

Report of the Assistant Director – Legal & Governance

In-work Poverty; Gender Pay Gap and Low-paid Industries

Summary

1. The purpose of this report is to inform the Committee of the current situation in the city in relation to in-work poverty, the gender pay gap and low-paid industries so Members can take advice from experts at the meeting over which issues they want to take forward in their work plan for the year.

Background

2. At the September 2019 meeting of this Committee, Members further discussed their work programme for the municipal year and decided to split work plan suggestions into three categories:
 - i. Pay in work poverty; Gender pay gap; Low paid industries
 - ii. High Value Jobs and Innovation; Apprenticeships and Skills; Graduate Retention; Stem the loss of skilled people
 - iii. Sustainable Growth and Social Values; Community Wealth
3. Members agreed they wanted to consider the second category at the Committee's October meeting and to invite representatives from City of York Council (CYC), the University of York, York College and York St John University to attend to take part in round-table discussions.
4. At the October meeting Members agreed that they next wanted to examine issues around in-work poverty, the gender pay gap and low paid industries and to invite people with the relevant knowledge in these areas to the November meeting to advise Members.

In work poverty

5. 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.
6. 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.
7. 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 repeated mantra that work is the best way out of poverty is no longer true. Non-take up of benefits remains a problem and often poorer families have to use their food budget to pay other fixed costs.

Low wages

8. The minimum wage is not high enough to lift a full-time employed family with one earner above the poverty threshold. In 2013 three large employers in York became Voluntary Living Wage (VLW) employers – CYC; Joseph Rowntree Foundation / Joseph Rowntree Housing Trust and York St John University. Other York employers subsequently also became VLW employers including Nestle and Aviva. So while a number of key employers are paying the living wage, not all are.

Short hours

9. Many employees are not working full time and are often constrained by caring responsibilities. Childcare is expensive.

In-work benefit cuts

10. The growth in in-work poverty in the UK has mainly occurred since 2011 when austerity began. The cut in working age benefits have taken

£30 billion from the social security budget.

Gender pay gap

11. The gender pay gap is the difference in the average hourly wage of all men and women across a workforce. If women do more of the less well paid jobs within an organisation than men, the gender pay gap is usually bigger.
12. In York the gap in the average gross weekly between men and women has risen from £33.6 in 2010 to £76.6 in 2018, but it is still less than both the national and regional difference.

Gender Pay Gap	York	National	Regional
Year	Difference (£)	Difference (£)	Difference (£)
2010	33.6	101.3	94.5
2011	53.9	100.6	97.5
2012	78.8	99	94
2013	98.5	99.3	105.9
2014	98.9	99.6	101.3
2015	81.3	99.7	99.3
2016	117	99.8	106.5
2017	115.7	100.3	105
2018	76.6	102.2	101.4

York Annual Pay 2015-2019

13. According to figures published on 29 October 2019 in the government Annual Survey of Hours and Earnings, the average weekly earnings for York workers increased by 13% over the last year. The survey also showed that the average weekly earnings for York residents also rose from £512.60 in 2018 to £574.60; an increase of 12%.
14. The wage increase in York compares favourably to other areas across the UK, with pay across the country increasing by 2.8%; a 1.9% increase

for Leeds residents and an increase of 3.5% across the Leeds City Region.

People who work in York

	2015	2016	2017	2018	2019
Full time median	£25,622	£26,113	£26,448	£26,506	£29,631
Full time mean	£30,080	£30,588	£32,020	£30,790	£34,680
Part time median	£9,653	£9,632	£10,440	£9,536	£10,988
Part time mean	£11,352	£12,544	£12,926	£10,822	£14,486
Total median	£17,637	£17,872	£18,444	£18,021	£20,309
Total mean	£20,716	£21,566	£22,473	£20,806	£24,583

Residents of York

	2015	2016	2017	2018	2019
Full time median	£25,622	£26,096	£25,956	£26,688	£28,671
Full time mean	£30,472	£31,687	£32,104	£32,643	£39,077
Part time median	£9,421	£9,783	£9,929	£10,283	£10,729
Part time mean	£11,640	£11,894	£12,127	£12,218	£12,984
Total median	£17,521	£17,939	£17,942	£18,485	£19,700
Total mean	£21,056	£21,790	£22,115	£22,430	£26,030

- These figures contrast to the 2018 Annual Survey of Hours and Earning when the average full-time gross weekly pay in the city was £591.10, down 6.31% from the 2017 average of £630.90.

Average gross weekly pay by workplace 2017-18

Full time

	2017	2018		
York	£630.90	£591.10	↓	6.31%
National	£663.50	£687.90	↑	3.68%
Regional	£584.80	£614.10	↑	5.01%

Part time

	2017	2018		
York	£225.40	£203.00	↓	9.94%
National	£263.00	£203.00	↑	3.45%
Regional	£212.10	£216.70	↑	2.65%

Full Time Gross Weekly pay showing historic data from 2010 to 2018

	2010	2011	2012	2013	2014	2015	2016	2017	2018
York	£563.6	£563.5	£576.2	£580.9	£566	£582.4	£581.2	£630.9	£591.1
Region	£535.7	£537.2	£542.6	£553.3	£554.9	£567.1	£576.6	£584.8	£614.1
National	£601.3	£605.1	£610.1	£622.4	£623.2	£629.2	£647.2	£663.5	£687.9

Analysis

16. This report is for information only.

Consultation

17. There has been no consultation in the preparation of this report. To help the Committee's considerations representatives from the University of York, Joseph Rowntree Foundation, Yorkshire the Humber TUC and a major York retailer have been invited to this meeting to inform and advise Members.

Options

18. Having considered the information provided in this report and at the meeting, Members can agree which issues they wish to take forward on the Committee work plan or agree to undertake a more detailed review of one or more of the topics highlighted.

Council Plan

19. This report is linked to several priorities in the Council Plan 2019-2023 including Well-paid Jobs and an Inclusive Economy; Good Health and Wellbeing; A Better Start for Children and Young People and An Open and Effective Council.

Implications

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

Risk Management

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

Recommendations

22. Having considered the information provided in this report and at the meeting Members are asked to agree which issues they want to take forward to their work plan either through further update reports or by a scrutiny review into a specific topic

Reason: So the Committee has a balanced and effective work plan

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Report Approved Date 31/10/2019

Wards Affected:

All

For further information please contact the author of the report