

## Poverty – A Baseline for Dudley (December 2018)

### Executive Summary

#### Definitions of poverty

Poverty is not easy to define due to its broad and complex nature. Commonly used definitions include:

*‘Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities, and have the living conditions and amenities which are customary, or at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary patterns, customs and activities.’ (Poverty in the UK 1979, Peter Townsend).*

Townsend was co-founder of the Child Poverty Action Group which was set up in 1965.

*‘A household is in poverty when its income is below 60% of the national median income.’*

This is the UK's official poverty line. This measure is commonly used in the UK (and in this assessment) and is a relative measure of poverty rather than an absolute one. This means that in periods of recession the median income level falls leading to fewer people being defined as living in poverty.

At an individual level, poverty means not being able to heat your home, pay your rent or buy essentials for your children. It means waking up every day facing insecurity, uncertainty and impossible decisions about money. It means facing marginalization and even discrimination because of your financial circumstances. The constant stress can lead to problems that deprive you of your health and wellbeing and the chance to play a full part in society.

#### The Causes of Poverty

The causes of poverty are things that reduce people's resources or increase their needs and the costs of meeting them. Its impact is more than just lack of income, it affects people's quality of life, health and their inclusion in mainstream society. It impacts on the equity and cohesion of society as a whole. It is therefore in everyone's interest to mitigate the impact of poverty.

Common causes of poverty in the UK today include unemployment, lack of jobs, and low paid jobs lacking prospects and security; low levels of skills and education; ineffective benefit system; high costs of housing and essential goods and services; discrimination; lack of positive parenting and abuse, trauma and chaotic lives.

## **The UK**

30.2% of people in the UK, roughly 3 in 10, were at risk of poverty in at least 1 out of the 4 years between 2012 and 2015, 59.9% were at risk of poverty for just 1 year with 10.5% at risk of poverty for the full 4 years (Office for National Statistics 2017).

In the UK, under 18s, women and those with lower educational levels are more at risk of persistent poverty. The rate in those aged over 65 has decreased. Single- person households with or without children have consistently higher rates of persistent poverty than households with two or more adults (Office for National Statistics 2017).

In the UK, 1 in 3 people in poverty live in a household with a disabled person. The poverty rate for disabled individuals is 23%, only slightly higher than for individuals without a disability (21%), but disabled people often face extra costs arising from their conditions. People living in poverty are 3 times more likely to have a mental health problem (BMA 2017).

Children experiencing poverty face multiple disadvantages that often continue throughout their lives and can continue into the next generation. Extensive research and data show that children who grow up in poverty face a greater risk of having poor health, being exposed to crime and failing to reach their full potential. This in turn can limit their ability to earn the money needed to support their own families in later life, and so a cycle of poverty is created. Children growing up in poverty are four times more likely to become poor adults.

Work is the most important route out of poverty for working age people, but not a guaranteed one. People may move into and out of low paid jobs. Low pay is often combined with other factors such as high costs of housing, rising fuel bills and underemployment (zero hours contracts; or working fewer hours than desired). Changes to the welfare system and the effect of several years of Government austerity on public services both have an impact. Wage levels have stagnated or reduced for many. Levels of household debt are increasingly unsustainable.

The issues giving rise to poverty are multi-dimensional and cumulative. Routes in and out of poverty and people's ability to manage are affected by their behaviours, characteristics and circumstances – and by those of the places in which they live and the resources available to them (Platt, 2011). As well as increasing incomes, the

mitigation of poverty is also about people's health, how they feel about themselves, the quality of relationships, their resilience and their environment and community connections, and the extent to which people belong to and are included in society.

### **Dudley Borough – a snapshot**

From a range of data on poverty and factors related to poverty, Dudley Borough residents can be seen as less likely to be at risk of living in poverty than in the wider West Midlands region (although this not a consistent picture) but more likely than in England as a whole.

Households living in poverty are concentrated in central and eastern parts of the Borough and are not evenly spread.

Dudley Borough ranks 118<sup>th</sup> out of the 326 local authorities in England (1 being the most deprived) against the index of multiple deprivation 2015.

16 of Dudley's 201 Lower-layer Super Output Areas (LSOAs) are amongst the 10% most deprived in England. The most deprived areas within Dudley are located within the St James'; St Thomas'; Castle and Priory; Brierley Hill; and Netherton, Woodside and St Andrew wards. Other LSOAs within the 10% most deprived are in the Coseley East; Belle Vale; and Lye and Stourbridge North wards.

When taking into account housing costs, in 2014, 5 middle layer SOAs (MSOAs) (out of the 43) within Dudley had 1 in 3 households in poverty. A quarter of all households were in poverty in another 9 MSOAs. The worst affected areas covered the St James; Brockmoor and Pensnett; and Brierley Hill wards.

In 2015, 19.8% (13,520) of dependent children under 20 were living in poverty in Dudley. This is higher than England at 16.6% but lower than the West Midlands county level of 24.2%. LSOAs with the highest proportion are located in the St James's; Netherton, Woodside and St Andrews's; Lye and Stourbridge North; Castle and Priory; and Belle Vale wards. Over 50% of children are living in poverty in one LSOA within Dudley located in the Belle Vale ward.

