

more snakes than ladders?

an insight into the lives of the forgotten working poor

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The snakes: our key findings

For most people, work is the most likely route out of poverty and exclusion – but five million¹ low-income, hardworking consumers, without dependent children, and not claiming benefits continue to be at risk of poverty and social exclusion. Our research looked at the difficulties faced by people in this situation. While it is not an exhaustive account, their stories share common themes of more obstacles than opportunities. This report explores the question: in the game of life do the forgotten working poor face more snakes than ladders?

► **Excluded, let down and ignored:** The working poor blame government and industry, not those less fortunate than themselves who are specifically targeted by policy, for failing to address their needs. They want fair treatment and recognition.

- **Ground-down:** Their aspirations are being ground down by what they consider an on-going battle just to stand still, which makes it difficult to focus on or plan for the future. Those who do look ahead often look at the next generation, believing their own outlook is bleak.
- **Insecure:** Limited choice in the job market, because of location, lack of skills, barriers to re-training, and competition in the labour market, leaves many permanent workers fearing for their jobs. Agency workers, appeared to be at the mercy of their recruitment agent, feeling compelled to work every shift offered for fear of not being offered future work if they refused.

- **Skint:** The rising cost of basic goods and services means the proportion of their income spent on these basic essentials is growing at a far faster rate than their wages.
- **Ripped off:** They often pay more for customer services and complaints, through long and expensive phone calls – often from mobiles, if they have no land line – and have to waste time and energy chasing service providers to resolve mistakes.
- **Time poor:** They often work long and unsocial hours, with many working six days a week or doing two jobs just to stay afloat. Planning ahead is made difficult by shift rotas not being given far enough in advance and by employers restricting the planning and taking of annual leave, particularly at weekends.

- **Lonely and stressed:** Long working hours and financial pressures limit their opportunities to build new, or maintain existing, relationships. This is particularly hard for those whose parents or children who live in different areas, or even if they just want to visit their friends to share the week's stresses.
- **Stranded:** Inadequate or expensive travel dictates when, where and whether they go out.
- **Unsettled:** The need to share living accommodation with others – as a lodger, or in a flat or house share – left many, particularly single people, feeling unsettled with a lack of control over their future and a sense of failure.

Ladders of opportunity: our recommendations

The forgotten working poor are hardworking low earners without dependent children at home – they are tomorrow’s parents or tomorrow’s pensioners. Their needs must be addressed to help them help themselves and step beyond the cycle of disadvantage, in this stage of their lives and the next. Below, we set out some of the ladders of opportunity we want to see policy-makers and service providers put in place to break the cycle of poverty.

Remembered, acknowledged and included

The working poor experience disadvantage because of their situation; this prevents them from making social and economic progress, both today and in the future. Social inclusion policy has tended to focus on the most vulnerable groups of people and how to help them today. This work is important – but many people do not fall into vulnerable groups, yet they continue to face

difficult circumstances which put them at risk of exclusion. The forgotten working poor are unable to make the most of their opportunities. Despite not having dependent children to look after, they are battling against multiple challenges, and often have only themselves to depend on. If they are to reach their potential and prepare for their future, they need help to avoid and manage the risks of exclusion. The government and policy-makers should address this with:

- ▶ **an inclusive approach.** The government should take a preventative approach to social exclusion, targeting people facing disadvantaged situations, including the forgotten working poor as well as targeting vulnerable groups. It should tackle exclusion in the private sector as well as the public sector.

- ▶ **inclusive policy-making.** The government should create a set of principles or a practical tool-kit to tackle disadvantage and prevent exclusion. This should be used as a core part of all policy-making.
- ▶ **inclusive language.** Simple changes, such as saying ‘hardworking people’ instead of ‘hardworking families’ can send positive messages and help to include this group.

Goods and services

The forgotten working poor often have to waste their limited time and money chasing providers to sort out difficulties – losing earnings, or paying through call charges to complain. Those who move home more often are more exposed to these problems. They often feel that they get bad value for money and receive poor customer service because of their limited resources, because of where they live or because they don’t know the right questions

to ask. Service providers in both the private and public sectors should:

- ▶ **provide free customer service and complaint lines,** following the example of BT; and explore ways to provide free calls to mobile phone users, including an immediate call-back option;
- ▶ **automatically compensate the customer** when the provider has made a mistake or missed an appointment; and
- ▶ **develop low-cost basic service options open to everyone,** following the example of basic bank accounts – to make essential and non-essential services more affordable and market them at the five million working poor and others on low incomes.

Home

The forgotten working poor live in both the private and social housing sectors. Some live alone or with partners; many more live in shared homes, but aspire to having their own place, whether it is rented or owned.

Few can get a social housing tenancy because of limited supply and the low priority given to people in work and without children. However, three million more new homes for social rent are planned by 2020, and the forgotten working poor are in need of the affordable rents they will offer. Central, regional and local government housing policy should:

- ▶ [prioritise new homes and revise allocation policies](#) to meet the needs of low-income workers, including those without dependent children; and

- ▶ [explore alternative affordable rental options](#) to increase supply in line with demand.

Social landlords should:

- ▶ [roll out tenancy support programmes](#), learning from best practice, to help the forgotten working poor to maintain their tenancies.

Many people have no choice but to rent in the private sector, often in shared accommodation, which is all too often unsatisfactory and can restrict their activities and ability to have guests. Despite improved protection for deposits, private renters will have less protection than those in social housing as the new social housing regulator will not cover private tenancies.

- ▶ [Equal protection is needed for all consumers who rent their home](#). The independent review of the private rented sector² should make this a priority and examine solutions for how this can be achieved,

including expanding the role of the new social housing regulator to cover privately rented accommodation.

Home ownership isn't always a suitable option for people in this group and is unaffordable for many. Government can do a lot to help those who want to get on the property ladder, and lenders have a role to play in helping homeowners remain in their homes.

- ▶ [Innovation in shared ownership schemes is needed](#). Government and social landlords should explore solutions more suited to the needs and pockets of the forgotten working poor.
- ▶ [Maintaining home ownership](#): Lenders should target pro-active help at people who are vulnerable to financial difficulties – including those approaching retirement³.

Getting around

Where the forgotten working poor can go, and when, is largely dictated by public transport services in their area or their ability to drive and afford cars, taxis and cabs. How they get around makes a big difference to their ability to take up employment and social opportunities, which, in turn, determine their income and the extent to which they are socially included. They aren't restricted by the school run or child care, but the fear of crime, inadequate transport services, low awareness or accessibility of cheaper fares, and poor compensation for delays all limit their opportunities to travel.

- ▶ [More buses are needed](#), particularly in rural areas. The new bus champion⁴ should use its influence to ensure service provision that meets the needs of these consumers – including the need for early and late bus services.

- ▶ [Automatic compensation](#) would help people who rely on trains. Train companies should examine options for automating compensation, and publicly report their findings.
- ▶ [Fair fares](#) are available; train and coach companies should target them specifically at people on low incomes, including the forgotten working poor, and ensure that they can easily access these fares at stations and on the phone as well as online.
- ▶ [Tackling fear and risks of crime](#) must be a joint priority between local authorities, the British Transport Police and local police forces. They should set meaningful targets to reduce crime and fear of crime among all consumer groups, including the forgotten working poor – and in particular, people travelling late in the evening.

[Spare time](#)

There are significant constraints on both the time and the money of the forgotten working poor. They have little time to spend building and maintaining relationships, and less money to spend on social activities. This leaves them at risk of social exclusion. They are enthusiastic about having open public spaces and free social events to attend. However, information gaps and the fear of crime mean that fewer people use them than would like to.

- ▶ [Affordable fun](#) would improve lives. Local and regional governments should include the forgotten working poor, designing and marketing free and low-cost social opportunities. Longer opening hours for leisure services, special rates for residents, variation in the type and time of free events and promotion of existing offers to this group would all help. To communicate this information and find innovative ways to include

people who work non-standard hours, they should work with promotion partners – such as council tax collectors, local employers, transport networks, and local shops and other services.

[Work](#)

Work affects our aspirations, time, relationships, money and well-being, now and in the future. The forgotten working poor often live with powerlessness and insecurity in the workplace. This is compounded by high levels of temporary work in certain areas. They tell us that their perceived lack of home commitments makes it more a case of ‘flexible workers’ than of ‘flexible working’. This has a negative effect on their daily lives and their ability to make plans for the future. The apparently limited impact of this on other people, especially children, has meant that government and employers have done little to address this issue. The government should:

- ▶ [empower the forgotten working poor and other workers](#), by taking forward the TUC Commission on Vulnerable Employment’s recommendations – to improve awareness of employment rights, and ensure quick and effective enforcement of these rights where a law has been broken⁵.
- ▶ [improve job security and promote stable career opportunities](#), by exploring the causes of the imbalance between permanent and temporary work in certain areas and establishing its impact on the community, particularly low income workers, and by devising strategies to create more permanent local jobs.
- ▶ [promote economic progress](#), by increasing awareness of career advice services and access to appropriate skills-building programmes. The UK Commission on Employment and Skills should urgently review

access to training for low-income workers. This should build on the success of careers services such as Learndirect, and work-based qualifications and training programmes, ensuring that they: offer the opportunity to build transferable skills; are widely available; and are targeted, designed and marketed as a useful and attractive proposition to the forgotten working poor and their employers, to ensure appropriate take-up.

