May 2018

Behind on the basics

A closer look at households in arrears on their essential bills

Executive Summary

For some people, just keeping up with basic household costs can be a real struggle. In 2017, 140,000 people who received debt advice from StepChange Debt Charity were behind on at least one of their essential household bills, such as an energy bill, council tax, mortgage or rent. This is equivalent to two in five of the clients we advised in 2017.

In addition, we estimate that across Great Britain over 3m people fell behind on their essential household bills in the last 12 months.[i]

Worryingly, our data reveals that within those in financial difficulty, certain groups may be at particularly high risk of falling into arrears, including:

Lower income families, who had the highest incidence of arrears across all seven main household bills (rent, mortgage, council tax, electricity, gas, water and TV licence)

Younger people, with a high proportion in water and council tax arrears. The middle age group (40-59) were more likely to be in arrears on housing costs – such as their rent or mortgage

Renters, who have a significantly higher incidence of arrears on essential bills compared to home-owners, despite the incidence of housing arrears being similar between the two groups

People with a vulnerability, who were more likely to be in arrears. Over half (57%) of vulnerable clients were behind on a household bill, compared to 40% for all clients

These groups are often more likely to have been affected by factors that increase the risk of falling into arrears – namely a squeeze on incomes, rising living costs, insecure work and regular income shocks.

We are concerned that for some people a “new normal” now exists, whereby the above factors combine to leave them at great risk of falling behind on their essential household bills.

Furthermore, an increasing number of people are turning to credit to keep up with their essential household expenditure. In 2016, around 8.8m people used credit for a household need[ii]. By 2017, this had risen to 9.3m - with 1.4m of these turning to high cost credit.[iii] This highlights the predicament that many households have to face: borrowing is often the only way they can find to pay their bills but doing so increases their risk of falling into problem debt.

Our findings raise significant questions about how we ensure people have enough money to pay for the basics. They also raise questions about how people are using credit to cover essentials, and the financial risks they are taking on to do so. Utility companies, landlords, local government and other essential service providers will need to consider how comfortable they are with this situation.

These are difficult questions which require further discussion. We hope the findings set out in this briefing will help contribute to the debate. In addition, we believe there are a number of actions which could be taken now to improve the situation for people in arrears, as well as reducing the risk of people falling behind in the first place.

These include:

- **Ensuring people in arrears get the right support and forbearance** where providers show flexibility and discretion in how arrears are handled. The breathing space scheme[iv] will help here, but it is vital that this provides the right length of protection and that all debts to government, such as tax, council tax and benefit overpayments, are included in this

- **Utilities providers, creditors, local government and landlords should consider whether there is more they can do to help those with fluctuating incomes to meet their regular payments,** as well as looking at how the costs of essentials bills can be reduced for those struggling to pay

- **The DWP should improve the system whereby payment for arrears can be taken directly from people's benefits** to ensure that these are not causing hardship for families

- **The Government should lead a review looking at how to increase households' financial resilience**, particularly for those in low-paid, insecure work, to help them cope with fluctuating income and income shocks, and to ensure they can meet the costs of their essential household bills

Introduction

Last year, two in five people who received debt advice from StepChange were in arrears on one or more of their essential household bills,[v] such as their gas or electricity bill, council tax, or rent.

2017	Council tax	County Court judgment	Electricity	Gas	Magistrates fine	Mortgage	Rent	TV licence	Water	Hire purchase
£	£1,021	£1,822	£684	£537	£607	£3,125	£947	£77	£709	£884
%	30.1%	17.2%	14.3%	11.5%	4.6%	20.6%	21.5%	7.7%	23.7%	20.2%

£ is average arrears amount

% is proportion of clients who have this type of expenditure who are in arrears

Struggling to get by is not a phenomenon that only affects our clients. We estimate that over 3m people fell behind on their essential household bills in the last 12 months.[vi] Meanwhile, figures from Ofgem show there are around 412,000 gas accounts and 540,000 electricity accounts in arrears,[vii] whilst 12% of people are struggling to pay their water bills.[viii] In the first quarter of 2018, 78,000 mortgages had arrears of more than 2.5%[ix] and Shelter predict that about 1.3m private renting households struggle to get by after paying their rent.[x]

