

Report of the Director of Governance

Corporate Review of Poverty in York – In-work Poverty

Summary

1. This report presents the Economy and Place Policy and Scrutiny Committee with a request by the Customer and Corporate Services Scrutiny Management Committee (CSMC) to undertake a review into elements of poverty in the city which fall within the Economy and Place Policy and Scrutiny Committee's remit, as part of a corporate review of poverty in York.

Background

2. At the beginning of this municipal year CSMC agreed to undertake a scrutiny review into food poverty with the aim of understanding the issues around the apparent increasing levels of food poverty in York.
3. An Ad-Hoc Scrutiny Sub-Committee established to carry out the review took advice from experts in this field and it soon became apparent that food poverty, quite simply, correlates to poverty.
4. The sub-committee was reminded that we did not see the notion of food poverty in York before 2010 and there were no food banks in the city at that time. However, food poverty is now a key issue in local communities and stemming potentially from the £30 billion cuts in working age social security since 2010 that are still being rolled out.
5. The roll-out of Universal Credit with delays in payments, cuts in housing benefits, reductions in child tax credit and the working-age benefits freeze are having an impact on many families, including those with working parents. Social security payments are an important safeguard for an increasing number of working family members who are finding that employment does not always provide enough income to support their

families. The increasing cost of living, low and insecure pay, low hours and zero hours contracts could also be contributory factors, as are the cost of Council Tax and cuts in that support

6. It was noted that whilst living/minimum wage regulations were useful, their effect was diminishing with in-work poverty increasing. The expectation should be, that any form of employment would result in more financial security than no employment, however the loss of in-work benefits means that this is no longer necessarily the case.
7. The Council plays a significant role in the city by providing services which help to alleviate poverty. These are either directly or commissioned services. For City of York Council, the services that help alleviate poverty include:
 - Promotion of the take up of statutory benefits (for example Council Tax Benefit)
 - Provision and promotion of discretionary benefits and grant for households in crisis (for example Discretionary Housing Payments and the York Financial Assistance Scheme)
 - Promotion of the take up of Free School Meals
 - Promotion of the take up of early years places for 2 and 3 year olds (many of which offer meals as part of the entitlement)
 - Promotion and provision of training and education to increase skills, increase employment and support individuals to secure higher paid work
 - Support to advice providers to support individuals to maximise household income and access crisis support
8. In the UK 7% of people are in persistent poverty – 4.6 million people. The highest rate of persistent poverty is among lone-parent families.
9. Since work began on the Food Poverty Scrutiny Review the Economy and Place Policy and Scrutiny Committee (E&P PSC) has looked at in-work poverty as part of an ongoing exercise to further develop the committee's work programme for the year.
10. In the UK there are now almost four million workers in poverty, a rise of over half a million compared with five years ago and the highest number on record. The employment rate is also at a record high, but this has not delivered lower poverty. Since 2004/05, the number of workers in poverty

has increased at a faster rate than the total number of people in employment, resulting in workers being increasingly likely to find themselves in poverty.

11. Latterly the rise in in-work poverty has been driven almost entirely by the increase in the poverty rate of working parents, which has grown over the past five years. A working parent is now over one-and-a-half times more likely to be in poverty than a working non-parent as most single people and childless couples, however low their wages, earn enough to live above the poverty threshold.
12. In many cases the cause of in-work poverty are long-term changes in the labour market with more self-employment, part-time employment, zero-hours contracts and sporadic employment. The minimum wage is not yet high enough to lift a full-time employed family with one earner above the poverty threshold.
13. CSMC agreed at its November meeting that rather than individual scrutiny committees independently picking up different aspects of poverty, it makes sense to look at poverty as a whole, with each scrutiny committee focusing on a separate element of poverty to feed into a final corporate report to be drafted by CSMC.
14. The Housing and Community Safety Policy and Scrutiny Committee agreed it would like to take a deeper dive into the delivery of affordable homes on new developments and this work could complement a corporate review into poverty as a whole. Rising housing costs have been largely driven by increasing numbers of low-income families with children living in the private rented sector, due to reduced access to social housing. It is acknowledged that more affordable and social housing could improve the situation for many of York's poorer families.
15. The Children, Education and Communities Policy and Scrutiny Committee, the Health and Adult Social Care Policy and Scrutiny Committee and the Climate Change Policy and Scrutiny Committee have all agreed to take part in the review and are currently looking at their individual remits.

