



“Hunger and Food Poverty”

Evidence on behalf of the Baptist Union of Great Britain, the Methodist Church and the United Reformed Church

The Baptist Union of Great Britain, the Methodist Church and the United Reformed Church are three of the largest Free Church denominations in Britain, representing around half a million Christians.

There are some 150,000 members of Baptist churches associated with the Baptist Union of Great Britain. The Methodist Church has about 230,000 members and over 500,000 people are connected with the Church. The United Reformed Church comprises about 150,000 adults and 100,000 children.

The Methodist Conference and the United Reformed Church General Assembly each met over the last week of June and the first week of July. At each of these of these meetings events were held to discuss issues relevant to the work of the Inquiry. We are grateful to the Inquiry for agreeing to accept evidence later than the deadline which has allowed us to incorporate feedback from these discussions into this submission.

We welcome this opportunity to contribute to the important work of the Inquiry and have answered the questions put forward in the consultation document in groups.

Background

Church communities from all three denominations host and support foodbanks throughout Britain. Churches also support other schemes which provide free or subsidised food to vulnerable people. Church members are involved in these projects by directly volunteering and also by working or volunteering in organisations which refer people to foodbanks.

This response draws from this range of experience and expertise as well as the limited quantity of relevant data held by the churches and publicly available data.

Q1. To understand the extent and geographical spread of hunger and food poverty in this country¹;

Q4 . To understand the extent, nature and organisation of emergency food assistance schemes in this country;

While food support schemes have existed for many years there is a consensus that the number of people who are need support has increased dramatically in recent years. This view is supported by the limited amount of relevant data held centrally by the Methodist Church and by the data published by Trussell Trust and many others.

Clergy with responsibility for regions often state that every community they work with now has access to a foodbank. These observations often go hand in hand with a statement such as “we look very affluent around here but there are hidden pockets of real deprivation”. We fear that real and debilitating poverty has a foothold in most communities in the UK which much too often goes ignored by wider society.

Clergy in rural areas are particularly concerned about the invisibility of the rural poor. There are also concerns about the ability to access foodbanks (and other support) because of the difficulty and expense of public transport in rural areas.

Food support and foodbanks are co-ordinated at a local level and in almost every case in co-operation with neighbouring churches – the local “Churches Together” network being a common vehicle. For foodbanks many churches use the Trussell Trust model, but there are also a large number of independent foodbanks. Interestingly the referral/voucher/limited number of days food model is used in almost all foodbanks we are aware of.

Q2. To investigate the underlying causes of hunger and food poverty in this country;

Q3. To identify the circumstances behind the rising number of people requiring emergency food assistance in this country;

When those involved with foodbanks are asked this question their overwhelming answer is the benefits system – delayed payments, changes as part of the welfare reforms and most importantly benefit sanctions. Other reasons given include low incomes and rising prices.

In order to produce a coherent picture of these different factors we find it helpful to categorise the reasons given into – cause of underlying poverty, causes of immediate crisis, and alternative support mechanisms

Causes of underlying poverty

13 million people, of whom 3.5 million are children, live in poverty in the UK. These numbers use the relative income poverty measure after housing costs and are the latest available but represent the situation in 2011/12². The intervening years are likely to have seen rising poverty – especially child poverty³.

1 The organisations responding here represent churches within Great Britain although conversations with colleagues in Northern Irish churches suggest that they are seeing similar problems with similar causes.

2 Monitoring poverty and social exclusion 2013 <http://www.jrf.org.uk/publications/monitoring-poverty-and-social-exclusion-2013>

3 Child and Working-Age Poverty in Northern Ireland from 2010 to 2020 <http://www.ifs.org.uk/comms/r78.pdf>

Between 2008 and 2012 average incomes fell by 8% in real terms⁴. As poverty is measured relative to the median income this has the effect of reducing the most commonly used headline poverty figure. To illustrate this 15 million people now have a standard of living lower than the 2008 relative poverty line.

Incomes

The most important cause of falling incomes was initially the labour market reducing jobs, hours and wages in response to the economic crisis. Welfare reforms have subsequently become more important in reducing the incomes of the poorest families. Relatively minor changes to thresholds in the Tax Credit system have had substantial effect but the unprecedented uncoupling of benefit levels from both prices and earnings will continue this trend until 2017.

