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Structural Inequalities and Food Insecurity Series

Briefing Note #3: Secure work and a secure
safety net – a new role for the labour market
and social security in preventing the need for
charitable food aid

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Introduction

In May 2021, the Independent Food Aid Network (IFAN), Feeding Britain, the University of York, and the Living Wage Foundation ran a joint webinar and call for evidence on the links between labour market trends and the need for charitable food aid. We heard from experts by experience, food bank managers, and other third sector workers on the importance of job creation, job loss, low pay, insecure work, and other factors in influencing people's ability to afford food and other essentials, both before and during the Covid-19 pandemic. This briefing is structured accordingly.

1. Job loss and the role of social security

At the time of writing, the labour market looks to be recovering from the Covid-19 pandemic. The headline rate of unemployment has fallen to 4.7% and many of the industries hit hard by the pandemic are now adding more jobs. However, employment in industries such as hospitality is still around one sixth below pre-pandemic levels [1]. Moreover, in March 2021, more than one in five workers in the bottom weekly pay quintile had either lost their job or lost hours and pay due to the pandemic, or were furloughed under the Government's Job Retention Scheme, compared to fewer than one in ten of those in the top earnings quintile [2].

While the Job Retention Scheme and a £20 increase in the standard rate of Universal Credit have provided vital support for millions of households with less or no work over the past 15 months, our evidence suggests that all too many people have still been unable to afford food following a loss of work, at times coupled with increased outgoings.

The sudden and temporary nature of the need among people losing work was highlighted by Juli Thompson, of Inn Churches in the Feeding Bradford & Keighley network. Juli reported that 25% of the people being supported by Inn

Churches with food aid, were those who had lost work after previously managing to get by. She noted also that while many of the people in this group are now regaining work in restaurants and cleaning, as the economy begins to reopen, others are still without work after their companies chose to lay them off, rather than use the Job Retention Scheme.

Data shared by Rajesh Makwana, of Sufra NW London, painted a similar picture. Within an overall increase of 370% in demand for food aid during the pandemic, the proportion of households helped who were in work reduced, from 20% to 15%, and was accompanied by a steep increase in the proportion who were unemployed, from 28% to 46%. In addition, twice as many people were reporting mental health problems and long-term illness than a year before.

A similar theme was shared by Viv Sawers of Govan HELP based in Glasgow, who reported that there were people accessing the on-site pantry, 'who have never had to access a service like ours before and probably wouldn't have to again; for instance, people who were part-time and had generally quite good incomes but had nothing at their backs, so when lockdown restrictions came in there was no room for them to earn any more money and they were just totally stuck – but that was relatively short-term.'

This shift in the composition of people requiring food aid was also evident in Thanet, Kent, where a delegate drew parallels with the need for support towards fuel bills: 'many low-income families were unable to access things like Warm Homes Discount, because of the rise of middle-class families (now furloughed) applying [...] food and fuel poverty here is overwhelming.' Food banks in the Feeding Derbyshire network drew attention to a 'problematic' feature of the Job Retention Scheme for some people: 'if their employer was unable to make the 80% furlough up to the 100% of normal wage, they were out of pocket [...] you can't pay only 80% of your mortgage or rent, or 80% of your direct debits. If you had nothing left over at the end of the month before Covid-19, then 80% furlough meant that things got tough and tough choices had to be made: rent, fuel, food, or transport?'

In particular, when looking at the sectors where the loss of work had influenced more significantly the need for food aid, Viv Sawers noted increases in need among, 'people who have worked all their life in hospitality,

and now that sector is on its knees, there is no work for people. There is a stigma for people in that group when seeking support: "I've always worked, I've never needed this kind of support".' Construction and care were two other sectors mentioned, with the latter seeing, 'people going out into the community to care but then having to isolate and so having a reduction in wages. That knocks everything out of kilter. When it becomes chaotic, it's then so difficult to get out of it.'

While the efforts of food aid providers described above have enabled people in desperate situations to put food on the table, following a loss of work, the sentiments expressed reveal a deep sense of injustice. People found in these instances that the system was unable to support their basic requirements during times of need and, as a result, they required food aid.

