



FAIR BY DESIGN

Ending the extra costs of being poor

STRATEGY 2022-27

CONTENTS

WHO WE ARE AND WHY WE ARE HERE	3
Our vision	3
Our mission	3
What we do	4
 WHAT WE WANT TO ACHIEVE AND HOW WE WILL DO IT	 5
Goal 1: Regulators	6
Goal 2: Social Policy	7
Goal 3: Businesses	8
 HOW WE WORK	 9
Our values	9

“To give other examples of the poverty premium, it is why people end up paying more for car insurance or life insurance in areas of greater deprivation and why people pay more for credit and for all financial services when they have the least money. Our system is set up at the moment so that the poorer someone is, the more they pay.”

Emma Hardy MP, Labour, Member of the Treasury Select Committee

WHO WE ARE AND WHY WE ARE HERE

People in poverty pay more for products and services. This includes prepayment meters for energy, high cost loans, and insurance in deprived areas. This is known as the **poverty premium**.

People on low incomes also pay more depending on *how* they pay for things, for example, paying on receipt of a bill rather than direct debit, and paying to access cash via fee paying cash machines.

Fair By Design (FBD) is dedicated to reshaping essential services, like energy, credit, insurance and payment systems so they don't cost more if you're poor.

Fair By Design was established by Barrow Cadbury Trust, Big Society Capital, Comic Relief, Joseph Rowntree Foundation, the National Lottery Communities Fund, Social Tech Trust, and the Tudor Trust. FBD's policy and advocacy work is managed by Barrow Cadbury Trust on behalf of a group of foundations.

Our vision

Our vision is for a UK where poor and low income people pay a fair price for essential services.

Our mission

Our mission is to eliminate the poverty premium by 2028.

"It is perverse & upsetting but for a long time we've had a poverty premium in this country where the poorest in society pay more than everybody else."

Martin Lewis CBE, Founder of MoneySavingExpert

What we do

- We develop practical policy proposals as well as encourage good practice.
- We research and advocate for change. What we do is rooted in lived experience.
- We collaborate with regulators, government, and industry to design out the poverty premium.

Our Venture Fund provides capital to help grow new and scalable ventures to innovate the market. By working in this way new products and services can be created that address the poverty premium. These new products and services will help us to understand better the capacity for the market to address the injustice of people in poverty paying more and what changes are needed in wider regulatory and social policy.

Whilst estimates vary, there are approximately 14.5 million people in poverty in the UK. We support the principles of inclusive design. By designing products and services inclusively they are more likely to be fair and meet the needs of all types of consumers.

“Where I live in Drumchapel you cross the road, life expectancy differs 16 years, but so does the price of your insurance.”

Expert by experience, Poverty Alliance workshop on the poverty premium



**ONE IN 5 PEOPLE
IN THE UK
ARE LIVING IN
POVERTY**

¹ <http://www.jrf.org.uk/data/overall-uk-poverty-rates#:~:text=More%20than%20one%20in%20five,in%20poverty%E2%80%932014.5%20million%20people.>

WHAT WE WANT TO ACHIEVE

AND HOW WE WILL DO IT

We have three goals to help us achieve our vision of a UK where poor and low income people pay a fair price for essential services:

- More poor and low income people pay a fair price for essential services due to the activity of regulators.
- More poor and low income people pay a fair price for essential services due to changes in social policy.
- More poor and low income people pay a fair price for essential services due to changes made by businesses.

“Those on the lowest incomes are spending proportionally more of their incomes than those better off on essentials like food and heating. This is an example of the poverty premium: where the things we absolutely cannot live without are more expensive the poorer you are.”

Peter Aldous MP, Conservative

These goals provide focus. However, to be successful we will continue to deliver work that is cross-cutting.

“For me, it is impossible to build a fair society — the kind of society we all want — without guaranteeing a degree of access to basic financial services.”

Jonathan Reynolds MP, Labour



Goal 1: Regulators

More poor and low income people pay a fair price for essential services due to the activity of regulators

“Why should people who can afford to pay one lump sum pay less than those on a low income who can only afford to pay monthly? ”

Expert by experience, Poverty Alliance workshop on insurance and the poverty premium

How we will meet this goal:

- Increasing the evidence base on (1) the number of people experiencing the poverty premium and (2) the detriment experienced. This will include lived experience.
- Influencing regulators and the Competition and Markets Authority (CMA) so that they recognise and mitigate the impact of the poverty premium.

