older or had a disability faced an extended future of debt repayment out of a limited income, the value of which was decreasing in real terms.

Chapter six: Worsening finances: spiralling downwards and sub-subsistence

- The majority of respondents who were in debt were behind with one or more of their bills had no prospect of their circumstances improving. Over the course of the study, some respondents had fallen further into debt: in one case, rent arrears had increased from £540 to over £2,000.

- Respondents in debt could often point to crises that had placed them in a difficult position financially. Problems included gaining work but where income fluctuated; a long period of ill health meaning that consumer debt had to be resolved on a lower income; and death in the family.

- Problems with benefits also created difficulties: a couple of respondents viewed the introduction of the social rented sector size criteria as the principal source of their financial insecurity.

- Overall, the respondents in the survey who were financially vulnerable were in very desperate circumstances. Households were relying on informal charity to get by, or – where that charity was not available – were subsisting at the most basic level.

- Problems with welfare in the past meant that respondents were less likely to look to welfare agencies for advice or assistance: to be in receipt of welfare was regarded as being in a position of risk.

Chapter seven: Budgets

- The report detailed a selection of weekly budgets. Cases included respondents in and out of work. Some respondents had expenditure on mandatory items in excess of their income.

- The budgets indicate that it was not always in the best interests of respondents to be in work, particularly taking travel-to-work costs into account.

Chapter eight: Conclusions

The final chapter considered a number of overarching themes drawn from the report.

Welfare changes

- The impacts of a series of changes to welfare reform, in effect from 2011, have been cumulative. Households reliant on benefit have gradually adjusted to a reduction in income, but over time have become subject to the inevitable unsustainability of living at subsistence level.
- None of the households subject to the social rented sector size criteria have actively considered moving house to live in a property deemed to be more appropriate in size terms: most lived as best they could on a more limited income.
- Discretionary Housing Payments have mitigated some impact, but in no case have been used to fund time during which tenants might find alternative properties.
- The threat of sanctions has operated as a disincentive for tenants to apply for Jobseeker's Allowance (JSA): aiming to get by on a very low income was preferable to the perceived risk of sanctions under JSA also impacting on housing benefit.

The unsustainable nature of subsistence

- Respondents living at or below subsistence level found their position to be untenable: even the most financially disciplined households were falling into debt.
- By R3 some tenants had sold all their items of value, and were largely reliant on the informal charity of one-off borrowings of small amounts from friends and family who were not expecting payment in return.
- This finding indicates that the more formal indicators of financial difficulty – for example, recourse to food banks – is substantially under-representing the incidence of severe financial distress.

The low profitability of work

- Tenants were strongly committed to work, even when employment might lead to financial vulnerability.
- Tenants were often willing to become indebted to pay for training to improve their prospects in the labour market.
- Low pay was often still too low to pay even a social rent without housing benefit subsidy.
- Setting the working tax credit limit at sixteen hours for lone parents placed many respondents – particularly those with childcare responsibilities – at a disadvantage. It was most likely that cleaning jobs to fit around the school day would be available in multiples of five hours – one, two or three hours a day, five days a week.
- Falling below the working tax credit threshold was a principal cause of financial problems for working households in the study.
- Respondents moving into self-employment were often working for an income that was well below the minimum wage.

Crisis and credit

- The research underlined the importance of family and friends with the means to be able to help in a crisis. Where households had no access to relatively freely available – and free – short-term credit, then non-payment of bills became the only way of releasing money to pay for immediate essentials such as food.

Intergenerational support

- Tenants often gave housing support to their adult offspring. Social housing was a resource used by the wider family, and families with additional rooms had a resource that could be used to accommodate hidden households over the short and medium term, and constituted space for grandchildren to stay to enable their parents to work unsocial hours.

The role of social housing

- Overall, the research has demonstrated that social housing plays a substantial role in encouraging tenants towards independence. Placing any of these tenants in the private rented sector would more than double their rents in most cases, introduce work disincentives and substantially increase benefit dependence.

Chapter One: Introduction

Introduction

This is the third and final report in a series of reports reflecting findings from a longitudinal qualitative study of London tenants of the g15 group of housing associations. The first report focussed on the ways in which family dynamics impacted on housing decisions, particularly in response to changes to housing benefit. The second report explored tenants' experiences of being in and out of work. This third report considers in detail tenants' household finances. The research began soon after the introduction of a raft of Welfare Reform measures, which have brought a fall in the real value of some benefits and a curtailment in availability of others. Over the period, labour market flux has brought a fall in real earnings; an increase in the number of zero-hour contracts; and growth in the proportion of people in self-employment. Unemployment has also increased amongst young people, many of whom continue to be financially dependent on their parents.

For tenants, these wider welfare and market changes have constituted a context for ongoing family dynamics. During the three years of the study, households have not remained fixed or static. Household size has grown or contracted: babies were born and adult children left to attend university. Some adults were recovering from longer-term illnesses and were looking to re-enter the labour market; others, nearing pension credit age, were starting to withdraw from work. Some new relationships had been formed, and in a couple of instances the respondent household was – for at least some of the week – newly accommodating an additional 'hidden' household.

This chapter summarises the research method and reviews the respondents remaining in the study at this final stage in terms of household type. This chapter also gives an overview of households' economic trajectories and outlines the structure of the report.

The Real London Lives project

The Real London Lives project comprises a longitudinal qualitative and quantitative study of tenants of the g15 housing associations living in London. In 2013, 1,648 housing association tenants below pension credit age and not living in supported accommodation were surveyed by telephone. The survey was used as the basis for selecting a cohort of households to include in a qualitative study. The study did not aim either to target or exclude tenants in receipt of benefits. Rather, the selection included tenants in a range of economic circumstances. A total of 54 tenants were interviewed at the first round.

The 'lifecourse' approach

The research has attempted to capture the complexity of the lives of social housing tenants through taking a dynamic or 'lifecourse' approach to charting their housing and employment histories rather than settling on single 'snapshots' of circumstances at a given point in time. This approach has been particularly valuable in contributing to an understanding of household's economic trajectories as they move into and out of more problematic states such as unemployment; through periods when the ability to work might be compromised by maternity or ill-health; and during economically vulnerable states when indebtedness might increase – for example, through periods of study or training. Understanding a household's economic status at any point in time requires some understanding of how and why it is in that position, and its likely future trajectory.

The value of a lifecourse approach has become evident over the three years of the project. First, integrating accounts of family and household change, employment and health has meant that households' particular decisions can be understood in a grounded and nuanced context. So, for example, simply quantifying the amount of debt facing a household means little without understanding the reason for the debt and the household's ability to resolve it. Around half the households in the qualitative study were either spiralling further into debt or climbing out of it. Being able to review those changing contexts over time has allowed for tenants themselves altering their attitudes and strategies. For example, households' views of financial difficulty and frugality shifted over the course of the project: 'coping' at the first interview was in some instances very different from 'coping' at the final interview.

Second, taking a lifecourse approach has allowed for a more meaningful classification of respondents than one based simply on one or two demographic, dichotomised attributes (employed, unemployed; loan parent, couple). There is a substantial difference between an 'all-adult household' comprising siblings that have never married and one containing parents and their adult children: patterns of obligation and expectation are markedly different between the people who are living together. 'Lone parents' and couples often face similar problems with juggling work and childcare, and can be as reliant on family members outside the household to share that responsibility. Furthermore, classifications of work status offer little illumination on an individual's distance from the labour market: a 57-year old with a minor disability is clearly in a different position from a 23-year old graduate although both may be out of work. As this report indicates, tenants did not necessarily move in and out of work. Changing status reflected a messier movement between part-time jobs, periods of self-employment, and full employment. Nuanced classification contributes to more meaningful analysis and improves the quality of data interpretation.

Third, a longitudinal approach has increased the degree of trust between respondent and interviewer. At the final interview, respondents could be very frank about their financial difficulties and their ability to cope. This frankness was particularly important in completing detailed household budgets, and in talking about the impacts of living on a very restricted income.

Fourth, a longitudinal approach allowed the researchers time and space to learn about a household's dynamic, to test possible interpretations of how things were going, and to discuss those interpretations with tenants. The interviews explored households' housing histories, their housing decisions, their work experiences, their ways of managing money and – often – their dealings with the benefit system. These narratives were rather more complex than could be absorbed in a single interview, and being able to return meant that it was possible to clarify accounts that, on analysis, were not always clear.

Fieldwork

All the interviews were completed face-to-face, with the two researchers each revisiting the same set of respondents three times, roughly 12 months apart. The interviews took place in the months between October and March: R1 in 2013-14, R2 in 2014-15 and R3 in 2015-16. The initial tranche of interviews was purposely large in order to accommodate attrition over the course of the study. A total of 120 interviews were completed over all three rounds.

Table 1.1: Respondents over three interview rounds (using R1 household classification)

Initial grouping / Year	**Couple with dependent children**	**Lone parent**	**Household containing a vulnerable individual**	**All-adult households**	**Adult migrants**	**Total interviews**
2013-14	11	9	12	12	10	54
2014-15	9	7	11	8	7	42
2015-16	7	5	8	8	6	34

Notes: Households containing a 'vulnerable' adult were defined as such by being in receipt of one or more disability-related benefits at R1; adult migrants had been born outside the UK, and had come to this country as teenagers or older.

Table 1.1 indicates that, over the course of the project, attrition was evenly spread across all the groups. Some households moved from one 'classification' to another: for example, one couple separated, and in another case a respondent recovered sufficiently from their mental health problems to move off disability benefits and into work. One respondent died during the course of the project.

Attrition was lower between R2 and R3. Almost all the R2 households were very willing to be re-contacted but in some instances there were practical problems. Two households were not living at the same address at the third interview round, and left no forwarding contact details. Mr and Mrs C.E., who had moved from shared ownership into the private rented sector between R1 and R2 were no longer living in the rented flat; Ms Z.A. had also moved. At the R2 interviews, both had intimated that they were unlikely to stay where they were. Some respondents proved impossible to tie down to an interview time, often because of the pressure of work.

All the interviews bar two were undertaken in the respondents' home, and lasted between 20 minutes and 1h 20 minutes. The shorter interviews could reflect the time constraints of the interviewee, or the mental and physical health problems of respondent. Also, tenants could find the interviews distressing. Some pathways into social housing were provoked by traumatic experiences, on which it was unnecessary to dwell. Two of the respondents with mental health problems were not able to answer fully questions relating to income.

Couples were not always interviewed together in each round; generally the female partner was the principal respondent and in some instances was interviewed alone. Note that the same-sex couple interviewed at R1 were no longer together at R2, and Ms L.N. declined to be interviewed at the third stage since she had had a recent bereavement.

The respondent households at R3

Analysis of respondent details following the R1 interviews reclassified respondents into new categories that were more reflective of their household circumstances. An overview follows of the household numbers in each category, and changes in those categories.

Young families (15)

Young families all contained one or more children under the age of twelve. It is important to distinguish 'young families' as a category: in these cases, housing need will increase purely as a consequence of the passage of time as children get older. Fifteen young families remained in the sample at R3. For almost all of these, there had been little change in circumstances. For overcrowded households, difficulties had become more acute. For example, for Mr and Mrs C.D. lived in a small two-bed house with two teenagers (son and daughter aged 17 and 15) and a younger son (aged 9). By R3, Mr C.D. had started night shift work, which had eased the problem of finding space for everyone to sleep. Issues of privacy remained problematic. Other families became technically overcrowded as mixed-gender children reached teen age; and a couple of young families initially comprised parents with babies but by R3 had toddlers in single-bed flats.

Ms T.U. had had another baby, and had moved through separation from her partner and lone parenthood at R1 to a closer relationship with that partner by R3 when the couple were actively pursuing their options for buying a property together. With baby and a toddler in a one-bed flat, they were severely overcrowded. Change was also marked for Mrs Z.B. at R3, who had married her fiancé between R2 and R3 and was expecting a baby. Her father had by this time moved out of their flat and into sheltered housing.

Some households moved from the status of 'mature families' to 'young families' as adult children living with their parents themselves had children. Indeed, two households newly contained three generations at R3. The partner of the younger son of Mrs M.N. had moved in, with the couple's one-year old baby. Mrs Q.S.'s daughter had also had a baby, rather unexpectedly, but still lived with her mother. The daughter's partner had taken some time to adjust to the new addition, and had initially stepped back from the relationship; at the time of the final interview the couple had again come together. The daughter of Miss O.P. was also pregnant at the R3 interview, and it seemed likely that her partner would move in, forming another 'hidden household'. As will be seen in chapter 3, these developments tended to place substantial pressure on parents' finances.

Mature families (9)

Nine of the families had become 'mature' families, with the youngest child or children now in secondary school by R3 or where parents were living with their adult offspring. These were the household group at highest risk of under-occupation, as adult children left the parental home. Five had one at least one more bedroom than their household needed, according to the social rented sector size criteria regulations. Some of the families in this group had children who were transitioning through college and on to higher education: Mrs M.O.'s daughter had begun a university degree and was living part of the year away from home. Hidden households were also in evidence amongst mature families: Mrs K.M. was the most extreme example: at R3 she lived with two of her sons and their partners.

Grandparent care-receivers (2)

Two of the couples in the sample were approaching pension-credit age. In both instances, the couples were in poor health and to some degree reliant on their adult children for a degree of support either financially or because ill-health has affected their mobility. Both couples were looking towards the possibility of moving into more suitable property in the longer term; in the meantime they were both over-accommodated by one bedroom.

Grandparents are care-givers (2)

In a further two instances, respondents were care-giving grandparents, in the sense that they were able to offer regular childcare support to their children. For Mr and Mrs X.Y. that support had intensified since the R2 interview, since their daughter's marriage had failed and she had to increase her working hours. Mrs U.V. had, by R3, taken over partial responsibility for the care of her 3-year-old grandson, who slept at her house for a good part of the week.

Families without children (3)

This group contained single people or couples with strong family connections, but whose family lived apart, perhaps some distance away. In each case, there could be still interdependence between family members particularly with regard to financial support. For example, over the last two interview rounds, Mrs D.F. described how she had regularly sent money overseas to support siblings and other relatives. Mr R.T. kept in close contact, by telephone, with his father who had paid for his driving lessons and test; and Mr E.F., who was severely disabled, often stayed with his parents when he was 'between' carers.

Isolated individuals (3)

There were three individuals who were judged to be isolated at R2, and their situation in this regard had not changed at the final round. None of these three individuals spoke of any close family connections that were maintained on a regular basis: Mr J.L. had been in care. These individuals had had mixed fortunes since the last interview round, as will be seen.

Changing status

Before discussing financial trajectories, it is worth noting that employment circumstances changed for the majority of respondents between R2 and R3. Nine of the respondent households had no change at all in employment status: these cases – including couples and single people – were either disabled and in receipt of the higher level Employment Support Allowance (ESA) or were on long-term sickness benefit and close to pension credit age. Five of the respondents were working part-time, and neither changed their job(s) nor their working hours over the last year. The remaining twenty respondents saw substantial change, covering a wide range of circumstances including a move from unemployment to self-employment (2), a change in part-time employment (2), an increase in part-time hours (2), moving through training into self-employment (2), a marked improvement in income from self-employment (2) or an 'upgrade' in career terms (2), a shift from part-time work to full-time work (2) and a shift from unemployment to part-time work (1).

Financial categories

At R2, respondents were placed on one of five financial categories, and these categories were reviewed at R3. These categories were defined as following:

Sub-subsistence: living on an extremely low income, where benefit restrictions had been applied or earnings were below £70 a week and below the 16 hour threshold for working tax credit for lone parents;

Spiralling downwards: households whose level of debt was increasing, generally through the accretion of arrears on mandatory bills, and where essentials might be paid for on credit cards, through informal borrowing or through the sale of possessions;

Halted decline: an improvement in financial circumstances – generally an increase in work hours – allowing for a gradual and steady reduction in indebtedness;

Holding steady: benefit/work income is sufficient to meet mandatory outgoings although there is generally little room for manoeuvre;

Moving up: financial, these households were doing well and improving their living standards; or they had a realistic prospect of financial improvement in the foreseeable future; and

Comfortable plateau: household income comfortably exceeds expenditure, and the household is able to save.

Deciding which category a household falls into is very much an issue of judgement and nuance. As will be seen, in later chapters, the boundaries around these definitions have started to become porous and require revision: the impact of not uprating benefit payments is being felt as a drop in income by households in the static categories of sub-substandard and 'holding steady'; and the innately unsustainable nature of living on a sub-substandard income has begun to tell. No household in this category at R2 had been able to prevent itself from falling into debt by R3.

Table 1.2: R3 respondents' financial classification over three rounds (n=34)

Initial grouping	Sub-substandard	Spiralling downwards	Halted decline	Holding steady	Moving up	Comfortable plateau
R1	2	8	5	13	5	1
R2	1	8	5	15	3	2
R3	4	5	5	9	8	3

Overall, six of the respondents had what might be termed a 'neutral' trajectory, in that their circumstances neither worsened nor improved over the course of the study. For example, for Mrs D.F., the third interview took place as she was shifting from one full-time professional medical post into another full-time post. This move was being taken largely as a career decision: her household remained on a 'comfortable plateau'. Two other households had moved into this classification by R3, largely as a consequence of positive career trajectories.

Fourteen of the respondents saw an improvement in their circumstances; and fourteen respondents were in a worse financial position at the end of the three years compared with the beginning. Improvement generally reflected an increase in working hours. Mr I.J. had worked through all the benefit changes consequent to a series of family crises and had taken on an additional job. At R3, he was no longer in debt and was paying for retraining in order to become a taxi-driver. Mr R.T. had been out of work for a long period of time, suffering from mental ill health but following a proactive jobcentre intervention had also completed a number of training courses and at R3 was a full-time security guard.

For fourteen respondents, household finances were rather less favourable at R3 than at the beginning of the study. A worsening trajectory generally reflected the failure of a household that was already vulnerable at R1, although there is one instance of a family remaining at sub-subsistence level for the entire period.

Structure of the report

The report will discuss the financial circumstances of the respondents in more detail, and is structured as follows.

Chapter two explains respondents' attitudes towards money management, and the kinds of strategies that were introduced in order to militate against risk. This chapter also introduces the way in which budget information was captured from respondents, and explains the rationale for that approach.

Chapter three draws a broad boundary around the household as a financial unit. Money and resources flowed between family members outside the 'formal' categories of income and expenditure. Particular issues emerged with the costs of continuing to house adult children; the contributions made by ex-partners to the costs of bringing up their children; and financial burden-sharing across the extended family in cases of emergency.

Chapter four addresses the circumstances of households where there had been an improvement in financial circumstances over the course of the project. Earlier reports have stressed that being in social housing is no constraint to aspiration, and a number of respondents were on positive career trajectories. However is notable that, in a number of cases, being on a 'comfortable plateau' financially did not necessarily mean that housing needs were being met.

The experiences of households deemed to be 'holding steady' is the subject of *chapter five*. Over the course of the study, 'holding steady' has proved to be a precarious status. Where households are wholly or partially reliant on benefit, there may have been no increase in indebtedness but there has been erosion in the quality of life.