Universal credit will, in the long term, make 3.1 million families better off and 2.8 million families worse off. The positive effects are not due to Universal Credit being more generous but instead the assumption that due to the simplicity of the new system 100% of people will take up the benefit if entitled (current take up rates are considerably lower). It is important to note that even with UC successfully in place welfare reforms taken together will increase working age adult and child poverty substantially.

Outgoings

The 8% reduction in incomes is measured relative to the CPI inflation rate. It has been clear for some time that the headline inflation rate tends to underestimate the inflation rate experienced by families living on a low income. This is because low income families spend a greater proportion of their income on goods that experience above inflation price rises eg food⁵, energy⁶ and public transport⁷.

Minimum Income Standards research is used as the basis of calculation the Living Wage and takes a basket of goods that the public believes to be essential to have a decent basic standard of living. The prices of these goods – what the public believes to be the basics – have increased by 28% since 2008, while the CPI inflation rate over the same period was only 18%⁸.

Other policies have placed additional charges on people on living on a low income; for example the abolition of council tax benefit means that 2 million families in poverty are now no longer exempt from council tax and the Social Sector Size Criteria (also known as the Bedroom Tax) has also placed additional strain on low income family budgets.

Greater financial pressure

It is clear that family incomes have fallen. Wages from the labour market fell first, followed by cuts to benefit levels which are predicted to have greater impact as time goes on. It is also clear that the inflation rate suffered by families on low incomes has been considerably higher than the headline

⁴Monitoring poverty and social exclusion 2013 <http://www.jrf.org.uk/publications/monitoring-poverty-and-social-exclusion-2013>

⁵ Hard to Swallow the Facts about Food Poverty <http://www.manchesterfoodpoverty.co.uk/sites/default/files/Facts%20About%20Food%20Poverty%20Report.pdf>

⁶ Household Energy Use in Britain: A distributional Analysis <http://www.ifs.org.uk/comms/r85.pdf>

⁷ <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Price+Indices+and+Inflation>

⁸ A Minimum Income Standard for the UK in 2014 <http://www.jrf.org.uk/publications/minimum-income-standard-2014>

inflation rate. Low income families have therefore been faced with in some cases drastically reduced spending power. For some this may lead directly to a need for emergency food support, but for many more this leads families to become vulnerable to other financial shocks.

Causes of Immediate Crisis

People associated with foodbanks state that the people visiting – especially for the first time – have reached a point of crisis. This may be because a budget has simply become unsustainable, but more usually it is due to an event that placed financial strain on the family.

Some years ago the cause of crisis was typically around sickness, a change in family circumstances or an unexpected expense such as a fridge breaking down. These causes form a much smaller proportion of the people presenting at foodbanks now. Debt, both to the state and to lenders, has been and remains important. The driving force behind the big increases seen in recent years has been problems with the benefits system. A number of foodbanks from different parts of the county pointed to April 2013 as a turning point in the pattern of demand.

The anecdotal evidence seen by national Church bodies is supportive of the systematic evidence produced by the Trussell Trust around reasons for being referred to a foodbank. Changes to benefit entitlement, delays in receiving benefits or moving from one benefit to another are important causes of families needing support, but the overwhelming answer when people who run foodbanks are asked what has changed is “sanctions”.

The Trussell Trust data is not able to differentiate sanctions from other problems with the welfare system but it is clear from anecdotal evidence, Trussell Trust data and DWP data that sanctions are a major cause of people needing emergency food support. It is also clear that the sanctions process is viewed as slow, bureaucratic and unjust – with every local provider being able to give their own example of a foolish and unjust sanction.

Alternative support mechanisms

Both foodbank guests and providers agree that people's first visit to a foodbank is due to utter desperation. The guests have usually exhausted all their other reasonable means of support before turning to charitable help.

Access to credit

DWP data indicates that the biggest source of credit within disadvantaged communities is family and friends. It is easy to see that as the finances of the whole community become squeezed this source of credit becomes restricted. Private sector provision of credit is often at exploitative rates of interest and may prevent the need for a foodbank visit in the short term but may ensure it over the longer term.

Abolition of Crisis Loans

In the last year of operation (2011/12) 2.1 million Crisis Loans were paid out averaging £64 each. The total value of loans was around £133.2 (reduced from £228.3 million the previous year). It is interesting to note the similarity of the average loan value £64 to the value of a food parcel for an average family. It is also interesting to note that the similarity in circumstances between the foodbank guests and Crisis Loan clients. Problems with the benefit system were a major cause of receiving a crisis loan.