Introduction

There have been a number of studies and books dedicated to the working poor. However, there are major differences between the people in this group. This has profound implications for how they are treated and the opportunities they have to improve their lives socially and financially. This report focuses on one sub-set of the working poor: low-income workers without dependent children and not claiming benefits. We call them the forgotten working poor.

The National Consumer Council's work on consumer disadvantage has found that an increasing number of people are paying more and getting less – and this includes low-income workers. Our *Consumer futures*⁶ research indicates that people on low incomes often experience social disadvantage because of their situation. Policy interventions have eased the extent of disadvantage for many people, particularly those with children; government targets

associated with these policies, such as eradicating child poverty, have kept the spotlight on those outcomes. However, there are few policy interventions to help low earners without children, and they don't explicitly feature in public policy targets.

This work explores what that means in practice for those people – the forgotten working poor – who are at a disadvantage but do not fall into a particular vulnerable group. Their apparent middle-of-the-road situation means that they get little help in any area of life and face a number of barriers to progress. One difficult situation can compound another, resulting in higher levels of exclusion and disadvantage.

Definition of the forgotten working poor

For the purposes of this research we have defined this sub-set of working poor as low-income workers (earning between £10,000 and 18,500 for a single person or under £18,500 and not more than £29,000 per couple) who do not have, or do not live with, dependent children and who are not claiming welfare benefits including tax credits. The acronym for this is Low-Income No Kids – or LINKys. For simplicity, in this report we refer to people in this situation as the forgotten working poor.

The rest of the working poor

There are millions of low-income workers with children, and others who receive benefits and tax credits, who are also the working poor. It is equally important that their needs and the needs of other vulnerable and disadvantaged people are met. Many of our recommendations will help a wider group than the low-income

workers without children or welfare benefits (LINKys) that we focus on. Nonetheless, our definition picks out a discrete group that appears to have dropped off policy-makers' radar.

Methodology

The research took place in January and February 2008, before the abolition of the 10p income tax rate and changes to the personal income tax allowance. We conducted qualitative research with people who earned £10,000–£18,500, who were not claiming welfare benefits, including tax credits, in Margate, London and Boston. None had dependent children living with them. We used focus groups, in-depth interviews and video-ethnographic case studies to provide an overview and identify common themes and difficulties they faced, and to uncover the ways in which they want their lives and the lives of others like them to be improved. Further research details are available in Annex I.

Context

The rising cost of basics such as food and fuel, and additional charges to access or pay for services, as well as and the credit crunch, are having a disproportionate effect on the forgotten working poor. Fiscal and welfare policies have tended to focus on helping families with children, and pensioners. This forgotten group have, until recently, not been a policy priority and in some cases have simply been overlooked. This is a symptom of their situation, where on the surface everything seems to be ticking over, but underneath they are battling against a tide of difficult situations that compound each other and add up to disadvantage, with the consumer back at square one.

Policy and political priorities do not seem to have kept pace with social change. Increasing numbers of people live alone or with partners, delay having children until later in life, or don't have any at all⁷. Many of these people are low-income workers, who

are at risk of poverty and social exclusion. As far as policy is concerned they may as well be invisible.

Many of them are just about managing to scrape by, which in itself is an unsatisfactory return for fulfilling social expectations by working hard when you are fit to do so. Worryingly, they do not avail themselves of many opportunities that policy-makers may assume they have, and they often lack the time and money to handle the life changes that can kick-start a cycle of disadvantage. Our research indicates that it is currently a case of more obstacles than opportunities for the forgotten working poor - more snakes than ladders.

The recent abolition of the 10p income tax rate, and the £600 increase in the UK personal tax allowance, have put the spotlight on all low earners, including those without dependent children. This

provides a platform to build future-proof social inclusion policy so that this group and other consumers at risk of exclusion are no longer marginalised, giving them something worthwhile to aspire to.

This report looks at the difficulties this group face, in particular the challenges posed by work, money, goods and services, time, relationships, home and getting around. We highlight the obstacles that set them back in one or more areas of their lives as one difficult situation compounds another. We look at how this frames their expectations and damages their aspirations. We also explore the potential ladders of opportunity that policy-makers and industry can put in place to take the pressure off, and give the forgotten working poor a genuine chance of making progress in their lives.

Forgotten, ignored, invisible...

Our findings indicate that the forgotten working poor feel ignored and invisible. They tell us that service providers, government and elected representatives, and to some extent their employers, don't understand their situation. Worse still, the perception is that they don't care. Failure to acknowledge their contributions publicly, continually focusing on particular groups to the exclusion of others, and failure to take action to combat the everyday difficulties they face, leave them feeling like outsiders looking in on the rest of society.

There are many simple ways to reverse this situation in both the short and the long term. However it is important to understand why they feel like this, in order to prevent them or other people becoming effectively invisible in the first place.

Compared to others

Our research shows that the forgotten working poor recognise the importance of meeting the needs of vulnerable people. Many were frustrated that some people receive certain services free, when they had to pay for them. However, we found that they blamed the government, not other consumers, for their needs being ignored.

'You just get shat on, because you work.'

Male, 18-34, Boston

There was an overwhelming sense that they had no voice, and were not represented by government or other political figures because they didn't have enough money.

'They listen to the "haves" and not the "have nots".'

Male, 50-65, Boston

The C word

Our research showed that men in the middle and older age groups repeatedly referred to themselves as working class. This is language that politicians, researchers, policy-makers and service providers have moved away from, with one recent exception⁸, with some promoting the idea of a classless society. However, many of them did not agree that 'class' no longer existed. This may go some way to explaining why many of the consumers told us they feel that they have been forgotten or ignored.

'Stop penalising the working classes, aren't we suffering enough?'

Male, 35-49, Margate

Others identified themselves as a group of low earners. One woman said that if she could ask industry or government one thing it would be to:

'Give low-earners a fighting chance.'

Female, 34-49, Boston

Unrepresented and unacknowledged

The research showed an overwhelming dissatisfaction with the way elected representatives have failed to acknowledge their contribution to the economy and society. This is particularly strong among single people and those without any children, as they do not associate themselves with the 'hardworking families' tag that politicians often use to talk about the electorate. They feel unappreciated and bitter that people who are elected to work for them don't seem to recognise their contribution or needs, either in language or in policies.

'[I] wish people were more understanding and listen to our views and not just brush them under the carpet.'

Male, 35-49, Margate

“They listen to the “haves” and not the “have nots””

Value judgements and aspirations

This raises an important issue about what the label ‘family’ is taken to mean. People without dependent children may be less likely to live with their parents, children or other relatives, but they are still part of a family. Families are about relationships, not households, but that is not how the rhetoric is perceived by many of the forgotten working poor, and they feel excluded because of that. This is particularly the case for people who are not or who will not be parents. It is important to acknowledge that social and cultural differences mean that people aspire to different lifestyles. This diversity should be reflected in both policy and rhetoric. Our participants felt that the inherent value judgement in the lack of attention given to low income workers without dependent children (LINKys) created a sense of injustice for people who are living up to their responsibilities as citizens.

Inclusive language and policies

The research indicates that the forgotten working poor do not associate themselves with the language used by elected representatives and policy-makers to describe citizens. The point is not about political correctness – nobody expected a special mention – the point is their desire to be recognised along with everyone else, where this is simple to achieve. The prevalence of shorthand labels to highlight specific groups, like ‘parent’, ‘pensioner’ or ‘key worker’, can alienate people who feel they belong to none of those groups. A simple change like saying ‘hardworking people’ instead of ‘hardworking families’ when talking about people in work can send positive messages and help to build inclusive policies. Of course this should be balanced with acknowledging people who are not paid for their work and people who are not in work.

Recommendation

We recommend the use of more inclusive language and policies by all elected representatives and policy-makers, reflecting the social spectrum and recognising the contribution and needs of all citizens – including the forgotten working poor.

Assumptions

These consumers told us that they are frustrated because policy-makers, service providers and wider society think they are okay, and don’t need help because they have a job (or two) and can feed themselves and have a roof over their head. Little attention appears to be given to the implications of what they eat and where and how they live, as long as it doesn’t immediately impact on a dependent third party. This appears to be at odds with policies on sustainable communities and promoting healthy eating. The irony of this is not lost on this group and further demonstrates how their needs are not considered.

One issue is the apparent widespread assumption that the forgotten working poor have the skills, confidence and equipment to access information, goods and services over the internet. The failure of public and private service providers to offer a range of access channels often leads

to the wrong message being given out, and this group runs the risk of knowing less and paying more, which can lead to exclusion.

'They say everyone has a PC – but everyone doesn't have a PC, or can't use it – they are excluded from a lot of opportunities as more and more companies are web-based.'

Male, 35-49, Lambeth

Inclusion

The Social Exclusion Taskforce has reduced some barriers to social inclusion for some of the most vulnerable groups in society. This work is welcome, and many lessons from it can be applied to preventing exclusion, in both the private sector and the public sector. Much can also be learned from what the Financial Inclusion Taskforce has achieved with the financial services sector.