Chapter six reviews in more detail the circumstances in which respondents' financial status worsened, and reviews how respondents were able to accommodate periods of precarity. The chapter also considers the experience of tenants in extreme financial difficulty which assess how far 'subsistence' is a sustainable state.

A selection of household budgets is laid out in *chapter seven*, reflecting a number of themes in the three previous chapters.

Chapter eight concludes the report by considering its wider thematic messages. These include the impact of household strategies for accommodating risk; the long-term attritional aspects of welfare reform impact; and rent levels as a determinant of dependence and independence. Specific London impacts review the importance of social housing as a support for the extended family.

Appendix one presents updated respondent biographies. It should be noted that this report focusses to a large degree on the R3 interviews, but does also draw on data from earlier interview rounds where appropriate.

Conclusion

The Real London Lives project has used qualitative longitudinal research to explore the experiences of g15 tenants living in housing association properties across London. This method has been invaluable, in allowing for the collection of a spread of household biographical data. Viewing households as dynamic entities allows for a better understanding of households' economic circumstances, and contributes to a more nuanced analysis of behaviours. This final report will consider how tenants have fared financially since the first interviews in the winter of 2013/14. Households that are progressing well generally evidence improvements in employment circumstances. However, where households were in any measure dependent on welfare payments, there was a likelihood of financial decline even for those tenants in part-time employment. Tenants who were financially vulnerable in the past were, at R3, generally in a much worse position.

Chapter Two: Money management

Introduction

This chapter discusses the ways in which respondents managed their money. It should be noted that, across the R3 respondents, most had a firm grasp of their income and outgoings and none were in any sense irresponsible in their spending. The chapter also considers attitudes towards earned income and benefit income, and strategies for dealing with risk in a possible drop in either. The chapter then addresses what this report regards as the essential 'mandatory' bills, including rent, utilities, council tax, childcare, and travel costs. Many respondents managed their finances through strategies that included short-term borrowing, and some were managing larger, long-term debts.

Researching money management

At each interview round, respondents were asked how they were faring financially. At R1, the interview included questions that explored how respondents generally managed their finances, the kinds of payments that came in and how they met their regular bills. The intention of this part of the interview intended to capture general attitudes towards money management. The vast majority of respondents were fully aware of their income and expenditure, although some were not very clear about the benefits they received or why they received the sums they did. Some rather confusing narratives could not be resolved in that regard.

Some respondents were in 'transitional' states, as benefits took time to catch up with changes in employment status. This created uncertainty as to what regular income and expenditure might look like once things had settled. It should be noted that all the interviews took place over the winter months, which meant that heating costs could be high. Also, in some instances, water bills and council tax bills had not yet been issued for the year. This fact was causing anxiety for respondents on very low incomes, who knew they were probably facing bills increasing from last year.

At R3, an attempt was made to ask more detailed questions that would enable the reconstruction – as far as possible – of respondent income and their weekly expenditure on what were deemed to be essential items. Here, the research defined 'essential items' as those items that were not discretionary, and/or where non-payment might result in legal action. This list included rent, utilities, council tax, car insurance and road tax where applicable, travel-to-work costs, TV licence and telephone/broadband. This latter requirement was deemed to be necessary in order to facilitate job search. Few of the respondents paid for any other entertainment or went on holiday; none had any digital media packages. The interview did not ask how much money respondents spent on such essentials as food and other grocery items or clothing since this expenditure is discretionary. As will be seen in passing in the following chapters, for many respondents the amount of money spent on food was dictated by how much money was left after essential bills were paid.

Interviewers decided not to collect budget information for some respondents. Where households were supported by well-paid, salaried jobs then there was a tendency not to complete a budget form and simply to record tenants' generalised assessment of their financial status. One or two respondents proved to be rather evasive when asked questions about their income and expenditure, and their desire for privacy in that regard was of course respected: questions as a consequence remained more general than specific. In a couple of cases, respondents with mental health problems had a limited ability to recall exact figures. Again, in these circumstances, they were not pressed for details.

Management styles

Universal Credit presupposes the possibility that households will be able to shift their spending patterns to a 'monthly' system, paying rent in advance and receiving benefits in a manner that anticipates receiving a monthly wage. The higher-earning respondents did indeed deal with all their household bills on a monthly system, with regular direct debits for all the major bills and the costs of those met through a regular salary. There were just four households that fell into this category, and all but one were reliant on a regular and steady joint income. The exception – Mrs Q.S. – had a well-paid part-time administrator job, which she had held for some years, and whose expenditure generally matched her income.

Macro management

For a small number of respondents, a broader 'macro' management was signally failing to exert a control on finances. Mrs D.E. made most of her principal bill payments through direct debit but did not always make sure that her income covered them. Her biggest income source was Child Tax Credits which went into the bank and which she hoped – perhaps rather than knew – would cover her utility costs. She tried not to dip into that money, and arranged the direct debits to go out as soon as the tax credit went in. She viewed any remaining money, therefore, as money available to spend on other needs. However, the 'remaining money', which was to a large degree her earned income, and she had fallen into the habit of paying for grocery expenditure on her credit cards when her income was low.

Other respondents were rather more successful at monthly management. Mrs J.K. also paid for all her bigger bills at the beginning of the month using her child tax credit: *I know what I have to do every month […] like a computer or a counter in my head,* *this for that and that for….* However, she generally allowed for the variability in her husband's self-employment income, and spent well within the average of his earnings.

Direct debits were not always regarded favourably as a good way of managing money. Mrs U.V. was paying her gas bill via direct debit, and hoping that she could even out her high winter usage by paying it off through the summer. For the vast majority of respondents, a schedule of formal direct debits meant a loss of control of their finances, and the risk that an incorrectly timed payment might prompt a bank charge.

Micro management

For respondents on a low income, it made little sense to try and manage their finances on a monthly basis. The amounts required by a monthly direct debit were not easy to accrue, and in any case the payments often meant that some bills were in surplus: few felt they could afford for their money not to be put to immediate use. Furthermore, the monthly payment might simply exceed the monthly income.

Overall, it was far easier to arrange weekly payments on appropriate payment cards. For example, Mrs C.D. micro-managed by paying small amounts on all her cards each week as soon as her principal benefits came through, then shopped for food with whatever was remaining; Miss O.P. had a similar strategy. Benefit payments tend to come through every two weeks, and so it often took some discipline to ensure that sufficient money was left for the 'second' week.'

Deferral and denial: juggling the bills

Juggling bills was a commonplace experience for respondents, and not just those living on very low incomes. Some respondents managed their principal bills by paying for them when they arrived. This strategy was not necessarily regarded as being a good strategy but it had some advantages including allowing for a slightly higher level of weekly disposable income. It was generally hoped that when the bill came in, the households at that time might be in a position to pay some or all of it. It might be that – in the future – income may have taken an upturn; or the respondent might negotiate with the utility company to make a small, gradual repayment over a longer time period. In essence, the respondents were aiming to use the utility companies to loan them the money. Mrs U.W.'s strategy in this regard had backfired, and at R3 she was paying a water bill by selling her jewellery.

This strategy could not be employed repeatedly since in a number of cases respondents were required by their utility company to move onto a card payment. In these cases, arrears repayments were recovered through the card itself: a small portion of each payment on the card would be automatically diverted to repay the debt.

In other instances, some bills did not get paid, or changes in circumstances were not declared. Miss O.P. was frank in admitting that she simply did not pay her TV licence. She had also not informed the authorities that her daughter was now in work, and so faced the possibility that her housing benefit was being overpaid by at least £15 a week. This was something she had decided not to think about.

Income sources

At R3, seven of the 54 respondents were in receipt of no benefits at all except for child benefit where the household had children, and fifteen had some income from earnings. Seven households were reliant wholly on benefit income, and in almost all cases this as a consequence of illness or disability.

Earned income

Seven respondents were earning incomes that were sufficient for them not need benefit to supplement their income. Mr and Mrs T.V., in shared ownership, were at R3 in receipt of a joint income of around £35,000 a year; similarly, Mr and Mrs Q.R. were between them earning a little more, and were – also at R3 – completing on their right-to-buy house purchase. Mrs M.N. reckoned her income as being close to £40,000 a year, although she was not considering any movement out of her property.

Fifteen respondents were in part-time or low-paid employment. All in this group had applied for housing benefit, some received working tax credits where their hours allowed and some received child tax credit. Self-employment could bring income fluctuation and low income. For example, Mr C.D. earned just £60-70 a week through working 24h in three night shifts as a self-employed taxi-driver. He had only just started in the job, and the family hoped that as his experience improved then the amount of work he would be given would increase, along with his hours. Where self-employed income was low, households tended to budget according to their benefit income and use the employment income as 'extra' rather than rely on the employment income to meet their living expenses. This meant that being self-employed could result in frugal lifestyles.

Many of the respondents in part-time work also had incomes at or below the minimum wage. In these circumstances, the basic costs of living absorbed much of the earnings, leaving respondents with very little to show for their labour. Mr I.J.'s three cleaning jobs were all secured via agencies, and his take-home pay amounted to £6 an hour once the agency had deducted its fee. He felt that at £8 an hour, he would be a little more secure, financially:

> *You look at the amount you get paid when you go shopping, you buy a few items and the money is gone so you come back to zero. When you get paid £8-something you think at least when you go shopping you can save a little.*

Nevertheless, Mr I.J. had since R2 been able to repay a debt accrued to pay for his wife's funeral, and had started to send some money to family in his home country. The wages of respondents in full-time work were not always better. Mr A.D. was working a 45h week in retail, and had weekly take-home pay of around £183, with occasionally £20 extra if he worked overtime.

In relying on two or more part-time jobs, some respondents risked falling into financial difficulties. This was certainly the case for Mrs D.E. who had signed off in order to be available on a zero-hour contract for teaching work, which she supplemented through another zero-hour contract working for a cleaning agency. She was undertaking these jobs whilst she completed a formal qualification in foreign language teaching, which restricted her willingness to seek a full-time post currently. Substantial fluctuation in her income meant that she was unable to plan her expenditure, and was falling into difficulties because it was often the case that her direct debits exceeded her income.

Benefit income

It was not the purpose of the research to complete a full benefit calculation for each household: respondents' account of their income was accepted as it were given, following some probes for clarification purposes. Where respondents were wholly reliant on benefit income this was generally a reflection of their health problems. Changes to the benefit system mean that, in effect, these respondents have seen a cut in income over the last three years. Mr E.F. was a severely disabled man who required the attention of a live-in carer. At the time of the R3 interview, he was staying with his parents as arrangements were made for an emergency replacement for his last carer who had moved on to another job. He was a graduate, and had accrued both student loan debt and additional debt as a consequence of a benefit overpayment during a short period of employment. Although Mr E.F. was in theory in receipt of regular benefit income, changes to the way that care costs were met through direct payments meant that some of his carers' costs were no longer met, including his carer's transport: Mr E.F. cannot travel unaccompanied. He said that his quality of life had diminished substantially, and he felt very isolated.

A couple of the respondents were unemployed and looking for work. Ms Y.Z. had just finished a HND at R3, but did not sign on for two months after the completion of her course. She was looking to get into the production side of the fashion industry, and was seeking an internship or apprenticeship at a local factory. Mrs U.V. anticipated that she would soon be moved onto Jobseeker's Allowance (JSA) after a long period out of work on the lower level employment support allowance (ESA), and was considering training options.

The majority in work were in receipt of working tax credits, but not all. Mrs H.J. was working for just three hours a day, five days a week which was substantially below the thirty-hour threshold needed as a single person. This meant that she was entirely reliant on her earned income of £140 a week plus housing benefit. Factoring in her travel-to-work cost meant that her discretionary spend was less than would have been the case had she been in receipt of JSA. It was not unusual for respondents to under-claim. Mr C.D. did not apply for JSA when he lost his job, and the family has not claimed for working tax credit, despite the fact that he works for 24 hours a week and is in receipt of a very low income.

Most people were in receipt of housing benefit, which for those in employment covered some of the rent. Some people were not necessarily fully aware of the relationship between JSA and housing benefit: Mrs D.E. was inadvertently falling into rent arrears since she had failed to renew her housing benefit claim when she stopped claiming JSA and chose to rely on her agency-hours income.

Mitigating risk

Tenants who had had problems with housing and with finances in the past tended to put in place what might be regarded as excessive strategies to guard against the recurrence of those problems. Mr and Mrs K.L. had just cleared the consumer debt which had accumulated over a long period in work. They regarded insurance as their best option for guarding against debt that might follow a failure of any of their main household consumer goods. They were spending over £200 a month on various insurance policies for a range of items; given the fact that the couple were unlikely to work again, this cost might prove to be unsustainable.

Mr J.L. had built up a balance of £2,000 on his post office payment card. He was in very poor physical health – he was being treated for emphysema – and also had mental health problems. He was in receipt of the higher-level ESA. He had also fallen into debt in the past year: extended periods in hospital meant that there was some confusion with his benefits which led to problems including arrears his water bill, which he was still repaying. His tendency was underspend as far as possible to maintain a 'buffer' savings amount and to micro-manage his finances which he saw very much as a full-time job.

Other respondents mitigated risk specifically as it related to rents through overpaying on their rent account. This was the case with Mr and Mrs Q.R., who despite restricting their expenditure overall were still two months ahead on their rent account. Ms T.U. similarly made additional payments on the rent account: it was, for her, a form of savings that protected her against the risk of eviction if she fell into financial difficulties. This was also the case for Mr and Mrs W.X.: after a long period in debt, the couple were highly alert to possibility of arrear or debt; Mr W.X.'s ill health meant that he would have to give up work at some juncture. Mrs K.M. also overpaid substantially on her rent account, but in part this was a defence against the fact that the household was generally over-accommodated: she lived with her two sons and their partners in a four-bedroomed house.

A further element of risk mitigation for some respondents included a resolution to minimise any reliance on benefit, and indeed not to apply for benefit to which they were entitled. This strategy reflected problems with benefits in the past, which left applicants in greater financial difficulty than they would have been had they not applied. Applicants who were working part-time often preferred to depend on even very low earned income than relying on the benefit system to keep pace with what might be variable earnings. The prospect of overpayments was too daunting to risk. Mrs M.O. was adamant: *As long as I can manage to pay the rent, I'll pay it.* She had fallen into debt because of an over payment. Mrs A.D. looked forward to developing her own business: *And then I'm going to say goodbye to housing benefit*. She and her husband had also been subject to a substantial overpayment, which had taken around three years to repay.

Essential bills

Slightly different narratives attached to the different types of essential bills that respondents were paying, and to some degree this reflected on the service providers' different strategies for dealing with arrears and non-payments.

Paying the rent

One issue that has emerged during the course of the study was the difficulty attached to isolating the cost of the rent specifically, the amount of housing benefit that is paid, and the reason for any shortfall in that rental payment. Respondents who had moved into newer flats were often paying service charges in addition to their rent, to cover the costs of caretaking of shared areas. As the budgets in Chapter 8 demonstrate, respondents were generally paying no more than £210 a week in rent costs depending on the size of property. Nevertheless, 22 out of the 34 respondents at R3 were behind with their rent payments.

Respondents were not always clear about how much rent they were being charged. When Mr A.C. returned to work after a long period of unemployment he was surprised to find that his housing costs absorbed about a third of his earnings; he was no longer eligible for housing benefit and was meeting the whole cost himself. In some instances, the rent included a payment for water charges, or a sum to cover past arrears, or an additional sum so that the rent would eventually be paid in advance.

Respondents could be very adamant about the need to prioritise their rent payment. As Mr I.J. commented, *the first thing I think about is how to pay the rent, because this is where I live*. Nevertheless, fifteen households reported that they were in arrears with their rent at R3. Many were paying off their arrears weekly. For Mrs S.U. the level of repayment was very low, given her limited income, and it was likely to take years to clear the debt. Mrs S.U. was also dealing with a reduction in housing benefit due to the social rented sector size criteria, as were six other households at R3. Two of the households had successfully applied for discretionary hardship payments; Mrs U.V. had also applied, but this covered only one of the two rooms she was over-accommodated by.

Utilities

After rent, utility costs were the next highest type of payment. The interviews took place over the winter months, when heating costs were high. In many cases, problems with paying for gas and electricity were exacerbated by damp in the property. At R1, Mrs F.G. had only storage heaters in her new ground-floor flat, which remained extremely damp following a flood in the area. Her son had asthma, which meant that she was spending upwards of £25 a week on heating alone. Other respondents had medical conditions which meant that they found it difficult to tolerate the cold. This was certainly the case with Mrs Q.R., whose fibromyalgia meant that she felt the cold particularly acutely: she and her husband generally spent at least £30 a week on heating their flat which was – as for other households – damp and mouldy. Mrs N.P. was living in a corner house and also spending around £25 a week on heating: her radiators worked inadequately, and she had single-glazed windows.

By contrast, Mrs and Mrs X.Y. had, by R3, moved into a new ‘eco’ home. The rent was £90 more than their previous property – which had been £220 a week – but they were hoping that this increase would be offset by substantially lower heating and water bills. Mrs U.W. was also living in a flat with solar panels that meant she had free hot water although through the winter months she did not feel any benefit.

Council tax

Devolution of responsibility for a rebate on council tax to local authorities affected all the households in the survey. Households on lower income were generally required to make some contribution, which generally was generally in the range of around £10 or £12.50 a week. A number of respondents had fallen into difficulties with paying council tax, and in some instances found themselves embroiled in debtrecovery procedures. This was the case with Mrs M.O., who at R1 had fallen into debt when her husband lost his job. They fell behind with a number of bills, but bailiffs had come to her home to recover council tax debt. They threatened to return later that day, when parents were due to pick up the children Mrs M.O was being paid to care for, but she was able to find some money to pay the bailiffs. Speaking at R1, Ms W.Y. also had a visit from the bailiff's with regard to overdue council tax: *I can't put into words how you feel when that happens to you. It's horrendous*. In this instance, Mrs W.Y.'s difficulties reflected fluctuating income, and was only resolved after the intervention of the Money Advice Service which also supported her in an appeal against a decision to put her on an unsustainable £60 a month repayment plan.

At R2, Ms B.E. had also been visited by the bailiffs to recover council tax debt. A family member offered to give them a cheque but it would take days to clear and so the bailiffs would not accept it. A cousin lent her some cash and Ms B.E. took out a Provident Loan for £300. Court fees and bailiff fees added £700 to her debt. Most of that debt was paid when the cheque finally cleared but she was still paying off the interest accrued on the Provident Loan. At R1 and R2, Ms N.O. had arrears of council tax and was in dispute as to the amount she had to repay. This problem was still rumbling on at R3, at which point she was overpaying each month in order to reduce the debt. Mrs U.W. had also been caught up in a council tax debt, and prioritised that payment since she knew they would charge more if she fell behind.