This system of affordable, safe and recoverable credit was abolished and replaced by a localised scheme with very patchy coverage and limited efficacy. The funding for local schemes has now been

removed. Local Authorities may have in time delivered improved local schemes however even this seem unlikely given the pressures on local government finances.

Conclusions for Q2 and Q3

People appear to visit a foodbanks when their finances are weak, they have reached crisis point and have exhausted other avenues of support. The recession weakened the finances of many families and would alone have lead to an increasing need for emergency food aid. It is clear however that welfare reform has greatly exacerbated this and is likely to continue to cause many families to need food support.

Welfare changes have reduced family incomes, and for some families added additional charges, making them more vulnerable to financial shock. Problems with the delivery of the benefits and most especially the rise of benefit sanctions have delivered economic shocks to those same vulnerable families. Finally other avenues of support have been removed - 2.1 million crisis loans in particular. This has left families with no alternative but to use foodbanks and other suppliers of emergency food.

Acting together these factors have in our view led to the huge and unacceptable rise in the use of foodbanks and other form of emergency food support in the UK today.

Q7 To consider the effectiveness of emergency food assistance in meeting immediate and long-term needs, and the possibility of these schemes becoming permanent features of the welfare state;

The rise in use of foodbanks is viewed as failure of society in general and of the welfare state in particular. There is real concern amongst clergy and those running foodbanks that their charitable service will become an essential part of the welfare state and that the state will withdraw support to vulnerable people such that the aim of providing a universal safety net becomes dependent on their charitable work. Indeed there are expressions of anger that the sanctions system as in place today is dependent on the existence of foodbanks.

There was hope that foodbanks would one day never be needed but also an acknowledgement that even a compassionate and efficient welfare system may at times leave some needing short term help. It is clear that levels of need seen today are viewed as entirely unnecessary and something which government can and should act to reduce as a matter of urgency.

Clergy have expressed some concerns about the sustainability of some of the foodbanks they work with. They are reliant on the energy of volunteers which they are concerned is under great strain. There was also an admiration at how much has been done so far, and a hope that the resources and people could continue to be found to enable charities to meet the rising demand.

Q10: To make recommendations.

10.1 Restore low income families' access to cheap emergency credit:

1.8 million families received crisis loans in 2011/12. It is clear such credit is needed and it is clear that the space left when the Crisis Loan system was abolished has been either left empty or filled by the worst elements of the financial sector. In the long term Credit Unions certainly are part of the solution but other sources of credit are also likely to be required.

The social fund was able to deliver and collect these loans relatively cheaply and efficiently through the benefits system. Private companies typically charge large interest rates justified by the increased risks of non-payment when dealing with families with little income or assets, and proportionately higher transaction costs due to the relatively low value of the loans. While this does not excuse the exploitative practices of many payday lenders it is also clear that the state may be a better place to provide (or facilitate) these types of loans than the private sector, either through a system analogous to Crisis Loans or through other institutions.

10.2 Prioritise the creation of decently paid, stable work:

Many people in need of food support are in work. The Churches support the Living Wage and recognise the moral case to pay a person sufficient wages for them to have a decent standard of living. It is utterly unacceptable that a person can be in full time work and still live in poverty.

Many of the problems seen in foodbanks are due to low paid and insecure work. Variable or uncertain hours make it difficult for families to budget and to plan effectively. Changing incomes also means changing benefit claims – a process that is fraught with difficulty and errors sometimes leading to weeks without any money while the claim is sorted out.

While we recognise that a flexible labour market has economic advantages it is also important to recognise that many visiting foodbanks are paying the price for these economic advantages. We hope that Universal Credit makes the transitions between different employment patterns easier but also recognise that for many families the lack of stable working patterns makes life extremely difficult and financial mistakes much more likely.

10.3 Benefit levels to be set with reference to the income required to avoid hunger:

Benefit levels have never been based on an analysis of the needs of a family and the costs of meeting those needs⁹. Systematic research¹⁰ agrees with the stories shared in churches and foodbanks that the level of working age benefits is greatly below what is required for a decent standard of living.

As the benefit system is designed to prevent hunger it appears ludicrous that benefit rates are not based on evidence as to how much money is required for a family to avoid hunger.

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⁹ House of Commons Research Paper RP13-1, "Welfare Benefits Up-rating Bill" Jan 2013

www.parliament.uk/briefing-papers/RP13-1.pdf

¹⁰ <http://www.jrf.org.uk/publications/minimum-income-standard-2014>