However, there is a tension between the need to address disadvantage and exclusion more widely and the funding available. This is a difficult balancing act to get right, but it is essential that people are helped out of the cycle of disadvantage, so they don't become the vulnerable consumers of tomorrow. Funding for policies to prevent exclusion now will reduce the need for funding further down the line, and more importantly it will improve lives. The forgotten working poor tell us they want to build for the future, but are constantly fighting to stay afloat today. Social inclusion policy has to have a long-term dimension; it should help people to reduce the risk of entrenched disadvantage.

Recommendations

- ▶ An inclusive approach: The government should take a preventative approach to social inclusion, targeting people who face disadvantaged situations as well as those in vulnerable groups. It should tackle exclusion in both the private and the public sectors.
- ▶ Inclusive policy-making: The government should create a set of principles or a practical tool-kit to tackle disadvantage and prevent exclusion; this should be used as a core part of all policy-making.

Ladders of opportunity

It is important to create inclusive and proactive policies to help hardworking people make social and economic progress. Sending encouraging messages and acknowledging their contribution to society are key ways to support inclusive policies and to build the aspirations of the forgotten working poor. Recognising that they can't always access information and services in a way that suits government or industry is important. Providing a range of affordable access channels is vital to including and empowering them.

Work

Work has a huge impact on everyone. It affects our time, money, health and well-being, for better or worse; this can make people vulnerable. The experiences of the forgotten working poor are as varied as the jobs they do, but from dinner lady to decorator there are overriding themes of insecurity and powerlessness. Often they have to be ‘flexible workers’, rather than benefiting from ‘flexible working’, because of their perceived lack of non-work commitments.

Job insecurity and status

A lack of information and understanding about employment rights, variation in those rights, and differences in enforcement all leave the LINKys exposed. Almost all our participants felt that their jobs were insecure. An abundance of cheap unskilled labour, particularly in seaside and rural locations, concerned many people, including those in permanent jobs. While few of them

had dependents to worry about, many of the people we spoke to, especially single and older people, had no one they could depend on if they lost their job or did not get enough work that week. People in social housing felt they had more leeway, but for homeowners and those renting privately this insecurity put the roof over their heads at risk.

One man told us he sent away people who came looking for jobs, in case his boss decided to replace him. Many people working for themselves or for small businesses were concerned about the potential threat of the economic climate. Job insecurity was higher in areas where the job market was poor and the use of casual labour through employment agencies was prevalent.

Others told us there were not enough permanent jobs in their local area, where people wanted to work to save time and money on travel. This was a particular issue in rural and seaside locations. Many people felt that there was more that the government and local councils could do with planning and regeneration to boost the local jobs market. Some people, particularly younger people starting out, worried that they might eventually have to leave the area and their family and friends. Their lack of children or a permanent home fostered a social expectation that they would go where the work is, but they told us that they wanted to work where they live.

‘Basically I could find a job in another city. But it would be difficult to get somewhere else.. I have quite a lot of luggage here... It would be very hard to move to a different city...’

Male, 18-34, Boston

Work-life imbalance

Most people in the younger and middle age groups told us that they worked long hours, with many doing two jobs. Some worked long hours because they were pressured to take the shifts by their employers – a particular issue for agency workers. Their lack of ‘flexible working’ rights and their perceived lack of non-work commitments seemed to leave them open to this pressure. Others had to do the extra hours, or take a second job to make ends meet.

‘Between Christmas and New Year I was working 60 hours a week . . . I was doing shift work and then went straight into [a shift in] a pub, which was a nightmare.’

Female, 18-34, Margate

‘By the time you get to 9 o’clock [in the evening] you just want to go to bed. Sometimes you’re absolutely knackered.’

Male, 18-34, Margate

Few of the younger people in our research had access to cheap rental accommodation; many had debts, and most had to go out to socialise, as having friends around was difficult in shared homes. This necessitated a bigger budget, which could only be achieved through longer working hours.

People in our older groups tended to work shorter hours than their younger counterparts. For some this was because of health issues. Those working shorter hours tended to have greater job satisfaction and they valued the extra time they had more than any extra money they could make. As long as they could meet their essential bills they would make sacrifices elsewhere. Participants who were genuinely self-employed also tended to report higher job satisfaction, but they were all in the middle and older age groups.

'There's many a morning I've thought to myself, "Shall I go and work for a firm or something like that?" But then I'd lose my independence. As long as I can pay the bills I have to pay ... I forego all the entertainment, because I'm quite happy with my grandchildren, my allotment, that's what I like.'

Male, 50–65, Lambeth

Powerlessness and inflexibility

The right to request flexible working has recently been extended to people with children under 16, but unfortunately that doesn't help people without children – including the people in this report. Our research found that for them it is more a case of 'flexible workers' rather than 'flexible working'. The types of work that they do, their job insecurity, their low pay and their perceived lack of home commitments all contributed to this.

'When I started it's not even clear if you're working temporary or permanent. You're called each day - you receive a call and an agency worker tells you if you have to go to work. You may never know if there is going to be work... Basically I am working night shifts... but the percentage of night workers means that now I am getting the same money as people that work in the day. There is no bonus for working at night. Since I started working at nights... they used to pay a lot more... so now I have to stay on night shift even though the wages have gone down.'

Male, 18-34, Boston

Consumers told us that shifts and holidays tend to be at the employers' convenience and often the worker's inconvenience. Agency workers (who are excluded from the legal right to request flexible working) felt they were at the mercy of the agency, often having to accept bad conditions and inconvenient shifts to get more work. They also felt that they got a worse deal financially.

'I was informed that as an agency worker... I am an extra source of labour... the factory is paying £11 for me... when I sent to work... I am receiving only half of it. I get taxed as well.'

Male, 18-34, Boston

'As an agency worker I'm moved from one place to another ... it depends on one person whether he calls me or if he doesn't. You have to work at 10pm, you have to do it, if you don't he won't call you tomorrow.'

Male, 18–34 group, Boston

'First of all – I can't plan anything. When they call... they usually call at 6 in the evening... When they call they tell me to go to work at 10pm. I have about three hours to prepare... There are times when they call at 8pm and I have to drop everything. Run back home and change my clothes and prepare for work.'

Male, 18-34, Boston

'You can't really have any say...'

Being unable to book annual leave in advance or at particular times, especially weekends, was a real problem for many, affecting their relationships and limiting their social opportunities.

'You're not allowed more than two Saturdays off in a row or something. It's a nightmare.'
Male, 18-34, Boston

This was a particular problem for people in the younger and middle age groups; they tended to work longer hours, so their time off was therefore even more precious. Some people felt that the restrictions on their time off, which they perceived to be unreasonable, were directly due to their level of income and their status in their job, rather than the needs of their employer.

'It's partly got to do with the level I'm at really. I think that if I was on a bit more money... then they would look at you a bit differently but because you're just sales staff... They're like, "Well I'm going on holiday," but if you were getting paid more and you would have more money... then you may be able to [get a bit more] leeway. When you're on my income level you're on the bottom, you can't really have any say, You've just got to do as you're told.'

Male, 18-34, Boston

Stress

Long and unsocial hours are associated with work-related stress, combined with low wages and job insecurity. Many of the forgotten working poor lead stressful lives.

'I mean I've had times where I've woken up and the first thing I've thought about is "Shit, I've got no money," and that is a really horrible place to be and then of course you take on extra shifts at the weekend and you end up doing a 60-hour week and that makes you stressed as well as skint.'

Female, 18-34, Margate

'It [job insecurity] makes a big impact – I can't really sleep enough. I am not sleeping because I am worried. I am stressed. I am not even sure what is going to happen in the next month. I can't plan anything... I sleep a lot less... I just can't sleep more... even if I stay in bed all day. I'm not comfortable enough to sleep.'

Male, 18-34, Boston

Culture change

It is important to break this culture of long hours, low wages, job insecurity and powerlessness. Giving people both the desire and opportunity to progress, rather than simply swapping one draining, low-paid job for another, is going to mean changes in policy-makers' thinking – but it will increase the likelihood that low earners can escape the cycle of disadvantage. One part of achieving this change is to help people feel empowered in the workplace.

Recommendation

The high proportion of temporary work in certain areas compounds these problems. This gives people fewer rights, and means they have little control over their time and relationships, how they get around and how they access goods and services. Action is required to ensure that this group has the information and support from government to take back some control, get the pay they have worked for, and can take the leave that they are entitled to. We support the TUC Commission on Vulnerable Employment's recommendations that awareness of employment rights needs to be improved and that quick and effective enforcement of those rights is needed where a law has been broken⁹.

All vulnerable workers, including the forgotten working poor, should benefit from the same protection. Forthcoming UK legislation to create a level playing field for many agency staff is a welcome step towards achieving that. However, people who undertake short-term work assignments will still not be covered. Our research indicates that short-term agency work can be one of the main employment opportunities in some places.

Recommendation

To address job insecurity and promote stable career opportunities we recommend that the government explore the causes of the imbalance between permanent and temporary work in some areas. It should establish the impact of this imbalance on the community and the local population, in particular low income workers, and devise strategies to increase the number of permanent local jobs.

'As I live in Thanet I would like to work here, closer to home. Is there any way you (the government) could boost the area regarding jobs? I am sure this would make a difference to my lifestyle and the way I feel about my life in this area.'

Male, Margate, 34-49

Career progression

Many workers, especially younger people, held aspirations to build on their current skills and learn new ones, and eventually get higher-paid jobs. This group felt that they would be able to do this with their existing employer, or with a new one. The amount of time they spent at work, and the focus that they were able to give their career at their life stage, added to their optimism. Many older participants felt that there were training options for younger people, but felt that there was little that was available or appropriate for them.