Childcare

Meeting the costs of childcare was a problematic element of expenditure. Mr and Mrs T.V. had moved up into a more stable financial situation by R3, as Mrs T.V. had secured a full-time, salaried job. However, the childcare costs for the couple's pre-school daughter amount to £600 a month. Ms T.U. was also finding that a good proportion of her earnings were being absorbed by childcare costs; she was continuing to pay this whilst on maternity leave, in order not to lose her child's place at nursery.

Other, lower-income, households were not taking up work that might require them to need childcare unless that care was freely available from friends or family. Mothers were often anticipating the period when their babies reached the age when free childcare places might be available. Mrs B.C. – interviewed at R2 – had been distressed to find that her childcare costs were not covered by the benefit system when she returned to work after a period of maternity leave. Her employment earnings – even in addition to child tax credits and working tax credits – were simply insufficient for her to cope financially. She had three children, and had recently moved away from her mother-in-law, who had in the past offered substantial childcare support.

Travel

Travel costs constituted a substantial burden in many household budgets, particularly in terms of getting to work and getting children to and from school or nursery. Mrs A.D. felt conflicted at R3, with her husband's new retail job in the centre of London. The income constituted an improvement on his previous earnings from two small part-time jobs but it cost nearly £40 to travel to work at peak time five times a week. Mr A.D. had tried to minimise costs by purchasing a bike so that he could travel to inner London from a closer underground zone but had an accident and was off work for six weeks: his wife did not want him to try this again.

Travel-to-work costs were disproportionately heavy where respondents could secure part-time, low-paid employment. Mrs H.J spent an hour to get to work and back, for her three-hour a day cleaning job. It had taken her some months to be able to get work, and this was the only employment she had been offered; she had been unable to secure anything more local. After paying her rent and mandatory bills, Mrs H.J had less than £30 a week to cover all her remaining expenses, including travel-to-work costs.

Access to free transport was a major boon to many households. Mr and Mrs K.L. had had to sell their campervan because they could no longer afford the upkeep, but had free use of a friend's car and so their transport costs were minimal. Having a car was a necessity in some circumstances: Mrs D.E. was picking up odd agency hours which in a day might require her to be in very dispersed locations; living on the edge of London, she could not rely on public transport.

Short-term borrowing

Many of the respondents borrowed in order to meet their regular outgoings. Often the borrowing was informal rather than formal, and reflected an economy of exchange between people in similar circumstances. Respondents mentioned borrowing and lending between neighbours and friends to put money on utility key cards, an arrangement that would take place over the short term. Sometimes the 'borrowing' might be from people who did not necessarily expect to be paid back immediately. Mrs B.C. sometimes borrowed from her mother-in-law in small sums of £10 or £20; Mr G.H. borrowed from a friend on a regular basis: his income was simply insufficient to meet his outgoings, and borrowing helped him to juggle the bills.

Other borrowing took place on slightly larger scale, and reflected what might be termed 'strategic' and generally one-off expenditure. Mrs C.D. borrowed money from a family friend – around £500 – to help tide her family over a period of unemployment, and to contribute to her husband retraining. Mrs J.K. borrowed £500 from her brother to help meet the cost of training to be a phlebotomist. Mr I.J. was able to borrow from his employers, who offered him an interest-free loan of £2,000 which was used to help meet his wife's funeral costs. These were all households that were highly unlikely to borrow to meet essential expenses.

Use of payday loans was generally not regarded with favour, and many respondents themselves introduced and dismissed the option. Mrs Q.R. was emphatic: *Ah! Even when I was struggling I never went there.* Nevertheless, this source of finance was regularly used by some. Mrs B.C. took regular payday loans of £100 and aimed to pay them back before the interest cost more than £30.

Long-term debt

Many households in the survey were extremely debt-averse. There was a strong sense of pride that the household could live within its income, despite the privation this may cause personally and particularly for the – generally female – household money manager. The incidence of debt in the past made many people unwilling to be in that position again.

Also, attitudes towards debt were pragmatic: finances were generally too limited to accommodate debt repayments. Both Miss O.P. and Ms L.N. had long-term illnesses which restricted their capacity to work or gain any additional income. As Miss O.P. commented, *it's all well and good me borrowing something but if I haven't got the money now, how am I going to find the money to pay back?* Ms L.N. was similarly adamant: she didn't get into debt *because I'll never be in a position to get out of it*.

However, there was a sense in which some aspects of money management were, for the majority of respondents, largely synonymous with debt management. A number of households had consumer debt, since they used catalogues to purchase household items that need replacing – irons, kettles etc. – and which allowed repayments over a number of weeks, or a delay before repayment was required. A small handful of the respondents indicated that they were in a three-month 'grace' period before a catalogue debt started to accrue high interest, and were uncertain how they would manage to pay it back.

Other respondents had credit card debt. Mrs S.T. had fallen into financial difficulty when her husband died, and commented at R2 that *the credit cards are getting a bashing at the moment*. She was aiming to pay off the minimum each month, but substantial debt remained and was increasing. She anticipated that when her new benefit status was settled, she would be able to repay more, and was settling into a more restricted pattern of spending. This was also the case for Mrs D.E., who generally put her shopping on one of two credit cards, and at R3 owed between £600 and £700. She also anticipated a time when the debt would be resolved by an increase in her working hours.

Conclusion

Some respondents in the sample were clearly comfortable financially, earning regular salaries which meant that they were able to live with no recourse to benefits at all. Indeed, one respondent was transitioning to owner occupation. Other respondents were finding balancing their household books rather more challenging. An overview of approaches to financial management indicates that, with a small handful of exceptions, respondents were skilled money managers. There could be confusion with understandings of benefit entitlement but once people were clear about their level of income, they generally kept within it as far as they were able. However, this chapter has stressed the fact that for lower-income households, expenditure did not generally extend beyond essentials. Food and grocery bills constituted an elastic expense that fitted the money remaining after all other costs were met.

Chapter Three: Intergenerational and inter-family exchange

Introduction

This chapter discusses the ways in which family economics could include family members and friends living outside the household. The chapter also considers the problems and benefits of adult children continuing to live in the parental home. This was an issue that started to emerge late in the study period, and by the end of R3 it became clear that interviews with *all* adult members of the household were required in order to arrive at a sound understanding of that household's finances. The accounts in this chapter are, therefore, partial. The chapter also considers the financial support to mothers given by absent ex-partners.

Adult children at home

A number of respondents had adult children living in the parental home. These were, for the most part, children who had simply continued to live at home rather than individuals who had spent time living away to work or study and then returned. Few of the respondents reported that they had come to a strategic arrangement about sharing the household costs. It was more common for adult children might make either sporadic, informal contributions or take responsibility for paying one of the bills. This rather uneven arrangement could be the case even in households where the respondent was in receipt of benefit and the adult child was in work. Mr and Mrs P.R. had two adult sons in the twenties still living with them; the working son did make regular contributions particularly to utilities, in topping up payment cards or helping financially when bills came in. The other son had been unemployed for some time, but had decided not to claim JSA and made no financial contribution at all.

At the same time as failing to make a financial contribution, the adult children's call on household resources could be excessive. At R2, Mrs S.U commented that she was uncertain whether she was ahead financially now her son now living away from home: she was now subject to the social rented sector size criteria in having one bedroom extra, but in practice his being home meant she had to feed him – he had a healthy appetite – which more than offset that saving. In addition, he tended to want the heating on during the day, which pushed up expenditure on her utility card.

Mrs and Mrs P.R. were not the only household with a non-working child/adult who had not signed on. In these circumstances, parents were meeting all their child's expenses. Mrs S.T. reflected, talking at R2: *I think it's because they're your kids, you don't expect them to go out and pay you, to pay you rent. Because this is their home, where* *they grew up. I mean it's quite weird when I started working I had to pay my mum, she made me pay.* Mrs S.T. thought she would also require some kind of payment when her daughter started work, and would not tolerate for much longer her daughter's failure to sign on.

Where households had teenaged children, respondents expected that those children would be leaving home to study. For Mr and Mrs Q.R., this prospect meant that there would be a reduction in overcrowding in the house, although their nephew was only moving to another part of London. Mrs C.D., desperate for space, thought that her children would still remain at home and study, since the family would not be able to afford otherwise.

Family close by

Having family close by was both a resource and a burden in financial terms. At R2, Mr and Mrs K.L. – a couple in poor health and close to retirement age – were anxious about their daughter. Her husband had recently been diagnosed as having a bipolar disorder and the family were now reliant on long-term sickness benefit. The couple had children, and so often used food banks. Mr and Mrs K.L. would have been able to give solid financial assistance when they were both in work but the only thing they were able to offer was extra food acquired in 'buy one, get one free' deals. There was some guilt that the couple were not able to offer more help. For the most part, however, close family meant that informal borrowing and lending could take place on a fairly ad hoc basis.

Some of the respondents were themselves highly reliant on family living in reasonable proximity. Mrs D.G. borrowed small sums from her daughter and paid back a little at a time. Mr R.T. was for a long time reliant on his father sending money regularly. Mrs C.F. sometimes pooled grocery costs with her mother-in-law and they all ate together: *If she has anything and her grandchildren need anything, she's going to give it to them*. Mr E.F. relied heavily on his parents' financial assistance to purchase items that he could no longer fund from his disability benefit income: for example, a specialist wheelchair, and an annual travelcard for his carer. Mr E.F. did not welcome this level of dependence, which had intensified during the course of the research period. His parents were close to retirement, and his mother had had to extend her working career in order to be able to continue offering financial assistance.

Mrs V.X. was also heavily reliant on her brother, in helping her to settle her finances given her serious mental health problems. He also contributed financially to the household, for example, in taking Mrs V.X. to the supermarket and paying for the shopping. Mrs V.X. found discussing benefits and bills extremely distressing. This was especially the case at R3, since her brother had died recently and very unexpectedly. She said that she simply did not want to think about how she might manage. Her adult daughter lived in the neighbourhood and gave support but she herself had recently had a baby and was living in temporary accommodation; it is not likely that would be able to give financial assistance.

Family support could also extend to the provision of free childcare. The son of Mrs U.V. had, after a long and protracted court case, gained custody of his son and Mrs U.V. looked after her grandson for five days a week. This arrangement worked well for the grandson, since his grandmother's house had a garden and more space; his father lived in a one-bed flat. Ms N.O. also relied on her ex-mother-in-law for free childcare. At R1, her youngest daughter stayed with her grandmother two of the three days a week that Ms N.O. worked. Mr and Mrs Q.R. had also benefitted from the fact that family members lived close by. Mrs Q.R. had been able to return to work full time after her maternity leave because her mother-in-law had come to stay for an extended period with her other son. Mrs Q.R. left her daughter there for part of the week. At R3, the mother-in-law had returned home but her sister-in-law had since had a baby and was happy to take care of both children; a cousin was paid informally for the days when both mothers were working. Overall, it seemed, the extended family was pooling its childcare responsibilities and resources.

Family responsibilities in home countries

It was decided initially to include adult migrants as a subset within the group as a means of exploring the degree to which this characteristic impacted on housing and work decisions. It was evident that having family abroad was tending to be more burdensome than otherwise for the households in the survey. Mrs D.E. was having the most acute problems, since her mother had fallen ill back in Mrs D.E.'s home South American country. Mrs D.E. had to travel abroad on short notice with her two daughters just before Christmas, at a time when flights were more expensive than they would otherwise have been. These costs she put on her credit card. Since that time, she has been sending undisclosed amounts of money home regularly. Not only has she been sending money abroad, but having to travel suddenly brought an end to her Income Support claim, which in turn ended her housing benefit payments. She is now in serious arrears with all her bills.

Mr I.J. also made regular payments abroad, of around £100 a month, to pay the costs of supporting his children there. His longer term intention was to send sufficient money abroad to set up for retirement there although he did not regard this expenditure as 'savings'. Mr Q.R. also sent money abroad, which had added to the made the family's financial pressures at R1 and R2, but were more easily afforded as the couple's finances improved by the third year. Adult migrants were clearly doubly disadvantaged, in the pressure to send money 'home', and through lack of support that might usually be expected from immediate family.

Hidden households

A number of respondents were living with 'hidden households', or family units that would in other circumstances seek to live independently. These hidden households were generally adult children living with their partners as a couple in their parent's home, or single adult children and their child. These circumstances could be temporary: Mrs K.M.'s son and his partner had returned to the parental home after being evicted from their social housing tenancy; they were staying with Mrs K.M. for a few weeks whilst seeking a PRS tenancy. In other instances cases, the 'hidden household' was simply regarded as being too young to be able to hold down an independent tenancy. Parents were often waiting for their adult children to finish college, training or study and settle into work before asking them to move out. This was certainly the case for Miss Q.S., whose daughter had had a baby in the months prior to R3, and whose partner was still living with his mother. The young family lived 'between' the two parents' houses. Mrs V.X.'s son also lived part of the week with his partner's family, and Mrs V.X. shared childcare with the other grandparents whilst the child's young parents worked and studied.

In some instances, this arrangement included a financial exchange. Mrs M.N. was a single parent with three adult sons, two of whom – aged 18 and 22 at R1 – were still living with her in a two-bed flat. Mrs M.N's finances were not on a sound footing at R1, and she had continued to accrue debt at R2. In part, the problems reflected difficulties with her getting her business off the ground. However, by R3 one son had left for a Northern university and her other son's partner and their child had moved in. Both the son and his partner were in work, and they had started to contribute regularly to household bills, adding financial stability. Mrs K.M. had a son with learning difficulties still at home; by R2 his wife had moved to the UK from India and had started to contribute £30 a week to the household expenses from her part-time job; the other son and daughter contributed £20 a week. However, in none of these cases was it evident that the amount paid constituted a fair percentage of the household's overall costs.

An even more problematic narrative was relayed by Miss O.P., who had a degenerative condition. At R1 she was living in a three-bed house with her daughter, who was at college. By R3 her daughter had left college, and had started work for an estate agent. She made no contribution to the household finances: in her mother's view, *it's not that I don't want her to pay her own way, it's just that everyone's struggling, we're all struggling*. By R3 her daughter had also fallen pregnant and it seemed likely that once the baby came, her daughter's partner would move in. He was also in work but, as Miss O.P. commented, neither was making *megabucks* and so to *try and get out there onto the property ladder is nigh-on impossible*. Miss O.P. was aware that her housing benefit was likely to be reduced once the authorities knew that her daughter was in work: *I'll be absolutely buggered, in all fairness, financially wiped out*.

Nevertheless, she still did not anticipate coming to a more equitable financial arrangement with her daughter. By the end of the interview, Miss O.P. was reflecting on the possibility that she might be better off financially herself moving into a smaller property. Mrs Q.S. felt similarly conflicted about asking her daughter for money, despite the fact that having her and her baby at home was adding substantially to the heating bill: 'I don't necessarily give her anything but [whispers] she doesn't give me any rent, and I do feel a bit…I wouldn't like to ask for it at the moment. She felt that you have to teach them but you don't want to be a, draconian, 'I want all your money off you'.

By contrast, Mr and Mrs W.X. – interviewed at R2 – also lived with a daughter and toddler granddaughter. The respondents had been used to this kind of arrangement since Mr W.X.'s elderly mother had lived with them until she died. Mrs W.X. and her daughter both worked part-time, and shared childcare between them. The entire family pooled its income and paid the bills and shopped for groceries together, sharing the cost.

Absent fathers

Single mothers in the survey tended not to relay positive stories about their ex-partners. Ms N.O. was one exception. At R1 and R2 she had been under severe financial pressure, in keeping her household together and holding down a part-time job in a school. By R3 she had come to an arrangement with her ex-partner, ensuing that more regular payments were made into her bank account. He had originally stipulated that he only wanted the money to go to his daughter. Ms N.O. argued that his daughter needed her to be able to meet their household expenses; by R3 he was contributing £100 a month although he often had to be reminded. Ms T.U. also commented that she had had to be adamant with her ex-partner about his contribution.

Mrs M.O., who separated from her husband during the course of the study, reported that her husband made regular 'pocket money' payments into his daughters' bank accounts, but made no household contribution. Similarly, at R1, Mrs D.E.'s husband generally made sporadic contributions for one-off expenses for his daughters, such as larger clothing items and birthday gifts. However, by R3 he had remarried, and ceased to make any contribution at all. Mrs D.E. had – like many single women in the study – decided not to pursue the matter in part because they did not want to sour her children's relationship with their father. Also, there was often little point:

ex-partners were very often not in well-paid work, or had problems which precluded them from working.

Separation meant financial difficulty, but could also substantially reduce the family resources on which a single parent might draw. As has been seen, mothers-in-law were a frequent source of free childcare.

Conclusion

It had been anticipated that, in the constraints of the London housing market, the existence of a larger number of households containing 'hidden households' and multiple generations might be the inadvertent context for the creation of more stable economic units that could draw on a wider income pool. In fact, this research indicates that this was not often the case. The presence of working adult children in a household did not necessarily offset their parents' financial difficulties and indeed might actually exacerbate those problems. The research has not been able to isolate the 'cost' of non-paying individuals to their families.

Perhaps more positively the narratives here indicate that there does tend to be a strong pattern of inter-family support enabling some households to rely on their extended family for free credit, for free childcare and – on occasion – for free accommodation when warranted by circumstances. This liberality relied on families having just a little extra they could share in times of difficulty. A family moving up, and with resources, tended to spread its good fortune.

Chapter Four: Improving finances: moving up and comfortable plateau

Introduction

Around a third of the respondents were in financial circumstances at R3 that were a marked improvement on their situation earlier in the study. Often, but not always, this improvement reflected a change in employment circumstances which generally entailed an increase in work hours. For some respondents, there was a sense in which the change promised a sustained upward trajectory, reflecting a formal and progressive career development. For others, the improvement was rather less certain and respondents themselves feared that their finances might take a downturn.

Increasing work hours

The majority of respondents whose financial circumstances were improving at R3 were doing so as a consequence of increases to their earned income. Mr and Mrs T.V. had seen a major boost to their household income as a consequence of Mrs T.V.'s shift from part-time agency language teaching to full-time salaried employment in a secondary school. This transition had taken place over a long period: at R2, Mrs T.V. was in the middle of gaining a higher qualification in education, which left them short of money and time. This was an extended period of privation in order to garner future rewards. By R3, the couple were in a position to begin clearing accrued debt from that time. Mr T.V. was working 40 hours a week as a security guard, and Mrs T.V. was contracted to work 42½ hours a week. They had a joint income of around £2,900 a month, although childcare costs constituted their second biggest cost after their rent/mortgage.

Other respondents had also increased their work hours. Over the last three years, Mr and Mrs Y.A. have moved from a situation of financial insecurity and debt after the husband lost his job at a bike shop. Mrs Y.A.'s income from her part-time hours at a supermarket had not been sufficient to meet their expenses. By R3, Mr Y.A. had started work at the same supermarket, and risen to a full-time higher supervisory position. The couple both felt that their jobs were secure, although Mrs Y.A. was thinking in the medium term about retraining and getting back into nursery work. The couple were no longer in receipt of any work or housing-related benefits.

Mr I.J. had by R3 taken up a third cleaning job, which meant that each day he worked 1½ hours cleaning a cinema in the morning and two separate cleaning jobs for three hours each evening. At R2 his intent had been to ensure that he worked at least 16 hours in order to be eligible for working tax credits as a lone parent.