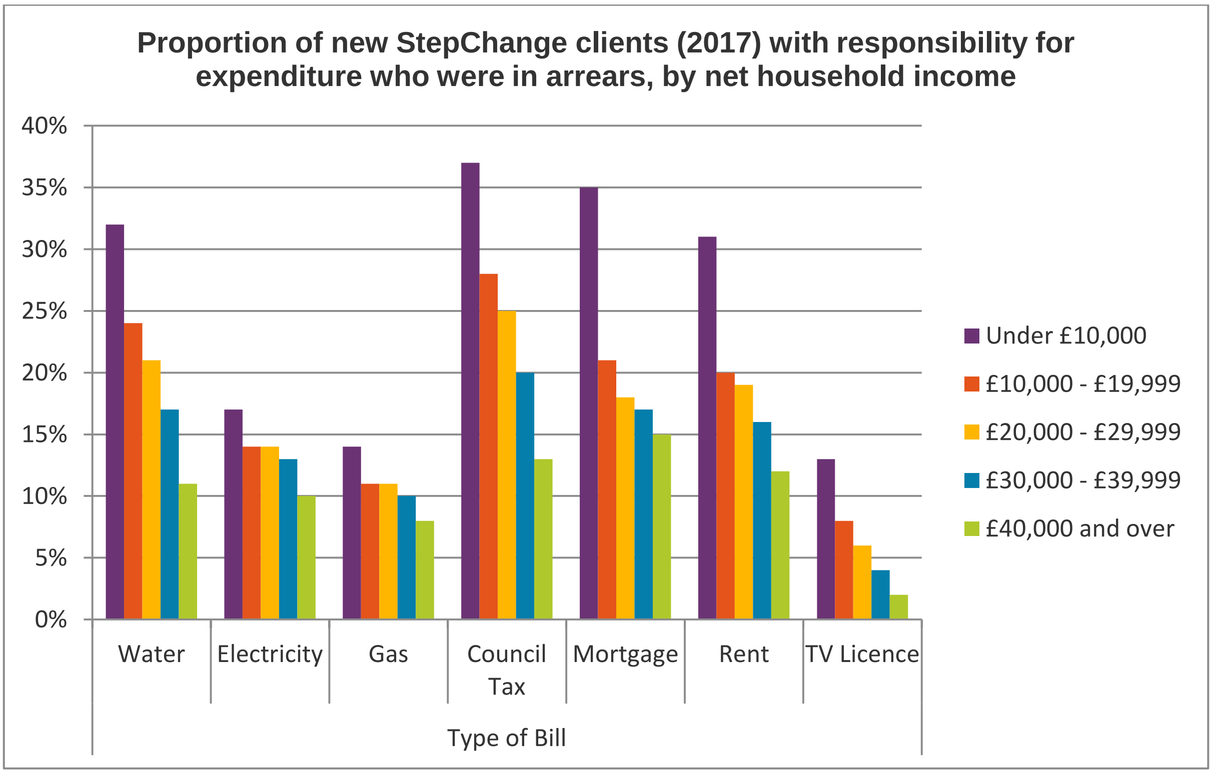
In this briefing, we use data on those who came to StepChange for help in 2017 to examine which households are most at risk of falling into arrears, and consider why this might be. We also highlight the policy challenges and questions that our analysis raises before exploring in the final section how these could be addressed.

Characteristics of households in arrears

1. Income

The below chart examines the link between household income and arrears. For each household bill, this shows the number of people in arrears as a proportion of those who had that expenditure and were in the particular income bracket. For example, 32% of those who paid a water bill and had a net household income of under £10,000 were in arrears.

Anyone who did not have expenditure on the bill listed, for example because they didn't have a mortgage or a TV Licence was excluded from the base.



This highlights a clear link between net household income and arrears, with those on lower incomes being more likely to be in arrears on any particular essential bill. Amongst those with a household income of less than £20,000:

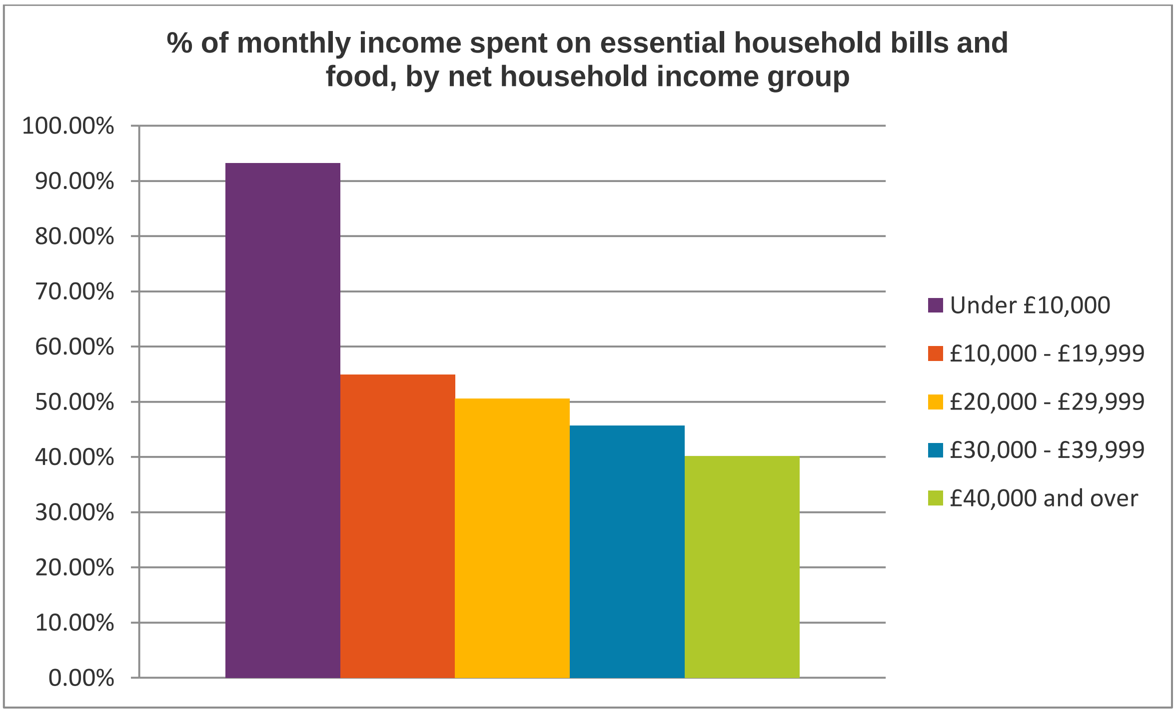
- Nearly 34,000 people were in water arrears
- Almost 42,000 people were behind on their council tax
- Over 32,000 had rent arrears
- Although the overall number of lower-income households advised by StepChange who had a mortgage was low (23,202), a high proportion (35%) were in arrears

