

Report of the Assistant Director – Legal & Governance

## **Scoping Report on Corporate Review of Poverty in York**

### **Summary**

1. This report presents the Customer and Corporate Services Scrutiny Management Committee (CSMC) with a suggestion for a Corporate Review around poverty in the city, elements of which impact on all the standing scrutiny committees.

### **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 can be attributed to 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 a devastating effect 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 are also contributory factors.

6. Many of these families are trapped in high-rent accommodation and often have to use money from their food budget to pay household bills such as rent and heating. Council Tax and cuts in Council Tax Support have also had a significant impact on the budget of poorer families.
7. 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.
8. 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
9. 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.
10. Since work began on the Food Poverty Scrutiny Review the Economy and Place Policy and Scrutiny Committee (E&P PSC) has started to investigate in-work poverty as part of an ongoing exercise to further develop the committee's work programme for the year.
11. 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.

12. 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.
13. 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 high enough to lift a full-time employed family with one earner above the poverty threshold.

### **Consultation**

14. There has been no consultation in the preparation of this report. However, the 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 has invited to its next meeting representatives from the University of York, Joseph Rowntree Foundation, Yorkshire TUC and a major York retailer.

### **Analysis**

15. Given the link between changes in the benefits system and a rise in poverty in its various forms 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.
16. Living in poverty affects every aspect of people's lives and contributes to poorer physical health and being more likely to have 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.

17. 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.
18. 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.
19. Changes to the UK's housing market have created problems in affording a home for many families and this is certainly the case in York. The impact of these changes have been 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 have affected low-income families far more than those who are better off.

## **Options**

20. Members can agree to undertake a corporate review into poverty in York with each standing scrutiny committee setting its own remit, gathering its own information and reporting back to CSMC with an agreed final report. CSMC would then produce a corporate report for submission to Executive. 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.

## **Council Plan**

21. A Corporate Review into poverty in York would take in several priorities in the Council Plan 2019 -2023 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.

## **Implications**

22. 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**

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

## **Recommendations**

24. Having considered the information provided in this report Members are asked to consider whether they wish to undertake a corporate review into poverty in York with each individual scrutiny committee agreeing its own remit and reporting back to CSMC with a final report for inclusion in a corporate report.

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

## Contact Details

**Author:**

Steve Entwistle

Scrutiny Officer

Tel: 01904 554279

[steven.entwistle@york.gov.uk](mailto:steven.entwistle@york.gov.uk)

**Chief Officer Responsible for the report:**

Dawn Steel,

Head of Civic and Democratic Services.

Tel: 01904 551030

[dawn.steel@york.gov.uk](mailto:dawn.steel@york.gov.uk)

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Wards Affected:

All

For further information please contact the author of the report