Consultation

16. There has been no consultation in the preparation of this report. However, the ongoing Ad-Hoc Scrutiny Sub-Committee has been advised by experts including an Emeritus Professor of Social Policy at the University of York and from the Joseph Rowntree Foundation while the E&P PSC met with representatives from the University of York,

Joseph Rowntree Foundation, Yorkshire TUC and a major York retailer.

Analysis

17. The rationale behind such a corporate review is that while York may appear to be a rich city with a booming tourist industry and relatively low unemployment, poverty is real, and growing, in a climate where food prices and rents continue to rise.
18. Given the link between changes in the benefits system and a rise in poverty in its various forms it is likely that further increases in poverty will be seen in forthcoming years. Department of Work and Pensions intend to transition remaining benefits claimants to Universal Credit between November 2020 and December 2023. In York an estimated 5,600 individuals claiming housing benefit, approximately 3,500 with children, are due to transition. This period of 'managed migration' has potential to have a significant effect on poverty levels within the city.
19. Living in poverty affects every aspect of people's lives and contributes to poorer physical health and being more likely to have poorer mental health issues. According to the Joseph Rowntree Foundation over a quarter of working-age people in the poorest fifth of the population experience depression or anxiety.
20. Nationwide nearly half of children in lone parent families live in poverty. Over the last five years, poverty rates for children in lone-parent families have risen by around twice as much as those for children in couple families.
21. Four million workers live in poverty, a rise of over half a million over five years. In-work poverty has been rising even faster than employment, driven almost entirely by increasing poverty among working parents.
22. Changes to the UK's housing market have created problems in affording a home for many families and this appears to be the case in York. The impact of these changes can be particularly stark for low-income families with children. For families with children, the proportion of housing costs has grown much faster for those on lower income than for those who are on higher incomes. Rising housing costs have been driven largely by changes in the proportions of families living in different housing tenures. In particular, the fall in home-ownership and expansion of the private rented sector appears to have a greater bearing on low-income families.

23. In-work poverty occurs when a working household's total net income is insufficient to meet its basic needs. Low pay is one possible reason for in-work poverty, but we must consider the circumstances of the whole household and not just the person in paid employment; poverty may be the result of family circumstances and particularly the number of dependents, rather than the wage level of the main bread-winner. Because in-work poverty is about total household resources and whether these are sufficient to meet their household's needs the options to tackle in-work poverty are more varied than they may, at first glance, appear.

Options

24. Members can agree to undertake a review into poverty elements which fall within the remit of this committee to feed into a corporate review of poverty in York. Members can also agree their own remit for this Committee's review and CSMC suggests the areas the individual scrutiny committees might want to look at could be:

- **CSMC** – Food poverty
- **Housing** – Housing poverty including the effects of high rents in the city.
- **Children, education and communities** – child poverty
- **Economy and place** – in-work poverty
- **Health** – the effects of poverty on the health and wellbeing of residents, including mental health
- **Climate change** – zero carbon as a means of addressing fuel poverty by saving money on energy bills or sustainable travel to improve accessibility to jobs / city centre.

In-Work Poverty

25. At a meeting of this Committee in November 2019, Members invited representatives from the University of York, the Joseph Rowntree Foundation (JRF), Yorkshire and the Humber TUC and the York retail sector for round-table discussions around in-work poverty, the gender pay gap and low-pay industries.