This analysis suggests many lower income households are in a perilous situation, with evidence also highlighting how hard it can be for these households to get back on track, once they fall behind. The Institute for Fiscal Studies, for example, found that low income individuals who are in arrears are more likely to be in arrears two years later than those on high incomes.[xi] However, the data suggests we also cannot be complacent about the financial position of those on more moderate-incomes (above £30,000). Even amongst these households, there are some worrying incidences of arrears on some bills, such as council tax and mortgages.

The high incidence of arrears amongst lower and moderate income groups is perhaps not surprising when considering the recent context. In recent years many families have seen their household budgets coming under significant pressure, with incomes failing to keep pace with rising essential costs. Although the latest ONS statistics have signalled that wage growth could begin to rise above the rate of inflation later this year, this follows a period of wage stagnation. For example, between 2016–2017 the aggregate disposable income of UK households (the money households have available to them after income tax) fell for three quarters in a row – the first time this has happened since the 1970s.[xii]

This has left household finances stretched, particularly for those on the lowest incomes – who tend to have a higher cost to income ratio than those on the highest incomes. **StepChange clients spend, on average, 60% of their monthly income on paying their household bills and buying food.[xiii] However, those on the lowest incomes (under £10,000) spent, on average, 93% of their income on these costs, meaning they have very** little money left to afford other things such as clothing, school uniforms, travel and household goods**.**

This is a particularly concerning finding, and is backed up by wider evidence. Analysis of the 'Living Costs and Food Survey' by Citizens Advice found that nearly a third (30%) of households with an income of between £10,000 and £20,000 spend more than 60% of their income on household essentials.[xiv] On individual bills, Ofgem found households with the lowest incomes spend 10% of their expenditure on energy, over three times more than the proportion spent by households with the highest incomes.[xv] Water bills represented 5.3% of lower income households' annual spending, compared to 2.3% for the average household.[xvi]



This stretch on household incomes has left a number of households struggling to get by, with many simply not having enough money to make ends meet. **In 2017, almost a third (30%) of StepChange clients had a deficit budget – meaning they had less money coming in than they needed to meet normal household expenses, even after budget counselling. This rose to 47% for clients in arrears.**

Combined with pressure on finances, lower income households[xvii] are also more likely than those on higher incomes to experience income shocks like illness or job loss – which leave people vulnerable to falling into arrears.[xviii] It is worth noting that the household income recorded in our data reflects a client's income level after any income shock. This could help explain some of the high rates of arrears amongst lower income households on bills such as their mortgage or rent. Expenditure such as this, which had previously been manageable, can quickly become difficult to pay when an income shock hits.

Our previous research has shown how savings are effective at providing a 'safety net' for people when an income temporarily drops or an unexpected cost arises.[xix] However, without savings, many people may struggle to keep up with their bills. Across the UK, around 7 million households have less than £1,000 in accessible savings, with lower income households having a particularly low level of savings.[xx] Renters and those with younger, dependent children were also likely to have low levels of savings available to them. In March 2018, ONS statistics showed that UK households are more likely to be borrowers than savers for the first time since records began.[xxi] All of this means that, if someone's income drops they are unlikely to have the financial resilience to cope without falling into debt, or behind on their bills.

Policy questions

This analysis raises important questions about how we stop people from falling into arrears, and help them to get out of them safely when they do. There is a particular need to focus on lower income households, although we should remember that a number of StepChange clients on moderate incomes still appear to be struggling to pay at least one essential household bill.

With evidence that the squeeze on incomes, and the high costs to income ratio that lower income households experience, is contributing to the level of arrears, it is imperative that policy makers look at how to ensure that people can afford their essential bills – both by increasing incomes and reducing costs. Improving households' financial resilience, for example by increasing the amount of accessible savings they have, would also help prevent people who face income shocks from falling into arrears.

The fact that many people in arrears have a deficit budget also highlights the importance of creditors, utilities providers, landlords and local government showing appropriate forbearance when considering recovery of arrears. If people are in deficit budgets, already struggling to get by day-to-day, then creditors need to recognise this and ensure they do not push families into further hardship by pursuing recovery of arrears at a rate which is unaffordable or unsustainable.

We explore how these questions and challenges could be addressed in the recommendations section.