### **Income**

Dudley's rate of unemployment has followed similar trends to the national and west midlands rate. In 2017/18 was 6.7%, and is lower than both the UK and west midlands rates. Long-term unemployment is an issue. In June 18, the number claiming job seekers allowance (JSA) for over 2 years represented 54% of all JSA claimants.

Dudley's claimant count (all out of work benefits) has followed similar trends to the national and West Midlands rate. Dudley's rate is consistently higher than both the

regional and UK rate and currently represents 3.8% of the 16-64 year old population. The rate has increased in Dudley and the west midlands in the last 3 years.

Historically, Dudley is a low pay economy; however earnings have increased in recent years. In 2017 the annual gross median income in Dudley residents was £27,258 which is more more than the West Midlands average but below the England average of £29,085. The equivalent for those working in Dudley borough ( but not living in the area) was lower at £25,451.

### **Fuel poverty**

A household is considered to be fuel poor if they have fuel costs above the national median average and are left with a residual income below the official poverty line. In 2016, 13.3% of households were fuel poor in Dudley, a lower proportion than in the West Midlands region as a whole. However, the West Midlands region had the second highest regional proportion of households in fuel poverty. Dudley ranks 35<sup>th</sup> highest out of the 326 local authorities in England. 3.6% of homes are without central heating which is higher than both the west midlands and England.

### **Food poverty**

Households on low incomes are at much greater risk of food poverty. Food prices have risen and this is more difficult for low income families to deal with because they spend a greater proportion of their income on food. This combined with reductions in income/welfare is contributing to food poverty. The Black Country Foodbank began in 2006 and has been visited around 117,625 times providing 1,172,650 meals to people in crisis across the Black Country. Approximately 50% of the monthly demand is from foodbanks within Dudley borough. Issues with benefits was the most common reason for attending a Black Country foodbank in 2017.

### **Educational attainment**

Education, more than almost any other public investment, is understood to have the potential to reduce poverty, promote growth and prosperity and reduce inequalities. The proportion of the population in Dudley which has no qualification has increased in recent years (2012-2016), and despite a decrease in 2017 the Dudley rate of 14.3% remains above that of the West Midlands and England (10.8% and 7.7% respectively) (2017). There is also an educational attainment gap, with children and young people in Dudley who experience poverty/deprivation being less likely to be ready for school and leave with qualifications.

### **Housing**

In Dudley, 69% of households are owner occupied, higher than the England average of 63%, 20% is social rented housing (council or other), slightly higher than the England average (18%), and 9% is rented from private landlords, lower than the

England average (17%). Housing in Dudley is relatively affordable compared regionally and nationally, but properties to purchase are still on average 6.1 times annual earnings in the borough. This rises to 6.7 times for properties priced in the bottom quartile of the property market, hence houses are less affordable for those earning lower salaries. Dudley is a relatively low rent area compared with nationally.

Homelessness is associated with severe poverty. Local authorities have a legal duty to rehouse people who become unintentionally homeless and are considered to have a priority need e.g. with dependants of vulnerabilities. This number has decreased to 70/year in Dudley. However, those homeless but without a priority need have increase to 496. The council has also seen an increase in people approaching who are not eligible for any assistance e.g. due to immigration status. Dudley's rough sleepers are estimated at about 1-5 people at any one time.

### **Health and disability**

From the 2011 census, 30,578 people (9.8%) in Dudley considered themselves as 'limited a lot' in carrying out day-to-day activities. In Dudley there is a 25.5% percentage point gap in employment rate between those with a long term health condition and the overall employment rate. The gap increases to 64% and 64.4% for those with a learning disability and those in contact with secondary mental health services respectively (2016/17). These gaps are smaller than for England as a whole.

## **Towards a borough wide plan to reduce the impact of Poverty**

The root causes of poverty are multi-factorial and greatly influenced by national government policy, economic and societal factors. Tackling the root causes/key drivers of poverty requires a commitment from all partners and is particularly challenging in the current economic climate.

Mitigating poverty is about building community resilience and inclusive growth- everyone can benefit from growth and regeneration, strong and inclusive communities

On this basis, at the local level, empirical research, plus reference to how poverty is being addressed by other local authorities, suggests a framework for action that prevents and mitigates the impacts of poverty with three main priorities:

- 1 **Maximising Household Income** - with the aim to reduce absolute and relative poverty by raising housing income, and ensuring that everyone can benefit from growth and regeneration through inclusive growth approaches.
- 2 **Building Community Resilience** - with the aim to increase resilience to the effect that poverty has on health and wellbeing through community outcomes, such as a sense of purpose, autonomy, community connections, a sense of pride in the neighbourhood, good relationships and continually, learning and

developing skills. Resilience can protect against the impact of disadvantage and poverty as described in Dudley's Health and Wellbeing strategy.

- 3 ***Tackling Child Poverty*** - with the aim to improve the life chances of children in poverty compared to children not living in poverty, with a particular focus on improving the education and skills gap.