'I have often thought I would like to change my job, but I never got any qualifications at school, so the only qualifications I am qualified for is to cook and if you want to go out and think about changing jobs at middle age there is absolutely no help out there whatsoever to try to get into these different areas or different lines of work.'

Female, 34-49, Lambeth

Some younger people were also pessimistic about being able to build their skills, because it would not be possible within their employment setting and other retraining options were too expensive. They said courses which would be useful were not available to them free of charge, and they could not afford the upfront costs. Others said they would not be able to take on debt to retrain and thought that these sorts of opportunities would only be a realistic option if they were free. Crucially, loss of income while retraining meant that it was not an option for most people, regardless of whether the training was free.

'...You've just got to do what you are told'

Careers and training were predominately referred to in terms of jobs and work. Careers advice was only considered as a school or college service, and not as a service for working people, despite the apparent need, and stated desire, for help.

Diversifying

A few younger people expressed a desire to move into a different industry, so that they could work standard hours or gain new skills, but found their lack of experience a barrier to making the change. Retraining was seen as a way of achieving this change, but the financial realities meant it was not a realistic option. Retraining in their spare time tended not to be an option either, because their time off was limited and often irregular. Expectations at work and financial pressures meant that not having the responsibility of children did not

make much difference to their ability to take up these options. There are welcome steps towards enabling low-income workers to find employment, build skills and progress in their careers: these initiatives include Train2gain, the skills pledge, the jobs pledge, and work-based training pilots run by the Department for Work and Pensions and the Department for Innovation, Universities and Skills (DIUS).

Recommendation

The time and money we have tends to be wrapped up in the work choices that we have. Many of the forgotten working poor, with a low awareness of careers advice services and difficulty in building their skills, have fewer work choices. We recommend that the UK Commission on Employment and Skills should prioritise a review of access to training for low income workers. This would build on the success of careers services such as Learndirect and work-based qualifications and training programmes – ensuring that they:

- ▶ offer the opportunity to build transferable skills;
- ▶ are widely available; and
- ▶ are targeted, designed and marketed effectively to the forgotten working poor and their employers as a useful and attractive proposition to ensure appropriate take-up.

Ladders of opportunity

Employment rights are an important factor in empowering the forgotten working poor to take control of their jobs and their lives: their awareness of their rights needs to be raised, and those rights need to be enforced in the workplace. Careers advice, work-based qualifications and training opportunities are key to giving them choices and helping them progress. Achieving an appropriate balance of work in communities, encouraging the creation of permanent local jobs and enabling workers to progress from temporary to permanent work, will help to increase job security and reduce their stress. This package of measures can help many people out of the cycle of disadvantage so they can plan for their future.

Money

'I can't afford to pay the bills'

With low-paid work as their only source of income, the forgotten working poor are under increasing pressure as the price of essential goods and services, particularly food and fuel, continue to rise. Two may be able to live as cheaply as one, but this is little comfort to many of our group who don't have a partner or children. They earn between £10,000 and £18,500 per year, but wages have not kept pace with rising costs and they are finding it difficult to get by.

'Bills keep going up, everything is spiralling out of control. I can't afford to pay the bills but it keeps going up, and I feel kind of overwhelmed by it all.'

Female, 50-65, Lambeth

'People with children get their working tax credits and people that work don't get nothing, if you know what I mean, if you've got no children or you're not married then you don't get any benefits, or they don't help you.'

Male, 18-34, Boston

Boosting income

Many low-income workers take on extra shifts or a second job, as noted in the section on work. Ordinarily we would expect this to be for particular expenses such as Christmas, or to meet unexpected outgoings, such as the washing machine breaking down. However, many consumers told us that second jobs were necessary just to get by.

Tax

The research was conducted before the abolition of the 10p rate of income tax and introduction of the higher rate of personal tax allowance¹⁰ came into effect – yet consumers told us that they felt they paid too much tax for the amount that they earned. Both income tax and local tax were considered unfair.

'They don't give a damn about the taxpayers, really, all they're worried about is how much more they can get out of you.'

Male, 35-49, Margate

Well-fair?

Awareness of help such as working tax credits appeared to be low. Our participants told us that they were either not entitled to it, or did not claim it; many people they thought it was only for people with children. Even where they were aware, the bureaucracy and rigidity of the benefits system make the benefit unsuited to people with variable income, including agency workers, the self-employed and people who may take on additional hours from time to time. This means that many of the younger groups in particular would be ineligible. Some people who said they were ineligible for working tax credit thought it was unfair, particularly as they felt that they were no better off than low earners with children who were eligible.

Form-filling and dealing with yet another call centre and service provider to claim working tax credit did not present an attractive prospect to people who already spent time chasing other organisations' mistakes. Some felt that this was an intrusion into their lives and many more simply wanted to keep more of what they earned in the first place. These are likely to be significant factors in the low take-up (just 22 per cent). The government and other stakeholders are looking at ways to increase the take-up of working tax credit among this group, but revising the benefit itself seems not to be a priority – even though it doesn't fulfil the needs of many of the forgotten working poor.

There was some take-up of the council tax discount among people who lived alone; however, most could not afford to live alone so it wasn't relevant.

Cutting back

While people were trying to maximise their income they were also seeking to minimise their expenditure. Reducing spending on non-essential items like sweets for grandchildren was one example of how people were cutting back. Others cut entertainment, missing out on friends' birthday celebrations and other social occasions. All of these things seemed to have a disproportionate affect on how they felt about themselves and their position in life – cheaper, but not cheerful. Cutting social opportunities was felt most acutely by single people across the age groups, particularly those whose jobs weren't very social. For some people this meant that they were going without social contact, which left them isolated.

Debt

Many younger people were repaying debt, including student loans, personal loans and credit cards. This made it more difficult for them to improve their situation or make plans for the future. The expansion of the higher education system and reliance on credit means that increasing numbers of people may be in this situation.

Others told us that having debt had an increasingly adverse affect on their health.

'How can my health be getting better? Your income is so small and your debt is so much and then you start getting worried, especially when you start getting older, you worry more.'

Female, 50-65, Lambeth

Many people felt that with a limited income they often had no choice but to get into debt for general expenses.

'...Even before they don't accept the credit card for paying the electric bill and the telephone bill but now they do, so for any bill I'm using my credit card so now my credit card comes up to more than £2,500.'

Female, 50-65, Lambeth

Credit

Participants expressed varying attitudes to borrowing money, which did not seem to relate to age, gender or location. Some people felt they had no choice but to rely on credit cards for unexpected expenses.

'I mean it is easy to say don't use a credit card but a lot of people are forced to because they don't have [the money]...'

Male, 35-49, Lambeth

This was particularly important for one woman who used a credit card to pay for car repairs; without it she would not have been able to get to work. People in this situation are at risk of having to use high cost credit, particularly with the impact of the credit crunch limiting access to more affordable options. This risks another set-back for them which is difficult to recover from and can kick-start a spiral of debt.

People who were from outside the UK, and those who had experienced debt in the past, were more reluctant to use credit.

Pensions

With prices rising faster than wages, the forgotten working poor have even less spare cash to save; older participants in particular were concerned about this and how they would manage in retirement. Some younger people acknowledged the need to save for a pension, but almost all felt that their budgets were so squeezed they didn't feel it was possible. The introduction of personal accounts, which will offer an opt-out from pensions saving rather than an opt-in, will help consumers to save for a pension. However, the impact on this group is likely to be further spending cutbacks. It was not clear where they could make any more sacrifices.

Help at hand

The introduction of 'Money Guidance'¹¹ offering generic financial advice for consumers, is a welcome step which is likely to help the forgotten working poor. However, the design, delivery and marketing of the service must meet their complex financial needs and match their lifestyles, recognising that buying a home, getting married and having a baby may not be a reality for them.

Further work by the Financial Inclusion Taskforce on affordable credit, insurance and savings would also help this group, who are also at risk of financial exclusion in some areas.

Ladders of opportunity

Policies to help consumers access appropriate and affordable private sector services are welcome. Financial inclusion initiatives, financial capability work and Money Guidance will all support consumer experiences in the private sector, while supporting public policy aims. This is a welcome approach, offering examples which could be replicated in other areas so that consumers are equipped to help themselves. However, these initiatives cannot exist in a vacuum. They need to be supported in other areas of public policy, particularly around building the skills and careers that will give them the resources they need, both today and for the future.

Goods and services

Accessing goods and services is tightly tied into time and money issues, and in rural areas distance is another big factor. The less people have, the more they need a better deal. Our participants felt that in many areas they were being ripped off, and their time was being wasted. Having to travel halfway across town to get to the supermarket, chase providers about errors, hanging on the telephone and paying additional charges all caused them difficulties.

These factors may affect all consumers, especially those on a low income. But the unsettled home life, shared housing, job insecurity and non-standard working hours among many of the LINKys often meant that they experienced more hassle working out bills and dealing with providers of essential services, particularly utility suppliers, than might be expected. Also, increasingly tough economic times meant that cutting back in certain areas influenced their experiences of goods

and services, including terminating some contracts and engaging in new ones with cheaper providers.

Non-essentials?

Some consumers told us that they had cancelled subscriptions to non-essential services because their budgets had been stretched.