2. Age and employment status

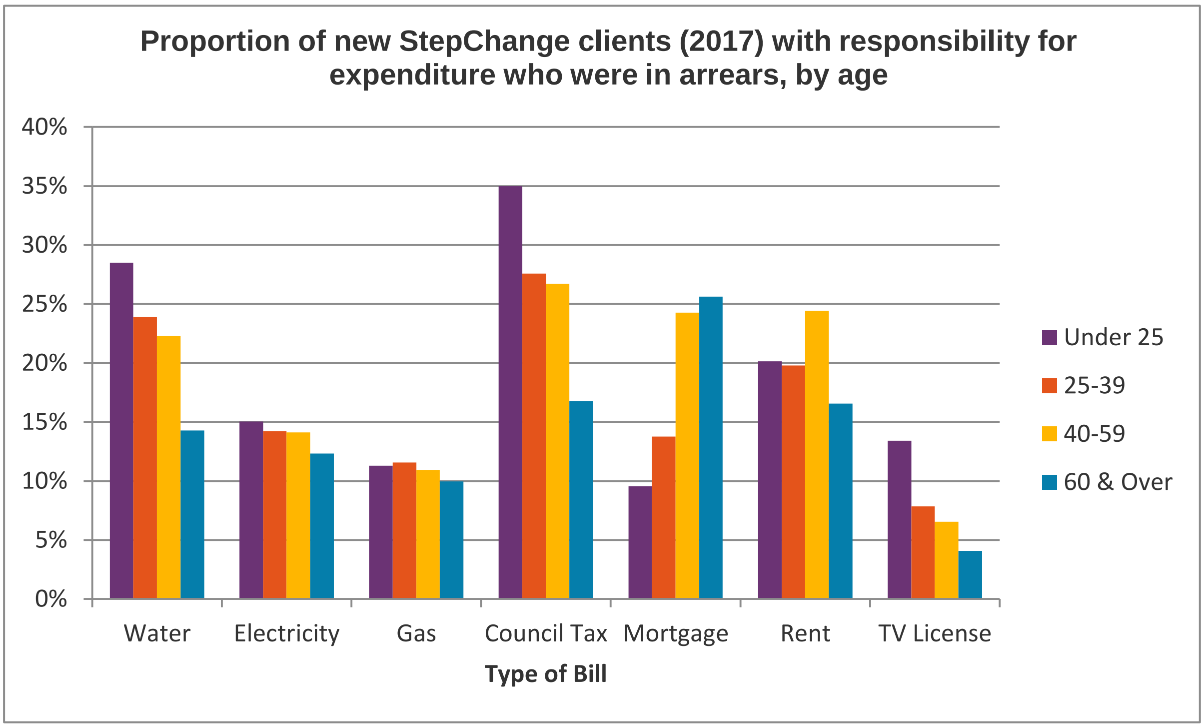
At StepChange, we are seeing an increasing number of young people contacting us for help with their debts. Almost two thirds of the clients we advised in 2017 were under 40 years old, including 14% aged between 18-24.[xxii]

However, when we looked at the age characteristics of households in arrears, the highest proportion of arrears was amongst those aged 40–59. This group could be seeing pressure on their finances as a result of their personal circumstances: The FCA's Financial Lives survey highlighted that those aged 45-54 were more likely to have financially dependent children, and to have become a carer for a family member in the last 12 months.[xxiii] The FCA also found that one in ten of this age group had missed or fallen behind on their payments for credit commitments or household bills in the last six months.[xxiv]

Age	% of clients with arrears on one or more household bill
Under 25	35%
25-39	39%
40-59	44%
60 & Over	34%

However, when the data is broken down into each type of household bill, the picture is much more mixed, with some age groups clearly struggling more than others on certain bills.

Last year, over 17,000 under 25s and almost 70,000 25-39 year olds who contacted StepChange were in arrears. Both age groups were particularly likely to be struggling with council tax, water and rent.



One factor that could be contributing to the level of arrears amongst young people is the rise in insecure work and an increasingly flexible labour market. People in insecure work were twice as likely to experience an income shock[xxv] which, as highlighted earlier, can be a significant contributor to people falling into debt.

Furthermore, research across the adult population in Great Britain shows that **those on zero-hours contracts, or whose income changed month to month were twice as likely[xxvi] to have fallen behind on essential household bills in the last 12 months, than those who worked full time.[xxvii]** They were also only slightly less likely to have fallen behind than those who were unemployed[xxviii] - highlighting the significance of the difficulties that those in insecure work can face.

Although insecure work is a feature across all age groups, and could help explain why arrears are high overall, young people have been particularly central to the rise in insecure work since the financial crisis.[xxix] One in five (21%) of 16-24 year olds and one in ten (10%) of 25-29 year olds were in insecure work between October 2014–October 2016, compared to 6% of 40-44 year olds.[xxx] Young people have also been particularly impacted by the squeeze on incomes, with people in their twenties experiencing the largest fall in incomes after the financial crisis of any age group.[xxxi]

Policy questions

No matter how hard people work, the nature of modern life, and the dynamics of the UK's labour market mean that people will inevitably face income changes and shocks. In addition, many people will experience unstable incomes, which may differ from month to month – increasing the risk of them falling into arrears. This is a feature across all age groups, although it particularly affects young people and could explain why they have high rates of arrears across certain bills. If these features become more common within the labour market, a different approach to the payment of bills, which better reflects the way in which people receive their income, may be needed.

We explore this further in the policy recommendations section.

3. Vulnerability

In 2017, more than one in five (20.5%) of our clients identified themselves as having a particular vulnerability beyond their financial difficulties at the time they sought advice. These vulnerabilities can include a visual or hearing impairment, mental health problems or a terminal illness.