However, he had since decided to aim for complete financial independence. At R3 he had almost completed the mandatory training required to become a taxi driver.

Mr A.D. had also had two part-time jobs at R2, but at R3 had moved into a full-time position in retail in central London. Ms N.O. had also taken another part-time job, to supplement her income from the 21 hours she worked over three days at a local school. The additional job was with Transport for London, and included subsidised travel. This latter factor in itself has contributed substantially to an improvement in the household's budget. The new job has taken Ms N.O. to a total of 35 working hours a week. At R3 she was thinking of leasing a new car, and had starting savings accounts for each of her two daughters.

Mr J.K. had, apparently, successfully progressed through training and into self-employment as a painter-decorator. The company he had worked for whilst he was training had closed down, but he had been able to pick up jobs largely through word of mouth and his existing contacts in the industry. Since moving into self-employment, the longest period he has had without a job in hand was a week. His wife had also taken the opportunity to explore possible work options and had paid £800 for training to be a phlebotomist. Eventually, she said, she would like to move into nursing or midwifery.

Mrs M.N. was also self-employed, as a therapist. She had had substantial financial difficulties at R1 and R2, in keeping up a household with two adult sons who made only minor contributions to household expenses. However, by R3 it was evident that her business had started to become successful, and she reported that all her debts had been cleared. Indeed, an increase in income meant that she was able to come off housing benefit and working tax credit. She did have rent arrears, but this was because she was in dispute with her landlord about a property repair. Mrs M.O. was also self-employed as a childminder. At R2 she had been hoping to extend her business and by R3 this had indeed happened. She was in a position to offer paid employment to her daughter when she came home from university.

After being out of work for years, Mr A.C. had found a job by R3. He had attended a local job fair and been successful in applying for a local authority-backed employment scheme. He was given a six-month contract, rated at the London Living Wage. The work entailed general grounds and common areas maintenance on a social housing estate around thirty minutes away from his flat. He was evidently pleased to be in work:

> *Of course it's better to be in work. You feel part of society again in a sense, it's difficult to explain really. But I mean you tend to sort of like, when you're that long unemployed you sort of tend to avoid…you're not able to do things, you're not able to buy things […] It makes you feel like the lowest of the low.*

The job meant that he had been able to clear the debt that had accumulated on his credit card, and was no longer in rent arrears. He had also taken the opportunity to make one or two 'capital' purchases including a new mattress: he had not had a new one for twenty years. Mr R.T. had also had a substantive improvement to his finances after a long period out of work: he had a history of drug addiction and alcohol misuse. By R2 he had been encouraged into active retraining, and at R3 was in full-time employment earning a regular monthly salary working as a security guard in a large supermarket. Although his shift work was irregular, and his pay was £7.80 an hour, his work hours and opportunities for overtime meant that his overall salary was around £17,000 a year. He also felt better for being in work: *If I lost this job I'd try and get another one straight away…I'd rather be working than spending 15 hours a week at the jobcentre.* He was a little worried that his working tax credit was likely to be curtailed but thought he would be able to secure extra hours or – as a consequence of his work experience – secure a better-paid job. At R3 his quality of life was clearly improved: he had at R1 and R2 worn his hat inside and stayed under bedclothes for much of the time; at R3 he reported being able to afford constant hot water, be comfortably warm and occasionally eat meat.

Miss Z.B. had married between R2 and R3 and at the last interview was expecting a baby. Her employment experience as a graduate had been unsteady: she had only recently lost her administrator job at a small firm at R2. At R3 was working for an office temping agency, and had regular office hours at a central London location. She had worked there for close to a year, on a rolling contract, and because of the number of days she had worked for the agency was eligible for maternity leave. However, her earnings were just £10 an hour, which constituted an overall reduction from her previous full-time salary of £20,000. Taking the agency hours was preferable to extending her time out of work. Her partner's work hours had recently been reduced, and at R3 he worked four rather than five days a week. The couples' finances were settled and they hoped for improvement but, given the prospect of some months of maternity leave and subsequent childcare costs, the next year or so was likely to be difficult.

Family commitment

In one case, an improvement in prospects reflected a change in family circumstances. At R1, Ms T.U. was a lone parent on maternity leave, about to return to work for a large insurance company. She was overcrowded in a one-bed flat but was paying an intermediate rent and did not envisage being able to transfer to a larger flat or being able to afford a market rent in the private rented sector. At R2 she was generally able to fulfil her work hours by relying on her ex-partner to pick up their daughter from nursery in the evening. However, by R3 the couple had gotten back together again and had another child. Ms T.U. was again on maternity leave. The pair were reviewing their housing options. Ms T.U.'s partner had a joint mortgage with his brother, and they were waiting for the brother's to decide whether he would be able to buy out his brother's equity share. This would leave the couple with some money which they hoped to use as a deposit on a shared ownership property. In particular, Ms T.U. wanted a bigger place with a garden so that she could pursue her new objective of setting up as a childcare provider. She had, over her last period of maternity leave, taken the opportunity to complete a childcare training course and was waiting for an OSFTEAD inspection and CRB checks.

House purchase

One of the households interviewed at R3 had taken up the option to purchase their one-bedroomed flat, despite the fact that her family was markedly overcrowded. Mr and Mrs Q.R. lived in their flat with their baby daughter and her nephew. At the time of the final interview, he was about to begin a university degree in North London. At R2 Mrs Q.R. mentioned a number of medical problems, but in the intervening period had had surgery and was successfully managing her symptoms through a course of acupuncture. Her husband was a chef, but was in the process of moving from one restaurant to another, where he was taking up a full-time salaried position – earning around £29,000 a year – as a head chef. This was a substantial step up in his career development.

The couple had indicated at R1 that they aimed in the long term to purchase their flat, although at the time they had hoped rather to buy a larger property: local regeneration plans carried the promise of the household being decanted into a larger flat. However, the plans had been delayed for too long, in her view. She had the right to buy her flat at a 50 per cent discount and used the difference between market value of the flat and the much lower purchase price proposed by the housing association as deposit on the property. The resulting mortgage cost was much lower than her rent. At R3 she was a couple of days away from completing on the purchase, and was clearly delighted. She had already started to invest in property improvements including an upgrade to the bathroom suite and to the flat's flooring. In the long term, the couple aimed to let this property to their nephew and buy a larger flat for themselves.

Comfortable plateau

A small handful of households were on what has been termed a 'comfortable plateau'. Mr and Mrs D.F. have been judged to be in this status over the whole course of the study. They were in a shared ownership property, and found the rent and mortgage easily affordable compared with their much higher previous private rent. Mrs D.F. was a health care professional and at R1 and R2 was thinking about reducing her work hours as she approached retirement age. However, by R3 family difficulties meant that she had applied for another, full-time, post. This post included a more attractive financial package; the fact that she had just turned 60 meant that she would not have any travel costs, meaning that the new job was, essentially, more remunerative.

At R3, Mrs D.F. reflected that their housing circumstances were unlikely to improve. Ideally they would like to reduce further the rental charges on the flat, but in order to do so they would have to pay a substantial lump off the mortgage. She was aiming to draw down a lump sum from her pension. She was a little worried about the prospect of having to continue paying the rent after retirement, although she knew that the rental cost they were being charged would only pay for the equivalent of a bedsit in the private rented sector.

Mr and Mrs G.I.'s circumstances had not necessarily improved over the course of the research study, but they were also what might be considered 'comfortably' well-off financially: Mrs G.I. was working part-time as a civil servant, earning around £12,000 a year; her husband worked just 15 hours a week as a consequence of a health condition. However, the household was making compromises. The family lived in a two-bed property with a son and daughter and were technically overcrowded: at R3 the daughter was 13 and the son 10. The couple did not think it will be possible to move from their current property; their income was simply insufficient for them to be able to afford to buy. Mrs G.I. was deciding on whether to disturb her work-life balance – which afforded her more time to be with her children – in order to increase the household earnings and to enable them to review their housing options. They had lived for the first seven years of their married life in the private rented sector, waiting for a social sector property to become available, and did not want to return to a sector they regarded as risky.

Mr and Mrs I.K. were in a similar position. Mr I.K. was still in the same job, earning around £700 a month take-home pay; he was at R3 looking for a better-paid job, with no success. His wife was not working: they had a child under the age of two and Mrs I.K. has recently had a miscarriage. The family was living in a one-bed flat, with their child's cot in their bedroom: the front living room was too cold and damp for use as a bedroom. The couple had no debts and lived within their income, anticipating that Mrs I.K. would return to work in a few months' time. However, they believed that their housing situation would be unlikely to improve.

A 'comfortable plateau' financially was also less comfortable in housing terms for Mr and Mrs T.V. They were living in a one-bed shared ownership flat, and their daughter was close to primary school age at the final interview. They did not think it at all possible to move to a larger property at all possible in their area, and were anticipating a move out of London in the medium term once Mrs T.V. had accrued more teaching experience.

Conclusions

These narratives indicate that living in social housing was no obstacle to material improvement and to career aspiration. Respondents were often moving upwards and out of circumstances of financial vulnerability and onto a more firm economic footing. Compared with R2, when there was a marked tendency for those in work to find their working hours reduced, at R3 most people in work found their work circumstances improving. It was evident that in some instances it had simply taken time for improvement to take place: progression through training, for example, meant financial vulnerability over a period, but improvement thereafter.

It is notable that respondents did not generally feel that an upturn in their economic circumstances would be likely to lead to any improvement in their housing situation, particularly where the household was overcrowded. Even with improving earnings, it was felt that London prices still precluded property purchase or moving into a larger property in the private rented sector.

Chapter Five: On an even keel: holding steady and halted decline

Introduction

This chapter considers the circumstances of households that were 'holding steady' or in 'halted decline' at R3. These were households whose circumstances were worsening, and indeed there was some evidence that degrees of indebtedness might be decreasing. At R3 it was becoming evident that 'holding steady' was a more difficult state to achieve than might be anticipated for households wholly or partly in receipt of benefit. There was still little room for manoeuvre. Similarly, reversing a long-term decline and climbing out of debt was not an easy position to be in: income might improve but the level of debt repayment could leave respondents in straightened financial circumstances with little prospect of improvement in the medium or even long term.

What does 'holding steady' look like?

A number of households in the study were 'holding steady', which meant that their finances had reached a state of equilibrium, with outgoings roughly matching income. For Mr and Mrs K.L., this degree of balance had finally been arrived at after a long period of economic uncertainty, following a reduction in their housing benefit as a consequence of the social rented sector size criteria; ill-health leading to early retirement; moving house; and resolving a backlog of consumer debt. 'Holding steady' could take place at varying levels of income, and with differing levels of tolerance and also various degrees of vulnerability. Mr and Mrs K.L. had resolved for themselves levels of expenditure that accommodated a moderate ability to save for birthday and Christmas presents, but not necessarily for emergencies.

Being prudent, being frugal

Many of the respondents were holding steady because they were being either prudent or frugal. Mr A.C. was very clear about the distinction, and it remains important. Prudence generally allowed for a level of income where expenditure could be strategic, and where it might be possible to save a little in order to meet crisis expenses. Mr I.J. was clearly prudent, in thinking that when money was short, it was best to prioritise: *if you don't have much [...] you look at the important things*'. At R3 he had started to send money abroad to support his family and prepare for later retirement there.

Other respondents saw that their prudence rested in their not spending excessively. Control on expenditure was strict: for Mrs A.D., it was down to listing: *How much* *you going to spend for food, what you need to have. The more important for us: what we need, what we don't need. What we don't need, we don't buy.* Some respondents mentioned the fact that they did not smoke and drank little if at all, and had few needs: Mrs Q.R. categorised her household: *we are not big spenders*; and Mrs Q.S. commented, *I know what I spend, and I don't spend much.* However, Mrs Q.S.'s elaboration was telling: *If I was a different sort of person I'd probably be struggling. If I went out shopping and spent a lot on clothes and went on holidays…I can't afford to take them* [her children] *on holiday really.* She mentioned that her son had never been on any school trips, because they could never afford it. These were all people who were most likely to save any extra money they had.

Strongly disciplined money management can descend into frugality, which entailed spending as little as possible. Some households were holding steady because not only were essentials the only purchases, but spending on those purchases was as low as possible. Families 'holding steady' were often doing so because of the frugality of mothers in the household and because of their willingness to deprive themselves of comfort and food. Mrs C.D. was home for much of the day, and never put the heating on for herself; this was similarly the case for Mrs J.K., who had a little oil heater but only used it to warm her children's bedroom.

Halted decline

A small number of households had very large, long-term debts but had started to make repayments after a long spiral downwards. For many respondents, a situation of halted decline reflected an upturn in financial circumstances, when a start could be made to relieve high levels of indebtedness. Three households had benefitted from their work prospects improving, enabling them to start making regular repayments against their debt. However, in all cases, repayment was likely to take years.

Mr and Mrs Y.A. had accrued a great deal of consumer debt when they were both in work, in the years before their children were born. Mr Y.A. had lost his job and then had an accident, delaying his re-entry to the labour market. At R1, reliant on income from Mrs Y.A.'s part-time job, the couple were finding their debts very difficult to deal with. They had borrowed a sum, interest free, from a brother to cover one overdraft but by R3 two other overdrafts still remained. By this time the couple's employment circumstances had improved but they had yet to arrive at a repayment schedule with the bank.

Some respondents had student loan debt accrued during the course of the study or just prior to the commencement of the research. In a couple of instances, households already had incomes that were sufficiently high for student repayments to come directly from their monthly salary: this was the case for Mrs T.V. who was, by R3, in post as a secondary-school teacher; Miss Z.B. had also seen a reduction in her debt when she was in work, but a sum of around £11,000 remained outstanding and accruing interest. Mr Y.A. had still not managed to repay his student loan. In a couple of cases, large debts related to substantial benefit overpayments for which a repayment plan had been agreed. Mr and Mrs T.V. had also received an overpayment of £6,000 in tax credits, and had arranged to repay this at the rate of £70 a month.

The respondents who were climbing out of debt were in variable financial circumstances. In some cases, repaying debt meant substantial privation and an increased financial vulnerability. Despite Mr and Mrs Y.A.'s improved finances, they were still borrowing small sums from neighbours and dipping into the bursary an uncle had given their daughter. Similarly, Mr E.F. was also in halted decline after coming to an arrangement with the bank about his overdraft and debts accrued as a student, which amounted to thousands of pounds. He was severely disabled, and has seen his benefit income cut in real terms. He had agreed to repay his debt over a five-year period at £220 a month. The repayments, in addition to other cuts to his benefits, curtailed any opportunity he might have to socialise: *I spend a huge amount of time on my own. Because it's cheap.* It was unlikely that his quality of life would improve in the foreseeable future, and he found this prospect deeply distressing.

Conclusion

Many households were in sufficient control of their finances that they were managing to stay on an even keel, not accruing any debt and meeting all their essential expenditure. These households might not be immediately vulnerable, but depended largely on a degree of prudence that shaded into frugality. The fact that some households were climbing out of debt evidenced positive trajectories, and in some instances those payments were being accommodated well within the household's income. However, for others, debt repayments were being taken from already limited income, creating vulnerabilities within household economies. This was particularly marked where household incomes were unlikely to increase as a consequence of age or disability.

Chapter Six: Worsening finances: spiralling downwards and sub-subsistence

Introduction

Being in debt is a dynamic state, which tends to get either better or worse over time. This chapter discusses all those tenants whose financial situation had worsened over the course of the study, and who were living on incomes well below subsistence level. There were a number of reasons why a household's income might begin a downward trajectory, reflecting crisis, attrition and inbuilt economic vulnerability. The chapter considers five specific cases where respondents had very low incomes, and reviews the strategies that were brought to bear to mitigate the impact. It should perhaps be stressed that, for the most part, respondents who were experiencing very extreme levels of poverty were households that had always had very little, and had few capital resources on which to fall back.

Spiralling downwards

Being in debt, for the majority of respondents, meant that they were behind with one or more of their essential bills, and the situation was not being resolved. For example, at the first point of contact with Mrs B.C. she owed around £540 in rent and undisclosed amounts on other bills. Her principal money management strategy was to rely on payday loans and has just paid off two, both of which had 30 per cent interest. By R3 she owed £2,000 in rent, which had rapidly accumulated through a period of full-time work when she did not receive tax credits. At this point she also mentioned that she owed between £300 and £400 on the water bill. Other bills were imminent, and she was uncertain how she would pay. Ms Y.Z. was in similar desperate circumstances. She reported being in rent arrears at R2, and had been served with a notice to quit. In all probability at that time she borrowed sufficient money from her family to continue living in the property. At R3 she admitted that she had inherited a substantial consumer debt, incurred by her ex-partner's mother, who used her as guarantor so she could buy a sofa. Ms Y.Z. owed around £2,000 consequent to this debt alone, and had long ceased opening any mail which appears to relate to the matter: *Who'd think you could be scared of a bit of paper?*

Causes

Many respondents were able to point to a specific incident or cause of their financial difficulty, or a point at which problems started to accrue without a solution presenting itself.

Interrupted and fluctuating income

For a number of households in the study, the sudden cessation of employment – often through ill health – meant that consumer debt that had built up had to be resolved on a lower income. For example, Mr and Mrs K.L. had been in employment for decades: she had been a teaching assistant and he a school caretaker. Ill health forced Mr K.L.'s early retirement, and Mrs K.L. left her job around the same time. Having to move home compounded their level of debt since it meant that they had to purchase new furniture. Fortunately, a PI compensation payment met some of that cost. Mrs S.T. had also been fortunate in having a successful MPPI claim, and had received a payment of between £4,000 and £5,000. She also used the money to resolve some of the consumer debt that had built up when her husband had been in work.

Mrs U.W.'s biggest problem at R3 was the fact that she was largely reliant on fluctuating income. She was earning £9 an hour working as a household help for a disabled woman with children, but the hours varied from week to week. In a 'good' week, she might earn up to £108; over holidays, she might earn nothing at all. Furthermore, in a good week she worked a maximum of just 12 hours, and so fell under the lone parent working tax credit limit. At R3 she was hoping that a new job she had applied for would come through, since it offered 16 regular hours and included holiday and sick pay.

Death in the family

In a couple of instances, death in the family was the cause of substantial financial problems. Ms Z.A. has been left with a funeral bill of £4,000 following the death of her father: no other family members were able to contribute to the cost. The family was in acute difficult at R1 and declined further contact with the study.

Mrs S.T.'s husband died just before the R2 interview, expectedly and from cancer. At the R2 interview, Mrs S.T. said that in financial terms she'd *lost everything*. Her husband had worked for much of his life in his brother's business, and they had not made any formal pension provision. All the benefits her husband had been receiving as a consequence of his terminal illness suddenly ceased: *As soon as he died you have to notify everybody and everything stops! I don't understand because we're still in the same position as we was before he died, so how can they cut everything?* Her housing benefit stopped immediately since he was the principal applicant, and soon afterwards she received a letter from her landlord informing her that she was £650 in arrears and the money had to be paid within seven days.