'We used to have satellite TV but it was too expensive, so we don't.'

Female, 50-65, Boston

Others reported feeling stressed and worried at the rising costs of living. Many did not feel that they were getting value for money from some services. Some people told us that although they could manage without many non-essential services there was social pressure from the industry, the media and peers to have them.

'There is part of me that says you have to live within your budget, but by the same notion you are inundated constantly with advertising, buy this and buy that, and you are not part of the world if you don't have one of these, you know what I mean?'

Male 50-65, Lambeth

But how non-essential is non-essential? For people who cannot afford to go out, or who see little of the people they want to, 'non-essentials' such as satellite or cable TV and broadband can help them stay in touch, allowing them to participate in everyday conversation about the latest social networking site, football results or entertainment shows, or access to news or entertainment in their own language. We would expect the roll-out of digital TV will also have a positive effect in this area, but measures must ensure it is affordable and accessible to everyone.

Counting the cost

Consumers of all ages and across the three locations told us they had also had to make cutbacks on essential items. Food was a major area where consumers told us they had experienced significant price rises. For people in rural areas there was the added difficulty of getting to the supermarket.

'All the supermarkets are on one side of town. It's not fair on people who live of the other side.'

Male, 50-65, Boston

Rising prices had led most people to check the prices of individual products where they hadn't before. Others used a calculator to add up the shopping so they would know when they had to stop filling their basket – which meant eating less and doing without. This was particularly hard for people living on their own, who still need to buy the same basic ingredients and cleaning products.

Pound-stretcher

Other strategies to cut food spending included:

- ▶ buying shops' own brand products;
- ▶ buying special offers, such as buy one get one free;
- ▶ using cheaper supermarkets;
- ▶ using markets instead of supermarkets;
- ▶ shopping at certain times or on particular days when they knew that supermarkets discounted some foods;
- ▶ buying damaged goods; and
- ▶ collecting discarded vegetables from the street after the market had packed away.

The real cost

Some consumers told us that this had a negative impact on their health and well-being.

'Sometimes I'm not sure (about cheaper foods) because they're cheaper, but I worry about the quality and are they healthy or not.'

Female, 50-65, Lambeth

This is a greater concern for people who do not have a partner to rely on for income or to take care of them if they become sick, or to raise the alarm if they need medical assistance. A diabetic told us that his inability to afford the right foods would have a long term effect on his health. He thought it was unfair that products specifically designed for diabetics were more expensive than other ranges.

Despite the government putting significant resources into educating consumers about the benefits of healthy eating, many people did not feel this was possible on an increasingly limited budget. NCC research has found that many special offers tend to be on less healthy options¹². But, reluctantly price was the overriding factor in food choices among our participants. One woman was spending just £10 on her weekly food shop.

Additional charges

Participants were frustrated by having to pay fines for late payment of bills, overdraft charges and missed payments.

'It's bank charges. You're actually being fined for being skint.'

Female, 18-34, Margate

The fairness of bank charges has been challenged in court, and they have been found to be unfair. However, banks are currently appealing against the verdict, which leaves consumers in limbo for the time being and will lead to delays to any refunds due.

Lack of transparency around charges is also a big issue; many people told us that they thought the charges were deliberately confusing.

'They move the dates around as to when these charges are made so you don't know.'

Male, 18-34, Margate

The same feelings applied to extra charges for paying bills by cash or cheque. We welcome moves by regulators to increase transparency around billing and charges; it is unclear to what extent these charges, such as premiums for paying in cash, are cost-reflective. Consumers should not have to pay more because of the way in which they need to pay for

'It's the telephone service society'

goods and services. While the social tariff in telecoms, BT Basic, doesn't carry additional charges for cash payment, limited eligibility means that many of the forgotten working poor cannot access it. So they are left with mainstream tariffs, which many people thought were too expensive, and additional charges.

'I just think that a lot of the way that business operates in this country, and in London it's profit before people and profit before care, and that's all they think about. It is definitely profit before people in this country, definitely. It's that culture. Profit before people.'

Male, 35-49, Lambeth

Recommendation

Many people asked for special tariffs related to their income to make essential services such as utilities affordable for them.

Providers of essential services should develop low-cost basic service options, open to everyone, and market them at the five million forgotten working poor and others on low incomes. Successful examples include basic bank accounts.

Service channels

Many people found that the move away from face-to-face services caused difficulties – particularly in rural areas, where local services such as bank branches had gradually been withdrawn.

'It's the telephone service society.'

Female, 50-65, Boston

Having to deal with service providers (in both public and private sectors) over the phone was a source of frustration for all groups. Often only the named account holder can deal with the provider, which caused difficulties for people in shared housing if that person is not around or available to spend time on the phone. There were a number of negative comments about poor customer service and having to pay to call service providers.

'So they're actually charging you to ring them about something that they have given you that's duff, and you're paying for it.'

Male, 35-49, Lambeth

It is ironic that, as services are being moved into call centres to save money, it is the consumers who are paying more to access them, even though they find the call centres less convenient and less responsive.

'Call centre culture is designed to be as unhelpful and obstructive as possible.'

Male, 35-49, Lambeth

'I think it is designed to irritate you...when you try and get on to the bank or something like that and you just get passed around from one number to another one.'

Male, 35-49, Lambeth

The call centres are a particular problem for people who do not speak English as a first language. Many people with children can rely on them to translate, but the people we spoke to didn't have this help and it made life more difficult for them.

'Yes of course, because my English is not very good like you see. If I'm speaking on the phone how can I explain?'

Male, 50-65, Lambeth

Participants also noted the counter-productive effect of call centres.

'...So you end up hitting # and then waiting another fifteen minutes for someone to answer your call, by which time you're in a bad mood, you're going to be rude to them...'

Female, 35-49, Lambeth

Recommendation

Service providers – including local authorities, banks, insurers, pay TV providers, mobile and fixed line providers – should provide free customer service and complaints lines, and explore providing call-back options for people using pay-as-you-go mobiles.

Contracts

Long contracts were also considered to be a problem, with providers offering a poor service and imposing high charges to get out of contracts. One man told us about his experience with an 18-month wireless broadband contract:

'Everything is in their favour, but if the service is poor they just tell you sorry we're locked into a contract. [The service] works everywhere else except in my house and ...if I go to the park I get a full signal. I said I can get out [of the contract] because this doesn't work and he said – but it does work – and I said but it doesn't work in my house! It works in the park...'

Male, 35-49, Lambeth

We welcome the communications regulator Ofcom's work on additional charges, looking at contract terms and customer bills to help consumers get a fairer deal in the telephone, pay TV and internet markets. This sort of difficulty is exacerbated for people who move addresses relatively often, and are more likely to have to change providers.

Messed around

Some people said that they felt messed around by service providers not turning up to appointments. While this is frustrating for all consumers, our participants could ill afford a day's pay or precious holiday time when they often only get the statutory minimum. Many providers will compensate consumers for missed appointments, but the consumer often has to request it. They often lack the information, confidence and time to follow up such a request.

Recommendation

Service providers should automatically compensate the customer when the provider has made a mistake or missed an appointment.

Moving home exposes many of the forgotten working poor to yet more time waiting on service providers to read meters, do new safety checks, make repairs and install new services. The potential for mistakes and missed appointments means more time and energy taken up sorting that out. The type of work they do often means that they don't have the luxury of working at home; when people fail to turn up or a job rolls over into the next day and they have to take another day off they can experience real detriment.

'I got a gas bill for nearly £400, but my normal gas is only £40... quarter before that it was nothing, but because the chap read it wrong they've threatened to cut me off, and it was a day's work to try and get them to realise what they've done wrong, and they said they'd someone round, and they never, and I got another threatening letter. And this went on for nearly two weeks.'

Male, 50-65, Lambeth

'It's profit before people'

Customer service and complaints

Some people had not been compensated for service providers' errors, which had left them out of pocket or struggling to get by and had knock-on effects in other areas of their lives. One man told us the bank had closed his account and not informed him.

'I have big problem with the bank...I work for a company that pay me [£1000], put the money in the bank account, and my money don't turn up in bank account. I'm going to the bank about ten times, and two months after I receive a letter from the bank with a cheque with this money, I had [to get] friends to lend me some money for me for pay the rent. Then I have to pay £75 of my council tax - I don't have money, I don't pay, okay you're going to the court. If I don't pay one month I have to pay the whole year. This is not right.'

Male, 50-65, Lambeth

This man was lucky: he had friends who were in a position to help him, as his family live abroad and would

need to transfer money into an account to help him – an account which he no longer had. Many of the people we spoke to would not be able to borrow from friends. Provisions such as the social fund are little known about among this group – and availability is restricted. The lack of flexibility in other services only serves to make the problem worse. However, there is rarely any compensation for the knock-on effects suffered by the consumer. Our participants were concerned that it was incumbent on them to find mistakes and chase providers to resolve them. This emphasises the importance of free itemised billing as a core service. Without it, people may never know if a provider's mistake is costing them money.

Participants highlighted some services as being worse than others, but there was an overriding sense that service providers simply did not care and complaints would not be taken seriously. As complaints handling is

the responsibility of service providers it is essential that regulators monitor compliance in this area, report on it publicly and take strong enforcement action where necessary.

