wakefield council

Wakefield Council, UK
Policy Alert: Corona – update 14th January

- JRF: UK Poverty 2020-21 https://www.jrf.org.uk/report/uk-poverty-2020-21 (note - relative poverty defined as: " *where someone's household income is below 60% of UK median household income, adjusted for family size and composition"*)
  - Before coronavirus, 14.5 million people in the UK were caught up in poverty, equating to more than one in five people.
  - There was a bigger fall in incomes for the fifth of the population with the lowest After Housing Costs (AHC) income. This reduction was predominantly driven by reductions in income from benefits, due to the freeze in benefits rates.
  - However, over half of those who live within families who receive Universal Credit, Housing Benefit or any of Employment Support Allowance, Jobseeker's Allowance or Income Support were in poverty before coronavirus, as were almost half of people who received tax credits.
  - Despite a relatively benign economic picture, pre-coronavirus incomes were falling and falling fastest for those with the lowest incomes.
  - 2.4 million people were destitute at some point in 2019 - an increase of around half compared with 2017.
  - Coronavirus has impacted on the labour market, with increasing unemployment and reducing earnings. However, this may have temporarily reduced relative poverty through the following:
    - The relative poverty line will be falling, as average incomes fall due to the labour market effects.
    - The incomes floor provided by the benefits system will be rising, with those benefiting from temporary increases in benefits somewhat counterbalanced by those falling into poverty through loss of income from employment.
  - Any reduction in relative poverty is likely to be reversed if the temporary benefit increases are withdrawn and unemployment continues to worsen.
  - There is a clear relationship between health inequalities and income inequalities, with people in poorer households tending to have poorer health and people with poorer health tending to be more likely to have lower incomes.
  - Half of all people in poverty either have a disability themselves or live with someone who does, compared with a third of people in households not in poverty.
  - In-work poverty has largely continued on an upward trend and stood at almost 13% in 2018/19. Lone parents continue to have the highest in-work poverty rate, while a couple without children have the lowest.
  - Single parents are disproportionately affected by barriers that prevent them escaping in-work poverty. They are more likely to be women, working in a low-wage sector, working fewer hours, and restricted by childcare and transport.
  - Many households' ability to earn more was held back by an inability to find enough hours of work and a lack of opportunities to progress out of low pay. Higher-income workers work almost 10 hours more, on average, than workers in the lowest quintile.
  - 23% of workers in accommodation and food services were in poverty, the highest among all sectors.
  - The risk of in-work poverty is higher for BAME workers than White workers. Within BAME communities the in-work poverty rate is highest for Pakistani and Bangladeshi workers at about 34%. This is partly due to the type of sectors they work in and the fact they are more likely to work part-time. There is also a higher prevalence of self-employment in these communities.
  - White households continue to have the lowest in-work poverty rate (12%) of all ethnic groups.

  - Private renters tend to have higher housing costs, and social renters tend to have lower incomes, both leading to higher poverty rates. Renters in work are also more likely to be in a sector more affected by coronavirus.
  - It is workers who were at greatest risk of poverty before the pandemic who are most at risk of losing their jobs now. JRF estimate nationally that four in ten workers on the minimum wage face a high or very high risk of losing their jobs , compared with 1% of workers paid more than £41,500 a year.
  - Large numbers of redundancies and decreases in vacancies in shut-down sectors will make it harder for young people to take their first step onto the career ladder and could trap them in in-work poverty throughout their career. It will also be harder for them to progress into higher-paid occupations as the pandemic reduces job opportunities.
  - There are three major factors constraining low-income families' options in the labour market - wanting to work more hours but being unable to find the work (underemployment), a lack of affordable and flexible childcare, and inadequate transport.
  - Recommendations:
    - Government to bring forward the employment bill to reduce insecurity for low-paid workers by extending employment rights and investing in strong and effective enforcement.
    - The temporary £20 a week increase to Universal Credit and Working Tax Credit to be made permanent and extended to extend this same lifeline to people on legacy benefits such as JSA and ESA.
    - investing in social housing as part of a stimulus package and to reverse the long-term trend of falling availability of social housing.
    - Maintaining the link between benefits for housing and local rent levels.

- Bank Of England: Covid and the Composition of (consumer) Spending https://www.bankofengland.co.uk/-/media/boe/files/speech/2021/january/covid-and-the-composition-of-spending-speech-by-ben-broadbent.pdf
  - The first lockdown led to an enormous drop in economic activity, of over 20%, during the first half of 2020. And despite a very sharp recovery in the summer, as the first lockdown was lifted, it's likely that GDP in the fourth quarter of last year was around 10% lower than at the end of 2019.
  - Part of the drop in GDP reflects an unusually large decline in the measured real output of public services, something that has no consequences for people's incomes or their ability to spend.
  - The range of furlough schemes put in place this year have introduced an even bigger wedge between GDP and household incomes, shielding consumers from the huge drop in national income.
  - There clearly was a fair amount of expenditure switching by consumers. A pound less spent on risky activities like going to restaurants or concerts has not meant a pound less in aggregate.
  - Spending on some of these "non-risky" things have actually risen faster than incomes – in some cases faster than they have for many years. So it looks as though consumers used some of the money they would have spent on riskier activities to buy other things instead.
  - A surge in retail spending occurred despite a big drop in sales at physical shops. That has been more than made up for by a big rise in online purchases.
  - Similarly, the inability to go out in people's free time has probably contributed to a strong rise in spending on audio-visual equipment, as they instead try to improve their leisure time at home.
  - None of this means that, over the medium term, economic risk won't continue to affect consumers' appetite for spending. If rates of unemployment were to remain relatively high even two or three years from now, it's likely the saving rate will also be above average.
  - So far at least, the huge drops in output in the first half of 2020 have not produced the declines in underlying inflation that forecasters expected in the spring.
  - Whether this has any implications for the medium term is less clear. The dispersion in demand and spare capacity is likely to narrow during the recovery phase. Over time, if some of these shifts in demand prove more persistent, the economy is likely to adapt to them and their effect on aggregate supply and costs to diminish.