26. Members were reminded of the risks of in-work poverty and acknowledged that the cause of in-work poverty could be attributed to a number of issues, including changes in the labour market, low wages, short hours, in-work benefit cuts, the impact of government austerity and the non-take up of benefits.
27. The Committee noted that housing costs were high in York and this was an important factor as most private rents were not covered by housing benefits. Members were informed by the retail representative that one job applicant had requested 50-60 hours a week to be able to cover housing costs.
28. Low pay is an important factor and Members noted that the Living Wage is a voluntary hourly wage rate that employers can choose to pay their staff. The Living Wage is updated every year and The Living Wage Foundation calculates the amount based on real costs of living and sets it at a level needed to afford a basic acceptable standard of life. City of York Council is committed to promoting the Living Wage rate as defined by the Living Wage Foundation through the contracts and agreements it awards.
29. However, there are city and local area differences in the living wage which were impacted by housing costs, income (wage plus benefits), low pay and people getting stuck on low pay, the number of hours worked, constraints on working hours (childcare and transport) and the local economy. The JRF informed Members that the Living Wage Foundation had developed a new scheme, Living Hours (Annex 1), which called for decent notice periods for shifts and a minimum of 16 hours a week.
30. JRF also noted the importance of considering more flexibility in the workplace and asked how employers could be supported to create more good quality jobs. The Local Industrial Strategy needed to support growth and it was noted that there was a role for councils to convent good jobs standards.
31. The Greater Manchester Good Employment Charter (Annex 2) and Liverpool City Region's Fair Employment Charter (Annex 3) were cited as examples of initiatives in which councils can work with businesses and other organisations to create a prosperous local economy and also deliver good jobs with opportunities for people to progress.
32. In York there has been growth in the low paid work areas such as hospitality and social care and there are opportunities for local authorities

to look at the Living Wage within the supply chain and minimising the use of 'zero hours' contracts by supplier.

33. In-work poverty can be addressed by the availability of secure, sustainable employment and by ensuring residents are equipped with the qualifications and skills they need to access employment opportunities. It can also be addressed by tackling low pay. Nationally only one in four people progress from low pay over 10 years, and low pay is a particular problem in York.

Council Plan

34. A Corporate Review into poverty in York would take in several priorities already identified in the Council Plan 2019 -2023 (Annex 4) including Well-Paid Jobs and An Inclusive Economy; A Greener and Cleaner City; Getting Around Sustainability; Creating Homes and World-class Infrastructure; Good Health and Wellbeing; A Better Start for Children and Young People; An Open and Effective Council and Safe Communities and Culture for All. A copy of these priorities is attached to this report, at Annex A. It is suggested that, wherever possible, the work of Scrutiny Committees should 'dovetail' into those existing priorities, enabling the Council to prioritise its objectives and work collectively to shape and develop them to begin to address the various effects of poverty within the city.

Implications

35. There are no Financial, Human Resources, Equalities, Legal, Crime and Disorder, Information Technology, Property or other implications associated with the recommendation in this report.

Risk Management

36. There are no risks associated with the recommendation in this report.

Recommendations

37. Having considered the information provided in this report Members are asked to consider the priorities for this Committee in contributing to the agreed corporate review on 'poverty' in York and to identify an appropriate remit.

Reason: To provide a corporate, cross-party response to poverty in the city.

Remit Suggestions

38. The Committee may want to consider some or all of the following as part of the remit for any review:
- i. Promoting with businesses the benefits of providing the Living Wage and clearer progression paths;
 - ii. Working with agencies and partners to understand and share information about current and future labour markers in order to equip residents with the skills and advice they need;
 - iii. Promoting the benefits of traineeships and apprenticeships;
 - iv. Working with businesses and partners to minimise the use of 'zero hours contracts within the supply chain;
 - v. Working with businesses and partners to commit to giving clarity to employees over the hours they work so they have more security over their incomes;
 - vi. Working with businesses and partners to examine ways to give employees the opportunity to work flexibly wherever possible;
 - vii. Providing advice and support for Universal Credit claimants to help ensure all available benefits are claimed;
 - viii. Delivering public education messages on the dangers of high-cost credit and affordable options;
 - ix. Developing an employment charter in collaboration with local employers, workers, trade unions and other local trade or business networks that have a clear, evidence-based vision for decent work with transparent and measurable criteria for employers to achieve.

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Report Approved Date 19/12/2019

Wards Affected:

All

For further information please contact the author of the report

Annexes

Annex 1 – Living Hours

Annex 2 – Manchester Good Employment Charter

Annex 3 – Liverpool Fair Employment Charter

Annex 4 – Local Plan Priorities

Background papers

Manchester Good Employer Charter

<https://www.gmgoodemploymentcharter.co.uk/what-is-the-charter/>