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That injustice was felt across the board, by employees and the self-employed alike. Indeed, adverse changes to employees' circumstances often had knock-on effects for the self-employed. Caroline, a member of the Covid Realities research programme and a self-employed childminder, described the horror of the downward spiral from financial security to insecurity: 'financial instability creates a bigger vacuum that you get lost in. You're not able to buy food, you're not able to pay your bills, you're not able to pay for your heating, and so you get sucked into debt even more. The more you're sucked in, the harder it is to get out. I rely on parents being employed to keep me employed [...] one parent's hours were reduced from 40 to 16, they still needed childcare but couldn't afford it. The rug was pulled from under her and so it was pulled from under me at the same time [...] you do have to prioritise the bills, the heating, and the food is the last thing the majority of us as parents think of.'

Juli Thompson reported that similar experiences were prevalent among self-employed driving instructors, barbers, and photographers who had become members of the Feeding Bradford & Keighley social supermarket run by Inn Churches. Indeed, 25% of its members come from the ranks of the struggling self-employed let down by either the eligibility criteria for, or the structure and timing of payments from, the Government's support schemes.

Similarly, within the Feeding Derbyshire network, 'many people have no savings and so no safety net. We supported one lady who was rehomed with two young children in a small rural village after a relationship breakdown. She was self-employed but had not had her business for long enough to qualify for Covid-19 support. Her new home had no carpets or curtains and her car failed its MOT. She could not afford the repairs and so couldn't access a good value food shop.'

It was the way in which eligibility criteria for some support schemes were enforced that prompted the following comment from Caroline:

'I have a co-worker who applied for discretionary support here in Northern Ireland to isolate and the interrogation she was put through was shameful. They asked her about the food she had in the cupboard [...].'

Of particular concern was evidence from the West Yorkshire Food Poverty Network demonstrating the plight of children in working families who live in poverty but, due to the eligibility threshold set by the Government, are disqualified from receiving free school meals.

Parents on maternity leave from a low-paid cleaning job, or on furlough from a job after fleeing domestic violence, were among those going without food. One furloughed parent reported that towards the end of each month she often goes without food, her child lives on dried pasta and bread, and yet they do not qualify for free school meals.

'...children in working families who live in poverty but, due to the eligibility threshold set by the Government, are disqualified from receiving free school meals.'

In the light of this evidence, we propose six key reforms:

- A** The principle of social insurance needs to be bolstered within both social security policy and its administration. In particular, we endorse the idea of a non-repayable 'stepping stone' payment for new Universal Credit claimants to cushion against a loss of earnings during the minimum period of five weeks it takes to process and pay new claims [3]. We also believe that the role of contributory benefits needs to be strengthened, again with the aim of cushioning against a loss of earnings and the need to take on more debt.
- B** That same principle needs to guide the creation of a new social security contract for the self-employed – a policy of 'robust unemployment insurance' for the self-employed, in Juli Thompson's words – so that, when future economic shocks impact the UK, they are never again exposed to gross insecurity and hardship.
- C** Both the coverage and adequacy of payments for pandemic-related self-isolation or sickness urgently need to be upgraded to make the choice between poverty and sickness a thing of the past.
- D** In England, the eligibility threshold for free school meals needs to be revised so that no child living in a household on a low income is disqualified from being eligible. Indeed, moves are being made in other parts of the UK towards the universal provision of free school meals.
- E** We were reminded in evidence of the need to abolish the under-occupancy penalty, widely known as the Bedroom Tax, which continues to erode the incomes of people both in and out of work. In one example cited by Feeding Devon, a carer with fluctuating hours had been trying without success to find a smaller home that would enable her to avoid paying the Bedroom Tax, and had needed to rely on food banks to stave off hunger.
- F** We ask that the Government supports the Parliamentary and Health Service Ombudsman (Powers) Bill that has been presented to Parliament. The Bill would give the Ombudsman the powers proactively to identify and investigate systemic problems in the social security system and make recommendations to the Secretary of State.