At the same time, her daughter finished college and the child benefit also stopped. Mrs S.T. had had a meeting with a welfare advisor but still felt that she was confused about her entitlements. She was caring for her severely disabled son, and her short-term bereavement benefit was being deducted from her carer's allowance, which she simply could not understand: *I'm doing them the job of looking after him, he's my son, but if he was to go into a home it's £3,000 a day for them to look after him, so for them to take* [£27] *has been a bit of an eye-opener.*

Problems with benefits

Respondents whose finances were in a precarious position often saw problems with benefits as the cause. For example, Ms F.H. interviewed at R1, had applied for housing benefit after leaving her job as a nursery cook, which had become over-stressful as a consequence of the number of nurseries she was expected to cover. Whilst she had been in work a delay in her employer producing necessary work documentation meant that she started to accrue a housing benefit overpayment; on the day she signed on she had to leave for a holiday she had booked some months previously. Her claim was suspended, housing benefit stopped and she fell into rent arrears. Her claim had also been subject to the social rented sector size criteria: she was deemed to be over-accommodated in the three-bed house where she had lived for eighteen years with her three daughters. Just one daughter remained living with her mother. Mrs F.H. was told that in order to make a repayment plan she would have to reduce her arrears by a substantial amount, and so borrowed £300 from her daughters. At the time of the interview she was paying an extra £10 from her £72.40 JSA each week to reduce her arrears. Ms B.E. also regarded housing benefit and specifically the introduction of the social rented sector size criteria as her biggest problem, which had begun a slow cycle of financial decline and debt: *I have looked back and I've thought so hard about this and everywhere I've started to struggle comes back to the bedroom tax, around about that time. Because I got so far behind with everything to start with because it's £18 a week I pay, and that's a lot of money.*

Mrs H.J. had also fallen into problems as she transitioned from unemployment into work. She had been unemployed for a long period of time as a consequence of depression: she had lived with an abusive partner, and relocated to London. However, she felt that the landlord had not dealt with her situation very well, and threatened eviction as a consequence of delays to her changed housing benefit claim: *I said to them, eight years you haven't had a problem with me, and now you cannot wait?*

A number of respondents were in acute difficulty because they had chosen not to apply for benefits. For Mrs D.E., difficulties arose when she lost her two part-time jobs, and had to sign on. The jobcentre required her to appear for worksearch activity for three hours three times a week. However, the inflexibility of that arrangement meant that she could not then continue with her agency work as a supply teacher. Despite the fact that the agency offered only sporadic hours, often located some distance apart, she preferred the arrangement since in good weeks she might accrue sixteen teaching agency hours a week.

Attrition

Before the introduction of Welfare Reform, being in receipt of benefits and with little change of circumstances meant that households could achieve a state of financial equilibrium, in matching income to expenditure within a 'steady state'. However, the decision not to uprate benefits in line with CPI has meant that households reliant on benefits have essentially seen a drop in income. Mr A.C. had been unemployed at R1 and R2, and was very clear the fact that benefits had not been fully uprated had left him in difficulty: *The amount that they've sort of capped the benefits, the increase, like 1 per cent or something, considering gas and electricity prices all going sky high. I'm struggling, sort of like slowly getting deeper and deeper in debt really.*

For Miss O.P., who was disabled, it was evident that there was no single cause for her falling into debt after holding steady – precariously – at R1 and R2. Over time, it had simply proved to be impossible to keep up with the bills as the real value of her benefits declined. Winter was a particularly problematic time for many households. Staying at home was the cheapest option but on some days it was not possible not to have the heating on at some point; Christmas constituted a financial burden that took until Easter or beyond to resolve. Interviewed in January, Miss O.P. was facing a catalogue bill of around £400 which was currently interest free but which soon would not be. After years of struggling to keep afloat financially, and fiercely debt-averse, she simply had no financial resources left.

Similarly, Mr E.G. was also in receipt of ESA and had been over a long period of time as a consequence of physical and mental health difficulties. At R1 he was wholly reliant on ESA plus housing benefit to meet his bills, which he found necessary to juggle on occasion. His principal strategy was to restrict his food bills as far as possible, and grow vegetables in his garden although in some years that strategy was less successful than others. At R2 he was subsisting principally on energy drinks. A large cash compensation following a traffic accident meant that he was able to clear many bills, but by R3 he had just £800 of that payment remaining. At R3 he had paid as many of his annual bills as he could for that forthcoming year but was likely to fall into difficulty again.

Sub-subsistence

At R1 and R2 it was rather easier to define instances of individuals who were managing to maintain a position at below subsistence level. By R3 it was becoming evident that this status was essentially untenable. All the households in this category had fallen into debt. The reasons why the respondents were in dire financial difficulties often rested with problems relating to welfare payments.

Mr and Mrs D.G.: contested social fund debt

Mr and Mrs D.G. were a couple close to pension credit age, and both had a range of health-related problems. They were, just, holding steady at R1 with an income sufficient to meet their expenditure once – in Mrs D.G.'s view – belts had been tightened. Their situation worsened during the course of the study. By R2, the couple's move from JSA to ESA prompted a review of their claim status, and issues related to disputed social fund loans began to surface. It was claimed that three loans each totalling £1,100 were outstanding. The couple were told that their ESA would be reduced by £20 a week in repayment, and that the deduction would be in place for the next three years.

By R3, the employment support payment had been reduced to £90 a week. Although the couple's rent was fully covered by their housing benefit at R3, they had in the past had a shortfall as a consequence of the social rented sector size criteria and because their landlord had increased payments in to make all tenants' rent payments an advance rather than an arrear payment. The couple were paying £5 a week off their rent arrears. After paying all their mandatory bills, the couple were trying to get by on £27 a week.

Mrs P.Q.: under-claiming

Mrs P.Q. was in financial difficulties because she relied entirely on her earned income of £60 a week, and on the income from child benefit and housing benefit. She chose not to sign on: *If you miss even one day they ask you question after question, and they think like you are lazy*. Problems with an earlier application affected her housing benefit, and caused substantial rent arrears. She did not want to risk losing her home. At R3 housing benefit again paid her entire rent, but she still had outstanding rent arrears that were compounded by a house move and subsequent interruption in her housing benefit claim: she had been overcrowded in a two-bed flat, and by R2 had moved to a three-bed property more suitable for herself and her teenage son and daughter. In a year she had managed to reduce her arrears by around £500 but had £500 still to pay.

At R1 and R2, Mrs P.Q. had a part-time job with variable hours, caring for a neighbour who had multiple health problems. At R3 this job had come to an end: the neighbour had gone into hospital for a spell, and the family refused to pay for the hours Mrs P.Q. had spent going backwards and forwards to the hospital undertaking errands, and taking care of the house. At the time of the R3 interview, she had just started a part-time cleaning job at her daughter's school. Amounting to

1½ hours a day, the job still fell a long way below the hours required in order for Mrs P.Q. to apply for tax credits as a lone parent. She earned £60 a week and hoped to increase her working hours.

Mrs U.V.: social rented sector size criteria

Mrs U.V. had also been in a vulnerable position over the course of the study, and at R3 was still trying to get by on very little. The social rented sector size criteria had substantially reduced her housing benefit. She was living alone in a three-bed house, and so technically was over-accommodated by two bedrooms; at different junctures in the last three years she had attempted to cover the shortfall for both. She had been in receipt of a discretionary hardship payment that, for some time, had mitigated the full impact of the housing benefit reduction. That payment had been a consequence of an extended period of poor health. In addition, a technical oversight on her rent account meant that an overpayment had been made, which was used to offset the shortfall for a period. However, by R3 she had recovered her health sufficiently that it was likely that she would be required to move from ESA to JSA and begin formal job search. At the time of the R3 interview she was looking to get back into training in order to improve her chances of securing work. It had been agreed that her caring for her grandson for part of the week meant that she was exempted from a housing benefit reduction for one of the bedrooms, but still faced a shortfall. She blamed the shortfall for her difficulties: *This bedroom tax is the worst tax, I just can't believe they brought something like this in.*

Mrs S.U.: in work but subject to the social rented sector size criteria

Mrs S.U. was in the same job through the whole course of the study: three hours a day working as a part-time cleaner. This amounted to fifteen hours, and put her below the lone-parent threshold for the working tax credit. She was living in a three-bed property with her daughter and also was also subject to the social rented sector size criteria. Her mandatory bills were higher than her income. She had been struggling financially for years, and at R3 she clearly felt that she had exhausted her resources.

Mr and Mrs P.R.: low earned income

Mr and Mrs P.R. lived in a two-bed flat with their adult sons. The couple relied on Mr P.R.'s income until back problems meant that he was unable to continue. The couple were seeking work at R1 and at R2, but just prior to the final R3 interview Mrs P.R. started a small home-based business. At R3 the couple largely relied on her income from this business, which she undertook for around 32 hours a week. However, her income was extremely low and amounted to little more than £40 a week. Mr P.R. was not himself in receipt of any Income Support. One of their adult sons, who was in work, contributed a sum which covered a portion of the household bills. The other son was not in work, not claiming benefit, and making no financial contribution. Although the couple indicated that they would both be substantially better off by claiming JSA, neither felt able to cope with what they regarded as a highly stressful job search process.

Food banks and charity

Respondents in this group discussed their experiences with food banks. Mrs D.G. said that she had been referred by her local vicar: *It's a hard thing for me even to admit but I've had to go to the food bank three times now, to make sure…I know it's mostly tinned stuff but it's something to fill the cupboard with. It's not a thing I like to admit to anybody, especially not at my age.* Mrs U.W. had also gone along to the local food bank, but simply could not bring herself to go in.

Mrs P.Q. did not use a food bank. At Christmas, the local Church came to give her two or three bags of food since she had been nominated by the local school. She was asked if she wanted more, but she told them she did not need it. Mrs U.V. had also received charitable gifts. At Christmas her grandson's nursery had nominated her family for assistance, and she was given a supermarket card with £50 credit on it; the local family centre had also nominated their family for a food hamper.

Selling to pay for essentials

One of the common practices amongst this group was selling possessions in order to meet essential bills. Here it is notable that the amounts that respondents were able to raise were very small indeed, and were perhaps adding £5 or £10 here and there rather than a substantive sum capable of resolving multiple bills or debts. Older couples were selling 'heirloom' items – for example, a mantelpiece clock – that they had had for some years, and which had some sentimental value without necessarily being precious in monetary terms.

Mrs U.V. was gathering items that she hoped she could sell at a car boot sale. At R2, Mrs D.G. had started to accept items from family and friends that she knew she would be able to sell, including clothing items: there was a local shop that bought the items at so many pence per item or by weight. By R3 Mrs D.G. had also arrived at a strategy of raising cash the day before the employment support payment was due, and when there was literally no food in the house: a local pawnbroker would accept her wedding ring and give her £10; she redeemed her ring the next day for £10.60.

On the day before the R3 interview, Mrs U.W. had sold a small number of gold jewellery items that she had been given by her mother: these were the only 'heirloom' items she had. She had wanted *just to keep them, memories, because they've got some names, my name. But I had to give up.* She had been paid £150 for the items, and intended to use the money to part-pay a water bill she had just received, of £240. However, the ability to sell items in order to meet essential costs presupposes the possession of extraneous items. Mrs P.Q. had come to the UK with nothing, having been trafficked from a refugee camp in her home country and spending the first years in the UK as a domestic slave. She has never been in a position where her income has been sufficiently high for her to accumulate any goods that she could sell.

Mrs U.V. underlined how the strategy of selling items to pay for essentials can only happen for so long. At R3 she summarised her position compared with the year before: *It's kind of the same but kind of worse because I've got rid of more things, if that makes sense. I've gone back to, literally, basics. I've had my phone cut off and my internet's cut off now. Thank God my health is a bit better, I have to walk literally everywhere now.*

Living on an extremely restricted expenditure

Living on an extremely restricted expenditure concentrated attention on food and the bills. There was no space for additional costs: *You might just be able to exist, but in order to pay the bills, pay the food, that's all you can do.* The purchase of clothing was simply not deemed to be an option. Mrs U.W. related, at R3: *Sometimes we stay days without one pound. My son, he used to have the things to put money* [a piggy bank]. *The other day I had to open it. I had to open it, the money pot, because we needed it.*

For all respondents in the survey, strategies for living on an extremely restricted expenditure revolved around reducing food costs as far as possible. Mrs D.G. noted that she did not eat when her husband was not around, and lied to him that she had had her meals earlier. She felt that it was important that he ate properly, since he was diabetic. She clearly despaired, and could not see an end to her situation: *I don't say a lot to anybody really but I get to the point sometimes when I sit in the corner and have a good cry. I sort of think 'what the hell have I done wrong?'*

Mrs P.Q. was adept at living on very little, and had multiple survival strategies. She went to supermarkets at the very end of the shopping day, buying bread for little more than 10p a loaf, and picking up cheap fruit and vegetables at their sell-by date. She knew where she could buy three chickens for £5 and made the meat last; every two or three months they might get some lamb. If she ever had any money at all extra, she put it in a box; her children also put in any birthday money they were given by other family members into the same box. Last Christmas, the savings meant that the children both got a gift of school shoes.

Mrs U.V. did not want her adult children to know how difficult her life had become. Both her children had mental health problems, and she thought they would find it difficult to cope with the knowledge. During the period in which she had to pay double the shortfall of housing benefit she had subsisted mostly on rice pudding although as the financial pressure eased she was able to make vegetable soups and stews. By R3 she had cut back on all extraneous expenditure, and no longer had a landline or internet access. She had electricity on a key card because it was possible to have tighter control over that expenditure: she only turned on lights when necessary, did not use the television, and made multiple meals to save on cooking costs. However, she decided that could not bear to be cold: *I don't want to be one of those people who are sitting there with all coats and jumpers on*. In paying for her gas by direct debit, she was hoping to spread the bill out through the course of the summer.

Mrs S.U. was also hiding – as best she could – her financial circumstances from her daughter. Her bills exceeded her income by over £10 a week. Mrs S.U. felt that she did not need proper meals when by herself: *Just make some toast and a cup of tea, that's it.* The household relied heavily on discounted products at the supermarkets, where bags of fruit and vegetables were available for 59p. Toiletries and cleaning products were always purchased from 'pound shops'. She bought salt fish and made salt-fish patties they could eat with mashed potato. She was hoping to be able to buy some meat for Easter. She felt very isolated: none of her family lived in the UK, and her spoken English was not good. Coming from a very poor country in Africa, the family viewed her situation as luxurious: in their view she had a home and utilities and so did not need help. But Mrs S.U. was desperate and very stressed: *If you have, you have. If you don't have, you don't think. Sometimes you're hurting, and you put everything here* [pointed to chest] *and the hurting and then you die. Yeah, and you die and what's my daughter to take care?* [who will take care of my daughter?].

Conclusion

This chapter has indicated that, although a number of respondents in the study have seen a material improvement in their financial circumstances, those who were vulnerable were in very desperate circumstances indeed. Households were relying on informal charity to get by, or – where that charity was not available – were subsisting at the most basic level. Welfare difficulties were often the principal cause, and created circumstances where respondents were less likely to look to welfare agencies for advice or assistance. In a couple of subsistence cases, respondents were under-claiming but their experience with welfare in the past meant that they regarded any undue involvement as an untenable risk. Two of the households contained children and one was a couple close to pension credit age.

Chapter Seven: Budgets

Introduction

Previous chapters have considered different styles of financial management amongst the respondent households and the range of financial trajectories households were experiencing. This chapter rounds off that discussion by detailing a selection of household budgets. These budgets are 'worked examples', evidencing a number of themes alluded to in previous chapters. The chapter begins by describing how income and expenditure information was collected, and how the weekly budgets were constructed.

Collecting income and expenditure data

Respondents were asked about their income from benefits and from paid employment, and about any sums of money they might routinely receive from family or friends. None of the respondents in the group presented here drew income from savings, although Mr A.C. somewhat ruefully explained that he received, annually, a sum of £24 as a dividend from some building society shares he had inherited from his mother. The fact that he had some hundreds of pounds-worth of shares had created some difficulty for him in his various benefit applications, but he still had not got round to selling them. It was not the purpose of the exercise to complete a full benefit assessment; as has been seen, respondents were often under-claiming. The interviewer expressed no judgement and gave no advice as to the decisions respondents made about their money.

Respondents were asked to relate their income and expenditure information in whatever way they found convenient. To allow for easy comparison, all the information presented in this chapter is configured as weekly budgets, but respondents might 'work' their money fortnightly if they received Child Tax Credits or Income Support. None of the respondents in this group dealt with their money 'monthly'. Most made use of gas and/or electricity key cards which allowed for ad hoc top up payments, which respondents tried to make last for a set number of days, which here is again configured as a weekly payment.

The tables include rental costs as expenditure and housing benefit as income. As a consequence, therefore, the sums given are after housing costs.

Mandatory expenditure

The respondents were asked to list their expenditure on what was termed 'mandatory' items, or items that incurred some sort of penalty if they remained unpaid, including rent, council tax, utilities, vehicle insurance, and TV licence. The list also included travel costs where respondents travelled to work on public transport. Respondents' expenditure on broadband was included, since in many instances mobile phones, internet connections and landlines were necessary to facilitate job search activity for times when they were not in work.

The respondents were very deliberately not asked about their weekly expenditure on two other essentials: food and clothes. As has been seen, the level of expenditure on these items is largely elective. In many instances, the amount of money respondents had as 'discretionary' spending might be thought inadequate to cover even food costs alone; respondents' accounts in chapter 6 of living on low income corroborates that conclusion.

Equivalisation

Households were not uniform in size, and so each budget gives an equivalent per capita 'discretionary' spend figure according to the OECD equivalence scale. This figure has been arrived at through dividing the discretionary spend figure by a household size using the following formula:

- First adult = 1
- Second individual aged 14 or over = 0.7
- All other individuals aged 13 or under = 0.5.

The process of equivalisation allows for comparison across households.

Example budgets

Working households

The first group includes a number of households where the respondent was in work. The budgets did not collect detailed information on the costs of self-employment. Respondents were simply asked about the regular 'take-home' pay from their business. The income could be very low indeed, as the first two examples indicate.

Mr and Mrs C.D.	Couple with three children (sons 9 and 17, daughter, 15); husband in part-time self-employment as a taxi-driver; wife not in work. Two-bed house.		
Income		Expenditure	
Average employment income	£65.00	Rent	£144.34
Working Tax Credit	£63.00	Water	£5.76
Child Tax Credit	£153.00	Council Tax	£31.80
Housing Benefit	£94.34	Gas/electric	£28.00
Child benefit	£48.10	TV licence	£2.79
		School dinners	£30.00
		Telephone land line	£7.50
TOTAL	£423.44		£220.19
Discretionary weekly spend	£203.25		
Equivalised per capita	£56.46		
Credit card debt	£380.00		
Rent arrears	Undisclosed sum		
NOTES: Undisclosed regular debt repayments are not included here as expenditure, or the amount repaid to cover rent arrears. Employment income fluctuated. The family had no savings, and relied on occasional loans from family friends. A presumption is made that the average employment income given has deducted the running costs of the taxi.			