For all clients with a vulnerability, the average unsecured debt level (£10,312) was less than the average for our overall client population (£13,280). However, they were more likely to be in arrears on household bills: Over half (57%) of clients with a vulnerability were behind on a household bill, compared to the average of 40% for all clients. This highlights the significant financial pressure these clients are facing.

Policy questions

The importance of supporting people in vulnerable situations has been the focus of significant attention across financial services, utilities companies and housing providers in recent years. Our data highlights that those with a vulnerability can be at an increased risk of falling behind on the basics, and that action to help with this – such as by looking at how to reduce the costs they face – should remain high on the agenda.

Initiatives such as social tariffs in the water sector, the Warm Home Discount and extension of the vulnerable customer safeguard tariff by Ofgem are all welcome steps in this area, but our data suggests that more still needs to be done.

It is worth remembering that StepChange clients who identify as vulnerable are not just dealing with the immediate vulnerability – such as a health condition – that they report to us. They also experience the inherent vulnerability that comes with being in financial difficulties too. Later in the year, we will be releasing a briefing further examining the experience of StepChange clients with a vulnerability.

4. Housing status

Renters are over-represented amongst StepChange clients, and the proportion of renters coming to us for help has increased significantly. Just five years ago, around two thirds (67%) of our clients rented their home. However, in 2017, the number of clients renting their homes surpassed 80%.[xxxii] Comparably, only 35% of all UK households are renters.[xxxiii] Private renters are particularly over-represented amongst our clients; 39% were renting in the private sector, compared to only 20% across the population as a whole.[xxxiv]

Mortgages

This means the number of StepChange clients with a mortgage is relatively small compared to the wider population. Last year we advised around 57,500 people with a mortgage (16% of all clients advised). Across England, 28% of the population have a mortgage.[xxxv]

The proportion of our clients in mortgage arrears has fallen in recent years from 30% in 2013 to 21% in 2017. This compares to around 1% of mortgages which were in arrears across the population as a whole.[xxxvi] However, the average value of the arrears has risen slightly, from £2,911 in 2013 to £3,125 in 2017. This could suggest that, while fewer households have been struggling with mortgage arrears in recent years (likely to be in part because of low interest rates), those that are struggling are finding it particularly difficult, and may be getting stuck into a cycle of building up arrears to a high level. These households could be vulnerable to mortgage rate shocks at some future point, even if they are initially cushioned by being on a fixed rate loan.

Renters

Our data shows that, in 2017, one in five (21.5%) StepChange clients who rent their property were in rent arrears (around 47,800 people).

Those in the social rented sector (living in a housing association or local authority property) were more likely to be in rent arrears than those in the private sector. As demonstrated in the table below, this is consistent with research on arrears across England although, unsurprisingly those in arrears were over-represented amongst StepChange clients.

Housing type	**% of StepChange clients with expenditure on rent who were in arrears on rent**	**% currently in arrears or who had been in last 12 months across all population in England** **(source: English Housing Survey 2016 – 2017)**
Housing association	43%	25.4%

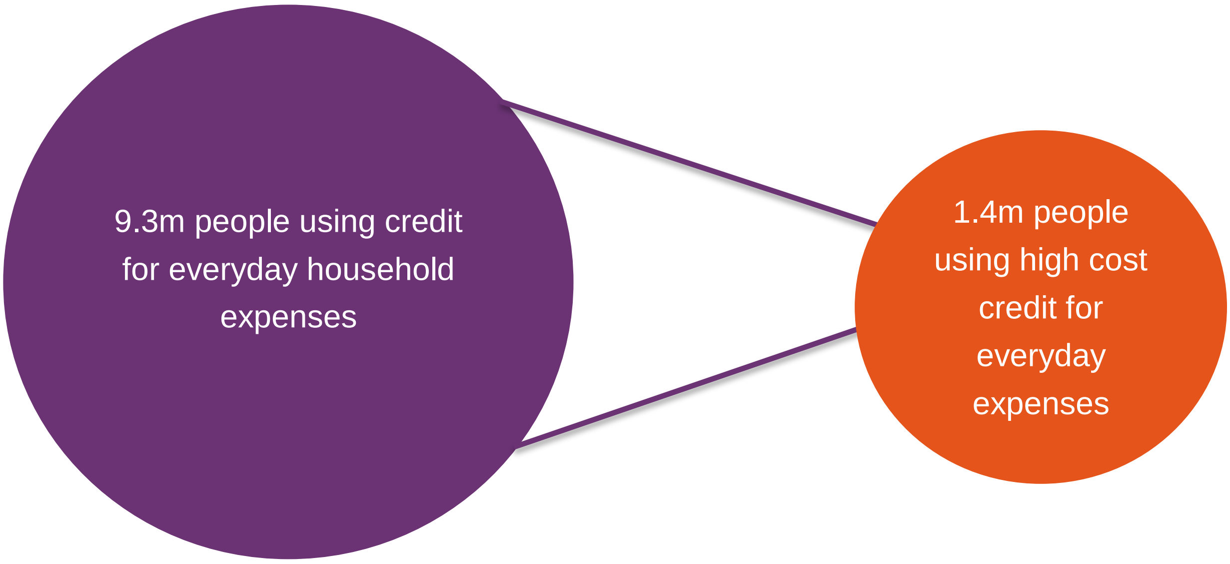
Local authority	38%	24.1%
Private landlord	15%	9.1%

Looking across all essential bills, not just housing costs, the same trend continues– with those in the social rented sector most likely to be in arrears on one or more household bill, followed by those in the private rented sector and then those with a mortgage.