2. Low pay and insecurity

While work continues to offer the best route of poverty, it does not offer a failsafe or guaranteed one. This was the clear lesson we drew from Jessica Goble, of the Living Wage Foundation, who reported that 37% of parents working full-time for less than the real Living Wage [4] had skipped meals regularly for financial reasons. Jessica noted that while the social and economic consequences of the pandemic had worsened their circumstances, 'one thing that has not changed is a significant group of people reporting that they can't afford to heat their home, let alone keep up with rent and other household bills.' In particular, Jessica drew attention to the need for food banks that exists among 5.5 million people whose low pay is compounded by insecure work: 'Low pay or insecure hours are bad enough on their own, but together they compound the need to rely on food aid to make ends meet.'

Emma, a member of the Covid Realities research programme, said that this observation chimed with her own experience: 'working on an hourly rate is all well and good, provided that hours are regular and set out consistently. Living on a basic budget and having an hourly income is very hard if the hours aren't there. If you have a bad few weeks with reduced hours, it has a knock on effect. That shortfall can then spiral for months as you are just trying to catch up. Working-class people want a chance to thrive, not just survive.'

Feeding Britain's partners in the Cornwall Food Access Alliance reported a structural over-reliance on zero-hours contracts which placed all too many households in a similar situation and reliant on food aid. To compound matters, Rajesh Makwana noted that people in such disadvantaged situations are often 'at the mercy of dodgy employers' and unaware of their employment rights.

We ask that the Government:

- A** supports the Workers (Rights and Definition) Bill that is being presented to Parliament on the back of this report. The Bill would address the insecurity of zero-hours contracts and the volatility in shift patterns, and grant proactive powers to a new enforcement body tasked with identifying and rooting out the bogus self-employment which results in all too many workers being paid less than the statutory minimum wage.

B leads by example through accrediting Government departments with the Living Wage Foundation, enshrining the real Living Wage and Living Hours [5] arrangements in all contracts for both directly employed and outsourced staff working for Government departments and agencies. Jessica Goble noted that such arrangements are known to improve retention, reduce turnover, enhance motivation, and strengthen relationships between management and workers.

3. Long-term unemployment

Beneath the headline rates of unemployment, which appear symptomatic of an economic recovery, long-term unemployment continues to rise across all age groups and has breached half a million people for the first time in five years. Viv Sawers reported that within Govan HELP's pantry membership of 1,000 households, there was a growing cohort of long-term unemployed people who had been seeking work for a longer period of time and relied on the pantry week after week. With that growth, according to Viv, has come a sense of 'hopelessness' and 'helplessness' which leads people to think 'what's the point?'. The number of households requiring regular support from Govan HELP has, as a result, grown from 200 to 600 over the past year.

We recommend to the Government that:

A the Kickstart scheme, which subsidises the creation of jobs for 18-24 year-olds who have been out of work and on Universal Credit for six months, is both extended beyond its planned closure in December 2021 and expanded to people of all ages who are at risk of long-term unemployment.

B it supports the Full Employment Bill which has been presented to Parliament on the back of this report. The Bill would facilitate the recommendation we have made regarding Kickstart while also committing the Chancellor of the Exchequer to a policy of full employment and the abolition of long-term unemployment.

4. An industrial policy for full employment

The extension and expansion to the Kickstart scheme that we have proposed would represent a necessary but by no means sufficient step towards full employment. The Feeding Derbyshire network made clear that access to reliable work is difficult in Britain's older industrial heartlands, and especially coalfield communities where people live in dispersed villages and small towns, with only seasonal or irregular work available within a reasonable distance.

Moreover, new analysis by the House of Lords Library demonstrates that:

- in more than two-thirds (68%) of the 41 local authorities covering coalfield communities, rates of child poverty on the eve of the pandemic were equal to or higher than the national average.
- in 65%, rates of unemployment throughout 2020 were equal to or higher than the national average.
- in 61%, rates of economic inactivity throughout 2020 were equal to or higher than the national average.

Despite these findings, the Library's analysis suggests that, in England, fewer than half of those areas are directly covered by policies such as Enterprise Zones and Free Ports that have been designed to attract investment and create jobs in deprived communities.