- Work Foundation: Lockdown and Heightened Financial Insecurity https://www.lancaster.ac.uk/work-foundation/news/blog/a-new-year-a-new-lockdown-and-many-workers-face-heightened-financial-insecurity
    - Factors that contributed to heightened worker insecurity, which surfaced through the early lockdowns, have not been addressed. Government's support packages for workers and elements of the social security system, still leave many people facing high levels of insecurity.
    - At £96 per week, Statutory Sick Pay (SSP) covers just 20% of workers' income, the lowest across OECD countries.
    - Over 400,000 workers are ineligible for SSP. Workers who earn less than £118 a week don't aren't entitled to SSP, which means women, those in insecure work, and both younger and older workers are less likely to get sick pay as a result.
    - The Self Employment Income Support Scheme (SEISS) provides self-employed workers affected by the crisis with a grant worth 80% of their average profits for a three-month period, up to £7,500. However, access to SEISS depends on when a worker became self-employed, on how much they earn, and how much of their overall income is earned through self-employment.
    - As a result of these three barriers, 38% of self-employed workers are not fully covered under the SEISS scheme, and 18% are not eligible at all.
    - 290,000 unsuccessfully attempted to claim Universal Credit, JSA or ESA during the pandemic in 2020. Individuals or couples with savings of £16,000 are not eligible and for those who hold savings between £6,000 - £16,000, payments are tapered down.

- What Works Centre For Local Economic Growth: Evidence Review For Local Green Investments https://whatworksgrowth.org/public/files/Local_green_investment.pdf
    - Many local authorities are committed to helping achieve net-zero carbon emissions. Green investments will be needed to achieve these ambitions. Such investments may create employment opportunities and help achieve other local goals such as improving health.
    - Green investments can have local employment benefits. Many of the jobs created are direct as many green investments (e.g. building cycle lanes, planting trees, etc) are relatively labour intensive compared to other infrastructure investments.
    - Some studies find employment is created in supply chains. Local areas can increase the employment benefits of green investment by ensuring residents have the skills to take up the jobs created.
    - The evidence available, whilst positive, is less robust than for other local economic growth policies. This is an issue with the evidence base rather than a reflection of the value of green investments.
    - Evidence is more compelling on health outcomes. This provides another important channel through which investments may deliver local economic benefits.
    - Local benefits of active travel, energy efficiency and natural capital investments vary, reflecting their different objectives and characteristics.
    - Local areas should focus on carefully assessing which green investments are better for achieving their policy goals.
    - The impact on local economies will also vary as a result of the pre-existing endowments of relevant assets. For example, the energy efficiency of housing stock varies across the country.
    - The scope to create jobs or improve health is greater in areas with a high proportion of housing that is energy inefficient.
    - Funders of green investments should undertake robust impact evaluations of their interventions. This will help improve understanding of their impacts and ensure that public money is being most effectively spent in the pursuit of both economic and environmental goals.

- No Recourse to Public Funds Network: Councils likely to incur costs providing safety-net support to EEA nationals after free movement ends https://www.nrpfnetwork.org.uk/news/eea-nationals-dec-2020

- When an EEA national applies for benefits or homelessness assistance after 31 December, decision makers will need to establish whether the person has settled or pre-settled status, and will need to distinguish people who qualify to apply EU Settlement Scheme from those who enter as a visitor or with a visa under another category.
- This is likely to be challenging, as no physical documentation will be issued to EEA nationals and many post-December arrivals will enter as visitors through e-gates.
- The majority of new arrivals post-December 2020 will be subject to the NRPF condition and unable to claim Universal Credit if they cannot support themselves through employment or their own resources.
- Whilst people with pre-settled status continue to be denied full access to benefits until they obtain settled status, and as new groups will have no recourse to public funds when they enter the UK with this condition or become unlawfully present, it is highly likely that local authorities will see a further increase in the number of EEA national families and adults with care needs requiring social services' support, particularly whilst the economic impacts of the Covid-19 pandemic continue to be felt.
- Recommendations:
    - Continue to communicate information about the EU Settlement Scheme to residents.
    - Identify and support EEA nationals and family members of EEA nationals who are engaged with council services to apply under the EU Settlement Scheme as soon as possible in order to establish a clearer entitlement to benefits and other services.
    - Ensure that staff in housing and social services departments are aware of the changes to eligibility rules that will apply from 1 January 2021.
    - Consider what ongoing communications may be needed to remind people who have obtained pre-settled status that they need to apply for settled status as soon as they have lived in the UK continuously for five years or, at the very latest, before their leave to remain expires.