This could reflect the fact that the nature of the housing market means those living in the social rented sector are more likely to be vulnerable (for example, having a long-term illness or disability) and on the lowest incomes.[xxxvii] However, while this trend is helpful to understand, it does not mean that those who rent in the private sector are not struggling.

Two in five of our clients who were renting privately (55,846 people) were in arrears on one or more household bill. Recent research from the National Housing Federation found that half a million people aged 50 and over who were renting in the private sector had to take steps such as taking out a loan, borrowing money or cutting down on food and heating to afford their rent.[xxxviii]

Using credit to pay for rent and other essentials



The National Housing Federation findings align with StepChange research which found that, in 2017, **an estimated 9.3 million people in Great Britain used credit to pay for their everyday household expenses**.[xxxix] Even more worryingly, many of these people are turning to high cost credit. Previous StepChange research of people who had used high cost credit found **that just over a third used it to pay household bills like fuel or water (35%), and over a quarter used it to keep up with housing costs (29%).**[xl] This can mean that people are staying out of arrears only by taking on other credit, including high cost credit.

To consider whether this might be the case for rent arrears, we examined the level of debt people with and without rent arrears had. To ensure our findings weren't skewed by income levels (as those without arrears tend to have higher income levels, and those with higher incomes tend to have higher debt levels) we examined debt-to-income ratios in relation to rent arrears. Through this, we found that those without rent arrears had higher debt-to-income ratios than those with rent arrears. Those without rent arrears had an average debt-to-income ratio of 77% - meaning the total amount of their debt was equivalent to 77% of their annual income - compared to 55% for those with rent arrears. The highest level of debt-to-income ratio was held by those in the private rented sector without rent arrears (80% debt-to-income ratio).

Although we cannot say for certain from this analysis alone, this could suggest that some people, particularly in the private rented sector, are using credit to prevent themselves from falling into rent arrears, and this correlates with our wider research around the use of credit to pay for essentials. Those in the private rented sector often have less security of tenure and are often given less forbearance regarding rent arrears than those in the social sector, meaning many cannot take the risk of falling into arrears.

One thing that is clear from the analysis, however, is that arrears data is only one indicator of financial difficulty. To understand a household's financial situation, we should look at both arrears and debt levels, and try to understand whether there is regular reliance on credit to make ends meet.

When people are routinely using credit to pay for everyday essentials like rent and to service other credit commitments, this is particularly concerning. This is a strong indicator that people are in financial difficulty. Unless their income increases soon afterwards, the routine use of credit for everyday living expenses can trap people in a bigger debt burden very quickly. If people struggle to pay essential bills one month, they will certainly struggle the next month, often due to the high interest and charges from borrowing credit which builds up on top of their bills. Creditors, utilities providers and landlords may be paid for now, but it is unlikely to be sustainable and may be storing up problems for their customers in the future.

Policy questions

Our analysis highlights people who are routinely using credit to pay for their essentials, including their rent. If people are staying out of arrears only by borrowing then this is clearly concerning – and signals that they are in financial difficulty. Data on our clients suggests this may be particularly the case in the private rented sector, although more work is needed to explore this further. Likewise, those in the social rented sector could be using their rent as a form of credit, not paying this but instead prioritising other bills or essentials. This raises important questions about where the risk of people not paying their housing costs is sitting and who might be most bearing the impact of this; for example, in the private rented sector where high rental costs are being met but perhaps at the expense of other bills or because of rising credit usage.

Policy recommendations

The evidence presented in this briefing highlights problems with people's ability to pay essential household bills. With two in five StepChange clients being in arrears on one or more of their essential household bills, we are concerned that for some people just covering the basics is a real struggle. Within those in financial difficulties, certain households seem to be at particular risk. This includes those on lower incomes, young people and renters. Given the scale of the problem set out here, there is a clear case for action both to help people in arrears and to prevent people from falling behind in the first place.

Helping those in arrears to get back on track

For those already in arrears or for those who fall behind in future, we would like to see **further action to ensure they get the right forbearance and support.** The breathing space scheme being introduced by the Government will help here, although it will be important that this provides the right level of flexibility and gives a sufficient length of protection to individuals in debt. **There should also be a commitment that all debts to government, such as tax, council tax and benefit overpayments, will be included as part of the breathing space scheme.**

The fact that almost half of StepChange clients who were in arrears had a deficit budget further highlights the importance of creditors, utility providers and landlords showing appropriate forbearance and flexibility around repayment of arrears. At StepChange, we know the importance of creditors recognising individuals' specific circumstances when considering debt repayment. If a payment plan is not affordable, then it is unlikely to be sustainable. If someone does not have enough money coming in to repay their arrears then enforcement action is likely to be inappropriate and ineffective.