We recommend that the Government makes good on its 'Levelling Up' commitment to Britain's older industrial heartlands, with a focus on the areas outlined above, by considering the introduction throughout the remainder of this Parliament of targeted and generous financial incentives for the opening of new factories, investment in new factory equipment, introduction of tailored skills-acquisition programmes, and creation of well-paid manufacturing jobs specifically for people living in those areas. An industrial policy along these lines would do much to address the root causes of food bank demand in our country.

5. Rent

Striking and concerning links came up in evidence between the combined impact of labour and housing market forces on people's ability to afford food. Juli Thompson reported on the case of one woman who relocated for work, had to reside in a caravan because of a shortage of housing, and then lost her job when the store that employed her closed. She was homeless, without an income, and reliant on food aid. Rajesh Makwana added that a lot of the people receiving food aid from Sufra NW London, 'are taken advantage of, as tenants', by private landlords and, in Reading, we were told by Alison Peyton of ReadiFood, 'housing is very expensive [...] and is compounding all these income issues.'

The case outlined by Emma was a particularly damning reflection of the impact of private renting on household poverty and debt: 'the private rental sector has got a lot of issues [...] I've paid ridiculous amounts in deposits and rent. If wages aren't enough, that has a knock-on effect and it's a downward spiral. I pay £1,000 a month to live where we are. The house isn't particularly special [...] I'm in fear of saying anything to the landlord as we might have to move again. I'm stuck in a house that's falling apart at the seams. Repairs are needed for the kids' safety and I'm paying for them out of my own pocket despite not being able to afford it, out of fear [...] when we first moved in, I was getting electric shocks off all the sockets.'

We recommend that the Government:

- A** reviews the enforcement of the Homes (Fit For Human Habitation) Act and, if necessary, introduces or mandates a more proactive enforcement regime.
- B** undertakes two preliminary studies on: the potential merits of a compulsory rent insurance programme for the private rental sector – into which tenants, landlords, and taxpayers contribute proportionate sums – to insure against periods in which work is lost or intermittent and tenants may struggle to afford rent without sacrificing food; and a rent stabilisation programme, as proposed by the Resolution Foundation [6], which would limit rent increases in the private rental sector.

We conclude by relaying Emma’s final comments during our webinar discussion which, above all else, offer a moral justification for the proposals we have presented in this briefing, each of which seeks to eliminate many of the root causes of food bank demand by introducing greater security into the lives of working households: 'at this point in my life, I don't have any security; I have no security at home, I have no security in my finances. My mental health is through the roof and I just can't catch a break. The one thing keeping me going at the moment is my children.'

Acknowledgement

We are grateful to each of the witnesses and delegates whose testimonies feature in the briefing, and who were among 79 attendees at the webinar that was held in May 2021. We are grateful also to Baroness Boycott and Chris Stephens MP for leading that discussion, and to Chris for presenting the bills mentioned in the briefing.

For further information please contact admin@foodaidnetwork.org.uk

Endnotes

[1] www.employment-studies.co.uk/system/files/resources/files/IES%20briefing%20-%20Labour%20Market%20Statistics%20June%202021.pdf

[2] www.resolutionfoundation.org/app/uploads/2021/06/Low-Pay-Britain-2021.pdf

[3] www.instituteforgovernment.org.uk/sites/default/files/publications/universal-credit-getting-it-to-work-better_1.pdf

[4] The real Living Wage is a voluntary rate of £9.50 an hour (£10.85 in London) and is the only wage rate calculated based on the real cost of living. 8,000 organisations in the UK, including Aviva, Everton Football Club, Burberry and IKEA, are accredited with the Living Wage Foundation. The real Living Wage is different from the Government’s statutory minimum wage rate known as the ‘National Living Wage’ of £8.91 an hour for over-23s.

[5] Living Hours entails longer notice periods for shifts, guaranteed payments if shifts are cancelled, a right to a contract that reflects more accurately the number of hours worked on a regular basis, and a guaranteed minimum number of hours each week unless the worker requests otherwise.

[6] www.resolutionfoundation.org/app/uploads/2018/04/Home-improvements.pdf