Success will look like:

- We will be better known, and engaged with, by those who are able to make the changes we want to see.
- The CMA and regulators of essential services recognise the impact on people of the poverty premium.
- The CMA and regulators of essential services make changes to their policies and processes so that essential services better meet the needs of poor and low income consumers.
- An increase in partnership working and alliance building with those that share our vision and can help us achieve the changes we want to see.



Competition & Markets Authority @CMAgovUK · 28 Feb
We've carried out research with @jrf_uk, @natcen & @fairbydesign to better understand the challenges faced by #vulnerableconsumers when shopping for good deals.

Read more: [gov.uk/government/pub...](https://gov.uk/government/publications)



People on low incomes are less likely to have access to the best deals for goods and services

Vulnerable Consumers

CMA

Goal 2: Social Policy

More poor and low income people pay a fair price for essential services due to changes in social policy

"The financial inclusion of vulnerable consumers – and we can all be vulnerable at some point in our lives – should be of the utmost priority for the financial services providers, the government, and financial regulators."

Nicky Morgan MP, Conservative, as Chair of the Treasury Select Committee (now Member of House of Lords)

How we will meet this goal:

- Increasing the evidence base on (1) the number of people experiencing the poverty premium and (2) the detriment experienced. This will include lived experience.
- Influencing social policy makers so that they (1) recognise and (2) mitigate the impact of the poverty premium.
- Advocating for policy change within the UK.

Success will look like:

- We will be better known, and engaged with, by those who are able to make the changes we want to see.
- More people and organisations, who are able to change or influence social policy, recognise the impact on people of the poverty premium.
- Changes in social policy are made so that essential services better meet the needs of poor and low income consumers.
- An increase in partnership working and alliance building with those that share our vision and can help us achieve the changes we want to see.



Goal 3: Businesses

More poor and low income people pay a fair price for essential services due to changes made by businesses

"They said my car insurance would be £900 a year probably because there's so many cars being nicked in this area. Why should I have to pay more than the people who live in the posh area near me?"

Dunia, Brighton, expert by experience

- Working positively with and supporting businesses so that they (1) recognise and (2) mitigate the impact of the poverty premium.
- Working with the Fair By Design Fund to increase the number of businesses that create products and services that are more affordable and better meet the needs of poor and low income consumers.

Success will look like:

- We will be better known, and engaged with, by those who are able to make the changes we want to see.
- More businesses recognise the impact on people of the poverty premium.
- More businesses see the value of a marketplace that includes essential services that are more affordable and better meet the needs of poor and low income consumers.
- An increase in partnership working and alliance building with those that share our vision and can help us achieve the changes we want to see.
- Via working in partnership with the Fair By Design Fund, there is an increase in the number of businesses that create products and services that better meet the needs of poor and low income consumers.

DESIGNING
OUT THE
POVERTY
PREMIUM



HOW WE WORK

Our values match the methods we will use to achieve our vision:

- **Fair.** We put equality at the heart of everything we do.
- **Experience-led, evidenced-based.** Our work is informed by research, amplifying the voice of those who experience the poverty premium.
- **Pragmatic.** We work to understand the world 'as it is' and to understand the arguments and points of view of others – so we can propose solutions that are more likely to succeed.
- **Collaborative.** We are collaborative and recognise that we can achieve more change by working with others. Alliance building and capacity building will be at the heart of what we do.
- **Focussed.** We are focussed on our vision, mission and goals, whilst recognising the need for flexibility in our approach.

"The poverty premium targets those who can least afford it and we all – government, business, regulators and the wider public should be working towards eradicating these unfair charges on essential services and products. In collaboration with the Fair By Design team, we aim to design out the barriers to fair and responsible finance."

Michael Sheen, actor and founder of the End High Cost Credit Alliance

How we want to be seen by the outside world

- **Credible**
- **Pragmatic**
- **Collaborative**
- **Clear**
- **Strategic**





FAIR BY DESIGN

Ending the extra costs of being poor

fairbydesign.com
@FairByDesign



Fair By Design is managed by The Barrow Cadbury Trust on behalf of a group of foundations. Registered Charity Number: 1115476.