One area in which we are concerned that repayments for arrears may be being taken un-affordably is the system of deducting money from people's benefits. This is where the Department for Work and Pensions (DWP) deducts a certain amount from someone's benefit payment to clear household arrears, or other debts (such as a previous benefit overpayment, or a social fund loan). Last year, we released a briefing setting out our concerns that these deductions were causing significant hardship for some families. To prevent this, **we're calling on the DWP to ensure that deductions are only applied when they are appropriate and will not cause hardship for the individual or their family.**

Preventing people from falling behind

The nature of the modern labour market, with almost 900,000 people working a zero-hours contract as their main job[xli], increases the likelihood that people will experience income shocks, or will have fluctuating incomes month-to-month. This in turn increases their risk of falling into arrears. **Building this group's financial resilience – for example by helping them to save – will be key**. The Government's Help to Save scheme for those on Tax Credits and Universal Credit, which is being rolled out in 2018, is welcome. However, other measures – such as adapting the auto-enrolment system to help those in work to save[xlii] – will also be needed. We would like to see the Government leading **a review of how to increase households' financial resilience**, particularly for those in low-paid, insecure work, to help them cope with fluctuating income and income shocks.

Furthermore, in the context of an increasingly flexible and insecure labour market, **utilities providers, creditors, local government and landlords should examine whether there is more**

they can do to help ensure those with fluctuating incomes can meet their regular payments. This could include reconsidering payment schedules so they align with when people receive their income, or looking at new ways to pay bills. Further discussion would be needed to understand how this could work to meet the needs of both customers and service providers. However, recent work such as trials of supported rent flexibility[xliii], whereby housing associations help tenants identify and manage their financial pressure points over the year by agreeing a personalised schedule of rent over and underpayments, show there is scope to do things differently to help those in financial difficulty.

If implemented, the actions outlined above will make a significant difference – helping prevent people from falling into arrears in the first place, and supporting those who do to get back on track. However, tackling the problem comprehensively will require more fundamental thinking about how to increase people's ability to cover their essential bills without falling into hardship. This would require action to both increase household income and reduce the cost of essential bills– for example within the energy and housing markets.

The impact of any measures to achieve this should be monitored closely to ensure they are reaching those in financial difficulties, or with other vulnerabilities. Further measures to be explored could include utilities companies working together across sectors to identify cost savings for their customers. If someone is struggling to pay their energy bill, it is likely they may also be struggling to pay their water bill, for example. A water company signposting the customer to support with their energy bills or energy efficiency schemes could therefore help reduce the customer's bill elsewhere, enabling them to pay both their water and energy costs. **For those where it is clear that a customer is, or would, struggle to pay at the current rate, utilities providers and others should consider whether their bill can be reduced, taking proactive action before they fall into arrears.**

Conclusion

In the UK, we expect people to be able to cover at least their essential expenditure, and when things happen that make it difficult for them to do so, such as falling ill, we expect them to be given the right support to help make ends meet.

While only a snapshot of those in financial difficulties, the data presented in here suggests that for many people, just keeping up with the cost of essentials is a real struggle. Many people have to choose between falling behind on their bills, or taking out credit to pay them, both of which trap people in a cycle of increasing debt. Unless specific action is taken, the problem could get worse, for example, as more people take up flexible or insecure work.

The recommendations set out here would help significantly. Yet, they will only ever be able to solve part of the problem. Action to increase incomes, and reduce the costs of essentials, specifically for lower income families, could transform the current situation, lifting many households out of the danger of arrears. Achieving this must be a key part of the Government's agenda going forward.

References

[i] StepChange commissioned YouGov plc to conduct general population research. Total sample size was 5,052 adults. Fieldwork was undertaken between 13th - 18th December 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

[ii] StepChange commissioned YouGov plc to conduct general population research. Total sample size was 3,204 adults. Fieldwork was undertaken between 15th-19th December 2016. The survey was carried out online. Figures have been weighted and are representative of all GB adults (aged 18+).

[iii] StepChange commissioned YouGov plc to conduct general population research. Total sample size was 5,052 adults. Fieldwork was undertaken between 13th - 18th December 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

[iv] Breathing Space would introduce a legal freeze on interest and charges, collections and enforcement action to give people time and space to stabilise their finances and put in place an affordable and sustainable plan for repaying what they owe. The proposal would also introduce statutory debt management plans, whereby the initial Breathing Space protections automatically continue for someone entering a sustainable plan with creditors to repay their debts. The Government launched a call for evidence on Breathing Space in October 2017 and are expected to release a further consultation on the exact detail of the scheme in 2018.

[v] Here, household bills refers to the following: council tax, electricity, gas, magistrates fines, mortgage, rent, TV license, Water and County Court Judgements.

[vi] StepChange commissioned YouGov plc to conduct general population research. Total sample size was 5,052 adults. Fieldwork was undertaken between 13th - 18th December 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

[vii] As of Q2 in 2017. This refers to the number of accounts in arrears where there is no arrangement to repay the debt. Figures on Ofgem Data Portal Accessible: https://www.ofgem.gov.uk/data-portal/all-charts?search_api_views_fulltext=arrears (Accessed 1 May 2018).

[viii] CCWater (2018) Figures and methodology accessible: https://discoverwater.co.uk/helping-people-pay (Accessed 1 May 2018).