Mrs D.E.	Lone parent adult migrant, two daughters under the age of 14, with two part-time jobs in a two-bed flat.		
Income		Expenditure	
Average employment income from agency teaching	£35.53	Rent	£119.00
Average employment income from agency cleaning	£103.50	Water	£8.73
Working Tax Credit and Child Tax Credit	£129.75	Gas/electric	£12.23
Housing Benefit	Not claiming	TV licence	£3.03
Child benefit	£34.40	School travel	£13.00
		Car tax	£12.00
		Car insurance	£61.00
		Tax debt	£16.25
TOTAL	£303.18		£255.24
Discretionary weekly spend	£47.94		
Equivalised per capita	£23.97		
Credit card debt	£600-700		
Accumulating rent arrears	Undisclosed sum		
NOTES: No payment of council tax in January and February but a sum is anticipated in following months. Additional regular discretionary expenditure on computing, phone insurance, broadband and gym means that expenditure regularly exceeds income.			

Ms D.E. had little control of income week-by-week, and relied for the most part on the offer of hours by the two agencies she had signed up to. The fluctuation in income made it difficult for her to plan. The majority of her expenditure went out via direct debits, and she generally hoped that the joint income from working tax credit and child tax credit would cover these. However, she had not renewed a suspended housing benefit claim and was falling further into rent arrears difficulties.

Mr and Mrs J.K. were in a better position. Although his income also fluctuated, it was generally higher than Mrs D.E.'s, and Mrs J.K. was in tighter control of the finances. She tended to ensure that all the bills were paid from the regular benefit income, using the fluctuating earnings to pay for food and other discretionary items.

Mr and Mrs J.K.	Couple in their 30s, father self-employed, mother unemployed but recently trained, son and daughter at primary school, two-bedroomed house		
Income		Expenditure	
Average employment income	c.£150.00	Rent	£166.00
Working Tax Credit	£91.95	Water	£14.08
Child Tax Credit	£117.00	Council Tax	£9.96
Housing Benefit	£154.00	Gas/electric	£50.00
Child benefit	£34.40	TV licence	£10.00
		School dinners	£23.00
		Internet and phone	£20.00
		Rail fare	c. £30.00
		TV licence	£3.00
TOTAL	£547.35		£325.54
Discretionary weekly spend	221.81		
Equivalised per capita	£82.15		
NOTES: The couple were also paying a catalogue loan for furniture, totalling £40.80 a week, and repaying an undisclosed regular sum against a family loan of £500, secured to cover wife's training costs. The house was an end house, and difficult to heat so explaining the high utility costs.			

Mrs P.Q. had managed to get work as a school cleaner, after quitting her part-time carer's post due to a dispute over owed wages. She preferred to work, and regarding the prospect of sanctions around Income Support as a risk to her housing benefit claim.

Mrs P.Q.	Single parent in part-time employment living with daughter 14 and son 12 in three-bed flat		
Income		Expenditure	
Earned income	£60.00	Rent	£180.00
Child benefit	£34.40	Rent arrears	£3.00
Housing benefit	£145.38	Water	£10.61
		Council Tax	£2.76
		Gas/electric	£38.00
		Phone line	£12.96
		TV licence	£2.79
TOTAL	£-10.34		£250.12
Discretionary weekly spend			
Equivalised per capita			
NOTES: Respondent is owed wages from a part-time job that has now come to an end. She worked less than 16h a week, and was not claiming Child Tax Credits.			

Mrs S.U. was also in a very difficult position financially, with expenditure in excess of income, and accruing debt.

Mrs S.U.	Single parent in part-time employment (15 hours a week), daughter 12 and living in a three-bed house		
Income		Expenditure	
Wages	85.38	Rent	£139.00
Housing Benefit	£69.00	Water	£10.00
Child Benefit	£20.70	TV licence	£5.00
Child Tax Credit	£13.84	Council Tax	£5.76
		Electricity/gas	£22.50
		Oyster card	£21.20
TOTAL	£188.92		£203.46
Discretionary weekly spend	£-14.54		
Equivalised per capita			
NOTES: The respondent was accruing rent arrears.			

Entirely benefit-dependent

People living alone and entirely reliant on benefit had very little in the way of discretionary expenditure. Mr G.H. found heating his flat difficult, because it was a converted town house, and had high ceilings with no double glazing.

Mr G.H.	Single man, 50s, unemployed and living in one-bed flat (at R1).		
Income		Expenditure	
JSA	£71.40	Rent	£99.00
Housing Benefit	£99.00	Water	c.£7.00
		Council Tax	£4.84
		Gas/electric	c.£20.00
		TV licence	£2.79
		Telephone	£7.50
TOTAL	£170.40		£141.13
Discretionary weekly spend	£29.27		
Equivalised per capita	£29.27		
NOTES: The respondent regularly borrowed from friends to meet bill payments.			

Being in a position of total benefit dependency – as was the case with all the respondents who were long-term sick or disabled – meant that respondents were at risk when problems arose with a claim, as with Mr and Mrs D.G. However, they were in receipt of a discretionary hardship payment, and because they were close to pension credit age the social rented sector size criteria would cease to apply within the year.

Mr and Mrs D.G.	Couple close to pension credit age in a two-bed flat; long-term sickness.		
Income		Expenditure	
ESA (Restricted)	c£90.00	Rent	£113.00
Housing Benefit	£113.00	Rent arrears	£5.00
		Water	£10.00
		Council Tax	£10.00
		Gas/electric	£26.00
		TV licence	£5.00
		Phone line	£2.00
		Mobile	£5.00
TOTAL	£203.00		£176.00
Discretionary weekly spend	£27		
Equivalised per capita	£15.88		
NOTES: The couple had a motability car which just cost petrol on the occasions they used it. Their ESA was restricted as a consequence of dispute over repayment over a Social Fund loan. The housing benefit included a discretionary housing payment.			

Mrs O.P.	Single parent with degenerative condition living with employed daughter in her 20s, in 3-bed house.		
Income		Expenditure	
ESA	£101.15	Rent	£136.00
Housing Benefit (includes DHP)	£136.00	Water	£7.00
Disability Living Allowance	£21.55	Council Tax	£7.00
		Gas/electric	£40.00
		Phone line/broadband	£7.38
		TV licence	Is not paying
TOTAL	£258.70		£197.38
Discretionary weekly spend	£61.32		
Equivalised per capita	£61.32		
NOTES: Note that the daughter makes no contribution at all to household expenses, but does have earned income. As a consequence, the per capita has not taken her presence in the household into account although her mother does cover her food bills. Mrs O.P. has not yet declared her daughter's work status on a new housing benefit claim; the minimum non-dependant deduction is £14.65 a week.			

Note that some respondents had routine expenditure that arose as a consequence of childcare, including paying the costs of food for the child, but also keeping the house warm enough. This was an issue for Mrs U.V. As with others in this selection, her budget did not include a council tax payment: her interview took place in January. She had asked the council for an estimate of her council tax bills for the year, so she could start to plan ahead, but could not elicit any information.

Mrs U.V.	Single person in three-bed house, recovering from long-term illness; grandson stays over for half the week but his parent makes no financial contribution.		
Income		Expenditure	
ESA	£110.00	HB shortfall	£41.00
Disability Living Allowance	£54.45	Water	£13.21
		Gas	£9.69
		Electricity	£10.38
		TV licence	£3.00
TOTAL	£164.45		£77.28
Discretionary weekly spend	£87.17		
Equivalised per capita	£87.17		
NOTES: Respondent is also paying a catalogue debt, at £20 a week. This budget does not include a council tax payment due from March.			

As with a number of cases, Miss Y.Z. delayed signing on for a short period after a change of employment status, and has – as a consequence – fallen into rent arrears.

Miss Y.Z.	Young single parent with child at primary school, in two-bed maisonette. Has recently finished a further education course.		
Income		Expenditure	
Wages	£54.00	Rent	£210.00
Housing Benefit	£198.00	Service charge incl water	£12.00
Child Tax Credit	c.£60.00	Rent arrears	£7.50
Child Benefit	£20.50	Gas/electricity	c.£25.00
		School costs	£3.00
		Mobile phone	£7.00
		TV licence	£2.97
TOTAL	£332.50		£267.62
Discretionary weekly spend	£64.88		
Equivalised per capita	£43.25		
NOTES: Borrowed from relatives through the summer since she did not sign on or work for two months after finishing course; is in £800-worth of rent arrears and has an inherited consumer debt of £2,000.			

Conclusion

These sample budgets focus attention on the households who were aiming to get by on very little, but including some who were also in work. Employment did not always resolve a household's financial vulnerability, and in some instances possibly compounded it.

Chapter Eight: Conclusions

Introduction

This final chapter draws together broader thematic conclusions from the study. 'Real London Lives' has retained contact with over 30 social housing tenants since 2013, and repeated interviews have garnered a richer and more detailed understanding of respondent circumstances than would have been the case from a single interview at a single point in time. The study has focussed on housing, employment and financial circumstances of tenants, taking into account their dynamic family lives. The research therefore provokes broader reflection on the impact of welfare changes, the unsustainability of subsistence, the low profitability of work, crisis and credit, intergenerational support, and the role of social housing in tenants' lives.

Welfare changes

A number of households were subject to changes that have been made to welfare since 2012, including the introduction of the social rented sector size criteria. It is important to note that the impact of those changes has not necessarily been immediate. Rather, the effect has been cumulative, as households have gradually adjusted to the reduction in income, perhaps maintained an even keel for a short while, and then become subject to the inevitable unsustainability of living at subsistence level. This process has taken some time. Individuals three years ago would certainly not have envisaged their lives as one in which selling to pay for essential costs had become a routine strategy.

None of the households had actively considered moving house in order to live in property deemed to be more appropriate in size terms; most lived as best they could on a limited income. Older tenants were simply waiting to reach pension credit age, when the regulation would no longer apply; other tenants still needed the space to accommodate wider family needs. Discretionary housing payments have mitigated some of the impact but only in the short term and rarely as real resolution. None of the respondents used discretionary housing payments to fund time during which they might find an alternative property.

None of the respondents had been subject to Income Support sanctions during the course of the study. However, the threat of sanctions was sufficient to ensure that at least two respondents did not want to risk their housing benefit payments by claiming. The introduction of Universal Credit means that this strategy will no longer be feasible. Overall, receipt of welfare payments seen by respondents as a risk to be negotiated.

The unsustainable nature of subsistence

Welfare changes were the principal cause of households living at or below subsistence level. Longitudinal research clearly demonstrates that living at a subsistence level is not sustainable for any length of time. Respondents on the lowest levels of income could not maintain that position without gradually falling into debt. It was simply not possible to maintain an existence where income was only just sufficient to meet mandatory costs. Even highly disciplined households fell into difficulties: a technical slip on a housing benefit application could create a debt that was intractable. This was certainly the case where individuals had limited opportunity to secure or maintain work because of age or disability.

Tenants could often deploy only short-term strategies to mitigate their financial difficulties, such as the sale of items to help cover the cost of a bill. By R3, many households had simply exhausted their available capital, and were largely reliant on informal charity: one-off borrowings of £5 and £10 from neighbours and family not expecting the money to be returned. The informal nature of this support strongly indicates that more formal indicators of financial difficulty – for example, recourse to food banks – are substantially under-representing degrees of extreme financial distress.

The low profitability of work

The final R3 interviews confirmed earlier findings of a strong commitment to employment, even when that commitment might lead to financial vulnerability. Tenants were willing to risk long-term debt to cover training costs on the chance of longer-term income gain through more highly paid employment. This fact signalled dissatisfaction with work at the bottom end of the labour market, and in part reflected an understanding that this kind of work did not necessarily lead to independence from benefit. Low pay was still too low to pay even a social rent.

Tenants clearly felt the advantage of being able to apply for working tax credits to top up low incomes. However, the working tax credits threshold for lone parents has been set at 16 hours a week. The respondents included a number of single mothers who were seeking cleaning or retail jobs to fit around child care, and were most likely to able to secure between one and three hours a day amounting to just fifteen hours a week. It was difficult getting an additional job to fit with those hours, although a couple of respondents were working three part-time jobs at R3, as their children became old enough not to need child care. Falling below the working tax credit threshold was a principal cause of financial problems for households in debt in the sample.

Hourly rates were spectacularly low for individuals who were self-employed, and whose work income did not even reach the same level as the JSA payment. These respondents, in aiming to be free of benefit dependence, did not always pursue their full benefit entitlement and were on occasion living on very low incomes indeed.

The movement into self-employment created an extended period of financial vulnerability, not least because loans were generally required for retraining, and it took time for those businesses to generate a reasonable level of income. Respondents did not mention receiving any small business advice or report that they had accessed small business loans.

Crisis and credit

Almost all the households in the study related a period of crisis or of financial vulnerability which left them in debt or struggling to cope. The research underlined the importance of family and friends with the means to be able to help in a crisis. However, that help generally had to be financial. As Mrs N.O. commented: *support is great but money resolves a whole lot more.* Where households had no access to relatively freely available – and free – short-term credit, then non-payment of bills became the only way of releasing money.

Intergenerational support

Despite – and perhaps because of - the fact that respondents lived in social housing, they were often able to offer housing support to adult offspring and their partners. Thus it might be argued that the introduction of the social rented sector size criteria threatened to remove from parents the one valuable resource they were often able to offer their adult children: free living space in the parental home. In other circumstances, these adult children would have had to locate privately rented property, paying a rent that would no doubt have required a degree of local housing allowance subsidy in order to be affordable.

There was some unease amongst parents about making arrangements for hidden households to pay their way. This was often despite the fact that parental income might well be below that of their offspring. Similarly, there was also some disinclination for separated parents to pursue their ex-partners for funds to support their children. Both cases show a disinclination to allow finances to sour family relationships.

The role of social housing

Social housing was playing a substantial role in encouraging tenants towards independence, and in reducing the impact of poverty on low-income households.

Placing any of these households in private rented sector property would more than double their rents, in most cases increasing both work discincentives and benefit dependence.

Conclusion

This report has two substantive messages. First, there are strong indications that social housing is playing a key role in promoting the independence of its tenants, through the provision of low-cost housing. Tenants generally desire, above all other things, to be free of the benefit system as far as is practically possible; the requirement to pay a rent pegged at a social rate means that this is a feasible aspiration. The tenants who were interviewed had high expectations for their children, and many were being sent into further and higher education. Over the course of the project, tenants were looking to move up in the world, and were often achieving that goal, often at high risk to their short-term financial wellbeing. Paying a social rent meant that it was more feasible to take those risks.

A second message relates to the changing nature of welfare in tenants' lives. By the end of R3, it was evident that tenants viewed welfare provision as a series of dangerous traps which had to be negotiated with care. Getting welfare 'wrong' carried substantial financial penalty, and risked the loss of housing through accumulated rent arrears. Tax credits meant that women could return to the workplace and still accommodate childcare and men could retain some linkage to the labour market when full-time jobs were not available. However pegging the limit at 16 hours placed single-parent part-time workers in extreme financial disadvantage; the jobcentre could motivate people into work, but sanctions threatened housing benefit and so JSA was rarely regarded as a safe option; and the social rented sector size criteria did not provoke families to move to more appropriately sized accommodation: rather, it further impoverished already poor households.

Appendix One

Note that some demographic facts have been deliberately obscured to protect confidentiality. Couples were not asked if they were formally married, but if they are living as a married couple they are all here – for simplicity – referred to in this report as 'Mr and Mrs'. The ages given are the age at first interview in 2013/14.

Mr A.C. is a single man, in his late 40s, living in a one-bed flat in Greenwich. Mr A.C. had been an engineer, and spent part of his life working in Paris. However, he returned to the UK and was the principal carer for his mother when she fell ill. He moved into his current flat when she died, but has been a decade out of the labour market. Although he is extremely careful with his finances, he is falling behind with the bills, and has started to accrue a credit card debt. *At Round 2* his circumstances had not changed substantially, was under pressure to find work and in increasing debt. By *Round 3* he had been in a caretaking job for some months, had cleared his debt and was transitioning off benefits. However, he was uncertain whether his job contract would be renewed.

Mr and Mrs A.D. are economic migrants from Latin America, living in a two-bed flat in Waltham Forest with their daughter aged seven. Mr A.D. worked part-time in retail and they lived in a house in multiple occupation. Mrs A.D. fell pregnant and they applied for social housing. Mr A.D. decided to improve his work prospects and so took a graphic design degree; an overpayment of housing benefit, following confusion over the student loan, left the couple owing over £7,000. *At Round 2* Mr A.D. had a second part-time job, offering 16 hours at minimum wage. There was little prospect of work in graphic design. The couple hoped their circumstances improve when Mrs A.D.'s hairdressing training is completed. *By Round 3* Mr A.D. had a new full-time job in retail in central London, but was being paid at below minimum wage; their debts were slowly being cleared.

Mrs B.C. (38) lived in Tower Hamlets, with her three children: a boy (9), a girl (7), and a baby girl. Mrs B.C. is currently on maternity leave from a part-time job in a fast-food restaurant. She had recently moved from a two-bed to a three-bed flat, but was now living in an area away from friends and family. She was worried about child care costs when she returned to work, and was accruing complex debt. *At Round 2* Mrs B.C. had returned to work but felt that she was not better off: she had presumed all her childcare costs would be covered by her child benefit, but there was a shortfall of over £50 a week. She felt it was unlikely that she will stay in work. Mrs B.C. was unavailable for interview at Round 3.

Miss B.D. is 42 and lived in a two-bed flat in Southwark. She moved into the flat with her daughters, but developed mental health problems and suffered from domestic violence; the children were taken into care. She still has problems with anxiety, and finds it difficult to leave the house some days. She worked with a local charity that is supporting her attempts to get into employment. Miss B.D. was living on an income below subsistence level because the SSSC reduces her housing benefit. *At Round 2* Miss B.D. had been assessed as fit for work, but felt anxious that she will not be able to meet the jobsearch requirements; her new JSA had still not been settled and her overdraft has started to spiral as direct debits were paid out but no benefits were paid in. Miss B.D. was not available for interview at Round 3 although she was still living at the same address.

Miss B.E. lived in a three-bed house with her two children who are both at primary school. Miss B.E. was homeless before securing temporary accommodation and then her current property. The children live with their father over the weekend so she can work part-time in a local bar/restaurant. Her finances were already rocky when the SSSC reduced her housing benefit. She fell into rent arrears, and has taken out Provident loans. At *Round 2* Miss B.E. had given up work, as balancing the hours and childcare were too difficult to manage: she simply was not seeing her children. She was on JSA and meeting the jobsearch requirements, but no jobs were available to accommodate childcare. Her son had been confirmed as autistic; being his registered carer limits her ability to study or retrain. She has rent arrears and has been threatened with eviction. She was living at the same address at *Round 3* but declined to be interviewed.