'I think that customer service in this country, not just in London but the entire country, is absolutely rubbish. If you go to places like America and you've got a complaint and you complain about it they can't do enough for you but in this country it's like make an official complaint, write a letter, send it in. You do that and the trail goes cold and then when you ring up to talk to somebody eventually they start off being very polite and then it's "Oh yes Madam, we'll try and help you as much as we can, blah, blah, blah" and then that's it.'

Female, 35-49, Lambeth

Phone companies were criticised by a number of people, as were energy companies and local councils. Banks were also criticised for poor customer service. Some people felt that this was because they did not have much money in their account. Households

with multiple accounts with one provider – for example, mobile phones – can often use that as leverage to get a better deal or better service. However our group are likely to find it harder to get the service provider to treat them as a high-value customer because many don't live with partners or other family members.

Ladders of opportunity

Relatively frequent changes in living arrangements give some of the forgotten working poor a high exposure to changes in service providers and the problems that go with that. Their low income and job security mean that they need better, cheaper customer service, fewer mistakes, compensation where it is due and more affordable service options. These improvements will make significant differences to these consumers and are likely to attract other customers too.

Time poverty and relationships

Our research found that time poverty was prevalent among the forgotten working poor. It was a major factor in their stress, and affected their ability to build and maintain social relationships. Working long hours, taking forever to get a bus from A to B, waiting in for a repair or delivery, all left them time-limited. This puts them at risk of social exclusion. NCC research, *Time-poor, cash-poor*¹³, echoes this finding.

Relationship status

The forgotten working poor are single, divorced, married, co-habiting or have civil partnerships. Single participants in particular felt that they were treated differently by society, government and service providers because of their relationship status, which put them at a disadvantage.

Is it okay to be un-married?

When paying tax, buying car insurance, looking to rent a home or applying for a job, participants told us that they felt they paid more, and were taken less seriously or were outright discriminated against – simply because they were not married.

'[My friend] gets cheaper car insurance because he's married. People look at you differently...bit less of a risk to insurers.'

Male, 18-34, Boston

Quantifiable risks may account for some of this discrimination; although not necessarily acceptable, these can at least be considered logical. However, in other cases this could be seen as a moral judgement by government, service providers and society, indicating a widespread failure to understand and embrace social change. Discrimination on the basis of relationship status created a

significant sense of social injustice, particularly in younger participants.

Intergenerational relationships

Consumers told us that the lack of both time and money often meant that they could not see their friends and family. In particular, people in the middle age group found it difficult to find the time, and importantly the money, to visit either their parents or their children. In this way the knock-on effect of their poverty and time limitations was felt from one generation to another, even when the generations did not live together.

'Going to visit my family in Essex and Bournemouth is a £50 round trip, but you can only afford to do it once every six months. There is the telephone obviously, but there is nothing like seeing someone in the flesh.'

Male, 50-65, Boston

Absent father

One participant, who had a son living with his mother some miles away, was in a particularly hard situation. It was difficult for him to afford the journey and make the time to see his son as often as he would like, and their relationship was suffering because of it. This was despite the parents having agreed on visiting, and both father and son wanting to be part of each other's lives.

'I'd like to see my son more. That comes down to transport and leisure time. He lives in Northampton with my ex and I don't have a car at the moment.'

Male, 35-49, Margate

'To make myself happy, I learn to want nothing'

Big brother

One man said he found it difficult to get time off at weekends to see his younger brother, who was still at school. He said he missed him and that their relationship was suffering, but they used technology to keep in touch by playing computer games together over the internet.

'I like my little brother and sister, I get on with them really well...I would go up, if I could, probably twice a month...on a weekend or something, or bring them down here for a night. But I can't. I'm always working.'

Male, 18-34, Boston

Missing out

Innovative solutions were more use in the younger groups, who seem to share the same skills and technology to keep in touch. When it came to intergenerational relationships, people told us they relied on the phone, but felt guilty because it was a poor substitute for spending time face-to-face with their loved ones.

Friends

Working non-standard hours was a particular issue for many younger people because it meant that they missed out on social opportunities, which meant their friendships waned as people stopped inviting them out.

'A lot of my friends, I just say they tend to forget about you. They just forget to invite you...they just don't see me in general.'

Female, 18-34, Boston

Not going out because of a lack of money had a similar effect on relationships, but the person felt guilty as well.

'You feel like you are letting people down when you can't go out and trying to make ends meet. You feel a responsibility if you can't and you're working and people just don't understand.'

Female, 18-34, Margate

Others got around the financial barrier by inviting people to their home, but this was not an option or many, particularly younger people who lived with parents, or others lodging in a family home. Many younger people felt that they had to go out to the pub or the pool hall to meet their friends, to de-stress from the week's work and prevent themselves becoming isolated.

Partners

Many people who had partners did not live with them; time and cost of travel were factors in how often they could get together, and this put a strain on some relationships. People without partners felt that their opportunities to meet someone were limited by their resource constraints. Older people in particular expressed concern about wanting to be in a partnership with someone, but being able to afford to take them out on dates.

Hobbies

Despite the financial and time restrictions on seeing their friends and family, people make the most of their spare time. Several participants told us about hobbies ranging from collecting cigarette cards to playing the piano; television offered cheap entertainment compared to other activities. Older people in particular made the most of free or cheap pastimes and public spaces.

'My husband and I go swimming together and we walk a lot...we can't afford to have expensive hobbies, I mean going to the pictures you're talking £10 a time so you can't afford it can you? So you just do the things you can afford.'

Female, 50-65, Boston

One woman in Margate emphasised the importance she attached to having the beach nearby, which gave her a sense of freedom. Efforts by the local authority and the local community to win awards, such as

the blue flag that Margate beach was awarded in early 2008, can help people feel good about and encourage them to use their free local facilities.

People in London talked less about public open spaces. However they did express a high level of appreciation for the free events on in the centre of the capital¹⁴. This is something positive for the new London Mayor and Assembly to build on. Interestingly, they seemed more aware of these than they were of local events; this would seem to point to work local councils could do more to run, and publicise free and low-cost local events and activities.

Recommendation

Local and regional governments should include the forgotten working poor in the design and marketing of suitable free and low-cost social opportunities in the local community. Longer opening hours for leisure services, introduction of residents' rates, variation in the type and time of free events and promotion of existing offers to this group would all help. To communicate this information and find innovative ways to include people who work non-standard hours, they should work with promotion partners – such as council tax collectors, local employers, transport networks, and local shops and services.

It is important to recognise just how ground-down some people feel about how little time and money they have at their disposal for any sort of leisure activity.

'To make myself happy, I learn to want nothing.'

Female, 50-65, Lambeth

'You've got no social life because if you go out you need to pay and so before it was cheaper and now it's getting more expensive. A pound to me is quite a lot of money..... [it is] impossible to go anywhere so I'm not going anywhere.'

Female, 50-65, Lambeth

Ladders of opportunity

The working poor have significant constraints on both their time and their money. They have little time to spend building and maintaining relationships with friends or family, and less money to spend on social activities. This puts them at risk of exclusion and can limit their social progress. They are enthusiastic about open public spaces and free social events. However, information gaps and fear of crime meant that fewer people use them than want to. These problems can be tackled.

Home

The forgotten working poor are homeowners, lodgers, flatmates, at home with parents, and renters in private and social housing. Age, relationship status and income are determining factors in the place they call home – which in turn has a big influence on the social and economic opportunities that they can take up.

Unsettled

Living in shared accommodation was commonplace among the younger participants, as might be expected, but also among people in our middle age group, particularly men. For many this sort of home felt temporary and unsettled. They were not fully in control of where they lived or when they would have to move because it often depended on both their landlord and the people they were living with. Coupled with low job security and limited budgets this caused high levels of stress and kept them focused on today.

Isolated

Many of the older people living in shared accommodation were divorced, or their relationship had broken down. Some lived in flats or house shares, but many others simply rented a room in a family home or lived in a bedsit. There was widespread dissatisfaction with this, as they said it affected their relationships and left them feeling lonely and as if they had failed in some way. It also made it difficult for them to have friends and family to stay, which put them at risk of social exclusion, because it limited social contact and impacted on their relationships.

One man in this situation told us:

'It's somewhere to live, but it's not home.'

Male, 35-49, Margate

Another man, who rented a room in a house, said it was:

'like a prison cell.'

Male, 35-49, Margate

A place of my own

Many people aspired to having a home to call their own, but did not see it as realistic in the short term. In the medium term most single people who did not live alone wanted to. However, this did not necessarily mean owning a property.

'I love the idea that maybe in five years time... have my own kitchen, cook what I want, have food when I want and be myself, you know what I'm saying?'

Male, 34-49, Margate

Many people said that raising the deposit was a barrier to getting their own place. This situation limited the extent to which this group felt they had freedom and independence. It was suggested that government help with deposits would help people to rent or buy a home.

Undersupply of social housing

Many people in the middle and older groups felt that getting a place of their own was no longer going to be possible. Some thought that getting a council place was their only chance of having their own home, but the limited supply of social housing – and the low priority assigned to people without children – made this unlikely. Their frustration with this contributed to the feeling that they were a forgotten group.

This group needs wider access to affordable rental accommodation: their age, relatively high house prices and the credit crunch mean that home ownership is not going to be an option for many of them. Increasing the supply of affordable rental accommodation is a key housing policy objective, with a target to deliver around three million additional homes by 2020.