[ix] UK Finance (2018) Mortgage Arrears and Possessions Update, Accessible: https://www.ukfinance.org.uk/mortgage-arrears-and-possesions-update-february-2018/ (Accessed 1 May 2018).

[x] Accessible: http://england.shelter.org.uk/__data/assets/pdf_file/0005/1380398/Low_Rent_Homes_Slidedeck_V2.0.pdf (Accessed 1 May 2018).

[xi] Institute for Fiscal Studies (2018) *Problem debt and low-income households*

[xii] Accessible: https://www.independent.co.uk/news/business/news/ons-household-incomes-1970s-gdp-investment-services-a7815981.html (Accessed 5 April 2018).

[xiii] Household bills here refers to electricity, gas, water, rent, mortgage, council tax, TV licence.

[xiv] Citizens Advice (2018) *Walking on thin ice: The cost of financial insecurity*

[xv] Ofgem (2017) *State of the energy market 2017*

[xvi] House of Commons Committee of Public Accounts (2016) *Economic regulation of the water sector*

[xvii] StepChange Debt Charity (2015) *Navigating the new normal: Income shocks and financial difficulty*. 32% of the lowest earning households (£0 - £15k) and 28% of those on low-middle incomes (£15 - £25,000) experienced an income shocks - those on higher incomes were significantly less likely to experience an income shock.

[xviii] StepChange Debt Charity (2015) *Navigating the new normal: Income shocks and financial difficulty*

[xix] StepChange Debt Charity (2015) *Becoming a nation of savers: Keeping families out of debt by helping them prepare for a rainy day*

[xx] Ibid

[xxi] Accessible: http://www.bbc.co.uk/news/business-43583670 (Accessed: 16 April 2018)

[xxii] StepChange Debt Charity (2018) *Statistics Yearbook: Personal debt in the UK Jan-Dec 2017*

[xxiii] Financial Conduct Authority (2017) *Understanding the financial lives of UK adults*

[xxiv] Ibid

[xxv] StepChange Debt Charity (2015) *Navigating the new normal: Income shocks and financial difficulty*

[xxvi] 12% of those who worked a zero hours contract had fallen behind on essential household bills in the last 12 months, and 14% of those whose income changed month to month had; compared to 6% of those who worked full time.

[xxvii] StepChange commissioned YouGov plc to conduct general population research. Total sample size was 5,052 adults. Fieldwork was undertaken between 13th - 18th December 2017. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

[xxviii] Reference as above. 16% of unemployed people had fallen behind on household bills in the last 12 months, compared to 14% of those whose income changes from month to month and 12% of those who work a zero hours contract.

[xxix] Resolution Foundation (2018) *The kids aren't alright: A new approach to tackle the challenges faced by young people in the UK labour market*

[xxx] Trust for London, Insecure Work by Age, Accessible: https://www.trustforlondon.org.uk/data/insecure-work-age/ (Accessed 9 May 2018). Note, 'insecure work' in this context relates to being on a zero-hours contract, in temporary employment, working for an agency, or some combination of these.

[xxxi] Resolution Foundation (2018) *The kids aren't alright: A new approach to tackle the challenges faced by young people in the UK labour market*

[xxxii] StepChange Debt Charity (2018) *Statistics Yearbook: Personal debt in the UK Jan-Dec 2017*

[xxxiii] House of Commons Library (2017) *Home ownership and renting: Demographics*

[xxxiv] Ministry of Housing, Communities and Local Government (2018) *English Housing Survey headline report 2016 to 2017*

[xxxv] Ibid

[xxxvi] FCA and Bank of England March 2018 Statistics on mortgage lending; and UK Finance Mortgage Arrears and Possessions Update February 2018

[xxxvii] Ministry of Housing, Communities and Local Government (2017) *English Housing Survey Social rented sector, 2015-16*

[xxxviii] National Housing Federation (2018) *Experiences of those aged 50+ in the private rented sector.*

[xxxix] StepChange commissioned YouGov plc to conduct general population research: Total sample size was 5,052 adults. Fieldwork was undertaken between 13th - 18th December 2017. The survey was carried out online. Figures have been weighted and are representative of all GB adults (aged 18+).

[xl] StepChange Debt Charity (2017) *The high cost of credit: A discussion paper on affordable credit alternatives*

[xli] Office for National Statistics (ONS) (2017) *Contracts that do not guarantee a minimum number of hours: September 2017*, Accessible: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/contractsthatdonotguaranteeaminimumnumberofhours/september2017 (Accessed 9 May 2018).

[xlii] StepChange's report *Strengthening the Savings Safety Net* sets out more information about how this could work.

[xli] Trial conducted by The Centre for Responsible Credit, with funding from the Money Advice Service What Works? Fund. For more information see http://www.learningandwork.org.uk/wp-content/uploads/2018/04/DamonGibbons11.45.pdf

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For more information visit the StepChange Debt Charity website www.stepchange.org.
For help and advice with problem debts call (Freephone) 0800 138 1111
Monday to Friday 8am to 8pm and Saturday 8am to 4pm, or use our online debt advice tool, Debt Remedy.

Email: policy@stepchange.org
Web: www.stepchange.org
Twitter: @stepchange