Mr and Mrs C.D. lived in a two-bed house in Newham with their two sons aged 15 and 7 and daughter aged 12. The family was severely overcrowded, and the couple sleep separately: Mr C.D. in one room with his oldest son, and Mrs C.D. in another with the two youngest children. Mr C.D. worked full-time in a fast food restaurant. The couple found it difficult to cope financially, but Mrs C.D. was a determined manager of the family finances. *At Round 2* little has changed for the family, and overcrowding remained acute. Mrs C.D. was looking to secure work to increase the family income, but felt unconfident about her prospects. *At Round 3* overcrowding was becoming more acute. Mr C.D. had lost his job, but the family borrowed money so he could retrain to be a taxi-driver. Family finances were precarious as his income was still low and they had debts to repay.

Mr and Mrs C.E. live in an Inner London borough, with their baby. Mr C.E. was from Ireland, and worked in the health service. The one-bed flat was in shared ownership, and Mr C.E. moved in as a single person. The couple were aiming to move, but Mr C.E. was uncertain about his job security and found the route up the shared ownership ladder difficult to negotiate. The couple thought they may have to sell their flat and live in the PRS for a time before trying to get back into a larger housing association property. *At Round 2* the couple had indeed moved into the private rented sector, in another one-bed flat, where their housing costs are over £300 a month higher. They were dipping into their savings to make ends meet. The couple thought they had minimal prospects of getting back into social housing and were considering migrating back to Ireland. They were unavailable for interview at Round 3 and no longer living in the same flat.

Mr and Mrs C.F. came to the UK as economic migrants from the Caribbean. They lived in a three-bed house with their two children. Before having her children, Mrs C.F. worked in a café that went out of business. However, she was aiming to get back into work through re-training in catering; Mr C.F. has not been able to get work, and was looking to find employment as a driver although Mrs C.F. thinks he is restricting his options. The couple were in a difficult position financially, and have fallen behind with all their major bills. They have been taken to court for non-payment of their television licence. Mr C.F.'s mother helped out where she could, but she was a pensioner and had very little. The couple declined to take part at Round 2.

Mrs D.E., an economic migrant from Latin America, lived in Barking & Dagenham in a two-bed flat with her daughters (8 and 9). Mrs D.E. had a part-time job on a zero-hours contract. Following the breakdown in her relationship she started to accrue rent arrears: her husband used to sort out the finances. She was now slowly paying back her debts, and trying to secure a hotel job. She was also completing formal training to teach English as a foreign language. *At Round 2* Mrs D.E. had managed to secure her ideal job: working as a catering assistant at her children's school but only for two hours a day. She was still maintaining her zero-hours contract at the English school and is continuing with her studies. However, she was finding it increasingly difficult to make ends meet, and has been spreading her debts around multiple credit cards. By *Round 3* she was no longer working at the school, and relied on sporadic hours offered by two agencies: as a language supply teacher and a cleaner. Her level of debt had intensified but she was just about to finish her language degree.

Mr and Mrs D.F. had moved to the UK from the continent some time ago and were close to retirement. They lived in a two-bed shared ownership flat in Waltham Forest, purchased only recently after a long period of renting privately. Their private rent had been increased substantially following property refurbishment, and felt that shared ownership was an ideal alternative. They were able to pay off a large proportion of the mortgage from their savings, now their low monthly rental and mortgage payments were far below their previous private rent. Mrs D.F. was a nurse, looking to reduce her working hours. Mr D.F. worked as a self-employed trader. *At Round 2* little had changed for this household. Financially, the couple had been able to accommodate Mrs D.F. reducing her working hours despite the fact that her husband's business had been affected by a health problem. Both were sending money abroad to support family. By *Round 3* Mrs D.F. was about to start a different full-time job with better pay and conditions.

Mr and Mrs D.G. live in Greenwich in a small two-bed maisonette. Mr D.G. was on JSA and close to retirement, but had diabetes and is unlikely to find work again. He used to be a gardener/chauffeur. Mrs D.G. was also on JSA. The couple are entirely reliant on benefits, and have a shortfall in their housing benefit because they have a bedroom additional to their needs. The pair lived on income below subsistence level. The couple had no debts but occasionally had to juggle the bills. They were extremely careful managers, counting each penny. *At Round 2* both had been transferred from JSA to the lower-level ESA and were due to have a re-assessment. Their financial situation had worsened substantially after the Social Fund claimed that they owed on three separate loans each totalling £1,100. A deduction of £20 a week was being taken from their ESA. They have started to sell items in order to meet their bills. By *Round 3* their financial situation had worsened substantially; they were routinely borrowing money from friends and family and had sold more items. Mrs D.G. was regularly pawning her wedding ring.

Mr E.F. (33) had a severe physical disability, which limits his mobility, and lived in a two-bed flat in Camden with his professional carer. Mr E.F. had a degree and works as a volunteer administrator in a hospice, but there are few opportunities in the labour market for someone with his level of disability. Utility bills were a difficulty, since Mr E.F. was at home all day and being cold made his condition worse. He remained reliant on his mother to help support his finances but she will soon be retiring. *At Round 2* Mr E.F. admitted that over a year ago he had had to consolidate all his debts and take out a bank loan. He was apprehensive about the introduction of Direct Payments following the abolition of the Independent Living Fund: his parents already covered the costs of his carer's bus pass, since Mr E.F. cannot leave the flat without assistance. By *Round 3* it appeared that Mr E.F.'s debt was intractable: it cost £200 a month to service his loan, and it was unlikely that his income would increase. His quality of life had declined substantially.

Mr E.G. (34) was a single man in a one-bed flat in Waltham Forest. Mr E.G. has mental health problems. He split very acrimoniously with his wife and now no longer sees her or his son; he has no other family in the UK. He has recently had an operation to his spine which means that he is currently in receipt of disability payments, but says that in any case he has no intention of working. He is able to live at subsistence level, and has a number of economising strategies including growing vegetables in his back garden. *At Round 2* Mr E.G.'s mental ill-health were compounded by other physical health problems including difficulties with his teeth: it is no longer comfortable for him to eat solid food and his weight had dropped substantially. He was hoping to travel abroad for necessary dental operations with the cash compensation he received following a traffic accident last year. By *Round 3* Mr E.G. had travelled and had the necessary dental work; his cash compensation had cleared any outstanding debt and he had just £800 remaining. He looked likely to resume a level of subsistence.

Ms F.G. (37) had recently divorced from her husband and had a son (12) and daughter (6). The family lived in a two-bed flat with serious damp. Her son had asthma, and she was worried that the damp may also begin to affect her daughter. Ms F.G. wanted to transfer but knew the chances were slim. She worked in a variety of retail jobs before having her children and was currently in training as a beautician. She aimed to be back in work again soon and hopes, eventually, to get into nursing. *Ms F.G. was moving house and had no time available at the Round 2 interview stage.*

Ms F.H. is in her 40s and lived with her adult daughter in a three-bed house in Waltham Forest. She moved into the house with her three daughters, and two have now moved out and are settled. She often took care of her grandchildren. She was unemployed at the time of the interview, but had only recently lost her job and was actively searching for another one. She was trained in the catering business. Her finances were in disarray following some confusion with housing benefit that led to an overpayment; difficulties were compounded by suspension of her JSA when she missed an appointment after taking a holiday booked some months before she became unemployed. She is seeking to move from her current property less because of its size and more because she no longer likes the area she is living in, and wants a change. *Ms F.H. declined to be interviewed at Round 2.*

Mr G.H. was a single man in his 50s living in a one-bed flat. He came to the UK from Continental Europe as an economic migrant, but became street homeless and had a problem with drugs. He fell seriously ill and was taken to hospital, and from there was referred to a housing association. He was finding it difficult to get back into the labour market, although he was searching actively. He borrowed money to retrain as a driving instructor but failed the teaching element of his exam and has no money to re-sit. His debts mean that he is currently living below subsistence level. *At Round 2 he was in work, and too busy to be interviewed a second time.*

Mr and Mrs G.I. lived with their daughter (10) and son (7) in a two-bed property in Waltham Forest. They were looking to move to a larger property because they think it inappropriate for their children to share. Mrs G.I. was the main earner and worked part-time in the civil service. Mr G.I. had a medical problem and so could only work part time. The couple were saving, and prioritised educational opportunities for their children. At *Round 2,* the overcrowding issue continued to be problematic. The husband’s health was deteriorating and he had further reduced his working hours.

However, the couple were still coping financially. At *Round 3* there was continued discontent with the family's overcrowding but with little prospect for a move: they earn enough to be stable financially, but not enough to be able to save for a property unless Mrs G.I. moves to full-time work and spends less time with her family.

Mr and Mrs H.I. lived with their son, a teenager, and their two daughters aged 12 and 14. The family has lived in their three-bed property for eight years, and the couple felt that this will be the place they spend their retirement. Mrs H.I. was a teacher, and Mr H.I. worked in London transport. Aside from child benefit, the family did not receive any state support and were on a 'comfortable plateau' financially. *The couple declined to be interviewed at Round 2.*

Ms H.J. lived in Newham. She moved to London to escape domestic violence, and after a long period living in a hostel has settled into a one-bed flat. Ms H.J. worked part-time as a school cleaner, and wants to increase her work hours, find an additional job or find another job with longer hours but had so far been unsuccessful. She was skilled enough to manage financially, but found it difficult particularly to afford the utilities. She is wondering whether to move back to the area of the UK where her adult children still live. *Mrs H.J. declined to be interviewed at Round 2.*

Mr and Mrs I.J. lived in an Inner London borough with their daughter, who is at secondary school. Mr I.J., in his late 50s, has two part-time cleaning jobs which he manages around taking care of his daughter and visiting his wife in hospital. Mrs I.J. had a brain tumour, and was not likely to recover. Mr I.J. accrued debt as a consequence of his wife falling ill, and has still not regained an even keel financially. The family is deemed to be overcrowded because their son is in prison, and they are keeping a room for him; he is due to be released shortly. *By Round 2* Mrs I.J. had died. Mr I.J. had settled into his two part-time jobs but he was considering retraining as a bus driver. Mr I.J.'s son was out of prison but unlikely to move back home. Mr I.J was thinking of moving himself and his daughter out of London to secure a better quality of life. At *Round 3* Mr I.J. had secured a third part-time job and was retraining to be a taxi-driver. He had started to send money back home and aimed to retire there.

Mr and Mrs I.K. lived in Newham in a one-bed flat with their baby. Mrs I.K. was a single woman living alone at the time of the initial interview, but since then had married and was on maternity leave from her job in a high-street retail outlet. Mr and Mrs I.K. were at the early stages of sorting out their joint family finances. Mr I.K. worked full-time for a dry cleaner, and the couple hoped eventually to buy their own property. *At Round 2*, Mr I.K.'s working hours had been reduced, and he was looking for other employment; Mrs I.K. was unable to return to work as she had hoped, since her baby found it difficult to settle at nursery. The family was still on an even keel financially, but no longer anticipating a move into owner occupation. At *Round 3* Mrs I.K. had had a miscarriage and not yet returned to work. Mr I.K. remained in part-time employment, looking for additional hours or a full-time job.

Mr J.L. (52) lived alone in a one-bed flat in Waltham Forest. He had a difficult childhood and spent some time in institutional care. He was still reliant on the mental health services, and is in receipt of disability benefits. He has had work in IT support, but preferred to work freelance. However, he thought that being self-employed would unbalance his carefully managed but precarious finances. Falling into debt has, in the past, exacerbated his mental health problems. *By Round 2* Mr J.L.'s health had deteriorated, and he was being treated for cancer. He was finding it hard to stay warm, and regarded staying out of debt to be a full-time and confusing occupation. By *Round 3* Mr J.L. had had surgery and had been sorting out the benefit and bill difficulties caused by his being in hospital. He is exerting a tighter control on his finances and has further reduced his outgoings.

Mr and Mrs J.K. lived with their son and daughter, both in primary school. They moved to the UK from an African country to escape conflict. Mr J.K. picked up casual work to fit around his training; he aims to be a qualified painter and decorator. Mrs J.K. takes care of the home. The family are in a two-bedroom terrace but all slept in one room because the house is difficult to heat. The family is holding steady financially, and anticipate that their circumstances will improve when Mr J.K. finishes his training. *At Round 2*, Mr J.K. had just started a full-time job but it was not certain how long it would last; the couple were in the process of sorting out their finances. Mrs J.K was looking to get into work herself, but her spoken English is not good. Heating issues have been exacerbated by removal of some of the radiators, which – after some months – had not yet been replaced. By *Round 3* Mr J.K. had moved into self-employment, and his business was progressing. The family had borrowed money so that Mrs J.K. could retrain and work in health care.

Mr and Mrs K.L. were close to retirement and lived Merton. Mr K.L. was a school caretaker for over 20 years but had to give this up because of a problem with his spine. His wife took voluntary redundancy from being a teaching assistant and became his main carer. The couple were decanted from their tied property, and secured a two-bed house: they have separate bedrooms because Mr K.L. does not sleep well. They aim to move to ground-floor property. Mr and Mrs K.L. had a backlog of consumer debt when Mr K.L. was forced to retire early, and the couple were largely reliant on work pensions.. Clearing the debt meant being careful money managers. They were able to secure a DHP to cover the housing benefit shortfall, but this was due to run out. At *Round 2* their DHP had been renewed, and it seemed unlikely they would have to reapply, given their age. As they headed for formal retirement, they were looking to make further economies. At *Round 3* the couple's finances had stabilised; their age means that the social rented sector size criteria no longer applied.

Ms K.M. is close to pension credit age, and lived in a four-bedroom house with her adult son. He had learning difficulties, but was able to work part-time. She moved into the house more than 20 years ago with five sons after she divorced from her husband. One of her sons is in prison, but due to be released shortly. The other sons contributed to the upkeep of the family home, which is the only place large enough for the whole family to meet together. However, she still had occasional difficulty in keeping up with the bills. At *Round 2*, Mrs K.M.'s son looked set to lose his part-time job, and his wife had just joined the household. However, the whole family was continuing to contribute and her finances remained steady. At *Round 3* another son and his partner had moved into the household temporarily: they had been evicted from their social housing tenancy and were looking for a private rented place. Mrs K.M.'s other daughter-in-law was working part-time. Mrs K.M. was still overpaying on the rent account as a guarantee against losing the property but overall felt worse off as prices were going up and her benefit income was not stretching so far.

Ms and Ms L.N. were a same-sex couple in a one-bed flat in Inner London. The flat was allocated to Ms L.N. (37) who had long-standing mental health problems. She had spent some ten years homeless and then lived in a supported hostel before finally being allocated a property. She was quite isolated, with no family connections in London but then met her partner who works in local government. They had been living together for around two years. Ms L.N. was waiting for an ESA assessment, was aiming to get a part-time job as her condition seemed to be improving. *At Round 2* this partnership had come to an end. Ms L.N. remained in the flat alone, and had recently been reassessed for ESA. She had been judged to be at the higher level ESA, and had found the process extremely stressful. Her mental health has deteriorated following her brother's suicide. Ms L.N. declined to be interviewed at *Round 3*.

Mrs M.N. was self-employed mentor and therapist in her late 40s, and lived with her two adult sons in a two-bed flat in Lewisham. Her youngest son was in FE college and her oldest son worked part-time in a local gym. The household was technically overcrowded, and more so since Mrs M.N. worked from home. The business was not succeeding, and her income fluctuated widely. As a consequence, the household was accruing debts. Mrs M.N. has seen a debt counsellor, but hoped that her situation will resolve itself through an upswing in her business. *At Round 2* Mrs M.N.'s youngest son had gone away to university, and her older son had just had a baby with his girlfriend. He was now living at home only part of the time. Mrs M.N.'s finances had not improved substantially, and she had no plans in place to deal with her debts. By *Round 3*, Mrs M.N.'s son and partner had moved into her house formally and were helping to pay the bills. There had been a substantial upturn in her business which meant that she had paid off much of her debt.

Mr and Mrs M.O. lived in a southern London borough with their teenage daughters. Mrs M.O. was self-employed as a child-minder, and her husband was a driver. They began to accrue complex debt when Mr M.O. lost his job in the education authority: they delayed applying for housing benefit, hoping that the period of unemployment would be limited. However, it lasted some months and they fell a long way behind with the rent. Mr M.O. was now back in work and the couple were climbing out of debt. *At Round 2* the couple had agreed an amicable split and Mr M.O. had moved out. Mrs M.O. was still working as a child minder, and was continuing to reduce her debts. Her oldest daughter was aiming to go to university. By *Round 3* Mrs M.O.'s daughter had started her university course. Mrs M.O.'s business was thriving, and she was considering expansion.

Ms N.O. was a lone parent aged 35, living in Islington with her two daughters aged two and 12. The family lived in a two-bed flat. Ms N.O. fell out with her family when she was a teenager, and ended up living in a hostel. She was finally allocated a flat, and started a family. Ms N.O. had rebuilt relations with her mother, who cared for her youngest grand-daughter whilst Ms N.O. is at work; she works as a part-time teaching assistant. Ms N.O. is generally keeping on top of her finances but was falling behind with the council tax and had not managed to renegotiate a payment plan. *At Round 2* Ms N.O. was continuing in the same job and had turned down an increase in her working hours due to concerns about juggling childcare. She had negotiated a payment plan on her council tax but at the second interview admitted a long-standing historic debt she is also aiming to reduce. By *Round 3* Ms N.O. had taken on second job, for London Transport, which has substantially improved her financial circumstances. Her younger daughter's father was also starting to contribute, and now helped more with childcare.

Ms N.P. lived in Hackney with her daughters aged 12 and 14 in a two-bed flat in a converted end-of-terrace house. She has lived in the flat for around 13 years. She came to the UK from the African continent with her oldest daughter who has since left home. Ms N.P. had two-part time jobs, working through the late afternoon as a school cleaner and then doing an evening shift at a local supermarket. She was an extremely careful financial manager, and is saving enough to pay for extra science tuition for one of her daughters in the next school year. *At Round 2* Ms N.P. remained in the same two jobs, both paid at minimum wage. Her biggest financial difficulty was with fuel costs, which meant that on occasion she resorted to her credit cards. She has given up plans to pay for extra tuition. Mrs N.P. had no time to be interviewed at *Round 3*.

Miss O.P. is in her 40s, and had a degenerative condition which means that she was unable to work. She lived in a three-bed house in Greenwich with her daughter, 18, who was at college. Her daughter shared care responsibilities with her brother, who stayed with them at the weekend. Miss O.P. had successfully appealed against the reduction of her housing benefit, which was a consequence of the property being technically under-occupied. She has also had to contest the decision taken on her ESA. The family is on an even keel financially, but this is largely because of Miss O.P.'s extremely careful financial management. *At Round 2* Ms O.P.'s daughter had reached the age of 18 and left college, and had started training in property management; a permanent job was likely. However, this has had an impact with regard to an end to child benefit, tax credits and the introduction of a Non-Dependent Deduction to Ms O.P.'s housing benefit. Her son was still finding it difficult to secure work since he has a criminal record. By *Round 3* Miss O.P.'s daughter had progressed at work. Although she was earning a full-time income, she was not contributing to household finances despite the fact that her mother's financial situation was deteriorating. The daughter was also pregnant, and it was likely that her partner would also move into the house.