Recommendation

Central, regional and local government housing policy should also:

- ▶ revise allocation policies and ensure new homes are designed to meet the needs of low-income workers, including those without children; and
- ▶ explore alternative affordable rental options, to increase the supply in line with demand.

Maintaining tenancies

One young man told us he had held a tenancy with the local council, but had fallen into arrears. He had to move back in with his parents, which was not an ideal situation, although common among the younger group. With some additional support he may have been able to maintain his tenancy, but he felt he was unlikely to get another chance to rent from the council or other social landlord.

Many social landlords have programmes in place to support people to maintain their tenancy. Unfortunately, provision is patchy between providers. People holding a tenancy and setting up home for the first time may need support.

'Well ... I got evicted before so it will be quite hard to get a council flat again.'

Male, 18-34, Margate

Recommendation

Social landlords should roll out tenancy support programmes, learning from best practice to help people, including the forgotten working poor, to maintain their tenancies.

Inactive landlords

A few people, generally those who had grown-up children, lived in social housing, which they were satisfied with and had lived in for many years. They had had many of the same neighbours for a long time. But they said there were some recurring anti-social behaviour problems in their area that the police, council or housing association had not been successful in tackling.

'The flat I live in is beautiful, but I don't actually like the area where I live...Noisy neighbours. There's guns on it, it's a rough neighbourhood, really rough. And not being able to get out of that situation. I mean the rent's fair, the flat's beautiful, but it's tough living in that environment, and I don't really see moving out to afford to rent privately. It's housing association so the rent's very, very fair, but it has been difficult.'

Female, 50-65, Lambeth

This was problematic as they did not want to move and couldn't really afford to. This left them dependent on their landlord taking action, and they felt relatively powerless about the situation.

Private renting

Almost 12 per cent of households rent a home in the private sector¹⁵. We found that most of the younger and middle-aged workers lived in privately rented accommodation because of the limited availability of social housing for childless people in work. One middle-aged woman told us that she preferred renting because she had a good landlord who carried out all decoration and repairs and this meant that she had less to worry about. For her this was more suitable than home ownership as it gave her certainty about what she would have to pay out.

'More fair rents'

Unequal treatment

Many people renting privately were not so fortunate with their landlord. While there have been improvements in the private rental sector such as the protection of tenants' deposits, problems still remain. One woman told us that she thought her landlord charged a higher rent because she was from outside the UK. She said that she couldn't do much about it because she had found it hard to find somewhere to rent in the first place. Others said there were problems getting the landlord to make repairs.

Absentee landlords

People in London told us that they felt it was a matter of chance whether a landlord renting out a property was bothered about how their tenants behaved. They felt lucky if tenants renting the property near them were nice. The random nature of this was a source for concern particularly in older age groups, who were less likely to move because of the need for support and familiarity in their local community.

'Where I live, I live in a block of six, now our block's fine, but when people, like the chap underneath us he lets his place out and they're nice people, they're Polish people... [but] it [only] takes one bad family to spoil it for the rest...'

Male, 50-65, Lambeth

Consumers in Boston told us there was a real problem in their community with absentee landlords. This meant that anti-social behaviour was not being addressed. Over-occupation of homes was a big problem in some places, creating noise and disturbance with people coming and going at all times of the day and night. Shift workers found this a particular problem. It disturbed their sleep and lowered their quality of life, and they felt powerless to do anything about it. We welcome the independent review of the private rental sector¹⁶, which will explore the problems experienced by tenants and recommend solutions.

Housing regulation

We welcome the creation of a new social housing regulator under the Housing and Regeneration Bill¹⁷. Almost 18 per cent of households rent in this sector¹⁸ and tenants are largely captive consumers, with few choices, and the extent to which they

have a say is variable. Consumers told us they feel powerless. The new regulator can help to change that by putting tenants at the heart of housing regulation: powers in the forthcoming Community Empowerment, Housing and Economic Regeneration Bill¹⁹ will ensure that all social housing tenants are put at the heart of regulation. However, many of the forgotten working poor will not benefit from the powers of the new social housing regulator because they have little choice but to rent in the private sector.

Recommendation:

All consumers who rent their homes need equal protection. The review of the private rented sector²⁰ should make this a priority and examine how it can be achieved, including expanding the remit of the new social housing regulator.

Home ownership

Some, mainly older, people owned their own homes. One or two of them were still paying off mortgages, and they were concerned about these stretching into retirement. Those without partners or older children to rely on were most concerned, particularly if they suffered ill health.

'Well you worry about it [paying the mortgage past retirement age] but you have to keep on working until you can stop work, until you can't work anymore.'

Male, 50-65, Boston

Maintaining home ownership

As the effects of the credit crunch are felt, and monthly mortgage payments (and repossessions) increase, it will be important for lenders to offer help to borrowers.

Recommendation

Lenders should be proactive about contacting low-income borrowers to help them avoid difficulties. This should include those heading for retirement, as well as other vulnerable groups²¹.

Releasing equity

Some older people may be looking to release the equity in their homes as they move into retirement. It will be imperative that schemes like sale and rent-back are properly regulated – currently not the case. It is also important for the Financial Services Authority – the financial regulator – to ensure that products such as equity release are sold responsibly.

Affordability

Many younger participants felt that home ownership was not affordable. As a group they cannot often rely on financial help from their family for deposits and fees; this limits their

chances of becoming homeowners. The credit crunch has exacerbated this situation, as high loan-to-value mortgages become difficult to obtain and the lending criteria for mortgages become tighter.

'People I know of my age that have got mortgages it's because their parents [helped them with deposits] ... if you've got no savings of whatever, the thought of saving up ten grand, well it's never going to happen.'

Female, 18-34, Margate

Shared ownership

Shared ownership schemes can be expensive in terms of monthly outgoings once the mortgage, rent and service charges are added up – especially in London. The fees and deposits they require also act as a barrier to many of the forgotten working poor. Choice of the homes available is also an issue.

Recommendation

Innovation in shared ownership schemes is needed. Government and social landlords should explore solutions more suited to the needs and pockets of the forgotten working poor.

Ladders of opportunity

Reducing instability in the lives of the forgotten working poor is important: people with chaotic lives can be more vulnerable and at risk of exclusion. Insecurity in jobs and incomes increases the importance of a stable home for this group. Better access to suitable, affordable housing, and equal protection across housing markets, could improve the everyday experience and long-term stability of the forgotten working poor.

Getting around

Participants told us that getting from A to B for was dominated by use of buses and trains. The frequency with which they can use public transport, and therefore when and where they can go, is largely dictated by where they live, the level and cost of service, the hour they need to travel and the risks to their personal safety. Through necessity, some of the people in this group have their own car or use taxis and minicabs. But generally, working shifts and weekends, and limitations on socialising at home, leave this forgotten group particularly dependent on transport networks.

Limited transport, limited lives

They frequently use public transport as their main means of getting around. They need to use it early in the morning and late in the evening, for work, shopping and social reasons. Experience varied widely between different locations: people in London generally considered that

they had good access to public transport, but in Boston, as in many rural areas, there was widespread dissatisfaction with the limited bus services.

'Well there is transport, but they [buses] run from 10am until 5pm and that's it. You might as well just walk into town.'

Female, 50-65, Boston

'I don't use transport because it doesn't go when I want it to... 6 o'clock in the morning and I go on my bike to work. I won't tell you where I work. But because I live at Benside there is not many buses that go up there and after 5 o'clock there isn't any at all. For the pensioners who want to go in to town you have to walk.'

Male, 50-65, Boston

In the seaside location people felt that they were deliberately cut off by the lack of transport.

'You know the bus takes forever, the train is expensive and I think it is like they want us to be cut off.'

Female, 35-49, Margate

In rural areas, service levels dictated when and where they could go out, and made getting to work very difficult for some people. Some people did their best to find alternatives.

'You've either got to walk or ride a bike or drive, which isn't always feasible.'

Female, 50-65, Boston

For others it meant that they could only take up work in the immediate vicinity, because the bus wouldn't get them to surrounding areas early enough to work, or the buses wouldn't run late enough to get them home. This meant missed opportunities even without the time constraints of childcare or the school run. For others, going out at night would mean having to get a taxi or risk walking on dark roads. For many this resulted in missing out on social events – particularly hard, as their social lives were already curtailed by their housing and financial circumstances.

The new Bus Champion, planned as part of the Local Transport Bill, is a welcomed step. It is expected that the role will be given to Passenger Focus, and it is intended to make a significant difference to passengers who have a poor, inappropriate or non-existent bus service.

Recommendation

More buses are needed, particularly in rural areas. The new bus champion²² should use its influence to ensure that service provision that meets the needs of the forgotten working poor, including early and late bus services.

Cars

One man from a rural area told us that learning to drive would improve his employment opportunities, but that the cost of driving lessons and the practical and theory driving tests meant that he could not afford it. He thought the cost should be lower.

Inadequate public transport meant that some people had to have a car to get to work, even when this meant borrowing money on credit for repairs and routine car maintenance. The rising cost of fuel was particularly frustrating as it impacted directly on the cost of

working. This sort of problem added to job insecurity for this group, which created added stress. Those without partners or other people from whom they could borrow money for repairs, or a car for one-off emergencies, felt this the most acutely.

Delays and wasted time

Train delays were a constant source of frustration for some people, especially those working two jobs, as the time available to get from one job to the other was outside their control, and delays made them late. This caused problems at work for some. Waiting on platforms was frustrating and ate into the limited amount of spare time they had. One man told us that he sometimes just went straight to bed when he got in from work if he had experienced a lot of delays to his journey. Awareness of compensation for train delays seemed to be limited.

'But the fact is you turn on the TV and some train has been delayed and you've got all these commuters who've paid for a season ticket for the whole year and they can't get to work or they're late, but there doesn't seem to be anybody that answers to that, it's just like that's the way it is, sorry, but tough!'

Male, 35-49, Lambeth

Recommendation

Automatic compensation:
Train companies should examine options for automating compensation for passengers and publicly report the findings.

Expensive

People in London raised concerns about the cost of travelling by bus: ninety pence per journey with an Oyster card, or two pounds cash fare.

'London's fares – extortionate.'

Female, 35-49, Lambeth

A few people told us this cost was significant for them and that they often walked instead of getting the bus. People in our older group told us that this often took time and energy they didn't have.

Others felt that the reliability and cleanliness of services were so bad they considered it bad value for money.

'I think we were saying about public transport, that obviously if you can walk to work that is a bit of a luxury but like despite having no money, you take my car away from me over my dead body, you know, because I don't want to get public transport because it is so expensive really for what you get out of it, it is inconvenient, trains are always – I think I went up to London and it took me four and a half hours, whereas if I had driven it would have taken me about an hour and a half. It is poor service, the staff are usually shitty and it stinks of piss, I mean why would I want to pay £8 to put up with that.'

Female, 18-34, Margate

'Improve our public transport'

Longer journeys to visit family and friends were taken infrequently because of time and financial constraints. However, many train and coach travel companies do offer a range of cheap advance fares, but the group appeared to have a low awareness of low-cost inter-city travel. The over-riding feeling was that transport was too expensive and people got a worse deal than in other countries.

'It's the biggest chunk out of most people's working lives, if it is not rent or a mortgage it's the fares, it's just exorbitant. I lived in Holland for ten years and the fares over there are so cheap, so why is England one of the most expensive countries in Europe. Belgium is quite expensive, and so is France but we're much more...'

Female, 35-49, Lambeth

'I mean the trains are expensive.'

Female, 18-34, Margate

Recommendation

Fair fares are available and train and coach companies should target them at people on low incomes, including the forgotten working poor, and ensure they access to these fares at stations and on the phone as well as online.

Personal safety

Many people in London who worked shifts felt that they had to use a car to get to work to ensure their personal safety. While most London buses are covered by Close Circuit Television (CCTV) it seemed to make little difference to the fear experienced by older women in particular of being a victim of crime or harassment. The potential of attack or robbery while waiting for a bus, and walking from the bus to their home or workplace carried additional risks.

As a result of high local crime rates, and high fear of crime, some low income workers feel they have to spend more using cars, taxis or minicabs instead of public transport to get around safely.

Recommendation

Tackling fear and risks of crime must be a joint priority between local authorities, the British Transport Police and local police forces. They should set meaningful targets to reduce crime and fear of crime among all consumer groups, including the forgotten working poor and in particular, people travelling late in the evening.

In the Boston area there was less fear of crime, but it was still present, particularly in the older groups. A few people told us that they were concerned at being harassed by drivers on dark roads if they walked; a late bus service would enable them to go out more.

People who worked shifts have no choice but to go out at night. They fear for their personal safety, particularly at weekends. One older gentleman told us that he was scared to walk to work – especially on Fridays and Saturdays, because of the large numbers of rowdy, drunk people out – and this caused him stress. But there was no bus service at night, he couldn't afford to take a taxi, and he didn't own a car. He felt that a combination of his shifts and a lack of police presence on the streets put his personal safety at risk – which frustrated him.

Ladders of opportunity

The travelling experiences and opportunities of the forgotten working poor and other vulnerable consumers can be improved by: the new bus champion; greater awareness of, and access to, special fares and compensation schemes; and co-ordinated efforts to increase safety and reduce fear of crime on public transport and in the local community.

Conclusions

The forgotten working poor have many challenges to overcome before they can make social or economic progress. While our research paints a bleak picture of what life is like for people in their position, they are determined to work hard and make the best of life.

Even the smallest changes can make a positive difference. Putting small amounts of time and money back in their control will make a significant difference to how they feel about their lives. It will help them develop greater stability in life, giving them a good foundation from which they can make social and economic progress. This will help them now and in the future. A few more ladders of opportunity – and a few less snakes undoing their hard work and damaging their aspirations – are all they need.

The government needs to show overall leadership on this by taking a preventative approach to social exclusion. All policy-makers, including political parties, can help to signify a change with more inclusive policies and language. Service providers in the public and private sectors can improve the accessibility, appropriateness and affordability of goods and services, and where things go wrong they can put them right quickly and at no cost to the consumer.

The forgotten working poor are asking government and industry to:

[‘Give low-earners a fighting chance.’](#)

Female, 35-49, Boston

They are prepared to do the rest themselves.

The NCC has set out a number of policy recommendations, designed to rebalance the number of ups and downs that the forgotten working poor face in everyday consumer life. It is within the gift of policy-makers, service providers and elected representatives to make these much-needed changes. The NCC is calling on those decision-makers to take action, so that the forgotten working poor are acknowledged, and no longer have to deal with more snakes than ladders.

Annex one

Research methodology

The research took place in January and February 2008. It was commissioned from the Office of Public Management (OPM) following a competitive tendering process. We conducted qualitative research with people on low incomes (£10,000-18,500 for single people and £10,000 to £29,000 for couples, with neither partner earning over £18,500) in employment, who were not in receipt of welfare benefits, including tax credits. None of the participants had dependent children living with them. The research was conducted using:

- ▶ six focus groups with people on low incomes
- ▶ six in-depth follow-up interviews with selected focus group participants
- ▶ three video-ethnographic case studies of selected focus group participants
- ▶ two interviews with policy stakeholders.

The focus groups were split according to the following criteria:

- ▶ age: 18-34; 35-49; 50-65
- ▶ location: urban (Lambeth in London), rural (Boston in Lincolnshire) and seaside (Margate in Kent)
- ▶ north and south of England.

Each group lasted two hours, allowing enough time warm people up to talk about their everyday experiences as a low-income consumer in work. Each group was made up of a mix of men and women, with a range of relationship status, and included full, part-time, temporary, agency and self-employed workers. Each group included people from a range of ethnic and racial backgrounds. Some of the older participants were parents, but their children were either no longer dependent or did not live with them.

Notes and references

1. Derived from the *Family Resource Survey*, Office of National Statistics. We estimate that there are 2.6 million single people without children earning between £10,000 and £18,000 a year, and 1.2 million couples without children (so 2.4 million people in those couples) with total earnings of between £10,000 and £29,000 a year, where neither of them earns more than £18,000 a year.
2. The independent review of the private rented sector was announced by the government on 23 January 2008. It will be conducted by Dr Julie Rugg and David Rhodes at the Centre for Housing Policy, University of York. It is expected to be completed in autumn 2008.
3. Further detail available in *The perfect storm: the credit crunch hits home*, National Consumer Council and the Financial Inclusion Centre, May 2008.
4. A new responsibility for Passenger Focus, the independent national rail consumer watchdog.
5. *Hard work, hidden lives*, the full report of the commission on vulnerable employment, TUC, May 2008.
6. NCC's work Consumer Futures is based on deliberative research on the problems consumers face now and in the future. It asks fundamental questions about the nature of disadvantage and how it is defined.
7. *Social trends 2008*, UK National Statistics.
8. Speech on social mobility, PM Gordon Brown, 23 June 2008.
9. *Hard work, hidden lives*, the full report of the commission on vulnerable employment, TUC, May 2008.
10. Both policies took effect from April 2008. The £600 rise in the personal tax allowance was backdated to be effective from this date.
11. The Thoresen Review recommended a national approach to 'Money Guidance' in its final report to the Treasury in March 2008, which HM Treasury is pursuing.
12. *Short changed on health?* National Consumer Council, November 2006.
13. *Time-poor, cash poor*, National Consumer Council, 2008.
14. This research was undertaken in January and February 2008, before the May 2008 London Assembly and Mayoral elections when there was a change of London Mayor. Free events London are advertised on the Greater London Authority website until September 2008.
15. *Housing statistics*, Department for Communities and Local Government, 2006-2007.
16. The independent review of the Private Rented Sector (PRS) Housing was announced by the government in January 2008. The terms of reference are available here: <http://www.communities.gov.uk/documents/housing/doc/672051.doc>
17. The Bill is currently going through parliament and is expected to become the Housing and Regeneration Act 2008.
18. 2007 figures, Table 801 Tenure Trend, Household Characteristics Communities and Local Government.
19. To be introduced in the 2008-2009 parliamentary session.
20. The independent review of the private rented sector was announced by the government on 23 January 2008. It will be conducted by Dr Julie Rugg and David Rhodes at the Centre for Housing Policy, University of York. It is expected to be completed in autumn 2008.
21. Further information on vulnerable groups can be found in *The perfect storm: the credit crunch hits home*, National Consumer Council and the Financial Inclusion Centre, May 2008.
22. A new responsibility for Passenger Focus, the independent national rail consumer watchdog.