Ms O.Q. lived in a two-bed flat with her daughter, who is studying to teach outside sports. Ms O.Q. became homeless some years ago, losing her owner occupied property largely because – as she herself admitted - she failed to contain her spending. She squatted in a nearby flat with her two children for a while before finally approaching the council. The family lived in a B&B hotel and then a hostel before being allocated a property. Her son had left to live independently by this time. Ms O.Q. and her daughter were recently decanted to a new two-bed flat, as part of a regeneration programme. Ms O.Q. had been diagnosed as having cancer, and the prognosis was not good. She was floundering financially, but aiming to make sure that money is available for her daughter to finish her HE course. *By Round 2,* Ms O.Q. had died. Her daughter declined to be involved further in the research.

Ms P.Q. lived in Lambeth with daughter (12) and son (11) in a two-bed flat. She was born in East Africa, and was taken from a refugee camp as a child and forced into domestic servitude. She escaped when the family visited Europe, and was helped to find a place to live in London. Ms P.Q. had a part-time job as a personal care assistant. The hours tended to be erratic and she was finding it difficult to secure additional work. Ms P.Q. underclaimed, and was not applying for Income Support because sanctions may mean that she loses housing benefit. One of her biggest worries is the cost of prescriptions, because she has problems with her knees. The family has income below subsistence level. *At Round 2,* Ms P.Q. had moved house, instigated by her daughter telling the school authorities about their housing situation. Ms P.Q. did not like the new flat, which contained many more stairs than her original property. However, she was happy that her children now had separate rooms. Ms P.Q. was seeking additional work hours but finding it difficult without formal qualifications. The house move meant a disruption to her claim, and she was £400 in arrears on her rent account. At *Round 3* the household was subsisting on a very low income: Mrs P.Q. had left her employer following a dispute over owed wages, and had started work as a part-time school cleaner but this offered only 1½ hours a day and she was well under the working tax credit limit.

Mr and Mrs P.R. were a couple in their 50s who lived in Hackney. They moved into their two-bed maisonette with their son over 20 years ago, and had two other boys. Their eldest son has now left home but their other two adult sons, both in their 20s, were finding it difficult to move out. One son was self-employed but no-one else in the family was in work. Mrs P.R. stopped working when the children were born, but has had jobs since. Mr P.R. was working in a cycle shop until he injured his back. Both are actively seeking work, undertaking training and refining their CVs as required. After accumulating consumer debt when they were both in work, they were now wary of overspending and managed their finances carefully. *At Round 2*, Mrs P.R. had been mentored into self-employment by staff at the jobcentre and was working as a seamstress. Neither son was working and as Mr P.R. approached Pension Credit age it looked unlikely that he would again find employment. At *Round 3* Mrs P.R.'s self-employment income was supporting the household, although the amount was very low indeed.

Mr and Mrs Q.R. lived in a one-bed flat in Merton with their baby. Mrs Q.R. was a nurse on maternity leave, and her husband worked in a restaurant. They had become a guardian of their teenage nephew, who also lived in the flat and who was partially-sighted. Mrs Q.R. came to the UK as a teenager to escape war in her own country, where she had been forced to be a child soldier. The couple were aiming to move into owner occupation. *At Round 2,* Mrs Q.R. had returned to work, supported by her mother-in-law's who was living with another family member during an extended visit – to take over child care. However, Mrs Q.R. was suffering from an increasingly debilitating combination of medical conditions, which was beginning to restrict her ability to work. Her teenage nephew was progressing through college and worked part-time as a care assistant. By *Round 3* Mr Q.R. secured a well-paid, salaried job as a head chef and the couple had nearly completed on the purchase of their flat. Mrs Q.R.'s health had improved somewhat. Their nephew was starting a full-time undergraduate degree.

Miss Q.S. was in her 50s and lived in Croydon in a three-bed terraced house with her daughter (22) and son (14). She divorced some years ago, and worked in an administrative capacity in education. She works part-time but it is a good job and the family is able to cope financially: they tend to live within their means. However, the house was to heat and Miss Q.S. was thinking of looking for a smaller property. She had a long commute to work, and fitted in twice-daily visits to her mother, who was 84. Her daughter was finding it difficult to get steady work and is currently not applying for any benefits. *At Round 2*, Miss Q.S.'s mother had just died, and Miss Q.S. reported still not having gotten over the loss. This had, she said, distracted her from a recent diagnosis she herself had, which recognised the onset of macular degeneration. Her daughter had still not secured full-time employment. By *Round 3*, Miss Q.S.'s daughter had had a baby, and was still living in the parental home. Miss Q.S. was anticipating a period of financial insecurity: her son was about to leave school, and so she would see a loss of child tax credit and child benefit. Her daughter was not contributing to family finances, and heating costs had gone up because of the baby.

Mrs R.S. was a recently-divorced lone parent from Brent. She comes from Somalia, and migrated to the UK to escape the war. She lives with her eight children, whose ages range from 3 to 22. The family lives in a five-bedroomed house. Mrs R.S. is principal carer of her oldest daughter who has a severe physical disability. Mrs R.S. managed her finances well and has no intention for her family to remain reliant on benefits. She has trained as an accountant and her children are sent for extra tuition at the Muslim school. Her second daughter was about to go to University. *At Round 2* Mrs R.S. decline to be further involved with the study.

Mr R.T. (42) lived in Bromley in a one-bed flat. He moved to London from a Northern city with his mother after his parents divorced. His mother had since died. Mr R.T. had fallen in with a bad crowd when he was a teenager and became a drug addict with drink problems. These problems had only recently been resolved, as have other physical health problems. He was retraining to get into computer work but was not well motivated to get into employment. He was happy to get by on very little, but when he got into difficulty his father sent him money. Mr R.T. was thinking of relocating back to the north, to be with his remaining family. *At Round 2*, Mr R.T. was in a more positive frame of mind, and had recently taken and passed his driving test. He had also been reassessed as fit for work, and had undertaken a number of training courses; he said that having to leave the house has given his life '*some structure*'. At *Round 3* Mr R.T. was in full-time, well-paid employment in security, and was moving off benefits.

Mr and Mrs S.T. were a couple living with their two children. Their oldest son had severe mental and physical disabilities, which limited his mobility: their three-bed house had been adapted to a four-bed house so that he can sleep downstairs. Their daughter was about to start college. Mrs S.T. was the principal carer of her son, and had been working part-time until her husband was diagnosed with cancer. He is now in the terminal stage. The family was holding steady financially, but Mrs S.T. found it difficult to negotiate the complex benefit arrangements for her son and husband. *At Round 2* Mr S.T. had died with no pension, and Mrs S.T. was still sorting out a complex re-assessment of her benefit income, compounded by the fact that her daughter had also left college. Her husband had applied for the housing benefit, which had been stopped automatically when he died. Mrs S.T. was in some financial difficulty, and was relying on regular loans from her mother. She did not anticipate getting back into work, given her care responsibilities. Mrs S.T. declined involvement in the study at *Round 3.*

Ms S.U. lived in a three-bedroom house in Croydon with her daughter (12), and was a part-time school cleaner. She had arranged to move to a smaller property now that her adult son has left home although was unhappy that the rent in the new two-bed house was the same as her current three-bed property. However, she would no longer be subject to a reduction in her eligible rent for housing benefit purposes. Ms S.U. is slowly resolving the rent arrears that were a consequence of the benefit changes. She would like to increase her work hours or get another job but has been unable to find anything. *At Round 2* Ms S.U. had decided not to move after all, given the higher rent. Also, it emerged that her ex-husband – who worked in the oil industry – was hoping to buy their current property for their daughter although he offers the family no financial support at present. Ms S.U. still worked in the same cleaning job after a period out of work with a broken leg. She remained active in seeking additional hours, or another job located closer to home. Financially, she is now a little more stable. At *Round 3* Ms S.U.'s finances had deteriorated. Her income was insufficient to meet her outgoings, given a reduction in her eligible rent and the fact that her hours were below the tax credit limit. Travel to work costs absorbed a quarter of her earnings.

Ms T.U. (28) was a lone parent, living in Croydon in a one-bed flat, on intermediate rent. She was about to return to work after an extended period of maternity leave, from her job working with a major insurer. The flat is overcrowded, but she aimed to stay there as long as possible. Her biggest concern was sorting out childcare. Although her mother and sister lived nearby, both are also in work and so unable to help out. *At Round 2,* Ms T.U. had returned to work, although her childcare cost more than her rent. She was managing because her ex-partner had agreed to pick up their daughter from nursery and bring her home each day. Each month her finances just about broke even, although at times she found she had to dip into her savings. At *Round 3* Ms T.U. and her partner were back together, and the couple had another child. They were considering options for house purchase, since the partner had a mortgage with a sibling and was in steady employment. Ms T.U. was thinking about moving into self-employment, and during her maternity leave had completed a childcare course.

Mr and Mrs T.V. were a couple in their 30s with a baby, living in a two-bed flat in Waltham Forest. They entered into shared ownership as a means of getting on the property ladder in London. They would have preferred to live in North London but could not find anything affordable of a reasonable size. Mr T.V. worked full time at a local large shopping mall, and Mrs T.V. was a self-employed language teacher. They got by financially without recourse to housing benefit. *At Round 2*, the couple had decided that Mrs T.V. should complete formal training to get into teaching. Childcare costs were substantial, so much so that it was cheaper to fly her parents to London to help. The couple felt that they were working so hard that their quality of life had plummeted but things would improve in the next year or so when she would be able to take up a full-time post. At *Round 3* Mrs T.V. was in full-time teaching, and the couple were faring well financially. However, they had accrued a large debt as a consequence of a tax credit overpayment. The household was overcrowded and anticipated – in the medium term – a move out of London.

Ms U.V. lived alone in a three-bedroomed house in Greenwich. Her adult son has Asperger's which meant that on occasion his pre-school grandson lives with her so that his mother can work. Ms U.V.'s daughter also has mental health problems, which meant that both her adult children sometimes need to stay over. Ms U.V. did not work because a combination of medical conditions means she is easily tired. She was in receipt of DHP to cover part of the reduction in her housing benefit, but this will come to an end shortly. She has the skills to get by on sub-subsistence income, but was stressed and depressed by the possibility of falling into rent arrears and losing her home. *At Round 2* it transpired that in the previous year her daughter-in-law had been taken to court for child neglect: she had three children with three different fathers. Ms U.V. had temporarily fostered her grandchild as the issue went through the courts; at times in the last year she has cared for all three children. These developments have left her very much out of pocket: she had legal fees debt of over £1,000 and the Social Fund was taking £17 a week from her other benefit income. By *Round 3* her son had gained custody of Mrs U.V.'s grandson, and he was living with her for part of the week. She remains in debt and there is still a shortfall on her housing benefit. Her health has improved and she will soon be transitioning to JSA but her finances are precarious.

Miss U.W. lived with her two primary-school aged sons in a two-bed flat in Croydon. Around 14 years ago she migrated from Somalia to move in with her brother, and continued to live with him when she got married. She applied to the council for housing when the relationship broke down, and lived in temporary accommodation for some years. Miss U.W.'s finances were extremely fragile. She applied for a budget loan to buy bunk beds, and reductions are still being made from her JSA. She has also had difficulty with changes to the council tax. Debt repayments mean that her income fell below subsistence levels. *At Round 2* Miss

U.W. reported that she had a job for nine months of the last year as a home help for a local disabled woman. This job had come to an end when the woman moved. Miss U.W. had picked up some regular but still largely informal hours as a babysitter. She had seen an improvement to her C.V. and was confident about picking up other work. A period in work had stabilised her finances, but she was fearful about getting into difficulties again. At *Round 3* Miss U.W. was relying on income from sporadic babysitting work, the income from which regularly fell below the JSA level. She was trying to get by on very little and had started to sell items to pay essential bills. At this interview round she was hoping soon to start a care job she had applied for.

Mr and Mrs V.W. were a couple with children who lived in a two-bed end of terrace house in Newham. They had three children under the age of three; the baby was just three months old. Mr V.W. was trained as a painter and decorator and worked variable hours; he was sometimes able to pick up overtime. The couple worried about the interaction between income and benefits, particularly as Mr V.W. is aiming to increase his working hours. This couple declined to be involved at *Round 2*.

Mrs V.X. lived in a three-bed house with her adult daughter (29), teenage son and younger daughter still in primary school. Mrs V.X. came from the Caribbean with her husband to nurse both her parents, and her family stayed in the UK because the children were in school. The couple are now divorced. Mrs V.X. is unable to work, because she has a serious mental health problem: she has, in the past, been in institutional care. Mrs V.X.'s daughter helps with care, and aims to live close by after she gets married next year. *At Round 2* Mrs V.X.'s daughter had fallen pregnant and had a baby, and then had moved out into temporary accommodation with her fiancé not too far away; Mrs V.X.'s son had also recently announced that his girlfriend had fallen pregnant. Mrs V.X. has had poor health, and been sectioned in the last year. At *Round 3* her son, his partner and their baby were part-living with Mrs V.X. and part-living with the other grandparents. Mrs V.X. was distressed following the recent and sudden death of her brother, who had played a big role in supporting the household financially and in dealing with Mrs V.X.'s illness.

Mr and Mrs W.X. were in their 50s, and had been living in their three-bed semi-detached house in Greenwich for over 20 years. Mrs W.X. became homeless with her young children when her first husband stopped paying the mortgage, and after a period of sofa-surfing with relatives and living in hostels remarried just as a house became available. Mrs W.X.'s children – all daughters – are now adult. Just as her youngest daughter left home, Mrs W.X.'s oldest daughter returned with her toddler, following relationship breakdown. All three adults in the household are in work, sharing the childcare. *At Round 2* the extended family were all still living together, but the daughter was looking to move into full-time work. Mr W.X.'s health was not good – he has had a mini-stroke in the last year – and so may retire early. However, the family was stable in financial terms and not in receipt of any benefit except child benefit. The family was too busy to be interviewed at *Round 3*, since the daughter had moved into full-time work as she had hoped.

Miss W.Y. was a lone parent with a two-year old daughter living in a two-bed flat in Enfield. She balanced her time taking care of her daughter and her mother, who lived a ten-minute walk away. She had succeeded to the tenancy when her mother moved to a smaller place. Miss W.Y. was self-employed in the entertainment industry, but had been finding it difficult to secure work with hours that fitted around her care commitments, and was finding it difficult to go through the process of re-applying for benefits after taking any short-term contracts on offer. She had been in debt as a consequence of the fluctuations. Nevertheless she was looking into house purchase. Miss W.Y. declined to be interviewed at *Round 2* although agreed that it could be mentioned that she had moved out of London.

Mr and Mrs X.Y. lived in three-bed maisonette in Tower Hamlets, and have done for 11 years. The couple's two children have now left home although both lived locally. Their daughter brought their grandchild over each day so that she could hold down a part-time job. Mr X.Y. lost his job through ill-health. He had a massive stroke which meant that he lost a leg. Mrs X.Y. left work to be his principal carer. The couple were under-occupying but are waiting for a property suitable for a wheelchair user. *At Round 2* the couple had moved to a brand new flat better suited to Mr X.Y.'s disability. Although the rent was considerably higher, they felt that this cost will be offset by lower utility bills given the 'eco' design of heating and hot water in the new property. At *Round 3* the couple had settled into their new home and their finances had stabilised. Housing benefit was fully covering the higher rent cost.

Mrs X.Z. was a widow, close to pension credit age, living in a one-bed flat in Lambeth. She has never worked, having spent most of her life looking after her husband. They lived in the private rented sector for much of their lives, and looked to move into social housing as they got older. Mrs X.Z. was finally offered her current property. She had some difficulty negotiating the relationship between her husband's pension and her benefits, but she got by with careful management. She wanted to move from her property to be nearer to her sister, and because the flat was very damp. This respondent declined to be interviewed at *Round 2.*

Mr and Mrs Y.A. were a couple with two daughters aged 11 and 15, living in a two-bed terraced house in Lewisham. They were shared owners of their property, an arrangement that was made when they were both in work. Since that time, the couple have had sporadic bouts of ill-health. Mrs Y.A. worked at a local supermarket, and Mr Y.A. was also about to start work in the same place. He lost his last job in retail when that business failed, and was delayed getting back into the labour market as a consequence of a traffic accident. Fluctuations in their fortunes meant that the couple was in chronic debt. *At Round 2* Mr Y.A. had been in work for some months, and had progressed to supervisor level. Overall, the couple's finances had improved substantially and they were starting to clear their debts. At *Round 3* there had been further improvement, with Mr Y.A. in full-time supervisory work. The couple's employment is secure, and they have migrated off benefits but remain in debt and struggle from week to week.

Miss Y.Z. (22) is a lone parent, with a four-year old child, who had recently moved into a two-bed flat in Tower Hamlets. She left home as a teenager after falling out with her mother, and became homeless. The flat she was allocated was damp and insecure: she was burgled six times. She agitated for a transfer, hence her recent move. Miss Y.Z. had started work in the City before she fell pregnant, and was at the time of the interview re-training to get into the fashion business. She is disciplined in financial terms but is apprehensive about managing childcare costs when she returns to work. *At Round 2* Miss Y.Z. was still studying and clearly more settled in her accommodation. At this Round she admitted to a substantial personal loan she had been persuaded to take out for the relative of a now ex-boyfriend, and was also in rent arrears: she has been served with an eviction notice and is ignoring the letters she's being sent.

Ms Z.A. was a lone parent aged 28, living in Islington in a two-bed flat with her son (14) and daughter (9). The family was overcrowded, and she was looking to move. Ms Z.A. worked part-time as a special-needs teaching assistant, which had variable hours. Her finances had taken a blow following the death of her father. She was the only one in her family able to bear the funeral cost, which has left her with a debt of £4,000. She was falling behind with the rent and juggled the other bills. *At Round 2* Miss Z.A. declined to be interviewed as she was in the process of moving house.

Mr and Miss Z.B. lived in a two-bed property in Lambeth. They are father and daughter, but the daughter is the tenancy holder since she succeeded to the tenancy after her mother died. Mr Z.B. was retired after a long working career. The family have lived in the maisonette for over 30 years. Miss Z.B. found it difficult to secure long-time employment and so decided to get an M.A. This, in her view, has left her over-qualified and burdened with student debt. She had recently found work as an administrator in a local plumbing firm and was planning to get married. *At Round 2* Mr Z.B. had moved out into semi-sheltered social housing. Miss Z.B. continued to live in the two-bed flat with her fiancé, and they were still planning to get married. Miss Z.B. was unemployed but felt she had a good chance of getting back into work after being employed for much of the last year. Her fiancé was also in full-time employment in a small retail business. At *Round 3* the couple had married and were expecting. Miss Z.B. had for some months been in office work, via a temping agency; her husband had seen a reduction in his work hours. The couple were stable financially but were looking towards an improvement in their work circumstances.

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